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UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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*Ex parte* LOU LEONARDO, RANDY CHING, and AMANDA WAHL

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Appeal 2016-007366  
Application 12/826,504<sup>1</sup>  
Technology Center 3600

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Before ANTON W. FETTING, CYNTHIA L. MURPHY, and  
BRUCE T. WIEDER, *Administrative Patent Judges*.

WIEDER, *Administrative Patent Judge*.

DECISION ON APPEAL

This is a decision on appeal under 35 U.S.C. § 134 from the Examiner's rejection of claims 1–17. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

CLAIMED SUBJECT MATTER

Appellants' claimed "invention relates to a method and system for dealing with non-paying bidders related to network-based transactions."  
(Spec. ¶ 2.)

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<sup>1</sup> According to Appellants, the real party in interest is eBay Inc. (Appeal Br. 2.)

Claims 1, 9 and 17 are the independent claims on appeal and contain similar language. Claim 1 is illustrative. It recites:

1. A computer-implemented method comprising:
  - receiving data representing a collected fee from a seller at a network based facility, the fee based on publishing a description of an item for sale by the seller to one or more potential buyers;
  - receiving data representing a seller complaint via a user interface at the network based facility, the complaint data communicated by a client machine of the seller by one or more processors, the complaint related to a failed transaction facilitated by the network based facility that is not completed by a buyer of the item for sale; and
  - updating a seller refund request table at the network based facility upon crediting the fee to the seller based on the failed transaction.

#### REJECTION

Claims 1–17 are rejected under 35 U.S.C. § 101 as directed to non-statutory subject matter.

#### ANALYSIS

“Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.” 35 U.S.C. § 101. Section 101, however, “contains an important implicit exception: Laws of nature, natural phenomena, and abstract ideas are not patentable.” *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2354 (2014) (quoting *Assoc. for Molecular Pathology v. Myriad Genetics, Inc.*, 569 U.S. 576, 589 (2013)).

*Alice* applies a two-step framework, earlier set out in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. 66 (2012), “for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts.” *Alice*, 134 S. Ct. at 2355.

Under the two-step framework, it must first be determined if “the claims at issue are directed to a patent-ineligible concept.” *Id.* If the claims are determined to be directed to a patent-ineligible concept, then the second step of the framework is applied to determine if “the elements of the claim . . . contain[] an ‘inventive concept’ sufficient to ‘transform’ the claimed abstract idea into a patent-eligible application.” *Id.* at 2357 (citing *Mayo*, 566 U.S. at 72–73, 79).

With regard to step one of the *Alice* framework, the Examiner determines:

The claims are directed to an abstract idea of performing a refund and updating a data table to indicate the refund. Receiving, storing and organizing (updating) data has been found by the courts to be abstract. Receiving data representing a collected fee, receiving a complaint, and updating a seller refund request table at the network based facility upon crediting the fee back to the seller is interpreted as organization and comparison of data which can be performed mentally and is an idea of itself. It is similar to other concepts that have been identified as abstract by the courts, such as using categories to organize, store and transmit information in *Cyberfone* [*Cyberfone Sys., LLC v. CNN Interactive Group, Inc.*, 558 F. App’x 988 (Fed. Cir. 2016)], or comparing new and stored information and using rules to identify options in *SmartGene* [*SmartGene, Inc. v. Advanced Biological Labs., SA*, 555 F. App’x 950 (Fed. Cir. 2014)].

(Final Action 4.)

Appellants disagree and argue that “the Examiner has provided no proof, such as references to old publications or historical publications in support of the allegation that the claims at issue are directed to an abstract idea.” (Appeal Br. 9–10.) We are not persuaded of error.

[I]t is sufficient for the examiner to provide a reasoned rationale that identifies the judicial exception recited in the claim and explains why it is considered a judicial exception. Therefore, there is no requirement for the examiner to rely on evidence, such as publications, to find that a claim is directed to a judicial exception.

MPEP § 2016.07(a)(III.) (citing, e.g., *OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1362–64 (Fed. Cir. 2015)). Specifically, in *OIP*, the court affirmed the district court’s decision identifying the abstract idea at issue without relying on evidence, such as publications. *OIP*, 788 F.3d at 1362–63.

Appellants also argue that they “are not aware of any prior art, judicial decisions . . . , or Board decisions that have found that the specific features recited by the independent claims are, in fact, directed to an abstract idea.” (Appeal Br. 11.) We are not persuaded of error.

Under step one of the *Alice* framework, we “look at the ‘focus of the claimed advance over the prior art’ to determine if the claim’s ‘character as a whole’ is directed to excluded subject matter.” *Affinity Labs of Texas, LLC v. DIRECTV, LLC*, 838 F.3d 1253, 1257 (Fed. Cir. 2016) (quoting *Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1353 (Fed. Cir. 2016)). Therefore, we need not find each and every “specific feature” of the claim in the prior art before making a determination as to whether a claim is directed to an abstract idea. Indeed, “[a]n abstract idea can generally be described at

different levels of abstraction.” *Apple, Inc. v. Ameranth, Inc.*, 842 F.3d 1229, 1240 (Fed. Cir. 2016).

Appellants next argue that “the Examiner has merely relied on the rejection of the independent claim as a basis for rejecting [the] dependent claims. . . . Therefore, the Examiner has failed to establish a *prima facie* case that these dependent claims are not eligible for patent protection under 35 U.S.C. § 101.” (Appeal Br. 13.)

We are not persuaded of error. As noted above, the Examiner determines that “[t]he claims are directed to an abstract idea of performing a refund and updating a data table to indicate the refund.” (Final Action 4.) The Examiner does not limit this determination to just the independent claims. Additionally, the Examiner determines that the dependent claims merely “further limit the abstract idea to a narrower abstract idea by providing conditions of the contractual relationship.” (Answer 12.) Moreover, Appellants do not point to any particular limitations in any of the dependent claims and argue why such limitations show that the Examiner’s determination is in error.

Appellants also argue that the claims are not directed to an abstract idea, but rather “are directed to a computer-implemented method with operations including, for example, ‘receiving data representing a collected fee . . .’, ‘receiving data representing a seller complaint . . .’, and ‘updating a seller refund request table . . .’.” (Appeal Br. 16.)

The Specification provides evidence as to what the claimed invention is directed. In this case, the Specification discloses that the “invention relates to a method and system for dealing with non-paying bidders related to network-based transactions.” (Spec. ¶ 2.) Claim 1 recites a “method

comprising: receiving data,” “receiving [additional] data,” “and updating a . . . table.”

Although we and the Examiner describe, at different levels of abstraction, to what the claims are directed, as discussed above, it is recognized that “[a]n abstract idea can generally be described at different levels of abstraction.” *Apple*, 842 F.3d at 1240. In this case, that does not “impact the patentability analysis.” *See id.* at 1241.

Analogizing to earlier cases, we note that courts have found claims directed to receiving information about credit card transactions, analyzing that information, and determining the validity of the transactions, to be directed to an abstract idea, even though a computer was included in the claims. *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366 (Fed. Cir. 2011). Courts have also found claims directed to collecting, recognizing, and storing data in a computer memory to be directed to an abstract idea. *Content Extraction and Transmission LLC v. Wells Fargo Bank, Nat’l Ass’n*, 776 F.3d 1343 (Fed. Cir. 2014); *see also Elec. Power Grp.*, 830 F.3d at 1353–54. In view of the above, we are not persuaded that the Examiner erred in determining that the claims are directed to an abstract idea.

Regardless, Appellants further argue that the claims can be analogized to those in *Enfish*. (Reply Br. 5, citing *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327 (Fed. Cir. 2016).) Appellants argue that “current claim 9 in this case not only recites ‘a publication system’, but also ‘one or more modules incorporated into the publication system to specially-configure the authentication system’ to perform particular operations . . . .” (*Id.*, emphasis omitted.)

We disagree. Unlike the present claims, the claims in *Enfish* were “specifically directed to a *self-referential* table for a computer database.” *Enfish*, 822 F.3d at 1337. That is, “the plain focus of the claims [was] on an improvement to computer functionality itself, not on economic or other tasks for which a computer is used in its ordinary capacity.” *Id.* at 1336. The Federal Circuit noted that this was “an improvement of an existing technology” as evidenced “by the specification’s teachings.” *Id.* at 1337. In other words, unlike the invention now sought to be claimed, the invention claimed in *Enfish* does more than “simply instruct the practitioner to implement the abstract idea with routine, conventional activity.” *See Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 715 (Fed. Cir. 2014).

We now look to step two of the *Alice* framework. Step two of the *Alice* framework has been described “as a search for an ‘inventive concept’”—*i.e.*, an element or combination of elements that is ‘sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the [ineligible concept] itself.’” *Alice*, 134 S. Ct. at 2355 (citing *Mayo*, 566 U.S. at 72–73).

The Examiner finds that

[t]he elements of the instant process, when taken alone, each execute in a manner routinely and conventionally expected of these elements. The elements of the instant process, when taken in combination, together do not offer substantially more than the sum of the functions of the elements when each is taken alone.

(Final Action 9.) In view of the Examiner’s findings in the Final Action, we do not find persuasive of error Appellants’ argument that the Examiner, in the Answer, did not again analyze the claims as an ordered combination.

(*See* Reply Br. 6.)

Appellants also argue “that the claims refer to a specially-configured computer,” and, thus, that the claims “do not merely state an abstract idea and add the words ‘apply it.’” (Appeal Br. 21.) In particular, Appellants argue that claim 9 “not only recites ‘a publication system’, but also ‘one or more modules incorporated into the publication system to specially-configure the authentication system.’” (Reply Br. 5, emphasis omitted.)

But Appellants do not indicate where in the Specification anything other than a generic computer programmed to perform the steps of the invention is disclosed. Indeed, the Examiner finds that Appellants’ Specification “discloses generic computer systems and components that conduct the method.” (Final Action 10, citing Spec. ¶¶ 75–77.) The claims “do not require an arguably inventive set of components or methods, such as measurement devices or techniques.” *Elec. Power Grp.*, 830 F.3d at 1355.

The introduction of a generic computer to implement the claimed steps does not alter the analysis at the second step. Moreover, Appellants do not explain how the “one or more modules” “specially configure” the system or, more particularly, how such a system differs from the generic computer system disclosed in the Specification. (*See* Spec. ¶¶ 75–77.) “These claims in substance [are] directed to nothing more than the performance of an abstract business practice . . . using a conventional computer. Such claims are not patent-eligible.” *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1256 (Fed. Cir. 2014). Therefore, we do not find this argument persuasive of error.

Nonetheless, Appellants argue that “the claims are directed to the technical problem in conventional industry practice of minimizing system overload and resource waste by reducing abuse by users filing false refund

requests . . . .” (Appeal Br. 23, emphasis omitted.) In support of this argument, Appellants cite to paragraphs 5, 25, and 26 of the Specification. Paragraph 26 discloses that “the number of users failing to complete a transaction can be reduced by maintaining a record indicating a count of failed transactions related to the user. If the count exceeds a threshold, the user is suspended from participating in transactions. . . .”

Appellants do not, however, point to any claim language associated with this asserted solution to a technical problem, e.g., Appellants point to no claim language suspending a user when a record of failed transactions exceeds a threshold. Thus, Appellants argument is not commensurate with the scope of the claim and we do not find it persuasive of error.

Appellants seek to analogize claim 1 to the claims in *DDR Holdings*. (Appeal Br. 24–25.) In *DDR Holdings*, the Federal Circuit stated that the claims “specify how interactions with the Internet are manipulated to yield a desired result – *a result that overrides the routine and conventional sequence of events ordinarily triggered by the click of a hyperlink.*” *DDR Holdings*, 773 F.3d at 1258 (emphasis added). In other words, unlike the invention sought to be claimed here, the invention claimed in *DDR Holdings* does more than “simply instruct the practitioner to implement the abstract idea with routine, conventional activity.” *See Ultramercial*, 772 F.3d at 715; *see also DDR Holdings*, 773 F.3d at 1259.

Appellants also argue that there is an “apparent contradiction between the finding in the *Office Action* that the claims do not amount to ‘something more’ than the alleged abstract idea and the finding that the apparent finding [sic] that claims are defined over the prior art.” (Appeal Br. 25.) We disagree. “The ‘novelty’ of any element or steps in a process, or even of the

process itself, is of no relevance in determining whether the subject matter of a claim falls within the § 101 categories of possibly patentable subject matter.” *Diamond v. Diehr*, 450 U.S. 175, 188–89 (1981). Thus, in this case, we do not find the absence of a prior art rejection to be persuasive of error.

Appellants also argue that claims do not preempt all ways “of allowing buyers and seller to complete a transaction.” (Appeal Br. 24.) We do not find this preemption argument persuasive of error.

Preemption is not a separate test.

To be clear, the proper focus is not preemption *per se*, for some measure of preemption is intrinsic in the statutory right granted with every patent to exclude competitors, for a limited time, from practicing the claimed invention. *See* 35 U.S.C. § 154. Rather, the animating concern is that claims should not be coextensive with a natural law, natural phenomenon, or abstract idea; a patent-eligible claim must include one or more substantive limitations that, in the words of the Supreme Court, add “significantly more” to the basic principle, with the result that the claim covers significantly *less*. *See Mayo* 132 S. Ct. at 1294 [566 U.S. at 72–73].

*CLS Bank Int’l v. Alice Corp. Pty. Ltd.*, 717 F.3d 1269, 1281 (Fed. Cir. 2013) (Lourie, J., concurring), *aff’d*, 134 S. Ct. 2347 (2014). Moreover, “[w]here a patent’s claims are deemed only to disclose patent ineligible subject matter under the *Mayo* framework, as they are in this case, preemption concerns are fully addressed and made moot.” *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015). In other words, “preemption may signal patent ineligible subject matter, [but] the absence of complete preemption does not demonstrate patent eligibility.” *Id.*

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In view of the above, we are not persuaded that the Examiner erred in rejecting claims 1–17 under § 101.

DECISION

The Examiner’s rejection of claims 1–17 under 35 U.S.C. § 101 is affirmed.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a)(1)(iv).

AFFIRMED