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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte MATTHEW JOHN SYMONS and MILTON MERL

Appeal 2016-007518
Application 12/853,913[1]
Technology Center 3600

Before ST. JOHN COURTENAY III, LARRY J. HUME, and JAMES W. DEJMEK, *Administrative Patent Judges*.

DEJMEK, *Administrative Patent Judge*.

DECISION ON APPEAL

Appellants appeal under 35 U.S.C. § 134(a) from a Final Rejection of claims 1–5, 8–12, and 15–19. Appellants have canceled claims 6, 7, 13, 14, and 20. *See* Final Act. 2. We have jurisdiction over the remaining pending claims under 35 U.S.C. § 6(b).

We affirm.

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[1] Appellants identify Accenture Global Services Limited as the real party in interest. App. Br. 3.

STATEMENT OF THE CASE

Introduction

Appellants' disclosed and claimed invention relates to "determining whether to present online bid content information from a prequalified value chain entity at a virtual point-of-decision on a website." Spec. ¶ 4. According to the Specification, "bid content" refers to advertisements, discounts, coupons, etc. for certain products. Spec. ¶ 21. Additionally, a "value chain entity" may be a wholesaler, importer, or product manufacturer trying to sell their products. Spec. ¶ 13. A value chain entity may be "prequalified" based on various factors including, for example, geographic location, product types, or product inventory. Spec. ¶ 14. Further, a virtual point-of-decision on a website "is any online environment where a customer is presented with a set of product options or has selected from a set of product options, or any situation where there is a chance to influence [the] customer." Spec. ¶ 12. Thus, a retailer may sell the opportunity to advertise a product (i.e., present online bid content) at particular pages on their website (i.e., virtual points-of-decision) to other entities also attempting to sell their products (i.e., prequalified value chain entities). Spec. ¶¶ 13–15.

Claim 1 is representative of the subject matter on appeal and is reproduced below:

> 1. A system to present online bid content from value chain entities at a virtual point-of-decision on a web site of a retailer, comprising:
>
> a processor;
>
> an online customer database storing online customer data; and

a product manufacturer database storing prequalified value chain entity profiles of the value chain entities, wherein the processor is to:

retrieve online customer data for the customer, the online customer data including an attribute describing a current location of the customer in the web site of the retailer;

compare the attribute with predetermined virtual points-of-decision of the web site to determine whether the current location of the customer is at a virtual point-of-decision in the web site; and

in response to a determination that the customer is at a virtual point-of-decision, the processor is to:

determine a customer segment of the customer based on the online customer data;

determine a next online action for the retailer that includes a recommended product type based on the customer segment of the customer, wherein the next online action includes an online action, in the website, regarding product recommendations at the virtual point-of-decision to increase customer lifetime value;

wherein to determine the next online action, the processor is to:

match product data stored in value chain entity profiles for the value chain entities with the recommended product type included in the next online action;

determine prequalified value chain entities from the value chain entities based upon the matched product data and the recommended product type, wherein the prequalified value chain entities are other than the retailer;

determine bid content submitted by the retailer and by the prequalified value chain entities to present to the customer at the virtual point-of-decision, wherein the bid content includes an advertisement for the recommended product type;

determine absolute ad yield for each determined bid content, wherein the absolute ad yield is a measure of profits for the retailer; and

> insert, in response to a determination that the absolute ad yield for the advertisement submitted by the prequalified value chain entity is greater than the absolute ad yield for the advertisement submitted by the retailer, the bid content submitted by the prequalified value chain entity at the virtual point-of-decision.

The Examiner's Rejection

Claims 1–5, 8–12, and 15–19 stand rejected under 35 U.S.C. § 101 as being directed to judicially excepted subject matter. Final Act. 9–12.

Issue on Appeal

Did the Examiner err in concluding Appellants' claimed invention is directed to an abstract idea and the recited claim limitations do not provide meaningful limitations to transform the abstract idea into patent-eligible subject matter?

ANALYSIS[2]

Appellants dispute the Examiner's conclusion that the pending claims are directed to patent-ineligible subject matter under 35 U.S.C. § 101. App. Br. 10–28; Reply Br. 3–13. In particular, Appellants argue the Examiner's characterization of the claims as being directed to the concept of modifying a trigger marketing event based on online behavior is (i) dissimilar from the

[2] Throughout this Decision, we have considered the Appeal Brief, filed January 28, 2016 ("App. Br."); the Reply Brief, filed August 1, 2016 ("Reply Br."); the Examiner's Answer, mailed June 13, 2016 ("Ans."); and the Final Office Action, mailed September 3, 2015 ("Final Act."), from which this Appeal is taken.

abstract ideas in *Cyberfone*, *SmartGene*, and *Digitech*;[3] and (ii) fails to consider the claims as a whole. App. Br. 13–21; Reply Br. 4–8. Further, Appellants assert the claims are directed to significantly more than the alleged abstract idea because the claims are necessarily rooted in computer technology and recite other than what is well-understood, routine, and conventional in the field. App. Br. 21–24; Reply Br. 8–11. For the reasons discussed *infra*, Appellants have not persuaded us of error.

The Supreme Court's two-step framework guides our analysis. *Alice Corp. Pty. Ltd. v. CLS Bank Int'l*, 134 S. Ct. 2347, 2355 (2014). If a claim falls within one of the statutory categories of patent eligibility (i.e., a process, machine, manufacture or composition of matter) then the first inquiry is whether the claim is directed to one of the judicially recognized exceptions (i.e., a law of nature, a natural phenomenon, or an abstract idea). *Alice*, 134 S. Ct. at 2355. If so, the second step is to determine whether any element, or combination of elements, amounts to significantly more than the judicial exception. *Alice*, 134 S. Ct. at 2355.

Although the independent claims each broadly fall within the statutory categories of patentability, the Examiner concludes the claims are directed to a judicially recognized exception—i.e., an abstract idea. Final Act. 9–10. In particular, the Examiner concludes the claims are directed to the abstract idea of "presenting an online bid content (i.e. [sic] advertisement, coupon, incentive, offer) with highest ad yield to someone in an online environment,"

[3] *SmartGene, Inc. v. Advanced Biological Labs., SA*, 555 F. App'x 950 (Fed. Cir. 2014); *Cyberfone Sys. v. CNN Interactive Grp.*, 558 F. App'x 988 (Fed. Cir. 2014); and *Digitech Image Tech., LLC v. Elecs. For Imaging, Inc.*, 758 F.3d 1344 (Fed. Cir. 2014), respectively.

which the Examiner concludes is a series of organizing human activities and mathematical relationships. Final Act. 9–10.

Instead of using a definition of an abstract idea, "the decisional mechanism courts now apply is to examine earlier cases in which a similar or parallel descriptive nature can be seen—what prior cases were about, and which way they were decided." *Amdocs (Isr.) Ltd. v. Openet Telecom, Inc.*, 841 F.3d 1288, 1294 (Fed. Cir. 2016) (citing *Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1353–54 (Fed. Cir. 2016)); *accord* United States Patent and Trademark Office, *July 2015 Update: Subject Matter Eligibility* 3 (July 30, 2015), https://www.uspto.gov/sites/default/files/documents/ieg-july-2015-update.pdf (instructing Examiners that "a claimed concept is not identified as an abstract idea unless it is similar to at least one concept that the courts have identified as an abstract idea."). As part of this inquiry, we must "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 Tex., LLC v. DirecTV, LLC*, 838 F.3d 1253, 1257 (Fed. Cir. 2016).

Here, Appellants' claims generally relate to determining whether to present (i.e., insert) online bid content (e.g., advertisements) to a consumer in an online environment by a retailer. *See, e.g.*, claim 1. In the claimed system (and commensurately recited method and computer readable medium), data related to customers and product manufacturers (i.e., value chain entities) are stored, retrieved, and analyzed, *inter alia*, to determine or identify (i) a customer segment to which the customer belongs; (ii) where the customer is located within the web site; (iii) a recommended product; and (iv) bid content associated with the recommended product and value

chain entity. Additionally, the selection of the bid content to be presented to the user is further based on a calculation of profits (i.e., absolute ad yield) to the retailer.

Our reviewing court has concluded that abstract ideas include the concepts of collecting data, recognizing certain data within the collected data set, and storing the data in memory. *Content Extraction & Transmission LLC v. Wells Fargo Bank, N.A.*, 776 F.3d 1343, 1347 (Fed. Cir. 2014). Additionally, the collection of information and analysis of information (e.g., recognizing certain data within the dataset) are also abstract ideas. *Elec. Power*, 830 F.3d at 1353. Similarly, "collecting, displaying, and manipulating data" is an abstract idea. *Intellectual Ventures I LLC v. Capital One Fin. Corp.*, 850 F.3d 1332, 1340 (Fed. Cir. 2017). Further, a process that employs mathematical algorithms to manipulate existing information to generate additional information is abstract. *Digitech Image Techs., LLC v. Elec. for Imaging, Inc.*, 758 F.3d 1344, 1351 (Fed. Cir. 2014). Also, more recently, our reviewing court has also concluded that acts of parsing, comparing, storing, and editing data are abstract ideas. *Berkeimer v. HP Inc.*, No. 2017-1437, 2018 WL 774096, at *5 (Fed. Cir. 2018).

Further, merely combining several abstract ideas does not render the combination any less abstract. *RecogniCorp, LLC v. Nintendo Co.*, 855 F.3d 1322, 1327 (Fed. Cir. 2017) ("Adding one abstract idea (math) to another abstract idea . . . does not render the claim non-abstract."); *see also FairWarning IP, LLC v. Iatric Sys., Inc.*, 839 F.3d 1089, 1093–94 (Fed. Cir. 2016) (determining the pending claims were directed to a combination of abstract ideas).

As an initial matter, we note in attempting to distinguish the pending claims from other ideas that had been concluded to be abstract or represent a fundamental economic practice, Appellants identify various limitations not present in the claims. *See, e.g.*, Reply Br. 8. Nonetheless, we agree with the Examiner that as a whole, the claims are directed to presenting online bid content with the highest ad yield (i.e., measure of profits, *see* Spec. ¶ 29) to a consumer in an online environment, which is a combination of methods for organizing human activities as well as the application of mathematical relationships. Final Act. 9–10; *see also* Ans. 6 ("the instant claims are also directed to [an] abstract idea of basic and fundamental economic practices as they merely reflect a business practice where targeted advertisement/offer/coupon, based on the calculated highest profits generated from the ad, are generated/selected and implemented").

In particular, storing and retrieving data (e.g., customer data or value chain entity profiles), analyzing and recognizing certain data (e.g., determining a customer's virtual location, determining a particular segment of data, or matching product data), and providing a recommended product are similar to ideas previously concluded by our reviewing court to be abstract. *See e.g.*, *Content Extraction*, 776 F.3d at 1347, *Elec. Power*, 830 F.3d at 1353, *Intellectual Ventures*, 850 F.3d at 1340; *see also Intellectual Ventures*, 850 F.3d at 1340 (concluding "customizing information and presenting it to users based on particular characteristics" to be abstract); *Smart Sys. Innovations, LLC v. Chicago Transit Authority*, No. 2016-1233, 2017 WL 4654964, at *6 (Fed. Cir. Oct. 18, 2017) (concluding the collection, storage, and recognition of data are abstract ideas); *Netflix, Inc. v. Rovi Corp.*, 114 F.Supp.3d 927, 944 (N.D. Cal. 2015), *aff'd*, 670 F. App'x

704 (Fed. Cir. 2016) (concluding making recommendations of programs based on past viewing history is an abstract idea). Further, the determination of absolute ad yield and comparison of ad yields is a fundamental economic practice and achieved by performing a series of mathematical relationships. *See Alice*, 134 S. Ct. at 2356 (citing Bilski v. Kappos, 561 U.S. 593, 611 (2010)); *see also Digitech*, 758 F.3d at 1351, *RecogniCorp*, 855 F.3d at 1327.

Because we determine the claims are directed to an abstract idea, we analyze the claims under step two of *Alice* to determine if there are additional limitations that individually, or as an ordered combination, ensure the claims amount to "significantly more" than the abstract idea. *Alice*, 134 S. Ct. at 2355 (*citing Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289, 1294, 1297–98 (2012)). The implementation of the abstract idea involved must be "more than [the] performance of 'well-understood, routine, [and] conventional activities previously known to the industry.'" *Content Extraction*, 776 F.3d at 1347–48 (quoting *Alice*, 134 S. Ct. at 2359) (alteration in original).

Despite characterizing the claimed invention as using computer technology to overcome a problem specific to computer networks and addressing a business challenge particular to the Internet, Appellants do not present sufficient persuasive evidence or argument that the claims are directed to an improvement specific to a computer network or the Internet *itself* (e.g., improving the network's operation or configuration, or retaining website visitors). *See* App. Br. 21–24; Reply Br. 9–11.[4] Rather, the focus of

[4] Additionally, Appellants' characterizations of the claims as "minimizing the modifications to a website" and solving the "problem of updating

the claims is on whether to present online bid content with the highest ad yield to a consumer in an online environment using a computer and the Internet as tools, not on an improvement in a computer or the Internet as a tool. *Compare, e.g., Elec. Power*, 830 F.3d at 1354, *with DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1257 (Fed. Cir. 2014).

"[T]argeted advertising is [a well-known] concept, insofar as matching consumers with a given product or service 'has been practiced as long as markets have been in operation.'" *Morsa v. Facebook, Inc.*, 77 F. Supp. 3d 1007, 1013 (C.D. Cal. 2014), *aff'd*, 622 F. App'x 915 (Fed. Cir. 2015) (quoting *Tuxis Techs., LLC v. Amazon.com, Inc.*, No. CV 13-1771-RGA, 2014 WL 4382446, at *5 (D. Del. Sept. 3, 2014)). In other words, "[t]he concept of gathering information about one's intended market and attempting to customize the information then provided is as old as the saying, 'know your audience.'" *Morsa*, 77 F. Supp. 3d at 1013 (quoting *OpenTV, Inc. v. Netflix Inc.*, 76 F. Supp. 3d 886, 893 (N.D. Cal. 2014)).

Further, we disagree with Appellants that the claims add a specific limitation that was not well-understood, routine, or conventional. *See* App. Br. 24–25; Reply Br. 10–11. Rather, we agree with the Examiner that the claims recite generic computer components (e.g., a processor, a display, a graphical user interface) and perform basic computer functions. Ans. 7–9; *see also BuySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350, 1355 (Fed. Cir. 2014) ("a computer [that] receives and sends information over a network . . . is not even arguably inventive"), *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 714–15 (Fed. Cir. 2014). We also note that, in the Specification

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website content" are misplaced and unpersuasive. *See* App. Br. 21–22; Reply Br. 10.

Appellants describe the computer in generic terms as comprising one or more I/O devices memory, and a network interface. Spec. ¶ 44. Additionally, Appellants state "that other known electronic components may be added or substituted" to the computer system. Spec. ¶ 44. In other words, the Specification describes the use of generic computing components and functionality and is not limited to specific computing components or the performance of specific computing functions. Accordingly, we do not find that the claims recite "significantly more" to transform the abstract idea into a patent-eligible application.

Further, to the extent Appellants are asserting a lack of rejection under Sections 102 and/or 103, suggests the instant claims do not recite well understood, routine, or conventional activities (*see* App. Br. 24–25), we are not persuaded. Subject-matter eligibility under 35 U.S.C. § 101 is a requirement separate from other patentability inquiries. *See Mayo*, 566 U.S. 66, 90 (2012) (recognizing that the § 101 inquiry and other patentability inquiries "might sometimes overlap," but that "shift[ing] the patent-eligibility inquiry entirely to these [other] sections risks creating significantly greater legal uncertainty, while assuming that those sections can do work that they are not equipped to do"); *see also Diamond v. Diehr*, 450 U.S. 175, 188–89 (1981) ("[t]he '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"); *Two-Way Media Ltd. v. Comcast Cable Commc'ns, LLC*, 874 F.3d 1329, 1340 (Fed. Cir. 2017) ("[e]ligibility and novelty are separate inquiries").

Appellants also argue "the recited features act to narrow, confine, and otherwise tie down the claim so as not to preempt the entire field of inserting/presenting a profitable targeted/recommended advertisement/ coupon/offer to a customer on a web site." App. Br. 26–28; *see also* Reply Br. 11–13.

"While preemption may signal patent ineligible subject matter, the absence of complete preemption does not demonstrate patent eligibility." *FairWarning IP*, 839 F.3d at 1098 (quoting *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015); *see also OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1362–63 (Fed. Cir. 2015) ("[T]hat the claims do not preempt all price optimization or may be limited to price optimization in the e-commerce setting do not make them any less abstract."). Further, "[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*, 788 F.3d at 1379.

For the reasons discussed *supra*, we are not persuaded of Examiner error. Accordingly, we sustain the Examiner's rejection of independent claim 1. For similar reasons, we also sustain the Examiner's rejection of independent claims 8 and 15, which recite similar limitations were not argued separately. *See* App. Br. 28. Additionally, we sustain the Examiner's rejection of claims 2–5, 9–12, and 16–19, which depend therefrom and were not argued separately. *See* App. Br. 28; 37 C.F.R. § 41.37(c)(1)(iv)(2015).

DECISION

We affirm the Examiner's decision rejecting claims 1–5, 8–12, and 15–19 under 35 U.S.C. § 101.

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). *See* 37 C.F.R. § 41.50(f).

AFFIRMED