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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte LANCE NELSON, RYAN PENNER, MICHAEL RAMIREZ,
and BRETT MELTON

Appeal 2016-007980
Application 10/390,570
Technology Center 3600

Before ANTON W. FETTING, JOSEPH A. FISCHETTI, and
BRADLEY B. BAYAT, *Administrative Patent Judges*.

FETTING, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE¹

Lance Nelson, Ryan Penner, Michael Ramirez, and Brett Melton
(Appellants)² seek review under 35 U.S.C. § 134 of a Final Rejection of

¹ Our decision will make reference to the Appellants' Appeal Brief ("App. Br.," filed February 25, 2016) and Reply Brief ("Reply Br.," filed August 19, 2016), and the Examiner's Answer ("Ans.," mailed June 22, 2016), and Final Action ("Final Act.," mailed November 27, 2015).

² The real party in interest is Aptimus, Inc., the assignee of record. App. Br. 1.

claims 1–8, 11, 12, 14–22, 26, 29, and 31, the only claims pending in the application on appeal. We have jurisdiction over the appeal pursuant to 35 U.S.C. § 6(b).

The Appellants invented a way of automating the placement of online offers for consumers (Specification 1:7–9).

An understanding of the invention can be derived from a reading of exemplary claim 1, which is reproduced below (bracketed matter and some paragraphing added).

1. A computer implemented method of placing an offer on a web page, the method comprising:

[1] obtaining placement data of a web page for an offer placement,

including placement information for a slot on the web page;

[2] using the placement data to identify a plurality of offers that are associated with a plurality of initial placement values, each offer having

(a) offer information corresponding to said placement information

and

(b) an initial placement value for said offer placement;

wherein each offer of the plurality of offers is associated with a distinct initial placement value;

[3] generating a plurality of random factors for the plurality of offers,

wherein a corresponding random factor is independently generated for each offer;

[4] for each of the plurality of offers, generating a randomized placement value based on

(a) the initial placement value of the offer

and

- (b) the random factor generated for the offer;
- [5] determining that a particular offer of the plurality of offers has a highest randomized placement value of the plurality of offers;
 - wherein the particular offer does not have the highest initial placement value of the plurality of offers;
- [6] selecting the particular offer from the plurality of offers based on the particular offer having the highest randomized placement value of the plurality of offers;
- and
- [7] placing the particular offer on the slot on the web page;
 - wherein the method is performed by one or more computing devices.

Claims 1–8, 11, 12, 14–22, 26, 29, and 31 stand rejected under 35 U.S.C. § 101 as directed to non-statutory subject matter.

ISSUES

The issues of eligible subject matter turn primarily on whether the claims recite more than abstract conceptual advice of what a computer is to provide without implementation details.

ANALYSIS

Method claim 1 recites obtaining placement data, using the placement data to identify a plurality of offers, generating a plurality of random factors, generating a randomized placement value, determining that a particular offer of the plurality of offers has a highest randomized placement value, selecting the particular offer, and placing the particular offer. Thus, claim 1 recites obtaining, identifying, and generating data, and then

identifying, selecting, and writing data. None of the limitations recite implementation details for any of these steps, but instead recite functional results to be achieved by any and all possible means. Data reception, analysis and generation, and writing are all generic, conventional data processing operations to the point they are themselves concepts awaiting implementation details. The sequence of data reception-generation and analysis-writing is equally generic and conventional. The ordering of the steps is therefore ordinary and conventional. The remaining claims merely describe processing parameters, with no implementation details.

The Supreme Court

set forth a framework for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts. First, [] determine whether the claims at issue are directed to one of those patent-ineligible concepts. [] If so, we then ask, “[w]hat else is there in the claims before us? [] To answer that question, [] consider the elements of each claim both individually and “as an ordered combination” to determine whether the additional elements “transform the nature of the claim” into a patent-eligible application. [The Court] described step two of this analysis 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 Corp., Pty. Ltd. v. CLS Bank Intl, 134 S.Ct. 2347, 2355 (2014) (citing *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. 66 (2012)).

To perform this test, we must first determine whether the claims at issue are directed to a patent-ineligible concept. The Examiner determines the claims directed to randomly placing offers. Final Act. 2.

Although the Court in *Alice* made a determination as to what the claims were directed to, we find that this case's claims themselves and the Specification provide enough information to inform one as to what they are directed to.

The preamble to claim 1 recites that it is a method of placing an offer on a web page. The steps in claim 1 result in placing a particular offer on a slot on a web page. The Specification at 1:7–9 recites that the invention relates to automating the placement of online offers for consumers. Thus, all this evidence shows that claim 1 is directed to ad placement, i.e. advertising. This is consistent with the Examiner's finding.

It follows from prior Supreme Court cases, and *Bilski* (*Bilski v Kappos*, 561 U.S. 593 (2010)) in particular, that the claims at issue here are directed to an abstract idea. Like the concept of risk hedging in *Bilski*, the concept of advertising is a fundamental business practice long prevalent in our system of commerce. The use of advertising is also a building block of ingenuity in marketing. Thus, advertising, like hedging, is an “abstract idea” beyond the scope of §101. *See Alice Corp. Pty. Ltd.*, 134 S.Ct. at 2356.

As in *Alice*, we need not labor to delimit the precise contours of the “abstract ideas” category in this case. It is enough to recognize that there is no meaningful distinction in the level of abstraction between the concept of risk hedging in *Bilski* and the concept of advertising at issue here. Both are squarely within the realm of “abstract ideas” as the Court has used that term. *See Alice Corp. Pty. Ltd.*, 134 S.Ct. at 2357.

Further, claims involving data collection, analysis, and display are directed to an abstract idea. *Electric Power Group v. Alstom S.A.*, 830 F.3d 1350, 1353 (Fed. Cir. 2016) (holding that “collecting information, analyzing

it, and displaying certain results of the collection and analysis” are “a familiar class of claims ‘directed to’ a patent ineligible concept”); *see also In re TLI Commc’ns LLC Patent Litig.*, 823 F.3d 607, 611 (Fed. Cir. 2016); *FairWarning IP, LLC v. Iatric Sys., Inc.*, 839 F.3d 1089, 1093–94 (Fed. Cir. 2016). Claim 1, unlike the claims found non-abstract in prior cases, uses generic computer technology for obtaining, identifying, and generating data, and then identifying, selecting, and writing data, and does not recite an improvement to a particular computer technology. *See, e.g., McRO, Inc. v. Bandai Namco Games Am. Inc.*, 837 F.3d 1299, 1314–15 (Fed. Cir. 2016) (finding claims not abstract because they “focused on a specific asserted improvement in computer animation”). As such, claim 1 is directed to the abstract idea of obtaining, identifying, and generating data, and then identifying, selecting, and writing data.

The remaining claims merely describe processing parameters. We conclude that the claims at issue are directed to a patent-ineligible concept.

The introduction of a computer into the claims does not alter the analysis at *Alice* step two.

the mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention. Stating an abstract idea “while adding the words ‘apply it’” is not enough for patent eligibility. Nor is limiting the use of an abstract idea “to a particular technological environment.” Stating an abstract idea while adding the words “apply it with a computer” simply combines those two steps, with the same deficient result. Thus, if a patent’s recitation of a computer amounts to a mere instruction to “implement[t]” an abstract idea “on . . . a computer,” that addition cannot impart patent eligibility. This conclusion accords with the preemption concern that undergirds our §101 jurisprudence. Given the ubiquity of computers, wholly generic computer

implementation is not generally the sort of “additional feature[e]” that provides any “practical assurance that the process is more than a drafting effort designed to monopolize the [abstract idea] itself.”

Alice Corp. Pty. Ltd., 134 S.Ct. at 2358 (citations omitted).

“[T]he relevant question is whether the claims here do more than simply instruct the practitioner to implement the abstract idea [] on a generic computer.” *Alice Corp. Pty. Ltd.*, 134 S.Ct. at 2359. They do not.

Taking the claim elements separately, the function performed by the computer at each step of the process is purely conventional. Using a computer to read, analyze, and update data amounts to electronic data query and retrieval—one of the most basic functions of a computer. The wherein clauses are not steps, but a recitation of data characterization, which is aspirational rather than functional. All of these computer functions are well-understood, routine, conventional activities previously known to the industry. *See Elec. Power Grp. v. Alstom S.A.*, *supra*. Also see *In re Katz Interactive Call Processing Patent Litigation*, 639 F.3d 1303, 1316 (Fed. Cir. 2011) (“Absent a possible narrower construction of the terms ‘processing,’ ‘receiving,’ and ‘storing,’ . . . those functions can be achieved by any general purpose computer without special programming”). In short, each step does no more than require a generic computer to perform generic computer functions. As to the data operated upon, “even if a process of collecting and analyzing information is ‘limited to particular content’ or a particular ‘source,’ that limitation does not make the collection and analysis other than abstract.” *SAP America Inc. v. InvestPic LLC*, No. 2017–2081, 2018 WL 2207254 (Fed. Cir. May 15, 2018).

Considered as an ordered combination, the computer components of Appellants' method add nothing that is not already present when the steps are considered separately. The sequence of data reception-generation and analysis-writing is equally generic and conventional or otherwise held to be abstract. *See Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 715 (Fed. Cir. 2014) (sequence of receiving, selecting, offering for exchange, display, allowing access, and receiving payment recited an abstraction), *Inventor Holdings, LLC v. Bed Bath & Beyond, Inc.*, 876 F.3d 1372, 1378 (Fed. Cir. 2017) (sequence of data retrieval, analysis, modification, generation, display, and transmission), *Two-Way Media Ltd. v. Comcast Cable Communications, LLC*, 874 F.3d 1329, 1339 (Fed. Cir. 2017) (sequence of processing, routing, controlling, and monitoring). The ordering of the steps is therefore ordinary and conventional.

Viewed as a whole, Appellants' method claims simply recite the concept of advertising as performed by a generic computer. To be sure, the claims recite doing so by advising one to place ads by computing random values based on given parameters and using the offer with the highest result to select an offer for placement. But this is no more than abstract conceptual advice on the parameters for such advertising and the generic computer processes necessary to process those parameters, and do not recite any particular implementation.

The method claims do not, for example, purport to improve the functioning of the computer itself. Nor do they effect an improvement in any other technology or technical field. The 17+ pages of the Specification do not bulge with disclosure, but only spell out different generic equipment and parameters that might be applied using this concept, and the particular

steps such conventional processing would entail based on the concept of advertising under different scenarios. They do not describe any particular improvement in the manner a computer functions. Instead, the claims at issue amount to nothing significantly more than an instruction to apply the abstract idea of advertising using some unspecified, generic computer. Under our precedents, that is not enough to transform an abstract idea into a patent-eligible invention. *See Alice Corp. Pty. Ltd.*, 134 S.Ct. at 2360.

We adopt as our own the Examiner’s findings and analysis from Final Action 2–9 and Answer 2–11 and reach similar legal conclusions. We now turn to the Reply Brief arguments.

Appellants first contend that the Examiner has changed the characterization as to what the claims are directed to. Reply Br. 3. Appellants contend the Examiner now determines the claims are directed to placing offers using randomization. *Id.* at 4. Appellants contend that as a result, the Examiner has failed to present a prima facie case because he mischaracterized what the claims are directed to. *Id.* Appellants contend the claims are directed to ad placement based on (a) the initial placement value of the offer and (b) the random factor generated for the offer. *Id.* We find *supra* that the claims are directed to advertising albeit by advising one to place ads by computing random values based on given parameters and using the offer with the highest result to select an offer for placement. Although claim 1 step [4] recites using both a random factor and the initial placement value, the result of this step is a “randomized placement value.” Thus, the Examiner’s determination is consistent with the result of step [4] that is used in steps [5]–[7]. Appellants conflate the two *Alice* steps by contending that limitations along the way are part of what the claim achieves. Instead, such

limitations are examined in step 2 to determine if an inventive concept is found.

Appellants rely on *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327 (Fed. Cir. 2016) to support their argument. This is unavailing as the court in *Enfish* found that “we find it relevant to ask whether the claims are directed to an improvement to computer functionality versus being directed to an abstract idea, even at the first step of the *Alice* analysis.” *Id.* at 1335. Thus, it is only improvements to computer functionality that may expand beyond the abstract idea in *Alice* step 1. The parameters used to perform a computation are not improvements to computer functionality.

We are not persuaded by Appellants’ argument that “there are at least two categories of abstract ideas identified by the Invalid Conglomerate Idea: (1) organization information and (2) use of mathematics. While either (1) or (2) corresponds to a judicially recognized category of abstract ideas, put together, they become an invalid conglomerate idea.” Reply Br. 5. “Adding one abstract idea . . . to another abstract idea . . . does not render the claim nonabstract.” *RecogniCorp, LLC v. Nintendo Co., Ltd.*, 855 F.3d 1322, 1327 (Fed. Cir. 2017).

We are not persuaded by Appellants’ argument that the Examiner’s comparison to *Digitech Image Technologies, LLC v. Electronics for Imaging, Inc.*, 758 F.3d 1344 (Fed. Cir. 2014) is unavailing. See Reply Br. 6. The Examiner applied *Digitech* to show that organizing information through mathematical correlations is an example of an abstract idea found by the Federal Circuit. Appellants contend that in *Digitech*, the mathematical operations applied to existing information, whereas the instant claims use a

random factor. This does not meaningfully distinguish *Digitech* as the underlying use of mathematics remains present.

We are not persuaded by Appellants' argument that "[h]aving not invented the 'generic' computer may yet lead to patent-eligible subject-matter, as found in the court in *Bascom*: 'an inventive concept can be found in the non-conventional and non-generic arrangement of known, conventional pieces.' *Bascom Global Internet v. AT&T Mobility LLC* (Fed Cir. 2016), at 15." Reply Br. 7. Appellants contend that generating a randomized placement value based on (a) the initial placement value of the offer and (b) the random factor generated for the offer together make Claim 1 patent-eligible under section 101. *Id.* Simply put, values are not pieces and using unconventional parameters in a computation does not make a computation as such any less abstract.

We are not persuaded by Appellants' argument that as is made clear by the Board's decision regarding novelty and obviousness on the point of randomization, this is exactly the kind of unconventional feature that makes claim 1 patent eligible. "A claim for a new abstract idea is still an abstract idea. The search for a § 101 inventive concept is thus distinct from demonstrating § 102 novelty." *Synopsys, Inc. v. Mentor Graphics Corporation*, 839 F.3d 1138, 1151 (Fed. Cir. 2016).

Appellants further argue that the asserted claims are akin to the claims found patent-eligible in *DDR Holdings, LLC v. Hotels.com, L.P.* 773 F.3d 1245 (Fed. Cir. 2014). Reply Br. 9–10. In *DDR Holdings*, the court evaluated the eligibility of claims "address[ing] the problem of retaining website visitors that, if adhering to the routine, conventional functioning of Internet hyperlink protocol, would be instantly

transported away from a host’s website after ‘clicking’ on an advertisement and activating a hyperlink.” 773 F.3d at 1257. There, the court found that the claims were patent eligible because they transformed the manner in which a hyperlink typically functions to resolve a problem that had no “pre-Internet analog.” 773 F.3d at 1258. The court cautioned, however, “that not all claims purporting to address Internet-centric challenges are eligible for patent.” *Id.* For example, in *DDR Holdings* the court distinguished the patent-eligible claims at issue from claims found patent-ineligible in *Ultramercial*. *See id.* at 1258–59 (citing *Ultramercial*, 772 F.3d 709, 715–16 (Fed. Cir. 2014)). As noted there, the *Ultramercial* claims were “directed to a specific method of advertising and content distribution that was previously unknown and never employed on the Internet before.” *Id.* at 1258 (quoting *Ultramercial*, 772 F.3d at 715–16). Nevertheless, those claims were patent ineligible because they “merely recite[d] the abstract idea of ‘offering media content in exchange for viewing an advertisement,’ along with ‘routine additional steps such as updating an activity log, requiring a request from the consumer to view the ad, restrictions on public access, and use of the Internet.’” *Id.*

Appellants’ asserted claims are analogous to claims found ineligible in *Ultramercial* and distinct from claims found eligible in *DDR Holdings*. The ineligible claims in *Ultramercial* recited “providing [a] media product for sale at an Internet website;” “restricting general public access to said media product;” “receiving from the consumer a request to view [a] sponsor message;” and “if the sponsor message is an interactive message, presenting at least one query to the consumer and allowing said consumer

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access to said media product after receiving a response to said at least one query.” 772 F.3d at 712. Similarly, Appellants’ asserted claims recite obtaining, identifying, and generating data, and then identifying, selecting, and writing data. This is precisely the type of Internet activity found ineligible in *Ultramercial*.

CONCLUSIONS OF LAW

The rejection of claims 1–8, 11, 12, 14–22, 26, 29, and 31 under 35 U.S.C. § 101 as directed to non-statutory subject matter is proper.

DECISION

The rejection of claims 1–8, 11, 12, 14–22, 26, 29, and 31 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). *See* 37 C.F.R. § 1.136(a)(1)(iv) (2011).

AFFIRMED