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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte TODD M. STOREY

Appeal 2017-000290
Application 13/443,595¹
Technology Center 3600

Before MAHSHID D. SAADAT, ALLEN R. MacDONALD, and
JOHN P. PINKERTON, *Administrative Patent Judges*.

PINKERTON, *Administrative Patent Judge*.

DECISION ON APPEAL

Appellant appeals under 35 U.S.C. § 134(a) from the Examiner's Final Rejection of claims 1–32, which constitute all the claims pending in this application. Claims 33–34 have been cancelled. We have jurisdiction under 35 U.S.C. § 6(b).

We affirm.

¹ The real party in interest identified by Appellant is the inventor, Todd M. Storey. App. Br. 3.

STATEMENT OF THE CASE

Introduction

Appellant's described and claimed invention relates generally to a method and system for designing, improving and/or launching a new or existing product, and/or for obtaining feedback. *See* Spec. ¶ 2.²

Claim 1 is representative and reads as follows (with the disputed limitations *emphasized*):

1. A method of conducting a design process for a new or existing product or service, the method comprising:

making an offer available to a target group comprising a plurality of individuals, the offer comprising an ownership interest or alternate consideration related to the product or service in exchange for directly participating in generating the design of the product or service;

providing a user interface for enabling the plurality of individuals in the target group to apply to become a participant for the offer, the user interface being provided by a server computer comprising a processor:

for each participant, enabling that participant to directly participate in generating the design of the product or service by providing selections for a plurality of options for at least one corresponding feature of the design of the product or service, and requesting desired selections for the options via the user interface;

receiving the desired selections from each participant via the user interface;

² Our Decision refers to the Final Office Action mailed May 12, 2015 ("Final Act."), Appellant's Appeal Brief filed September 14, 2015 ("App. Br.") and Reply Brief filed August 15, 2016 ("Reply Br."), the Examiner's Answer mailed June 16, 2016, and the original Specification filed April 10, 2012 ("Spec.").

storing the received selections in a database accessible to the server computer;

enabling the participants to submit at least one additional option or alternative for features of the design of the product or service via the user interface;

receiving at least one additional option or alternative from at least one participant via the user interface;

performing a further iteration of the design process using the server computer without manual intervention, by enabling the participants to vote on the received additional option or alternative in the design process via the user interface and incorporating at least one additional option or alternative;

generating the design using the server computer without manual intervention, by totaling the received selections from all of the plurality of participants for the options and incorporating the features selected by a majority into the product or service design to thereby generate the design based on the input from all of the participants;

providing the ownership interest to at least one of the participants; and

outputting design specifications to enable the product or service to be created in accordance with the design.

App. Br. 20 (Claims App.).

Rejections on Appeal

Claims 1–32 stand rejected under 35 U.S.C. § 101 because the claimed invention is directed to patent-ineligible subject matter.

Claims 1–32 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over Li (US 2004/0143481 A1; published July 22, 2004) (“Li”), in view of Glover et al. (US 2003/0004803 A1; published Jan. 2, 2003) (“Glover”), and further in view of Official Notice (as evidenced by Johnson (US 2002/0082900 A1; published June 27, 2002) (“Johnson”)).

ANALYSIS

We have reviewed the Examiner’s rejections in light of Appellant’s arguments in the Appeal Brief (*see* App. Br. 5–18) and Reply Brief (*see* Reply Br. 2–6), and are not persuaded the Examiner has erred. Unless otherwise noted, we adopt as our own the findings and reasons set forth by the Examiner in the Office Action from which this appeal is taken (Final Act. 2–18), and in the Examiner’s Answer (Ans. 2–11), and we concur with the conclusions reached by the Examiner. For emphasis, we consider and highlight specific arguments as presented in the Appeal Brief and Reply Brief.

Rejection of Claims 1–32 under § 101

Applicable Law

Under 35 U.S.C. § 101, an invention is patent-eligible if it claims a “new and useful process, machine, manufacture, or composition of matter.” 35 U.S.C. § 101. The Supreme Court, however, has long interpreted § 101 to include an implicit exception: “[l]aws of nature, natural phenomena, and abstract ideas” are not patentable. *See, e.g., Alice Corp. Pty Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2354 (2014) (internal quotation marks and citation omitted).

The Supreme Court, in *Alice*, reiterated the two-step framework previously set forth in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. 66, 75–77 (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. The first step in the analysis is to “determine whether the claims at issue are directed to one of those patent-ineligible concepts.” *Id.* For

example, abstract ideas include, but are not limited to, fundamental economic practices, methods of organizing human activities, an idea of itself, and mathematical formulas or relationships. *Id.* at 2355–57. The “directed to” inquiry asks not whether “the claims *involve* a patent-ineligible concept,” but instead whether, “considered in light of the specification, . . . ‘their character as a whole is directed to excluded subject matter.’” *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1335 (Fed. Cir. 2016) (internal citations omitted). In that regard, we determine whether the claims “focus on a specific means or method that improves the relevant technology” or are “directed to a result or effect that itself is the abstract idea and merely invoke generic processes and machinery.” *McRO, Inc. v. Bandai Namco Games Am. Inc.*, 837 F.3d 1299, 1314 (Fed. Cir. 2016).

If, at the first stage of the *Alice* analysis, we conclude that the claim is not directed to a patent-ineligible concept, it is considered patent eligible under § 101 and the inquiry ends. *Rapid Litig. Mgmt. Ltd. v. CellzDirect, Inc.*, 827 F.3d 1042, 1047 (Fed. Cir. 2016).

If the claims are directed to a patent-ineligible concept, the second step in the analysis is to consider the elements of the claims “individually and ‘as an ordered combination’” to determine whether there are additional elements that “‘transform the nature of the claim’ into a patent-eligible application.” *Alice*, 134 S. Ct. at 2355 (quoting *Mayo*, 566 U.S. at 79, 78). In other words, the second step is to “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.’” *Id.* (brackets in original) (quoting *Mayo*, 566 U.S. at 72–73). The prohibition against patenting an abstract idea

“cannot be circumvented by attempting to limit the use of the formula to a particular technological environment’ or adding ‘insignificant post solution activity.’” *Bilski v. Kappos*, 561 U.S. 593, 610–11 (2010) (internal citation omitted).

Appellant’s Arguments³

Appellant contends claim 1 is more than an abstract idea, and more specifically, the Examiner has overlooked the role being played by the server computer and user interface, where such a computer system is more than a trivial aspect of the claimed method, and instead recites a specific way to automate the creation of a design that incorporates design options selected by multiple participants, via the computer system. *See* App. Br. 6–7. In this regard, Appellant argues that the use of the server computer enables the claimed process to be performed without manual intervention and, further, the use of the server computer requires the ability to perform iterations of the design process, which would be impractical without the server computer. *See* Reply Br. 2–5. Appellant further argues claim 1 is more than an abstract idea because the claim is similar to the claims at issue in *DDR Holdings, LLC v. Hotels.com*, 773 F.3d 1245, 1257 (Fed. Cir. 2014), as claim 1 recites a specific way to engage multiple participants to obtain selections for features when can be included in design specifications and to automate the generation of design specifications using the options selected by a majority of participants. *See* App. Br. 6–7. Appellant further contends claim 1 amounts to significantly more than an abstract idea, and more

³ Appellant argues claims 1–32 as a group, focusing on claim 1. *See* App. Br. 8. We consider claim 1 to be representative of the claimed subject matter on appeal and, therefore, we decide the rejection of claims 1–32 on the basis of representative claim 1. *See* 37 C.F.R. § 41.37(c)(1)(iv).

specifically, claim 1 includes features directed to enabling participants to suggest additional or alternative design features, iterating the design process, and generating the design specifications without manual invention that specify a particular way to generate the design that is embodied in a technical solution that amounts to an inventive concept. *See* App. Br. 7–8. Additionally, Appellant contends claim 1 does not seek to tie up an abstract idea because claim 1 is directed to more than simply designing a product or service and amount to a particular way to utilize a computer server to create a design based on participant-selected options and features. *See* App. Br. 8.

Step One of Alice

The Examiner finds the claims are directed to the abstract idea of identifying the characteristics of a new product and conducting a design process using market research. *See* Final Act. 2. The Examiner further finds as follows:

The claims are directed to an abstract idea ***which can be described as “certain methods of organizing human activity”***, which includes concepts relating to interpersonal and intrapersonal activities, such as managing relationships or transactions between people, social activities, and human behavior; satisfying or avoiding a legal obligation; advertising, marketing, and sales activities or behaviors; and managing human mental activity. Specifically, the instant claims are similar to “managing an insurance policy” (the instant claims manage a procedure for collecting and collating data concerning a design)[.]

Also, the instant claims ***can be described as “an idea 'of itself’”***, which include an idea standing alone such as an uninstigated concept, plan or scheme, ***as well as a mental process (thinking) that “can be performed in the human mind, or by a human using a pen and paper”***. Specifically, the instant claims are similar to “comparing new and stored information and using rules to identify options” (where the new and stored data concern

the existing and suggested designs, and the rules allow for the aggregation of the feedback into a single design).

Ans. 2–3 (emphasis added).

Considering the focus of claim 1 as a whole, in view of Appellant’s Specification, we agree with the Examiner that claim 1 is directed to an abstract idea—designing a product or service based on participant-provided selections regarding options for the product/service. Consistent with the Examiner’s findings, we find claim 1 is directed to a method of conducting a design process for a product or service, comprising the steps of: (1) “making an offer [comprising an ownership interest] available to . . . individuals”; (2) “providing a user interface for enabling the . . . individuals . . . to apply to become a participant for the offer”; (3) “for each participant . . . providing selections for . . . options for [a] corresponding feature of the design of the product or service, and requesting desired selections for the options via the user interface”; (4) “receiving the desired selections from each participant via the user interface”; (5) “storing the received selections in a database”; (6) “enabling the participants to submit [an] additional option or alternative for features of the design of the product or service via the user interface”; (7) “receiving [an] additional option or alternative from [a] participant via the user interface”; (8) “performing a further iteration of the design process . . . by enabling the participants to vote on the received additional option or alternative in the design process via the user interface and incorporating [an] additional operative or alternative”; (9) “generating the design . . . by totaling the received selections from all of [the participants] for the options and incorporating the features selected by a majority into the product or service design to thereby generate the design based on the input from all of the participants”; (10) “providing the ownership interest to [a participant]”;

and (11) “outputting design specifications to enable the product or service to be created in accordance with the design”. App. Br. 20 (Claims App.).

These various steps define collecting and analyzing participant-provided information to generate a design specification for a product or service. We see no meaningful difference between claim 1 and similar claims that our reviewing court has found are directed to an abstract idea. *See Content Extraction & Transmission LLC v. Wells Fargo Bank, Nat’l Ass’n*, 776 F.3d 1343, 1347 (“[t]he concept of data collection, recognition, and storage is undisputedly well-known); *Electric Power Grp, LLC v. Alstom S.A.*, 830 F.3d 1350, 1353–54 (Fed. Cir. 2016) (claims focus on the abstract idea of collecting information, analyzing it, and displaying certain results of the collection and analysis); *Synopsys, Inc. v. Mentor Graphics Corporation*, 839 F.3d 1138, 1150–51 (Fed. Cir. 2016) (affirming that the claimed invention is drawn to the abstract idea of translating a functional description of a logic circuit into a hardware component description of the logic circuit); *Intellectual Ventures I LLC v. Capital One Fin. Corp.*, 850 F.3d 1332, 1327 (Fed. Cir. 2017) (affirming that the invention is drawn to the abstract idea of “creating an index and using that index to search for and retrieve data”).

Consistent with the Examiner’s findings, we also note that the steps recited in claim 1 could be performed by a human with pen and paper. In that regard, our reviewing court has held that “analyzing information by steps people go through in their minds, or by mathematical algorithms, without more, [are] essentially mental processes within the abstract-idea category.” *Electric Power*, 830 F.3d at 1354; *see also Synopsys*, 839 F.3d at 1146. “[T]he fact that the required calculations could be performed more efficiently via a computer does not materially alter the patent eligibility of

the claimed subject matter.” *Bancorp Servs., LLC v. Sun Life Assurance Co. of Can. (U.S.)*, 687 F.3d 1266, 1278 (Fed. Cir. 2012).⁴

We are not persuaded by Appellant’s argument that claim 1 recites a specific way to automate the creation of a design that incorporates design options selected by multiple participants, via the computer system. *See App. Br. 6–7*. While claim 1 recites a “server computer” and “user interface,” and further recites that several of the steps are either performed by the server computer or via the user interface, the claim fails to recite the technical details regarding how either the server computer or the user interface performs the recited steps. Thus, the recitation of the aforementioned “server computer” and “user interface” does not successfully rebut the Examiner’s findings that claim 1 is directed to an abstract idea.

We are also not persuaded by Appellant’s argument that claim 1 is similar to the claims in *DDR Holdings*. *See App. Br. 6–7*. In *DDR Holdings*, the disputed claims solved an Internet-specific problem with an Internet-based solution that was “necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks.” *DDR Holdings*, 773 F.3d at 1257. That is not the case here. Instead, consistent with the Examiner’s findings, claim 1 merely recites functionality for automating a process of collecting participant-provided design options for a product or service and analyzing the collected design options to generate a design specification. Such recited functionality does not overcome a problem specifically arising in the realm of computer

⁴ *See also CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1375 (Fed. Cir. 2011) (“That purely mental processes can be unpatentable, even when performed by a computer, was precisely the holding of the Supreme Court in *Gottschalk v. Benson*”).

networks. Instead, as described in Appellant’s Specification, the problem the claimed invention is attempting to solve (i.e. limited enthusiasm of participants to provide feedback; considerable time requirements and expense to obtain feedback; etc.) is clearly not limited to the realm of computer networks. *See e.g.*, Spec. ¶¶ 3–7.

Step Two of Alice

Regarding step two of the *Alice* analysis, the Examiner finds claim 1 does not include additional elements that are sufficient to amount to significantly more than the aforementioned abstract idea because the claim merely recites the use of a generic computer performing generic computing tasks. *See* Final Act. 3. The Examiner further finds the automatic data analysis feature recited in claim 1 does not amount to significantly more than the aforementioned abstract idea because automatic data analysis is a routine and conventional usage of a general purpose computer. *See* Ans. 3.

We agree with the Examiner’s findings. Appellant has not provided persuasive evidence or arguments that the recited limitations of claim 1 do anything more than recite automatic data collection and automatic data analysis functionality, where such functionality is well-understood, routine, and conventional in the field of computer systems. Further, Appellant has not identified any portions of Appellant’s Specification that describe the corresponding structures for performing the recited functions of claim 1 as involving technological changes or improvements. Thus, we agree with the Examiner that the argued limitations do not add “significantly more” to the abstract idea because they are “no more than generic computer components executing generic computer functions.” *See Alice*, 134 S. Ct. at 2358 (“[T]he mere recitation of a generic computer cannot transform a patent in-

eligible abstract idea into a patent-eligible invention. Stating an abstract idea while adding the words ‘apply it’ is not enough for patent eligibility”) (quoting *Mayo*, 566 U.S. at 72 (internal quotation marks omitted)).

Furthermore, as the Court explained in *Electric Power*, “merely selecting information, by content or source, for collection, analysis, and display does nothing significant to differentiate a process from ordinary mental processes, whose implicit exclusion from § 101 undergirds the information-based category of abstract ideas.” *Electric Power*, 830 F.3d at 1355.

Preemption

We also are not persuaded by Appellant’s arguments that claim 1 does not seek to tie up or otherwise preempt an abstract idea. *See* App. Br. 8.

While preemption may signal patent ineligible subject matter, the absence of complete preemption does not demonstrate patent eligibility. . . . Where 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); *see also OIP Techs. Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1362–63 (Fed. Cir. 2015) (“that 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”).

Accordingly, for the reasons discussed above, we sustain the Examiner’s rejection of claim 1 under 35 U.S.C. § 101. For the same reasons, we sustain the rejection of independent claim 17, and dependent claims 2–16 and 18–32, which are not separately argued, under 35 U.S.C. § 101.

Rejection of Claims 1–32 under §103(a)

Appellant contends the combination of cited references fails to teach or suggest

generating the design using the server computer without manual intervention, by totaling the received selections from all of the plurality of participants for the options and incorporating the features selected by a majority into the product or service design to thereby generate the design based on the input from all of the participants,

as recited in claim 1. *See* App. Br. 13, 15; *see also* Reply Br. 6. More specifically, Appellant argues Li merely describes accumulating responses that are used to influence future product offerings, and Li fails to teach or suggest actually generating a design, let alone considering the input of a number of participants and committing to a design based on the considered input in exchange for ownership interest. *See* App. Br. 12. Appellant further argues Glover fails to cure Li's deficiency. *See* App. Br. 13.

We are not persuaded by this argument. Li teaches a method and system that includes a web page configurator, where the configurator enables users to customize a desired product (e.g., a motorcycle) by selecting from various product options. *See* Li ¶¶ 24, 34, 40. As the Examiner correctly finds, Li further teaches the system establishes a predetermined number of user-selected combinations as a threshold number, and a specific combination of options is automatically placed on a list of products to be made available for purchase in the future when the specific combination is selected by the threshold number of users. *See* Final Act. 4 (citing Li¶ 41); *see also* Ans. 7. Appellant's argument fails to address the Examiner's finding. As we agree with the Examiner's finding, we also

agree with the Examiner that the combination of Li and Glover teaches the aforementioned limitation of claim 1.

Appellant also contends there is no motivation to combine Li and Glover. *See* App. Br. 13–14, 16. More specifically, Appellant argues Glover teaches away from Li and the claimed invention because, contrary to Li’s explicit intention to provide a simple and cost-effective tool, implementing Glover’s disclosed method would require various onerous steps due to Glover’s disclosed requirement for a merchant to register with the Securities and Exchange Commission (“SEC”) before being able to offer equity as a reward to consumers. *See* App. Br. 13–14.

This argument is also not persuasive. The rejection is not based upon a bodily incorporation of Glover’s system into Li’s system, and more specifically, does not require the registration of a merchant with the SEC, as disclosed in Glover. *See Keller*, 642 F.2d at 425 (citations omitted) (“The test for obviousness is not whether the features of a secondary reference may be bodily incorporated into the structure of the primary reference. . . . Rather, the test is what the combined teachings of those references would have suggested to those of ordinary skill in the art.”); *see also In re Nievelt*, 482 F.2d 965, 968 (CCPA 1973) (“Combining the teachings of references does not involve an ability to combine their specific structures.”). Consistent with the Examiner’s findings, the Examiner’s rationale for combining references involves a simple substitution of a reward of stock ownership (i.e., equity), as disclosed in Glover, for a reward of a random prize, as disclosed in Li, where both Li and Glover teach providing a reward to encourage or otherwise incentivize participants to engage in a desired behavior. *See* Final Act. 5–6; *see also* Ans. 9. “[W]hen a patent claims a

structure already known in the prior art that is altered by the mere substitution of one element for another known in the field, the combination must do more than yield a predictable result.” *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 416 (2007), citing *United States v. Adams*, 383 U.S. 39, 50–51 (1966).

Appellant also traverses the Official Notice taken by the Examiner in rejecting independent claim 1. *See* App. Br. 17. Even assuming *arguendo* that Appellant’s traversal is timely (*but see* Ans. 19), Appellant’s arguments are not persuasive of Examiner error. We note the Examiner has cited Johnson as documentary evidence supporting the taking of Official Notice that soliciting customer suggestions is known in the art. *See* Final Act. 5 (citing Johnson ¶ 9); *see also* Ans. 7. We further note claim 1 merely recites “performing a further iteration of the design process . . . by enabling the participants to vote on the received additional option or alternative,” but does not require the claimed “additional option or alternative” be suggested by the user. Rather, under a broadest reasonable interpretation, the claimed “additional option or alternative” can be an option or alternative suggested by the system itself and selected by the user. As correctly found by the Examiner, Li teaches a user selecting an additional motorcycle option suggested by the system. *See* Ans. 6–7 (citing Li ¶ 37). Thus, under the broadest reasonable interpretation of “additional option or alternative,” Li teaches or suggests “performing a further iteration of the design process . . . by enabling the participants to vote on the received additional option or alternative,” as recited in claim 1. Further, even assuming *arguendo* that claim 1 required the claimed “additional option or alternative” be suggested by the user, as the Examiner correctly finds, Johnson teaches a system that

collects real-time information regarding preferences, biases, usage, and other market trend information from users (*see* Johnson ¶ 9), and thus, Johnson teaches collecting options suggested by a user. Therefore, even under this interpretation of “additional option or alternative,” the combination of Li and Johnson teaches or suggests “performing a further iteration of the design process . . . by enabling the participants to vote on the received additional option or alternative,” as recited in claim 1.

We have considered Appellant’s other arguments regarding the patentability of claim 1 (*see* App Br. 9–18), and we are not persuaded by them either. Accordingly, we sustain the Examiner’s rejection of independent claim 1 for obviousness under 35 U.S.C. § 103(a). For the same reasons, we sustain the rejection of independent claim 17, and dependent claims 2–16 and 18–32, which are not separately argued, under 35 U.S.C. § 103(a).⁵

DECISION

We affirm the Examiner’s rejection of claims 1–32 under 35 U.S.C. § 101.

We affirm the Examiner’s rejection of claims 1–32 under 35 U.S.C. § 103(a).

⁵ Appellant traverses the Official Notice taken by the Examiner in rejecting dependent claims 4–5, 20–21, and 33–34 but fails to provide any separate arguments for patentability regarding these claims. *See* App. Br. 18. Instead, Appellant merely relies upon its arguments regarding claim 1. *See id.* As previously discussed, the Examiner has cited Johnson as documentary evidence supporting the taking of Official Notice that soliciting customer suggestions is known in the art. *See* Final Act. 6, 8. Thus, we are not persuaded of Examiner error.

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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