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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte MILTON MERL and MATTHEW JOHN SYMONS

Appeal 2017-000542
Application 12/853,934¹
Technology Center 3600

Before ANTON W. FETTING, BIBHU R. MOHANTY, 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 final rejection of claims 1–4, 7–12, 15–18, and 21. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

¹ According to Appellants, the real party in interest is Accenture Global Services Limited. (Appeal Br. 3.)

CLAIMED SUBJECT MATTER

Appellants' claimed invention relates to a system and method "for determining one or more winning candidate bids." (Spec. ¶¶ 4, 5.)

Claims 1, 9, and 15 are the independent claims on appeal. Claim 1 is illustrative. It recites:

1. An online customer value opportunity system for determining one or more winning candidate bids, comprising:
 - a hardware processor; and
 - a storage device coupled to the hardware processor, the storage device comprising an offer database and a bid database, wherein the hardware processor:
 - receives offer information from an offerer that includes an offerer retailer, and the offer information including: a request for a demand shaping tactic; a type of product; a demand opportunity group; and a desired demand response for which the demand shaping tactic is requested;
 - creates an offer based on the offer information and stores the offer in the offer database, wherein the offer is viewable to prospective bidders; and
 - posts the offer on a web site, wherein the offer is viewable via the web site to prospective bidders that registered with the customer value opportunity system via the website;
 - determines a customer potential score for the offer based on the demand opportunity group and the demand shaping tactic of the offer, wherein the customer potential score is an indicator of a potential return on investment from customers in the demand opportunity group of the offer, and wherein a different customer potential score is determined for different demand shaping tactics, including marketing materials, advertising, promotions, discounts, and coupons;
 - receives via the web site and stores in the bid database a plurality of bids from the perspective bidders for a plurality of different offers including the offer, each

of the plurality of bids to include a minimum customer potential score and an amount to be paid to the offerer retailer for use of the demand shaping tactic;

determines matching bids of the plurality of bids in the bid database that match the offer based on the demand shaping tactic, the type of product, the demand opportunity group, and the desired demand response of the offer;

identifies a candidate winning bid of the matching bids, wherein the customer potential score of the offer exceeds the minimum customer potential score in the candidate winning bid;

identifies the candidate winning bid as a bid submitted by a retailer other than the offerer retailer;

determines a customer lifetime value of the candidate winning bid, wherein the customer lifetime value is based on frequency of customer visits to the offerer retailer, customer repeat rate, and a ratio of cost to margin received for the customer visits;

determines a negative effect of the demand shaping tactic in the candidate winning bid based on the determined customer lifetime value for the offerer retailer; and

accepts the candidate winning bid as a winning bid upon a determination that an ad yield of the candidate winning bid is higher than the negative effect of the demand shaping tactic submitted in the candidate winning bid.

REJECTION

Claims 1–4, 7–12, 15–18, and 21 are rejected under 35 U.S.C. § 101 as directed to a judicial exception without significantly more.

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 that the claims “are directed to the abstract idea of determining a winning bid based on the customer potential score.” (Answer 4.)

Appellants disagree and argue that “when considering the claims as a whole, the claims cannot be considered to be merely directed to determining

a winning bid based on the customer potential score. The abstract idea alleged by the Examiner ignores most of the claim features recited in the independent claims.” (Appeal Br. 21.) Thus, Appellants argue, “the claims, as a whole, are not merely directed to determining a winning bid based on the customer potential score, and as such are not directed to any abstract idea.” (*Id.*)

In making the “directed to” inquiry 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)). Thus, although we consider the claim as a whole, the “directed to” inquiry focuses on the claim’s “character as a whole.”

In that regard, the Specification discloses a system and method “for determining one or more winning candidate bids.” (Spec. ¶¶ 4, 5.) Further, claim 1 recites a “system for determining one or more winning candidate bids, comprising: a . . . processor . . . and a storage device . . . wherein the . . . processor: receives . . . offer information,” “creates an offer based on the offer information and stores the offer,” “posts the offer,” “determines a customer potential score for the offer,” “receives . . . and stores . . . a plurality of bids from the perspective bidders,” “determines matching bids,” “identifies a candidate winning bid,” “identifies the candidate winning bid as a bid submitted by . . . other than the offerer,” “determines a customer lifetime value of the candidate winning bid,” “determines a negative effect . . . in the candidate winning bid,” “and accepts the candidate winning bid.”

“An abstract idea can generally be described at different levels of abstraction,” *Apple, Inc. v. Ameranth, Inc.*, 842 F.3d 1229, 1240 (Fed. Cir. 2016). However, that need not and, in this case does not, “impact the patentability analysis.” *See id.* at 1241. “The focus of the asserted claims . . . is on collecting information, analyzing it, and displaying certain results of the collection and analysis.” *Elec. Power Grp.*, 830 F.3d at 1353. “[W]e have treated collecting information, including when limited to particular content (which does not change its character as information), as within the realm of abstract ideas.” *Id.* “In a similar vein, we have treated analyzing information by steps people go through in their minds, or by mathematical algorithms, without more, as essentially mental processes within the abstract-idea category.” *Id.* at 1354. “And we have recognized that merely presenting the results of abstract processes of collecting and analyzing information, without more (such as identifying a particular tool for presentation), is abstract as an ancillary part of such collection and analysis.” *Id.* “Here, the claims are clearly focused on the combination of those abstract-idea processes.” *Id.*

Moreover, here, the limitations do not recite implementation details. Instead, they recite functional results to be achieved. In other words, the claims do not recite “a particular way of programming or designing the software . . . , but instead merely claim the resulting systems.” *Apple, Inc.*, 842 F.3d at 1241.

Additionally, a system or method, like the processor steps recited in claim 1 (and like the method steps recited in independent claim 9), “that employs mathematical algorithms [e.g., “determines a customer potential score for the offer,” “determines matching bids,” “identifies a candidate

winning bid,” “determines a customer lifetime value of the candidate winning bid,” and “determines a negative effect . . . in the candidate winning bid”)] to manipulate existing information to generate additional information is not patent eligible.” *See Digitech Image Techs, LLC v. Elecs. for Imaging, Inc.*, 758 F.3d 1344, 1351 (Fed. Cir. 2014).

In view of the above, we agree with the Examiner that claim 1 is directed to an abstract idea.

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 determines that

[t]he claims do not include additional elements that are sufficient to amount to significantly more than the judicial exception because the generic functions (i.e. receiving offer information/receiving bid, creating an offer, posting the offer, retrieving the offer, determining a customer potential score/customer value, determining a winning bid, accepting the winning bid) are well-understood, routine, and conventional activities.

(Final Action 6.)

Appellants disagree and argue that “[t]he claimed system provides an enhanced offer and bid process.” (Appeal Br. 22.) Appellants further argue that “the Examiner has failed to identify any prior art that either anticipates or renders the claims unpatentable. Therefore, independent claims 1, 9, and 15 recite elements, or combination of elements, sufficient to ensure that the claims amounts to significantly more than an abstract idea.” (*Id.* at 23, emphasis omitted.)

We do not agree. Even if the claimed techniques are “[g]round-breaking, innovative, or even brilliant,” that is not enough for patent eligibility. *Ass’n for Molecular Pathology*, 569 U.S. at 591. “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, “under the *Mayo/Alice* framework, a claim directed to a newly discovered law of nature (or natural phenomenon or abstract idea) cannot rely on the novelty of that discovery for the inventive concept necessary for patent eligibility.” *Genetic Techs. Ltd. v. Merial L.L.C.*, 818 F.3d 1369, 1376 (Fed. Cir. 2016).

Appellants further argue “that the recited features act to narrow, confine, and otherwise tie down the claim so as not to preempt the entire field of determining a winning bid based on customer potential value.” (Appeal Br. 24.)

Preemption, however, 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.*

The introduction of a processor into the claim does not alter the analysis at step two.

[T]he mere recitation of a generic computer [or processor] 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 “implemen[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 featur[e]” that provides any “practical assurance that the process is more than a drafting effort designed to monopolize the [abstract idea] itself.”

Alice, 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.” *Id.* at 2359. They do not. Claim 1 relates to a method for collecting/receiving data, analyzing data, and determining results.

Taking the claim elements separately, the function performed by the computer at each step is purely conventional. Collecting/receiving data, analyzing data, and determining results are basic computer functions. Moreover, the Specification discloses that the invention can be implemented using generic computer components. (*See, e.g.*, Spec. ¶¶ 44–45.) In short, each step does no more than require a generic computer to perform routine computer functions.

Considered as an ordered combination, the computer components of Appellants' system add nothing that is not already present when the steps are considered separately. The claim does not, for example, purport to improve the functioning of the computer itself. Nor does it effect an improvement in any other technology or technical field. Instead, the claim at issue amounts to nothing significantly more than an instruction to collect data, analyze data, and determine results using a generic computer. That is not enough to transform an abstract idea into a patent-eligible invention. *See Alice*, 134 S. Ct. at 2360.

In view of the above, we agree with the Examiner that claim 1 is directed to a judicial exception under § 101 without significantly more. Claims 2–4, 7–12, 15–18, and 21 are not separately argued and fall with claim 1. *See* 37 C.F.R. § 41.37(c)(1)(iv).

DECISION

The Examiner's rejection of claims 1–4, 7–12, 15–18, and 21 under 35 U.S.C. § 101 is affirmed.

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Application 12/853,934

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