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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte ETHAN HENRY FIELDMAN and RITESH CHAUBE

Appeal 2017-000598
Application 12/718,253¹
Technology Center 3600

Before NINA L. MEDLOCK, KENNETH G. SCHOPFER, and
ROBERT J. SILVERMAN, *Administrative Patent Judges*.

SILVERMAN, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

The Appellants appeal under 35 U.S.C. § 134(a) from the Examiner's decision rejecting claims 1–3 and 5–23. An oral hearing in this Appeal was held on April 4, 2019. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

¹ According to the Appellants' Appeal Brief (page 2), "Group Interactive Solutions, Inc. is the real party in interest, as evidenced by the assignment document recorded at the U.S. Patent and Trademark Office." USPTO assignment records indicate that the present application was assigned subsequently to Study Edge LLC (Reel/Frame 042642/0704) and then to Ethan Fieldman (Reel/Frame 042642/0724), both records having been received and recorded on June 8, 2017.

ILLUSTRATIVE CLAIM

1. A method of tracking referrals among a plurality of members of a social network, comprising:

storing, in a data storage, member information for the plurality of members;

determining, by one or more processors, relationships, within the social network, between the plurality of members using the member information in the data storage;

creating, by the one or more processors, a data structure representing the relationships, within the social network, between the plurality of members;

receiving a first member event between a first member of the plurality of members and a purchasing member of the plurality of members;

receiving a second member event between a second member of the plurality of members and the purchasing member that occurred after the first member event;

in response to a purchasing member making a purchase, determining (1) that the first member and the second member both contributed to the purchase and (2) that the first member event occurred before the second member event based on the first member event and the second member event and a comparison of a location within the data structure corresponding to the purchasing member to locations within the data structure corresponding to the first member and the second member; and

awarding a first credit to the first member that is higher than a second credit awarded to the second member based on determining that the first member event occurred before the second member event.

CITED REFERENCES

The Examiner relies upon the following references:

Flake et al. US 2008/0270551 A1 Oct. 30, 2008
(hereinafter “Flake”)

Martinez et al. US 2009/0006192 A1 Jan. 1, 2009
(hereinafter “Martinez”)

Butcher et al. US 2010/0268574 A1 Oct. 21, 2010
(hereinafter “Butcher”)

How to Use Two-Tier Affiliate Model, WordPress Affiliate Platform
(<http://www.tipsandtricks-hq.com/wordpress-affiliate/how-to-use-two-tier-affiliate-model-112>), 2009 (hereinafter “WordPress”)

REJECTIONS

I. Claims 1–3 and 5–23 are rejected under 35 U.S.C. § 101 as ineligible subject matter.

II. Claims 1–3 and 5–20 are rejected under 35 U.S.C. § 103(a) as unpatentable over Flake, Butcher, and WordPress.²

III. Claims 21–23 are rejected under 35 U.S.C. § 103(a) as unpatentable over Flake, Butcher, WordPress, and Martinez.³

FINDINGS OF FACT

The findings of fact relied upon, which are supported by a preponderance of the evidence, appear in the following Analysis.

² We regard as inadvertent the inclusion of claim 4 and the omission of claim 17, in the Examiner’s identification of the rejected claims. *See* Final Action 5, 17–18; Answer 30.

³ We regard as inadvertent the omission of claim 23, in the Examiner’s identification of the rejected claims. *See* Final Action 18, and 25–18.

ANALYSIS

Subject-Matter Eligibility

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. Yet, subject matter belonging to any of the statutory categories may, nevertheless, be ineligible for patenting. The Supreme Court has interpreted § 101 to exclude laws of nature, natural phenomena, and abstract ideas, because they are regarded as the basic tools of scientific and technological work, such that including them within the domain of patent protection would risk inhibiting future innovation premised upon them. *Ass’n for Molecular Pathology v. Myriad Genetics, Inc.*, 569 U.S. 576, 589 (2013).

Of course, “[a]t some level, ‘all inventions . . . embody, use, reflect, rest upon, or apply’” these basic tools of scientific and technological work. *Alice Corp. v. CLS Bank Int’l*, 573 U.S. 208, 217 (2014) (internal citation omitted). Accordingly, evaluating ineligible subject matter, under these judicial exclusions, involves a two-step framework for “distinguish[ing] between patents that claim the buildin[g] block[s] of human ingenuity and those that integrate the building blocks into something more, thereby transform[ing] them into a patent-eligible invention.” *Id.* (internal quotation marks and citation omitted). The first step determines whether the claim is directed to judicially excluded subject matter (such as a so-called “abstract idea”); the second step determines whether there are any “additional elements” recited in the claim that (either individually or as an “ordered combination”) amount to “significantly more” than the identified judicially excepted subject matter itself. *Id.* at 217–18.

The USPTO recently published revised guidance on the application of § 101, in accordance with judicial precedent. *2019 Revised Patent Subject Matter Eligibility Guidance*, 84 Fed. Reg. 50, 52 (Jan. 7, 2019) (*2019 Revised Guidance*). Under the *2019 Revised Guidance*, a claim is “directed to” an abstract idea, only if the claim recites any of: (1) mathematical concepts; (2) certain methods of organizing human activity; and (3) mental processes — without integrating such abstract idea into a “practical application,” i.e., without “apply[ing], rely[ing] on, or us[ing] the judicial exception in a manner that imposes a meaningful limit on the judicial exception, such that the claim is more than a drafting effort designed to monopolize the judicial exception.” *Id.* at 52–55. The considerations articulated in MPEP § 2106.05(a)–(c) and (e)–(h) bear upon whether a claim element (or combination of elements) integrates an abstract idea into a practical application. *Id.* at 55. A claim that is “directed to” an abstract idea constitutes ineligible subject matter, unless the claim recites an additional element (or combination of elements) amounting to significantly more than the abstract idea. *Id.* at 56.

As to the first step of the *Alice* framework, the Examiner characterizes the independent claims as reciting a “method for storing member information, determining relationships between members, and creating a data structure representing the relationships,” which the Examiner regards as a fundamental economic practice. Final Action 2, 4. The Examiner’s Answer refines this description, stating that the claims recite “determining a reward based on receiving member event data and determining who influenced a purchase first” (which the Examiner regards as similar to the ineligible concept of *SmartGene, Inc. v. Advanced Biological Labs., SA*,

555 F. App'x 950 (Fed. Cir. 2014) (nonprecedential)), or “the idea of giving a reward to the first influencer of a purchase is determined only by analysis of stored and received event data and then reward determination based on the finding of who was first” (which the Examiner regards as an “idea of itself”), or the concept of “rewarding of members based on their influence level on a purchase” (which the Examiner likens to the idea of granting access to media content, in exchange for viewing an advertisement, of *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709 (Fed. Cir. 2014)).

Answer 25.

Turning to the second step of the *Alice* framework, the Examiner determines that the additional claim elements do not amount to significantly more than the various concepts identified as judicially excepted subject matter. Final Action 2–4; Answer 26–27.

Disputing the rejection, the Appellants argue independent claims 1, 8, 15, and 21 as a group. *See* Appeal Br. 9–19. Claim 1 is selected for analysis herein. *See* 37 C.F.R. § 41.37(c)(1)(iv). No dependent claim is argued separately, such that all claims in the Appeal stand or fall with claim 1.

Although created “[i]n accordance with judicial precedent,” 84 Fed. Reg. at 52, the *2019 Revised Guidance* enumerates the analytical steps differently than the Supreme Court’s *Alice* opinion. Step 1 of the *2019 Revised Guidance* addresses whether the claimed subject matter falls within any of the statutory categories of § 101. *Id.* at 53–54. Step 2A, Prong One, concerns whether the claim at issue recites ineligible subject matter and, if an abstract idea is recited; Step 2A, Prong 2, addresses whether the recited abstract idea is integrated into a practical application. *Id.* at 54–55. Unless such integration exists, the analysis proceeds to Step 2B, in order to

determine whether any additional element (or combination of elements) amounts to significantly more than the identified abstract idea. *Id.* at 56.

The Appellants' arguments relate to Step 2A (both Prongs One and Two) and Step 2B of the *2019 Revised Guidance*.

The Appellants' assertion that the "claims on their face are distinguished from the abstract concepts relied upon by the Examiner" in the Answer (Reply Br. 7) relates to Step 2A, Prong One, of the *2019 Revised Guidance*. Claim 1, in part, recites: "A method of tracking referrals among a plurality of members of a social network"; "in response to a purchasing member making a purchase, determining (1) that the first member and the second member both contributed to the purchase and (2) that the first member event occurred before the second member event"; and "awarding a first credit to the first member that is higher than a second credit awarded to the second member based on determining that the first member event occurred before the second member event." These claim features correspond to the Examiner's refined characterizations of the claimed subject matter as reciting: "determining a reward based on receiving member event data and determining who influenced a purchase first"; "the idea of giving a reward to the first influencer of a purchase is determined only by analysis of stored and received event data and then reward determination based on the finding of who was first"; and "rewarding of members based on their influence level on a purchase." Answer 25. These characterizations are examples of "[c]ertain methods of organizing human activity" that are described in the *2019 Revised Guidance*, 84 Fed. Reg. at 52 — particularly "commercial or legal interactions (including . . . advertising, marketing or sales activities or behaviors[, and] business relations)" —

which constitute a category of patent-ineligible abstract ideas. Accordingly, the Examiner’s analysis sufficiently demonstrates that the claimed subject matter recites an abstract idea, under Step 2A, Prong One.

We also are not persuaded of Examiner error, with regard to Step 2A, Prong Two. The Appellants contend that “the claimed features similarly recite an improvement to computer resource utilization itself providing the functionality of tracking referrals among a plurality of members of a social network, thus, making it possible to track multiple levels of referrals across social media and the Internet.” Reply Br. 9. *See also id.* at 13. This amounts to an argument that the claimed subject matter, in the parlance of the *2019 Revised Guidance*, 84 Fed. Reg. at 54–55, contains additional elements that integrate the identified abstract idea into a practical application, under Step 2A, Prong Two. Yet, the functionality that the Appellants rely upon encompasses claim elements identified, above — i.e., claim 1’s recitation: “in response to a purchasing member making a purchase, determining . . . that the first member and the second member both contributed to the purchase.” Accordingly, the Appellants do not show any additional elements — i.e., elements “beyond the judicial exception(s)” — that might integrate the identified abstract idea into a practical application. *See id.*

Nor does the Appellants’ assertion that the subject matter of claim 1 is “inextricably tied to computer technology” (Appeal Br. 14–15) persuade us of error in the rejection, on account of effecting a practical application of the identified abstract idea. Again, the Appellants rely upon claim elements identified, above, as describing judicially excepted subject matter — specifically, the recitation of “in response to a purchasing member making a

purchase, determining . . . that the first member and the second member both contributed to the purchase” — rather than any additional elements.

Accordingly, in view of the foregoing analysis, we are not persuaded that the Examiner erred in determining that the claimed subject matter is directed to an abstract idea, per the rubric of Step 2A, Prong Two, of the *2019 Revised Guidance*.

Further, the Appellants do not indicate any error, with respect to the inquiry of Step 2B of the *2019 Revised Guidance*, as to whether any additional element (or combination of additional elements) might amount to significantly more than the identified abstract idea, by virtue of being unconventional or non-generic. Rather, the Appellants rely upon claim elements that are part of the identified abstract idea, as addressed above — specifically: “in response to a purchasing member making a purchase, determining (1) that the first member and the second member both contributed to the purchase and (2) that the first member event occurred before the second member event”; and “awarding a first credit to the first member that is higher than a second credit awarded to the second member based on determining that the first member event occurred before the second member event.” *See* Appeal Br. 15–19. “It has been clear since *Alice* that a claimed invention’s use of the ineligible concept to which it is directed cannot supply the inventive concept that renders the invention ‘significantly more’ than that ineligible concept.” *BSG Tech LLC v. BuySeasons, Inc.*, 899 F.3d 1281, 1290 (Fed. Cir. 2018). Additionally, although the Appellants contend that the “claims are patent-eligible at least because they include a particular arrangement that provides an advance over prior art systems, that has not been shown to be merely conventional or generic”

(Reply Br. 14), the Appellants identify no such “particular arrangement” of additional elements.

In addition, the Appellants argue that the claims are patent-eligible, because they do not threaten to monopolize or preempt an abstract idea. *See* Appeal Br. 11–13; Reply Br. 9–11. Yet, “[w]hile preemption may signal patent ineligible subject matter, the absence of complete preemption does not demonstrate patent eligibility.” *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015).

Accordingly, in view of the foregoing analysis, the Appellants do not persuade us of error in the rejection of independent claim 1, such that we sustain the rejection of claims 1–3 and 5–23 under 35 U.S.C. § 101.

Obviousness

Independent claims 1, 8, 15, and 21 are argued as a group. Appeal Br. 23. Claim 1 is selected for analysis herein. *See* 37 C.F.R. § 41.37(c)(1)(iv). No dependent claim is argued separately, such that all claims in the Appeal stand or fall with claim 1.

The Appellants contend that “the cited references, taken alone or in combination do not teach or suggest” the following recitations of claim 1:

in response to a purchasing member making a purchase, determining (1) that the first member and the second member both contributed to the purchase and (2) that the first member event occurred before the second member event based on the first member event and the second member event and a comparison of a location within the data structure corresponding to the purchasing member to locations within the data structure corresponding to the first member and the second member; and

awarding a first credit to the first member that is higher than a second credit awarded to the second member based on

determining that the first member event occurred before the second member event.

See Appeal Br. 23. More particularly, the Appellants contend:

Although *Wordpress* discloses an affiliate program structure that rewards affiliates for making direct sales as well as encouraging other affiliates to join the program, *Wordpress*, p. 1, it does not disclose or suggest the above recited elements of the independent claims. Moreover, the other cited references fail to compensate for the deficiencies of *Wordpress*, and the Final Office Action does not contend otherwise.

Id.

However, the rejection does not rely upon WordPress, alone, to teach or suggest the identified limitations; instead, the rejection relies upon the combination of various teachings of Flake, Butcher, and WordPress in order to teach or suggest distinct features within the identified limitations. *See* Final Action 5–11. *See also* Answer 32–33. “[O]ne cannot show non-obviousness by attacking references individually where, as here, the rejections are based on combinations of references.” *In re Keller*, 642 F.2d 413, 426 (CCPA 1981) (citation omitted). Indeed, “the [E]xaminer points out that *Wordpress* was not used to reject the entire limitation pointed out, but only portions, and the examiner is not even sure what limitations the appellant is arguing that *Wordpress* does not teach.” Answer 32.

Accordingly, the Appellants’ arguments are not persuasive of error in the rejection of claim 1, such that we sustain the rejection of claims 1–3 and 5–23 under 35 U.S.C. § 103(a).

DECISION

We AFFIRM the Examiner’s decision rejecting claims 1–3 and 5–23 under 35 U.S.C. § 101.

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We AFFIRM the Examiner's decision rejecting claims 1–3 and 5–23 under 35 U.S.C. § 103(a).

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

AFFIRMED