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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte DAN O'BRYAN

Appeal 2017-001850
Application 13/433,830
Technology Center 3600

Before ANTON W. FETTING, TARA L. HUTCHINGS, and
AMEE A. SHAH, *Administrative Patent Judges*.

SHAH, *Administrative Patent Judge*.

DECISION ON APPEAL¹

The Appellant² appeals under 35 U.S.C. § 134(a) from the Examiner's final decision rejecting claims 1–4, 7–14, and 17–19, which are all of the pending claims. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

¹ Throughout this decision, we refer to the Appellant's Appeal Brief ("Br.," filed Apr. 7, 2016) and Specification ("Spec.," filed Mar. 29, 2012), and to the Examiner's Answer ("Ans.," mailed Sept. 13, 2016), and Final Office Action ("Final Act.," mailed Oct. 7, 2015).

² According to the Appellant, the real party in interest is "ADKNOWLEDGE, INC." Br. 3.

STATEMENT OF THE CASE

The Appellant's invention "relates to systems for administering advertisements or information for bidding advertisers or information providers, and in particular to pay per click advertising or information providing." Spec. ¶ 2.

Claims 1 and 11 are the independent claims on appeal. Claim 1 (Br. 12–13 (Claims App.)) is exemplary of the subject matter on appeal and is reproduced below (with bracketing added for sake of reference).

1. A method for providing system users with bids over a communications network, comprising:

[(a)] monitoring, by a first computer device, linked to the communications network, a target web site, associated with a system user and hosted by a second computer device, linked to the communications network, for indications of consumer action at the target web site, over the communications network;

[(b)] obtaining, by the first computer device, data associated with the indications of consumer action, over the communications network, and determining a type for each of the indications of consumer actions from at least a first type associated with an action at a publisher web site in response to an electronic communication communicated to an email address associated with consumer in response to an electronic communication communicated to an email address associated with consumer and a second type associated with an action at the target site;

[(c)] receiving, by the first computer device, a designated number corresponding to an amount of indications of consumer action of the first type with respect to an amount of indications of consumer action of the second type;

[(d)] determining, by the first computer device, if the designated number has been met; and

[(f)] if the designated number has not been met, the first computer device adjusting the bid amount in accordance with the following relationship:

$$BID_{ADJ} = \frac{(TCC * BID) - PR_{SPEND}}{NC},$$

wherein BID_{ADJ} is an adjusted bid amount, TCC is a target number of consumer actions of the first type, BID is current bid amount of a system user, PR_{SPEND} is a present amount spent on consumer actions of the first type at the BID amount, and NC is a new number of indications of consumer actions of the first type,

[(g)] wherein the bid amount to be paid by the user associated with target web site upon the target web site receiving indications of consumer action of the first type such that the bid amount to be paid is constant for each action of the second type,

[(h)] wherein the indications of consumer actions of the first type are selected from the group consisting of clicks and click throughs, and

[(i)] wherein the indications of consumer actions of the second type are selected from the group consisting of conversions.

REJECTIONS

Claims 1–4, 7–14, and 17–19 stand rejected under 35 U.S.C. § 101 as directed to non-statutory subject matter. Final Act. 5.

Claims 1 and 11 stand rejected under pre-AIA 35 U.S.C. § 112, first paragraph, as failing to comply with the written description requirement. *Id.* at 6.

ANALYSIS

35 U.S.C. § 101 – Non-statutory Subject Matter

The Appellant argues claims 1–4, 7–14, and 17–19 as a group. *See* Br. 8. We select claim 1 as representative of the group; claims 2–4, 7–14, and 17–19 stand or fall therewith. *See* 37 C.F.R. § 41.37(c)(1)(iv).

Under 35 U.S.C. § 101, a patent may be obtained for “any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof.” The Supreme Court has “long held that this provision 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 *Ass’n for Molecular Pathology v. Myriad Genetics, Inc.*, 569 U.S. 576, 588–89 (2013)).

The Supreme Court in *Alice* reiterated the two-step framework, set forth previously in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. 66, 78–79 (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 that analysis is to “determine whether the claims at issue are *directed to* one of those patent-ineligible concepts.” *Id.* (citing *Mayo*, 566 U.S. at 79) (emphasis added). If so, the second step is to consider the elements of the claims “individually and ‘as an ordered combination’” to determine whether the additional elements “‘transform the nature of the claim’ into a patent-eligible application.” *Id.* (quoting *Mayo*, 566 U.S. at 79, 78).

Alice/Mayo Step One

Under the first step of the *Alice/Mayo* framework, the Examiner determines that claim 1 is directed to “providing users with bids over a communication network, an abstract idea.” Final Act. 5; *see also* Ans. 2. Conversely, the “Appellant disagrees as Examiner appears to be recasting the scope of the claims to their most basic form in order to determine whether an abstract idea exists.” Br. 8.

The step-one analysis requires us to consider the claims “in their entirety to ascertain whether their character as a whole is directed to excluded subject matter.” *Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1346 (Fed. Cir. 2015). The Court acknowledged in *Mayo*, that “all inventions at some level embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas.” *Mayo*, 566 U.S. at 71. The question is whether the claim as a whole “focus[es] on a specific means or method that improves the relevant technology” or is “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). We, therefore, look to “whether the focus of the claims is on [a] specific asserted improvement in computer capabilities . . . or, instead, on a process that qualifies as an ‘abstract idea’ for which computers are invoked merely as a tool.” *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1335–36 (Fed. Cir. 2016).

Here, the Examiner considers the limitations of claim 1 (*see* Final Act. 5–6) and the preamble (*see* Ans. 3) in determining what the claim is directed to the abstract idea stated, i.e., the claim in its entirety.

We further note that the Specification discusses that “[a]dvertising over the Internet continues to grow, and more businesses are allocating

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increasing financial resources to attract consumers over the Internet.”

Spec. ¶ 3. The Specification discusses the existing process of displaying listings associated with keywords in a priority order whereby promoters pay the search engine a monetary amount for a keyword so that when a user enters the keyword, the user receives the promoters’ listings and activates, or clicks, on their listing, and providing top priority listing for the keyword to the promotor willing to pay the most for each click, an “advertising technique [that] is commonly known as pay per click (PPC) advertising.”

Id. ¶¶ 3–5. The invention “improves on the contemporary art by providing an engine, that distributes electronic communications, for example, creatives,” i.e., advertisements that include images, text-based listings, and a URL, in emails, banners, or software. *Id.* ¶ 16; *see also id.* ¶ 49. The claimed invention is “directed to a method (process) for providing system users, such as advertisers or information providers, with bids over a communications network.” *Id.* ¶ 25; *see also* Br. 4.

Claim 1 provides for a “method for providing system users with bids over a communications network, comprising:” (a) monitoring a web site for indications of consumer action, (b) obtaining data associated with indications and determining a type for each indication from at least first and second types (c) receiving a number corresponding to the amount of a first type with respect to the amount of the second type, (d) determining if that number has been met, and, conditionally, (e) if the number has not been met, adjusting the bid amount according to a formula. *See* Br. 12–13 (Claims App.).

The Specification does not provide particular details on how the monitoring, obtaining, and determining steps of limitations (a), (b), and (d) occur. *See* Final Act. 5–6; Ans. 2. The portions of the Specification relied

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on by the Appellant as support for step (a) of monitoring a web site (Br. 4–5 (citing Spec. ¶¶ 60, 102–104, 108, 112)), provide that “if a creative, either opened in an e-mail, or sent in a banner, has an underlying link activated, by a click on the overlying box, any subsequent clicks on the same box . . . will not be recorded as click throughs” (Spec. ¶ 108), and that “the system 50 monitors activity at the target web site, over the network, e.g., the Internet 24. This monitoring and recording is such that click throughs from, for example, a publisher web site, to an advertiser web site, . . . are recorded at block 1004.” (*id.* ¶ 112). As such, the monitoring comprises observing activity. The portions of the Specification relied on by the Appellant as support for step (b) of obtaining data (Br. 5 (citing Spec. ¶¶ 58, 112–114)) provide no details on how the data is obtained. *See* Spec. ¶ 58 (“The home server (HS) 30 also includes components, for example, the sub-database 78 for recording events, such as whether or not there has been a click through in response to the banner having been sent.”); ¶¶ 112–114 (discussing that click throughs and activations are recorded). As such, the obtaining of data is the receiving of data. The portions of the Specification relied on by the Appellant as support for step (b) of determining a type of indication (Br. 5 (citing Spec. ¶¶ 58, 112–114)) similarly provide no details on how the type of indication is determined. Paragraphs 112–114 of the Specification provide that activity is monitored, click throughs and activations are recorded, and “[t]he advertiser determines if there was a conversion.” However, there is no further discussion on how, i.e., on what basis or using what algorithm, the type of indication is determined. As such, the determining of a type can comprise any evaluation, comparison, manipulation, or consideration of data. Similarly, the Specification does not provide details on the determination if a number has been met is performed.

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The portions of the Specification relied on by the Appellant for support (Br. 5 (citing Spec. ¶¶ 115, 119, 126, Fig. 26) provide that data from bids, clicks, click throughs, and conversions are compiled in a database (Spec. ¶ 115), that the advertiser designates a target number of clicks (*id.* ¶ 119), and that if the campaign records none or fewer conversions than needed to reach the advertiser’s target amount of money spent for one conversion, the target has not been met (*id.* ¶ 126). As such, the determining if a number has been met comprises a comparison of data.

The Specification further provides that the first computer device 30 used in the method (*see* Br. 4) is a home server that includes components, which may be based in hardware, software, or a combination thereof, for performing the functions claimed (Spec.¶¶ 51, 52, 55). The second computer device used in the method appears to be the content servers 34a–34n. *See id.* ¶ 51. The devices/servers 30 and 34a–34n include processors and a database (*id.* ¶¶ 62, 63) and “may be any computer, computer device, or the like that performs the functions” claimed (*id.* ¶ 65), i.e., a generic computer. The Specification also provides that “[t]hese processes and portions thereof can be performed by computers, computer devices, computer-type devices, workstations, processors, microprocessors, other electronic searching tools and memory and other storage-type devices associated therewith.” *Id.* ¶ 178. The network is a generic network such as the Internet. *Id.* ¶¶ 50, 53.

Considering the claim in light of the Specification and on its “character as a whole” (*Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1335 (Fed. Cir. 2016)), we agree with the Examiner that claim 1 is directed to providing users with bids by monitoring, receiving, and determining data, a method of organizing human activity. The claim here is akin to ones our

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reviewing court has deemed abstract in *Electric Power Grp. LLC v. Alstom S.A.*, 830 F.3d 1350, 1353–54 (Fed. Cir. 2016) (gathering and analyzing information by steps people go through in their minds, or by mathematical algorithms, of a specific content and displaying the results), *Digitech Image Techs., LLC v. Elecs. for Imaging, Inc.*, 758 F.3d 1344, 1350 (Fed. Cir. 2014) (combining and organizing information through mathematical correlations to generate information and not tied to a specific structure or machine), *Two-Way Media Ltd. v. Comcast Cable Commc'ns, LLC*, 874 F.3d 1329, 1337–38 (Fed. Cir. 2017) (sending information and directing, monitoring the receipt of, and accumulating (logging) records about the receipt of sent information) and *Content Extraction & Transmission LLC v. Wells Fargo Bank, Nat. Ass'n*, 776 F.3d 1343, 1347 (Fed. Cir. 2014) (summarizing cases discussing “claims directed to the performance of certain financial transactions as involving abstract ideas”). Here, the claim involves nothing more than observing, receiving, and analyzing data, and conditionally adjusting data using a formula and based on the analysis, without any particular inventive technology or description of how to achieve the results in a non-abstract way— an abstract idea. *See Elec. Power*, 830 F.3d at 1354. As such, we find unpersuasive the Appellant’s arguments that the claim is not directed to an abstract idea when “viewed as a whole.” *See* Br. 8–9.

To the extent the Appellant argues that the claim does not seek “to “tie up” [] excepted subject matter and pre-empt others from using [an] . . . abstract idea” (Br. 5 (alterations in original) (citation omitted)), we note that although the Supreme Court has described “the concern that drives this exclusionary principle [i.e., the exclusion of abstract ideas from patent eligible subject matter] as one of pre-emption” (*Alice*, 134 S. Ct. at 2354),

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characterizing pre-emption as a driving concern for patent eligibility is not the same as characterizing pre-emption as the sole test for patent eligibility. “The Supreme Court has made clear that the principle of preemption is the basis for the judicial exceptions to patentability” and “[f]or this reason, questions on preemption are inherent in and resolved by the § 101 analysis.” *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015), *cert. denied*, 136 S. Ct. 2511 (2016). Although “preemption may signal patent ineligible subject matter, the absence of complete preemption does not demonstrate patent eligibility.” *Id.*; *see also OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1362–63 (Fed. Cir.), *cert. denied*, 136 S. Ct. 701 (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.”)).

Alice/Mayo Step Two

The second step of the *Mayo/Alice* framework 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.’” *Alice*, 134 S. Ct. at 2355 (alteration in original) (quoting *Mayo*, 566 U.S. at 72–73).

Under the second step, we agree with and find supported the Examiner’s determination that the elements of claim 1, individually or as an ordered combination, do not amount to significantly more than the above-identified abstract idea. *See* Final Act. 5–6; Ans. 2–3. We are not persuaded of Examiner error by the Appellant’s arguments that assert the opposite. *See* Br. 9–10. We note, as discussed above, that the Specification conveys that the computer device recited in the claim is routine and conventional

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computer server such as generic computer. *See* Spec. ¶¶ 51, 52, 55, 62, 63, 65, 178, Fig. 1A.

We find unpersuasive the Appellant’s arguments that the claim recites “significantly more than the alleged excepted subject matter . . . [because claim 1] recite[s] a specific relationship to adjust a bid amount in accordance with specifically recited factors” and “a specific relationship of computing devices and components that receive and process data to arrive at the adjusted bid amount.” Br. 10. The relationship between the bid amount and the data used to calculate a formula to adjust it is just an elaboration of the abstract idea. The relationship between the computing devices and components is a conventional relationship for providing, transmitting, and receiving data. *See* Spec. ¶¶ 50–53, 178. The Appellant does not provide reasoning otherwise. We note that the steps of monitoring, obtaining, receiving, and determining data, and conditionally using a formula to adjust bid data, involve conventional, routine, and well-known functions of a computer. The Specification supports this in providing for a generic computer to perform the functions. *See* Spec. ¶¶ 51, 52, 55, 62, 63, 65, 178, Fig. 1A; *see also* *See, e.g., Elec. Power*, 830 F.3d at 1354–55 (gathering, sending, monitoring, analyzing, selecting, and presenting information does not transform the abstract process into a patent-eligible invention), *Content Extraction*, 776 F.3d at 1348 (recognizing and storing information are a well-understood, routine, and conventional activities of a computer). Further, as noted above, the functions are claimed generically. *See Affinity Labs of Texas, LLC v. Amazon.com Inc.*, 838 F.3d 1266, 1271 (Fed. Cir. 2016). There is no further specification of particular technology, as opposed to a conditional use of a mathematical formula, for performing the steps. *See TDE Petroleum Data Sols., Inc., v. AKM Enter., Inc.*, 657

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F. App'x 991, 993 (Fed. Cir. 2016), *cert. denied*, 137 S. Ct. 1230 (2017) (“As we discussed at greater length in *Electric Power*, the claims of the ’812 patent recite the *what* of the invention, but none of the *how* that is necessary to turn the abstract idea into a patent-eligible application.”) (citing *Elec. Power Grp.*, 830 F.3d at 1353).

We also find unpersuasive the Appellant’s argument that claim 1 is significantly more than the abstract idea because “there are no outstanding prior art rejections of claims 1 and 11. Thus, the claims are clearly ‘new and useful’ as specified in *Ariosa Diagnostic*.” Br. 10. An abstract idea does not transform into an inventive concept just because the prior art does not disclose or suggest it. *See Mayo*, 132 S. Ct. at 1304. “Groundbreaking, innovative, or even brilliant discovery does not by itself satisfy the § 101 inquiry.” *Ass’n for Molecular Pathology*, 133 S. Ct. at 2117. Indeed, “[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.” *Diamond v. Diehr*, 450 U.S. 175, 188–89 (1981); *see also Mayo*, 132 S. Ct. at 1304 (rejecting “the Government’s invitation to substitute §§ 102, 103, and 112 inquiries for the better established inquiry under § 101.”).

Thus, we are not persuaded of Examiner error in rejecting claim 1 under 35 U.S.C. § 101, and we sustain the Examiner’s rejection of claim 1 and of claims 2–4, 13, 7–14, and 17–19, which fall with claim 9.

35 U.S.C. § 112 – Written Description

The Examiner rejects independent claims 1 and 11 because the Specification does not reasonably convey to one skilled in the relevant art that the inventor, at the time the application was filed, had possession of the

claimed invention including the equation incorporating a “new number of indications of consumer actions of the first type.” Final Act. 6–7. Although the “Examiner concedes that the Specification “defines ‘NC’ as ‘the new number of clicks to be given to the advertiser, as determined by the processor’” (Ans. 3), the Examiner finds that “the specification gives only examples of consumer actions of the first type as clicks and click throughs. See ¶[0025]. Because ¶[0134] provides an explicit definition of ‘NC’ that limits the definition only to clicks, the recitation is broader than the teachings of the disclosure” (*id.* at 3).

The Appellant contends that the Specification provides adequate support to “correlate the term ‘clicks’ to ‘consumer actions of the first type’ (see, paragraphs [0025], [0026], [0028], [0030]).” Br. 10. The Appellants also directs attention to paragraphs 127–135 for support. *Id.* at 5.

Claims 1 and 11 recite that if the designated number is not met, the bid is adjusted using a formula whereby a present amount spent on consumer actions of a first type is subtracted from the product of a target number of consumer actions of a first type multiplied by the current bid amount, and the difference is divided by “a new number of indications of consumer actions of the first type.” Br. 12–13.

Paragraphs 25, 26, 28, and 30 of the Specification provide for embodiments of a method and a system for providing users with bids over a network comprising, in part, “determining a type for each of the indications of consumer actions from at least a first type (e.g., clicks and click throughs) and a second type (e.g., conversions [that may include a subsequent click from a resulting click throughs]).” Paragraphs 127–135 provide for the formula of adjusting the bid as claimed. The Specification is consistent in indicating that the first type of indications can be limited to clicks, one of the

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two examples provided. Thus, one skilled in the art would have recognized in the original disclosure a description of the invention defined by the claims.

Based on the foregoing, we do not sustain the Examiner's rejection of claims 1 and 11 under 35 U.S.C. § 112, first paragraph.

DECISION

The Examiner's rejection of claims 1–4, 7–14, and 17–19 under 35 U.S.C. § 101 is AFFIRMED.

The Examiner's rejection of claims 1 and 11 under pre-AIA 35 U.S.C. § 112 is REVERSED.

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