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EXAMINER
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CHAKRAVARTI, ARUNAVA

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UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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*Ex parte* STEVEN W. LUNDBERG

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Appeal 2017-004188  
Application 14/010,400<sup>1</sup>  
Technology Center 3600

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Before JOHN A. JEFFERY, MICHAEL J. STRAUSS, and  
JUSTIN BUSCH, *Administrative Patent Judges*.

JEFFERY, *Administrative Patent Judge*.

DECISION ON APPEAL

Appellant appeals under 35 U.S.C. § 134(a) from the Examiner's decision to reject claims 1, 4–6, 9–11, 14, and 15. Claims 2, 3, 7, 8, 12, and 13 were cancelled.<sup>2</sup> We have jurisdiction under 35 U.S.C. § 6(b).

We affirm.

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<sup>1</sup> According to Appellant, the real party in interest is Black Hills IP Holdings, LLC. App. Br. 2.

<sup>2</sup> Although the Examiner indicates in the Final Action that claims 2, 3, 7, 8, 12, and 13 were *withdrawn* from consideration (*see* Final Act. 1), these claims were indicated by Appellant as *cancelled* by amendment (*see* Amendment filed July 22, 2015, 2–5). *See* 37 C.F.R. § 1.121(c). Accordingly, for clarity, we indicate here the correct status identifier for claims 2, 3, 7, 8, 12, and 13 is *cancelled*, and deem the Examiner's error in this regard harmless.

### STATEMENT OF THE CASE

Appellant's invention provides a patent rating metric for an identified patent or patent application based on the changing ownership of related patents. *See generally* Spec. Abstract, ¶¶ 158, 183–196. Claim 1 is illustrative:

1. A computer-implemented method comprising:
  - identifying a patent or patent application;
  - providing, by a computer processor, a patent rating metric for the patent or patent application based on an identification of a change in ownership of a first set of patents in a class or subclass to which the patent or patent application belongs compared to a change in ownership of a second set of patents in at least one other class or subclass;
  - monitoring a level of patent activity of an owner of the patent or patent application; and
  - modifying the patent rating metric using the monitored level of patent activity.

### RELATED APPEALS

Appellant did not identify any related appeals. *See* App. Br. 3. However, there are at least thirty-one (31) related appeals, which are:

<u>Appeal No.</u>	<u>Application No.</u>	<u>Decided/Status</u>
2009-005709	10/128,141	Decision mailed Mar. 23, 2010
2009-006404	10/874,486	Decision mailed Aug. 2, 2010
2011-009966	11/061,383	Decision mailed Jan. 31, 2014
2012-004166	11/061,312	Decision mailed Nov. 4, 2014
2015-000321	13/309,127	Decision mailed July 26, 2017
2015-003180	13/309,039	Decision mailed Sept. 23, 2016
2015-007422	13/309,146	Decision mailed June 1, 2016
2016-000319	13/309,080	Decision mailed May 27, 2016

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2016-000912	13/309,060	Decision mailed Aug. 25, 2017
2016-001687	11/888,632	Decision mailed Jan. 19, 2017
2016-002121	13/309,200	Decision mailed Aug. 28, 2017
2016-002680	13/310,279	Decision mailed Aug. 30, 2017
2016-002792	12/605,030	Decision mailed Sept. 1, 2017
2016-006797	13/310,368	Decision mailed Aug. 30, 2017
2016-007186	13/573,803	Decision mailed July 28, 2017
2016-007415	13/464,598	Decision mailed July 31, 2017
2016-007623	13/408,877	Decision mailed Sept. 6, 2017
2016-007787	13/310,322	Decision mailed Sept. 20, 2017
2016-008030	13/253,936	Decision mailed Aug. 3, 2017
2017-000280	13/408,917	Decision mailed Sept. 12, 2017
2017-000386	11/098,761	Pending
2017-002337	14/010,376	Decision mailed Sept. 8, 2017
2017-003702	14/483,903	Decision mailed Sept. 25, 2017
2017-003815	14/094,542	Decision mailed Sept. 18, 2017
2017-004158	14/010,391	Decision mailed Oct. 25, 2017
2017-004159	14/010,380	Decision mailed Sept. 27, 2017
2017-006390	13/409,189	Pending
2017-006642	13/310,452	Decision mailed Sept. 27, 2017
2017-011247	13/253,811	Pending
2017-011549	14/608,520	Pending
2017-011552	14/628,941	Pending

### THE REJECTIONS

The Examiner rejected claims 1, 4–6, 9–11, 14, and 15 under 35 U.S.C. § 101 as directed to non-statutory subject matter. Final Act. 2–3.<sup>3</sup>

The Examiner rejected claims 1, 4–6, 9–11, 14, and 15 under 35 U.S.C. § 103(a) as unpatentable over Barney (US 2011/0289096 A1; Nov. 24, 2011). Final Act. 3–6.

### THE § 101 REJECTION

The Examiner finds that the claims are directed to a method of organizing human activity. Ans. 3. The Examiner further finds a computer is not necessary for carrying out the invention because the claims contain no more than routine and generic computer components whose functions could be replaced with human thought (data collection and analysis) or by a human using pencil and paper. *Id.* at 3–4. Given these findings, the Examiner concludes the claims are ineligible under § 101. Final Act. 2–3; Ans. 2–5.

Appellant argues that the Examiner fails to meet the basic requirements for establishing a prima facie case of subject matter ineligibility under § 101. App. Br. 6–8; Reply Br. 2–4. According to Appellant, the Examiner fails to establish that (1) the claims are directed to an abstract idea (App. Br. 6–7; Reply Br. 2), and (2) the additional elements of the claims do not amount to significantly more than an abstract idea (App. Br. 7–8; Reply Br. 2–4).

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<sup>3</sup> Throughout this opinion, we refer to (1) the Final Rejection mailed September 10, 2015 (“Final Act.”); (2) the Appeal Brief filed August 8, 2016 (“App. Br.”); (3) the Examiner’s Answer mailed November 10, 2016 (“Ans.”); and (4) the Reply Brief filed January 10, 2017 (“Reply Br.”).

## ISSUES

I. Has the Examiner met the basic requirements for establishing a prima facie case of subject matter ineligibility under § 101?

II. Has the Examiner erred in rejecting claim 1 as directed to ineligible subject matter under § 101?

## ANALYSIS

In *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. 66, 71–73 (2012), the Supreme Court established an analytical framework under § 101 to distinguish patents that claim patent-ineligible laws of nature, natural phenomena, and abstract ideas—or add too little to such underlying ineligible subject matter—from those that claim patent-eligible applications of those concepts. To determine whether claims are patent eligible under § 101, we apply the Supreme Court’s two-step test articulated in *Alice Corp. Pty. Ltd. v. CLS Bank International*, 134 S. Ct. 2347 (2014).

### *Prima Facie Case*

Appellant’s contention that the Examiner has failed to make a prima facie case of unpatentability is unavailing. *See* App. Br. 6–8; Reply Br. 2–4. Appellant argues the Examiner has failed to follow the guidance materials of the United States Patent and Trademark Office (USPTO) (specifically, (1) *July 2015 Update on Subject Matter Eligibility*, 80 Fed. Reg. 45,429 (July 30, 2015); and (2) *Recent Subject Matter Eligibility Decisions*, Memorandum, (Nov. 2, 2016)). *See* App. Br. 6; Reply Br. 3 n.7. We

decline to require such guidance be followed to support a prima facie case. Even as stated in one of the USPTO's guidance materials, "[f]ailure of Office personnel to follow the USPTO's guidance materials is not, in itself, a proper basis for either an appeal or a petition." *May 2016 Subject Matter Eligibility Update*, 81 Fed. Reg. 27,381, 27,382 (May 6, 2016). Rather, "[r]ejections will continue to be based upon the substantive law, and it is these rejections that are appealable." *Id.*

The Examiner has a duty to give notice of the rejection with sufficient particularity to give Appellant a fair opportunity to respond to that rejection. *See* 35 U.S.C. § 132(a). As the Federal Circuit has clarified,

the PTO carries its procedural burden of establishing a prima facie case when its rejection satisfies 35 U.S.C. § 132, in "notify[ing] the applicant . . . [by] stating the reasons for [its] rejection, or objection or requirement, together with such information and references as may be useful in judging of the propriety of continuing the prosecution of [the] application." 35 U.S.C. § 132. That section "is violated when a rejection is so uninformative that it prevents the applicant from recognizing and seeking to counter the grounds for rejection." *Chester v. Miller*, 906 F.2d 1574, 1578 (Fed. Cir. 1990).

*In re Jung*, 637 F.3d 1356, 1362 (Fed. Cir. 2011) (brackets in original).

Here, we find the Examiner's rejection satisfies the initial burden of production by identifying that the claims consist of a method of organizing human activity (step one of the *Alice* analysis), and that the remainder of the claims do not include significantly more than the abstract idea because the generically-recited computer elements are well-understood, routine, and conventional, and therefore do not add a meaningful limitation to the abstract idea (step two of the *Alice* analysis). *See* Ans. 3–5. Accordingly, the Examiner has set forth the statutory basis for the rejection, namely § 101,

identified a judicial exception to 35 U.S.C. § 101, namely an abstract idea, and explained the rejection in sufficient detail to permit Appellant to respond meaningfully. Thus, we find the Examiner has set forth a prima facie case of ineligibility.

*Alice Step One*

According to *Alice* step one, “[w]e must first determine whether the claims at issue are *directed to* a patent-ineligible concept,” such as an abstract idea. *Alice*, 134 S. Ct. at 2355 (emphasis added). “[T]he ‘directed to’ inquiry applies a stage-one filter to claims, considered in light of the [S]pecification, based on whether ‘their character as a whole is directed to excluded subject matter.’” *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1335 (Fed. Cir. 2016) (quoting *Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1346 (Fed. Cir. 2015) (second bracket in original)).

The Specification discusses the problem to be solved by the invention—whether it is worth the initial investment of filing a patent application or proceeding investments of each future stage the patent application undergoes. Spec. ¶¶ 5, 13. According to the Specification, the inventor provides a patent monitor “tool [that] detects how many patents in the same class/subclass or in other related group have changed owners in a time period.” *Id.* ¶ 158; *see also id.* ¶¶ 183–196. By comparing the detected ownership changes to a list of trolls, a potential value of the patent application is determined. *Id.* ¶¶ 192–196.

Appellant argues the claims rejected under § 101 as a group. *See* App. Br. 6–8; Reply Br. 2–4. We, therefore, select independent claim 1 as the representative claim for this group, and claims 4–6, 9–11, 14, and 15 stand or fall with claim 1. 37 C.F.R. § 41.37(c)(1)(iv). In light of the



Specification discussed above, we agree with the Examiner that claim 1 as a whole, and in light of the Specification discussed above, is directed to a method of organizing human activity. *See* Ans. 3–5. Here, claim 1 requires three distinct steps: (a) providing a patent rating metric based on a change of ownership of a first set of patents (to which an identified patent or patent application belongs) compared to a second set of patents; (b) monitoring a patent activity of an owner of the identified patent or patent application; and (c) modifying the patent rating metric using the monitored level. Thus, the essence of claim 1 is directed to at least two types of human activity—(1) changes of ownerships between the two sets of patents; and (2) owner activity. Further, providing a patent rating metric and modifying the patent rating metric based on the human activity is a method of organizing the human activity. As such, it is an abstract idea.

We further agree with the Examiner that claim 1 as a whole, and in light of the Specification discussed above, is directed to an idea of itself. *See* Ans. 3–5. “An idea of itself is not patentable.” *Diamond v. Diehr*, 450 U.S. 175, 185 (1981) (citation omitted); *see also* *Gottschalk v. Benson*, 409 U.S. 63, 67 (1972) (“[M]ental processes, and abstract intellectual concepts are not patentable.”). It is well settled that if a method can be performed by human thought alone, or by a human using pen and paper, it is merely an abstract idea and not patent-eligible under § 101. *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1372–73 (Fed. Cir. 2011).

A human can mentally (or use pen and paper to do so) perform the above three steps (a)–(c). That claim 1 adds a “computer-implemented method” does not change our conclusion. Mental processes remain unpatentable even when automated to reduce the burden on the user of what

once could have been done with pen and paper. *See CyberSource*, 654 F.3d at 1375 (“That purely mental processes can be unpatentable, even when performed by a computer, was precisely the holding of the Supreme Court in *Gottschalk*.”); *see also Bancorp Servs., LLC v. Sun Life Assurance Co.*, 687 F.3d 1266, 1279 (Fed. Cir. 2012) (“Using a computer to accelerate an ineligible mental process does not make that process patent-eligible.”).

Therefore, claim 1 is directed to an abstract idea under the first step of the analysis.

#### *Alice Step Two*

Turning to the second step of the *Alice* analysis, because we find that claim 1 is directed to an abstract idea, we “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.” *Alice*, 134 S. Ct. at 2355 (quoting *Mayo*, 566 U.S. at 78). The Supreme Court describes the second step 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.” *Id.* (brackets in original) (internal quotations omitted).

At the outset, we note claim 1, directed to “[a] computer-implemented” method, does not improve the computer’s functionality or efficiency, or otherwise change the way the computer functions. *Cf. Enfish*, 822 F.3d at 1335. Rather, claim 1 recites nothing more than using a generic computer to perform the method of claim 1. But merely reciting a generic computer cannot transform a patent-ineligible abstract idea into a patent-

eligible invention. *See Alice*, 134 S. Ct. at 2358. In other words, merely reciting an abstract idea while adding the words “apply it with a computer” does not render an abstract idea non-abstract: there must be more. *See id.* at 2358.

Appellant nominally argues the Examiner fails to provide a discussion of the claims as an ordered combination, as *Bascom Global Internet Servs., Inc. v. AT&T Mobility LLC*, 827 F.3d 1341, 1348 (Fed. Cir. 2016) suggests is necessary for a proper analysis under step two of the *Alice/Mayo* test. App. Br. 7–8; Reply Br. 2–3. Appellant further argues *Bascom* holds that an inventive concept is found in an arrangement of elements known in the art, in general, and not just for arrangements involving a filter action. Reply Br. 3. We disagree. First, *Bascom* did not hold that merely having an arrangement of elements known in the art was sufficient to satisfy the second step of *Alice*. Instead, *Bascom* held that “an inventive concept can be found in the non-conventional and non-generic arrangement of known, conventional pieces.” *Bascom*, 827 F.3d at 1349–50. Second, Appellant does not provide any persuasive explanation of how the recited ordered combination of these elements amounts to an inventive concept that converts an abstract idea into patent-eligible subject matter.

Thus, “the claims at issue amount to ‘nothing significantly more’ than an instruction to apply the abstract idea . . . using some unspecified, generic computer.” *Alice*, 134 S. Ct. at 2360 (citing *Mayo*, 566 U.S. at 71).

*Conclusion*

Accordingly, we are not persuaded the Examiner erred in rejecting claim 1, and claims 4–6, 9–11, 14, and 15 not argued separately with particularity, as directed to ineligible subject matter under 35 U.S.C. § 101.

THE OBVIOUSNESS REJECTION

The Examiner finds Barney’s user seeking to acquire a patent has access to ownership records for patents, whether using Barney’s database or the United States Patent and Trademark Office (USPTO) Patent Application Information Retrieval (PAIR) system database. Ans. 5–6 (citing Barney ¶¶ 20, 161). The Examiner concludes it would have been obvious for the patent purchasing entity to determine a possible change in ownership of the patent, and “[t]herefore it would have been obvious to update patent level metrics, based on application status.” Ans. 6. The Examiner further finds a person of ordinary skill in the art “can easily perform [a] comparison [of a] change in ownership from publicly available sources in any country. . . . Hence, the claims are obvious in view of the prior art of record . . . .” *Id.* 6–7.

Appellant asserts Barney’s metrics used to statistically rate a patent include changes of ownership, but argues Barney contains no language defining an ownership patent metric based on a comparison between an ownership change in one class and a change in another class. App. Br. 9. Appellant further argues the Examiner provides no reasoned rationale explaining how and why a person of ordinary skill in the art would modify Barney, and thus fails to provide adequate support to establish a prima facie case of obviousness for claim 1. *Id.* 10–13.

## ISSUE

Under § 103, has the Examiner erred in rejecting claim 1 by finding Barney would have taught or suggested providing a patent rating metric for an identified patent or patent application based on an identification of a change in ownership of a first set of patents in a class or subclass to which the identified patent or patent application belongs compared to a change in ownership of a second set of patents in at least one other class or subclass?

## ANALYSIS

On this record, we find error in the Examiner's obviousness rejection of independent claim 1. A key aspect of the recited patent rating metric is that it is based on a comparison: comparing (1) a change in ownership of a first set of patents to which a selected patent or patent application belongs, and (2) a change in ownership of a second set of patents. This comparison is essential to the invention, for it enables determining the potential value of the patent or patent application. Spec. ¶¶ 183–196.

Turning to the rejection, we fail to see—nor has the Examiner shown—how Barney teaches or suggests the comparison that provides the patent rating metric. Barney is generally directed to a statistically-based method that rates patents for various purposes including, among other things, patent investment decisions. Barney, Abstract. Barney's statistically-based method rates patents based on various patent metrics (*id.* ¶¶ 57–58), including a patent's change of ownership (*id.* ¶ 164).

Barney's internet-based application allows a user to access information of patents including ownership records. *Id.* ¶ 161. Barney's

user may retrieve a patent number based on the ownership records.

*Id.* ¶ 162. If Barney's user is interested in a particular accessed patent, a rating report of the user-selected patent is created including variables the user is able to control in the rating calculation. *Id.* ¶ 161. Barney's rating report, using the controlled variables, rates the selected patent by comparing the selected patent to other patents in, e.g., the same art group. *Id.*

Barney does not, however, indicate that controlled *variables* that are used to create the rating report are Barney's patent *metrics*, and therefore relate to the selected patent's change of ownership (as discussed above; *see id.* ¶ 164). To be sure, Barney's *variables* relate only to those used in a multiple regression model. *Id.* ¶¶ 73, 81, 83.

But even assuming, without deciding, that Barney at least suggests that (1) the user selectable *variables* used in the rating report are patent *metrics* (and patent metrics include a patent's change of ownership as discussed above; *see id.* ¶ 164); and (2) the user requests that the selected patent be rated against other patents in the same art group (as discussed above; *see id.* ¶ 161), then Barney, at best, suggests a rating report based on comparing *one patent* against other patents in *the same art group*. But Barney falls short of teaching or suggesting a rating report based on comparing a first *set of patents* in a class or subclass to which the user selected patent belongs and a second set of patents in *at least one other class or subclass*.

Thus, even if we were to accept the Examiner's unsupported premise that ordinarily skilled artisans can easily compare ownership changes from publicly available sources (Ans. 6), there is still insufficient evidence on this record to show that providing a patent rating metric by comparing ownership

changes for two sets of patents in different classes or subclasses would have been obvious apart from impermissible hindsight reconstruction using Appellant's disclosure as a blueprint.

Therefore, we agree with Appellant that Barney does not teach or suggest this particular limitation. App. Br. 9–12; Reply Br. 4–5.

Accordingly, we are persuaded that the Examiner erred in rejecting (1) independent claim 1, (2) independent claims 6 and 11 which recite commensurate limitations, and (3) dependent claims 4, 5, 9, 10, 14, and 15 for similar reasons. Because this issue is dispositive regarding our reversing the Examiner's rejection of these claims, we need not address Appellant's other associated arguments.<sup>4</sup>

#### CONCLUSION

The Examiner did not err in rejecting claims 1, 4–6, 9–11, 14, and 15 under § 101, but erred in rejecting those claims under § 103.

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<sup>4</sup> We note in passing that Barney discusses, in at least one particular embodiment, selecting a first population of patents having a first “quality or characteristic,” and a second population of patents having a second different “quality or characteristic.” Barney ¶ 33. Barney further determines or identifies one or more patent metrics having either a positive or negative correlation with either the first quality or second quality. *Id.* Nevertheless, the Examiner did not rely on this functionality in the obviousness rejection, nor will we speculate in that regard here in the first instance on appeal. Rather, we leave to the Examiner to consider whether this functionality, considered alone or combined with other prior art, would have rendered the claims obvious to ordinarily skilled artisans.

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DECISION

The Examiner's decision to reject claims 1, 4–6, 9–11, 14, and 15 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)(1)(iv). *See* 37 C.F.R. § 41.50(f).

AFFIRMED