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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte DAVID A. GOULD and ALEC P. KARYS

Appeal 2017-005406
Application 12/854,874
Technology Center 3600

Before JUSTIN BUSCH, STACEY G. WHITE, and SCOTT B. HOWARD,
Administrative Patent Judges.

BUSCH, *Administrative Patent Judge.*

DECISION ON APPEAL

Pursuant to 35 U.S.C. § 134(a), Appellants appeal from the Examiner's decision to reject claims 1, 2, 4–13, and 15–18, which constitute all the claims pending in this application. We have jurisdiction over the pending claims under 35 U.S.C. § 6(b). Claims 3, 14, and 19–39 were canceled previously. We affirm.

CLAIMED SUBJECT MATTER

Appellants' invention is generally directed to a system for conditional transactions whereby a master account is notified of, or receives an approval

request for, a purchase initiated by a sub-account. Spec. 4:17–5:10. Claim 1 is the only independent claim and is reproduced below:

1. A system for conditional purchase/transaction, comprising:

one or more stores including a registered users store having one or more master accounts associated with the system and one or more sub-accounts associated with the system, wherein each particular master account is associated with one or more particular sub-accounts;

a computer having a processor;

a computer implemented ordering module that allows a user to place an order to purchase an item; and

a computer implemented account module that controls the purchasing of the one more particular sub-accounts associated with the particular master account, wherein the account module one of notifies the particular master account and requests approval from the particular master account; and

wherein the accounts module further comprises a configurable set of purchasing permissions/transaction permissions for each of the one or more particular sub-accounts wherein the configurable set of purchasing permissions are set by the particular master account and includes selectable thresholds.

REJECTIONS

Claims 1, 2, 4–13, and 15–18 stand rejected under 35 U.S.C. § 101 as being directed to ineligible subject matter. Final Act. 2–4.

Claims 1, 2, 4–13, and 15–18 stand rejected under 35 U.S.C. § 103 as obvious in view of Ling (US 2005/0010483 A1; Jan. 13, 2005) and Sone (US 2004/0034568 A1; Feb. 19, 2004). Final Act. 4–12.

ANALYSIS

We have reviewed the Examiner’s rejections in light of Appellants’ arguments that the Examiner erred. In reaching this decision, we have considered all evidence presented and all arguments Appellants made.

Arguments Appellants could have made, but chose not to make in the Briefs, are deemed waived. *See* 37 C.F.R. § 41.37(c)(1)(iv).

THE § 101 REJECTION

The Examiner concludes claims 1, 2, 4–13, and 15–18 are directed to judicially excepted subject matter. Final Act. 2–4; Ans. 12–17. Appellants argue the § 101 rejection of all claims as a group. *See* App. Br. 4–5.

Accordingly, we select independent claim 1 as representative and decide the appeal of the § 101 rejection based on claim 1. 37 C.F.R. § 41.37(c)(1)(iv).

Alice/Mayo Framework

The Patent Act defines patent-eligible subject matter broadly: “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. There is no dispute that claims 1–3, 9–14, 20, 21, 23, and 24 are directed to one of these categories.

In *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. 66, 70 (2012) and *Alice Corp. Pty. Ltd. v. CLS Bank International*, 134 S. Ct. 2347, 2354 (2014), the Supreme Court explained that § 101 “contains an important implicit exception” for laws of nature, natural phenomena, and abstract ideas. *See also* *Diamond v. Diehr*, 450 U.S. 175, 185 (1981). In *Mayo* and *Alice*, the Court set forth a two-step analytical framework for evaluating patent-eligible subject matter: (1) “determine whether the claims at issue are directed to” a patent-ineligible concept, such as an abstract idea; and, if so, (2) “consider the elements of each claim both individually and ‘as an ordered combination’ to determine whether the additional elements” add enough to transform the “nature of the claim” into

“significantly more” than a patent-ineligible concept. *Alice*, 134 S. Ct. at 2355 (quoting *Mayo*, 566 U.S. at 79); *see also Affinity Labs of Tex., LLC v. DIRECTV, LLC*, 838 F.3d 1253, 1257 (Fed. Cir. 2016).

Step one in the *Mayo/Alice* framework involves looking at the “focus” of the claims at issue and their “character as a whole.” *Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1353 (Fed. Cir. 2016). Step two involves the search for an “inventive concept.” *Alice*, 134 S. Ct. at 2355; *Elec. Power*, 830 F.3d at 1353. For an inventive concept, “more is required than ‘well-understood, routine, conventional activity already engaged in’” by the relevant community. *Rapid Litig. Mgmt. Ltd. v. CellzDirect, Inc.*, 827 F.3d 1042, 1047 (Fed. Cir. 2016) (quoting *Mayo*, 566 U.S. at 79–80).

Step One of Alice Framework

Turning to step one of the *Alice* framework, the Examiner finds the “claims describe the steps of approving or denying purchases,” which is a concept similar to human activity relating to commercial practices, like *Bilski*’s hedging. Final Act. 2; *see* Ans. 13–15. The Examiner concludes the concepts recited in the claims are both a fundamental economic practice and a certain method of organizing human activity that provides parties the opportunity to enter into a contractual relationship. Ans. 13 (citing *buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350 (Fed. Cir. 2014); *Dealertrack v. Huber*, 674 F.3d 1315 (Fed. Cir. 2012); *Bilski v. Kappos*, 561 U.S. 593 (2010); *Accenture Global Servs. GmbH v. Guidewire Software*, 728 F.3d 1336 (Fed. Cir. 2013)).

Appellants reproduce the limitations recited in claim 1 and argue their claims recite features other than the abstract idea of approving or denying purchases such that the claims are not directed to the abstract idea. App.

Br. 4–5. Appellants also argue their claims do not preempt, or “tie up,” all methods of practicing the abstract idea of approving and denying purchases. App. Br. 4–5.

Claim 1 recites a system having a “registered users store” including master accounts and subaccounts, a computer with a processor, and modules that allow a user to place an order and control purchasing by a sub-account. One of the modules also has configurable permissions so the master account can set purchasing permissions for the sub-account and either notifies, or requests approval from, the master account when a sub-account attempts to purchase an item. Put another way, other than controlling purchasing attempts by a sub-account, the claim includes computer elements and modules that store account information and receive a purchase order from a user. Accordingly, we agree with the Examiner that claim 1, as a whole, is directed to approving and denying purchases. *See* Final Act. 2; Ans. 13–15.

Appellants’ assertion regarding pre-emption, App. Br. 4, is unpersuasive because “[w]hile 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) (“And [the fact] that the claims do not preempt all price optimization or may be limited to price optimization in the e-commerce setting do[es] not make them any less abstract.”).

For the above reasons, we are unpersuaded the Examiner erred in concluding the claims are directed to an abstract idea.

Step Two of Alice Framework

Next, we turn to step two of *Alice* to determine whether the *additional* limitations, when considered both “individually and ‘as an ordered combination’” contain an “inventive concept” sufficient to transform the claimed “abstract idea” into a patent-eligible application. *Alice*, 134 S. Ct. at 2355–58.

The Examiner concludes the limitations relating to configuring permissions, placing orders, requesting approval, and controlling sub-accounts associated with a master account are insignificant pre-solution activity that is necessary and routine for implementing the abstract idea of approving or denying purchases. Final Act. 3; Ans. 15–17. The Examiner further determines the limitations beyond the abstract idea (i.e., computers and modules) are generic computing elements performing conventional activity specified at a high level of generality to implement the abstract idea on computers. Final Act. 3–4; Ans. 16; Ans. 17 (“Viewed as a whole, the claims simply convey the idea itself facilitated by generic computing components.”). The Examiner determines the claim as a whole simply amounts to “approving and denying purchases on a computer.” Ans. 16.

Appellants argue “the stores, the ordering module and the accounts module . . . amount to significantly more than the alleged abstract idea.” App. Br. 5. Appellants, however, provide no explanation *why* those elements allegedly add more to the abstract idea.

We do not agree with Appellants that claim 1’s additional limitations recite significantly more than the abstract idea. On the contrary, we agree

with the Examiner that claim 1 recites the routine use of conventional computer components and modules to perform generic computing steps relating to storing data, receiving information (i.e., a purchase order and permission configuration settings), and transmitting information (i.e., notifying the master account of a sub-account's attempt to purchase an item). *See OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1363 (Fed. Cir. 2015) (“[R]elying on a computer to perform routine tasks more quickly or more accurately is insufficient to render a claim patent eligible.”); *see also Intellectual Ventures I LLC v. Capital One Bank*, 792 F.3d 1363, 1370 (Fed. Cir. 2015) (“[O]ur precedent is clear that merely adding computer functionality to increase the speed or efficiency of the process does not confer patent eligibility on an otherwise abstract idea.”); *Alice*, 134 S. Ct. at 2358–59.

We also agree with the Examiner that providing configurable permissions, storing account information, and receiving an order are insignificant pre-solution activity. The opportunity to approve or deny a purchase on a computer cannot arise until after user accounts and permissions are created and the system has received a potential order.

Accordingly, the claimed limitations, considered both individually and together, do not add significantly more to the abstract idea and, therefore, do not render the subject matter patent eligible.

Summary

For the above reasons, Appellants have not persuaded us the Examiner erred in rejecting claims 1, 2, 4–13, and 15–18 under 35 U.S.C. § 101 as being directed to merely an abstract idea, rendering the claimed subject matter ineligible.

THE § 103 REJECTION

The Examiner finds the combination of Ling and Sone teaches or suggests every limitation recited in each of the pending claims and provides a reason for combining the asserted teachings from Ling and Sone. Final Act. 4–12. With respect to the obviousness rejection, Appellants argue only that “[i]ndependent claim 1 recites the ‘configurable set of purchasing permissions/transaction permissions’ and ‘a wish list for each of the one or more particular sub-accounts’ which is not disclosed or suggested by the combination of Ling and Song and is therefore allowable.” App. Br. 5.

As the Examiner notes, Ans. 18, claim 1 does not recite “a wish list for each of the one or more particular sub-accounts.” Moreover, 37 C.F.R. § 41.37(c)(1)(vii) requires more substantive arguments in an appeal brief than a mere recitation of the claim elements and a naked assertion that the corresponding elements were not found in the prior art. *See In re Lovin* 652 F.3d 1349, 1357 (Fed. Cir. 2011). For these reasons, we are not persuaded the Examiner erred in rejecting independent claim 1 as obvious in view of Ling and Sone. Appellants do not argue the patentability of claims 2, 4–13, and 15–18, which ultimately depend from claim 1, separately with particularity. *See* App. Br. 5–6. Accordingly, we are not persuaded the Examiner erred in rejecting claims 2, 4–13, and 15–18 as obvious in view of Ling and Sone for the same reasons.

DECISION

We affirm the Examiner’s decision to reject claims 1, 2, 4–13, and 15–18 as directed to ineligible subject matter under 35 U.S.C. § 101.

We affirm the Examiner’s decision to reject claims 1, 2, 4–13, and 15–18 under 35 U.S.C. § 103 as obvious in view of Ling and Sole.

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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