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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte HARRY T. WHITEHOUSE

Appeal 2017-005989
Application 12/857,446[1]
Technology Center 3600

Before MURRIEL E. CRAWFORD, BRUCE T. WIEDER, and MATTHEW S. MEYERS, *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 1–54 and 63–68. We have jurisdiction under 35 U.S.C. § 6(b). An oral hearing was held February 14, 2019.

We AFFIRM.

CLAIMED SUBJECT MATTER

Appellant's invention relates "to integrating an international shipping label with a customs form to provide a shipping label having postage,

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[1] According to Appellant, the real party in interest is PSI Systems, Inc. (Appeal Br. 2.)

addressing, customs, and other information for international shipping." (Spec. ¶ 10.)

Claims 1, 19, and 37 are the independent claims on appeal. Claim 37 is illustrative. It recites:

> 37. A method for managing landed cost and harmonization for international packages shipped within an international postal system, comprising:
>
> receiving through a network a request through a graphical user interface from a user computer for an international shipping label, wherein the request is received at an online postage computer system, and wherein receiving the request includes receiving via the graphical user interface at least a description of contents for a package onto which the international shipping label is to be placed and a destination country outside of the United States of America where the package is to be delivered and the contents of the package are to be exported;
>
> selecting one or more import harmonization tariff codes from a plurality of import harmonization tariff codes of the destination country stored in a database in communication with the online postage computer system, the one or more import harmonization tariff codes being selected from the plurality of import harmonization tariff codes by performing a search on the database based on a keyword, the keyword inputted at the graphical user interface and containing at least a portion of the description of the contents of the package to be shipped to the destination country;
>
> causing the graphical user interface to display the selected one or more import harmonization codes corresponding to the description of the contents of the package to be shipped to the destination country;
>
> generating a unique self-validating postage indicium or mark at the online postage computer system in response to the request, wherein the unique self-validating postage indicium or mark indicates that landed cost for delivering the package containing the contents to be exported to the destination country has been pre-paid, the landed cost including customs duties to be

paid to the destination country based on the selected one or more import harmonization tariff codes; and

in response to a payment for the landed cost or an acknowledgement from the user computer that indicates agreement to pay the landed cost, enabling at the graphical user interface the user computer to instruct a printer in communication with the user computer to print the international shipping label with the unique self-validating postage indicium or mark,

wherein the international shipping label further has a customs declaration form that includes printed thereon the description of the contents of the package and the selected one or more import harmonization tariff codes corresponding to the description, each tariff code in the selected one or more import harmonization tariff codes being associated with custom duties to be paid at the destination country for the contents when shipped to the destination country, the selected one or more import harmonization tariff codes providing descriptive information of the contents of the package not provided by a standard harmonization tariff code.

REJECTION

Claims 1–54 and 63–68 are rejected under 35 U.S.C. § 101 as directed to a judicial exception without significantly more.

ANALYSIS

Appellant argues independent claims 1, 19, and 37 together. We select claim 37 as representative. Claims 1 and 19 will stand or fall with claim 37. *See* 37 C.F.R. § 41.37(c)(1)(iv).

"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*, 573 U.S. 208, 216 (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*, 573 U.S. at 217.

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 221 (citing *Mayo*, 566 U.S. at 72–73, 79).

With regard to step one of the *Alice* framework, we apply a "directed to" two prong test to: 1) evaluate whether the claim recites a judicial exception, and 2) if the claim recites a judicial exception, evaluate whether the claim "appl[ies], rel[ies] on, or use[s] 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." *See 2019 Revised Patent Subject Matter Eligibility Guidance*, 84 Fed. Reg. 50, 54 (Jan. 7, 2019) (hereinafter "2019 Guidance").

Here, the Examiner determines that claim 37 is directed to the abstract idea "of using a flow of sequence of GUIs [(graphical user interfaces)] to

guide a user to enter appropriate input data or parameter [sic] (harmonization tariff codes) for the calculation of the postage (landed cost) and generating unique self-validating postage indicia." (Final Action 6.) The Examiner also determines that claim 37 "includes a GUI to enable a shipper to print out the shipping label having a unique self-validating postage indicium." (*Id.* at 6–7.)

Appellant disagrees and argues that "the Examiner overgeneralized the claims, stripping away features recited in the claims, in order to identify an abstract idea." (Appeal Br. 11.) Appellant also argues that the Examiner erred in determining that the claims recite, e.g., calculating postage costs. (*Id.* at 12.)

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)).

> The 'directed to' inquiry . . . cannot simply ask whether the claims *involve* a patent-ineligible concept, because essentially every routinely patent-eligible claim involving physical products and actions *involves* a law of nature and/or natural phenomenon . . . . Rather, the 'directed to' inquiry applies a stage-one filter to claims, considered in light of the specification, based on 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).

Enfish, LLC v. Microsoft Corp., 822 F.3d 1327, 1335 (Fed. Cir. 2016). In other words, the first step of the *Alice* framework "asks whether the focus of the claims is on the specific asserted improvement in [the relevant technology] or, instead, on a process that qualifies as an 'abstract idea' for

which computers are invoked merely as a tool." *Id.* at 1335–36; *see also* 2019 Guidance at 54–55.

The Specification provides evidence as to what the claimed invention is directed. In this case, the Specification discloses that the invention relates "to integrating an international shipping label with a customs form to provide a shipping label having postage, addressing, customs, and other information for international shipping." (Spec. ¶ 10.) Claim 37 provides additional evidence. Claim 37 recites "[a] method for managing landed cost and harmonization for international packages . . . comprising: receiving . . . a request . . . for an international shipping label," "selecting one or more import harmonization tariff codes," "causing the graphical user interface to display the selected . . . harmonization codes," "generating a unique self-validating postage indicium," and "in response to a payment . . . or an acknowledgement . . . that indicates agreement to pay . . . enabling . . . the user computer to instruct a printer . . . to print the international shipping label." Claim 37 recites additional matter that is printed on the shipping label, i.e., "a customs declaration form" that includes a "description of the contents of the package" and the "the selected one or more import harmonization tariff codes." However, we accord no patentable weight to this additional matter printed on the label.[2]

The Examiner determines that claim 37 does no more than "guid[e] a user to enter appropriate input data from a menu for calculating postage

[2] The Federal Circuit has "long held that if a limitation claims (a) printed matter that (b) is not functionally or structurally related to the physical substrate holding the printed matter, [as is the case here,] it does not lend any patentable weight to the patentability analysis." *In re DiStefano*, 808 F.3d 845, 848 (Fed. Cir. 2015).

(landed cost) based on data input (harmonization tariff codes) and print[] out the shipping label and postage indicium." (Final Action 7.) The Examiner further determines that "[t]his amounts to a method of organizing human activity (creating a contractual relationship) and a mathematical relationship (formula for computing landed cost)." (*Id.*)

As an initial matter, we agree with Appellant that claim 37 does not recite calculating postage. Claim 37 merely receives a request for a shipping label, aids a user in selecting and displaying a tariff code from a database through use of a GUI, generates a unique self-validating postage indicium, and, in response to, e.g., an agreement to pay, enables printing of the shipping label. Claim 37 is silent as to how the postage is determined or entered. It may simply be determined by a user using pencil and paper and manually entered.

However, we agree with the Examiner that claim 37 is directed to a method of organizing human activity. In particular, claim 37 is directed to commercial interactions. Indeed, claim 37 requires payment or acknowledgement of an agreement to pay, before the step of enabling an instruction to print a shipping label. (*See* 2019 Guidelines at 52.)

Additionally, "[t]he focus of the asserted claim[] . . . is on collecting information, analyzing[/processing] 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.* Claim 37 merely implements the abstract idea of guiding the user to provide input data, generating postage indicium based on cost for delivery, and printing a label in the field of international shipping.

With regard to the recited "unique self-validating postage indicium or mark," we note that the only recited requirement of the indicium or mark is that it "indicates that landed cost for delivering the package . . . has been pre-paid." (Claim 37; *see also* Spec. ¶ 32.) Appellant does not persuasively argue why a postage label generated by, e.g., a standard postage meter that identifies the meter, date, and amount, would not be unique and would not indicate that cost for delivery has been pre-paid.

Nor does Appellant argue that Appellant invented GUIs, an online postage computer system, or a database. Nor do we see how the recitation of a GUI, an online postage computer system, or a database, even in conjunction with the recited functions, "ensure[s] 'that the [claim] is more than a drafting effort designed to monopolize the [abstract idea]." *Alice*, 573 U.S. at 221 (brackets in original) (quoting *Mayo*, 566 U.S. at 77). In short, claim 37 uses generic computer and peripheral hardware as tools to perform the abstract idea. *See, e.g., Credit Acceptance Corp.*, 859 F.3d at 1055 (and cases cited therein).

Additionally, 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 [method]." *Apple, Inc. v. Ameranth, Inc.*, 842 F.3d 1229, 1240 (Fed. Cir. 2016). "Indeed, the claim language here provides only a result-oriented solution, with insufficient detail for how a computer accomplishes it. Our law demands more." *Intellectual Ventures I LLC v. Capital One Fin. Corp.*, 850 F.3d 1332, 1342 (Fed. Cir. 2017).

Appellant further argues that "the Examiner has not provided any explanation supported by any evidence with regard to how the claimed invention as a whole is a well-understood, conventional activity" and that "[a] patent examiner cannot properly reject a claim under Section 101 if the examiner does not provide any evidence that at least a non-computer-implemented version of a computer-implemented process required by the claims was a well-understood, routine, conventional activity." (Appeal Br. 13–14.) To the extent Appellant is arguing that the Examiner must provide evidence regarding whether a process was well-understood, routine, and conventional in reaching a determination as to whether the claim is directed to an abstract idea under step one of the *Alice* framework, we disagree. When the question arises, it is in the context of step two, e.g., in step two we ask if the computer functions implementing the abstract idea are well-understood, routine, or conventional activities. *See, e.g., Alice*, 573 U.S. at 225.

In view of the above, we agree with the Examiner that claim 37 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.'" *Id.* at 217–18 (brackets in original) (quoting *Mayo*, 566 U.S. at 72–73).

The Examiner determines that "the recited generic computer components perform no more than their basic computer functions. These additional elements are well-understood, routine and conventional limitations that amount to mere instructions to implement the abstract idea." (Final Action 10; *see also* Spec. ¶ 27.)

Appellant disagrees and seeks to analogize the claims to those in *BASCOM Global Internet Services, Inc. v. AT&T Mobility LLC*, 827 F.3d 1341 (Fed. Cir. 2016). (Appeal Br. 16–17.) In particular, Appellant argues that in *BASCOM*, the Federal Circuit

> noted that the "limitations of the claims, taken individually, recite generic computer, network and Internet components, none of which is inventive by itself." [*BASCOM*, 827 F.3d at 1349.] Yet the Court still ruled those claims to be patent eligible. This was because the district court's reliance on these facts was insufficient to support a ruling of patent ineligibility.

(Appeal Br. 16.)

We do not find this argument persuasive. In *BASCOM*, the court determined that "an inventive concept can be found in the non-conventional and non-generic arrangement of known, conventional pieces." *BASCOM*, 827 F.3d at 1350. Specifically, "[t]he inventive concept described and claimed in the '606 patent is the installation of a filtering tool at a specific location, remote from the end-users, with customizable filtering features specific to each end user." *Id.* at 1350. The Federal Circuit determined that

this "particular arrangement of elements is a technical improvement over prior art ways of filtering." *Id.* Here, however, Appellant does not indicate what technical improvement is achieved. Instead, Appellant's argue that "there was no showing that the combination as a whole failed to provide an inventive concept." (Appeal Br. 17.) We disagree.

The Examiner determined that "[t]he claim does no more than call on a 'computing device' online with a flow of sequence of GUIs for guiding a user to enter appropriate input data . . . and printing out the shipping label and postage indicium." (Final Action 7.) In short, and as discussed above, claim 37 is directed to the abstract idea of guiding the user to provide input data, generating postage indicium based on cost for delivery, and printing a label in the field of international shipping. The additional elements of, e.g., receiving the request "at an online postage computer system," and import harmonization tariff codes being "stored in a database in communication with the online postage computer system," do not recite significantly more than the ineligible concept itself. Nor, as discussed above, does Appellant argue that Appellant invented GUIs, an online postage computer system, or a database. Rather, the Specification discloses use of a generic personal computer connected to a generic server "via an Internet-type network." (Spec. ¶ 27.) In short, we agree with the Examiner that "[t]hese details (GUIs, codes, self-validating postage indicia, and print) further narrow the idea but they do not change the 101 analysis since a more narrow abstract idea does not make it any less abstract." (Final Action 7.)

> [T]he mere recitation of a generic computer 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.

Alice, 573 U.S. at 223 (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 225. They do not. Claim 37 relates to receiving information, analyzing information, and printing information to produce a shipping label.

Taking the claim elements separately, the function performed by the generic computer components at each step is purely conventional. Receiving, analyzing/processing, and printing information are basic computer functions, i.e., they are well-understood, routine, and conventional functions previously known to the industry. *See Elec. Power Grp.*, 830 F.3d at 1356 (The claims "do not include any requirement for performing the claimed functions of gathering, analyzing, and displaying in real time by use of anything but entirely conventional, generic technology. The claims therefore do not state an arguably inventive concept . . . ."); *see also In re Katz Interactive Call Processing Patent Litig.*, 639 F.3d 1303, 1316 (Fed. Cir. 2011) ("Absent a possible narrower construction of the terms 'processing,' 'receiving,' and 'storing,' . . . those functions can be achieved by any general purpose computer without special programming.").

Considered as an ordered combination, the generic computer components of Appellant's method add nothing that is not already present

when the steps are considered separately. For example, claim 37 does not purport to improve the functioning of the components themselves. Nor does it effect an improvement in any other technology or technical field. Instead, claim 37 amounts to nothing significantly more than an instruction to apply the abstract idea using generic computer components. That is not enough to transform an abstract idea into a patent-eligible invention. *See Alice*, 573 U.S. at 225–26.

Regardless, Appellant argues that "the claims recite at least a particular technical solution for facilitating automated online postage printing." (Appeal Br. 17.) We do not find this argument persuasive. At best, claim 37 describes the automation of the abstract idea of guiding the user to provide input data, generating postage indicium based on cost for delivery, and printing a label in the field of international shipping. *See OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1363 (Fed. Cir. 2015). But each step does no more than require generic computer components to perform routine computer functions, and "relying on a computer to perform routine tasks more quickly or more accurately is insufficient to render a claim patent eligible." *Id.*

Appellant also seeks to analogize the claims to those in *McRO, Inc. v. Bandai Namco Games Am. Inc.*, 837 F.3d 1299, 1313 (Fed. Cir. 2016). (Appeal Br. 18–19.) Specifically, Appellant argues that "like the claims at issue in *McRo* [sic], the claimed solution in the instant application focuses on a specific improvement in another technology or technical field (e.g., automated postage printing computer systems)." (*Id.* at 18.) We do not find this argument persuasive.

In *McRO*, the court determined that

> the claimed improvement here is allowing computers to produce "accurate and realistic lip synchronization and facial expressions in animated characters" that previously could only be produced by human animators. As the district court correctly recognized, this computer automation is realized by improving the prior art through "the use of rules, rather than artists, to set the morph weights and transitions between phonemes." The rules are limiting in that they define morph weight sets as a function of the timing of phoneme sub-sequences.

McRO, 837 F.3d at 1313 (citations omitted). Here, unlike *McRO*, the asserted improvement is to a commercial/business practice regarding preparing an international shipping label with a customs form. (*See* Spec. ¶ 10; *see also McRO*, 837 F.3d at 1314 ("We therefore look to whether the claims in these patents focus on a specific means or method that improves the relevant technology or are instead directed to a result or effect that itself is the abstract idea and merely invoke generic processes and machinery.").)

Appellant's other arguments, including those directed to now-superseded USPTO guidance, have been considered but are not persuasive of error. (*See* 2019 Guidance at 51 ("Eligibility-related guidance issued prior to the Ninth Edition, R–08.2017 of the MPEP (published Jan. 2018) should not be relied upon.").)

In view of the above, we are not persuaded that the Examiner erred in rejecting claim 37. Independent claims 1 and 19 fall with claim 37. *See* 37 C.F.R. § 41.37(c)(1)(iv).

With regard to the dependent claims, Appellant argues that "the Section 101 rejection is clearly improper at least because the Examiner only provides . . . mere assertions . . . on pages 10-11 of the Office Action as the bases for rejecting all of the dependent claims." (Appeal Br. 14.)

Specifically, the Examiner determines:

> Dependent claims 38-54, 65, and 68 do no more than providing [sic] additional instructions to implement the abstract idea in claim 37.
>
> Claim 38 contains more details about shipping label (nonfunctional descriptive materials);
>
> Claim 39 contains more details about self-validating postage indicium (nonfunctional descriptive materials);
>
> Claim 40 contains more details about harmonization tariff codes (nonfunctional descriptive materials);
>
> Claim 41 contains more details about valuation (generic function);
>
> Claims 42 and 45 contain more details about taxes calculations (generic function);
>
> Claim 43 contains more details about tracking (generic function);
>
> Claim 44 contains more details about querying database (generic function);
>
> Claim 46 contains more details about transmitting codes and contents (generic function);
>
> Claims 47-50 contain more details about collecting fees and paying funds (generic function);
>
> Claims 51 and 52 contain more details about sending notification (generic function);
>
> Claim 53 contains more details about shipping label (nonfunctional descriptive materials);
>
> Claim 54 contains more details about tariff payments (generic functions);
>
> Claim 65 contains more details about customs declaration form (nonfunctional descriptive materials); and
>
> Claim 68 contains more details about generating billing instructions (generic function).

(Final Action 10–11.)

The Examiner further determines that "[d]ependent claims 38-40, 53, and 65 recite the previously noted generic computer components performing generic computing functions as contained in the independent claim 37.

These claims further detailing the shipping label, self-validating postage indicium, harmonization tariff codes, and customs declaration forms." (Answer 13.) In short, the Examiner determines that these claims merely add non-functional descriptive material to claim 37. (Final Action 10–11.) Appellant does not persuasively argue why the Examiner's determinations are in error or why the addition of non-functional descriptive material to a claim to patent-ineligible subject matter would transform that claim into patent eligible subject matter.

With regard to claims 41–52, 54, and 68, the Examiner determines that the claims merely recite "additional details and do not make the idea less abstract because they do not result in significantly more than the abstract idea itself." (Answer 14.) Appellant does not persuasively argue why the Examiner's determinations are in error or why the additional details recited in the dependent claims transform the claims into patent eligible subject matter.

By way of example, claim 68 recites: "The method of claim 37, further comprising generating instructions for billing a shipper of the package or charging an account of the shipper for the landed cost." Appellant does not persuasively argue why the additional step of generating instructions without a recitation of "a particular way of programming or designing the software . . . , but instead merely claim[ing] the resulting [method]" would transform the claim into patent eligible subject matter. *See Apple, Inc..*, 842 F.3d at 1240. As discussed above, "the claim language here provides only a result-oriented solution, with insufficient detail for how a computer accomplishes it. Our law demands more." *Intellectual Ventures I LLC*, 850 F.3d at 1342.

In view of the above, we are not persuaded that the Examiner erred in rejecting dependent claims 38–54, 65, and 68. Dependent claims 2–18, 20–36, 63, 64, and 67 are not separately argued and fall with claims 37–54, 65, and 68. *See* 37 C.F.R. § 41.37(c)(1)(iv).

DECISION

The Examiner's rejection of claims 1–54 and 63–68 under 35 U.S.C. § 101 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). *See* 37 C.F.R. § 1.136(a)(1)(iv).

AFFIRMED