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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte NIKHIL JAIN and PAUL E. JACOBS¹

Appeal 2017-007978
Application 12/024,875
Technology Center 3600

Before CAROLYN D. THOMAS, BRADLEY W. BAUMEISTER, and
KARA L. SZPONDOWSKI, *Administrative Patent Judges*.

BAUMEISTER, *Administrative Patent Judge*.

DECISION ON APPEAL

Appellants appeal under 35 U.S.C. § 134(a) from the Examiner's Final Rejection of claims 26, 27, 29–35, 37, 38, 46, and 48–51. App. Br. 7. These claims stand rejected under 35 U.S.C. § 101 as being directed to patent-ineligible subject matter. Final Act. 2.² We have jurisdiction under 35 U.S.C. § 6(b).

We affirm.

¹ Appellants identify Qualcomm Incorporated as the real party in interest. Appeal Brief filed February 15, 2017 (“App. Br.”) 3.

² Rather than repeat the Examiner's positions and Appellants' arguments in their entirety, we refer to the above-mentioned Appeal Brief, as well as the following documents, for their respective details: the Final Action mailed November 9, 2016 (“Final Act.”); the Examiner's Answer mailed March 23, 2017 (“Ans.”); and the Reply Brief filed May 4, 2017 (“Reply Br.”).

THE INVENTION

Appellants describe the present invention as follows:

An auction bidding system is provided. The system allows media content providers, such as advertisers, to define bidding constraints for a targeted audience and bid on wireless device assets, such as wireless device memory, application, ringtone, wallpaper and the like, if a biddable wireless device asset is defined. Additionally, the system provides to wireless device users with an option to participate in the allocation of their respective wireless device assets, such as memory, application, ringtone, wallpaper and the like and define conditions, such as content type, time period, and the like, which is to be met in order for the allocation of the wireless device asset to occur. In one or more aspects, wireless device users may be compensated in some form based on their willingness to opt-in to the asset allocation plan.

Abstract.

Independent claim 26 is representative³ of the appealed claims. Claim 26 is reproduced below, with paragraph numbering added for clarity and emphasis added to illustrate the portion of the claim language that recites an abstract idea:

26. *A method for providing an asset allocation option to a wireless device user, the method comprising:*

[i] *providing, by a network device, an allocation option, to a wireless device associated with the wireless device user over a wireless network, to participate in allocation of one or more wireless device assets of the wireless device, wherein the allocation option allows the wireless device user to identify one or more conditions as a preface to allocation of at least one of*

³ Appellants argue the appealed claims together as a group. *See, e.g., App. Br. 17–18.* Accordingly, we select independent claim 26 as representative of the appealed claims. *See 37 C.F.R. § 41.37(c)(1)(iv).*

the one or more wireless device assets, and wherein the wireless device corresponds to a wireless subscriber device;

[ii] *receiving, at the network device from the wireless device over the wireless network, an acceptance of the allocation option including an identification of the at least one of the one or more wireless device assets to be allocated in accordance with at least one condition from the one or more conditions, wherein the at least one of the one or more wireless device assets includes (i) display wallpaper configured to be displayed by the wireless device, (ii) an audio, visual and/or multimedia ringtone configured to be played by the wireless device, (iii) a media content-related application configured to be executed by the wireless device, or (iv) a combination thereof;*

[iii] *conducting, by the network device, an auction of the at least one of the one or more wireless device assets with the at least one condition acting as at least one bidding constraint upon the auction; and*

[iv] *allocating, by the network device, the at least one of the one or more wireless device assets to at least one winner of the auction in accordance with the at least one condition identified by the wireless device,*

[v] *wherein allocation of the at least one of the one or more wireless device assets causes the at least one of the one or more wireless device assets to be configured in accordance with an advertisement transmitted to the wireless device from the winner of the auction.*

PRINCIPLES OF LAW

A. SECTION 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.

However, the Supreme Court has long interpreted 35 U.S.C. § 101 to include implicit exceptions: “[l]aws of nature, natural phenomena, and abstract

ideas” are not patentable. *E.g.*, *Alice Corp. v. CLS Bank Int’l*, 573 U.S. 208, 216 (2014).

In determining whether a claim falls within an excluded category, we are guided by the Supreme Court’s two-step framework, described in *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66 (2012), and *Alice*. *Alice*, 573 U.S. at 217–18 (citing *Mayo*, 566 U.S. at 75–77). In accordance with that framework, we first determine what concept the claim is “directed to.” *See Alice*, 573 U.S. at 219 (“On their face, the claims before us are drawn to the concept of intermediated settlement, *i.e.*, the use of a third party to mitigate settlement risk.”); *see also Bilski v. Kappos*, 561 U.S. 593, 611 (2010) (“Claims 1 and 4 in petitioners’ application explain the basic concept of hedging, or protecting against risk.”).

Concepts determined to be abstract ideas, and thus patent ineligible, include certain methods of organizing human activity, such as fundamental economic practices (*Alice*, 573 U.S. at 219–20; *Bilski*, 561 U.S. at 611); mathematical formulas (*Parker v. Flook*, 437 U.S. 584, 594–95 (1978)); and mental processes (*Gottschalk v. Benson*, 409 U.S. 63, 69 (1972)). Concepts determined to be patent eligible include physical and chemical processes, such as “molding rubber products” (*Diamond v. Diehr*, 450 U.S. 175, 191 (1981)); “tanning, dyeing, making water-proof cloth, vulcanizing India rubber, smelting ores” (*id.* at 182 n.7 (quoting *Corning v. Burden*, 56 U.S. 252, 267–68 (1854))); and manufacturing flour (*Benson*, 409 U.S. at 69 (citing *Cochrane v. Deener*, 94 U.S. 780, 785 (1876))).

In *Diehr*, the claim at issue recited a mathematical formula, but the Supreme Court held that “[a] claim drawn to subject matter otherwise statutory does not become nonstatutory simply because it uses a

mathematical formula.” *Diehr*, 450 U.S. at 176; *see also id.* at 191 (“We view respondents’ claims as nothing more than a process for molding rubber products and not as an attempt to patent a mathematical formula.”). Having said that, the Supreme Court also indicated that a claim “seeking patent protection for that formula in the abstract . . . is not accorded the protection of our patent laws, and this principle cannot be circumvented by attempting to limit the use of the formula to a particular technological environment.” *Id.* (internal citation omitted) (citing *Benson* and *Flook*); *see, e.g., id.* at 187 (“It is now commonplace that an *application* of a law of nature or mathematical formula to a known structure or process may well be deserving of patent protection.”).

If the claim is “directed to” an abstract idea, we turn to the second step of the *Alice* and *Mayo* framework, where “we must examine the elements of the claim to determine whether it contains an ““inventive concept”” sufficient to ‘transform’ the claimed abstract idea into a patent-eligible application.” *Alice*, 573 U.S. at 221 (citation omitted). “A claim that recites an abstract idea must include ‘additional features’ to ensure ‘that the [claim] is more than a drafting effort designed to monopolize the [abstract idea].’” *Id.* (alterations in original) (quoting *Mayo*, 566 U.S. at 77). “[M]erely requir[ing] generic computer implementation[] fail[s] to transform that abstract idea into a patent-eligible invention.” *Id.*

B. USPTO SECTION 101 GUIDANCE

The United States Patent and Trademark Office (“USPTO” or “the Office”) recently published revised guidance on the application of § 101. USPTO’s January 7, 2019 Memorandum, *2019 Revised Patent Subject*

Matter Eligibility Guidance, 84. Fed. Reg. 50 (Jan. 7, 2019)
 (“2019 Guidance”).

Under the 2019 Guidance, we first look to whether the claim recites the following:

- (1) any judicial exceptions, including certain groupings of abstract ideas (i.e., mathematical concepts, certain methods of organizing human activities such as a fundamental economic practice, or mental processes); and
- (2) additional elements that integrate the judicial exception into a practical application (*see* MPEP § 2106.05(a)–(c), (e)–(h)).

See 84 Fed. Reg. at 52–55.

Only if a claim (1) recites a judicial exception and (2) does not integrate that exception into a practical application, do we then look to whether the claim:

- (3) adds a specific limitation beyond the judicial exception that is not “well-understood, routine, conventional” in the field (*see* MPEP § 2106.05(d)); or
- (4) simply appends well-understood, routine, conventional activities previously known to the industry, specified at a high level of generality, to the judicial exception.

See 84 Fed. Reg. at 56.

ANALYSIS

Step 2A, Prong 1

The Examiner initially characterized the abstract idea as being a concept that relates, *inter alia*, to advertising, marketing and sales activities or behaviors, such as using advertising as an exchange or currency or

displaying an advertisement in exchange for access to copyrighted media. Final Act. 7 (citing *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709 (Fed. Cir. 2014)). The Examiner subsequently supplements the reasoning, additionally describing the claimed invention as “a method of managing an auction and presenting media content to the winner of the auction” and characterizing this subject matter as being an abstract idea “which is a ‘long prevalent’ business practice [that] the advertising arts . . . has used for many years.” Ans. 5 (finding this method to be fundamental to business, similar to economic concepts such as the intermediated settlement of *Alice* and the risk hedging of *Bilski*). The Examiner further characterizes the claims as reciting a mental process or a method of organizing human activity. Ans. 5. For the following reasons, we are persuaded that independent claim 26 recites plural abstract ideas.

Limitation [i] of claim 26, for example, reads as follows:

providing, by a network device, an allocation option, to a wireless device associated with the wireless device user over a wireless network, to participate in allocation of one or more wireless device assets of the wireless device, wherein the allocation option allows the wireless device user to identify one or more conditions as a preface to allocation of at least one of the one or more wireless device assets, and wherein the wireless device corresponds to a wireless subscriber device.

The emphasized portion of this limitation is directed to providing a user of a device an option to participate in the allocation of a wireless device asset. Offering a party an option was part of a long-established commercial interaction entailing a negotiation to contract. As such, limitation [i] reasonably can be characterized as reciting a certain method of organizing human activity that is recognized as an abstract idea under the 2019 Guidance.

Limitation [ii] reads as follows:

[ii] *receiving, at the network device from the wireless device over the wireless network, an acceptance of the allocation option including an identification of the at least one of the one or more wireless device assets to be allocated in accordance with at least one condition from the one or more conditions, wherein the at least one of the one or more wireless device assets includes (i) display wallpaper configured to be displayed by the wireless device, (ii) an audio, visual and/or multimedia ringtone configured to be played by the wireless device, (iii) a media content-related application configured to be executed by the wireless device, or (iv) a combination thereof.*

The emphasized portion of this limitation is directed to receiving from a user of a device, an acceptance of the allocation option. Receiving from a party, an acceptance of an offer for an option was part of a long-established commercial interaction entailing a negotiation to contract. As such, limitation [ii] reasonably can be characterized as reciting a certain method of organizing human activity that is recognized as an abstract idea under the 2019 Guidance.

Limitation [iii] reads as follows:

[iii] *conducting, by the network device, an auction of the at least one of the one or more wireless device assets with the at least one condition acting as at least one bidding constraint upon the auction.*

The emphasized portion of this limitation is directed the abstract idea of conducting an auction of goods. An auction was a long-established particular form of contracting or commercial interaction that creates legal obligations. As such, limitation [iii] reasonably can be characterized as reciting a certain method of organizing human activity that is recognized as an abstract idea under the 2019 Guidance.

Appellants contend that the claimed operation auction step is a way for the network device to, in the next operation, allocate “the at least one of the one or more wireless device assets . . . in accordance with the at least one condition identified by the wireless device,” specifically, “to at least one winner of the auction.”

Reply Br. 3.⁴

Appellants then argue that

[a]s such, the operation in independent claim 26 of “conducting . . . an auction” does not mean that independent claim 26 is “directed to” “managing an auction and presenting media content to the winner of the auction,” as alleged by the Examiner; rather, the method of independent claim 26 conducts an auction in order to allocate “the at least one of the one or more wireless device assets . . . in accordance with the at least one condition identified by the wireless device.”

Reply Br. 3–4.

These arguments are unpersuasive. Pursuant to the 2019 Guidance, the inquiry under step 2, prong 1, is *not* whether a claim is *directed to* an abstract idea. Rather, the inquiry is whether the claim *recites* an abstract idea. 84 Fed. Reg. at 52. Appellants acknowledge that limitation [iii] of claim 26 recites a step of conducting an auction of device assets. *E.g.*, App. Br. 10 (“[t]he network device subsequently conducts ‘an auction of the at least one of the one or more wireless device assets’”). It is beyond question that conducting auctions was a long-known economic practice that entails following rules to manage legally binding commercial interactions between people.

⁴ The Reply Brief only includes page numbering for page 1. We infer the numbering for the remaining pages.

Step 2A, Prong 2

We, likewise, are not persuaded by Appellants' preceding arguments that because the claimed method of using the auction is to allocate assets to a wireless device, it means that the claims are directed to an improved method of providing device assets, and therefore, that the claims are not directed to an abstract idea. Reply Br. 3–4; *see also id.* at 8–11. We, instead, determine that the claims do not integrate the abstract ideas into a practical application, as required by step 2A, prong 2, of the 2019 Guidance.

Appellants do not demonstrate that the claims improve the functioning of the computer or any other technology. *See* MPEP § 2106.05(a). Appellants argue that the auction entails the media content providers acquiring alternative wireless device assets, which are then used as platforms for the presentation of the media content, such as advertisements, and that this functionality improves technological realm of targeted media content distribution. App. Br. 12. However, requiring a bidder to watch advertisements as a condition of winning an auction is not an improvement to computer technology. Such a requirement is merely a purportedly new form of legal-obligation creation, and Appellants do not provide persuasive evidence that any improvement to the underlying computer technology is required to carry out the claimed exchange of agreements. *See generally* App. Br.; *see also generally* Reply Br.

Relying on a “processor” to “perform routine tasks more quickly or more accurately is insufficient to render a claim patent eligible.” *OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1363 (Fed. Cir. 2015); *see also DDR Holdings, LLC v. Hotels.com. L.P.*, 773 F.3d 1245, 1257 (Fed. Cir. 2014) (distinguishing a claimed solution necessarily rooted in computer

technology in order to overcome a problem specifically arising in the realm of computer networks from claims that “merely recite the performance of some business practice known from the pre-Internet world along with the requirement to perform it on the Internet”).

Appellants’ claims, likewise, do not demonstrate that the invention requires or entails the use of a particular machine or includes any other meaningful limitations. *See* MPEP §§ 2106.05(b), (e). Claim 26 recites the additional elements beyond the abstract idea at a high level of generality. For example, limitation [i] merely recites “by a network device,” “to a wireless device associated with the wireless device user over a wireless network,” and “wherein the wireless device corresponds to a wireless subscriber device.” Limitation [ii] broadly recites “at the network device from the wireless device over the wireless network.” Each of limitations [iii] and [iv] broadly recites “by the network device.” Limitation [v] generally recites the function of the asset allocation—not the technical details of how the allocation is achieved:

wherein allocation of the at least one of the one or more wireless device assets causes the at least one of the one or more wireless device assets to be configured in accordance with an advertisement transmitted to the wireless device from the winner of the auction.

In summary, Appellants’ arguments for patentability primarily are directed to the general details and conditions of the auction that the computer system carries out—not to any technical constraints of the computer system that, otherwise, would prevent the claimed auction from being automated. *See* App. Br. 13–18.

Step 2B

In relation to step 2B of the *Alice* inquiry and 2019 Guidance, the Examiner determines the following:

The claim(s) does/do not include additional elements that are sufficient to amount to significantly more than the judicial exception because the claim recites the additional limitations of using a network device over a wireless network to provide the allocation option, receive an acceptance of the allocation option, conduct an auction and allocate the identified wireless device assets to a winner. *The network device is recited at a high level of generality with required functions of providing a selection and receiving user inputs, which [are] well-known routine function[s] of wireless devices.*

Final Act. 7 (emphasis added).

In response, Appellants note that the Examiner issued no art rejections for the appealed claims. App. Br. 15. Appellants argue that the claims' novelty and non-obviousness is evidence that the claimed features cannot be well-understood, routine, and conventional within the meaning of step 2B of the *Alice* inquiry. *Id.*

This argument is unpersuasive. "The '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." *Diehr*, 450 U.S. at 188–89. A novel and nonobvious claim directed to a purely abstract idea is, nonetheless, patent ineligible. *See Mayo*, 566 U.S. at 90; *see also Parker v. Flook*, 437 U.S. 584, 594–95 (1978) (holding claims to "a new and presumably better method for calculating alarm limit values," of undisputed usefulness, to be directed to patent-ineligible subject matter); *see also Ass'n for Molecular Pathology v. Myriad Genetics, Inc.*, 569 U.S. 576, 591 (2013)

(“Groundbreaking, innovative, or even brilliant discovery does not by itself satisfy the § 101 inquiry.”).

Appellants also argue that the claims recite significantly more than an abstract idea and are patent eligible because the claims do not preempt the abstract idea. App. Br. 16–17. This argument also is unpersuasive.

We recognize that 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*, 573 U.S. at 216. However, characterizing preemption as a driving concern for patent eligibility is not the same as characterizing preemption as the sole test for patent eligibility. As our reviewing court has explained: “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) (citing *Alice*, 573 U.S. at 216). Although “preemption may signal patent ineligible subject matter, the absence of complete preemption does not demonstrate patent eligibility.” *Id.*

DECISION

Appellants have not shown that the Examiner erred in rejecting representative claim 26 under 35 U.S.C. § 101 as being directed to patent-ineligible subject matter.

The Examiner’s decision rejecting claims 26, 27, 29–35, 37, 38 46, and 48–51, therefore, is affirmed.

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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). *See* 37 C.F.R. § 1.136(a)(1)(iv).

AFFIRMED