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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 JOSEPH L. SPEARS

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Appeal 2017-009838
Application 12/697,013[1]
Technology Center 2100

_____

Before JAMES R. HUGHES, ERIC S. FRAHM, and
MATTHEW J. McNEILL, *Administrative Patent Judges*.

McNEILL, *Administrative Patent Judge*.

DECISION ON APPEAL

Appellant appeals under 35 U.S.C. § 134(a) from the Examiner's
rejection of claims 1–9, 11–19, 21–33, 35–43, and 45–55, which are all the
claims pending in this application.[2] We have jurisdiction under 35 U.S.C.
§ 6(b).

We affirm.

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STATEMENT OF THE CASE

Introduction

Appellant's application relates to dynamic generation of multiple content alternatives to offer users of content management systems. *See* Spec. 2:25–3:15. Claim 1, reproduced below, is illustrative of the claimed subject matter:

1.   A method, comprising:

receiving, using one or more processors, (i) data or metadata for first content, or (ii) data or metadata for content related to the first content;

generating a first alternative corresponding to the first content, wherein the first alternative is based upon the (i) data or metadata for the first content, or (ii) data or metadata for content related to the first content, and wherein the first alternative includes an offer to license the first content or the content related to the first content, the offer including a set of one or more licensing terms to be accepted by a user including a first price;

generating a second alternative corresponding to the first content or an enhanced content, wherein the second alternative includes an offer to license the first or enhanced content for a second price;

receiving a selection of the first alternative by a user, wherein the selection of the first alternative generates (i) first additional data or metadata for the first content, or (ii) first additional data or metadata for content related to the first content;

upon selection of the first alternative by the user, providing content associated with the first alternative to the user;

following payment of the first price and receipt of the first content by the user, dynamically generating an upsell or cross-sell alternative based on the selection of the first alternative,

wherein the upsell or cross-sell alternative is based upon the generated (i) first additional data or metadata for the first content, or (ii) first additional data or metadata for content related to the first content, and wherein the upsell or cross-sell alternative includes a second offer to license the first or enhanced content, the second offer including a set of one or more licensing terms to be accepted by the user including an upsell or cross-sell price;

upon selection of the upsell or cross-sell alternative by the user, suspending the first alternative, wherein said suspending is for a length of time that is based on a period of time indicated in the one or more licensing terms of the upsell or cross-sell alternative, wherein said suspending halts access to the first content by the user in favor of the first or enhanced content of the upsell or cross-sell alternative for the period of time; and

automatically reinstating the first alternative upon completion of the upsell or cross-sell alternative, wherein said automatically reinstating restores access to the first content to the user when the upsell or cross-sell alternative is completed.

The Examiner's Rejections

Claims 1–9, 11–19, 21–33, 35–43, and 45–55 stand rejected under 35 U.S.C. § 101 as being directed to patent-ineligible subject matter. Final Act.[3] 2–3.

Claims 1, 2, 4–9, 11–19, 21–26, 28–33, 35–43, 45–52, 54, and 55 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over Walker (US 2005/0027622 A1; Feb. 3, 2005) and Yen (US 7,464,058 B2; Dec. 9, 2008). Final Act. 4–22.

Claims 3, 27, and 53 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over Walker, Yen, and Moore (US 2003/0078875 A1; Apr. 24, 2003). Final Act. 23–24.

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[3] The Final Rejection mailed May 16, 2016.

ANALYSIS

Patent-Ineligible Subject Matter

In *Alice*, the Supreme Court reiterated the two-step framework set forth in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 132 S.Ct. 1289 (2012), for determining whether claimed subject matter is judicially-excepted from patent eligibility under § 101. *Alice Corp. v. CLS Bank Int'l*, 134 S.Ct. 2347, 2355 (2014). Assuming that a claim nominally falls within one of the statutory categories of machine, manufacture, process, or composition of matter, the first step in the analysis is to determine if the claim is directed to a law of nature, a natural phenomenon, or an abstract idea (judicial exceptions). *Alice*, 134 S.Ct. at 2355. For example, abstract ideas include, but are not limited to, fundamental economic practices, methods of organizing human activities, an idea of itself, and mathematical formulas or relationships. *Id.* at 2355–57. If the claim is directed to a judicial exception, such as an abstract idea, the second step is to determine whether additional elements in the claim "'transform the nature of the claim' into a patent-eligible application." *Id.* at 2355 (quoting *Mayo*, 132 S.Ct. at 1297). This second step is described as "a search for an '"inventive concept"'—*i.e.*, an element or combination of elements that is '. . . significantly more than . . . the [ineligible concept] itself.'" *Id.* at 2355 (alteration in original) (quoting *Mayo,* 132 S.Ct. at 1294).

Alice Step One

"The first step in the *Alice* inquiry . . . asks whether the focus of the claims is on the 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 (2016). "The abstract idea exception prevents patenting a result where 'it matters not by what process or machinery the result is accomplished.'" *McRO, Inc. v. Bandai Namco Games America Inc.*, 837 F.3d 1299, 1312 (Fed. Cir. 2016) (quoting *O'Reilly v. Morse*, 56 U.S. (15 How.) 62, 113 (1853)). "We therefore look to whether the claims . . . 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." *McRO*, 837 F.3d at 1314.

Appellant contends the claims are "related to a technical improvement related to a content-access paradigm." App. Br. 6. In particular, Appellant identifies prior problems in accessing distributed content where a user would, for example, rent an SD version of a movie for 30 days and then further rent an upsell HD version of the movie for 24 hours. *Id.* In this example, Appellant asserts the user may be confused in selecting the desired version if two alternatives were simultaneously available, and the user would get less value if the SD and HD rentals overlapped, i.e., the user would get a total of 30 days overall access to the content rather than 30 days plus 24 hours. *Id.* at 7. According to Appellant, the "suspending the first alternative" and "reinstating the first alternative" aspects of claim 1 resolve these problems. *Id.* 7–8. Appellant argues the Examiner engaged in a "prohibited simplification in arguing that the claims are directed to 'the concept of establishing pricing offers for products' while ignoring the technical improvements discussed above, which are explicitly recited in the claims." *Id.* at 8.

Appellant further contends that even given the Examiner's stated abstract idea of "establishing pricing offers for products," the claims do not preempt all processes for performing the idea. App. Br. 11. Rather, Appellant argues, the claims recite a specific upsell/cross-sell paradigm that provides a narrowly tailored technical solution. *Id.*

We are not persuaded by Appellant's arguments. Claim 1 recites steps for generating first and second alternatives for content at respective first and second prices, receiving a selection of the first alternative, providing the selected first alternative to a user, generating an upsell or cross-sell alternative for a certain price following payment for the first alternative, suspending the first alternative for a period of time upon selection of the upsell or cross-sell alternative, and reinstating the first alternative upon completion of the upsell or cross-sell alternative. In sum, claim 1 focuses on the idea of generating sales offers to purchase content, including upselling other content to a customer who has made a purchase based on an original offer, whereby the original content is suspended during a period of time when access to the upsold content is available. We find this idea to be abstract.

We disagree with Appellant that the focus of claim 1 is on a technical improvement. The mere recitation of "using one or more processors" for the "receiving" step in claim 1 does not embody an improvement in computer capabilities as in *Enfish*. *See* 822 F.3d at 1336 ("[T]he plain focus of the claims is on an improvement to computer functionality itself, not on economic or other tasks for which a computer is used in its ordinary capacity."). Rather, the focus of claim 1 is on economic tasks, i.e., making and completing sales offers. Appellant argues the method of claim 1 reduces user confusion and provides more value, particularly based on the alleged

technical solution embodied by the "suspending the first alternative" and "reinstating the first alternative" steps. *See* App. Br. 7–8. However, the alleged benefits provided by the method of claim 1 represent a solution provided by performing the sales-based abstract idea. That is, even if we agree with Appellant that performing the method of claim 1 reduces user confusion and provides more value, this is the result of the abstract idea, not any particular technical solution. Indeed, claim 1 does not recite how any specific technology is implemented to perform the "suspending" and "reinstating" steps.

We also note that although a number of the steps in claim 1 are performed based upon various "data or metadata," claim 1 does not specifically define how any such data or metadata is used to perform the claimed functions, for example, "generating a first alternative" or "generating an upsell or cross-sell alternative." Rather, the focus of claim 1 is on the result of generating the various offers, not how such offers are generated. Accordingly, claim 1 is distinguishable from the claims in *McRO*, where "the claims [were] limited to rules with specific characteristics" and "the structure of the limited rules reflects a specific implementation not demonstrated as that which 'any [animator] engaged in the search for [an automation process] would likely have utilized.'" 837 F.3d. at 1313, 1316 (alterations to second quotation in original) (quoting *Ass'n for Molecular Pathology v. Myriad Genetics, Inc.*, 133 S.Ct. 2107, 2119–20 (2013)). That is, the Federal Circuit in *McRO* based the patent-ineligibility conclusion in part on the fact that the claimed method for automatic lip sync animation of 3d characters differed in a specific way from the prior human method of animation. *See id.* at 1314. In contrast, claim 1 in the present case provides no specific functionality to differentiate the

claimed method from a merely automated version of a human method of making and completing sales offers.

Our finding that claim 1 is directed to an abstract idea is supported by comparison with other cases where the Federal Circuit has found claims relating to the manipulation of data to generate other data, including sales offers, to be directed to abstract ideas, for example, *OIP Technologies, Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1362–63 (Fed. Cir. 2015) (offer-based price optimization), *Intellectual Ventures I LLC v. Capital One Bank (USA)*, 792 F.3d 1363, 1370 (Fed. Cir. 2015) (tailoring information presented to a user based on particular information), *Versata Development Group v. SAP Am., Inc.*, 793 F.3d 1306, 1333 (Fed. Cir. 2015) ("determining a price, using organizational and product group hierarchies"), *Digitech Image Technologies, LLC v. Electronics For Imaging, Inc.*, 758 F.3d 1344, 1351 (Fed. Cir. 2014) (employing "mathematical algorithms to manipulate existing information to generate additional information"), and *Accenture Global Services, GmbH v. Guidewire Software, Inc.*, 728 F.3d 1336, 1344– 46 (Fed. Cir. 2013) (generating tasks based on rules in response to events).

Finally, we note that preemption is the concern that drives the exclusionary principle of judicial exceptions to patent-eligible subject matter. *Alice*, 134 S.Ct. at 2354. However, preemption is not a separate test of patent-eligibility, but is inherently addressed within the *Alice* framework. *See Ariosa Diagnostics, Inc., v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015) ("While preemption may signal patent ineligible subject matter, the absence of complete preemption does not demonstrate patent eligibility."). Accordingly, Appellant's argument (App. Br. 11) that claim 1 does not preempt all processes for performing the idea embodied therein is not, by itself, persuasive of patent-eligibility.

Alice Step Two

The second step in the *Alice* analysis requires a search for an "inventive concept" that "must be significantly more than the abstract idea itself, and cannot simply be an instruction to implement or apply the abstract idea on a computer." *Bascom Global Internet Services, Inc. v. AT&T Mobility LLC*, 827 F.3d 1341, 1349 (2016). There must be more than "computer functions [that] are 'well-understood, routine, conventional activit[ies]' previously known to the industry." *Alice*, 134 S.Ct. at 2359 (second alteration in original) (quoting *Mayo*, 132 S.Ct. at 1294). However, "an inventive concept can be found in the non-conventional and non-generic arrangement of known, conventional pieces." *Bascom*, 827 F.3d at 1350.

Appellant contends the claimed method "provide[s] access to content . . . in a non-conventional manner that substantially improves a user experience." App. Br. 12. That is, Appellant contends the claims provide more than "mere processors and memories crunching numbers to 'establish[] pricing offers for products,'" rather, the claims "provide real world results in a non-conventional, non-obvious manner." *Id.*

Appellant has not persuaded us of Examiner error. Appellant has not identified what it is about claim 1 that allegedly amounts to more than a conventional arrangement of limitations for performing the abstract idea identified above. Rather, Appellant's argument for the second step of the *Alice* analysis is, in essence, a conclusory assertion that the claims are non-conventional. Moreover, although the second step of the *Alice* framework is described as a search for an "inventive concept," 134 S. Ct. at 2355, the analysis is not an evaluation of novelty or non-obviousness. A novel and non-obvious claim directed to a purely abstract idea is, nonetheless, patent-

ineligible. *See Mayo*, 132 S. Ct. at 1304; *see also Synopsys, Inc. v. Mentor Graphics Corp.*, 839 F.3d 1138, 1151 (Fed. Cir. 2016) ("[A] claim for a *new* abstract idea is still an abstract idea. The search for a § 101 inventive concept is thus distinct from demonstrating § 102 novelty.").

We are, therefore, not persuaded the Examiner erred in rejecting as patent-ineligible claim 1, and claims 2–9, 11–19, 21–33, 35–43, and 45–55 not specifically argued separately.

Obviousness

The Examiner finds the combination of Walker and Yen discloses all the limitations of claim 1, including that Yen teaches "upon selection of the upsell or cross-sell alternative by the user, suspending the first alternative" and "automatically reinstating the first alternative upon completion of the upsell or cross-sell alternative." Final Act. 4–9. Appellant contends Yen fails to teach these limitations. App. Br. 13–14; Reply Br. 2–4. We agree with Appellant.

Yen describes providing licenses to a user for current content C and new content N. Yen, col. 3, ll. 26–57. In one example, rights to content C are granted until a certain time, while rights to content N are granted either when a particular state condition is satisfied or the rights to content C expire. Yen, col. 3, ll. 45–57. As Appellant argues, Yen's example provides for access to content C and then to content N with some overlapping access possible, but does not provide for the suspension of content C and subsequent reinstatement of content C following completion of content N. *See* Reply Br. 3–4. We thus find the Examiner has failed to show Yen teaches the "suspending" and "reinstating" limitations of claim 1.

We are, therefore, constrained by the record to find the Examiner erred in rejecting as obvious independent claim 1, independent claim 25 which recites commensurate limitations, and dependent claims 2–9, 11–19, 21–24, 26–33, 35–43, and 45–55.

DECISION

We affirm the Examiner's decision rejecting claims 1–9, 11–19, 21–33, 35–43, and 45–55.

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. § 41.50(f).

AFFIRMED