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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte CLINT H. O’CONNOR and MICHAEL HAZE

Appeal 2017-010665
Application 13/483,202
Technology Center 3600

Before CYNTHIA L. MURPHY, AMEE A. SHAH, and
MATTHEW S. MEYERS, *Administrative Patent Judges*.

MURPHY, *Administrative Patent Judge*.

DECISION ON APPEAL¹

The Appellants² appeal from the Examiner’s rejections of claims 1–18 under 35 U.S.C. §§ 101, 103, and 112. We sustain the Examiner’s rejection under 35 U.S.C. § 101 (Rejection I); we sustain the Examiner’s rejections under 35 U.S.C. § 103 (Rejections II and III); and we do not sustain the Examiner’s rejection under 35 U.S.C. § 112 (Rejection IV).

Thus, we AFFIRM.

¹ The Appellants appeal under 35 U.S.C. § 6(b); we have jurisdiction over this appeal under 35 U.S.C. § 6(b).

² “The real party in interest is the assignee, Dell Products L.P.” (Appeal Br. 1.)

BACKGROUND

The Appellants disclose a method “for managing the assignment of digital goods licenses.” (Spec. ¶ 1.)³ This method involves “digital goods entitlement data,” such as “license information,” that allows a digital good (e.g., a software application) to be installed on a target system (e.g., a personal computer). (*Id.* ¶ 19.) Thus, “digital goods entitlement data” provides an “association of a predetermined digital good with a target system.” (*Id.*)

According to the Appellants, the processing of “digital goods entitlement data,” is “simple” when a person “is purchasing a single digital good for a single system.” (Spec. ¶ 3.) For example, as shown in the table below, this processing involves a single digital good (softwareA), a single target system (system SN9872), and the purchase of a single license (licenseA1).

	softwareA
system SN9872	licenseA1

This table shows an association of softwareA with system SN9872, and shows that system SN9872 is entitled, via the purchase of licenseA1, to have softwareA installed thereon.

However, according to the Appellants, the processing of “digital goods entitlement data,” becomes “cumbersome” if a person is “purchasing multiple digital goods for multiple systems.” (Spec. ¶ 3.) For example, as shown in the table below, this processing involves multiple digital goods

³ Our quotations from the Specification omit reference numerals.

(softwareA, softwareB, softwareC), multiple target systems (system SN9872, system SN9873, system SN9874), and the purchase of multiple licenses (licenseA1, licenseA2, licenseB1, licenseB2, licenseC1, license C2).

	softwareA	softwareB	softwareC
system SN9872	licenseA1		licenseC1
system SN9873	licenseA2	licenseB1	
system SN9874		licenseB2	licenseC2

This table shows an association of softwareA with system SN9872, and shows that system SN9872 is entitled, via the purchase of licenseA1, to have softwareA installed thereon; and this table shows an association of softwareA with system SN9873, and shows that system SN9873 is entitled, via the purchase of license A2, to have softwareA installed thereon. The table also shows similar associations/entitlements between system 9872, softwareC, and licenseC1; system 9873, softwareB, and licenseB1; system SN9874, softwareB, and licenseB1; and system SN9874, softwareC, and license C1.

Issues arising from the “purchasing [of] multiple digital goods for multiple systems” are “typically addressed in corporate environments by information technology (IT) administrators.” (Spec. ¶¶ 3, 4.) In a corporate environment, an IT administrator (i.e., a person) “may be responsible for installing the digital goods and associating their licenses to the right systems or users, all dependent upon the licensing terms.” (*Id.* ¶ 4.) However, if the IT administrator is provided with the above table (i.e., paperwork), the association of “licenses to the right systems” has already been made, the IT

administrator would only be responsible for installing the digital goods according to this paperwork.

ILLUSTRATIVE CLAIM

1. A computer-implementable method for managing rights to digital goods, comprising:
 - [(a)] providing digital goods data associated with a set of digital goods;
 - [(b)] providing system data associated with a plurality of handling systems;
 - [(c)] receiving digital goods selection data and information handling system selection data, the digital goods selection data corresponding to a subset of the set of digital goods and the information handling system selection data corresponding to a subset of the plurality of handling systems;
 - [(d)] processing the digital goods selection data and the information handling system selection data, the processing the digital goods selection data and the information handling system selection data generating digital goods entitlement data, the digital goods entitlement data comprising data providing an association of a digital good with a target information handling system; and
 - [(e)] processing the digital goods entitlement data, the processing the digital goods entitlement data entitling the subset of information handling systems to use the subset of digital goods, the entitling being based in part upon the association of the digital good with the target information handling system.

REJECTIONS

I. The Examiner rejects claims 1–18 under 35 U.S.C. § 101 as directed to a judicial exception without significantly more. (*See* Final Action 9–10.)

II. The Examiner rejects claims 1–3, 7–9, and 13–15 under 35 U.S.C. § 103 as unpatentable over McKinnon⁴ and Russell.⁵ (*See* Final Action 16.)

III. The Examiner rejects claims 4–6, 10–12, and 16–18 under 35 U.S.C. § 103 as unpatentable over McKinnon, Russell, and Takahashi.⁶ (*See* Final Action 19.)

IV. The Examiner rejects claims 1–18 under 35 U.S.C. § 112 as failing to comply with the written description requirement. (*See* Final Action 15.)

ANALYSIS

Claims 1, 7, and 13 are the independent claims on appeal, with the rest of the claims on appeal (i.e., claims 2–6, 8–12, and 14–18) depending thereon. (*See* Appeal Br., Claims App.) Independent claim 1 recites a “computer-implementable method for managing rights to digital good,” comprising data-providing steps (a) and (b), data-receiving step (c), and data-processing steps (d) and (e). (*Id.*) Independent claims 7 and 13 recite a computer-implemented system and computer-executable instructions for performing these data-handling steps. (*See id.*)

Rejection I – 35 U.S.C. § 101

The Examiner determines that independent claim 1 is “directed to” an abstract idea related to its data-handling steps; and the Examiner determines that independent claim 1 “do[es] not recite any computer or machine or

⁴ US 2009/0199299 A1, published August 6, 2009.

⁵ US 2002/0049679 A1, published April 25, 2002.

⁶ US 2001/0013024 A1, published August 9, 2001.

device to perform the[se] steps.” (Final Action 3.) More succinctly, the Examiner concludes that independent claim 1 fails the *Alice* test for patent eligibility.⁷

The 2019 Revised Patent Subject Matter Eligibility Guidance (“2019 Guidance”) provides us with specific steps, namely a two-pronged Step 2A and a Step 2B, for discerning whether a claim passes the *Alice* Test for patent eligibility. (*See* Federal Register Vol. 84, No. 4, 50–57.)

In the first prong of Step 2A (Prong One), we evaluate whether the claim recites a judicial exception, such as abstract idea. (2019 Guidance at 54.) The 2019 Guidance “extracts and synthesizes key concepts identified by the courts as abstract ideas,” and these concepts include a “[m]ental process[,]” which is a concept that can be “performed in the human mind.” (*Id.* at 52.) For example, when steps can be practically performed by a person mentally or with pencil and paper, these steps recite a “mental process.” (*See id.*)⁸

⁷ In *Alice Corp. v. CLS Bank Int’l*, 573 U.S. 208 (2014), the Supreme Court provided a two-step test to guard against an attempt to patent an abstract idea in isolation. (*Id.* at 217–18.) In the first step of the *Alice* Test, a determination is made as to whether the claim at issue is “directed to” an abstract idea. (*Id.* at 218.) In the second step of the *Alice* test, a determination is made as to whether additional elements in the claim (individually and/or in combination) transform the claim into something “significantly more” than the abstract idea. (*Id.* at 218–91.)

⁸ *See also Synopsys, Inc. v. Mentor Graphics Corp.*, 839 F.3d 1138, 1139, (Fed. Cir. 2016) (holding that claims to the mental process of “translating a functional description of a logic circuit into a hardware component description of the logic circuit” are directed to an abstract idea because the claims “read on an individual performing the claimed steps mentally or with pencil and paper.”); *Versata Dev. Grp. v. SAP Am., Inc.*, 793 F.3d 1306, 1335 (Fed. Cir. 2015) (“Courts have examined claims that required the use

Independent claim 1 recites “providing digital goods data associated with a set of digital goods” and “providing system data associated with a plurality of handling systems.” (Appeal Br., Claims App.) In a corporate environment, this equates to an IT administrator (a person) being provided with paperwork about the company’s software (e.g., softwareA, softwareB, softwareC), the company’s software licenses (e.g., licenseA1, licenseA2, license B1, license B2, license C1, license C2), and the serial numbers of the company’s systems (SN9872, SN9873, SN9874). This paperwork could, for example, be provided in the table depicted below.

	licenseA1	licenseB1	licenseC1
	licenseA2	licenseB2	licenseC2
	softwareA	softwareB	softwareC
system SN9872			
system SN9873			
system SN9874			

Independent claim 1 recites “receiving digital goods selection data” (corresponding to “a subset of the set of digital goods”) and “information handling system selection data” (corresponding to “a subset of the plurality of handling systems”). (Appeal Br., Claims App.) This equates to an IT administrator (a person) deciding in his/her mind that softwareA (a subset of the company’s software applications) should be installed only on target systems SN9872 and SN9873 (a subset of the company’s systems).

of a computer and still found that the underlying, patent-ineligible invention could be performed via pen and paper or in a person’s mind.”).

Independent claim 1 recites “processing the digital goods selection data and the information handling system selection data” so as to “generat[e] digital goods entitlement data” which comprises “data providing an association of a digital good with a target information handling system.” (Appeal Br., Claims App.)⁹ This equates to an IT administrator (a person) check marking the paperwork (e.g., with a pencil) to indicate an association of softwareA with target systems SN9872 and SN9873, as shown below.

	licenseA1	licenseB1	licenseC1
	licenseA2	licenseB2	licenseC2
	softwareA	softwareB	softwareC
system SN9872	✓		
system SN9873	✓		
system SN9874			

Independent claim 1 recites “processing the digital goods entitlement data,” so as to “entitl[e] the subset of information handling systems to use the subset of digital goods, the entitling being based in part upon the association of the digital good with the target information handling system.” (Appeal Br., Claims App.)¹⁰ This equates to an IT administrator updating the paperwork (e.g., with a pencil) to show that licenseA1 is applied to system SN9872 and that licenseA2 is applied to system SN9873.

⁹ In this step, “entitlements are created, associated with the systems in the group, and stored in each system’s corresponding entitlement record.” (Spec. ¶ 37; *see also* Appeal Br. 2.)

¹⁰ In this step, “the digital goods licenses corresponding to the digital goods entitlements are respectively applied to each system in the group.” (Spec. ¶ 37; *see also* Appeal Br. 2.)

	licenseA1	licenseB1	licenseC1
	licenseA2	licenseB2	licenseC2
	softwareA	softwareB	softwareC
system SN9872	✓ <i>licenseA1</i>		
system SN9873	✓ <i>licenseA2</i>		
system SN9874			

The paperwork now shows that softwareA (the subset of the company’s software application) is to be installed on both system SN9872 and system SN9873 (the subset of the company’s systems). If an IT administrator is given this updated paperwork, the association of “licenses to the right systems” has already been made; and this IT administrator would only be responsible for “installing the digital goods” according to this paperwork. (Spec. ¶ 4.)

As demonstrated above, steps (a)–(e) in independent claim 1 are steps in a process that can be practically performed by a person mentally or with pencil and paper. This is a mental process, and, therefore, an abstract idea. (2019 Guidance at 52.) Thus, under Prong One of Step 2A, independent claim 1 recites an abstract idea, and we proceed to the second prong of Step 2A (Prong Two).

In Prong Two, we evaluate whether the claim contains additional elements that “integrate” the abstract idea “into a practical application.” (*Id.* at 54.) “Additional elements” are “claim features, limitations, and/or steps that are recited in the claim beyond the identified judicial exception.” (2019 Guidance at 55, n. 24) As such, an “additional element” in independent claim 1 would have to be a limitation/feature beyond the mental process recited in steps (a)–(e).

Insofar as independent claim 1 contains an additional element beyond the recited mental process, this additional element amounts to an indication, in the preamble of independent claim 1, that the recited mental process is “computer-implementable.” (Appeal Br., Claims App.) At the very most, this implicates that independent claim 1 merely recites a mental process and requires a computer to “apply it.” (*See* 2019 Guidance at 55.) This is not enough to integrate the abstract idea into a practical application. (*See id.*)

Thus, under Prong Two of Step 2A, additional elements in independent claim 1 do not integrate the recited mental process into a practical application, and we proceed to Step 2B. In Step 2B, we evaluate whether claim 1’s additional elements “simply append[] well-understood, routine, conventional activities previously known in the industry, specified at a high level of generality, to the judicial exception.” (2019 Guidance at 56.)

Again, insofar as independent claim 1 contains an additional element, this additional element amounts to an indication, in the preamble of independent claim 1, that the above-described mental process is “computer-implementable.” (Appeal Br., Claims App.) And, inasmuch as a “computer-implementable” version of the above-described mental process would require computer components (e.g., a processor, a memory, etc.), these components, their functions, and their ordered arrangement are portrayed as well understood, conventional, and routine in the Specification. (*See* Spec ¶¶ 17, 44; Fig. 1.)

Thus, we agree with the Examiner that independent claim 1 fails the *Alice* test for patent eligibility.

The Appellants argue that, like the claims under review in *Enfish*, *LLC v. Microsoft Corp.*, 822 F.3d 1327 (Fed. Cir. 2016) and *McRO, Inc. v. Bandai Namco Games America Inc.*, 837 F.3d 1299 (Fed. Cir. 2016), the method set forth in independent claim 1 “improves the relevant technology.” (Appeal Br. 4.) We are not persuaded by this argument because, in *Enfish* and *McRO*, specific computer technology was being improved.¹¹ Here, the method of independent claim 1 improves paperwork that is, at the very most, tangential to computer technology.

The Appellants argue that, like the claims under review in *BASCOM Global Internet Servs. v. AT&T Mobility LLC*, 827 F.3d 1341 (Fed. Cir. 2016), independent claim 1 “is a technological improvement over existing technology achieved through the particular ordered combination of elements.” (Appeal Br. 4.) We are not persuaded by this argument because, in *BASCOM*, the technical improvement stemmed from a “particular arrangement” of a “local client computer,” “logical filtering elements,” and a “remote ISP server.” (*BASCOM* 827 F.3d at 1350.) As discussed above, insofar as independent claim 1 contains an additional element, this additional element amounts to the preamble indicating that the recited mental process is “computer-implementable.” (Appeal Br., Claims App.) Here, the Appellants do not explain, and we do not see, why independent claim 1 requires any particular arrangement of elements in order to be “computer-implementable.”

¹¹ In *Enfish*, the specific improvement to computer technology was “a specific type of data structure designed to improve the way a computer stores and retrieves data in memory.” (*Enfish*, 822 F. 3d. at 1339.) In *McRO*, the specific improvement to computer technology was “allowing computers to produce ‘accurate and realistic lip synchronization and facial expressions in animated characters.’” (*McRO*, 837 F.3d at 1313.)

The Appellants argue that, like the claims under review in *Amdocs (Israel) Ltd. v. Openet Telecom, Inc.*, 841 F.3d 1288 (Fed. Cir. 2016), cert. denied, 138 S. Ct. 469 (2017), the method of independent claim 1 “utilize[s] a ‘distributed architecture’ to create a meaningful result.” (Reply Br. 1.) We are not persuaded by this argument because, in *Amdocs*, the “distributed architecture” was “a modular, distributed, highly scalable architecture capable of running on multiple platforms” that, among other things, allowed “[g]ranular data” to reside in “peripheries” close to information sources” and “reduce[d] congestion in network bottlenecks.” (*Amdocs*, 841 F.3d at 1303.) Here, the alleged distributed architecture amounts to coordinating serial numbers, software names, and license logistics to create paperwork that can be relied upon when a person is installing software at a later time.

Thus, we sustain the Examiner’s rejection of independent claim 1 under 35 U.S.C. § 101. Claims 1–18 are argued as a group for this rejection, and so claims 2–18 fall with independent claim 1.¹²

Rejection II – 35 U.S.C. § 103

The Examiner determines that the method/system/instructions set forth in claims 1–3, 7–9, and 13–15 would have been obvious over McKinnon and Russel. (Final Action 16.) As discussed above, independent claims 1, 7, and 13 recite steps for “generating” and “processing” of “digital goods entitlement data.” (See Appeal Br., Claims App.)

¹² “When multiple claims subject to the same ground of rejection are argued as a group or subgroup,” we may “select a single claim from the group” and decide the appeal on “the basis of the selected claim alone.” (37 CFR § 41.37(c)(1)(iv).)

McKinnon discloses that, in “some corporate enterprises,” IT administrators “acquire software” and “then physically install the software on various machines within the enterprise.” (McKinnon ¶ 1.) McKinnon also discloses that, in this corporate “environment,” it may “become challenging to identify whom enterprise personnel have allocated licenses.” (*Id.*) And McKinnon addresses this challenge by the creation of “allocation records 410” that indicate particular workstations “to which the licensee organization has allocated licenses.” (*Id.* ¶ 52; *see also* Figs. 1, 4.)

McKinnon’s allocation records 410 include “various sub-records that contain particulars relating to specific allocations,” and specifically a sub-record 412 that “identif[ies] a particular end-user and/or workstation to which a license is allocated.” (McKinnon ¶ 53; *see also* Fig. 4.) McKinnon also discloses that software applications 502 can be selected for a new workstation; and McKinnon discloses that the allocation records 410 are updated after selection of this software. (*See* ¶¶ 59–61, 71; Fig. 5.)

The Appellants contend that the claimed “digital goods entitlement data” is “patentably distinct from the licenses disclosed by McKinnon.” (Appeal Br. 6.) However, an allocated license is tied to a digital good, and, the allocation of a license to a workstation is premised on a decision that this workstation is entitled to the licensed digital good. One of ordinary skill in the art would appreciate that, when McKinnon’s allocation records 410 are updated for a new workstation, a new sub-record 412 is generated that associates the selected software with the new workstation and entitles the selected software to be installed thereon.

We are unpersuaded, therefore, by the Appellants’ arguments that the prior art does not show or suggest the generating/processing of digital goods

entitlement data required by independent claims 1, 7, and 13. (*See* Appeal Br. 6–7.)

Dependent claims 2, 8, and 14 set forth “generating license assignment data” by “the processing of the digital goods entitlement data and the license data.” (Appeal Br., Claims App.) McKinnon discloses that requests can be submitted “to allocate or deallocate existing licenses” (McKinnon ¶ 40); and, as discussed above, McKinnon discloses updateable allocation records 410 that indicate the allocation of licenses to particular workstations (*see id.* ¶ 52.) We are unpersuaded, therefore, by the Appellants’ argument that the prior art does not disclose the generation of license assignment data required by dependent claims 2, 8, and 14. (Appeal Br. 7–8.)

Dependent claims 3, 9, and 15 set forth that “the number of licenses is fewer than the number of information handling systems.” (Appeal Br., Claims App.) McKinnon discloses processing steps to detect when “the number of licenses allocated” exceeds “the maximum number of licenses paid for or permitted under the applicable license.” (McKinnon ¶ 41.) We are unpersuaded by the Appellants’ argument that the prior art does not show or suggest the “fewer” number of licenses set forth in dependent claims 3, 9, and 15. (*See* Appeal Br. 8.)

Thus, we sustain the Examiner’s rejection of claims 1–3, 7–9, and 13–15 under 35 U.S.C. § 103.

Rejection III – 35 U.S.C. § 103

The Examiner determines that the method/system/instructions set forth in claims 4–6, 10–12, and 16–18 would have been obvious over McKinnon, Russell, and Takahashi. (Final Action 19.) These claims set

forth “generating license procurement data,” and “generating information regarding the number of licenses to be procured.” (Appeal Br., Claims App.) Takashi discloses updating a “software license usage number,” and, when this number “exceeds a software license holding number,” generating “a purchase transaction” for purchasing the shortfall number of software licenses. (Takashi, Abstract.) We are unpersuaded, therefore, by the Appellants’ argument that the prior art does not disclose the generation of procurement data as required by dependent claims 4–6, 10–12, and 16–18. (*See* Appeal Br. 8.)

Thus, we sustain the Examiner’s rejection of claims 4–6, 10–12, and 16–18 under 35 U.S.C. § 103.

Rejection IV – 35 U.S.C. § 112

The Examiner determines that the Specification does not sufficiently describe “selection data corresponding to a subset of the plurality of handling systems” as required by claims 1–18. (*See* Final Action 15.) According to the Examiner, the Specification discloses “selection of the targeted system, which is different than selection of the information handling system[s].” (Answer 5.)

The Specification describes a “digital goods entitlement operation[]” that entails the selection of “a target group of systems.” (Spec. ¶ 35.) One of ordinary skill in the art would understand that ‘a targeted group of systems’ is the same as a group (i.e., a subset) of systems, each of which can be considered a target system. The Specification describes the retrieval of “digital goods entitlement records for each [target] system in the [subset] group” (*id.* ¶ 35), and describes each entitlement record as containing “the

digital goods entitlement data (e.g., license information, etc.)” that allows a digital good to be processed by a target system (*id.* ¶ 19).

As such, the Specification sufficiently describes “digital goods entitlement data comprising data providing an association of a digital good with a target information handling system” and “digital goods entitlement data entitling the subset of information handling systems” to use selected digital goods as required by the claims. We are persuaded, therefore, by the Appellants’ argument that the Specification provides sufficient written-description support for the limitations set forth in claims 1–18. (*See* Appeal Br. 5.)

Thus, we do not sustain the Examiner’s rejection of claims 1–18 under 35 U.S.C. § 112.

DECISION

We AFFIRM the Examiner’s rejection of claims 1–18 under 35 U.S.C. § 101.

We AFFIRM the Examiner’s rejections of claims 1–18 under 35 U.S.C. § 103.

We REVERSE the Examiner’s rejection of claims 1–18 under 35 U.S.C. § 112.

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