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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* CHRISTOPHER J. DAWSON, PETER G. FINN,  
RICK A. HAMILTON II, and JENNY S. LI

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Appeal 2017-011353  
Application 11/755,800<sup>1</sup>  
Technology Center 3600

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Before, ANTON W. FETTING, JOSEPH A. FISCHETTI, and  
MICHAEL W. KIM, *Administrative Patent Judges*.

FISCHETTI, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Appellants seek our review under 35 U.S.C. § 134 of the Examiner's final rejection of claims 1–16, 19–30 and 43–46. We have jurisdiction under 35 U.S.C. § 6(b).

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<sup>1</sup> Appellants identify International Business Machines Corporation of Armonk, New York as the real party in interest. Appeal Br. 2.

## SUMMARY OF DECISION

We REVERSE.

### THE INVENTION

Appellants state “the invention generally relates to methods and systems to establish and execute market-driven variable price offerings among the lenders and borrowers in a bandwidth-sharing ad hoc network for shared bandwidth usage.” (Spec. 0002).

Claim 1 reproduced below, is representative of the subject matter on appeal.

1. A method comprising establishing and executing market-driven variable price offerings among lenders and borrowers to form a bandwidth-sharing ad hoc network for shared bandwidth usage, wherein the bandwidth-sharing ad hoc network is a communication network amongst mobile computing devices of one or more lenders and a mobile computing device of a borrower; and

the bandwidth-sharing ad hoc network is configured such that the borrower and the one or more lenders are in communication with one or more remote locations via wireless telephony communication protocol, the one or more lenders is in communication with the borrower via local wireless communication protocol, and the one or more lenders selectively lends bandwidth to the borrower for downloading data from or uploading data to the one or more remote locations.

### THE REJECTION

The following rejection is before us for review.

Claims 1–16, 19–30 and 43–46 are rejected under 35 U.S.C. § 101.

## ANALYSIS

### 35 U.S.C. § 101 REJECTION

Claim 1 is the sole independent claim before us. As the representative claim, the remaining claims stand or fall with claim 1. *See* 37 C.F.R. § 41.37(c)(1)(iv) (2015).

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: “[I]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* and *Alice*. *Id.* at 217–18 (citing *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 75–77 (2012)). 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

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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, 192 (1981)); “tanning, dyeing, making waterproof cloth, vulcanizing India rubber, smelting ores” (*id.* at 184 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 192 (“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.* (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 (quotation marks 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.* (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.*

The PTO 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, 54 (Jan. 7, 2019) (*2019 Memorandum*).

Under that guidance, we first look to whether the claim recites:

(1) any judicial exceptions, including certain groupings of abstract ideas (i.e., mathematical concepts, certain methods of organizing human interactions such as a fundamental economic practice, or mental processes); and

(2) additional elements that integrate the judicial exception into a practical application, i.e., that “apply, rely on, or use 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.” *2019 Memorandum* at 18; *see also* MPEP § 2106.05(a)–(c), (e)–(h).

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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 2019 Memorandum.*

The Federal Circuit has explained that “the ‘directed to’ inquiry applies a stage-one filter to claims, considered in light of the [S]pecification, based on whether ‘their character as a whole is directed to excluded subject matter.’” *See Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1335 (Fed. Cir. 2016) (quoting *Internet Patents Corp.*, 790 F.3d 1343, 1346 (Fed. Cir. 2015)). It asks whether the focus of the claims is on a specific improvement in relevant technology or on a process that itself qualifies as an “abstract idea” for which computers are invoked merely as a tool. *See id.* at 1335–36.

In so doing, as indicated above, we apply a “directed to” two prong test: 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

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drafting effort designed to monopolize the judicial exception.” 2019  
*Memorandum* at 18.

The Examiner found, the claims are directed to “creating a contractual relationship” “similar to concepts that have been identified as abstracts by the courts as found in *buySafe*.” (Final Act. 5). We agree here. The Specification describes the invention as establishing and executing “market-driven variable price offerings among the lenders and borrowers in a bandwidth-sharing ad hoc network.” Spec. ¶ 2. We find intrinsic to an offer, an acceptance which, when taken together with a meeting of the minds between parties, creates a contractual relationship. Creating contractual relationships are commercial or legal interactions which constitute methods of organizing human activity. A method of organizing human activity constitutes an abstraction and is not patent eligible subject matter. *Alice Corp.*, 134 S. Ct. at 2356.

Thus, we find that the claims recite a judicial exception of method of organizing human activity.

But, turning to the second prong of the “directed to test”, the elements of claim 1 require:

- a communication network amongst mobile computing devices of one or more lenders and a mobile computing device of a borrower,
- the bandwidth-sharing ad hoc network [] configured such that the borrower and the one or more lenders are in communication with one or more remote locations via wireless telephony communication protocol,

- the one or more lenders is in communication with the borrower via local wireless communication protocol.

We find that claim 1 uses 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* Manual of Patent Examining Procedure (“MPEP”) § 2106.05(e). That is, the additional elements listed above are not just a drafting effort to get by the judicial exception, but rather they constitute the system on which the exception is practiced which has the effect of improving the functioning of a computer. MPEP § 2106.05(a). That effect is to make faster downloads and uploads for borrowers:

It is often the case that a wireless device will have a relatively fast wireless connection to other local devices and a relatively slow wireless connection to the broader network (e.g., the Internet). For example, local wireless connections, provided by protocols such as IEEE 802.11a, 802.11b, 802.11g, 802.15.1 (e.g., Bluetooth®), and 802.15.4 (e.g., Zigbee®) provide fast data transfer rates of about 3 to 54 megabits per second (Mbps). However, such transfer protocols often have a limited maximum transmission range of about 30 to 300 ft. On the other hand, wireless telephony protocols (e.g., EV-DO, CDMA, EDGE, GPRS, etc.) have relatively large maximum transmission ranges on the order of miles, but only provide data transfer rates of about 10 kilobits per second (kbps) to 1 Mbps. Thus, while a user of a mobile device may enjoy relatively fast data transfer amongst local devices, the user is often limited to a slow wireless connection to the outside world (e.g., the Internet).

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Specification ¶ 4. As such, we find that independent claim 1, the sole independent claim before us here on appeal, qualifies as patent eligible under 35 U.S.C. § 101.

Therefore we do not sustain the rejection of claim 1 under 35 U.S.C. § 101. Since claims 2–16, 19–30, and 43–46 each depend ultimately from claim 1, and since we cannot sustain the rejection of claim 1, the rejection of claims 2–16, 19–30, and 43–46 likewise cannot be sustained.

#### CONCLUSIONS OF LAW

We conclude the Examiner did err in rejecting claims 1–16, 19–30 and 43–46 under 35 U.S.C. § 101.

#### DECISION

The decision of the Examiner to reject claims 1–16, 19–30 and 43–46 is reversed.

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).

REVERSED