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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* GEOFFRY A. WESTPHAL and THOMAS JOHN CARROLL

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Appeal 2017-011486<sup>1</sup>  
Application 12/850,149<sup>2</sup>  
Technology Center 3600

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Before ANTON W. FETTING, BIBHU R. MOHANTY, and  
NINA L. MEDLOCK, *Administrative Patent Judges*.

MEDLOCK, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Appellants appeal under 35 U.S.C. § 134(a) from the Examiner’s final rejection of claims 1–4. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

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<sup>1</sup> Our decision references Appellants’ Appeal Brief (“App. Br.,” filed April 5, 2017) and Reply Brief (“Reply Br.,” filed September 12, 2017), and the Examiner’s Answer (“Ans.,” mailed July 12, 2017) and Final Office Action (“Final Act.,” mailed November 18, 2016).

<sup>2</sup> Appellants identify W.W. Grainger, Inc. as the real party in interest. App. Br. 2.

CLAIMED INVENTION

Appellants' claimed invention "generally relates to dynamic merchandising and, more particularly, relates to a system and method for directing a customer to additional purchasing opportunities" (Spec. 1, ll. 11-13).

Claim 1, reproduced below with bracketed notations added, is the sole independent claim and representative of the claimed subject matter:

1. A computer-readable media embodied in a non-transient, physical memory device having stored thereon computer-executable instructions for presenting additional purchasing opportunities to a consumer, the instructions performing steps comprising:

[(a)] discerning within a plurality of purchase orders pairings of products that were purchased together and that have at least one product attribute which differ;

[(b)] creating from the discerned pairings of products ordered lists which contain data indicative of degrees to which combinations of different product attributes appear within the discerned pairings of products;

[(c)] in response to data provided by the consumer indicative of a first product attribute, using the data to select from the created ordered lists one or more second product attributes wherein the one or more selected second product attributes are different from the first product attribute and wherein the one or more selected second product attributes occur in combination with the first product attribute within the discerned pairings of products; and

[(d)] presenting the one or more selected second product attributes to the consumer whereby the consumer may interact with the presented one or more selected second product attributes to access information relevant to products having the one or more selected second product attributes.

## REJECTION

Claims 1–4 are rejected under 35 U.S.C. § 101 as directed to a judicial exception without significantly more.

## ANALYSIS

Appellants argue the pending claims as a group (App. Br. 3–6). We select independent claim 1 as representative. The remaining claims stand or fall with claim 1. *See* 37 C.F.R. §41.37(c)(1)(iv).

Under 35 U.S.C. § 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. The Supreme Court, however, has long interpreted § 101 to include an implicit exception: “[l]aws of nature, natural phenomena, and abstract ideas” are not patentable. *Alice Corp. v. CLS Bank Int’l*, 573 U.S. 208, 216 (2014).

The Supreme Court, in *Alice*, reiterated the two-step framework previously set forth 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 Corp.*, 573 U.S. at 217. The first step in that analysis is to “determine whether the claims at issue are directed to one of those patent-ineligible concepts.” *Id.* If the claims are not directed to a patent-ineligible concept, e.g., an abstract idea, the inquiry ends. Otherwise, the inquiry proceeds to the second step where the elements of the claims are considered “individually and ‘as an ordered combination’” to determine whether there are additional elements that “‘transform the nature of the claim’ into a patent-eligible application.” *Id.* (quoting *Mayo*, 566 U.S. at 79, 78).

The Court acknowledged in *Mayo*, that “all inventions at some level embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas.” *Mayo*, 566 U.S. at 71. Therefore, the Federal Circuit has instructed that claims are to be considered in their entirety to determine “whether their character as a whole is directed to excluded subject matter.” *McRO, Inc. v. Bandai Namco Games Am., Inc.*, 837 F.3d 1299, 1312 (Fed. Cir. 2016) (quoting *Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1346 (Fed. Cir. 2015)).

Here, in rejecting the pending claims under 35 U.S.C. § 101, the Examiner determined that the claims are directed to “presenting a purchasing opportunity to a consumer,” which the Examiner concluded is similar to other concepts that the courts have held abstract (Final Act. 2–5). The Examiner also determined that the claims do not include additional elements that are sufficient to amount to significantly more than the abstract idea itself (*id.* at 5–6).

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.’” *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1335 (Fed. Cir. 2016) (quoting *Internet Patents Corp.*, 790 F.3d at 1346). 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. Here, the Specification, including the claim language, make clear that the claims focus on an abstract idea, and not on any improvement to computer technology and/or functionality.

The Specification is entitled “SYSTEM AND METHOD FOR DIRECTING A CUSTOMER TO ADDITIONAL PURCHASING OPPORTUNITIES,” and discloses that the invention generally relates to dynamic merchandising (Spec. 1, ll. 11). The Background section of the Specification describes that there are an increasing number of business to customer (“B2C”) websites that allow customers to purchase products online, and that, at various times during the purchasing process, the website may offer recommendations of other products that the customer may be interested in purchasing (*id.* at 1, ll. 14–19). “These recommendations can serve not only to increase sales, but also to drive awareness that the merchant carries a particular product or brand” (*id.*). The Specification describes that B2C websites use various product recommendation techniques; for example, one such website provides product recommendations by correlating product ratings provided by a customer with product ratings provided by other customers within a purchasing community (*id.* at 1, l. 20 — 2, l. 16). According to the Specification, these website product recommendation techniques may be useful in the B2C environment, but what is needed is an improved system and method for providing product recommendations, especially in the business to business (“B2B”) environment where “products may have less customer-demographic sensitivity and where products do not have fads, trends, and/or fashions” (*id.* at 2, ll. 17–21.).

The claimed invention is ostensibly intended to address this need by providing a system and method for recommending products which utilizes product relationships that are considered independently of customer demographics (*id.* at 3, ll. 1–3). Considered in light of the Specification, the purported advance over the prior art is, thus, an improved technique for

formulating product recommendations to, thus, direct customers to additional purchasing opportunities. In that context, claim 1 is directed to (1) examining a plurality of purchase orders to identify pairs of products that were purchased together and that have at least one product attribute which differs, e.g., a different brand name (step (a)); (2) creating, from the product pairings, a listing containing information indicative of the extent to which combinations of different product attributes appear in the product pairings (step (b)); (3) receiving an attribute of interest, i.e., a first product attribute, from the consumer, and selecting one or more second product attributes that are different from the first product attribute and occur in combination with the first product attribute in the product pairings (step (c)); and (4) directing the customer to additional purchasing opportunities, i.e., to products having the second product attribute (step (d)) — in other words, to targeted advertising/marketing, which is a method of organizing human activity, considered to be an ineligible abstract idea. *See* 2019 REVISED PATENT SUBJECT MATTER ELIGIBILITY GUIDANCE, 84 Fed. Reg. 50, 52 (Jan. 7, 2019) (“Revised Guidance”).

The Federal Circuit has consistently held that abstract ideas include the concepts of collecting data, analyzing the data, and displaying the results of the collection and analysis, including when limited to particular content. *See, e.g., Intellectual Ventures I LLC v. Capital One Fin. Corp.*, 850 F.3d 1332, 1340 (Fed. Cir. 2017) (identifying the abstract idea of collecting, displaying, and manipulating data); *Electric Power Group, LLC v. Alstom S.A.*, 830 F.3d 1350, 1354 (Fed. Cir. 2016) (characterizing collecting information, analyzing information by steps people go through in their minds, or by mathematical algorithms, and presenting the results of collecting and analyzing information, when claimed in a particular way, as

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matters within the realm of abstract ideas); *see also SAP Am., Inc. v. InvestPic, LLC*, 898 F.3d 1161, 1168 (Fed. Cir. 2018) (“As many cases make clear, even if a process of collecting and analyzing information is ‘limited to particular content’ or a particular ‘source,’ that limitation does not make the collection and analysis other than abstract.” (quoting *Elec. Power Grp.*, 830 F.3d at 1353, 1355 (citing cases))). Directing customers to additional purchasing opportunities by providing product recommendations also is a known marketing practice (*see* Spec. 1), and is substantially similar to economic practices that the courts have found patent-ineligible. *See, e.g., Morsa v. Facebook, Inc.*, 77 F. Supp. 3d 1007, 1013 (C.D. Cal. 2014), *aff’d*, 622 F. App’x 915 (Fed. Cir. 2015) (concluding that claims directed to “targeting advertisements to certain consumers” were no more than an abstract idea); *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); *Affinity Labs of Texas, LLC v. Amazon.com, Inc.*, 838 F.3d 1266, 1271 (Fed. Cir. 2016) (customizing a user interface to have targeted advertising based on user information).

The Specification discloses, as mentioned above, that product recommendations serve to increase sales and drive customer awareness of the products that the merchant markets, and describes that the claimed invention is intended to address the need for an “improved system and method for providing product recommendations, especially in the business to business (“B2B”) environment” (Spec. 2, ll. 17–19). It, thus, clearly appears from the Specification that the focus of the claimed invention is on addressing a business objective (i.e., increasing product sales and consumer product awareness), and not on only any claimed means for accomplishing that goal that improves technology.

We find no indication in the Specification, nor do Appellants direct us to any indication, that the operations recited in claim 1 invoke any assertedly inventive programming, require any specialized computer hardware or other inventive computer components, i.e., a particular machine, or that the claimed invention is implemented using other than generic computer components to perform generic computer functions. *See DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1256 (Fed. Cir. 2014) (“[A]fter *Alice*, there can remain no doubt: recitation of generic computer limitations does not make an otherwise ineligible claim patent-eligible.”).

We also find no indication in the Specification that the claimed invention effects a transformation or reduction of a particular article to a different state or thing. Nor do we find anything of record, short of attorney argument, that attributes any improvement in computer technology and/or functionality to the claimed invention or that otherwise indicates that the claimed invention integrates the abstract idea into a “practical application,” as that phrase is used in the Revised Guidance.<sup>3</sup>

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<sup>3</sup> We note that Appellants’ briefs were filed, and the Examiner’s Answer mailed, before the USPTO issued the Revised Guidance, which, by its terms, applies to all applications, and to all patents resulting from applications, filed before, on, or after January 7, 2019. In accordance with the Revised Guidance, a claim is generally considered “directed to” an abstract idea if (1) the claim recites subject matter falling within one of the following groupings of abstract ideas: (a) mathematical concepts; (b) certain methods of organizing human activity, e.g., fundamental economic principles or practices, commercial or legal interactions; and (c) mental processes, and (2) the claim does not integrate the abstract idea into a practical application i.e., 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. *See* Revised Guidance, 84 Fed. Reg. at 54–55. The Revised Guidance references the MANUAL OF PATENT EXAMINING PROCEDURE (“MPEP”) §§ 2106.05(a)–(c)

Appellants assert that the present claims, when considered as a whole, set forth, what Appellants characterize as a “programmatically structure,” that performs the steps, as recited, for example, in claim 1, and “creates ordered lists which contain data indicative of degrees to which combinations of different product attributes appear within the discerned pairing of products” (App. Br. 4–5). Appellants argue that this claimed programmatically structure “improves upon the functioning of technology as it provides a mechanism for a B2B consumer to be presented with information about product[s] that is not influenced by customer-demographics, fads, trends, or fashion” (*id.* at 5). But, we fail to see, and Appellants do not explain, how presenting a customer with product information improves on the “functioning of technology.” As described above, it clearly appears from the Specification that the focus of the claimed invention is on addressing a business objective, i.e., increasing sales and/or consumer product awareness by directing consumers to additional purchasing opportunities, and not on any claimed means for achieving the goal that improves technology (*see, e.g.*, Spec. 1–2)

Contrary to Appellants’ assertion, we also are not persuaded that there is any parallel between the present claims and those at issue in *Trading Technologies Int’l, Inc. v. CQG, Inc.*, 675 F. App’x 1001 (Fed. Cir. 2017) (App. Br. 6 (“[T]he subject claims are directed to patent-eligible subject matter for the same reasons that the claims in *Trading Techs, Intl., Inc. v. CQG, Inc.* were determined to be directed to patent-eligible subject

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and (e)–(h) in describing the considerations that are indicative that an additional element or combination of elements integrates the judicial exception, e.g., the abstract idea, into a practical application. *Id.* at 55. If the recited judicial exception is integrated into a practical application, as determined under one or more of these MPEP sections, the claim is not “directed to” the judicial exception.

matter.”)). There, the Federal Circuit affirmed the district court’s holding that the patented claims (which recited a method and system for displaying market information on a graphical user interface) were not directed to an abstract idea because the district court found, and the Federal Circuit agreed, that the challenged patents did not simply claim displaying information on a graphical user interface; instead, the claims required “a specific, structured graphical user interface paired with a prescribed functionality directly related to the graphical user interface’s structure that is addressed to and resolves a specifically identified problem in the prior state of the art.” *Id.* at 1004.<sup>4</sup> The Federal Circuit, thus, found that the district court’s ruling was in accord with precedent that has recognized that “specific technologic modifications to solve a problem or improve the functioning of a known system generally produce patent-eligible subject matter.” *Id.* at 1004–05.

Appellants assert that the present claims are patent-eligible for the same reasons the claims in *Trading Technologies* were determined to be patent-eligible (App. Br. 6). But, unlike the situation in *Trading Technologies*, Appellants do not identify any problem with prior art user interfaces that the present interface was specifically designed to resolve.

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<sup>4</sup> Specifically, the district court found that with prior art GUIs, the best bid and best ask prices changed based on updates received from the market; therefore, there was a risk with these GUIs that a trader would miss her intended price as a result of prices changing from under her pointer at the time she clicked on the price cell on the GUI. The patents-in-suit provided a system and method whereby traders could place orders at a particular, identified price level, not necessarily the highest bid or the lowest ask price by keeping the prices static in position, and allowing the quantities at each price to change. *Trading Techs. Int’l, Inc. v. CQG, Inc.*, No. 05-cv-4811, 2015 WL 774655 \*4 (N.D. Ill. Feb. 24, 2015).

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And, as described above, we are not persuaded that the claimed invention constitutes a technological improvement.

Appellants also misapprehend the controlling precedent to the extent that Appellants maintain that the Board, by reversing the prior art rejections in its February 10, 2016 decision in this application, has determined that the claims include “an inventive concept” under step two of the *Mayo/Alice* framework (Appeal Br. 6; *see also* Reply Br. 2). Neither a finding of novelty nor a non-obviousness determination automatically leads to the conclusion that the claimed subject matter is patent-eligible. Although the second step in the *Mayo/Alice* framework is termed a search for an “inventive concept,” the analysis is not an evaluation of novelty or non-obviousness, but rather, a search for “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.’” *Alice Corp.*, 573 U.S. at 217–18 (citation omitted). “Groundbreaking, innovative, or even brilliant discovery does not by itself satisfy the § 101 inquiry.” *Ass’n for Molecular Pathology v. Myriad Genetics, Inc.*, 569 U.S. 576, 591 (2013). A novel and non-obvious claim directed to a purely abstract idea is, nonetheless, patent-ineligible. *See Mayo*, 566 U.S. at 90; *see also Diamond v. Diehr*, 450 U.S. 175, 188–89 (1981) (“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.”).

We are not persuaded, on the present record, that the Examiner erred in rejecting claims 1–4 under 35 U.S.C. § 101. Therefore, we sustain the Examiner’s rejection.

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DECISION

The Examiner's rejection of claims 1–4 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)(1)(iv).

AFFIRMED