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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte JUSTIN RAO, SEBASTIEN LAHAIE, DAVID PENNOCK,
and JOHN LANGFORD, RUGGIERO CAVALLO

Appeal 2018-000426
Application 14/166,783
Technology Center 3600

Before MAHSHID D. SAADAT, ST. JOHN COURTENAY III, and
LARRY J. HUME, *Administrative Patent Judges*.

SAADAT, *Administrative Patent Judge*.

DECISION ON APPEAL

Appellants¹ appeal under 35 U.S.C. § 134(a) from the Examiner's Final Rejection of claims 1–5, 8–11, 13–16, and 18–24, which constitute all the claims pending in this application.² We have jurisdiction under 35 U.S.C. § 6(b).

We affirm.

¹ According to Appellants, the real party in interest is Microsoft Technology Licensing, LLC. App. Br. 2.

² Claims 6, 7, 12, and 17 have been canceled previously.

STATEMENT OF CASE

Introduction

Appellants' Specification describes "technologies related to a computer-executable bidding agent that submits bids on behalf of a user" and "wherein the bids are for respective advertisement positions on pages that are to be displayed on a display of a client computing device employed by the user." Spec. ¶ 5.

Exemplary Claim

Claim 1 under appeal is illustrative of the invention and reads as follows;

1. A method executed at an ad server, the method comprising:

receiving, from a client computing device by way of a network connection between the ad server and the client computing device:

an indication that a page is to be displayed on a display of the client computing device, the page comprising an advertisement position that is configured to be populated by an advertisement; and

data that is indicative of an identity of a user of the client computing device;

responsive to receiving the indication and the data and based upon the indication and the data, soliciting a bid from a computer-executable bidding agent of the user, the computer-executable bidding agent of the user configured to submit bids to the ad server on behalf of the user;

receiving, from a plurality of computer-executable bidding agents, bids for the advertisement position, wherein the bids for the advertisement position comprise the bid solicited from the computer-executable bidding agent of the user; and

responsive to identifying that the bid solicited from the computer-executable bidding agent of the user is the winning

bid, transmitting data to the client computing device that causes the client computing device to display user-approved graphical content in the advertising position of the page rather than an advertisement.

*Rejections on Appeal*³

Claim 16 stands rejected under 35 U.S.C. § 112 (pre-AIA), first paragraph, as failing to comply with the written description requirement. *See* Final Act. 3.

Claims 1–5, 8–11, 13–16, and 18–24 stand rejected under 35 U.S.C. § 101 for being directed to patent-ineligible subject matter. *See* Final Act. 5–8.

Claims 1, 2, 5, 8–11, 16, and 18–21 stand rejected under 35 U.S.C. § 103(a) as unpatentable over Bezos (US 2003/0055729 A1; pub. Mar. 20, 2003) and Su (US 9,118,723 B1; iss. Aug. 25, 2015). *See* Final Act. 9–20.

Claims 3, 14, and 22 stand rejected under 35 U.S.C. § 103(a) as unpatentable over Bezos, Su, and Knapp (US 2011/0173126 A1; pub. July 14, 2011). *See* Final Act. 20–22.

Claims 4, 13, 15, 23, and 24 stand rejected under 35 U.S.C. § 103(a) as unpatentable over Bezos, Su, and Krassner (US 2007/0265923 A1; pub. Nov. 15, 2007). *See* Final Act. 22–25.

³ The Examiner has withdrawn the 35 U.S.C. § 112 (pre-AIA), second paragraph, rejection of claims 1–5, 8–11, 13–16 and 18–24 for being indefinite, as well as the 35 U.S.C. § 101 rejection of claim 20 for being directed to signal per se. *See* Final Act. 3–4, 8; Ans. 2.

ANALYSIS

REJECTION UNDER 35 U.S.C. § 112

Appellants do not submit any arguments contesting the 35 U.S.C. § 112, first paragraph, for lack of written description. App. Br. 4–28. Accordingly, we summarily sustain this rejection. *See Hyatt v. Dudas*, 551 F.3d 1307, 1314 (Fed. Cir. 2008) (“When the appellant fails to contest a ground of rejection to the Board, . . . the Board may treat any argument with respect to that ground of rejection as waived.”).

REJECTION UNDER 35 U.S.C. § 101

Based on the record before us, Appellants have persuaded us that the Examiner erred in rejecting claims 1–5, 8–11, 13–16, and 18–24 as directed to patent ineligible subject matter.

Principles of Law

Section 101 of the Patent Act provides that “any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof” is patent eligible. 35 U.S.C. § 101. But the Supreme Court has long recognized an implicit exception to this section: “Laws of nature, natural phenomena, and abstract ideas are not patentable.” *Alice Corp. v. CLS Bank Int’l*, 573 U.S. 208, 216 (2014) (quoting *Ass’n for Molecular Pathology v. Myriad Genetics, Inc.*, 569 U.S. 576, 589 (2013)). To determine whether a claim falls within one of these excluded categories, the Court has set out a two-part framework. The framework requires us first to consider whether the claim is “directed to one of those patent-ineligible concepts.” *Alice*, 573 U.S. at 217. If so, we then examine “the elements of each claim both individually and ‘as an ordered combination’ to determine whether the additional elements ‘transform the nature of the claim’ into a

patent-eligible application.” *Alice*, 573 U.S. at 217 (quoting *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 78, 79 (2012)). That is, we examine the claims for an “inventive concept,” “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*, 573 U.S. at 217–18 (alteration in original) (quoting *Mayo*, 566 U.S. at 72–73).

In January 2019, the USPTO published revised guidance on the application of § 101. *See 2019 Revised Patent Subject Matter Eligibility Guidance*, 84 Fed. Reg. 50 (Jan. 7, 2019) (“Guidance”). 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 activities such as a fundamental economic practice, or mental processes); and
 - (2) additional elements that integrate the judicial exception into a practical application (*see* MANUAL OF PATENT EXAMINING PROCEDURE (MPEP) §§ 2106.05(a)–(c), (e)–(h) (9th ed. Rev. 08.2017, Jan. 2018)).
- 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, and conventional in the field (*see* MPEP § 2106.05(d)); or
 - (4) simply appends well-understood, routine, and conventional activities previously known to the industry, specified at a high level of generality, to the judicial exception.

See Guidance, 84 Fed. Reg. at 56.

Arguments

The Examiner concluded the claims are abstract because the claims are directed to “a process of displaying user-selected content in an advertisement position when the user wins an auction for the advertisement position. This is a manner of organizing human activities and mathematical formulas, organizing information through mathematical correlations (i.e. computer instructions).” Final Act. 5. The Examiner also determined “[t]he claimed operations include receiving a request for a page to be displayed, receiving a plurality of bids for ad placement, submit the first bid and execute an auction for the advertisement position,” which “are similar to operations that courts have held to be generic, routine and conventional, and thus, failing to add significantly more to an abstract idea.” Final Act. 6.

Appellants argue that the claimed invention is similar to the claims found eligible in *McRO, Inc. v. Bandai Namco Games America, Inc.*, 837 F.3d 1299 (Fed. Cir. 2016) and *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014). Namely, Appellants argue that “[l]ike the claims at issue in *McRO*, claim 1, for example, clearly sets forth a combined order of specific steps that is used to create a desired result: the presentation of user-approved graphical content in advertisement positions.” App. Br. 17. Further, with respect to *DDR*, Appellants assert “the claims address a technical challenge — how to present user-approved content in locations conventionally occupied by advertisements (without causing a publisher to suffer)” and “[e]ven if, however, these claims can be characterized as addressing a business challenge, as noted above, such challenge is clearly particular to the Internet.” App. Br. 18–19.

Appellants also allege

Thus, even if claim 1 can be characterized as involving the allegedly abstract concept of “a process of displaying user-selected content in an advertisement position when the user wins an auction for the advertisement position”, this concept is applied to a new and useful end — the display of user-approved content in an advertisement position rather than an (potentially unwanted) advertisement. (See, for example paragraphs [0005], [0011], [0039], and [0040] of the specification).

App. Br. 20. Additionally, Appellants argue the claimed limitations are rooted in computer technology and “provide a solution to a problem imposed by display advertisements and ad blockers — how to cause graphical content that is approved by a user in an advertisement position on a page without negatively impacting a content publisher.” *Id.*

Step 2A, Prong One – Recited Judicial Exception

Step 2A of the Guidance is a two-prong inquiry. In Prong One we evaluate whether the claim recites a judicial exception. For abstract ideas, Prong One represents a change as compared to prior guidance because we determine whether the claim recites mathematical concepts, certain methods of organizing human activity, or mental processes.

Claim 1 includes “receiving, from a client computing device . . . , an indication that a page is to be displayed on a display of the client computing device” and “data that is indicative of an identity of a user of the client computing device;” “responsive to receiving the indication and the data . . . receiving, from a plurality of computer-executable bidding agents, bids for the advertisement position;” and “responsive to identifying that the bid . . . is the winning bid,” “transmitting data to the client computing device that causes the client computing device to display user-approved graphical

content in the advertising position of the page rather than an advertisement.” Claim 11 additionally recites a server comprising a processor and a memory for performing the recited method steps. Similarly, claim 20 recites “a computer-readable storage medium comprising instructions” for carrying out the recited method steps. Similar limitations are recited in claims 11 and 20 (reciting an advertisement server including a processor and instructions stored in the memory or computer-readable storage medium for performing the functionalities address above).

At a high level, the claimed invention recites receiving the data from the application executing on the client computing device, and responsive to receipt of the data, conducting an auction for the advertisement position, which causes the advertisement of the winning advertiser to be displayed in the advertisement position on the page at the client device. *See* Spec. ¶ 11. As such, the claimed invention recites certain methods of organizing human activity, which is an abstract idea. *See, e.g., Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 715 (Fed. Cir. 2014) (finding the claimed “idea of showing an advertisement before delivering free content” abstract); *Intellectual Ventures I LLC v. Capital One Bank (USA)*, 792 F.3d 1363, 1369 (Fed. Cir. 2015) (finding that “tailoring content based on the viewer’s location or address” or navigation data was abstract and further noting that “[t]here is no dispute that newspaper inserts had often been tailored based on information known about the customer—for example, a newspaper might advertise based on the customer’s location. Providing this minimal tailoring—e.g., providing different newspaper inserts based upon the location of the individual—is an abstract idea.”); *see also* Ans. 3–5 (identifying the claimed abstract idea as “a fundamental business practice”).

Appellants' Specification also describes that the "bidding agent" is included in a computing device, which is further described as a generic device comprising a processor, a memory and an interface. Spec. ¶¶ 67–70. However, the Specification provides no specific component or algorithm as the recited "bidding agent" other than a "computer-executable bidding agent." *See e.g.*, Spec. ¶¶ 5–8.

Because we conclude the independent claims recite an abstract idea, the claims require further analysis for a practical application of the judicial exception.

Step 2A, Prong Two –Practical Application

If a claim recites a judicial exception, in Prong Two we determine whether the recited judicial exception is integrated into a practical application of that exception by: (a) identifying whether there are any additional elements recited in the claim beyond the judicial exception(s); and (b) evaluating those additional elements individually and in combination to determine whether they integrate the exception into a practical application. If the recited judicial exception is integrated into a practical application, the claim is not directed to the judicial exception.

Here, claim 1 recites the additional elements of soliciting bids, receiving bids, and "responsive to identifying that the bid solicited from the computer-executable bidding agent of the user is the winning bid, transmitting data to the client computing device that causes the client computing device to display user-approved graphical content in the advertising position of the page rather than an advertisement," which allow user-approved graphical content to be displayed in place of imposed advertisement. *See App. Br. 20; see also Spec. ¶¶ 5, 7, 40, 43.* We

determine these additional technical elements reflect a claimed improvement in advertising display technology and do “integrate a judicial exception into a practical application [in that they] apply, rely on, or use the judicial exception in a manner that imposes a meaningful limit[ation] on the judicial exception, such that the claim is more than a drafting effort designed to monopolize the judicial exception.” Guidance at 53.

Our determination is supported by the Specification, which describes prior advertisement systems use “ad blockers” to prevent the web browser from displaying an advertisement which leaves a portion of the displayed web page empty or with an unpleasing image. Spec. ¶ 2. Additionally, ad blockers prevent publishers and service providers from receiving revenue that comes from displaying advertisements on web pages. Spec. ¶ 3. The subject matter of claim 1 improves the user’s control over the displayed content by submitting bids on behalf of the user without affecting publishers’ and service providers’ revenue, as explained below:

In an exemplary embodiment, technologies related to a computer-executable bidding agent that submits bids on behalf of a user are set forth herein, wherein the bids are for respective advertisement positions on pages that are to be displayed on a display of a client computing device employed by the user. Also described herein are various technologies pertaining to executing an auction for an advertisement position on a page to be displayed on a display of a client computing device, wherein the aforementioned computer-executable agent submits a bid on behalf of the user, and the auction is executed based upon such bid. Additionally described herein are various technologies pertaining to the display of user-selected content in an advertisement position when the user wins an auction for the advertisement position.

Spec. ¶ 5.

There are various advantages associated with the “bid to block” approach described above, where the user agent 122 sets forth bids for advertisement positions on behalf of the user. For example, auctions for advertisement positions to be presented on respective pages are typically won by bids with relatively small bid values (often less than 1/10 of one cent). Accordingly, from the perspective of the user 104, the user 104 can set aside a relatively small amount of money to effectively prevent a relatively large number of advertisements from being presented to the user 104, thereby improving satisfaction of the user 104 with respect to content presented to the user 104. Moreover, when the user 104 is out-bid, advertisements displayed to the user 104 are likely to be better targeted to interests of the user 104 and from “higher” quality advertisers, which can further improve user experience.

Spec. ¶ 43.

Thus, under the guidance of MPEP § 2106.05(a) (Improvements to the Functioning of a Computer or To Any Other Technology or Technical Field) and/or MPEP § 2106.05(e) (Other Meaningful Limitations), we conclude that claim 1 as a whole integrates the judicial exception, i.e., the method of organizing human activity, into a practical application. Claims 11 and 20 similarly integrate the abstract idea into a practical application. Because claims 1, 11, and 20 integrate the recited judicial exception into a practical application, they are not “directed to” a judicial exception and, therefore, our inquiry ends.

For these reasons, under the Guidance, we reverse the Examiner’s § 101 rejection of independent claims 1, 11, and 20, as well as the Examiner’s rejection of dependent claims 2–5, 8–10, 13–16, 18, 19, and 21–24, which stand with the independent claims from which they depend.

Conclusion

For at least the above reasons, under the Guidance, we do not sustain the Examiner's § 101 rejection of independent claims 1, 11, and 20, as well as the Examiner's rejection of dependent claims 2–5, 8–10, 13–16, 18, 19, and 21–24, which stand with the independent claims from which they depend.

REJECTION UNDER 35 U.S.C. § 103(a)

Claim 1

Appellants contend the Examiner erred in rejecting claim 1 for obviousness because the combination of Bezos and Su does not teach or suggest the limitation “soliciting a bid from a computer-executable bidding agent of the user, the computer-executable bidding agent of the user configured to submit bids to the ad server on behalf of the user” and “responsive to identifying that the bid solicited from the computer-executable bidding agent of the user is the winning bid, transmitting data to the client computing device that causes the client computing device to display user-approved graphical content in the advertising position of the page rather than an advertisement,” as recited in claim 1. App. Br. 24. Appellants argue that the portions of Bezos in paragraph 34 cited by the Examiner describes how the user acquires “advertising points by interacting with a web page,” which refer to the advertiser who uses those points to purchase display space. App. Br. 25–26. With respect to Su, Appellants argue reference Figure 1, as described in column 17, “teaches that a post framework includes an area where advertisements may be depicted,” but not ***“user-approved graphical content in the advertising position of the page rather than an advertisement.”*** App. Br. 27.

We are not persuaded the Examiner erred. The Examiner found “transmitting data to the client computing device that causes the client computing device to display user-approved graphical content in the advertising position of the page rather than an advertisement” is missing in Bezos but “Su teaches a social activity stream content framework which includes a content body that provides a defined area within a post for providing content.” Final Act. 11 (citing Su, col. 17, ll. 5–8) (emphasis omitted). In response to Appellants’ contentions, the Examiner explains paragraph 8 of Bezos refers to “users” both as the advertiser and the client “to whom the advertisement may be placed” and further defines “the activities for which advertising points may be awarded” as including “the bidding on an item being auctioned.” Ans. 11, (emphasis omitted).

Regarding Su, the Examiner correctly finds:

Su teaches that “first content” such as a picture in Maui, may be expanded to “full bleed” or across the entirety of a web page. The portion of Su column 17 lines 1–4 cited in the office action refers to the discussion of figure 7 in Su. At column 16 lines 44–50, in discussing figure 7, Su teaches that the “full bleed” applies to content of the user of the social network. Thus, the cited part of Su arguably teaches that the user content can occupy the entire page, including the area normally reserved for advertising content. Su further teaches a server 230 for providing a social activity stream content framework, wherein the content framework includes a content body that provides a defined area within a post for providing content (advertising space). In addition, the content framework may provide a defined container within the content body for third parties, such as advertisers, or providers of product or services to provide shared content to consuming users. Content may include a video, a photograph, a map etc., such that a first content may fill a portion of the content body such as a picture of a beach in Maui.

Ans. 11–12. We agree with the Examiner’s findings and adopt them as our own.

First, contrary to Appellants’ argument that showing a photo in “full bleed” leaves no advertisement position (Reply Br. 9), Su provides for defined area used to display content, which may be an advertisement or other types of content. *See* Su, col. 17, ll. 10–18. That is, any content other than advertisement meets the disputed claim limitation of “to display user-approved graphical content in the advertising position of the page rather than an advertisement.” Second, nonobviousness cannot be established by attacking the references individually when the rejection is predicated upon a combination of prior art disclosures. *See In re Merck & Co.*, 800 F.2d 1091, 1097 (Fed. Cir. 1986). The test for obviousness is not whether the claimed invention is expressly suggested in any one or all of the references, but whether the claimed subject matter would have been obvious to those of ordinary skill in the art in light of the combined teachings of those references. *See In re Keller*, 642 F.2d 413, 425 (CCPA 1981). Here the Examiner relied on the combination of Bezos with Su for the proposed rejection.

Claim 20

Regarding the rejection of claim 20, again, Appellants have not persuasively shown error in the Examiner’s findings. *See* App. Br. 28; Reply 10–11. To the contrary, Appellants’ arguments are conclusory, merely reciting the claim limitation, the teachings of Bezos, and stating that the two are not the same. *Id.* As stated by the Federal Circuit, Rule 41.37 “require[s] more substantive arguments in an appeal brief than a mere recitation of the claim elements and a naked assertion that the corresponding

elements were not found in the prior art.” *In re Lovin*, 652 F.3d 1349, 1357 (Fed. Cir. 2011). Additionally, the Examiner has cited to specific portions of Bezos in the Abstract and paragraphs 8, 26–28, and 32 and provided explanation as to how the relevant cited teachings meet the disputed claim limitations, as follows:

[I]n Bezos, the Abstract teaches the display space system receiving bids each indicating a bid amount and an advertisement. The display space system may also provide an auto bidding mechanism that places bids for display on behalf of the user. In paragraph 0008, Bezos teaches the display space system receives multiple bids each indicating a bid amount and an advertisement. When a request is received to provide a web page that includes the display space, the display space system selects a bid based in part on the bid amount. Furthermore, in paragraphs 26, 27 and 28, Bezos teaches the display space system identifies the advertisement that is to be placed on a web page based on advertising plans specified by advertisers. Finally, Bezos in paragraph 32, teaches the display space system auctions off display space system using an auction model. The display space system may auction off display space in a manner similar to conventional auctions of products or services. For example, the display space system may specify a certain type of display space and ask for bids from advertisers. The advertiser who places the highest per access bid wins the auction and their advertisements are included in the display space.

Ans. 12–13. We agree with the Examiner’s findings and adopt them as our own.

Conclusion

For these reasons, we are not persuaded by Appellants’ argument that the Examiner erred in finding that the combination of Bezos and Su teaches or suggests the disputed limitations of claims 1 and 20. Accordingly, we sustain the Examiner’s rejection of claims 1 and 20 under § 103(a), as well

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as the rejection of the remaining claims, not argued separately with sufficient particularity.

DECISION

We affirm the Examiner's rejection of claim 16 under 35 U.S.C. § 112 (pre-AIA), first paragraph, as failing to comply with the written description requirement.

We reverse the Examiner's rejection of claims 1–5, 8–11, 13–16, and 18–24 under 35 U.S.C. § 101.

We affirm the Examiner's rejection of claims 1–5, 8–11, 13–16, and 18–24 under 35 U.S.C. § 103.

Because we have affirmed at least one ground of rejection with respect to each claim on appeal, we affirm the Examiner's decision. *See* 37 C.F.R. § 41.50(a)(1).

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) (2015). *See* 37 C.F.R. § 41.50(f).

AFFIRMED