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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* XIN WANG

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Appeal 2018-001734<sup>1</sup>  
Application 14/010,497<sup>2</sup>  
Technology Center 3600

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Before JOSEPH A. FISCHETTI, NINA L. MEDLOCK, and  
PHILIP J. HOFFMANN, *Administrative Patent Judges*.

MEDLOCK, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Appellant appeals under 35 U.S.C. § 134(a) from the Examiner’s final rejection of claims 1–21. We have jurisdiction under 35 U.S.C. § 6(b).

We REVERSE.

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<sup>1</sup> Our decision references Appellant’s Appeal Brief (“App. Br.,” filed July 22, 2017) and Reply Brief (“Reply Br.,” filed December 7, 2017), and the Examiner’s Answer (“Ans.,” mailed November 2, 2017) and Final Office Action (“Final Act.,” mailed December 14, 2016).

<sup>2</sup> We note that the pages of Appellant’s Appeal Brief are not numbered; we refer to the title page as page 1 and treat the pages that follow as though consecutively numbered. Appellant identifies ContentGuard Holdings, Inc. as the real party in interest. App. Br. 2.

## CLAIMED INVENTION

Appellant's claimed invention "generally relates to systems and methods for Digital Rights and Contracts Management," and more particularly to "a system and method for specifying and processing legality expressions, such as contracts, within a Digital Rights and Contracts Management system" (Spec. ¶ 2).

Claims 1, 8, and 15 are the independent claims on appeal. Claim 1, reproduced below with bracketed notations added, is illustrative of the claimed subject matter:

1. A computer-implemented method executed by one or more computing devices for updating a legality expression for use in a system for processing the legality expression, the method comprising:

[(a)] selecting, by at least one of the one or more computing devices, a digital data element of a legality expression, the digital data element being from a legality expression language, the digital data element including at least one of,

a duty element specifying an obligation that a principal must perform an act, and

a claim element specifying an assertion that a principal does perform an act;

[(b)] selecting at least one of an updated obligation or assertion for the data element;

[(c)] determining, by at least one of the one or more computing devices, at least one attribute value for the updated obligation or assertion;

[(d)] transforming, by at least one of the one or more computing devices, digital data element to include the updated attribute value to thereby update the legality expression; and

[(e)] recording, by at least one of the one or more computing devices, the updated legality expression in a form that can be enforced by a computing device.

## REJECTIONS

Claims 1–21 are rejected under 35 U.S.C. § 101 as directed to a judicial exception without significantly more.

Claims 1–21 are rejected under 35 U.S.C. § 103(a) as unpatentable over Biddle et al. (US 2002/0107809 A1, pub. Aug. 8, 2002) (“Biddle”) and Ginter et al. (US 6,253,193 B1, iss. June 26, 2001).

Claims 1–21 are provisionally rejected on the ground of nonstatutory obviousness-type double patenting as unpatentable over claims 1–48 of U.S. Patent No. 8,543,511.

## ANALYSIS

### *Patent-Ineligible Subject Matter*

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)).

The USPTO recently published revised guidance on the application of § 101. 2019 REVISED PATENT SUBJECT MATTER ELIGIBILITY GUIDANCE, 84 Fed. Reg. 50 (Jan. 7, 2019) (“Revised Guidance”).<sup>3</sup> In accordance with that guidance, a claim will generally be 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 interactions, e.g., a fundamental economic practice; 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

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<sup>3</sup> The Revised Guidance is effective as of January 7, 2019, and applies to all applications, and to all patents resulting from applications, filed before, on, or after January 7, 2019.

monopolize the judicial exception. *See* Revised Guidance, 84 Fed. Reg. at 54-55. The Revised Guidance references MANUAL OF PATENT EXAMINING PROCEDURE (“MPEP”) §§ 2106.05(a)–(c) 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.

In rejecting the pending claims under § 101, the Examiner determined that the claims are directed to “updating a data element of a legality expression,” which the Examiner concluded is an abstract idea, similar to other concepts that the courts have held abstract (Final Act. 3–4). The Examiner also determined that the claims do not include additional elements that are sufficient to amount to significantly more than the judicial exception because “the claim limitations simply describe the abstract idea” (*id.* at 4). In this regard, the Examiner concluded that “[t]he limitations ‘transforming . . . to include the updated attribute value’ and ‘recording . . . the updated legality expression’ are well-understood, routine, and conventional in the field; thus, they do not add significantly more to the abstract idea” (*id.*).

We are persuaded that, even if the claims are directed to an abstract idea, the Examiner improperly concludes that the claims do not include additional elements that are sufficient to amount to significantly more than the judicial exception. The Examiner concluded, as described above, that the “transforming” and “recording” steps, as recited in independent claim 1, and similarly recited in independent claims 8 and 15, are well-understood, routine, and conventional in the field. Yet, the Examiner provides no

analysis in the rejection to support that position. *See Berkheimer v. HP Inc.*, 881 F.3d 1360 (Fed. Cir. 2018) (“Whether something is well-understood, routine, and conventional to a skilled artisan at the time of the patent is a factual determination.”).

The Specification is entitled “SYSTEM AND METHOD FOR SPECIFYING AND PROCESSING LEGALITY EXPRESSIONS,” and describes that one of the most important issues concerning the widespread distribution of digital content via electronic means, and the Internet, in particular, is the ability to enforce intellectual property rights during the distribution and use of the digital content and, thereby, prevent unauthorized copying, modification, and redistribution of the digital content (Spec. ¶¶ 3, 4). The Specification discloses that many attempts to provide hardware-based solutions to prevent unauthorized copying have proven unsuccessful; meanwhile the deployment of broadband communications technologies is making it more convenient to distribute large documents, e.g., full length motion pictures, and, thus, easier to proliferate unauthorized copying (*id.* ¶ 5).

The claimed invention is intended to address the “need for systems and methods that enable one or more parties to easily and securely manage, exchange, interpret, enforce, and the like, legality expressions information, such as contracts-related information” and, thus, control the distribution of digital content (*id.* ¶ 6). The Specification, thus, describes that, in one embodiment of the present invention, a legality expression language (i.e., a machine readable language for expressing contractual agreements between participants regarding the distribution and use of digital content) is provided (*id.* ¶¶ 8, 31, 32). A legality expression (including at least one of a duty

element specifying an obligation that a principal must perform an act, a ban element specifying a prohibition that a principal must not perform an act, an intent element specifying an intention that a principal wants to perform an act, and a claim element specifying an assertion that a principal does perform an act) is specified using the legality expression language. And this legality expression is interpreted and processed to control the distribution and use of the subject digital content (*id.* ¶¶ 8–10).

Understood in light of the Specification, claim 1 is, thus, directed to a method for updating a legality expression for use in a system for processing the legality expression by, *inter alia*, manipulating the legality expression (i.e., contract terms specified using a machine-readable legality expression language) to reflect, e.g., modifications in the contract terms, and recording the updated legality expression in a form that can be enforced by a computing device i.e., “transforming, by at least one of the one or more computing devices, [the] digital data element to include the updated attribute value to thereby update the legality expression” and “recording, by at least one of the one or more computing devices, the updated legality expression in a form that can be enforced by a computing device.”

Given the functionality of Appellant’s “transforming” and “recording” limitations, there is insufficient articulated reasoning to support the Examiner’s finding that the claims do not include additional elements that are sufficient to amount to significantly more than the judicial exception. Therefore, we do not sustain the Examiner’s rejection of claims 1–21 under 35 U.S.C. § 101.

*Obviousness*

We are persuaded by Appellant’s argument that the Examiner erred in rejecting independent claims 1, 8, and 15 under 35 U.S.C. § 103(a) because Ginter, on which the Examiner relies, does not disclose or suggest “a claim element specifying an assertion that a principal does perform an act,” as recited in claim 1, and similarly recited in claims 8 and 15 (App. Br. 12–13).

Ginter is directed to systems and methods for secure transaction management and electronic rights protection, and describes that electronic appliances, e.g., computers, equipped in accordance with the subject invention help to ensure that information is accessed and used only in authorized ways (Ginter Abstract). Ginter discloses that these electronic appliances provide a distributed virtual distribution environment (“VDE”) that may enforce a secure chain of handling and control, e.g., monitor use of electronically stored or disseminated information, and that this virtual distribution environment also may be used to protect the rights of various participants in electronic commerce and other electronic or electronic-facilitated transactions (*id.*).

Ginter discloses, at column 20, lines 27–47, cited by the Examiner (*see* Final Act. 6), that the VDE ensures that certain prerequisites necessary for a given transaction to occur are met (e.g., that required load modules are executed and required data is available). Ginter, thus, discloses that if, for example, a content provider required metering the number of copies of a software program made for distribution to employees, a metering method would have to be executed each time a copy was made for another employee. However, we agree with Appellant that this does not disclose or suggest “a claim element specifying an assertion that a principal does

perform an act,” as called for in the independent claims (App. Br. 16). In other words, counting whenever a party makes a copy of a document, is not an assertion that *a principal* performs an act; instead it, i.e., the counting, is an act performed by the digital rights management system (*id.*).

The Examiner, in responding to Appellant’s argument, asserts in the Answer that, “under the broadest reasonable interpretation, the principal in the contract may be the system and not necessarily an individual person” (Ans. 8 (citing Spec. ¶¶ 87, 120)). However, we agree with Appellant that the “principal,” as described in the Specification, is an entity, i.e., a party to the contract, and not the enforcement system, e.g., the DRM system, as the Examiner ostensibly maintains (Reply Br. 10–11).

In view of the foregoing, we do not sustain the Examiner’s rejection of independent claims 1, 8, and 15 under 35 U.S.C. § 103(a). For the same reasons, we also do not sustain the rejection of dependent claims 2–7, 9–14, and 16–21. *Cf. In re Fritch*, 972 F.2d 1260, 1266 (Fed. Cir. 1992) (“dependent claims are nonobvious if the independent claims from which they depend are nonobvious”).

#### *Double Patenting*

Non-statutory obviousness-type double patenting is a judicially created doctrine intended to prevent improper timewise extension of the patent right by prohibiting the issuance of claims in a second patent which are not “patentably distinct” from the claims of a first patent. *See In re Longi*, 759 F.2d 887, 892 (Fed. Cir. 1985). The doctrine has also been phrased as prohibiting claims in the second patent which define “merely an obvious variation” of an invention claimed in the first patent. *In re Vogel*, 422 F.2d 438, 441 (CCPA 1970).

In evaluating obviousness-type double patenting, the Federal Circuit has “endorsed an obviousness determination similar to, but not necessarily the same as, that undertaken under 35 U.S.C. § 103 in determining the propriety of a rejection for double patenting.” *In re Braat*, 937 F.2d 589, 592–93 (Fed. Cir. 1991). Thus, in making an obviousness-type double patenting rejection, the Examiner must show that a claimed invention is “a mere variation of [the patented invention] . . . which would have been obvious to those of ordinary skill in the relevant art . . . [and] there must be some clear evidence to establish why the variation would have been obvious which can properly qualify as ‘prior art.’” *In re Kaplan*, 789 F.2d 1574, 157–80 (Fed. Cir. 1986). Accordingly, in *Kaplan*, the Federal Circuit reversed an obviousness-type double patenting rejection “because there [was] no proper evidence to show that the claim [was] for a mere obvious variation of what is claimed in the Kaplan patent relied on to support the rejection.” *Id.* at 1581.

Here, as Appellant observes, the Examiner compares some, but not all, of the elements of the claims on appeal to some, but not all, of the claim elements of the cited patent, i.e., U.S. Patent No. 8, 543,511 (App. Br. 13; *see also* Final Act. 10). The Examiner then summarily concludes that “the instant application would have been obvious to one of ordinary skill in the art in light of US patent 8,543,511” because “both encompass selecting a digital data element; determining at least one attribute value for the data element; transforming the data element and attribute to create a legality expression; and recording said legality expression” (Final Act. 10).

The Examiner has failed to provide an adequate explanation as to why the appealed claims would have been obvious over the patent claims. For

example, there is no analysis of the differences between the inventions defined by all the conflicting claims, and no reasons given as to why a person of ordinary skill in the art would conclude that the invention recited in the pending claims would have been an obvious variation of the patented invention.

The Examiner, in our view, has not met the burden required to show that the pending claims would have been obvious in view of the patented claims. Therefore, we do not sustain the Examiner's double patenting rejection of claims 1–21.

#### DECISION

The Examiner's rejection of claims 1–21 under 35 U.S.C. § 101 is reversed.

The Examiner's rejection of claims 1–21 under 35 U.S.C. § 103(a) is reversed.

The Examiner's rejection of claims 1–21 on the ground of nonstatutory obviousness-type double patenting is reversed.

REVERSED