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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* VIKRAM VENKATA KOKA and ANN SHVARTS

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Appeal 2018-002402<sup>1</sup>  
Application 13/552,609<sup>2</sup>  
Technology Center 3600

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Before ERIC B. CHEN, JAMES B. ARPIN, and MICHAEL M. BARRY,  
*Administrative Patent Judges.*

ARPIN, *Administrative Patent Judge.*

DECISION ON APPEAL

Appellants appeal under 35 U.S.C. § 134(a) from the Examiner’s final rejection of claims 1–12, 16, and 20–26. Non-Final Act. 2; App. Br. 7.

Appellants withdrew claims 13–15 and 17–19 from consideration. Non-Final Act. 2; App. Br. 7. We have jurisdiction under 35 U.S.C. § 6(b).

We affirm.

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<sup>1</sup> In this Decision, we refer to Appellants’ Appeal Brief (“App. Br.,” filed September 5, 2017) and Reply Brief (“Reply Br.,” filed January 2, 2018); the Non-Final Office Action (“Non-Final Act.,” mailed February 8, 2017); the Examiner’s Answer (“Ans.,” mailed October 30, 2017); and the originally-filed Specification (“Spec.,” filed August 14, 2012). Rather than repeat the Examiner’s findings and determinations and Appellants’ contentions in their entirety, we refer to these documents.

<sup>2</sup> Appellants assert Flexera Software, LLC is the real party-in-interest. App. Br. 2.

## STATEMENT OF THE CASE

Appellants' claimed methods, systems, and computer-readable media "relate[] to licensing," and, more specifically, "to a framework for providing licensing programs." Spec. ¶ 1. Known licensing properties may concern count, count type, overdraft, and return interval. *Id.* ¶ 7. As the Specification explains:

*Under the concurrent model for licensing software, the number of users that may access the licensed software at the same time may be referred to as the count. The count may be capped with a predetermined limit or uncapped (e.g., generally a very large number).*

In instances where the count is capped, the business may also wish to provide for overdraft licenses. *An overdraft license may provide a licensed user access to the same service, though the pricing may negotiated differently. Where an overdraft license is available and the number of users meets the maximum count allowed under the license, any additional users may be considered to access the same service under an overdraft license.* The availability of overdraft licenses allow for flexibility where a business may see only occasional spikes in usage. . . .

*An alternative licensing model relies on metering or counting a total number of uses such that the licensee is billed for each use. Under such a metered model, the licensee may purchase a fixed number of total uses. For example, a business may pay for a hundred total licensed uses of a service. One difference between concurrent and metered model lies in how the count is calculated. As noted above, a concurrent count applies to a number of users using a service at a particular moment in time. A metered count applies to a total number of instances that the service was used. Similar to the concurrent count, a metered count may be zero, capped, or uncapped (e.g., a very large number), and overdraft licenses (capped or uncapped) may also be available.*

One complication in the metered model is verifying that a use has occurred for the purpose of enforcing a capped count or billing the licensee. For example, there may be instances where a user may request a service, but not end up actually using the service. For example, a network connection may be interrupted or other failure may occur that prevents the user from using the licensed service. . . . This creates accounting issues with respect to identifying contested uses and billing only for legitimate or completed uses. *On the other hand, there could be metered licensing models where no return is allowed or only allowed within limited time interval.*

*Id.* ¶¶ 3–5 (emphases added). At the time of the filing of Appellants’ application, such licensing models were implemented and deployed using hardware and software, which was customized to the particular licensing model. *Id.* ¶ 6. Consequently, changes to the licensing model might require changes to the underlying hardware and software. *Id.* Because different licensing models might be necessary to address different needs, developing licensing programs for multiple licensors was difficult and complicated to scale effectively or efficiently. *Id.*

As noted above, claims 1–12, 16, and 20–26 are under consideration. Claims 1, 16, and 20 are independent. App. Br. 17–18 (claim 1), 20–21 (claim 16), 22–23 (claim 20) (Claims App.). Claims 2–12 and 21 depend directly or indirectly from claim 1, claims 23 and 24 depend directly or indirectly from claim 16, and claims 25 and 26 depend directly or indirectly from claim 20. *Id.* at 18–19, 23–24.

Claim 1, reproduced below, is representative.

1. A method for updating electronic licenses within a licensing program, the method comprising:

receiving information concerning one or more rules defining one or more licensing properties from a user associated with a

licensor, the licensing properties selected from the group consisting of count, count type, overdraft, and return interval;

storing information associated with the licensor in memory, the stored information including:

one or more licensees of the licensor, and

the received information regarding the licensing properties;

a licensor providing one or more electronic licenses to one or more of said licensees by installing a licensing program for said one or more licensees comprising one or more of said licensing properties, said licensing program comprising an underlying software framework running on a license server;

subsequently generating a new electronic license in which either enforcement or usage-based deployment for one or more of said electronic licenses for one or more of said licensees of the licensor is changed, said new electronic license itself defining said one or more [rules] providing for either said enforcement or usage based deployment, the new electronic license specific to the information received from the user, wherein the new electronic license specifies the following license properties:

a number of licenses available to a requesting licensee, wherein the number of available licenses is determined based on the licensing property concerning count,

a license model based on concurrent or metered use, wherein the license model is based on the licensing property concerning count type,

a number of overdraft licenses available to the requesting licensee, wherein the number of available overdraft licenses is determined based on the licensing property concerning overdraft, and

an interval of available time within which return of a used license is accepted, wherein the interval of available time is determined based on the licensing property concerning return interval and wherein an accepted return of the used license results in adjustment of the number of used licenses;

automatically applying said license properties for the new electronic license to one or more of said licensees of the licensor; and

upon request by one or more licensees, distributing the new electronic license to each of said one or more requesting licensees for deployment by each said requesting licensee on a respective licensee device to regulate the licensed functionality of the device without updating the previously installed licensing program for each said requesting licensee on the underlying software framework to accommodate changes to said enforcement or usage-based licensing deployment in said new electronic license.

*Id.* at 17–18.

#### REFERENCES AND REJECTIONS

The Examiner relies upon the following reference:

<b>Name</b>	<b>Number</b>	<b>Issued</b>	<b>Filed</b>
Ginter <sup>3</sup>	US 5,892,900	Apr. 6, 1999	Aug. 30, 1996

Further, the Examiner relies upon Appellants' Admitted Prior Art (APA), as set forth in the Specification. Non-Final Act. 3 (citing Spec. ¶¶ 3–6).

The Examiner rejects the claims on the following grounds:

1. claims 1–12, 16, and 20–26 under 35 U.S.C. § 101 as directed to patent ineligible subject matter (Final Act. 6–12);
2. claims 1–12, 16, and 20–26 under 35 U.S.C. § 112, first paragraph, as lacking adequate written description (*id.* at 12–21) and under 35 U.S.C. § 112, second paragraph, as indefinite (*id.* at 5, 20); and
3. claims 1–12, 16, and 20–26 under 35 U.S.C. § 103(a) as rendered obvious over Ginter and the APA (*id.* at 22–26).

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<sup>3</sup> This reference citation is to the first named inventor only.

We review the appealed rejections for error based upon the issues identified by Appellants, and in light of the arguments and evidence produced thereon. *Ex parte Frye*, 94 USPQ2d 1072, 1075 (BPAI 2010) (precedential). Arguments not made are waived. *See* 37 C.F.R. § 41.37(c)(1)(iv). Unless otherwise indicated, we adopt the Examiner’s findings in the Final Action or the Answer as our own and add any additional findings of fact for emphasis. We address the rejections below.

## ANALYSIS

### I. *Patent Ineligible Claims*

The Examiner rejects the claims 1–12, 16, and 20–26 under 35 U.S.C. § 101 as directed to patent ineligible subject matter. Non-Final Act. 6–12. For the reasons given below, we sustain the Examiner’s rejection.

#### A. *Section 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. However, the U.S. Supreme Court has long interpreted 35 U.S.C. § 101 to include implicit exceptions: “[l]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 Court’s two-part 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.”). According to the Court, concepts determined to be abstract ideas and, thus, patent ineligible, include certain methods of organizing human activity, such as fundamental 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, 67 (1972)).

In *Diamond v. Diehr*, 450 U.S. 175, 176 (1981), the claim at issue recited a mathematical formula, but the Court held that “[a] claim drawn to subject matter otherwise statutory does not become nonstatutory simply because it uses a mathematical formula.” *Diamond*, 450 U.S. at 176. Having said that, the 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*). Nevertheless, the Court noted that “[i]t 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.” *Id.* at 187.

If the claim is “directed to” an abstract idea, we next “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.* (alterations in original) (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.*

### *B. Office Patent Eligibility Guidance*

In an effort to achieve clarity and consistency in how the Office applies the Court’s two part test, the Office recently published revised guidance on the application of § 101. *2019 Revised Patent Subject Matter Eligibility Guidance*, 84 Fed. Reg. 50 (Jan. 7, 2019).<sup>4</sup> As an initial matter, we look to see whether the claims, as written, fall within one of the four statutory categories identified in § 101. *Id.* at 53 (“Examiners should determine whether a claim satisfies the criteria for subject matter eligibility by evaluating the claim in accordance with the criteria discussed in MPEP 2106, *i.e.*, whether the claim is to a statutory category (Step 1) and the *Alice/Mayo* test for judicial exceptions (Steps 2A and 2B)”).

Under the guidance, we then look to whether the claim recites:

(1) Step 2A – Prong One: any judicial exceptions, including certain groupings of abstract ideas (*i.e.*, mathematical concepts, certain methods of organizing human activity, such as a fundamental economic practice, or mental processes); and

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<sup>4</sup> This guidance supersedes previous guidance memoranda. *See 2019 Revised Patent Subject Matter Eligibility Guidance*, 84 Fed. Reg. at 51 (“All USPTO personnel are, as a matter of internal agency management, expected to follow the guidance.”).

(2) Step 2A – Prong Two: additional elements that integrate the judicial exception into a practical application (*see* MPEP<sup>5</sup> § 2106.05(a)–(c), (e)–(h)).

*See 2019 Revised Patent Subject Matter Eligibility Guidance*, 84 Fed. Reg. at 54–55 (“Revised Step 2A”).

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 id.* at 56 (“*Step 2B: If the Claim Is Directed to a Judicial Exception, Evaluate Whether the Claim Provides an Inventive Concept.*”).

### C. Statutory Categories

As an initial matter, each of the pending claims must be directed to at least one of four recognized statutory categories, namely, apparatus, process, article of manufacture, or composition of matter. MPEP § 2106(I). Here, independent claims 1, 16, and 20 are directed to methods, i.e., “processes”; systems, i.e., “machines”; and computer-readable media, i.e., “articles of

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<sup>5</sup> All Manual of Patent Examining Procedure (“MPEP”) citations herein are to MPEP, Rev. 08.2017, January 2018.

manufacture,” and respectively. Non-Final Act. 7; *see* 35 U.S.C. § 101. Thus, the pending claims are directed to recognized statutory categories.

Despite being directed to different statutory categories, the limitations of claims 16 and 20 closely track those of claim 1. *See* Non-Final Act. 10 (“The other independent claims are significantly similar to claim 1 with difference being that claim 16 is directed to a system and claim 20 is directed to non-transitory computer readable storage medium.”); *see also* *Accenture Global Servs. GmbH v. Guidewire Software, Inc.*, 728 F.3d 1336, 1341 (Fed. Cir. 2013) (“Although CLS Bank issued as a plurality opinion, in that case a majority of the court held that system claims that closely track method claims and are grounded by the same meaningful limitations will generally rise and fall together.”) (citation omitted). Therefore, we focus our analysis on the limitations of claim 1.

*D. Two-Part Alice/Mayo Analysis*

*1. Step 2A, Prong One – Claims “Directed To” Abstract Idea*

Applying the first part of the *Alice/Mayo* analysis (Step 2A), the Examiner concludes claim 1 “describes a *business process/concept*, of provisioning/updating of licensing agreement and enforcement of the updated licensing agreement.” Non-Final Act. 10 (emphasis added); Ans. 3. As the Specification explains, “[t]he present invention generally relates to licensing,” and, “[m]ore specifically, the present invention relates to a framework for providing licensing programs.” Spec. ¶ 1. Further, the Examiner finds that claim 1 “describes a well-known, and widely-understood *financial activity concept* - business process of management of licensing and enforcement of licensing”, similar to those previously recognized by the courts as abstract ideas. Non-Final Act. 10; *see buySAFE*,

*Inc. v. Google, Inc.*, 765 F.3d 1350, 1355 (Fed. Cir. 2014) (“The claims are squarely about creating a contractual relationship—a ‘transaction performance guaranty’—that is beyond question of ancient lineage.”); *Accenture Global Servs.*, 728 F.3d at 1342 (“Both the claimed system and the claimed method contain an insurance transaction database containing information relating to an insurance transaction ‘decomposed into a plurality of levels from the group comprising a policy level, a claim level, a participant level and a line level, wherein the plurality of levels reflects a policy, the information related to the insurance transaction, claimants and an insured person in a structured format.’” (citations omitted)); *Dealertrack Inc. v. Huber*, 674 F.3d 1315, 1316–18 (Fed. Cir. 2012) (The claims recite a method of obtaining and forwarding credit application data and forwarding a funding decision in response to the application.); *see also Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1353 (Fed. Cir. 2016) (“We need not define the outer limits of ‘abstract idea,’ or at this stage exclude the possibility that any particular inventive means are to be found somewhere in the claims, to conclude that these claims focus on an abstract idea—and hence require stage-two analysis under § 101.”).

Appellants contend, however, that “[c]laim 1 does not recite a mathematical algorithm, nor does it recite a fundamental or longstanding commercial practice. Rather, claim 1 addresses a challenge to electronic licensing that is particular to operation of computer systems.” App. Br. 8–9. In particular, Appellants contend,

claim 1 recites specific technical features regarding updating electronic licenses that extend beyond organized human activity and business processes. This includes rules defining licensing properties, a license model, generating new electronic licenses,

distributing the new electronic licenses, and other features that provide significant technical detail implementing a technological solution rather than a mere business practice related to organized human activity.

Reply Br. 2. We disagree.

Claim 1 broadly recites the limitations of (1) receiving information concerning one or more “rules” defining one or more *known* licensing properties from a user<sup>6</sup> associated with a licensor (“receiving information concerning one or more rules defining one or more licensing properties from a user associated with a licensor, the licensing properties selected from the group consisting of count, count type, overdraft, and return interval”); (2) remembering the one or more licensees and the received user information (“storing information associated with the licensor in memory, the stored information including: one or more licensees of the licensor, and the received information regarding the licensing properties”); (3) providing by the licensor to the licensees one or more electronic licenses comprising one or more of the licensing properties (“a licensor providing one or more electronic licenses to one or more of said licensees . . . comprising one or more of said licensing properties . . .”); (4) generating a new electronic license for one or more of the licensees, the new license specific to the information received from the user *and* defining one or more “rules”<sup>7</sup>

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<sup>6</sup> See Spec. ¶ 20 (“A licensee may be an entity that includes one or more users associated with user devices 120.”).

<sup>7</sup> The Specification explains “[t]he rule providing for either enforcement or usage-based deployment is defined in the electronic license itself via the count related properties described herein.” Spec. ¶ 31; *see id.* ¶ 23. We understand that “*said* one or more rules providing for either said enforcement or usage based deployment” recited in this limitation refers to the “one or more rules defining one or more licensing properties[, e.g.,

providing for enforcement or usage-based license deployment (“subsequently generating a new electronic license in which either enforcement or usage-based deployment for one or more of said electronic licenses for one or more of said licensees of the licensor is changed, said new electronic license itself defining said one or more [rules] providing for either said enforcement or usage based deployment, the new electronic license specific to the information received from the user, wherein the new electronic license specifies the following license properties”<sup>8</sup>); (5) applying the license properties to the new license (“automatically applying said license properties for the new electronic license to one or more of said licensees of the licensor”); and (6) distributing the new licenses to requesting licensees for deployment on a requesting licensees’ device (“upon request by one or more licensees, distributing the new electronic license to each of said one or more requesting licensees for deployment by each said requesting licensee on a respective licensee device . . .”). *See* App. Br. 17–18 (Claims App.). These limitations, under their broadest reasonable interpretation, recite the commercial or legal interactions of receiving information about the use of licensed software on a user’s device and generating and disseminating a modified, i.e., new, license to licensees including changes responsive to the received information. Non-Final Act. 10; Ans. 3; *see 2019 Revised Patent Subject Matter Eligibility Guidance*, 84 Fed. Reg. at 52 (“Certain methods of organizing human activity—. . . *commercial or legal*

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count, count type, overdraft, or return interval] from a user associated with a licensor” recited above. *See* App. Br. 17 (Claims App.).

<sup>8</sup> Each of these “license properties” is described in the APA and was known at the time the application was filed. *See* Spec. ¶¶ 3–6.

*interactions* (including agreements in the form of contracts; legal obligations; . . . ; business relations)” (emphasis added)); *see also* Spec. ¶ 6 (“[T]he process of developing licensing programs for multiple licensors has been difficult and complicated to scale effectively or efficiently.”). Thus, we determine that the Examiner persuasively argues that the rejected claims recite “Certain methods of organizing human activity,” and, thus, an abstract idea. *See* Non-Final Act. 7; Ans. 3, 6–7; *2019 Revised Patent Subject Matter Eligibility Guidance*, 84 Fed. Reg. at 52.

*2. Step 2A, Prong Two – Abstract Idea Not Integrated Into Practical Application*

Applying the second part of the *Alice/Mayo* analysis,<sup>9</sup> the Examiner concludes,

the additional elements or combination of elements in the claim(s) are recited at a high level generality and are recited as performing generic computer functions, e.g. receiving, storing, installing, etc. routinely used in computer. Generic computer components recited as performing generic computer functions that are well-understood, routine and conventional activities amount to no more than implementing the abstract idea with a computerized system. . . . There is no indication that the combination of elements improves the functioning of a processor based computing device, in this case, the data processing apparatus or the processor based system or improves any other technology. Their collective functions merely provide conventional computer implementation. In other words, the invention is directed to licensing and controlling usage based on

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<sup>9</sup> We acknowledge that some of the considerations at Step 2A, Prong Two, properly may be evaluated under Step 2 of *Alice* (Step 2B of the Office guidance). For purposes of maintaining consistent treatment within the Office, we evaluate them under first part of the *Alice/Mayo* analysis (Step 2A of the Office guidance). *See 2019 Revised Patent Subject Matter Eligibility Guidance*, 84 Fed. Reg. at 55 n.25, 27–32.

the licensing at a high level generality. . . . Regarding claims directed to a computer-readable medium, likewise, the mere recitation that the computer program is on a generic computer-readable medium and includes program code to be executed by a computer does not transform the abstract idea into patent-eligible subject matter.

Non-Final Act. 11–12 (emphasis omitted); *see* Ans. 3–6. Further, the Specification discloses that the additional, recited elements are generic. *See* Spec. ¶¶ 20 (“general purpose computers, mobile phones, smartphones, . . . or any other type of computing device capable of communicating over communication network 110”), 21 (“Licensor back office 130 may include any type and number of servers or other computing devices known in the art, including standard hardware computing components such as network and media interfaces, non-transitory computer-readable storage (memory), and processors for executing instructions or accessing information that may be stored in memory.”), 37 (“Any type of software known in the art may be offered for licensing.”), 50 (“Common forms of non-transitory computer-readable media include, for example, a floppy disk, a flexible disk, a hard disk, . . . , and any other memory chip or cartridge.”), 51 (“Various forms of storage may likewise be implemented as well as the necessary network interfaces and network topologies to implement the same.”).

Appellants contend

the claimed solution is necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of operation of computer systems. Here, Appellant has a non-abstract solution to an industry problem in connection with computer systems, for example, access control. *The invention focuses upon the need to alter the rights of access to computer resources automatically without otherwise disturbing an established relationship between a licensor and a licensee.*

App. Br. 9 (emphasis added). Appellants, however, describe an improvement to the abstract idea, not to the associated technology. *But see* Reply 3 (“Rather, [claim 1] is directed towards a technical solution related to licensing rather than the practice of licensing itself.”). Computer-based efficiency, however, does not save an otherwise abstract method. *See* Spec. ¶ 6 (“the process of developing licensing programs for multiple licensors has been difficult and complicated to scale effectively or efficiently”); *see also Bancorp Servs., L.L.C. v. Sun Life Assur. Co. of Canada (U.S.)*, 687 F.3d 1266, 1277–78 (Fed. Cir. 2012) (performance by computer of operations that previously were performed manually or mentally, albeit less efficiently, does not convert a known abstract idea into eligible subject matter).

In *BASCOM Global Internet Services, Inc. v. AT&T Mobility LLC*, 827 F.3d 1341 (Fed. Cir. 2016), our reviewing court explained that, even if the individual components were known, “an inventive concept can be found in the ordered combination of claim limitations that transform the abstract idea of filtering content into a particular, *practical application* of that abstract idea.” *BASCOM*, 827 F.3d at 1352 (emphasis added). Citing *BASCOM*, Appellants assert the “claims recite specific features to provide a technology-based solution directed to altering the rights of access to computer resources.” App. Br. 11. Despite Appellants’ reliance on *BASCOM*, the claims in this case do not improve the technology in the way *BASCOM*’s claims did. In *BASCOM*, the patent improved prior art content filtering solutions by making them more dynamic, thus using software to improve the performance of the computer system itself. *BASCOM*, 827 F.3d at 1351. Here, the recited method does nothing to improve how the users’ devices or the license server functions, nor does it improve the operation of

the licensing program or the licensed software. Instead, the claims merely apply generic components to “perform[] generic computer functions, e.g. receiving, storing, installing, etc. routinely used in computer” to an abstract idea. *See Alice*, 573 U.S. at 223. This is simply an “abstract-idea-based solution implemented with generic technical components in a conventional way.” *BASCOM*, 827 F.3d at 1351.

Neither the claims nor the Specification states that any of the described embodiments invokes particular hardware or software (*see* MPEP § 2106.05(b)) or, as discussed above, results in improvements in component technology or functions (*see* MPEP § 2106.05(a)). *2019 Revised Patent Subject Matter Eligibility Guidance*, 84 Fed. Reg. at 55 n.25, 27. Thus, the claims rely on generic or known hardware and software techniques, and these do not provide meaningful limitations beyond generally linking the use of the identified abstract idea to a particular technological environment. Ans. 4–5 (“The claim merely applies a well-known idea using generic computer “to the particular technological environment of the Internet.” (citation omitted)); *see* MPEP § 2106.05(h), *2019 Revised Patent Subject Matter Eligibility Guidance*, 84 Fed. Reg. at 55 n.29, 32. Further, the step of “storing information associated with the licensor in memory” is merely insignificant, extra-solution activity associated with the implementation of the abstract idea. Final Act. 11; *see* MPEP § 2106.05(g), *2019 Revised Patent Subject Matter Eligibility Guidance*, 84 Fed. Reg. at 55 n.31. The Examiner concludes that:

Looking at the limitations as an ordered combination adds nothing that is not already present when looking at the elements taken individually. There is no indication that the combination of elements improves the functioning of a processor based

computing device, in this case, the data processing apparatus or the processor based system or improves any other technology. Their collective functions merely provide conventional computer implementation. In other words, the invention is directed to licensing and controlling usage based on the licensing at a high level generality.

Ans. 6. We agree with the Examiner.

In view of Appellants' Specification and the identified prior art and consistent with the Examiner's determinations, we are persuaded the rejected claims do not recite:

- (i) an improvement to the functioning of a computer;
- (ii) an improvement to another technology or technical field;
- (iii) an application of the abstract idea with, or by use of, a particular machine;
- (iv) a transformation or reduction of a particular article to a different state or thing; or
- (v) other meaningful limitations beyond generally linking the use of the abstract idea to a particular technological environment.

*See* MPEP § 2106.05(a)–(c), (e)–(h). Thus, we conclude that the rejected claims do not integrate the judicial exception into a practical application and are directed to an abstract idea. *See ChargePoint, Inc. v. SemaConnect, Inc.*, 920 F.3d 759, 768 (Fed. Cir. 2019) (“In short, looking at the problem identified in the patent, as well as the way the patent describes the invention, the specification suggests that the invention of the patent is nothing more than the abstract idea of communication over a network for interacting with a device, applied to the context of electric vehicle charging stations.”).

*3. Step 2B – Not Significantly More than the Abstract Idea*

Because we find that the claims are directed to an abstract idea and do not integrate that abstract idea into a practical application, we now consider

whether the claims include additional limitations, such that the claims amount to significantly more than the abstract idea. As noted above, applying second part of the *Alice/Mayo* analysis, the Examiner concludes, the claims do not include additional elements that are sufficient to amount to significantly more than the judicial exception. Non-Final Act. 11–12; Ans. 3–6. In particular, the Examiner finds

the additional elements or combination of elements in the claim(s) are recited at a **high level generality** and are recited as performing generic computer functions, e.g. receiving, storing, installing, etc. routinely used in computer. Generic computer components recited as performing generic computer functions that are well-understood, routine and conventional activities amount to no more than implementing the abstract idea with a computerized system. Thus, taken alone, the additional elements do not amount to significantly more than a judicial exception.

Non-Final Act. 11; Ans. 6. We agree.

The Specification does not assert that any of the recited components, alone or in combination, are novel. On the contrary, the Specification makes clear that the components and techniques recited in the rejected claims are well-understood, routine, and conventional. *See* Spec. ¶¶ 3–6, 20, 21, 37, 50, and 51.

As discussed above, Appellants contend, “when taken as a whole, the claimed invention has additional limitations that amount to significantly more than an abstract idea.” App. Br. 9; *but see Alice*, 573 U.S. at 222 (“In holding that the process was patent ineligible, we rejected the argument that ‘implement[ing] a principle in some specific fashion’ will ‘automatically fal[l] within the patentable subject matter of § 101’” (alterations in original) (quoting *Flook*, 437 U.S. at 593).). We are not persuaded that the recited combinations of these few components are in any way unconventional or

non-generic. *See* Reply Br. 3. We agree with the Examiner that the ordered combination of limitations in claim 1 do not amount to significantly more than an abstract idea.

On this record, we agree with the Examiner that the independent claim 1, as well as independent claims 16 and 20, is directed to an abstract idea and fails to recite “significantly more” than the identified abstract idea. Thus, we are not persuaded that the Examiner erred in determining that these claims are patent ineligible, and we sustain those rejections. Appellants do not argue the eligibility of the dependent claims separately, and we find that the dependent claims fall with their base claims. *See* Non-Final Act. 10 (addressing the patent eligibility of the dependent claims). Therefore, we also sustain the patent ineligibility rejection of the dependent claims.

## *II. Lack of Written Description*

The Examiner rejects claims 1–12, 16, and 20–26 under 35 U.S.C. § 112, first paragraph, as lacking adequate written description. Non-Final Act. 12–21. 35 U.S.C. § 112, first paragraph, states

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention.

Non-Final Act. 12. The Federal Circuit explained that “[t]he test for the sufficiency of the written description ‘is whether the disclosure of the application relied upon reasonably conveys to those skilled in the art that the inventor had possession of the claimed subject matter as of the filing date.’”

*Vasudevan Software, Inc. v. MicroStrategy, Inc.*, 782 F.3d 671, 682 (Fed. Cir. 2015).

The Examiner concludes that the rejected claims fail to satisfy the requirements of the first paragraph of 35 U.S.C. § 112 due to at least four deficiencies. For the reasons given below, we sustain the Examiner’s rejections.

First, claim 1 recites “receiving information *concerning one or more rules defining* one or more licensing properties from a user associated with a licensor.” App. Br. 17 (Claims App.) (emphasis added). The Examiner finds that “while the Specification does disclose receiving information *concerning one or more licensing properties* from a user associated with a licensor, the Specification does not disclose that receiving information *concerning one or more rules defining* one or more licensing properties from a user associated with a licensor.” Non-Final Act. 14.<sup>10</sup> In particular, the Specification discloses that:

*Information is received concerning one or more licensing properties desired by a licensor. The licensing properties may concern count, count type, overdraft, and return interval. License information is used to generate an electronic license specific to the licensor and licensee contract[.] This electronic license is then used by the licensing program that specifies a number of available licenses that is based on the count property, a license*

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<sup>10</sup> Appellants cite to incorrect paragraph numbers in the Appeal Brief, and the Examiner’s Answer is responsive to those incorrect citations. App. Br. 12–13; Ans. 7–11; *see* Reply Br. 3 (“Appellant provided paragraph numbers corresponding to the application as published rather than as filed and, therefore, some of the paragraph numbers are offset. Appellant respectfully apologizes. In relation to the specification as filed, the paragraph numbers are 7, 17, 23, and 31 (i.e., each indicated paragraph appears to be offset by 2 paragraphs).”).

model (associated with one or more algorithms) for calculating a number of used licenses that is based on the count type property, a number of available overdraft licenses that is based on the overdraft property, and an interval of available time within which return of a used license is accepted, which is based on the return interval property.

Spec. ¶ 7 (emphasis added). The Specification, however, does *not* disclose receiving information concerning “one or more rules defining” one or more licensing properties, and only mentions “rules” twice, but in different contexts. *See* Spec. ¶¶ 23 (“Because the use of the device or service is not measured, the uncounted property may not coexist with other count-related properties. *Such (in)compatibility rules may be automatically applied as part of registration, sign-up, or provisioning process for the licensor.*” (emphases added)), 31 (“*The rule providing for either enforcement or usage-based deployment is defined in the electronic license itself via the count related properties described herein.*” (emphases added)).

Appellants do not respond to the Examiner’s argument regarding the lack of written description for this claim limitation in the Appeal Brief and only quote paragraphs 7, 23, and 31 of the Specification in response in the Reply Brief. App. Br. 12–14 (no discussion of “information concerning one or more rules defining one or more licensing properties”); Reply Br. 3–4. Thus, we are persuaded that the Examiner has shown that this limitation of claim 1 lacks adequate written description in the Specification.

Second, the Examiner finds that the Specification discloses that describes that the license server may act as intermediary for all user devices associated with each licensee. Final Act. 16 (citing Spec. ¶¶ 28–31, Fig. 1B). User devices may request licensed software from the license server, and the license server may use “algorithms and electronic license

information received from the back office 130 to determine if the license is available for the user device 120A.” *Id.*; *see* Spec. ¶ 29. In a usage-based deployment to the user device, the user device sends reports regarding usage of the licensed software to the license server, which may convey them to the back office. Non-Final Act. 16. However, claim 1 recites

installing a licensing program comprising an underlying software framework running on a license server, generating a new electronic license that specifies recited license properties, *and that the license properties for the new electronic license is automatically applied in regulating the licensed functionality of the individual devices.*

*Id.* (emphasis added). Thus, the Examiner concludes “[w]hen reading the claim in light of the Specification, it appears that it is the license server that receives the electronic license and the licensing program running on the license server regulating the licensing properties in the electronic license, *not* the electronic license distributed to the individual user device(s).” *Id.* at 16–17 (emphasis added). Consequently, the Examiner asserts that the recited method is not taught by the Specification.

Appellants contend that the Specification describes that “a ‘framework described herein [that] allows for a plurality of different licensing models and programs to be deployed, managed, and updated in a scalable manner.’ Thus, the distributing the generated new electronic licenses can include properties that provide such regulation.” App. Br. 12 (quoting Spec. ¶ 23); *see* Reply Br. 3. Consequently, Appellants contend the Specification broadly discloses that the license regulating the software on the user device may be stored on the license server. We agree with Appellants.

Third, as noted above, the Specification explains that the methods of claim 1 “address[] issues of having to change the licensing program when a change to a licensing model occurs by defining the rule providing for either enforcement or usage-based deployment in the electronic license itself.” Non-Final Act. 17 (citing Spec. ¶¶ 6, 31). Further, the Specification explains that the described methods “address[] this inflexibility by utilizing the license server that uses the algorithms and electronic license information in enforcement of licensing properties.” *Id.*; see Spec. ¶¶ 7–9, 17, and 29. The Examiner asserts, however, that the Specification does not disclose the algorithms or how they are used to change the licensing model, nor does it “describe[] what the underlying software framework is and how this underlying software framework achieves the desired result. In other words, the instant specification merely describes in a high level concept that a software, e.g.,[] licensing software, is configured to accommodate different licensing models as defined by the licensing agreement.” Final Act. 17.

Appellants contend that:

*The specifics of the algorithms are disclosed through the application, including Figures 3 and 4 and their corresponding description. Regarding how to generate the electronic license to incorporate the licensing properties, this is also described throughout the specification, including paragraph [22]<sup>11</sup> stating “[b]ack office 130 may generate, enforce, and/or provide usage information regarding licensing programs for particular licensors. In generating a licensing program for a licensor, the back office 130 may receive information regarding properties that are desired by the licensor. Such properties are illustrated in FIG. 2 and may include count 240A-D, count type 250A-B, overdraft 260A-C, and return interval 270A-C.” Regarding the*

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<sup>11</sup> See *supra* note 10.

*underlying software framework*, paragraph [23]<sup>12</sup> states “the framework described herein allows for a plurality of different licensing models and programs to be deployed, managed, and updated in a scalable manner.” One having ordinary skill in the art would understand this as functionality to employ some of the claimed features.

App. Br. 12–13 (emphases added); *see* Reply Br. 11.

Claim 1 recites that “the new electronic license specifies the following license properties: . . . a license model based on concurrent or metered use, *wherein the license model is based on the licensing property concerning count type.*” App. Br. 17 (Claims App.) (emphasis added); *see* Spec. ¶ 4 (“An alternative licensing model relies on metering or counting a total number of uses such that the licensee is billed for each use.”). Such licensing models are part of the APA. Consequently, we agree with Appellants that Figures 3 and 4 of the Specification disclose algorithms and electronic license information in deployment of a licensing program for applying licensing properties, including count-type. *See* Spec. ¶¶ 35–49 (describing Figures 3 and 4).

Appellants describe *where* the electronic license is generated (i.e., the back office) and *what* is used to generate a licensing program for a licensor (i.e., information received regarding properties). App. Br. 12–13 (citing Spec. ¶¶ 22, 23); *see* Reply Br. 11. We agree with the Examiner, however, that Appellants fail to explain *how* the algorithms and electronic license information are used to change the licensing model. Non-Final Act. 17.

Further, Appellants contend “an underlying software framework” is described throughout the specification, for example, in

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<sup>12</sup> *See supra* note 10.

paragraph [31]<sup>13</sup> it is stated that “the underlying software framework (*e.g., licensing program*) [runs] on the license server.” One having ordinary skill in the art would therefore understand that the software framework is a licensing program running on the license server providing some of the functionalities described in the claim.

App. Br. 13 (emphasis added). Nevertheless, as the Examiner correctly notes, claim 1 recites “said licensing program *comprising* an underlying software framework running on a licensing server.” Ans. 16; *see* App. Br. 17 (Claims App.) (emphasis added). Thus, the claim recites that the licensing program includes, but is not limited to, the underlying software framework, not the other way around. Ans. 16; *see* Non-Final Act. 19. Consequently, we also agree with the Examiner that Appellants fail to provide an adequate written description of what the “underlying software framework” is.

Fourth, the Examiner finds that certain limitations of the claims are unclear, and, consequently, the Examiner cannot discern the written description supporting these limitations. Ans. 16–17. Initially, claim 1 recites “a licensor providing *one or more electronic licenses* to one or more of said licensees by installing *a licensing program* for said one or more licensees *comprising one or more of said licensing properties*.” App. Br. 17 (Claims App.) (emphases added). The Examiner finds that it is not clear whether the phrase “comprising one or more of said licensing properties” modifies “one or more electronic licenses” or “a licensing program.” Ans. 16. Further, the Examiner asserts that this limitation appears to omit certain steps necessary to explain how licenses are *provided by installing a*

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<sup>13</sup> *See supra* note 10.

licensing program. *Id.* Appellants respond that “comprising one or more of said licensing properties” is directed towards the “one or more electronic licenses” and that “[n]one of the steps described by the Office Action [as missing] are essential matter and, therefore, do not need to appear in any claim describing the invention.” Reply Br. 11–12. Despite Appellants’ explanation of this limitation, Appellants fail to cite to written description supporting their construction. *See* App. Br. 14 (“[O]ne having ordinary skill in the art can organize and correlate a memory and a processor providing the claimed features.”); Ans. 17. We find that claim 1 remains unclear and, as written, the claim recites a *result*, but neither the claim recites nor the Specification discloses the *steps* to achieve it. *See* Final Act. 19.

Claim 1 also recites

upon request by one or more licensees, distributing the new electronic license to each of said one or more requesting licensees for deployment by each said requesting licensee on a respective licensee device to regulate *the licensed functionality of the device without updating the previously installed licensing program for each said requesting licensee on the underlying software framework* to accommodate changes to said enforcement or usage-based licensing deployment in said new electronic license.

App. Br. 18 (Claims App.) (emphases added). This limitation appears to recite that “the previously installed licensing program” is installed “on the underlying software framework.” *See* Final Act. 19. The Examiner finds, however, that “it is unclear what claimed element is modified by ‘on the underlying software framework?’.” Ans. 17. As noted above, claim 1 recites that “said licensing program comprising an underlying software framework running *on a license server*.” App. Br. 17 (Claims App.) (emphasis added). The Specification does not explain this apparent inconsistency. *See* Spec.

¶ 31.

The Examiner also finds that “[i]t is unclear to one of ordinary skill in the art how the electronic license and the license used in the properties are different or whether they are same.” Ans. 17. Regarding the “electronic license,” the Specification states:

*This electronic license is then used by the licensing program that specifies a number of available licenses that is based on the count property, a license model (associated with one or more algorithms) for calculating a number of used licenses that is based on the count type property, a number of available overdraft licenses that is based on the overdraft property, and an interval of available time within which return of a used license is accepted, which is based on the return interval property. An accepted return of the used license may result in adjustment of the number of used licenses.*

Spec. ¶ 7 (emphasis added); *see id.* at ¶¶ 3–6 (describing known licensing properties). Thus, we are persuaded that a person of ordinary skill in the art would have known that the recited electronic license and the licenses described with respect to the recited licensed properties are the same licenses.

The Examiner did not err in determining that claim 1 lacks adequate written description. Independent claims 16 and 20 also lack adequate written description for the same reasons as those given with respect to claim 1. Dependent claims 2–12 and 21–26 suffer from the same deficiencies as their base claims. Consequently, we sustain the Examiner’s lack of written description rejections of claims 1–12, 16, and 20–26.

### *III. Indefiniteness*

The Examiner rejects claims 1–12, 16, and 20–26 under 35 U.S.C. § 112, second paragraph. Final Act. 5. Specifically, the Examiner asserts

that “the recited ‘the licensed functionality of the device’ lack[s] antecedent basis.” Ans. 17; *see* Final Act. 20. Appellants do not challenge this assertion. We sustain the Examiner’s indefiniteness rejections. *See* 37 C.F.R. § 41.37(c)(1)(iv); MPEP § 2173.05(e).

#### *IV. Obviousness Over Ginter and the APA*

The Examiner rejects claims 1–12, 16, and 20–26 under 35 U.S.C. § 103(a) as rendered obvious over the combined teachings of Ginter and the APA. Final Act. 22–26. For the reasons set forth below, we sustain the Examiner’s obviousness rejections.

##### *A. Independent Claims 1, 16, and 20*

The Examiner determines that independent claim 1 is rendered obvious over the combined teachings of Ginter and the APA. Final Act. 22–25; *see* Ans. 17–18. In particular, the Examiner provides a detailed mapping of the limitations of independent claim 1 that are taught or suggested by the combined teachings of Ginter and the APA (Final Act. 22–24) and reasons for combining the teachings of each of these references to achieve the methods recited in claim 1, as well as the systems and computer-readable media recited in claims 16 and 20, respectively (*see id.* at 24–25). *Compare, e.g.,* Ginter, 20:39–43 (describing providing licensed properties based on “a metering history of their licensing of properties) *and* Spec. ¶ 4 (“An alternative licensing model relies on metering or counting a total number of uses such that the licensee is billed for each use.”).

Claim 1 recites that a new electronic license is generated and distributed “without updating the previously installed licensing program for each said requesting licensee on the underlying software framework to

accommodate changes to said enforcement or usage-based licensing deployment in said new electronic license.” App. Br. 17 (Claims App.); *see id.* at 15. Appellants contend that, although Ginter discloses that “a permission record (PERC) can be modified to ‘provide additional (or lesser) rights’” (App. Br. 14 (quoting Ginter, 2:64–65)), this does not teach generating a *new* license. Thus, Appellants maintain Ginter does not disclose the steps of “generating” a *new* electronic license or “distributing” the *new* electronic license, as recited in claim 1 (*id.* at 14–15). *See* Reply Br. 13–14.

Appellants appear to equate Ginter’s permission record with the licensing program, rather than the license. Because Ginter’s permission record, however, may be modified to include additional or lesser rights, Appellants contend that Ginter does not teach or suggest that new electronic licenses are generated and distributed “*without* updating the previously installed licensing program,” as recited in claim 1. App. Br. 15; Reply Br. 13 (“Thus, even if Ginter discloses using PERC without VDE, the PERC is still modified and, therefore, not distributed without any sort of updating or modifying.”).

As the Examiner explains, however, the recited “new electronic license” is taught or suggested by Ginter’s modified permission record. Ans. 17–18. New electronic licenses (i.e., modified permission records) are generated and distributed “without updating the previously installed licensing program.” *Id.* In particular, the Examiner finds that Ginter specifically teaches generating and distributing a new electronic license, e.g., a modified permission record. Non-Final Act. 23. Ginter teaches that:

Use rights distributed by publishing house 214 may, for

example, permit office 210 to make and distribute copies of the content to its employees. Office 210 may act as a redistributor by extending a “chain of handling and control” 15 to its employees. The office 210 may add or modify “rules and controls” (consistent with the “rules and controls” it receives from publishing house 214) to provide office internal control information and mechanisms. For example, office 210 may set a maximum usage budget for each individual user and/or group within the office, or it may permit only specified employees and/or groups to access certain information.

Ginter, 55:12–23. Thus, the Examiner finds that Ginter teaches or suggests that, like a new electronic license, the modified permission record “defin[es] said one or more [rules] providing for either said enforcement or usage based deployment, the new electronic license specific to the information received from the user.” Ans. 18; *see* App. Br. 17 (Claims App.).

Moreover, the Examiner finds that Ginter teaches or suggests that, like the recited “previously installed licensing program,” the virtual distribution environment (VDE), in which Ginter’s permission records are managed (*see* Ginter, 2:20–32), may include a Rights Operating System (ROS) (*see id.*, 91:57–92:8, 92:33–61). Ginter’s permission record, *without* the VDE including the ROS, is installed on electronic appliances. Ans. 18. Thus, the Examiner finds that, as recited in claim 1, the permission record is distributed “for deployment on a respective licensee device to regulate the licensed functionality of the device,” *without* updating the VDE including the ROS. *Id.*; App. Br. 18 (Claims App.). We agree with the Examiner and find Appellants’ contentions to the contrary unpersuasive.

We are not persuaded that the Examiner erred in determining that the combined teachings of Ginter and the APA render independent claims 1, 16, and 20 obvious, and we sustain those rejections.

*B. Dependent Claims*

The Examiner also rejects claims 2–12 and 21–26 over the combined teachings of Ginter and the APA. Final Act. 25–26. Appellants rely solely on their contentions with respect to the base claims, claims 1, 16, and 20, to overcome these rejections. App. Br. 15 (“The dependent claims include the features of the independent claims from which they are based. Therefore, the cited references, whether considered individually or in combination, also fail to fail to disclose or suggest all of the features of the dependent claims.”). For the reasons given above, we are not persuaded that the Examiner erred in determining that the combined teachings of Ginter and the APA render claims 1, 16, and 20 obvious; and we also sustain the rejections to the dependent claims.

Accordingly, on this record, we sustain the Examiner’s obviousness rejections of claims 1–12, 16, and 20–26.

CONCLUSIONS

1. The Examiner did not err in rejecting claims 1–12, 16, and 20–26 under 35 U.S.C. § 101, as directed to patent-ineligible subject matter.
2. The Examiner did not err in rejecting claims 1–12, 16, and 20–26 under 35 U.S.C. § 112, first paragraph, as lacking adequate written description and under 35 U.S.C. § 112, second paragraph, as indefinite.
3. The Examiner did not err in rejecting claims 1–12, 16, and 20–26

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under 35 U.S.C. § 103(a), as rendered obvious over the combined teachings of Ginter and the APA.

4. Claims 1–12, 16, and 20–26 are not patentable.

#### DECISION

We affirm the Examiner's rejections of claims 1–12, 16, and 20–26.

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