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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte SCOTT A. JACKSON and LUKE SMITH[1]

Appeal 2018-002977
Application 14/213,327
Technology Center 3600

Before CAROLYN D. THOMAS, IRVIN E. BRANCH, and DAVID J. CUTITTA II, *Administrative Patent Judges*.

THOMAS, *Administrative Patent Judge*.

DECISION ON APPEAL

Appellants seek our review under 35 U.S.C. § 134(a) of the Examiner's Final Rejection of claims 1–3, 5–11, and 17–20, all the pending claims in the present application. Claims 4 and 12–16 are canceled (*see* Claims Appendix). We have jurisdiction over the appeal under 35 U.S.C. § 6(b).

We AFFIRM.

The present invention relates generally to determining the probability of recovering an asset, such as motor vehicles (*see* Abstract).

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[1]Appellants name Endeavoring, LLC as the real party in interest (App. Br. 3).

Independent claim 17, reproduced below, is representative of the appealed claims:

> 17. A computer-implemented method using at least one processor for identifying a targeted vehicle in real time, comprising:
>
> receiving a real time request for historical data relating to a plurality of targeted vehicles, the request comprising video images of the targeted vehicles and a corresponding geolocation of the video images when captured;
>
> processing the request to identify the plurality of targeted vehicles;
>
> retrieving data records for the plurality of targeted vehicles, the data records identifying the targeted vehicles and one or more geographic locations associated with each of the targeted vehicles; and
>
> processing the data records to generate a recoverability index representing a likelihood of recovering the vehicle.

Appellants appeal the following rejection:[2]

Claims 1–3, 5–11, and 17–20 are rejected under 35 U.S.C. § 101 because the claimed invention is directed to patent-ineligible subject matter (Final Act. 12–16).

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).

[2] Appellants amended claim 1 to overcome the rejection under 35 U.S.C. § 112 (*see* Advisory Action dated Sept. 6, 2017), and the Examiner withdrew the rejections under 35 U.S.C. § 103(a) (*see* Ans. 3).

ANALYSIS

Rejection under § 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 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 Supreme Court's two-step framework, described in *Mayo* and *Alice*. *Id.* at 217–18 (citing *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 75–77 (2012)). In accordance with the 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."). For example, 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, 69 (1972)).

Recently, the USPTO published revised guidance on the application of 35 U.S.C. § 101. USPTO's 2019 Revised Patent Subject Matter Eligibility Guidance, 84 Fed. Reg. 50 (Jan. 7, 2019) ("Revised Guidance").

Under the Revised Guidance "Step 2A," the office first looks to whether the claim recites:

(1) 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

(2) additional elements that integrate the judicial exception into a practical application (*see* MPEP § 2106.05(a)-(c), (e)-(h)). 84 Fed. Reg. at 51–52, 55.

Only if a claim (1) recites a judicial exception and (2) does not integrate that exception into a practical application, does the Office then (pursuant to the Revised Guidance "Step 2B") 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. 84 Fed. Reg. at 56.

Step 2A, Prong 1 (Does the Claim Recite a Judicial Exception?)

With respect to independent method claim 17, and similarly, system claim 1 and computer readable storage medium claim 11, the Examiner determines that the claims are at least directed to "a method for ranking asset data probability of recovery . . . an idea 'of itself' . . . a mental process . . . and . . . Mathematical concepts" (Final Act. 12), i.e., *receiving a real time request . . . processing the request . . . retrieving data records . . . and processing the data records* (*see* claim 17). The Examiner also determines

that the claims are similar to "cases the courts [have] determined to be abstract," i.e., "using categories to organize, store and transmit information . . . obtaining and comparing intangible data . . . collecting and comparing known information . . . Collecting information, analyzing it, and displaying certain results of the collection and analysis" (Final Act. 12–13).

For at least the following reasons, we are persuaded that representative claim 17 recites an abstract idea.

For example, the Specification discloses:

> A system for determining the probability of recovering an asset includes a data server that receives data corresponding to a plurality of vehicles from a plurality of client sources. A database in operative communication with the data server and stores the received data as information records corresponding to each of the plurality of vehicles. A user interface is in operative communication with the data server and receives a request for historical vehicle data relating to a plurality of vehicle assets. An output processor operatively coupled to the data server and generates recoverability indices for the plurality of vehicles assets.

Spec. ¶ 7. In other words, the claimed invention performs functions such as gathering, storing, identifying, processing, and generating data (*see* claim 17).

Specifically, Claim 17 recites at least the following limitations: (1) "receiving a real time request for historical data," (2) "processing the request to identify . . . vehicles," (3) "retrieving data records for the . . . vehicles," and (4) "processing the data records to generate a recoverability index." These limitations, under their broadest reasonable interpretation, encompass acts people can perform using their minds or pen and paper because people can perform the "receiving," "identifying," and "retrieving"

steps by simply looking at the recited content. People can also perform the "processing" steps by looking at the data records and using pen and paper to determine a recoverability index.

A claim recites a mental process when the claim encompasses acts people can practically perform using their minds or pen and paper. *See, e.g., CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1372–73 (Fed. Cir. 2011) (determining that a claim whose "steps can be performed in the human mind, or by a human using a pen and paper" is directed to an unpatentable mental process); *Synopsys, Inc. v. Mentor Graphics Corp.*, 839 F.3d 1138, 1146 (Fed. Cir. 2016) ("[W]e continue to 'treat[ ] analyzing information by steps people go through in their minds, or by mathematical algorithms, without more, as essentially mental processes within the abstract-idea category.'") (citation omitted). This is true even if the claim recites that a generic computer component performs the acts. *See, e.g., Versata Dev. Grp., Inc. v. SAP Am., Inc.*, 793 F.3d 1306, 1335 (Fed. Cir. 2015) ("Courts have examined claims that required the use of a computer and still found that the underlying, patent-ineligible invention could be performed via pen and paper or in a person's mind."); *see also* Revised Guidance 84 Fed. Reg. at 52 n.14 ("If a claim, under its broadest reasonable interpretation, covers performance in the mind but for the recitation of generic computer components, then it is still in the mental processes category unless the claim cannot practically be performed in the mind.").

Because all of the above processes can be practically performed mentally or using a pen and paper, we disagree with Appellants' argument that "the Examiner's interpretation of the claim's direction is misconstrued . . . [and] is over broad" (App. Br. 18). Therefore, we conclude claim 1

recites an abstract idea that falls within the Guidance's mental-processes grouping. *See* Revised Guidance, Step 2A, Prong 1 (Groupings of Abstract Ideas). Although independent claim 1 recites an "automatic license plate reader (ALPR)," "a data server," "a user interface," "an input processor," and "an output processor" it recites similar features that can be otherwise performed using a pen and paper. Similarly, independent claim 11 recites a storage medium and a programmed processor. However, both claim 1 and claim 11 also recite an abstract idea that falls within the Guidance's mental-processes grouping. *See* Revised Guidance, Step 2A, Prong 1 (Groupings of Abstract Ideas). The dependent claims are directed to similar processes or functions, and Appellants have not shown such claims are directed to other non-abstract functions or processes.

Therefore, for at least the aforementioned reasons, we agree with the Examiner that representative claim 17 recites an abstract idea, which we conclude are mental processes.

Step 2A—Prong 2 (integration into Practical Application) [3]

Under the Revised Guidance, we now must determine if additional elements in the claims integrate the judicial exception into **a practical application** (*see* MPEP § 2106.05(a)–(c), (e)–(h)).

We discern no additional element (or combination of elements) recited in Appellants' representative claim 1 that integrates the judicial exception into a practical application. *See* Revised Guidance, 84 Fed. Reg.

[3] We acknowledge that some of the considerations at Step 2A, Prong 2, properly may be evaluated under Step 2 of *Alice* (Step 2B of the Office revised guidance). For purposes of maintaining consistent treatment within the Office, we evaluate them under Step 1 of *Alice* (Step 2A of the Office revised guidance). *See* Revised Guidance, 84 Fed. Reg. at 55 n.25, 27–32.

at 54–55 ("Prong 2"). For example, Appellants' claimed additional elements (**e.g.,** "computer system," "a data structure," " database," "hardware processors," and "transient distribution element" (claim 17)) do not: (1) improve the functioning of a computer or other technology; (2) are not applied with any particular machine (except for a generic computer); (3) do not effect a transformation of a particular article to a different state; and (4) are not applied in any meaningful way beyond generally linking the use of the judicial exception to a particular technological environment, such that the claim as a whole is more than a drafting effort designed to monopolize the exception. *See* MPEP §§ 2106.05(a)–(c), (e)–(h).

Appellants contend that the claimed invention "is an unconventional and non-generic arrangement and use of electronic components to address a technological problem peculiar to computer networking" (App. Br. 19) and "is similar to the claims in *DDR Holdings* and *Thales*" (*id.*) because "Appellants' claim 1 includes constructing a novel video/geospatial data 'request'" (*id.* at 22). Appellants further contend that "similarly to the movement equation in *Thales*, the abstract idea of a recoverability index is being used by Appellants . . . as an innovative 'data request'" (*id.* at 24).

In *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1259 (Fed. Cir. 2014), the subject claim was held patent-eligible because it encompassed "an inventive concept" for resolving a "particular Internet-centric problem." Specifically, the invention in *DDR Holdings* allowed a host merchant website to maintain the look and feel of the host website when hyperlinking to outside merchants' product pages, i.e., "specify how interactions with the Internet are manipulated to yield a desired result." *DDR Holdings*, 773 F.3d at 1257–58.

In contrast, we find Appellants' computer-implemented method (claim 17) does not provide a solution "necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks." *DDR*, 773 F.3d at 1257. Rather, determining the probability of recovering a vehicle, even if done so efficiently with a computer, is not a "technological process" to be improved because, as claimed, the determining of the probability of recovering the vehicle could be made by a human using pen and paper.

Appellants' Specification states, "each external communication device 130 may include a resident application or 'App,' 150 which is a specific plug-in or software module installed on the external communication device 130 to facilitate the above communication process" (¶ 64). Appellants' Specification further states that "[t]he application 150 increases the efficiency and flexibility of the system 100, minimizes use of customized hardware and software to reduce cost, and increases user or agent convenience, satisfaction, and efficiency" (¶ 65). Additionally, the Specification indicates that "because most external communication devices 130, such as smart phones 134, are GPS-enabled, images and video captured by such devices can be tagged with the GPS coordinates so that the location of the image (vehicle) captured is associated with its corresponding locations" (*id.*). In other words, Appellants' invention is using generic GPS-enabled smart phones to increase efficiency and reduce cost of locating vehicles.

Thus, we find all claims on appeal merely use a generic computer or processor as a tool which is used in the way a computer normally functions. Therefore, we conclude that the claims fail to impart any discernible

improvement upon the computer or processor; nor do Appellants' claims solve "a challenge particular to the Internet" as considered by the court in *DDR*, 773 F.3d at 1256–57. In fact, Appellants explain that "it is a problem in the asset repossession industry [where] delinquent debtors in possession of collateral tend to hide assets from repossession" (App. Br. 26), i.e., a problem rooted in other tasks, e.g., repossession, where a computer is used as a tool to process data records to generate a recoverability index.

Appellants are reminded that "relying on a computer to perform routine tasks more quickly or more accurately is insufficient to render a claim patent eligible." *OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1363 (Fed. Cir. 2015) (citing *Alice*, 134 S. Ct. at 2359 ("use of a computer to create electronic records, track multiple transactions, and issue simultaneous instructions" is not an inventive concept)).

Thus, we conclude none of Appellants' claims are like the claim(s) held patent-eligible by the court in *DDR*, in which the claimed invention was directed to the "challenge of retaining control over the attention of the customer in the context of the Internet," such that

> [i]nstead of the computer network operating in its normal, expected manner by sending the website visitor to the third-party website that appears to be connected with the clicked advertisement, the claimed system generates and directs the visitor to the above-described hybrid web page that presents product information from the third-party and visual "look and feel" elements from the host website.

DDR, 773 F.3d at 1258–59.

In *Thales,* the claim recites "[a] system for tracking the motion of an object relative to a moving reference frame, comprising:

> [1] a first inertial sensor mounted on the tracked object;
>
> [2] a second inertial sensor mounted on the moving reference frame; and
>
> [3] an element adapted to receive signals from said first and second inertial sensors and configured to determine an orientation of the object relative to the moving reference frame based on the signals received from the first and second inertial sensors.

U.S. Patent No. 6,474,159 B1, 11:49–59 (bracketed numbering added). The Federal Circuit determined that *Thales'* claims "are not merely directed to the abstract idea of using 'mathematical equations for determining the relative position of a moving object to a moving reference frame,'" but rather "are directed to systems and methods that use inertial sensors in a non-conventional manner to reduce errors in measuring the relative position and orientation of a moving object on a moving reference frame." *Thales Visionix v United States*, 850 F.3d at 1349 (Fed. Cir. 2017). As such, the Federal Circuit concluded that *Thales'* claims are not directed to an "abstract idea" under *Alice* step 1 of the *Alice/Mayo* analysis. *Id.*

Similar to *DDR*, we conclude none of Appellants' claims are like the claims held patent-eligible by the court in *Thales*, in which the claimed invention was directed to the "using inertial sensors . . . to reduce errors in measuring the relative position and orientation of a moving object." *Thales*, 850 F.3d at 1349.

Thus, we find unavailing Appellants' arguments that the claims are similar to *DDR* and *Thales*, given that no convincing "inventive concept" for resolving a "particular Internet-centric problem" and/or "tracking the motion of an object relative to a moving reference frame" is identified by Appellants.

Instead, the arguably innovative technique of the appealed claims are inextricably a part of the abstract idea of "ranking asset data probability of recovery." Moreover, nothing in the claims, understood in light of the Specification, requires anything other than an off-the-shelf, conventional computer used for collecting and processing/analyzing various information/data. Thus, we disagree with Appellants that "claim 1 is an unconventional and non-generic arrangement and use of electronic components to address a technological problem peculiar to computer networking" (App. Br. 19). Here, the claims are directed not to an improvement in computer capabilities, but to the results of applying an abstract idea.

For at least the reason noted *supra*, we determine that representative claim 17 (1) recites a judicial exception and (2) does not integrate that exception into a practical application. Thus, representative claim 17 is ***directed to*** the aforementioned abstract idea.

Alice/Mayo—Step 2 (Inventive Concept)
Step 2B identified in the Revised Guidance

Turning to the second step of the *Alice* inquiry, we now look to whether claim 1 contains any "inventive concept" or adds anything "significantly more" to transform the abstract concept into a patent-eligible application. *Alice*, 573 U.S. at 216. As recognized by the Revised Guidance, an "inventive concept" under *Alice* step 2 can be evaluated based on whether an additional element or combination of elements:

> [(1)] adds a specific limitation or combination of limitations that are not well-understood, routine, conventional activity in the field, which is indicative that an inventive concept may be present; or

> [(2)] simply appends well-understood, routine, conventional activities previously known to the industry, specified at a high level of generality, to the judicial exception, which is indicative that an inventive concept may not be present.

See Revised Guidance, 84 Fed. Reg. at 56; *see* MPEP § 2106.05(d).

Appellants contend "[t]he mere fact that the Examiner has failed to locate a reference published prior to the 2010 priority date of the instant application . . . demonstrate[s] the novelty of this uncommon feature that uses real time video data and a geolocation obtained from a camera via an ALPR system as a data request" (App. Br. 24) (emphasis omitted).

We find no element or combination of elements recited in Appellants' claim 17 that contains any "inventive concept" or adds anything "significantly more" sufficient to transform the abstract concept into a patent-eligible application. Using a computer "only for its most basic function, the performance of repetitive calculations," may not impose meaningful limits on the claim's scope. *Bancorp Servs. v. Sun Life Assurance Co. of Can. (U.S.), 687 F.3d 1266, 1278 (Fed. Cir. 2012).* Appellants have not adequately explained how claim 17 is performed such that it is not a routine and conventional function of a generic computer. Furthermore, a finding of novelty or non-obviousness does not require the conclusion that the claimed subject matter is patent-eligible. Although the second step in the *Mayo/Alice* framework is termed a search for an "inventive concept," the analysis is not an evaluation of novelty or nonobviousness, but, rather, is a search for "an element or combination of elements that is 'sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the [ineligible concept] itself.'" *Alice*, 573 U.S. at 216. "Groundbreaking, innovative, or even brilliant discovery

does not by itself satisfy the § 101 inquiry." *Ass'n. for Molecular Pathology v. Myriad Genetics, Inc.,* 569 U.S. 576, 591 (2013). A novel and non-obvious claim directed to a purely abstract idea is, nonetheless, patent-ineligible. *See Mayo,* 566 U.S. at 90. *See also Diamond v. Diehr,* 450 U.S. 175, 188–89 (1981) ("The 'novelty' of any element or steps in a process, or even of the process itself, is of no relevance in determining whether the subject matter of a claim falls within the § 101 categories of possibly patentable subject matter.").

Because Appellants' representative independent claim 17 is directed to a patent-ineligible abstract concept, does not include additional elements that integrate the judicial exception into a practical application, and does not add a specific limitation beyond the judicial exception that is not "well-understood, routine, and conventional," we sustain the Examiner's rejection of the claims 1–3, under 35 U.S.C. § 101 as being directed to non-statutory subject matter in light of *Alice,* its' progeny, and the Revised Guidance.

DECISION

We affirm the Examiner's 35 U.S.C. § 101 rejection of claims 1–3, 5–11, and 17–20.

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