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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* DAVID GORODYANSKY

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Appeal 2018-004994  
Application 12/552,237  
Technology Center 3600

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Before DENISE M. POTHIER, JENNIFER L. McKEOWN, and  
JAMES W. DEJMEK, *Administrative Patent Judges*.

McKEOWN, *Administrative Patent Judge*.

DECISION ON APPEAL

Appellant<sup>1</sup> appeals under 35 U.S.C. § 134(a) from the Examiner's decision to reject claims 1–4, 7–25 and 27–32. Claims 5, 6, and 26 have been cancelled. We have jurisdiction under 35 U.S.C. § 6(b).

We affirm.

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<sup>1</sup> According to Appellant, the real party in interest is Anchorfree, Inc. App. Br. 2.

STATEMENT OF THE CASE

Appellant's disclosed and claimed invention "relates generally to advertising on the Internet and more specifically to enabling user-generated advertising on the Internet." Spec. ¶ 2.

Claim 1 is illustrative of the claimed invention and reads as follows:

1. A computerized system comprising at least one central processing unit, a memory and a network interface, the computerized system further comprising:

an advertising generating module operable to receive first information from at least one individual non-business user and to generate a non-commercial advertising material based on the received first information;

a database storing at least one database record, the at least one database record comprising information on capabilities for placement of the non-commercial advertising material of the at least one individual non-business user offered by other individual non-business users;

an advertising management module configured to receive from the individual non-business user second information on individual non-business user's requirements for advertising and search the at least one database record stored in the database to identify capabilities for placement of the advertising material of the at least one individual non-business user offered by the other individual non-business users that match the second information on individual non-business user's requirements for advertising; and

an advertising placement module operable to insert the advertising material into content associated with the identified capabilities for placement of the non-commercial advertising material of the at least one individual non-business user offered by the other individual non-business users, wherein the advertising placement module is configured to insert the non-commercial advertising material into at least one wireless network operated by at least one of the other individual non-business users and wherein the wireless network is split into a private portion of the at least one of the other individual non-

business users and a public portion, the public portion configured to provide the non-commercial advertising material to subscribers and the private portion being protected from public access.

#### THE REJECTIONS

The Examiner rejected claims 1–4, 7–25, and 27–32 under 35 U.S.C. § 101 as directed to patent-ineligible subject matter. Final Act. 3–5.

The Examiner rejected claims 1–4, 7, and 9–14 under U.S.C. § 103 as unpatentable over Schunemann (US 2006/0136372 A1; June 22, 2006) and Davis (US 2009/0157496 A1; June 18, 2009). Final Act. 6–8.

The Examiner rejected claims 8, 15–23, 25, and 27–32 under 35 U.S.C. § 103 as unpatentable over Schunemann, Davis, and Horvitz (US 2008/0319658 A1; Dec. 25, 2008). Final Act. 8–14.

The Examiner rejected claim 24 under 35 U.S.C. § 103 as unpatentable over Schunemann, Davis, Horvitz, and Official Notice. Final Act. 14–15.

#### ANALYSIS

##### THE § 101 REJECTION

Based on the record before us, we are not persuaded that the Examiner erred in rejecting claims 1–4, 7–25, and 27–32 as directed to patent-ineligible subject matter.

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. *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 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.”).

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)). Concepts determined to be patent eligible include physical and chemical processes, such as “molding rubber products” (*Diamond v. Diehr*, 450 U.S. 175, 191 (1981)); “tanning, dyeing, making water-proof cloth, vulcanizing India rubber, smelting ores” (*id.* at 182 n.7 (quoting *Corning v. Burden*, 56 U.S. 252, 267–68 (1853))); and manufacturing flour (*Benson*, 409 U.S. at 69 (citing *Cochrane v. Deener*, 94 U.S. 780, 785 (1876))).

In *Diehr*, the claim at issue recited a mathematical formula, but the Supreme Court held that “[a] claim drawn to subject matter otherwise statutory does not become nonstatutory simply because it uses a

mathematical formula.” *Diehr*, 450 U.S. at 176; *see also id.* at 191 (“We view respondents’ claims as nothing more than a process for molding rubber products and not as an attempt to patent a mathematical formula.”). Having said that, the Supreme 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*); *see, e.g., id.* at 187 (“It 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.”).

If the claim is “directed to” an abstract idea, we turn to the second step of the *Alice* and *Mayo* framework, where “we 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 (citation 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.* (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.*

The PTO recently published revised guidance on the application of section 101. USPTO’s 2019 Revised Patent Subject Matter Eligibility Guidance, 84 Fed. Reg. 50 (Jan. 7, 2019) (“Memorandum”). Under that guidance, we first look to whether the claim recites:

- (1) any judicial exceptions, including certain groupings of abstract ideas (i.e., mathematical concepts, certain methods of organizing human activity such as a fundamental economic practice, or mental processes); and
- (2) additional elements that integrate the judicial exception into a practical application (see MANUAL OF PATENT EXAMINING PROCEDURE (“MPEP”) § 2106.05(a)-(c), (e)-(h) (9th ed. 2018)).

See Memorandum 52, 55–56. 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 are 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 Memorandum 56.

#### *Examiner’s Findings and Conclusion*

Under step one of the *Alice* test, the Examiner determines that the claimed invention is “directed to the concept of allowing users to generate non-commercial material, associate requirements with the material, and insert material into content matching the requirements and distributed by other users.” Final Act. 3. The Examiner further explains that the claimed concepts are similar to those in cases, such as *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709 (Fed. Cir. 2014) and *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366 (Fed. Cir. 2011). Final Act. 3–4.

Under step two of the *Alice* test, the Examiner determines that the additional limitations do not add significantly more to the claimed abstract idea. Final Act. 4. For example, the Examiner determines that the additional limitations of

A database storing records is performing the routine function of storing data. A processing unit receiving information is performing the routine function of receiving data over a network. A processing unit matching requirements is performing the well-understood lookup function, as would be recognized by one in the art. Placing material on a network for distribution is a well-understood function, as would be recognized by one in the art. Thus, taken alone, the additional elements do not amount to significantly more than the above-identified judicial exception (the abstract idea).

Final Act. 4.

#### *Appellant's Contentions*

Appellant argues that “the claimed subject matter is inherently related to the wireless network [] split into a private portion of the at least one of the other individual non-business users and a public portion.” App. Br. 8. According to Appellant, this claimed invention is “inextricably tied to the computer technology (e.g. specially configured wireless network) and distinct from the types of concepts found by the courts to be abstract.” App. Br. 8; *see also* App. Br. 10. Appellant additionally asserts that the claimed invention address an “Internet-centric” problem that “does not exist outside of the Internet domain.” App. Br. 11.

#### *Analysis – Revised Step 2A*

Under the Memorandum, in prong one of step 2A we look to whether the claims recite a judicial exception. The claimed invention includes “an advertising generating module operable to receive first information from at

least one individual non-business user and to generate a non-commercial advertising material based on the received first information,” “at least one database record comprising information on capabilities for placement of the non-commercial advertising material of the at least one individual non-business user offered by other individual non-business users,” “an advertising management module configured to receive from the individual non-business user second information on individual non-business user’s requirements for advertising and search the at least one database record stored in the database to identify capabilities for placement of the advertising material of the at least one individual non-business user offered by the other individual non-business users that match the second information on individual non-business user’s requirements for advertising,” “an advertising placement module operable to insert the advertising material into content associated with the identified capabilities for placement of the non-commercial advertising material of the at least one individual non-business user offered by the other individual non-business users.” At a high level, these claimed steps provide for generating advertising material, storing records of capabilities for placement of the advertising material, matching the advertising material to a database record with received advertising requirements, and inserting the advertising material into content. These limitations recite certain methods of organizing human activity as they address generating and presenting advertisements to users. *See also* Spec ¶ 21 (discussing that the claimed invention is directed to “the creation of a user-to-user advertising network, wherein users may exchange ads with each other or buy ads from each other.”). As such, since the claimed invention

recites certain methods of organizing human activity, the claimed invention recites an abstract idea. *See also Ultramercial*, 772 F.3d 709.

Under prong two of revised step 2A, we determine whether the recited judicial exception is integrated into a practical application of that exception by: (a) identifying whether there are any additional elements recited in the claim beyond the judicial exception(s); and (b) evaluating those additional elements individually and in combination to determine whether they integrate the exception into a practical application.

The claimed invention additionally recites a central processing unit, a memory, a network interface, an advertising generating module, a database, an advertising management module, an advertising placement module, and “at least one wireless network operated by at least one of the other individual non-business users and wherein the wireless network is split into a private portion of the at least one of the other individual non-business users and a public portion, the public portion configured to provide the non-commercial advertising material to subscribers and the private portion being protected from public access.”

We determine that the claimed invention is not integrated into a practical application. Specifically, the claimed invention merely uses a computer as tool to implement the claimed abstract idea. For example, as the Examiner explains,

The present invention receives information, generates material, stores records, searches the records for a match to received information, inserts the material into a wireless network split into a private portion and a public portion, the public portion configured to provide the material to subscribers and the private portion being protected from public access. The wireless network split into a public portion and a private portion is nothing more

than the vehicle to distribute the generated material. The present invention did not invent nor improve upon a wireless network split into a public portion and a private portion. This is contrary to the example which does improve upon software technology.

Ans. 4. *See also, e.g.,* MPEP § 2106.05(f).

Moreover, we disagree with Appellant that the additional wireless network limitation renders the claimed invention eligible or that the claimed invention “resolv[es] a particular Internet-centric problem.” *See* App. Br. 8–12. Appellant fails to identify the alleged Internet-centric problem and how the claimed invention resolves this problem. Instead, Appellant merely points to the features of the claimed wireless network, namely a portion being private and a portion being public. App. Br. 9. The Specification expressly notes that the use of a wireless network to advertise between users and the splitting of a wireless network into two or more portions, such as a private and public portion, is well known. Spec. ¶ 25. The Specification also describes, “that the inventive system is not limited to any specific wireless network protocol or router technology, such as DD-WRT technology. Any such suitable technologies may be used.” Spec. ¶ 25. The claimed wireless network limitation, thus, does not solve an internet centric problem nor is a technical improvement. As such, we determine that the claimed invention is not integrated into a practical application.

*Analysis – Step 2B*

We agree with the Examiner that the additional limitations are not sufficient to amount to significantly more than the claimed abstract idea. *See* Final Act. 4. Namely, as the Examiner explains, the claimed invention additionally recites a “central processing unit, a memory, and a network interface. 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.” Final Act. 4; *see also* Final Act. 4 (noting that “the functions performed by the additional limitations, such as storing records, receiving data over a network, matching requirements or comparing data, and placing material on a network for distribution, are well-understood functions.”); Spec. ¶ 17 (discussing that it is “well known to persons of skill in the art” to split a wireless network into two or more portions and use the network to provide advertisements to other users); *Ultramercial*, 772 F.3d 709; *Planet Bingo LLC v. VKGS LLC*, 576 F. App’x 1005, 1006 (Fed. Cir. 2014) (determining that claims to a computer-aided management system for bingo games was directed to an abstract idea); *Content Extraction and Transmission LLC v. Wells Fargo Bank, Nat. Ass’n*, 776 F.3d 1343, 1347 (Fed. Cir. 2014) (discussing that data collection, recognition, and storage is well-known); *Intellectual Ventures I LLC v. Erie Indemnity Co.*, 850 F.3d 1315 (Fed. Cir. 2017)(noting that “organizing and accessing records through the creation of an index-searchable database, includes longstanding conduct that existed well before the advent of computers and the Internet.”).

Moreover, we note that the step of inserting the advertising into content is merely insignificant extra-solution activity. Namely, the claimed invention receives, processes, and displays data — this is merely conventional data gathering and analysis. *See* MPEP § 2106.05(g); *OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1363 (Fed. Cir. 2015) (collecting and analyzing data amounted to mere data gathering).

Accordingly, based on the record before us, we are not persuaded of error in the Examiner’s conclusion that the appealed claims are directed to

patent-ineligible subject matter. Therefore, we affirm the Examiner's decision to reject claims 1–4, 7–25, and 27–32 as directed to patent-ineligible subject matter.

THE § 103 REJECTION BASED ON SCHUNEMANN AND DAVIS

*Claims 1–4, 7, and 9–14*

Based on the record before us, we are not persuaded that the Examiner erred in rejecting claims 1–4, 7, and 9–14 as unpatentable over Schunemann and Davis.

Appellant argues that “the essential requirement recited by the aforesaid claim is that both the persons placing the advertisement as well as the owners of the wireless networks are ‘individual non-business users’ and not businesses.” App. Br. 14. (emphasis omitted). Further, Appellant asserts, for example, “there is nothing in Schunemann that teaches that the database records include information on capabilities for placement of the non-commercial advertising material of the at least one individual non-business user offered by other individual non-business users.” App. Br. 16 (emphasis omitted); *see also* App. Br. 15–16 (presenting similar arguments with respect to the additionally cited prior art references).

We find this argument unpersuasive. As the Examiner explains, Davis teaches a personal network where first and second users can submit and receive personal advertising, i.e. non-business or non-commercial advertising. Ans. 6–7; *see also* Davis, Abstract (discussing a “personal broadcasting system” that matches and introduces personal users); Davis ¶ 11 (discussing the desire to “facilitate the formation of all types of relationships, including but not limited to social and commercial relationships.”). As such, we are not persuaded of error in the Examiner's

determination that Davis teaches or suggests non-business users and non-business owners of a wireless network.

Moreover, we note that the claimed invention is directed to either a computing system (claims 1 and 15) or a method performed on a computing system (claim 19). Particular qualities of the *user* who operates the wireless network or use for the advertising material, however, would be outside the scope of the *computing system*. See *Ex parte Masham*, 2 USPQ2d 1647 (BPAI 1987) (non-precedential) (noting that a claim containing a “recitation with respect to the manner in which a claimed apparatus is intended to be employed does not differentiate the claimed apparatus from a prior art apparatus” if the prior art apparatus teaches all the structural limitations of the claim).

Accordingly, based on the record before us, we affirm the Examiner’s decision to reject claims 1–4, 7, and 9–14 as unpatentable over Schunemann and Davis.

#### THE REMAINING § 103 REJECTIONS

##### *Claims 8, 15–25, and 27–32*

Appellant relies on the arguments presented for claim 1, namely that the cited prior art does not teach or suggest non-commercial or non-business users. See App. Br. 15–16 (presenting similar arguments with respect to the additionally cited prior art references). For the reasons discussed above, we find those arguments unpersuasive. As such, we affirm the Examiner’s rejection of claims 8, 15–25, and 27–32 as obvious.

#### DECISION

We affirm the Examiner’s decision to reject claims 1–4, 7–25, and 27–32.

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No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a).

AFFIRMED