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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte VINCENT R. RE

Appeal 2018-005900
Application 12/610,591[1]
Technology Center 3600

Before HUNG H. BUI, ADAM J. PYONIN, and
MICHAEL M. BARRY, *Administrative Patent Judges*.

BUI, *Administrative Patent Judge*.

DECISION ON APPEAL

Appellant seeks our review under 35 U.S.C. § 134(a) from the Examiner's Final Rejection of claims 1–24, 26, 28, and 29, which are all the claims pending in the application. Claims 25 and 27 are canceled. Appeal Br. 27–35 (Claims App.). We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.[2]

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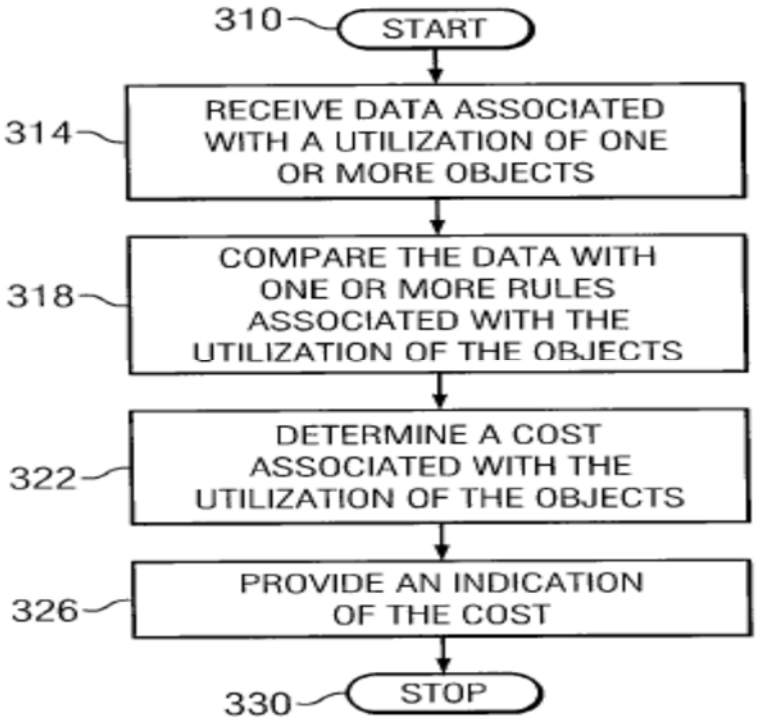
[1] We use the word "Appellant" to refer to "applicant" as defined in 37 C.F.R. § 1.42. The real party in interest is CA, Inc. Appeal Br. 4.

[2] Our Decision refers to Appellant's Appeal Brief ("Appeal Br.") filed December 14, 2017; Examiner's Answer ("Ans.") mailed March 14, 2018; Final Office Action ("Final Act.") mailed May 10, 2017; and original Specification ("Spec.") filed November 2, 2009.

STATEMENT OF THE CASE

Appellant's invention relates to "a system and method for determining and/or reducing costs associated with utilizing objects [i.e., hardware or software in a computing environment]." Spec. 1:3–5; *see also id.* at 2:2–4, 5:12–15. Appellant's Figure 4 shows "a method for determining the costs associated with utilizing one or more objects," as reproduced below:



As shown in Figure 4, the method includes (1) receiving, in near real time, data associated with a utilization of one or more objects at step 314; (2) comparing the data associated with the utilization of the one or more objects with one or more rules associated with the utilization of the one or more objects at step 318; (3) determining, in near real time, a cost associated with the utilization of the one or more objects based at least on the comparison; and (4) providing, in near real time, an indication of the cost associated with

the utilization of the one or more objects at step 326. Spec. 3:19, 4:12; Abstract.

Claims 1, 10, and 19 are independent. Claim 1 is illustrative of Appellant's invention on appeal, as reproduced below:

> 1. A method comprising:
>
> discovering that a plurality of software licenses has been loaded into a computing system;
>
> determining, by the computing system, a plurality of rules using the plurality of software licenses, wherein each of the plurality of rules define[s] a method of cost analysis of a utilization of one or more objects;
>
> wherein each object is associated with a respective agent;
>
> providing first instructions from the computing system to the agents to monitor the utilization of the one or more objects;
>
> receiving, in near real time from the agents, data associated with the utilization of the one or more objects;
>
> comparing, by the computing system, the data associated with the utilization of the one or more objects with the plurality of rules from the plurality of software licenses;
>
> determining which configuration of hardware results in the lowest utilization cost for the computing system based on the comparison; and
>
> providing second instructions from the computing system to the agents to adjust utilization of the associated one or more objects, wherein adjusting utilization of the associated one or more objects in accordance with the software license lowers utilization cost of the one or more objects.

Appeal Br. 27 (Claims App.).

EXAMINER'S REJECTIONS & REFERENCES

(1) Claims 1–24, 26, 28, and 29 stand rejected under 35 U.S.C. § 101 because the claimed invention is directed to a patent-ineligible abstract idea without significantly more. Final Act. 10–13.

(2) Claims 1–24, 26, and 28 stand rejected under 35 U.S.C. § 103(a) as being obvious over Depro et al. (US 7,908,606 B2; issued Mar. 15, 2011; "Depro"), Alam et al. (US 2008/0319926 A1; published Dec. 25, 2008; "Alam"), Childress et al. (US 8,041,797 B2; issued Oct. 18, 2011; "Childress"), and Carmody et al. (US 2003/0055749 A1; published Mar. 20, 2003; "Carmody"). Final Act. 13–26.

(3) Claim 29 stands rejected under 35 U.S.C. § 103(a) as being obvious over Depro, Alam, Childress, Carmody, and Jacobs et al. (US 2008/0010361 A1; published Jan. 10, 2008; "Jacobs"). Final Act. 27–28.

ANALYSIS

35 U.S.C. § 101

In support of the § 101 rejection of claims 1–24, 26, 28, and 29, the Examiner determines Appellant's claims are directed to "adjust[ing] utilization of one or more resources according to software licenses" and include limitations such as "determining a software licenses' rules, comparing the utilization data with the rules, and adjust[ing] utilization according to the rules," which are nothing more than a series of mental processes and similar to the claims found by the Supreme Court to be an abstract idea in (1) *Parker v. Flook*, 437 U.S. 584, 589–90 (1978) (holding a method for updating an alarm limit — measuring the present value of a process variable (*e.g.*, temperature or pressure exceeding safety limits),

using an algorithm to calculate an updated alarm-limit value, and adjusting the updated value — is an abstract idea); (2) *Classen Immunotherapies, Inc. v. Biogen IDEC*, 659 F.3d 1057 (Fed. Cir. 2011) (holding the concept of "collecting and comparing known information" is an abstract idea); and (3) *Electric Power Group, LLC, v. Alstom*, 830 F.3d 1350 (Fed. Cir. 2016) (holding that the concept of "collecting information, analyzing it, and displaying certain results of the collection and analysis" is an abstract idea). Final Act. 7–8. According to the Examiner, "managing the usage of software [objects] in order to better manage monetary costs [] is a business," i.e., a fundamental economic practice. Ans. 7.

The Examiner then determines the additional element(s) (i.e., "processor"), when analyzed individually and as an ordered combination, do not amount to significantly more than the abstract idea, because these additional elements (1) are "generic computer elements"; (2) are recited at a high level of generality "to perform their basic functions of storing, retrieving and executing"; and (3)

> do not recite, for example: an improvement to another technology or technical field; improvements to the functioning of the computer itself; applying the judicial exception with, or by use of, a particular machine; effecting a transformation or reduction of a particular article to a different state or thing; adding a specific limitation other than what is well-understood, routine and conventional in the field, or adding unconventional steps that confine the claim to a particular useful application; or other meaningful limitations beyond generally linking the use of the judicial exception to a particular technological environment.

Final Act. 7, 9–10.

Legal Framework

To determine whether claims are patent eligible under § 101, we apply the Supreme Court's two-step framework articulated in *Alice Corp. v. CLS Bank Int'l*, 573 U.S. 208 (2014). First, we determine whether the claims are directed to a patent-ineligible concept: laws of nature, natural phenomena, and abstract ideas. *Id.* at 216. If so, we then proceed to the second step to consider the elements of the claims "individually and 'as an ordered combination'" to determine whether there are additional elements that "'transform the nature of the claim' into a patent-eligible application." *Id.* at 217. In other words, the second step is to "search for an 'inventive concept'—*i.e.,* 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.'" *Id.* at 218 (alteration in original, internal quotation marks omitted).

The Federal Circuit has described the *Alice* step-one inquiry as looking at the "focus" of the claims, their "character as a whole," and the *Alice* step-two inquiry as looking more precisely at what the claim elements add—whether they identify an "inventive concept" in the application of the ineligible matter to which the claim is directed. *See Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d at 1353; *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1335–36 (Fed. Cir. 2016); *Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1346 (Fed. Cir. 2015).

In an effort to achieve clarity and consistency in how the U.S. Patent and Trademark Office (the "Office") applies the Supreme Court's two-step framework, the Office has published revised guidance interpreting governing case law and establishing a prosecution framework for all patent-eligibility

analysis under *Alice* and § 101 effective as of January 7, 2019. *2019 Revised Patent Subject Matter Eligibility Guidance*, 84 Fed. Reg. 50–57 (Jan. 7, 2019) ("2019 Revised Guidance").

2019 Revised Guidance

Under the 2019 Revised Guidance, we first look under *Alice* step 1 or "Step 2A" to whether the claim recites:

> (1) Prong One: any judicial exceptions, including certain groupings of abstract ideas (i.e., [i] mathematical concepts, [ii] mental processes—concepts performed in the human mind (including an observation, evaluation, judgment, opinion), or [iii] certain methods of organizing human activity such as a fundamental economic practice or managing personal behavior or relationships or interactions between people); and
>
> (2) Prong Two: additional elements that integrate the judicial exception into a practical application (*see* Manual of Patent Examining Procedure ("MPEP") §§ 2106.05(a)–(c), (e)–(h)).[3]

See 2019 Revised Guidance, 84 Fed. Reg. at 51–52, 55, Revised Step 2A, Prong One (Abstract Idea) and Prong Two (Integration into A Practical Application). Only if a claim: (1) recites a judicial exception, and (2) does not integrate that exception into a practical application, do we then evaluate whether the claim provides an "inventive concept" under *Alice* step 2 or "Step 2B." *See* 2019 Revised Guidance at 56; *Alice*, 573 U.S. at 217–18. For example, we look to whether the claim:

> 1) adds a specific limitation beyond the judicial exception that is not "well-understood, routine, conventional" in the field (*see* MPEP § 2106.05(d)); or

[3] All references to the MPEP are to the Ninth Edition, Revision 08.2017 (rev. Jan. 2018).

2) simply appends well-understood, routine, and conventional activities previously known to the industry, specified at a high level of generality, to the judicial exception.

See 2019 Revised Guidance, 84 Fed. Reg. at 56.

In the briefing, Appellant and Examiner refer to prior USPTO guidance regarding § 101, i.e., *July 2015 Update on Subject Matter Eligibility*, 80 Fed. Reg. 45,429 (July 30, 2015) ("the 2015 Update"). Final Act. 7. However, the 2015 Update as well as other prior guidance, including: (1) *2014 Interim Guidance on Patent Subject Matter Eligibility*, 79 Fed. Reg. 74,618 (December 16, 2014); (2) *May 2016 Subject Matter Eligibility Update*, 81 Fed. Reg. 27,381 (May 6, 2016); and (3) *Memorandum on Subject Matter Eligibility Decisions* dated Nov. 2, 2016, have all been superseded by the 2019 Revised Guidance. *See* 2019 Revised Guidance, 84 Fed. Reg. at 52; *see also* October 2019 Update: Subject Matter Eligibility, page 17. As such, our analysis will not address the sufficiency of the Examiner's rejection against the cited prior guidance. Rather, we review the 101 rejection *de novo* (*Dealertrack, Inc. v. Huber*, 674 F.3d 1315, 1333 (Fed. Cir. 2012)) in comport with the 2019 Revised Guidance as discussed below.

Alice/Mayo—Step 1 (Abstract Idea)
Step 2A–Prongs 1 and 2 identified in the Revised Guidance

Step 2A—Prong 1

Appellant does not dispute the Examiner's determination that claims 1–24, 26, 28, and 29 recite "mental processes" or "a fundamental economic practice." Final Act. 7–8; Ans. 7. Instead, Appellant argues claims 1–24, 26, 28, and 29 are not directed to an abstract idea because (1) these claims "provide a solution to managing objects in a computing system beyond

generally linking any abstract idea to a particular technology environment," and (2) the Examiner has oversimplified and mischaracterized the claims as (i) similar to *Classen* because the claims "go beyond just 'collecting and comparing known information' by at least applying the derived information and adjusting the utilization of objects within a computing system," or (ii) similar to *Electric Power Group* because the claims "do more than simply collect, analyze and display information by at least applying the derived information to adjust the utilization of objects within a computing system." Appeal Br. 10–14.

Appellant's arguments are not persuasive. At the outset, we note Appellant's Specification and claims describe (1) how traditionally, objects (i.e., hardware or software) in a computing environment are "monitored based on resource utilization (i.e., how busy is the server running) and service levels (i.e., what is the response time)," but "[t]hese traditional techniques [] are deficient because they do not allow for intelligent, business decision making" (Spec. 2:1–5); and (2) "how to better manage costs [associated with these objects] in a computer system" (Ans. 6) by simply (i) collecting data associated with the utilization of one or more objects, (ii) comparing it using one or more rules associated with the utilization of the one or more objects, as shown in Figure 4, and then (iii) providing an indication of the cost associated with the utilization of the one or more objects based at least on the comparison. Spec. 3:2–19; Abstract. This way, "the user may understand the cost associated with the utilization of the objects." Spec. 18:5–6.

For example, Appellant's claim 1 recites a method comprising:

> [1] discovering that a plurality of software licenses has been loaded into a computing system;
>
> [2] determining, by the computing system, a plurality of rules using the plurality of software licenses, wherein each of the plurality of rules define[s] a method of cost analysis of a utilization of one or more objects;
>
> [3] wherein each object is associated with a respective agent;
>
> [4] providing first instructions from the computing system to the agents to monitor the utilization of the one or more objects;
>
> [5] receiving, in near real time from the agents, data associated with the utilization of the one or more objects;
>
> [6] comparing, by the computing system, the data associated with the utilization of the one or more objects with the plurality of rules from the plurality of software licenses;
>
> [7] determining which configuration of hardware results in the lowest utilization cost for the computing system based on the comparison; and
>
> [8] providing second instructions from the computing system to the agents to adjust utilization of the associated one or more objects, wherein adjusting utilization of the associated one or more objects in accordance with the software license lowers utilization cost of the one or more objects.

Appeal Br. 27 (Claims App.) (bracketing added).

These limitations of Appellant's claim 1, under their broadest reasonable interpretation, recite (1) collecting information regarding "rules using [] software licenses" and "utilization of one or more objects [i.e., hardware or software]," (2) comparing such known information to determine lowest utilization costs, and then (3) outputting "instructions . . . to adjust

utilization of [] one or more objects," which are known business activities used to better manage costs of utilizing one or more objects [hardware or software] is a computing environment, i.e., a fundamental economic practice, as recognized by the Examiner. Ans. 7 (quoting claim 1).

Such activities are squarely within the realm of abstract ideas, like (1) the risk hedging in *Bilski v. Kappos*, 130 S. Ct. 3218 (2010); (2) the intermediated settlement in *Alice*, 573 U.S. at 220; (3) verifying credit card transactions in *CyberSource*, 654 F.3d 1366, 1370 (Fed. Cir. 2011); (4) guaranteeing transactions in *buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350, 1354 (Fed. Cir. 2014); (5) distributing products over the Internet in *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709 (Fed. Cir. 2014); (6) determining a price of a product offered to a purchasing organization in *Versata Dev. Grp., Inc. v. SAP America, Inc.*, 793 F.3d 1306 (Fed. Cir. 2015); and (7) pricing a product for sale in *OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359 (Fed. Cir. 2015). Collecting, comparing known information to determine lowest utilization costs, and then outputting "instructions . . . to adjust utilization of [] one or more objects" is also a building block of a market economy and, like risk hedging and intermediated settlement, is an "abstract idea" beyond the scope of § 101. *See Alice*, 573 U.S. at 220.

Alternatively, collecting information regarding "rules using [] software licenses" and "utilization of one or more objects [i.e., hardware or software]," comparing such known information to determine lowest utilization costs, and then outputting "instructions . . . to adjust utilization of [] one or more objects" to a user are nothing more than a series of "mental

processes" that could also be performed in the human mind or by a human using a pen and paper.

For example, limitations (1)–(4) of Appellant's claim 1 can be performed by a user who reviews the terms and rules of (paper) software licenses and observes the utilization of one or more objects. Limitations (5)–(8) of Appellant's claim 1 can be performed by the same user who collects and compares information associated with the use of one or more objects with the rules of the software licenses, observes the lowest utilization cost and then adjust the utilization of one or more objects for the lowest cost. *See CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d at 1372–73 ("[A] method that can be performed by human thought alone is merely an abstract idea and is not patent-eligible under § 101."); *see also In re Comiskey*, 554 F.3d 967, 979 (Fed. Cir. 2009) ("[M]ental processes—or processes of human thinking—standing alone are not patentable even if they have practical application."); *Gottschalk v. Benson*, 409 U.S. 63, 67 (1972) ("Phenomena of nature, . . . *mental processes*, and abstract intellectual concepts are not patentable, as they are the basic tools of scientific and technological work" (emphasis added).). Additionally, mental processes remain unpatentable even when automated to reduce the burden on the user of what once could have been done with pen and paper. *CyberSource*, 654 F.3d at 1375 ("That purely mental processes can be unpatentable, even when performed by a computer, was precisely the holding of the Supreme Court in *Gottschalk v. Benson*.").

As further recognized by the Examiner, collecting, comparing known information, and outputting instructions to adjust "instructions . . . to adjust utilization of [] one or more objects" to a user, as recited, is also analogous

to the claims identified by the Federal Circuit as directed to an abstract idea in (1) *Classen* and (2) *Electric Power Group*. Final Act. 7–8.

According to the Federal Circuit, "collecting information, including when limited to particular content (which does not change its character as information), as within the realm of abstract ideas." *See, e.g.*, *Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1346 (Fed. Cir. 2015; *OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1363 (Fed. Cir. 2015); *Content Extraction & Transmission LLC v. Wells Fargo Bank, Nat'l Ass'n*, 776 F.3d 1343, 1347 (Fed. Cir. 2014); *Digitech Image Techs., LLC v. Elecs. for Imaging, Inc.*, 758 F.3d 1344, 1351 (Fed. Cir. 2014); *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1370 (Fed. Cir. 2011). Likewise, "analyzing information by steps people go through in their minds, or by mathematical algorithms, without more," is "essentially mental processes within the abstract-idea category." *See, e.g.*, *TLI Commc'ns*, 823 F.3d at 613; *Digitech*, 758 F.3d at 1351; *SmartGene, Inc. v. Advanced Biological Labs., SA*, 555 F. App'x 950, 955 (Fed. Cir. 2014); *Bancorp Servs., L.L.C. v. Sun Life Assurance Co. of Canada (U.S.)*, 687 F.3d 1266, 1278 (Fed. Cir. 2012); *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1372 (Fed. Cir. 2011); *SiRF Tech., Inc. v. Int'l Trade Comm'n*, 601 F.3d 1319, 1333 (Fed. Cir. 2010); *see also Mayo*, 132 S. Ct. at 1301; *Parker v. Flook*, 437 U.S. 584, 589–90 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 67 (1972). And the Federal Circuit has recognized that merely presenting the results of abstract processes of collecting and analyzing information, without more (such as identifying a particular tool for presentation), is abstract as an ancillary part of such collection and analysis. *See, e.g.*, *Content Extraction*,

776 F.3d at 1347; *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 715 (Fed. Cir. 2014).

We, therefore, conclude limitations (1)–(8) in Appellant's claim 1 recite nothing more than collecting, comparing known information, and outputting instructions to adjust "instructions . . . to adjust utilization of [] one or more objects" to a user, which is "a fundamental economic practice" and/or a series of "mental processes" and thus, in accordance with the Revised Guidance, an abstract idea. *See* 2019 Revised Guidance (*Revised Step 2A, Prong One*), 84 Fed. Reg. at 52, 54.

Because the claims recite an abstract idea, we next proceed to *Step 2A, Prong Two* of the Revised Guidance, to determine whether the claims integrate the recited idea into a practical application). *See* Revised Guidance, 84 Fed. Reg. at 54.

Step 2A—Prong 2 (Integration into Practical Application)

Under *Revised Step 2A, Prong Two* of the Revised Guidance, we determine if the claims (i.e., additional limitations beyond the judicial exception) integrate the judicial exception into a practical application. However, we discern no additional element (or combination of elements) recited in Appellant's claims 1–24, 26, 28, and 29 that integrates the judicial exception into a practical application. *See* Revised Guidance, 84 Fed. Reg. at 54–55 ("Prong Two"). For example, Appellant's additional elements (i.e., "computing system") in claims 1–24, 26, 28, and 29 do not (1) improve the functioning of a computer or other technology, (2) are not applied with any particular machine (except for generic computer components), (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).

For business-centric inventions such as Appellant's invention involving collecting information, comparing known information to determine lowest utilization costs, and then outputting "instructions . . . to adjust utilization of [] one or more objects" to a user, the "integration into a practical application" prong requires consideration of whether the claims purport to provide "a technical solution to a technical problem" as required by the Federal Circuit's precedential decisions in (1) *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1257 (Fed. Cir. 2014) and (2) *Amdocs (Isr.) Ltd. v. Openet Telecom, Inc.*, 841 F.3d 1288 (Fed. Cir. 2016). *See* MPEP § 2106.05(a).

The Federal Circuit found *DDR's* claims are patent-eligible under § 101 because *DDR's* claims: (1) do not merely recite "the performance of some business practice known from the pre-Internet world" as in *Bilski* and *Alice*; but instead (2) provide a technical solution to a technical problem unique to the Internet, *i.e.*, 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. Likewise, the Federal Circuit also found *Amdocs*' claims patent-eligible under § 101 because, like *DDR*, *Amdocs*' claims "entail[] an unconventional technological solution (enhancing data in a distributed fashion) to a technological problem (massive record flows which previously required massive databases)" and "improve the performance of the system itself." *Amdocs*, 841 F.3d at 1300, 1302.

Appellant argues the claims address "the problem of combating consistently high costs in management of computer systems" and "are directed specifically to the management of a computing system, and improvements in that technology" and, like the claims in *DDR*, "improve surrounding systems, modify and improve the computing system of the enterprise itself and thus improve the computer technology." Appeal Br. 14–15. Appellant also argues the claims describe "distributed data gathering, filtering, and enhancements that enable load distribution" and, like the claims in *Amdocs*, "provide a real benefit, making the system more cost-efficient." Appeal Br. 16–17.

We do not agree. Collecting, comparing known information to determine lowest utilization costs, and then outputting "instructions . . . to adjust utilization of [] one or more objects" to a user in the manner recited in Appellant's claims does not provide any "technical solution to a technical problem" as contemplated by the Federal Circuit in *DDR* and *Amdocs*. *See* MPEP § 2106.05(a). For example, Appellant's claimed collecting and comparing of known information to determine lowest utilization costs, and then outputting "instructions . . . to adjust utilization of [] one or more objects" does not provide a technical solution to a technical problem unique to the Internet, *i.e.*, 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. Nor does Appellant's invention entail, like *Amdocs*, any "unconventional technological solution (enhancing data in a distributed fashion) to a technological problem (massive record flows which previously required massive databases)" and

"improve the performance of the system itself." *Amdocs*, 841 F.3d at 1300, 1302.

As correctly recognized by the Examiner, the focus of Appellant's invention is "to better manage costs in a computer system" which is "not a problem that is inherently tied to either computer networks, computer technology, or the Internet as discussed in *DDR*." Final Act. 4; Ans. 6–7. Likewise, Appellant's "invention [] is directed to improve business decision making with respect to addressing software usage costs, rather than improve the operation of the computer system, per se, e.g. to increase speed, reduce memory requirements, etc.," "which does not provide a technical nor [sic] technological solution in the same way *Amdocs* did." Ans. 10. Contrary to Appellant's arguments, utilizing a generic computer component (i.e., "computer system") to compare known information regarding "rules using [] software licenses" and "utilization of one or more objects [i.e., hardware or software]" to determine lowest utilization costs, and then output "instructions . . . to adjust utilization of [] one or more objects," as recited, is insufficient to show integration into a practical application. *See* MPEP § 2106.05(f). Instead, these generic computer components are simply the "automation of the fundamental economic concept," *OIP Techs.*, 788 F.3d at 1362–63. "[M]erely requiring generic computer implementation," "does not move [the claim] into [§] 101 eligibility territory." *buySAFE*, 765 F.3d at 1354.

A claim for a new abstract idea is still an abstract idea. *See Synopsys, Inc. v. Mentor Graphics Corp.*, 839 F.3d 1138, 1151 (Fed. Cir. 2016); *see also SAP America, Inc. v. InvestPic, LLC*, 898 F.3d 1161, 1163 (Fed. Cir. 2018) ("No matter how much of an advance in the finance field the claims

recite, the advance lies entirely in the realm of abstract ideas, with no plausibly alleged innovation in the non-abstract application realm.").

For these reasons, we are not persuaded that Appellant's "additional elements" recited in claims 1–24, 26, 28, and 29 integrate the abstract idea into a practical application.

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

Under the 2019 Revised Guidance, 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 adds a specific limitation beyond the judicial exception that is not "well-understood, routine, conventional" in the field (*see* MPEP § 2106.05(d)); or, simply appends well-understood, routine, conventional activities previously known to the industry, specified at a high level of generality, to the judicial exception. *See* 2019 Revised Guidance, 84 Fed. Reg. at 56. Here, we find no element or combination of elements recited in Appellant's claims 1–24, 26, 28, and 29 that contain any "inventive concept" or add anything "significantly more" to transform the abstract concept into a patent-eligible application.

Appellant does not identify any specific limitation of claims 1, 10, and 19 beyond the judicial exception that is not "'well-understood, routine, conventional' in the field" as per MPEP § 2106.05(d). Instead, Appellant argues "the present claims are [] directed to significantly more than any abstract idea" because these claims improve "surrounding systems, and modify[] and improve the computing system of the enterprise itself." Appeal Br. 16–17. Appellant also argues, like the claims in *BASCOM Global Internet Servs., Inc. v. AT&T Mobility LLC*, 827 F.3d 1341 (Fed. Cir. 2016), "the present claims are much more similar to those in *Bascom*, where

the 'installation of a filtering tool at a specific location based on determined information' was a sufficient inventive concept." Appeal Br. 14.

We do not agree. Contrary to Appellant's arguments, there is no evidence from the Specification to support any contention that Appellant's claims improve "surrounding systems, and modify[] and improve the computing system of the enterprise itself." Appeal Br. 16–17. Mere attorney arguments and conclusory statements that are unsupported by factual evidence are entitled to little probative value. *In re Geisler*, 116 F.3d 1465, 1470 (Fed. Cir. 1997); *see also In re De Blauwe*, 736 F.2d 699, 705 (Fed. Cir. 1984); and *Ex parte Belinne*, No. 2009-004693, slip op. at 7–8 (BPAI Aug. 10, 2009) (informative). Likewise, utilizing generic computing devices do not alone transform an otherwise abstract idea into patent-eligible subject matter. As our reviewing court has observed, "after *Alice*, there can remain no doubt: recitation of generic computer limitations does not make an otherwise ineligible claim patent-eligible." *DDR*, 773 F.3d at 1256 (citing *Alice*, 573 U.S. at 222).

Appellant's claims are not analogous to the claims of the patent at issue in *BASCOM*. For example, *BASCOM* (U.S. Patent No. 5,987,606 ("*BASCOM* '606 patent")) describes a particular arrangement of filtering software at a specific location, remote from the end-users, with customizable filtering features specific to each end user. The filtering software enables individually customizable filtering at the remote ISP server by taking advantage of the technical ability of the ISP server to identify individual accounts and associate a request for Internet content with a specific individual account. *BASCOM* '606 patent, 4:35–38.

The Federal Circuit recognized that *BASCOM'S* installation of an Internet content filter at a particular network location is "a technical improvement over prior art ways of filtering such content" because such an arrangement advantageously allows the Internet content filter to have "both the benefits of a filter on a local computer and the benefits of a filter on the ISP server" and "give[s] users the ability to customize filtering for their individual network accounts." *BASCOM*, 827 F.3d at 1350, 1352. According to the Federal Circuit, *BASCOM's* claims "do not preempt the use of the abstract idea of filtering content on the Internet or on generic computer components performing conventional activities." *Id.* at 1352. Instead, *BASCOM'S* claims "carve out a specific location for the filtering system (a remote ISP server) and require the filtering system to give users the ability to customize filtering for their individual network accounts." *Id.* As such, "an inventive concept can be found in the non-conventional and non-generic arrangement of known, conventional pieces." *Id.* at 1350.

In contrast to *BASCOM*, Appellant's claims and Specification describe "how to better manage costs [associated with one or objects] in a computer system" (Ans. 6) by simply collecting and comparing data associated with the utilization of one or more objects with one or more rules associated with the utilization of the one or more objects, as shown in Figure 4, and then providing an indication of the cost associated with the utilization of the one or more objects based at least on the comparison. *See* Spec. 3:2–19; Abstract. This way "the user may understand the cost associated with the utilization of the objects." Spec. 18:5–6. There is no evidence in the record to support the contention that Appellant's claimed system is provided with any non-conventional and non-generic arrangement of known,

conventional components similar to *BASCOM*. Likewise, there is no element or combination of elements recited in Appellant's claims 1–24, 26, 28, and 29 that contain any "inventive concept" or add anything "significantly more" to transform the abstract concept into a patent-eligible application. *Alice*, 573 U.S. 208 at 221.

Lastly, Appellant argues that the claims "requiring a processor . . . "cannot be 'generic computer functions that are well-understood, routine and conventional activities" because "the applied references and knowledge generally available to those of ordinary skill in the art . . . are not sufficient to support a prima facie case of obviousness with respect to each of Claims 1–24, 26, 28, and 29." Appeal Br. 17. This argument improperly conflates the test for § 101 with the separate tests for §§ 102 and 103. *See 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."); *see also Genetic Techs. Ltd. v. Merial L.L.C.*, 818 F.3d 1369, 1376 (Fed. Cir. 2016) ("under the *Mayo*/*Alice* framework, a claim directed to a newly discovered law of nature (or natural phenomenon or abstract idea) cannot rely on the novelty of that discovery for the inventive concept necessary for patent eligibility");. "The inventiveness inquiry of § 101 should therefore not be confused with the separate novelty inquiry of § 102 or the obviousness inquiry of § 103." *Amdocs*, 841 F.3d at 1311. It is not enough for subject-matter eligibility that claimed techniques be novel and nonobvious in light of prior art, passing muster under 35 U.S.C. §§ 102 and 103. *See Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 89–90 (2012); *Synopsys, Inc. v. Mentor*

Graphics Corp., 839 F.3d 1138, 1151 (Fed. Cir. 2016) ("[A] claim for a *new* abstract idea is still an abstract idea. The search for a § 101 inventive concept is thus distinct from demonstrating § 102 novelty."); *Intellectual Ventures I LLC v. Symantec Corp.*, 838 F.3d 1307, 1315 (Fed. Cir. 2016) (same for obviousness) ("*Symantec*"). The claims here are ineligible because their innovation is an innovation in ineligible subject matter. Their subject matter is nothing but "to better manage costs in a computer system." Ans. 6; Spec. 2:1–5. An advance of that nature is ineligible for patenting.

Because Appellant's independent claims 1, 10, and 19 are directed to a patent-ineligible abstract concept and do not recite an "inventive concept" or provide a solution to a technical problem under the second step of the *Alice* analysis, we sustain the Examiner's § 101 rejection of independent claims 1, 10, and 19, and their dependent claims 2–9, 11–18, 20–24, 26, 28, and 29 not separately argued.

35 U.S.C. § 103(a)

In support of the § 103(a) rejection of claims 1–24, 26, and 28, the Examiner finds the combination of Depro, Alam, Childress, and Carmody teaches or suggests all claim limitations. Final Act. 13–26. For example, the Examiner finds Depro teaches most aspects of Appellant's independent claims 1, 10, and 19 including: (1) "determining . . . a plurality of rules using the plurality of software licenses"; (2) "providing first instructions . . . to monitor the utilization of the one or more objects;" (3) "receiving . . . data associated with the utilization of the one or more objects;" and (4) "comparing . . . data associated with the utilization of the one or more objects with the plurality of rules from the plurality of software licenses." Final Act. 13–14 (citing Depro 1:38–2:8, 5:60–6:15, 7:5–65, 9:45–10:15).

To support the conclusion of obviousness, the Examiner then relies on (1) Alam for teaching "providing [] instructions . . . to adjust utilization of the associated one or more objects . . . in accordance with the software licenses"; (2) Childress for teaching "determining . . . hardware results in the lowest utilization cost . . . based on the comparison"; and (3) Carmody for teaching "discovering that a plurality of software licenses has been loaded into a computing system." Final Act. 14–18 (citing Alam ¶¶ 26–29; Childress 3:5–10, 3:20–25, 8:11–9:50, 10:59–11:41; Carmody ¶¶ 123–125, Fig. 2).

For the § 103 rejection of independent claims 1, 10, and 19, Appellant does not contest the Examiner's factual findings regarding Depro, Childress, and Carmody, but disputes the Examiner's factual finding regarding Alam. In particular, Appellant acknowledges "*Alam* describes calculating cost based off of, for example, sales promotions, and the usage of the resource over a set time period," but argues that "[c]alculating cost is not the same as determining a software license from the plurality of software licenses based on the comparison, as recited in Claim 1." Appeal Br. 19–20 (citing Alam ¶¶ 24–29). In addition, Appellant argues Alam does not teach or suggest "providing [] instructions . . . to adjust utilization of the associated one or more objects, wherein adjusting utilization of the associated one or more objects in accordance with the software license lowers utilization cost," as recited in claim 1. Appeal Br. 20–21. According to Appellant,

> *Alam* teaches exactly what is in its disclosure – that adjustments may be made to *costs* as a result of predetermined customer agreements, sales promotions, and specials (not provide instructions to the agents to adjust utilization). *Alam,* 41 [0026], *Alam* gives the example of a sales promotion that gives a 50% discount on disk storage charges when the disk usage exceed[s]

> 20 GB, and states that the system may multiply the cost per resource unit by 0.5 when it exceeds 20 GB. *Id.* This is entirely different from the elements recited in Claim 1, which provide *instructions from the computing system to the agents to adjust the actual utilization* based on software licenses.

Appeal Br. 21. Lastly, Appellant argues "the Examiner's attempt to modify or combine *Depro, Alam, Childress,* and *Carmody* appears to constitute the type of impermissible hindsight reconstruction of Appellant's claims, using Appellant's claims as a blueprint." Appeal Br. 22–23.

Appellant's arguments are not persuasive. Instead, we find the Examiner has provided a comprehensive response to Appellant's arguments, supported by evidence. Ans. 13–19. As such, we adopt the Examiner's findings and explanations provided therein, as discussed below. *Id.* For example, we agree with the Examiner that Appellant's claim 1 does not recite "determining a software license from the plurality of software licenses based on the comparison" (Appeal Br. 20 (emphasis omitted)), as argued by Appellant. Ans. 13–14. Instead, claim 1 requires, in relevant part, comparing utilization-related data regarding objects (e.g., software) with the plurality of rules "from the plurality of software licenses," and Depro (not Alam) is relied upon for such limitation. Final Act. 14 (citing Depro 1:50–2:8, 9:60–10:15). Moreover, as correctly recognized by the Examiner, Alam teaches determining "the total usage cost for each resource (i.e., object)" and allowing a customer to "adjust their usage or budget to accommodate their needs" based on customer agreements (i.e., licenses). Ans. 15 (citing Alam ¶¶ 26–27). Likewise, Appellant's hindsight argument is of no moment where, as here, the Examiner provides a sufficient, non-hindsight reason to combine the references. *See In re Cree*, 818 F.3d 694, 702, n.3 (Fed. Cir.

2016); *see also* Final Act. 15–16 (motivation to combine the teachings of Depro and Alam), 16–17 (motivation to combine the teachings of Childress with Depro and Alam), 18 (motivation to combine the teachings of Carmody with Depro, Alam, and Childress).

Claims 9, 18, and 26 depend from independent claims 1, 10, and 19, via intervening claims 6, 15, and 24, respectively. For example, claim 9 further recites:

> determining that the cost associated with the utilization of the one or more objects exceeds a threshold;
>
> in response to determining that the cost associated with the utilization of the one or more objects exceeds the threshold, alerting the system administrator; and
>
> formatting for display, in near real time, a graph comprising the indication of the cost associated with the utilization of the one or more objects.

The Examiner finds Depro teaches the additional requirements of claim 9. Final Act. 22–23 (citing Depro 2:10–30, 4:43–48, 4:65–5:5, 7:34–65, Figs. 3, 5). Appellant argues "Depro only describes usage metering technology that detects when usage exceeds a threshold, not when the cost associated with the utilization exceeds a threshold." Appeal Br. 18–19 (citing Depro 7:34–65). Appellant also argues "Depro merely describes being able to create a report of the utilization data . . . which does not include cost." Appeal Br. 19.

We do not agree. As correctly recognized by the Examiner, "Depro clearly teaches that determining 'costs associated with utilization exceeds a threshold' because Depro charges additional fees, based on usage, beyond what a customer purchased initially [from a pay-per-use license]." Ans. 12–13 (citing Depro 1:9–30). Depro also teaches a usage report (i.e., a graph as

shown in Figure 3) to show the cost associated with the utilization of one or more objects. Depro 3:5–15, Fig. 3.

For these reasons, we are not persuaded of Examiner error. Accordingly, we sustain the Examiner's obviousness rejection based on Depro, Alam, Childress, and Carmody of (1) independent claims 1, 10, and 19; (2) dependent claims 9, 18, and 26; and (3) other dependent claims 2–8, 11–17, 19–24, and 28, which Appellant does not argue separately. For the same reasons, we also sustain the Examiner's obviousness rejection of claim 29 based on Depro, Alam, Childress, Carmody, and Jacobs.

CONCLUSION

On the record before us, we conclude Appellant has not demonstrated the Examiner erred in rejecting claims 1–24, 26, 28, and 29 under 35 U.S.C. § 101 and under 35 U.S.C. § 103(a). As such, we AFFIRM the Examiner's rejection of claims 1–24, 26, 28, and 29 under 35 U.S.C. § 101 and under 35 U.S.C. § 103(a).

CONCLUSION SUMMARY

Claims Rejected	**35 U.S.C.§**	**Basis**	**Affirmed**	**Reversed**
1–24, 26, 28, 29	101	Non-Statutory	1–24, 26, 28, 29	
1–24, 26, 28, 29	103	Obviousness	1–24, 26, 28, 29	
Overall Outcome			1–24, 26, 28, 29	

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