



# UNITED STATES PATENT AND TRADEMARK OFFICE

UNITED STATES DEPARTMENT OF COMMERCE  
**United States Patent and Trademark Office**  
Address: COMMISSIONER FOR PATENTS  
P.O. Box 1450  
Alexandria, Virginia 22313-1450  
www.uspto.gov

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
13/239,260	09/21/2011	Craig S. Etchegoyen	UN-NP-SU-068 (Large)	1398
96051	7590	06/22/2020	EXAMINER	
Uniloc USA Inc. 102 N. College Avenue Suite 303 Tyler, TX 75702			HUANG, JAY	
			ART UNIT	PAPER NUMBER
			3685	
			NOTIFICATION DATE	DELIVERY MODE
			06/22/2020	ELECTRONIC

**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

Notice of the Office communication was sent electronically on above-indicated "Notification Date" to the following e-mail address(es):

kris.pangan@unilocusa.com  
sean.burdick@unilocusa.com

UNITED STATES PATENT AND TRADEMARK OFFICE

---

BEFORE THE PATENT TRIAL AND APPEAL BOARD

---

*Ex parte* CRAIG S. ETCHEGOYEN

---

Appeal 2018-006457  
Application 13/239,260  
Technology Center 3600

---

Before MICHAEL W. KIM, PHILIP J. HOFFMANN, and  
ROBERT J. SILVERMAN, *Administrative Patent Judges*.

KIM, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Pursuant to 35 U.S.C. § 134(a), Appellant<sup>1</sup> appeals from the Examiner's decision to reject claims 1–16. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

---

<sup>1</sup> We use the word “Appellant” to refer to “applicant” as defined in 37 C.F.R. § 1.42. Appellant identifies the real party in interest as Uniloc USA, Inc. and Uniloc Luxembourg S.A. Appeal Br. 3.

### CLAIMED SUBJECT MATTER

The claimed invention relates to “an auditing service for reliable software license authentication.” Spec. ¶ 3. Independent claim 1, reproduced below, is representative of the claimed subject matter:

1. A system for auditing software usage on multiple network devices, comprising:

    a communication module;

    an audit database accessible by the communication module, the audit database storing audit numbers for the multiple network devices, each audit number derived from a software identifier identifying the software and from a device identifier, each software identifier representing a particular licensing instance of the software and number of seats licensed for the instance, each device identifier being generated from a combination of user-configurable and non-user-configurable machine parameters and identifying a particular one of the multiple network devices, each audit number representing an activation of the software;

    a display module;

    at least one processor in operative communication with the communication module and the display module; and

    a memory in operative communication with the at least one processor and comprising executable code for the at least one processor to:

        instruct the communication module to access the database;

        read the audit numbers;

        sort the audit numbers according to at least one of activated license seats and unactivated license seats;

        read a number of seats licensed for each software identifier; and

        instruct the display module to display licensed seats versus activations according to the sorted audit numbers.

## REJECTION

The Examiner rejected claims 1–16 under 35 U.S.C. § 101 as directed to ineligible subject matter in the form of an abstract idea.

## ANALYSIS

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.”).

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)). 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 waterproof 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 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 187; *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 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.* (citation omitted) (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 part 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 (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.*

In January 2019, the U.S. Patent and Trademark Office (USPTO) published revised guidance on the application of § 101. 2019 Revised Patent Subject Matter Eligibility Guidance, 84 Fed. Reg. 50 (Jan. 7, 2019) (“2019 Revised Guidance”).<sup>2</sup> “All USPTO personnel are, as a matter of internal agency management, expected to follow the guidance.” *Id.* at 51; *see also* October 2019 Update at 1.

Under the 2019 Revised Guidance and the October 2019 Update, 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) (“Step 2A, Prong One”); and
- (2) additional elements that integrate the judicial exception into a practical application (*see* MPEP § 2106.05(a)–(c), (e)–(h) (9th ed. Rev. 08.2017, Jan. 2018)) (“Step 2A, Prong Two”).<sup>3</sup>

2019 Revised Guidance, 84 Fed. Reg. at 52–55.

---

<sup>2</sup> In response to received public comments, the Office issued further guidance on October 17, 2019, clarifying the 2019 Revised Guidance. USPTO, *October 2019 Update: Subject Matter Eligibility* (the “October 2019 Update”) (available at [https://www.uspto.gov/sites/default/files/documents/peg\\_oct\\_2019\\_update.pdf](https://www.uspto.gov/sites/default/files/documents/peg_oct_2019_update.pdf)).

<sup>3</sup> This evaluation is performed by (a) identifying whether there are any additional elements recited in the claim beyond the judicial exception, and (b) evaluating those additional elements individually and in combination to determine whether the claim as a whole integrates the exception into a practical application. *See* 2019 Revised Guidance - Section III(A)(2), 84 Fed. Reg. 54–55.

Only if a claim (1) recites a judicial exception and (2) does not integrate that exception into a practical application, do we then look, under Step 2B, 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.

2019 Revised Guidance, 84 Fed. Reg. at 52–56.

*Step 2A, Prong 1: “recites a judicial exception”*

Under the first step of the *Alice/Mayo* framework, the Examiner determines that the claims are directed to “accessing audit numbers, sorting audit numbers, and displaying data according to the sorted audit numbers” which is “an example of an idea of itself (i.e. an idea standing alone such as an uninstigated concept, plan, or scheme, as well as a mental process that can be performed in the human mind or by a human using a pen and paper).” Final Act. 6. Appellant argues that the Examiner has oversimplified the claims and asserts that the claims are directed not to an abstract idea, but rather specific actions in determining whether to grant a software license. Appeal Br. 9–11; Reply Br. 2–3. We agree with the Examiner.

Claim 1 recites steps to “read the audit numbers,” “sort the audit numbers according to at least one of activated license seats and unactivated license seats,” and “read a number of seats licensed for each software identifier.” As recited, the steps to “read the audit numbers” and “read a number of seats licensed for each software identifier” are so broad as to encompass a human “reading” via observation, which is a mental process. 2019 Revised Guidance, 84 Fed. Reg. at 52. Additionally, as also recited,

the steps of a person sorting audit numbers according to at least one of activated license seats and unactivated license seats involve no more than what a human could practically do mentally, via an evaluation or judgment, and certainly could be accomplished using a pen and paper. *See* Final Act. 6–7. As such, the recited acts of reading audit numbers, sorting audit numbers, and reading a number of seats licensed here can each be reasonably characterized as involving mental processes, such as observation, evaluation, and judgment. The 2019 Guidance expressly recognizes mental processes as abstract ideas. 2019 Guidance, 84 Fed. Reg. at 52.

Appellant argues that the Examiner’s broad generalizations of the claims ignores the recited audit database storing audit numbers derived from software identifiers and device identifiers and other specific actions. Appeal Br. 10–11; Reply Br. 2–3. But the Specification indicates, and the claim confirms, that the recited audit numbers are merely data to be manipulated by the abstract idea identified by the Examiner. *See* Spec. ¶¶ 52–53 (“the audit number 142 may be generated from the device identifier 124, the software identifier 130, and/or the geo-location code 140 via any number of suitable approaches”), ¶ 27 (“[t]he device identifier may be generated using a combination of user-configurable and non-user-configurable machine parameters as input to a process that results in the device identifier, which may be expressed in digital data as a binary number”), ¶ 49 (“[t]he collected software identifier may include the software serial number, product identification number, product key, etc.”), ¶ 51 (“the geo-locater 140 may comprise the IP address or the like of the device 110.”). The Examiner refers to the audit numbers by identifying the abstract idea as “accessing audit numbers, sorting audit numbers, and displaying data according to the

sorted audit numbers.” Final Act. 5. We are not persuaded that the Examiner ignores the recited specific audit numbers merely because the Examiner does not identify the specific format of the audit numbers when identifying the abstract idea in the claim.

Therefore, we agree with the Examiner that claim 1 recites a judicial exception of an abstract idea.

*Step 2A, Prong 2: “does not integrate that exception into a practical application”*

Because claim 1 recites an abstract idea, we turn to Prong Two of Revised Step 2A of the 2019 Revised Guidance, where we identify “additional elements” beyond the abstract idea, and evaluate whether “those additional elements individually and in combination to determine whether they integrate the exception into a practical application.” 2019 Revised Guidance, 84 Fed. Reg. at 54–55.

Claim 1 recites additional elements beyond the abstract idea in the form of additional components and additional steps. The additional components are: (1) “a communication module”; (2) “an audit database accessible by the communication module, the audit database storing audit numbers for the multiple network devices, each audit number derived from a software identifier identifying the software and from a device identifier, each software identifier representing a particular licensing instance of the software and number of seats licensed for the instance, each device identifier being generated from a combination of user-configurable and non-user-configurable machine parameters and identifying a particular one of the multiple network devices, each audit number representing an activation of the software”; (3) “a display module”; (4) “at least one processor in operative communication with the communication module and the display

module”; and (5) “a memory in operative communication with the at least one processor and comprising executable code for the at least one processor.” *See* Final Act. 8. The additional steps are: (1) “instruct the communication module to access the database”; and (2) “instruct the display module to display licensed seats versus activations according to the sorted audit numbers.” *Id.*

Appellant asserts that the claims are not directed to an abstract idea because they recite one or more steps that are “specifically designed to achieve improved software auditing techniques.” Appeal Br. 11–14; Reply Br. 3. To support this assertion, Appellant cites the “highly specific and non-generic step” of using a device identifier generated from a combination of user-configurable and non-user configurable machine parameters. Appeal Br. 11–14; Reply Br. 3. We are not persuaded that the claims recite additional elements sufficient to integrate the abstract idea into a practical application.

Appellant essentially argues that using a device identifier generated from a combination of user-configurable and non-user configurable machine parameters improves the technical field of software auditing. But all claim 1 requires is a system comprising an audit database storing pre-derived audit numbers. The recited audit numbers are derived from device identifiers, which are generated from a combination of user-configurable and non-user configurable machine parameters. The recited audit database serves as a data store for information that is subsequently accessed by the recited communication module and analyzed. Obtaining information from a pre-compiled database, however, is a data gathering step. *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1370, 1372 (Fed. Cir. 2011) (citing *In*

*re Grams*, 888 F.2d 835, 839–40 (Fed. Cir. 1989)). A data gathering step is insignificant extra-solution activity that fails to integrate the abstract idea into a practical application. 2019 Revised Guidance, 84 Fed. Reg. at 55; *see* MPEP § 2106.05(g). Therefore, obtaining audit numbers from an audit database, by itself and as recited, fails to integrate the abstract idea into a practical application.

Using the specific, recited audit number itself also fails to integrate the abstract idea into a practical application. This recited audit number merely specifies the type of information that the system stores and collects. That is, claim 1 merely performs the abstract idea on specific audit numbers. But “[e]ven if a process of collecting and analyzing information is ‘limited to particular content’ or a particular ‘source,’ that limitation does not make the collection and analysis other than abstract.” *SAP America, Inc. v. InvestPic, LLC*, 890 F.3d 1016, 1022 (Fed. Cir. 2018); *Elec. Power Grp, LLC v. Alstom S.A.*, 830 F.3d 1350, 1355 (Fed. Cir. 2016) (“[M]erely selecting information, by content or source, for collection, analysis, and display does nothing significant to differentiate a process from ordinary mental processes.”). At best, using a specific audit number generally links the abstract idea to a particular technological environment. An additional element that does no more than generally link a judicial exception to an abstract idea fails to integrate the abstract idea into a practical application. 2019 Revised Guidance, 84 Fed. Reg. at 55; *see* MPEP § 2106.05(h). Therefore, using specific audit numbers also fails to integrate the abstract idea into a practical application.

The remaining additional elements also fail to integrate the abstract idea into a practical application. For example, the recited communication

module, display, at least one processor, and memory are used in an ordinary manner and for their ordinary functions. And Appellant admits that the claims improve upon “existing processes of software auditing.” Appeal Br. 13. We are unpersuaded that an improvement upon existing processes of software auditing recites any improvement to those components themselves. *See* MPEP § 2106.05(a). As claimed, any additional computer elements are used in manner that is indistinguishable from merely providing instructions to apply the method on a general-purpose computer. *See* MPEP § 2106.05(f). And because the use of the computers is so generic, a particular computer is not required, and so the claim does not define or rely on a “particular machine.” *See* MPEP § 2106.05(b). Further, the method does not transform matter; at best it transforms information. *See* MPEP § 2106.05(c); *Gottschalk*, 409 U.S. at 71–72 (holding that a computer based algorithm that merely transforms data from one form to another is not patent-eligible). Moreover, the recited step to “instruct the display module to display licensed seats versus activations according to the sorted audit numbers” is extra-solution activity because it is a mere nominal or tangential addition to the claim, i.e., a generic presentation of the collected and analyzed data. *See Elec. Power Grp.*, 830 F.3d at 1354; *see also SAP America*, 890 F.3d at 1021 (“[M]erely 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.”) (citations omitted).

For all these reasons, we are not persuaded that independent claim 1 recites any additional elements that “integrate the abstract idea into a practical application.”

*Step 2B: “well-understood, routine, conventional”*

Under Step 2B of the 2019 Revised Guidance, we next analyze whether claim 1 adds any specific limitations beyond the judicial exception that, either alone or as an ordered combination, provide an “inventive concept.” 2019 Revised Guidance, 84 Fed. Reg. at 56. In doing so, we consider whether the additional elements, individually and in an ordered combination, are well-understood, routine, and conventional. *Id.*; *See* MPEP § 2106.05(d).

The Examiner concludes that the claims do not contain any additional elements, individual or in combination, that amount to significantly more than the abstract idea. Final Act. 8–9. Appellant argues that the Examiner fails to establish that the claims do not recite significantly more than an abstract idea when the additional claim elements are considered as an ordered combination. Appeal Br. 12–13; Reply Br. 3–4. Appellant also asserts that the claims recite one or more steps that are “specifically designed to achieve improved software auditing techniques.” Appeal Br. 11–14; Reply Br. 3. To support this assertion, Appellant cites the “highly specific and non-generic step” of using a device identifier generated from a combination of user-configurable and non-user configurable machine parameters and the lack of prior art suggesting anticipation or obviousness for this limitation. Appeal Br. 11–14; Reply Br. 3–4. We agree with the Examiner.

As an initial matter, we note that to the extent Appellant argues the claims necessarily contain an “inventive concept” based on their alleged novelty or non-obviousness over the cited references, Appellant misapprehends the controlling precedent. *Id.* Although the second step in

the *Alice/Mayo* framework is termed a search for an “inventive concept,” the analysis is not an evaluation of novelty or non-obviousness, but rather, 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 217–218. A novel and nonobvious claim directed to an abstract idea is, nonetheless, patent-ineligible. *See Mayo*, 566 U.S. at 90.

Further, when viewed individually, the additional elements fail to provide an inventive concept. As we demonstrated above, beyond the abstract idea, claim 1 recites only the additional components of “a communication module,” “an audit database,” “a display module,” “at least one processor in operative communication with the communication module and the display module,” and “a memory in operative communication with the at least one processor and comprising executable code for the at least one processor.” Claim 1 further includes the additional steps to “instruct the communication module to access the database” “instruct the display module to display licensed seats versus activations according to the sorted audit numbers.”

The recited communication module, processor, and memory are all parts of a generic computer, whose operation within the scope of the claim steps is merely well-understood, routine, and conventional, as they are used to generally store transmit, analyze, and store information. *See Alice Corp. Pty. v. CLS Bank Int’l*, 573 U.S. 208, 225–26 (finding a “data processing system” with a “communications controller” and “data storage unit” to be generic computer components that are well-understood, routine, and conventional).

And as noted above, the audit database that is accessed by the communication module merely provides a preexisting database for data collection. When re-evaluated again at Step 2B, this is still a data gathering step that is insignificant extra-solution activity. *CyberSource*, 654 F.3d at 1370, 1372 (citing *In re Grams*, 888 F.2d at 839–40); *See* MPEP § 2106.05(g). Similarly, the display module that may be instructed to display licensed seats versus activations is still, upon re-evaluation, insignificant extra-solution activity because it merely outputs the result of the mental processes. *See* MPEP § 2106.05(g); *Elec. Power Grp.*, 830 F.3d at 1354; *SAP America, Inc. v. InvestPic, LLC*, 890 F.3d at 1021. Therefore, providing an audit database to store audit numbers and a display module to display licensed seats versus activations do not provide an inventive concept.

When viewed in an ordered combination, the additional elements in claim 1 do no more than automate the mental processes used to audit software licenses. The ordered combination of additional elements are no more than generic computer components performing generic computer functions and insignificant extra-solution activity.

Therefore, the additional elements, individually and in combination, fail to provide an inventive concept because they are all well-understood, routine, and conventional.

For the reasons above, we sustain the rejection of claims as directed to abstract ideas under 35 U.S.C. § 101.

#### DECISION

The Examiner's rejection under 35 U.S.C. § 101 is affirmed.

CONCLUSION

<b>Claims Rejected</b>	<b>35 U.S.C. §</b>	<b>Reference(s)/ Basis</b>	<b>Affirmed</b>	<b>Reversed</b>
1-16	101	Eligibility	1-16	

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a). *See* 37 C.F.R. § 1.136(a)(1)(iv).

AFFIRMED