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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte THOMAS CHENG

Appeal 2018-009125
Application 14/526,697
Technology Center 3600

BEFORE DONALD E. ADAMS, RICHARD M. LEBOVITZ, and
RACHEL H. TOWNSEND, *Administrative Patent Judges*.

ADAMS, *Administrative Patent Judge*.

DECISION ON APPEAL

Pursuant to 35 U.S.C. § 134(a), Appellant¹ appeals from the Examiner's decision to reject claims 1, 2, 4–14, 17, and 18. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

¹ 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 “Novitex Enterprise Solutions, Inc.” (Appellant's July 27, 2018 Appeal Brief (Appeal Br.) 2).

STATEMENT OF THE CASE

Appellant's disclosure "relates to auditing the resources of a computing environment and the re-organization of audited resources in a computing environment, and more particularly to resource physical position planning in a computing environment" (Spec.² ¶ 2). Appellant's independent claim 1 is representative and reproduced below:

1. A resource physical positioning planning method comprising:

establishing a mapping in persistent storage of a computing system of different computing resources and corresponding physical locations of a computing environment;

monitoring access requests issued to the different computing resources by different client computers communicatively coupled to the computing resources over a computer communications network disposed within the computing environment;

computing utilization of each of the computing resources by the client computing devices so as to determine for a selected one of the computing resources, one or more of the client computing devices most often requesting access to the selected one of the computing resources;

applying by a processor of the computing system a positioning rule to the selected one of the computing resources and the one or more of the client computing devices, the positioning rule specifying an optimal position for a computing resource based upon a known utilization of the computing resource by one or more of the client computing devices, the positioning rule additional specifying that the selected one of the computing resources is to be replaced with a more rapidly performing one of the computing resources while requiring a maximum utilization ratio of the client computing devices to the selected one of the computing resources and a maximum

² Appellant's October 29, 2014 Specification.

distance permitted between the selected one of the computing resources and one of the client computing devices determined to most often access the selected one of the computing resources; and,

displaying in the computing system an optimal position for the selected one of the computing resources according to the positioning rule.

(Appeal Br. 19–20.)

Grounds of rejection before this Panel for review:

Claims 17 and 18 stand rejected under 35 U.S.C. § 112(b).

Claims 9 and 10 stand rejected under 35 U.S.C. § 112(d).

Claims 1, 2, 5–14, 17, and 18 stand rejected under 35 U.S.C. § 101.

Indefiniteness:

ISSUE

Does the evidence support summarily affirming the rejection under 35 U.S.C. § 112(b)?

ANALYSIS

“If a ground of rejection stated by the examiner is not addressed in the appellant’s brief, appellant has waived any challenge to that ground of rejection and the Board may summarily sustain it, unless the examiner subsequently withdrew the rejection in the examiner’s answer.” Manual of Patent Examining Procedure § 1205.02 (Rev. 8.2017, January 2018).

Appellant does not address this rejection, therefore, it is summarily affirmed.

CONCLUSION

The preponderance of evidence supports summarily affirming the rejection under 35 U.S.C. § 112(b). The rejection of claim 17 under 35

U.S.C. § 112(b) is affirmed. Claim 18 is not separately argued and falls with claim 17.

Improper Dependency:

ISSUE

Does the preponderance of evidence support Examiner's conclusion that claims 9 and 10 are pending and presented in improper dependent form?

ANALYSIS

Examiner finds:

Although page 12 of Appellant's submission on 7 August 2017 states that claims 9 and 10 have been canceled, the filed claim listing, which is controlling in view of 37 C.F.R. [§] 1.121, indicates that claims 9 and 10 are pending. Examiner further notes that the Claims Appendix of Appellant's 21 June 2018 Appeal Brief also lists claims 9 and 10 as "Original". Accordingly, Examiner respectfully submits that the rejection of record is not in error because claims 9 and 10 remain pending.

(Ans.³ 11.) We find no error in Examiner's rationale. Therefore, we are not persuaded by Appellant's contention that "Appellant[] previously canceled claims 9 and 10 at page 12 of the amendment dated August 7, 2017" (Appeal Br. 18). Because Appellant does not address Examiner's finding that Appellants' claims 9 and 10 are in improperly dependent form, we are compelled to affirm Examiner's rejection of Appellant's claims 9 and 10.

CONCLUSION

The preponderance of evidence supports Examiner's conclusion that claims 9 and 10 are pending and presented in improper dependent form.

³ Examiner's July 27, 2018 Answer.

The rejection of claims 9 and 10 under 35 U.S.C. § 112(d) is affirmed

Subject Matter Eligibility:

ISSUE

Does the preponderance of evidence of record support Examiner’s finding that Appellant’s claimed invention is directed to patent ineligible subject matter?

PRINCIPLES OF LAW

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 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 183 n.7 (quoting *Corning v. Burden*, 56 U.S. 252, 267–68 (1853))); and manufacturing flour (*Gottschalk*, 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 *Gottschalk* and *Parker*); *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 (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.* (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 § 101. USPTO, *2019 Revised Patent Subject Matter Eligibility Guidance*, 84 Fed. Reg. 50 (January 7, 2019) (“Revised Guidance”). 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* MPEP §§ 2106.05(a)–(c), (e)–(h)).
- See* Revised Guidance, 84 Fed. Reg. at 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 to whether the claim:

- (3) adds a specific limitation beyond the judicial exception that is not “well-understood, routine, conventional” in the field (*see* MPEP § 2106.05(d)); or
 - (4) simply appends well-understood, routine, conventional activities previously known to the industry, specified at a high level of generality, to the judicial exception.
- See* Revised Guidance, 84 Fed. Reg. at 51.

ANALYSIS

The Revised Guidance instructs us first to determine whether any judicial exception to patent eligibility is recited in the claim. The Revised Guidance identifies three judicially-excepted groupings identified by the courts as abstract ideas: (1) mathematical concepts, (2) certain methods of organizing human behavior such as fundamental economic practices, and (3) mental processes.

On this record, Examiner finds that the establishing, monitoring, computing, applying, and displaying steps of Appellant’s claimed method “are directed to optimizing resource positioning by analyzing monitored access requests” (Final Act.⁴ 7). Specifically, Examiner finds that in Appellant’s claimed method data is collected, the collected data is analyzed to produce additional data, i.e. utilization and positioning data, which is displayed (*id.* at 8). Thus, Examiner reasons that Appellant’s claimed method steps are analogous “to the abstract concept of ‘collecting information, analyzing it, and displaying certain results of the collection and analysis’ . . . identified in . . . [*Electric Power Group, LLC v. Alstom SA*, 830 F.3d 1350 (Fed. Cir. 2016)]” (*id.* at 7–8). Therefore, Examiner finds that the steps set forth in Appellant’s claimed method are, mental processes, an abstract idea. We agree.

“[A]n invention directed to collection, manipulation, and display of data was an abstract process.” *Intellectual Ventures I LLC v. Capital One Fin. Corp.*, 850 F.3d 1332, 1340 (Fed. Cir. 2017)); *see also SAP Am., Inc. v. InvestPic, LLC*, 898 F.3d 1161, 1168 (Fed. Cir. 2018) (“We have explained

⁴ Examiner’s August 29, 2017 Final Office Action.

that claims focused on ‘collecting information, analyzing it, and displaying certain results of the collection and analysis’ are directed to an abstract idea”).

Having determined that Appellant’s claim 1 is directed to a judicial exception, the Revised Guidance directs us to next consider whether the claims integrate the judicial exception into a practical application. On this record, Appellant’s claimed system does not integrate the judicial exception into a practical application. In this case, to determine whether the judicial exception is integrated into a practical application, we must look at the claim elements individually and as an ordered combination to determine whether there are additional elements present which integrate the recited abstract idea into such an application. In this case, Appellant’s claims require the display of “an optimal position for the selected one of the computing resources according to the positioning rule” (*see e.g.*, Appeal Br. 19–20, 21–22, and 23–24). This display function is insignificant extra-solution activity that merely displays the result of the abstract idea recited in Appellant’s claims and, therefore, does not integrate the exception into a practical application. *See In re Bilski*, 545 F.3d at 963 (en banc), *aff’d* on other grounds, 561 U.S. 593 (2010). *Accord* Revised Guidance, 84 Fed. Reg. at 55 (citing MPEP § 2106.05(g)). Stated differently, the display of information does not require any particular use of the acquired information. *See Mayo*, 566 U.S. at 79; *cf. Vanda Pharms. Inc. v. West-Ward Pharms. Int’l Ltd.*, 887 F.3d 1117, 1135 (Fed. Cir. 2018) (The claims at issue in *Vanda* were not directed to an abstract idea, under *Alice* step one, because they involved using the acquired data to direct a treatment program).

Having determined that the judicial exception is not integrated into a practical application, the Revised Guidance requires us to evaluate the additional elements of Appellant’s claimed invention individually and in combination to determine whether these additional elements provide an inventive concept, such as a specific limitation beyond the judicial exception that is not well-understood, routine, conventional in the field, 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* Revised Guidance, 84 Fed. Reg. at 51. “Whether something is well-understood, routine, and conventional to a skilled artisan at the time of the patent is a factual determination.” *Berkheimer v. HP Inc.*, 881 F.3d 1360, 1369 (Fed. Cir. 2018).

On this record, Examiner makes clear that “the rejection of record does not assert that the steps of establishing a mapping, monitoring access, computing utilization, applying a positioning rule, and displaying an optimal position are well-understood, routine, and conventional additional element[]” (Ans. 8; *see id.* (Examiner asserts that “the rejection of record makes clear that the establishing, monitoring, computing, applying, and displaying elements are abstract claim elements”)). To the contrary, Examiner finds “that programming a general purpose computer to process instructions is a conventional computing implementation that utilizes a computer in a well-known and conventional manner” (*id.*).

We agree with Examiner’s assertion “that it is well-understood, routine, and conventional to utilize a general purpose computer to execute program instructions in order to perform the abstract business process of [Appellant’s independent] claims 1, 7, and 13” (*id.*). Appellant has not

provided evidence to the contrary. The application of an abstract idea on a computer does not integrate abstract ideas into a practical application. *Alice*, 573 U.S. at 223 (“[M]ere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention. Stating an abstract idea while adding the words ‘apply it’ is not enough for patent eligibility.” (citation and internal quotation omitted)).

We also agree with Examiner’s finding that claim limitations describing the excluded abstract subject matter cannot satisfy the second step of the *Alice* analysis (see Ans. 8). See *BSG Tech. LLC v. BuySeasons, Inc.*, 899 F.3d 1281, 1290 (Fed. Cir. 2018) (“It has been clear since *Alice* that a claimed invention’s use of the ineligible concept to which it is directed cannot supply the inventive concept that renders the invention ‘significantly more’ than that ineligible concept.”); *Berkheimer*, 890 F.3d 1369, 1374 (Fed. Cir. 2018) (Moore, J., concurring) (“*Berkheimer* . . . leave[s] untouched the numerous cases from [the Federal Circuit] which have held claims ineligible because the only alleged ‘inventive concept’ is the abstract idea.”). As the *SAP* court explains,

Because the claims are directed to an abstract idea, we must proceed to the second stage of the *Alice* inquiry. We readily conclude that there is nothing in the claims sufficient to remove them from the class of subject matter ineligible for patenting and transform them into an eligible application. What is needed is an inventive concept in the non-abstract application realm. (*SAP*, 898 F.3d at 1168.)

We are not persuaded by Appellant’s contentions regarding “novelty or non-obviousness” (see Appeal Br. 16). See *Mayo*, 566 U.S. at 90 (although the § 101 patent-eligibility inquiry and prior art inquiries might sometimes overlap, “to shift the patent-eligibility inquiry entirely to these

later sections risks creating significantly greater legal uncertainty, while assuming that those sections can do work that they are not equipped to do.”); *see also Diehr*, 450 U.S. at 188–89 (“[t]he ‘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.”).

CONCLUSION

The preponderance of evidence of record supports Examiner’s finding that Appellant’s claimed invention is directed to patent ineligible subject matter. The rejection of claims 1, 5–14, 17, and 18 under 35 U.S.C. § 101 is affirmed.

DECISION SUMMARY

In summary:

Claims Rejected	35 U.S.C. §	Basis	Affirmed	Reversed
1, 2, 5–14, 17, 18	101	Eligibility	1, 2, 5–14, 17, 18	
17, 18	112(b)	Indefiniteness	17, 18	
9, 10	112(d)	Improper Dependency	9, 10	
Overall Outcome			1, 2, 5–14, 17, 18	

TIME PERIOD FOR RESPONSE

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