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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte CHARLES MCELFRESH, PAUL MINEIRO, and
MICHAEL RADFORD

Appeal 2019-002100
Application 13/175,023
Technology Center 3600

Before MURRIEL E. CRAWFORD, ANTON W. FETTING, and
ROBERT J. SILVERMAN, *Administrative Patent Judges*.

CRAWFORD, *Administrative Patent Judge*.

DECISION ON APPEAL
STATEMENT OF THE CASE

Appellant seeks our review under 35 U.S.C. § 134(a) of the Examiner's final rejection of claims 1 to 20. We have jurisdiction under 35 U.S.C. § 6(b).

SUMMARY OF DECISION

We AFFIRM.

THE INVENTION

Appellant claims a method for optimum placement of advertisement on a webpage so that an event associated with the objects is more likely to occur. (Spec. ¶ 1, ll. 5-9); Title).

Claim 1 is representative of the subject matter on appeal.

Claim 1. A computer-implemented method of providing placement of a plurality of advertisements on a page accessible by a user, the page having positions for receipt of the advertisements, each advertisement having at least one link to information, the link being invoked by an event identifying the advertisement by a computer pointing device, the method comprising:

by a server, storing in a database and retrieving from the database performance data associated with a likelihood of the event occurring for each advertisement;

by the server, in response to a request for advertisements from a web site, simultaneously arranging the plurality of advertisements relative to one another on the page according to the performance data so that an advertisement with the highest likelihood of the event occurring is arranged at a most prominent location on the page and an advertisement with next highest likelihood of the event occurring is arranged at a next most prominent location; delivering data relating to the arranged plurality of advertisements for placement on the page; and

by an advertiser-accessible interface which is in data communication with the performance data in the database, providing to an advertiser operating a remotely located advertising client in data communication with the advertiser-accessible interface, information about particular performance data relating to advertisements that have been displayed to users, the particular performance data based on performance data retrieved from the database, for monitoring and tracking at the advertising client performance of the advertisements that have been displayed to the users.

THE REJECTION

Claims 1–20 are rejected under 35 U.S.C. § 101 as directed to a judicial exception without significantly more.

ANALYSIS

35 U.S.C. § 101 REJECTION

We will sustain the rejection of claims 1–20 under 35 U.S.C. § 101.

The Supreme Court

set forth a framework for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts. First, . . . determine whether the claims at issue are directed to one of those patent-ineligible concepts. . . . If so, . . . then ask, “[w]hat else is there in the claims before us?” . . . To answer that question, . . . consider the elements of each claim both individually and “as an ordered combination” to determine whether the additional elements “transform the nature of the claim” into a patent-eligible application. . . . [The Court] described step two of this analysis as a 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.”

Alice Corp. Pty. Ltd. v. CLS Bank Int’l, 573 U.S. 208, 217-218 (citing *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 72–73 (2012)) (citations omitted).

To perform this test, we must first determine whether the claims at issue are directed to a patent-ineligible concept. The Federal Circuit has explained that “the ‘directed to’ inquiry applies a stage-one filter to claims, considered in light of the [S]pecification, based on whether ‘their character as a whole is directed to excluded subject matter.’” *See Enfish, LLC v.*

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Microsoft Corp., 822 F.3d 1327, 1335 (Fed. Cir. 2016) (quoting *Internet Patents Corp.*, 790 F.3d 1343, 1346 (Fed. Cir. 2015)). It asks whether the focus of the claims is on a specific improvement in relevant technology or on a process that itself qualifies as an “abstract idea” for which computers are invoked merely as a tool. *See id.* at 1335–36.

In so doing we apply a “directed to” two prong test: 1) evaluate whether the claim recites a judicial exception, and 2) if the claim recites a judicial exception, evaluate whether the judicial exception is integrated into a practical application. *2019 Revised Patent Subject Matter Eligibility Guidance*, 84 FR 50, pp 50–57 (Jan. 7, 2019).

The Examiner determines that the claims are directed to storing and retrieving performance data for advertisements, arranging a plurality of advertisements relative to one another according to performance data and delivering data relating to the arranged plurality of advertisements which the Examiner determines to be a mental processes (Final Act. 2–3). The Examiner finds claims 1–20 do not contain an inventive concept sufficient to transform the claimed abstract idea into a patent eligible application because they do not go beyond the well-understood, routine and conventional. (*Id.* at 6).

The Specification states that the invention relates to optimizing the placement of graphical objects such as advertisements on a page so that an event associated with the objects is more likely to occur. The Specification indicates that the event includes a user identifying or clicking on the object with a pointing device. (Spec. 1, ll. 5-9). The Specification states as with newspaper and other such advertising mediums, factors such as the location and size of the ad on a webpage will affect the price charged. Ads appearing

at the start of the webpage will usually command a higher price than ads appearing at the end (Spec. 2, ll. 14–17).

The Specification also discloses that the system of the invention gathers information relating to a user and stores this information in a central database under a user identification tag which is passed to the user as part of the cookie data. The user data is further grouped into a variety of bins according to behavioral differences associated with such groups. A click-through-percentage is calculated for each ad based upon the user information, the associated bins, and the prior click-through-percentage associated with the ad. The ads are arranged on the webpage in descending order according to the calculated click-through-percentage for each ad. (Spec. 7, ll. 7–14).

As the invention relates to placing advertisement on a webpage, the invention relates to advertising and marketing or sales activities which are certain methods of organizing human activity in the form of a fundamental economic practices. Fundamental economic practices such as placing ads where they will be most effecting is a judicial exception. Guidance, 84 Fed. Reg. 52.

We also agree with the Examiner’s determination that the steps of claim 1 constitute “analyzing information by steps people go through in their minds, or by mathematical algorithms, without more, as essentially mental processes within the abstract-idea category.” *Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1354 (Fed. Cir. 2016); *see also buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350, 1355 (Fed. Cir. 2014) (claims directed to certain arrangements involving contractual relations are directed to abstract ideas). Thus, we find that the claims recite an abstract idea of methods of organizing human activity and a mental process.

Turning to the second prong of the “directed to test”, claim 1 requires a “computer pointing device,” “server” and an “interface.” The recitation of these words does not impose “a meaningful limit on the judicial exception, such that the claim is more than a drafting effort designed to monopolize the judicial exception.” Guidance, 84 Fed. Reg. at 52. We find no indication in the Specification, nor does Appellant direct us to any indication, that the operations recited in independent claim 1 invoke any inventive programming, require any specialized computer hardware or other inventive computer components, i.e., a particular machine, or that the claimed invention is implemented using other than generic computer components to perform generic computer functions. *See DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1256 (Fed. Cir. 2014) (“[A]fter *Alice*, there can remain no doubt: recitation of generic computer limitations does not make an otherwise ineligible claim patent-eligible.”).

We also find no indication in the Specification that the claimed invention effects a transformation or reduction of a particular article to a different state or thing. Nor do we find anything of record, short of attorney argument, that attributes any improvement in computer technology and/or functionality to the claimed invention or that otherwise indicates that the claimed invention integrates the abstract idea into a “practical application,” as that phrase is used in the revised Guidance. *See* Guidance, 84 Fed. Reg. at 55.

In this regard, the recitation does not effect an improvement in the functioning of a server, interface or other technology, does not recite a particular machine or manufacture that is integral to the claims, and does not transform or reduce a particular article to a different state or thing. *Id.*

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Thus, claim 1 is directed to judicial exceptions that are not integrated into a practical application and thus “abstract ideas.”

Turning to the second step of the *Alice* analysis, because we find that the claims are directed to abstract ideas, the claims must include an “inventive concept” in order to be patent-eligible, i.e., there must be an element or combination of elements that is sufficient to ensure that the claim in practice amounts to significantly more than the abstract idea itself. *See Alice*, 573 U.S. at 217–18 (alteration in original) (quoting *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 72–73 (2012)).

The introduction of a server computer and an interface into the claims does not alter the analysis at *Alice* step two.

[T]he mere 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. Nor is limiting the use of an abstract idea “to a particular technological environment.” Stating an abstract idea while adding the words “apply it with a computer” simply combines those two steps, with the same deficient result. Thus, if a patent’s recitation of a computer amounts to a mere instruction to “implemen[t]” an abstract idea “on . . . a computer,” that addition cannot impart patent eligibility. This conclusion accords with the preemption concern that undergirds our § 101 jurisprudence. Given the ubiquity of computers, wholly generic computer implementation is not generally the sort of “additional featur[e]” that provides any “practical assurance that the process is more than a drafting effort designed to monopolize the [abstract idea] itself.”

Alice, 573 U.S. at 223 (alterations in original) (citations omitted).

Instead, “the relevant question is whether the claims here do more than simply instruct the practitioner to implement the abstract idea . . . on a generic computer.” *Id.* at 225. It does not.

Taking the claim elements separately, the function performed by the server computer and interface at each step of the process is purely conventional. Using a server computer and/or interface to retrieve, select, and apply decision criteria to data and modify the data as a result amounts to electronic data query and retrieval—one of the most basic functions of a computer. All of these computer functions are well-understood, routine, conventional activities previously known to the trading industry. *See Elec. Power Grp.*, 830 F.3d at 1354; *see also In re Katz Interactive Call Processing Patent Litig.*, 639 F.3d 1303, 1316 (Fed. Cir. 2011) (“Absent a possible narrower construction of the terms ‘processing,’ ‘receiving,’ and ‘storing,’ . . . those functions can be achieved by any general purpose computer without special programming”). In short, each step does no more than require a generic computer to perform generic computer functions. As to the data operated upon, “even 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 Am. Inc. v. InvestPic, LLC*, 890 F.3d 1016, 1022 (Fed. Cir. 2018).

Considered as an ordered combination, the computer components of Appellant’s claims add nothing that is not already present when the steps are considered separately. The sequence of data reception-analysis-access/display is equally generic and conventional or otherwise held to be abstract. *See Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 715 (Fed. Cir. 2014) (sequence of receiving, selecting, offering for exchange, display, allowing access, and receiving payment recited an abstraction), *Inventor*

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Holdings, LLC v. Bed Bath & Beyond, Inc., 876 F.3d 1372, 1378 (Fed. Cir. 2017) (holding that sequence of data retrieval, analysis, modification, generation, display, and transmission was abstract), *Two-Way Media Ltd. v. Comcast Cable Commc'ns, LLC*, 874 F.3d 1329, 1339 (Fed. Cir. 2017) (holding sequence of processing, routing, controlling, and monitoring was abstract). The ordering of the steps is, therefore, ordinary and conventional.

The claims do not, for example, purport to improve the functioning of the computer pointing device, server, or interface. As we stated above, the claims do not effect an improvement in any other technology or technical field. We agree with the Examiner that the functionality performed by the server and interface including identifying, obtaining, collecting, monitoring, and tracking and displaying information are generic computer functionalities performed by generic computer technology which are well-understood, routine and conventional computing functions. (Final Act. 8). Thus, the claims at issue amount to nothing significantly more than instructions to apply the abstract ideas of the invention using some unspecified, generic computer. Under our precedents, that is not enough to transform an abstract idea into a patent-eligible invention. *See Alice*, 573 U.S. at 226.

We have reviewed all the arguments (Appeal Br. 6–29; Reply Br. 2–11) Appellant has submitted concerning the patent eligibility of the claims before us that stand rejected under 35 U.S.C. § 101. We find that our analysis above substantially covers the substance of all the arguments, which have been made. But, for purposes of emphasis, we will address various arguments in order to make individual rebuttals of same.

We are not persuaded of error on the part of the Examiner by Appellant's argument that the instant invention recites an improvement to technology by automating the process of selecting ads and also automates

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the optimization of ad placement thereby solving the technical problem of which ads to select and where to place them on a web page. (Appeal Br. 10–11; Reply 6). We agree with the Examiner’s response to this argument found on page 17 of the Answer and adopt same as our own. In this regard we agree that organizing content in a human comprehensible way is abstract and optimizing revenue has long been a building block of business. In addition, the improvements that the Appellant touts are business improvements to ad placement so as to improve ad effectiveness and are not improvements to the operations of the server or any other technology.

We are not persuaded of error on the part of the Examiner by Appellant’s argument that (1) the claims provide the benefit that an advertiser can directly monitor and track ad performance and (2) that no prior art rejections has been applied thereby suggesting that the invention is novel and nonobvious in the field of endeavor. Appellant concludes that the claimed invention is significantly more than any recited abstract concept. (Appeal Br. 15; Reply Br. 7). To the extent Appellant maintains that the limitations of claim 1 necessarily amount to “significantly more” than an abstract idea because the claimed apparatus is allegedly patentable over the prior art, Appellant misapprehend the controlling precedent. 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. A novel and nonobvious claim directed to a purely abstract idea is, nonetheless, patent-ineligible. *See Mayo*, 566 U.S. at 90.

We are not persuaded of error on the part of the Examiner by Appellant's argument that the method of the invention provides placement of a plurality of advertisements on a page accessible by a user, in combination with an advertiser accessible interface which is a combination that is not well-understood, routine or conventional. The determination of whether the additional elements are well-understood, routine and conventional is done after it has been determined that the claim recites abstract ideas that are not integrated into a practical application. This determination focuses on elements of the claim that are in addition to any abstract ideas recited. Guidance 84 Fed. Reg. at 55. In claim 1, the only recitations that is not part of the abstract idea identified by the Examiner of storing and retrieving performance data for advertisements, arranging a plurality of advertisements relative to one another according to performance data and delivering data relating to the arranged plurality of advertisements are the recited server, interface, and computer pointing device. As such the analysis does not consider whether the bulk of the claim, or the combination recited is well-understood, routine and conventional but is rather directed to the server only. The Appellant has not established, or even argued, that the server, interface, or computer pointing device are not well-understood, routine and conventional

We are not persuaded of error on the part of the Examiner by Appellant's argument that the interface provides the inventive concept consistent with *BASCOM Global Internet Services, Inc. v. AT&T Mobility LLC*, 827 F.3d 1341 (Fed. Cir. 2016). (Appeal Br. 17).

In *BASCOM*, the Federal Circuit held "[t]he inventive concept described and claimed in the '606 patent is the installation of a filtering tool at a specific location, remote from end-users, with customizable filtering

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features specific to each end user.” 827 F.3d at 1350. In determining this feature to be an inventive concept, the Federal Circuit explained that the remote location of a filtering tool having customizable user-specific filtering features provides the filtering tool both the benefits of a filter on a local computer and the benefits of a filter on the ISP server and is a technical improvement over prior art ways of filtering content. *Id.* at 1350–51.

Notably, the Federal Circuit specifically determined that “the claims may be read to ‘improve[] an existing technological process.’” *Id.* at 1351 (citing *Alice*, 134 S. Ct. at 2358). As we have discussed above, there is no improvement to the interface or any other technology recited in claim 1.

We are not persuaded of error on the part of the Examiner by Appellant’s argument that the Examiner failed to provide evidence that the claim features are well-understood, routine and conventional. As we explained above, the only elements of claim 1 that are analyzed to determine whether they are well-understood, routine and conventional are the computer pointing device, the server, and the interface.

Appellant cannot reasonably contend, nor does Appellant, that there is a genuine issue of material fact regarding whether the operation of the computer pointing device, the server and interface are well-understood, routine, or conventional, where, as here, there is nothing in the Specification to indicate that the operations recited in claim 1 require any specialized hardware or inventive computer components or that the claimed invention is implemented using other than generic computer components to perform generic computer functions, e.g., receiving, transmitting, and processing information. Indeed, the Federal Circuit, in accordance with *Alice*, has “repeatedly recognized the absence of a genuine dispute as to eligibility” where claims have been defended as involving an inventive concept based

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“merely on the idea of using existing computers or the Internet to carry out conventional processes, with no alteration of computer functionality.”

Berkheimer, 890 F.3d at 1373 (Moore, J., concurring) (internal citations omitted); *see also BSG Tech*, 899 F.3d at 1291 (“BSG Tech does not argue that other, non-abstract features of the claimed inventions, alone or in combination, are not well-understood, routine and conventional database structures and activities. Accordingly, the district court did not err in determining that the asserted claims lack an inventive concept.”).

We are not persuaded of error on the part of the Examiner by Appellant’s argument that the features of claim 1 require a computer placing data on a representation of a web page to be sent to a user, which is not possible in the human mind. (Reply Br. 8). 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*.”).

In view of the foregoing, we will sustain the Examiner’s rejection of claim 1 under 35 U.S.C. §101. We will also sustain this rejection as it is directed to the remaining claims because Appellant has not argue the separate eligibility of these claims.

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CONCLUSIONS OF LAW

We conclude the Examiner did not err in rejecting claims 1–20 under 35 U.S.C. § 101.

Claims Rejected	35 U.S.C. §	Reference(s)/Basis	Affirmed	Reversed
1–20	101	Eligibility	1–20	

CONCLUSION

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