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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte SARAH PTALIS, MARK HASELTINE, and PAUL NICKS

Appeal 2019-002856
Application 14/522,435
Technology Center 3600

Before KALYAN K. DESHPANDE, CHARLES J. BOUDREAU, and SHARON FENICK, *Administrative Patent Judges*.

FENICK, *Administrative Patent Judge*.

DECISION ON APPEAL

Pursuant to 35 U.S.C. § 134(a), Appellant[1] appeals from the Examiner's decision to reject claims 1–3, 7–13, 17–21, 23, 27, and 28, which are all of the pending claims. We have jurisdiction under 35 U.S.C. § 6(b)(1).

We AFFIRM.

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[1] We use the word "Appellant" to refer to "applicant" as defined in 37 C.F.R. § 1.42. Appellant identifies Go Daddy Operating Company, LLC as the real party in interest. Appeal Br. 1.

BACKGROUND

Appellant's invention relates to "transferring a domain name registered to a Seller, but purchased from the Seller by a Buyer, from a Seller controlled account at a Losing Registrar to a Buyer controlled account at a Gaining Registrar and transferring funds from the Buyer to the Seller." Spec. ¶ 1.

Claims

Claims 1, 11, and 21 are independent. Claim 1, reproduced below, is exemplary:

1. A method, comprising the steps of:

registering by a Losing Registrar comprising one or more servers a domain name to a Seller;

verifying by the Losing Registrar an identity of the Seller, wherein the verification of the identity of the Seller comprises a biometric authentication of the Seller;

verifying by the Losing Registrar that the domain name is registered to the Seller, wherein the verification of the domain name being registered to the Seller comprises comparing a Seller contact information with a domain name registrant contact information stored in a WHOIS database;

calculating by the Losing Registrar a suggested value of the domain name;

displaying by the Losing Registrar the suggested value of the domain name to the Seller;

upon determining a difference between the suggested value of the domain name and a purchase price entered by the Seller is within a predetermined amount or a predetermined percentage, accepting by the Losing Registrar the purchase price from the Seller for the domain name;

> managing by the Losing Registrar the domain name in a Seller controlled account, wherein the Seller has executed an agreement that permits the domain name to be transferred, only after a Buyer has agreed to purchase the domain name and without further action from the Seller, from the Seller controlled account of the Losing Registrar to a Buyer controlled account of a Gaining Registrar, wherein the agreement is executed prior to making the domain name available to the Buyer for purchase;
>
> receiving by the Losing Registrar a communication from an Aftermarket Platform or a Gaining Registrar that a Buyer has purchased the domain name from the Seller;
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> facilitating by the Losing Registrar in the transfer of the domain name from the Seller controlled account of the Losing Registrar to the Buyer controlled account of the Gaining Registrar; and
>
> facilitating by the Losing Registrar the disbursement of funds to the Seller.

Appeal Br. 12–13 (Claim App.).

Rejection

The Examiner rejects claims 1–3, 7–13, 17–21, 23, 27, and 28 under 35 U.S.C. § 101 as being directed to non-statutory subject matter. Final Act. 10–15.

ANALYSIS

An invention is patent-eligible if it claims a "new and useful process, machine, manufacture, or composition of matter, or [a] new and useful improvement thereof." 35 U.S.C. § 101. However, the Supreme Court has long interpreted § 101 to "contain[] an important implicit exception: Laws of nature, natural phenomena, and abstract ideas are not patentable." *Alice*

Corp. v. CLS Bank Int'l, 573 U.S. 208, 216 (2014) (quoting *Ass'n for Molecular Pathology v. Myriad Genetics, Inc.*, 569 U.S. 576, 589 (2013)).

In *Alice*, the Supreme Court reiterated the two-step framework previously set forth in *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 75–77 (2012) "for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts." *Alice*, 573 U.S. at 217. The first step in this analysis is to "determine whether the claims at issue are directed to one of those patent-ineligible concepts," e.g., to an abstract idea. *Id.* Concepts determined to be abstract ideas include certain methods of organizing human activity, such as fundamental economic practices (*id.* at 219–20; *Bilski v. Kappos*, 561 U.S. 593, 611 (2010)); mathematical formulas (*Parker v. Flook*, 437 U.S. 584, 594–95 (1978)); and mental processes (*Gottschalk v. Benson*, 409 U.S. 63, 67 (1972)). If it is determined that the claims are directed to a patent-ineligible concept, the second step of the analysis requires consideration of 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." *Alice*, 573 U.S. at 217 (quoting *Mayo*, 566 U.S. at 78, 79). In other words, the claims must contain an "inventive concept," or some element or combination of elements "sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the [abstract idea] itself." *Id.* at 217–18 (quoting *Mayo*, 566 U.S. at 72–73).

In January 2019, the PTO published revised guidance on the application of § 101. 2019 Revised Patent Subject Matter Eligibility

Guidance, 84 Fed. Reg. 50 (Jan. 7, 2019) ("2019 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 fundamental economic practices, or mental processes) ("Step 2A, Prong 1"); 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 2").

Only if a claim (1) recites a judicial exception and (2) does not integrate that exception into a practical application, do we then ("Step 2B") look to whether the claim:

> (3) adds a specific limitation beyond the judicial exception that is not "well-understood, routine, and 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 2019 Guidance, 84 Fed. Reg. at 52–56.

Examiner's Determinations and Appellant's Arguments

The Examiner determines that all pending claims "are directed to an abstract idea of buying and selling items," which, according to the Examiner, is a "method of organizing human activity and a fundamental economic practice in that it is focused on commerce such as encouraging a transaction and sales activities and behaviors between people." Final Act. 10. The Examiner further determines that the claim elements, considered both individually and in combination, do not include additional elements that are sufficient to amount to significantly more than the abstract idea. *Id.* at 12, 14–15. The Examiner finds that the additional elements are

recited at a high level of generality, i.e., as generic computer components that generally link the abstract idea to a particular technological environment and perform well-understood, routine and conventional functions such as "automating mental tasks." *Id.* at 12–15; *see also* Ans. 5–6.

Appellant argues that the Examiner overgeneralizes in characterizing the claims as being directed to "buying and selling items," and that the claims are "actually limited to registering and transferring domain names." Appeal Br. 6. According to Appellant, the claims are not directed to an abstract idea because "registering and transferring domain names require concrete particular machines []and cannot be done in one's head or merely on paper." *Id.* at 7; *see id.* at 8. Appellant further argues that the claims are patent-eligible because they are necessarily rooted in computer technology, are directed towards an asserted improvement in computer capabilities, and effect a transformation of the domain name from one state to another state. *Id.* at 9.

Step 2A, Prong 1

Under Step 2A, Prong 1 of the 2019 Guidance, we agree with the Examiner that the claims recite a judicial exception, i.e., an abstract idea. *See* Final Act. 10. Specifically, we agree with the Examiner that the claims recite at least one of the certain methods of organizing human activity identified as a judicial exception, in particular commercial interactions in the form of sales activities or behaviors. *See id.* Additionally, we agree with the Examiner that the claims describe "automating mental tasks," and thus that the claims recite mental processes. *See id.* at 14.

For example, independent claim 1 recites:

> verifying by the Losing Registrar that the domain name is registered to the Seller, wherein the verification of the domain name being registered to the Seller comprises comparing a Seller contact information with a domain name registrant contact information stored in a WHOIS database;
>
> calculating by the Losing Registrar a suggested value of the domain name;

Under their broadest reasonable interpretation, these "verifying" and "calculating" limitations cover performance of the limitations in the mind (as do corresponding limitations in independent claims 11 and 21), but for the recitation of the verification and calculation being performed by a "Losing Registrar" (discussed *supra* under Step 2A, Prong 2). That is, other than the "Losing Registrar" recited as performing the recited steps, nothing in the claims precludes those steps from being performed in the human mind. For example, but for the recitation of the "Losing Registrar," the claims encompass *mentally* verifying that the domain name is registered to the Seller by *mentally* comparing a Seller contact information with a domain name registrant contact information stored in a WHOIS database, and *mentally* calculating a suggested value of the domain name. Thus, although Appellant argues that registering and transferring domain names cannot be performed mentally, orally, or on paper, the above limitations recite mental processes, and thus an abstract idea. *See* Appeal Br. 6–7.

Claim 1 further recites:

> upon determining a difference between the suggested value of the domain name and a purchase price entered by the Seller is within a predetermined amount or a predetermined percentage, accepting by the Losing Registrar the purchase price from the Seller for the domain name;

> managing by the Losing Registrar the domain name in a Seller controlled account, wherein the Seller has executed an agreement that permits the domain name to be transferred, only after a Buyer has agreed to purchase the domain name and without further action from the Seller, from the Seller controlled account of the Losing Registrar to a Buyer controlled account of a Gaining Registrar, wherein the agreement is executed prior to making the domain name available to the Buyer for purchase;
>
> . . .
>
> facilitating by the Losing Registrar in the transfer of the domain name from the Seller controlled account of the Losing Registrar to the Buyer controlled account of the Gaining Registrar; and
>
> facilitating by the Losing Registrar the disbursement of funds to the Seller.

In reciting "accepting . . . the purchase price from the Seller for the domain name" upon determining that a certain condition is met, "managing . . . the domain name in a Seller controlled account" according to a Seller-executed agreement regarding the purchase and transfer of the domain name, "facilitating . . . in the transfer of the domain name from the Seller controlled account . . . to the Buyer controlled account," and "facilitating . . . the disbursement of funds to the Seller," the claim recites commercial interactions in the form of sales activities or behaviors (as do independent claims 11 and 21 with corresponding limitations). Thus, these limitations recite one of the identified certain methods of organizing human activity, and thus an abstract idea. Indeed, claims 1, 11, and 21 as a whole recite a method of organizing human activity in that the claimed invention is a method of transferring a domain name that is purchased by a buyer from a seller, from a seller-controlled account to a buyer-controlled account, and

transferring funds from the buyer to the seller, which are commercial interactions in the form of sales activities and behaviors. *See* Spec. ¶ 1.

Additionally, the limitation "determining a difference between the suggested value of the domain name and a purchase price entered by the Seller is within a predetermined amount or a predetermined percentage," under its broadest reasonable interpretation, covers performance of the limitation in the mind (as do corresponding limitations in independent claims 11 and 21). That is, nothing in the claims precludes that step from being performed in the human mind; the claims encompass *mentally* determining that a difference between the suggested value of the domain name and a purchase price entered by the seller is within a predetermined amount or a predetermined percentage. Thus, this limitation also recites a mental process, and thus an abstract idea.

Accordingly, the claims recite mental processes and methods of organizing human activity as identified in the 2019 Guidance and, thus, an abstract idea.

Step 2A, Prong 2

Under Step 2A, Prong 2 of the 2019 Guidance, we next look to whether the claims recite additional elements that integrate the abstract idea into a practical application. We determine that they do not. For example, claim 1 additionally recites:

> registering by a Losing Registrar comprising one or more servers a domain name to a Seller;
>
> verifying by the Losing Registrar an identity of the Seller,
>
> . . .

> displaying by the Losing Registrar the suggested value of the domain name to the Seller;
>
> . . .
>
> receiving by the Losing Registrar a communication from an Aftermarket Platform or a Gaining Registrar that a Buyer has purchased the domain name from the Seller;

These "registering," "verifying," "displaying," and "receiving" steps are recited at a high level of generality (i.e., as general means of registering or recording, verifying, displaying, and receiving information regarding the purchase and transfer of the domain name) and amount to insignificant extra-solution activity. *See* 2019 Guidance, 84 Fed. Reg. at 55; MPEP § 2106.05(g); *see also* Final Act. 14.

Independent claims 1, 11, and 21 recite a "Losing Registrar" performs the recited steps. Appellant argues that the "Losing Registrar," as well as the recited "Gaining Registrar" and "WHOIS database," are "particular machines," rendering the claims patent-eligible. Appeal Br. 7–8 (citing *Bilski v. Kappos*, 561 U.S. 593, 604 (2010)). We are unpersuaded. As an initial matter, even if the claims included a particular machine, that would not be determinative of patent-eligibility. *See Bilski*, 561 U.S. at 604 (stating that "the machine-or-transformation test is a useful and important clue, an investigative tool" but "not the sole test" for patent-eligibility); *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1256 (Fed. Cir. 2014) ("[I]n *Mayo*, the Supreme Court emphasized that satisfying the machine-or-transformation test, by itself, is not sufficient to render a claim patent-eligible, as not all transformations or machine implementations infuse an otherwise ineligible claim with an 'inventive concept.'")). We note that an additional element that does no more than link the use of a judicial

exception to a particular technological environment (such as commercial interactions involving domain name registrars) or field of use does not integrate an abstract idea into a practical application. *See* 2019 Guidance, 84 Fed. Reg. at 55 n.32.

Moreover, although Appellant argues that "a losing registrar comprises a highly sophisticated computer network" and "is far more specific as to its functions and abilities than a general purpose computer," Appellant has not recited any of the "Losing Register," "Gaining Registrar," or "WHOIS database" limitations with sufficient particularity or shown that they are integral to the claims. *See id.* at 55 & n.32; MPEP § 2106.05(b). For example, the claims recite that the "Losing Registrar compris[es] one or more servers." *See, e.g.*, claim 1. The Specification further indicates that the Losing and Gaining Registrars comprise servers, electrical communication equipment, and software, which are generic computer components. Spec. ¶¶ 56–57. We agree with the Examiner that the claims recite the additional elements, including the "Losing Registrar comprising one or more servers," "Gaining Registrar," and "WHOIS database," at a high level of generality, merely applying the abstract idea using generic computer components (i.e., servers, database, etc.) and indicating a technological environment (i.e., computer networks and the Internet) for the sales activities. *See* Final Act. 12–15; 2019 Guidance, 84 Fed. Reg. at 55; MPEP § 2106.05(f), (h); *see also* Appeal Br. 7 (Appellant indicating that the claims are tied to "computer networks, or more specifically the Internet").

Appellant further argues that the claims are patent-eligible because "registering a domain name and transferring the domain name transforms the domain name from one state (non-registered/registered at the Losing

Registrar) to another state (registered/registered at the Gaining Registrar)." Appeal Br. 9 (citing *Diamond v. Diehr*, 450 U.S. 175, 184 (1981); *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972)). As discussed above, the machine-or-transformation test does not, on its own, determine patent-eligibility. Besides, we are unpersuaded that the registration and transfer of a domain name is comparable to the transformation in *Diehr*, which was a physical transformation of an *article* (rubber) to a different state or thing. *See Diehr*, 450 U.S. at 184. We agree with the Examiner that a domain name "is still a domain name" regardless of its registration status, and that changing the status of a domain name is not the type of "[t]ransformation and reduction of an article to a different state or thing" that favors patentability. *Benson*, 409 U.S. at 70 (internal quotations omitted); *see* Ans. 8.

Appellant argues that the claims are "tied and rooted in computer technology to solve a problem (registering and transferring domain names between Registrars in a secure manner) specifically arising in the realm of computer networks" and "directed towards an improved (faster and more secure) method of transferring the domain name between accounts at different Registrars." Appeal Br. 9 (citing *DDR Holdings*, 773 F.3d 1245; *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327 (Fed. Cir. 2016)). We disagree that the registration, purchase/sale, and transfer of domain names is uniquely limited to computer technology or that the claims reflect an improvement in a *technical* field. As the Examiner points out, the registration, purchase/sale, and transfer of domain names is a commercial challenge and may be performed manually, and using a computer to perform such manual tasks more efficiently does not confer patent-eligibility. *See*

Ans. 10; *see also OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1363 (Fed. Cir. 2015) (finding that "relying on a computer to perform routine tasks more quickly or more accurately is insufficient to render a claim patent eligible"). Notwithstanding Appellant's argument that "the claims are directed towards . . . a faster and more secure method of transferring a domain name between accounts of Registrars," the claims "do not require an arguably inventive set of components or methods, such as measurement devices or techniques, that would generate new data. They do not invoke any assertedly inventive programming." Appeal Br. 10; *Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1355 (Fed. Cir. 2016). We agree with the Examiner that the claim limitations do not reflect an improvement in computer functionality itself, or to any other technology or technical field. *See* Final Act. 6–7; Ans. 9–12; 2019 Guidance, 84 Fed. Reg. at 55; MPEP § 2106.05(a). That is, the claims do not recite a technological improvement in addition to the abstract idea.

Thus, even in combination, these additional limitations do not integrate the abstract idea into a practical application because they do not impose any meaningful limits on practicing the abstract idea.

Accordingly, we agree with the Examiner that the claims are directed to an abstract idea.

Step 2B

Under Step 2B of the 2019 Guidance, we agree with the Examiner that there are no specific limitations beyond the judicial exception, i.e., the abstract idea, that are not well-understood, routine, and conventional in the field. *See* Final Act. 12–15; Ans. 13–14. For example, claim 1 additionally recites "wherein the verification of the identity of the Seller comprises a

biometric authentication of the Seller." This "biometric authentication" limitation simply appends well-understood, routine, conventional activities previously known to the industry, specified at a high level of generality, to the abstract idea. *See, e.g.*, Spec. ¶ 62 (stating that Seller's identity "is confirmed by any known or later developed methods of confirming the identity of a person on the Internet" and listing biometric authentication among several examples of identity confirmation methods).

Reevaluating the extra-solution activity recited in the "registering," "verifying . . . an identity of the Seller," "displaying," and "receiving" steps (*see* 2019 Guidance, 84 Fed. Reg. at 56 (stating that a conclusion under Step 2A that an additional element is insignificant extra-solution activity should be reevaluated in Step 2B)), we find nothing unconventional in these steps of registering or recording, verifying, displaying, and receiving information regarding the purchase and transfer of the domain name. We agree with the Examiner that these extra-solution steps require no more than generic computer components performing generic functions (i.e., computer processing, storing, displaying, and communicating) that are well-understood, routine, and conventional activities previously known to the industry. *See* Final Act. 13–14. As discussed above under Step 2A, Prong 2, the recited "Losing Registrar comprising one or more servers" and "Gaining Registrar" in claim 1 amount to no more than mere instructions to apply the abstract idea using generic computer components. Mere instructions to apply an abstract idea on a generic computer do not provide an inventive concept. *Alice*, 573 U.S. at 223–24.

Appellant has not shown that the claims on appeal add any specific limitation beyond the judicial exception that is not "well-understood,

routine, and conventional" in the field. *See* MPEP § 2106.05(d). Appellant also provides no evidence of how the ordered combination is unconventional or amounts to significantly more than an abstract idea.

Accordingly, considering the claim elements individually and as an ordered combination, we agree with the Examiner that there are no meaningful claim limitations that represent sufficiently inventive concepts to transform the nature of the claims into a patent-eligible application of the abstract idea.

For the foregoing reasons, we sustain the Examiner's rejection under 35 U.S.C. § 101 of independent claim 1, as well as independent claims 11 and 21 having commensurate limitations and dependent claims 2, 3, 7–10, 12, 13, and 17–20, which are not separately argued.

CONCLUSION

The Examiner's rejection of claims 1–3, 7–13, 17–21, 23, 27, and 28 under 35 U.S.C. § 101 is affirmed.

DECISION SUMMARY

In summary:

Claims Rejected	35 U.S.C. §	Basis	Affirmed	Reversed
1–3, 7–13, 17–21, 23, 27, 28	101	Eligibility	1–3, 7–13, 17–21, 23, 27, 28	

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)(1)(iv).

AFFIRMED