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UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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*Ex parte* KENNETH J. OUIMET

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Appeal 2019-004983  
Application 14/707,189  
Technology Center 3600

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Before ST. JOHN COURTENAY III, LARRY J. HUME, and  
PHILLIP A. BENNETT, *Administrative Patent Judges*.

COURTENAY, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Pursuant to 35 U.S.C. § 134(a), Appellant,<sup>1</sup> Kenneth J. Ouimet, appeals from the Examiner’s decision rejecting claims 1–20 and 26–30, which are all claims pending in the application. Appellant has canceled claims 21–25. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

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<sup>1</sup> We use the word “Appellant” to refer to “applicant” as defined in 37 C.F.R. § 1.42(a). Appellant identifies MYWORLD, INC. as the real party in interest. Appeal Br. 1.

## CLAIMED SUBJECT MATTER<sup>2</sup>

The claims are directed to “consumer goods and, more particularly, to a commerce system and method of controlling the commerce system with manufacturer agents that manage sales and purchasing decisions.” *See Spec.* ¶ 2.

Claim 1, reproduced below, is representative of the subject matter on appeal (*italics* added to dispositive contested prior-art limitations):

1. A method of controlling communication over an electronic network including a first computing system and a second computing system, comprising:

providing a database on the first computing system including product information corresponding to a plurality of products, wherein the database includes a first data structure to organize the product information based on related product attributes;

*providing an electronic consumer agent on the first computing system in electronic communication with a consumer;*

*providing a first electronic manufacturer agent on the second computing system in electronic communication with a first manufacturer, wherein the first manufacturer provides a first negotiation strategy for use by the first electronic manufacturer agent;*

identifying an intent to buy using the electronic consumer agent on the first computing system;

transmitting the intent to buy to the first electronic manufacturer agent on the second computing system;

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<sup>2</sup> Our decision relies upon Appellant’s the Appeal Brief filed Dec. 12, 2018 (“Appeal Br.”); the Examiner’s Answer mailed April 11, 2019 (“Ans.”); the Final Office Action mailed May 16, 2018 (“Final Act.”); the Reply Brief filed June, 11, 2019 (“Reply Br.”); and the original Specification filed May 8, 2015 (“Spec.”) (claiming the benefit of US Provisional Application No. 61/284,365, filed May 9, 2014).

creating a second data structure on the first computing system to perform an electronic negotiation between the electronic consumer agent on the first computing system and the first electronic manufacturer agent on the second computing system using the first negotiation strategy, wherein the electronic consumer agent and first electronic manufacturer agent electronically negotiate over the electronic network for a product satisfying the intent to buy from the first manufacturer to be placed on a shopping list; and

providing the shopping list to the consumer for presentation on a display screen.

(emphasis added).

Claim 4, reproduced below, is representative of the subject matter on appeal, underlining added to contested limitations under 35 U.S.C. § 112, ¶ 2:

4. The method of claim 1, wherein the first negotiation strategy includes a consumer rating of a likelihood to purchase the product satisfying the intent to buy from the first manufacturer.

#### *Evidence*

The Examiner relies upon the following prior art as evidence in support of anticipation Rejection C:

Moss et al. (“Moss”) US 2005/0159974 A1 July 21, 2005

#### *Rejections*

A. Claims 4, 7, 11, 18, 26, and 29 are rejected under 35 U.S.C. § 112(b) as being indefinite. Final Act. 3–5; *see also* Ans. 3, 5.<sup>3</sup>

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<sup>3</sup> We note the Examiner withdrew the 35 U.S.C. § 112(b) rejection of claims 12, 19, and 30 in the Answer. *See* Ans. 3 (WITHDRAWN REJECTIONS).

B. Claims 1–20 and 26–30 are rejected under 35 U.S.C. § 101 as being as being directed to a judicial exception, without significantly more. Final Act. 5–17.

C. Claims 1–20 and 26–30 are rejected under 35 U.S.C. § 102(a)(1) and/or § 102(a)(2) as being anticipated by Moss. Final Act. 17–32.<sup>4</sup>

### *Claim Grouping*

Based on Appellant’s arguments (Appeal Br. 10–36) and our discretion under 37 C.F.R. § 41.37(c)(1)(iv), we decide the appeal of 35 U.S.C. § 101 Rejection B of claims 1–20 and 26–30 on the basis of representative claim 1. We address separately indefiniteness Rejection A of claims 4, 7, 11, 18, 26, and 29, and anticipation Rejection C of claims 1–20 and 26–30, *infra*.

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Regarding the 35 U.S.C. § 112(b) rejection of claims 7 and 26 the Examiner indicates: “The current 35 [U.S.C.] § 112 rejection of claims 7 and 26 will be withdrawn following the [A]ppellant entering amendments as described in the arguments. [The] Examiner notes that the outstanding rejection of these claims under 35 [U.S.C.] § 112 *is being maintained* for purposes of this appeal.” Ans. 5 (emphasis added). Therefore, the rejection of claims 7 and 26 under 35 U.S.C. § 112(b) remains before us on appeal. Accordingly, we consider on appeal the Examiner’s Rejection A of claims 4, 7, 11, 18, 26, and 29 as being indefinite under 35 U.S.C. § 112(b).

<sup>4</sup> The Examiner indicates: “In light of the amendments, the previous 35 [U.S.C.] § 103 rejection has been withdrawn and all claims are now rejected under 35 U.S.C. § 102.” Final Act. 34.

*Issues and Analysis*

In reaching this Decision, we consider all evidence presented and all arguments actually made by Appellant. To the extent Appellant has not advanced separate, substantive arguments for particular claims, or other issues, such arguments are waived. 37 C.F.R. § 41.37(c)(1)(iv).

1. 35 U.S.C. § 112(b) Rejection A of Claims 4, 7, 11, 18, 26, and 29.

Issue

Did the Examiner err in rejecting claims 4, 7, 11, 18, 26, and 29 under 35 U.S.C. § 112(b) as being indefinite?

Analysis

Claim 4 recites: “The method of claim 1, wherein the first negotiation strategy includes *a consumer rating of a likelihood to purchase the product satisfying the intent to buy from the first manufacturer.*” Appeal Br. 70, Claims App. (emphasis added).

The Examiner “doesn’t understand how a manufacturer entity can provide a consumer rating of a likelihood to purchase a product satisfying an intent to buy from a manufacturer. *Consumer ratings are generally provided by consumers.*” Final Act. 3 (emphasis added). The Examiner concludes:

Unless the manufacturer is also a consumer, it is indefinite to claim that consumer ratings are provided by a manufacturer as part of a negotiation strategy. Therefore, the claims are indefinite for failing to particularly point out and distinctly claim the subject matter which the inventor regards as the invention. For the purposes of examination, the [E]xaminer is *broadly interpreting these limitations to refer to the consumer*

*providing a consumer rating of a likelihood to purchase the product and this rating being utilized as part of the offer negotiation.*

Final Act. 3–4 (emphasis added).

Appellant disagrees, and contends:

[T]he first manufacturer provides the first negotiation strategy. The consumer rating is not a rating by the consumer, but rather a rating of the consumer (by the first manufacturer) and his/her likelihood to purchase the product satisfying the intent to buy from the first manufacturer. Manufacturer agent 108 determines how much of a discount would need to be given to each consumer in order to sway the consumer to purchase the product made by manufacturer 110, see paragraphs [0174]-[0175] of the subject application.

Appeal Br. 8.

At the outset, we give pending claims “their broadest reasonable interpretation consistent with the [S]pecification” and “in light of the [S]pecification as it would be interpreted by one of ordinary skill in the art.” *See American Academy of Science Tech Center*, 367 F.3d 1359, 1364 (Fed. Cir. 2004). We note indefiniteness under 35 U.S.C. § 112(b) is an issue of claim construction and a question of law that our reviewing court reviews *de novo*. *See Cordis Corp. v. Boston Scientific Corp.*, 561 F.3d 1319, 1331 (Fed. Cir. 2009) (citing *Praxair, Inc. v. ATMI, Inc.*, 543 F.3d 1306, 1319 (Fed. Cir. 2008)).

Here, indefiniteness Rejection A for claims 4, 11, 18, and 29 (but not claims 7 and 26, addressed separately *infra*) appears to be based essentially upon the Examiner’s own understanding of the claim term “**consumer rating**” (“of a likelihood to purchase the product satisfying the intent to buy

from the manufacturer”) irrespective of the *context* provided by Appellant’s claims and Specification.

However, Appellant points to the relevant portions of the Specification that describe how the manufacturer agent determines the “consumer rating.” Appeal Br. 8 (citing Spec. ¶¶ 174–175).

In particular, paragraphs 174 and 175 describe a non-limiting, exemplary embodiment:

Manufacturer agent 108 determines how much of a discount would need to be given to each consumer in order to sway the consumer to purchase the product made by manufacturer 110. In one embodiment, illustrated in FIG. 11b, each consumer is assigned a rating 682 corresponding to a percentage of a maximum possible discount that needs to be given for manufacturer 110 to be selected over other manufacturers in a consumer's consideration set. A lower score means less of a discount is given, and a higher score means a larger discount should be given.

Spec. ¶ 174.

Consumers who tend to buy additional products with a higher profit margin may be rated higher by retailers because of the prospect of additional value from additional purchases. A higher rating to potentially more profitable consumers gives a higher discount on a particular product to those consumers.

Spec. ¶ 175.

We note the Examiner has not considered these portions of the Specification that provide *context*, nor has the Examiner fully developed the record to apply a lower threshold of indefiniteness consistent with the broadest reasonable interpretation, as applied during patent examination, as addressed by *Ex parte McAward*, Appeal 2015-006416, 2017 WL 3669566,



at \*5 (PTAB Aug. 25, 2017) (precedential); *see also In re Packard*, 751 F.3d 1307, 1310, 1314 (Fed. Cir. 2014).

Based upon our review of the record, find the claim term “**consumer rating**” is sufficiently described in the Specification to the extent that we conclude a person skilled in the art would have been sufficiently informed as to the scope of the invention, as claimed, under the broadest reasonable interpretation (BRI) claim construction standard applied by the PTO. (emphasis added). *See Spec.* ¶¶ 174–175; *see also Am. Acad.*, 367 F.3d at 1364.<sup>5</sup>

Therefore, for essentially the same reasons argued by Appellant, we are persuaded that the Examiner erred regarding Rejection A under 35 U.S.C. § 112(b) of claims 4, 11, 18, and 29, which each recite the claim term “**consumer rating.**” (emphasis added). *See Appeal Br.* 6–9. Accordingly, we are constrained on this record to reverse the Examiner’s Rejection A of claims 4, 11, 18, and 29 under 35 U.S.C. § 112(b).

*Rejection A of claims 7 and 26 under 35 U.S.C. § 112(b)*

Regarding claims 7 and 26, the Examiner concludes:

Claim 7 recites the limitation “the electronic shopping agent” in line 19. There is *insufficient antecedent basis* for this limitation in the claim. Claim 26 recites the limitation “the electronic shopping agent” in line 19. There is *insufficient antecedent basis* for this limitation in the claim.

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<sup>5</sup> *Cf. Nautilus, Inc. v. Biosig Instruments, Inc.*, 572 U.S. 898, 901 (2014) (“[A] patent is invalid for indefiniteness if its claims, read in light of the specification delineating the patent, and the prosecution history, fail to inform, with reasonable certainty, those skilled in the art about the scope of the invention.”).

Final Act. 5.

In the Appeal Brief, the Appellant acknowledges the antecedent basis problem with claims 7 and 26, as currently drafted. *See* Appeal Br. 10. In particular, Appellant indicates the “the antecedent basis is a typographical error and will be amended upon resolution of remaining rejections.” *Id.*

In the Answer, the Examiner responds, and indicates:

The current 35 USC § 112 rejection of claims 7 and 26 will be withdrawn following the [A]ppellant entering amendments as described in the arguments. [The] Examiner notes that the outstanding rejection of these claims under 35 USC § 112 **is being maintained for purposes of this appeal.**

Ans. 5 (emphasis added).

Accordingly, on this record, we *pro forma* sustain the Examiner’s Rejection A of claims 7 and 26 under 35 U.S.C. § 112(b), because of the antecedent basis problem identified by the Examiner (Final Act. 5), as acknowledged by Appellant (Appeal Br. 10), and not withdrawn by the Examiner on appeal (Ans. 5).

2. 35 U.S.C. § 101 Rejection B of Claims 1–20 and 26–30

USPTO 35 U.S.C. § 101 Guidance

On January 7, 2019 (“January 2019 Memorandum, 84 Fed. Reg.”), the U.S. Patent and Trademark Office (USPTO) published revised guidance on the application of 35 U.S.C. § 101. *See also* USPTO, *October 2019 Revised Patent Subject Matter Eligibility Guidance* (“October 2019

Memorandum”).<sup>6</sup> Under that guidance, we first look to whether the claim recites:

- (1) (*see* January 2019 Memorandum, Fed. Reg. 54, Step 2A – Prong One) 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) (*see* January 2019 Memorandum, Fed. Reg. 54–55, Step 2A – Prong Two) additional elements that integrate the judicial exception into a practical application (*see* MPEP § 2106.05(a)–(c), (e)–(h)).<sup>7</sup>

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.

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<sup>6</sup> The Office issued a further memorandum on October 17, 2019, clarifying guidance of the January 2019 Memorandum in response to received public comments. *See* [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). Moreover, “[a]ll USPTO personnel are, as a matter of internal agency management, expected to follow the guidance.” January 2019 Memorandum, Fed. Reg. 51; *see also* 2019 Memorandum, Fed. Reg. 1.

<sup>7</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* January 2019 Memorandum, 84 Fed. Reg. 53–54 Section III (A)(2).

*See* January 2019 Memorandum, Fed. Reg. 56, Step 2B.

Because there is no single definition of an “abstract idea” under *Alice* step 1, the January 2019 Memorandum, Fed. Reg., synthesizes, for purposes of clarity, predictability, and consistency, key concepts identified by the courts as abstract ideas to explain that the “abstract idea” exception includes the following three groupings:

1. Mathematical concepts—mathematical relationships, mathematical formulas or equations, mathematical calculations;
2. Mental processes—concepts performed in the human mind (including an observation, evaluation, judgment, opinion); and
3. Certain methods of organizing human activity—fundamental economic principles or practices (including hedging, insurance, mitigating risk); commercial or legal interactions (including agreements in the form of contracts; legal obligations; advertising, marketing or sales activities or behaviors; business relations); managing personal behavior or relationships or interactions between people (including social activities, teaching, and following rules or instructions).

*See* January 2019 Memorandum, 84 Fed. Reg. at 52.

According to the January 2019 Memorandum, Fed. Reg. 53, “[c]laims that do not recite [subject] matter that falls within these enumerated groupings of abstract ideas should not be treated as reciting abstract ideas,” except in rare circumstances. Even if the claims recite any one of these three groupings of abstract ideas, these claims are still not “directed to” a judicial exception (abstract idea), and thus are patent eligible, if “the claim as a whole integrates the recited judicial exception into a practical application of that exception.” *See* January 2019 Memorandum, 84 Fed. Reg. at 53.

For example, limitations that **are** indicative of *integration into a practical application* include:

1. Improvements to the functioning of a computer, or to any other technology or technical field — *see* MPEP § 2106.05(a);
2. Applying the judicial exception with, or by use of, a particular machine — *see* MPEP § 2106.05(b);
3. Effecting a transformation or reduction of a particular article to a different state or thing — *see* MPEP § 2106.05(c); and
4. Applying or using the judicial exception in some other 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(e).

In contrast, limitations that are **not** indicative of *integration into a practical application* include:

1. Adding the words “apply it” (or an equivalent) with the judicial exception, or merely include instructions to implement an abstract idea on a computer, or merely uses a computer as a tool to perform an abstract idea — *see* MPEP § 2106.05(f);
2. Adding insignificant extra-solution activity to the judicial exception — *see* MPEP § 2106.05(g); and
3. Generally linking the use of the judicial exception to a particular technological environment or field of use — *see* MPEP § 2106.05(h).

*See* January 2019 Memorandum, 84 Fed. Reg. 54–55, Prong Two.

*January 2019 Memorandum, Step 2A, Prong One  
The Judicial Exception*

Under the 2019 Memorandum, we begin our analysis by first considering whether the claims recite any judicial exceptions, including certain groupings of abstract ideas, in particular: (a) mathematical concepts; (b) mental steps; and (c) certain methods of organizing human activities.

The Examiner concludes the claims recite an abstract idea, because:

These [(claimed)] steps describe/set-forth the idea of negotiated consumer-manufacturer purchase offers, which is a *fundamental economic or commercial process*, and/or idea of itself, and/or a method of organizing human activities, and/or a mathematical relationship/formula. The idea in the pending application is directed to a concept relating to the economy and commerce, such as agreements between people in the form of business relations, and/or an idea standing alone such as an uninstiated concept, and/or a concept relating to interpersonal and intrapersonal activities, such as managing transactions between people, advertising or marketing, and/or a mathematical concept such as a mathematical relationships, formulas, and calculations.

Final Act. 6–7 (emphasis added).

The Examiner thus concludes “that negotiated consumer-manufacturer purchase offers is an abstract idea, and furthermore that claim 1 is directed to an abstract idea.” Final Act. 10.

*Independent Claim 1*

We apply the Director’s 2019 Memorandum *de novo*. We identify at least the specific claim 1 steps of: “*identifying an intent to buy*” and “creating a second data structure on the first computing system to perform

*an electronic negotiation*” as certain methods of organizing human activity, including the categories of commercial or legal interactions, further including agreements in the form of contracts; legal obligations; sales activities or behaviors; and business relations. *See* January 2019 Memorandum, 84 Fed. Reg. at 52.

Therefore, we conclude claim 1 recites an abstract idea. Moreover, we conclude the aforementioned certain methods of organizing human activity could be performed alternatively as mental processes.<sup>8</sup> *See* January 2019 Memorandum, 84 Fed. Reg. at 52.

Because claim 1 recites an abstract idea, and because remaining independent claims 7, 14, and 26 recite similar language of commensurate scope, we conclude all claims 1–20 and 26–30 recite an abstract idea, as identified above, under *Step 2A, Prong One*. Therefore, we proceed to *Step 2A, Prong Two*.

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<sup>8</sup> If a method can be performed by human thought alone, or by a human using pen and paper, it is merely an abstract idea and is not patent eligible under 35 U.S.C. § 101. *See CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1372–73 (Fed. Cir. 2011) (“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*.”). *CyberSource*, 654 F.3d at 1375; *see also Synopsys, Inc. v. Mentor Graphics Corp.*, 839 F.3d 1138, 1146–47 (Fed. Cir. 2016). Moreover, “[u]sing a computer to accelerate an ineligible mental process does not make that process patent-eligible.” *Bancorp Servs., L.L.C. v. Sun Life Assurance Co. of Can. (U.S.)*, 687 F.3d 1266, 1279 (Fed. Cir. 2012); *see also OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1363 (Fed. Cir. 2015) (“[R]elying on a computer to perform routine tasks more quickly or more accurately is insufficient to render a claim patent eligible.”).

*2019 Memorandum, Step 2A, Prong Two  
Integration of the Judicial Exception into a Practical Application*

Pursuant to the January 2019 Memorandum, we consider whether there are additional elements set forth in the claims that integrate the judicial exception into a practical application. *See* January 2019 Memorandum, 84 Fed. Reg. at 54–55.

*Additional Limitations*

We identify the additional claim 1 elements that begin with the steps of “providing” (i.e., “providing a database . . .,” “providing an electronic consumer agent . . .,” “providing a first electronic manufacturer agent”) and “transmitting the intent to buy . . .”) as additional claim elements that we find are insignificant extra-solution activities (i.e., data gathering or data sending). *See* January 2019 Memorandum, 84 Fed. Reg. 55 n.31; *see also* MPEP § 2106.05(g). We identify the last limitation of “providing the shopping list to the consumer for presentation on a display screen” as an insignificant post-solution activity. *See* January 2019 Memorandum, 84 Fed. Reg. at 55 n.31; *see also* MPEP § 2106.05(g).

We additionally find the “electronic network including a first computing system and a second computing system” are additional limitations that are generic computer components. Appeal Br. 68, Claims App.

The Examiner finds:

The above judicial exception is *not integrated into a practical application* because the additional elements do not impose a meaningful limit on the judicial exception when evaluated individually and as a combination. The additional elements are broadly described electronic storage and electronic



communication between computing systems for performing the abstract idea steps on generic computing devices. The computer elements are generic (electronic network, computing system, database, data structure/computer code, electronic agent/computer code, electronic communication, display screen) other than their claimed function to perform the limitations. The created “data structures” that organize the product information and perform the electronic negotiation are just broadly recited computer code that apply the abstract idea to a technological environment. The electronic agents that communicate with the consumer/manufacturer and perform the electronic negotiation are just broadly recited forms of computer code that apply the abstract idea to a technological environment (non-specific code to implement a negotiation abstract idea).

Ans. 9 (emphasis added).

The Examiner further finds the additional elements do not reflect an improvement in the functioning of a computer, or an improvement to another technology or technical field. *Id.*

Appellant disagrees, and contends:

Key claim features to making the electronic system work to improve its functionality includes identifying an intent to buy using the electronic consumer agent on the first computing system, and creating a second data structure on the first computing system to perform an electronic negotiation between the electronic consumer agent on the first computing system and the first electronic manufacturer agent on the second computing system using the first negotiation strategy, where the electronic consumer agent and first electronic manufacturer agent electronically negotiate over the electronic network for a product satisfying the intent to buy from the first manufacturer to be placed on a shopping list. Accordingly the claims do not merely utilize an electronic network communication environment or field of use to implement the claimed abstract idea, but rather the data structure and communication protocol

*enhances the operation* between the first computing system and second computing system by increasing the probability of completing a sale by (1) identifying a true potential consumer with an actual intent to buy, and (2) finding the price point of positive purchasing decision, while reducing unnecessary searching and networking and communication utilization. The claim is not about the improved speed or efficiency inherent with applying the abstract idea on a computer. Rather the claim is about enhancing the operation between the first computing system and second computing system by indicating an intent to buy, and performing an electronic negotiation, while reducing unnecessary computing, networking and communication utilization.

Reply Br. 4–5 (emphasis added).

Appellant addresses the case authorities provided by the Examiner, but in a cursory manner. Reply Br. 5–8. For each of the cases cited by the Examiner, Appellant reiterates essentially the same reply: “Appellant maintains there is little or no correlation between [the cited case] and the relevant claim elements.” *Id.*

As set forth in MPEP § 2106.05(a) (emphasis added):

To show that the involvement of a computer assists in *improving the technology*, the claims *must recite the details regarding how a computer aids the method, the extent to which the computer aids the method, or the significance of a computer to the performance of the method . . .* Merely adding generic computer components to perform the method is not sufficient. Thus, the claim must include more than mere instructions to perform the method on a generic component or machinery to qualify as an improvement to an existing technology.

Here, it is our view that Appellant does not sufficiently show how the claimed generic computer components *aid the method, the extent to which the computer aids the method, or the significance of a computer to the*

*performance of the method* to **improve** the recited first and second computing systems.

Accordingly, on this record, we conclude independent claim 1, and independent claims 7, 14, and 26, which recite similar limitations of commensurate scope, do not recite an improvement to the functionality of a computer or other technology or technical field. *See* MPEP § 2106.05(a).

*MPEP §§ 2106.05(c), 2106.05(e)*

Appellant advances no arguments that any of the method claims on appeal are tied to a particular machine, or transform an article to a different state or thing.

*MPEP § 2106.05(e) Meaningful Claim Limitations*

Appellant does not argue that claim 1 recites certain “meaningful” claim limitations, such as those of the types addressed under MPEP § 2106.05(e), that impose meaningful limits on the judicial exception.<sup>9</sup> Appellant does not present substantive arguments explaining *how* the judicial exceptions are applied or used in some meaningful way.

*MPEP § 2106.05(f)*

*Merely including instructions  
to implement an abstract idea on a computer, or  
Merely using a computer as a tool to perform an abstract idea*

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<sup>9</sup> *See* January 2019 Memorandum, 84 Fed. Reg. 55, citing MPEP § 2106.05(e): “[A]pply[ing] or us[ing] the judicial exception in some other *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.”

We conclude Appellant’s claimed invention merely implements the abstract idea using “an electronic consumer agent on *the first computing system*” and “a first electronic manufacturer agent on *the second computing system*,” wherein the computing systems are generic computers. Claim 1 (emphasis added). Therefore, we conclude Appellant’s claims merely use a generic programmed computer as a tool to perform an abstract idea.

*MPEP § 2106.05(g)*  
*Adding insignificant extra-solution activity to the judicial exception*

As discussed above, we conclude that independent claim 1 recites extra or post-solution activities (e.g., the steps of “providing”) that courts have determined to be insufficient to transform judicially excepted subject matter into a patent-eligible application. *See* MPEP § 2106.05(g); *see also* January 2019 Memorandum, 84 Fed. Reg. 55 n.31.

For example, see also claim 1, i.e., the step of “transmitting the intent to buy to the first electronic manufacturer agent on the second computing system.” *See buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350, 1355 (Fed. Cir. 2014) (“That a computer receives and sends the information over a network—with no further specification—is not even arguably inventive.”). That is, these limitations use a generic computer component that performs a generic computer function as a tool to perform an abstract idea. Thus, these limitations do not integrate the abstract idea into a practical application. *See Alice Corp. Pty. Ltd. v. CLS Bank Intern*, 573 U.S. 208, 223–24 (2014). Instead, these limitations perform insignificant extra-solution activities. *Cf. Apple, Inc. v. Ameranth, Inc.*, 842 F.3d 1229, 1242 (Fed. Cir. 2016) (agreeing with the Board that printing and downloading generated menus are

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insignificant post-solution activities). *See also Two-Way Media Ltd. v. Comcast Cable Communications, LLC*, 874 F.3d 1329, 1341 (Fed. Cir. 2017) (Streaming audio/visual data over a communications system like the Internet held patent ineligible.).

*MPEP § 2106.05(h)*  
*Generally linking the use of the judicial exception to a particular technological environment or field of use*

The Supreme Court guides: “the prohibition against patenting abstract ideas ‘cannot be circumvented by attempting to limit the use of the formula to a particular technological environment’ or [by] adding ‘insignificant postsolution activity.’” *Bilski v. Kappos*, 561 U.S. 593, 610-12 (2010) (quoting *Diamond v. Diehr*, 450 U.S. 175, 191–92 (1981)).

We note Appellant advances no arguments regarding a lack of preemption in the Appeal Brief.

Nor do claims 1–20 and 26–30 on appeal present any other issues as set forth in the January 2019 Memorandum regarding a determination of whether the additional generic computer elements integrate the judicial exception into a practical application. *See* January 2019 Memorandum, 84 Fed. Reg. 55.

Thus, under *Step 2A, Prong Two* (MPEP § 2106.05(a)–(c) and (e)–(h)), we conclude claims 1–20 and 26–30 do not integrate the judicial exception into a practical application. Therefore, we proceed to *Step 2B, The Inventive Concept*.

*The Inventive Concept – Step 2B*

Under the 2019 Memorandum, 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; **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* MPEP § 2106.05(d).

*Berkheimer v. HP Inc.*, 881 F.3d 1360 (Fed. Cir. 2018)

*Berkheimer* was decided by the Federal Circuit on February 8, 2018. On April 19, 2018, the PTO issued the Memorandum titled: “Changes in Examination Procedure Pertaining to Subject Matter Eligibility, Recent Subject Matter Eligibility Decision (*Berkheimer v. HP, Inc.*)” (hereinafter “*Berkheimer* Memorandum”).<sup>10</sup> The *Berkheimer* Memorandum provided specific requirements for an Examiner to support with evidence any finding that *claim elements* (or a *combination of elements*) are well-understood, routine, or conventional.

The Examiner, under *Step 2B*, finds several additional elements recited in the claims were *well understood, routine, and conventional* at the time of Appellant’s invention. *See* Final Act. 13–15. In support, the Examiner cites to several case authorities which address well-understood, routine, and conventional computer functions. *See* Final Act. 13–15, 34.

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<sup>10</sup> Available at <https://www.uspto.gov/sites/default/files/documents/memo-berkheimer-20180419.PDF>.

In particular, the Examiner cites to *OIP Technologies, Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1363 (Fed. Cir. 2015):

[courts] have recognized the ‘storing and retrieving information in memory’ computer function as **well-understood, routine, and conventional** functions when it is claimed in a merely generic manner (e.g., at a high level of generality) or as insignificant extra-solution activity. These additional elements, or combination of claims elements, therefore do not ensure the claim amounts to significantly more than the abstract idea.

Final Act. 13–14 (emphasis added).

In the Appeal Brief, Appellant responds: “The [E]xaminer has concluded that the claim limitations are well-understood, routine, conventional activities (or elements) to those in the relevant field, and must therefore provide an explanation or justification for the conclusion, as required under *Berkheimer*.” Appeal Br. 12. Appellant avers: “The Examiner simply names a number of cases, but does not set forth an adequate justification of how the invention is directed to one or more of the cases.” Appeal Br. 13.

The Examiner further explains the basis for the rejection in the Answer:

When considered as an ordered combination, the additional components of the Independent claims add nothing that is not already present when the steps are considered separately, and this simply recites the concept of negotiated consumer-manufacturer purchase offers performed by/with generic computer components and generic computer functions, generally linked to a particular technological environment or field of use, performed with insignificant extra solution activity associated with the implementation of the judicial exception, (e.g., mere data gathering/transmission/display/processing), performed with mere post-solution activity associated with the

implementation of the abstract idea, and appended with **well-understood, routine and conventional** activities previously known to the industry.

Ans. 18 (emphasis added).

In the Reply Brief, Appellant notes “[t]he Examiner again lists a number of cases to demonstrate that the above limitations are well-understood, routine, and conventional, see page 12 of the Examiner’s Answer (notably absent from the Final Office Action).” Reply Br. 11.

However, Appellant urges that these case authorities are “insufficient to establish the limitations of claim 1 as well understood, routine, and conventional.” *Id.* Appellant reiterates that “[t]he Examiner fails to explain why any of the actual limitations of claim 1 are well understood, routine, conventional activities.” *Id.*

However, we find the Examiner’s citation (Final Act. 13) to at least *OIP*, is on point, because the subject claims in *OIP* were “directed to the concept of offer-based price optimization,” which we find is sufficiently similar to Appellant’s claimed electronic negotiation “over the electronic network for a product satisfying the intent to buy from the first manufacturer to be placed on a shopping list,” as recited in claim 1. *See OIP*, 788 F.3d at 1362. As noted by the *OIP* court: “This concept of ‘offer based pricing’ is similar to other ‘fundamental economic concepts’ found to be abstract ideas by the Supreme Court and this court.” *Id.*

Here, we find, like the court in *OIP*, that “[b]eyond the abstract idea of offer-based price optimization, [Appellant’s] claims merely recite ‘well-understood, routine conventional activit[ies],’ either by requiring conventional computer activities or routine data gathering steps.” *OIP*, 788 F.3d at 1363. As discussed above, we find Appellant’s claimed invention



uses generic computer components: i.e., “an electronic network including a first computing system and a second computing system.” Claim 1, preamble.

Thus, the Examiner has provided at least one category of *Berkheimer* evidence that we agree supports the Examiner’s finding that Appellant’s claims recite “**well-understood, routine and conventional** activities previously known to the industry.” Ans. 18 (emphasis added).

Moreover, in considering the background descriptions in Appellant’s Specification, the invention on appeal appears to be concerned with eliminating the consumer surplus problem in which discounts may be provided to potential or past customers who would have gladly purchased the product at a higher price than the offered price:

Many consumers purchase the product using a discount coupon, *even though the same consumer has purchased the same product at full price in the past, and intends to purchase the product at full price again.* By making generic offers readily available to the public, *manufacturers lose profit from sales to consumers that would purchase the product even absent the discount.*

Spec. ¶ 4 (emphasis added).

We note the consumer surplus is positive when the price the consumer is willing to pay is higher than the market price, which in this case (*id.*) is the price after the discount coupon is applied. The consumer surplus is a well-known concept in economic theory that must be considered to optimize the offered price so as to maximize profits. For example, see Spec. ¶ 186: “The profit share can be generated when the manufacturer agent completes a transaction with the retailer agent where product inventory is sold at a price greater than a maximum discount identified by the manufacturer.”

Therefore, on the record before us, Appellant has not shown that the claims on appeal add a specific limitation beyond the judicial exception that is not *well-understood, routine, and conventional*, when the claim limitations are considered both individually and as an ordered combination. *See* MPEP § 2106.05(d).

In light of the foregoing, and under the 2019 Memorandum, we conclude that each of Appellant’s claims 1–20 and 26–30, considered as a whole, is directed to a patent-ineligible abstract idea that is not integrated into a practical application, and does not include an inventive concept. Therefore, we sustain the Examiner’s Rejection B under 35 U.S.C. § 101 of claims 1–20 and 26–30.

3. 35 U.S.C. § 102 Rejection C of Claims 1–20 and 26–30

*Issue*

Under 35 U.S.C. § 102, we focus our analysis on the following argued limitations that we find are dispositive regarding anticipation Rejection C of claims 1–20 and 26–30:

Did the Examiner err by finding that Moss’s “Cairo” (“an Internet and mobile shopping service” ¶ 25) discloses both the disputed, dispositive limitations “**electronic consumer agent**” and “**electronic manufacturer agent**,” within the meaning of representative claim 1?

Appellant contends:

The Examiner is attempting to read Cairo as **both** the **electronic consumer agent** and the first **electronic manufacturer agent**. Appellants maintain that interpretation is improper and illogical. *Cairo cannot be both the electronic consumer agent, and the first electronic manufacturer agent.*

The electronic consumer agent works with the consumer, and the first electronic manufacturer agent works with the first manufacturer. *Two separate entities are necessary to have an effective electronic negotiation.* Otherwise, Cairo is negotiating with itself. Moss has no correlation to providing an electronic consumer agent, and providing a first electronic manufacturer agent, as recited in claim 1.

Appeal Br. 38 (emphasis added).

The Examiner disagrees with Appellant, and further explains the basis for the rejection in the Answer. As an issue of claim construction, the Examiner concludes:

[T]he **electronic consumer agent** and the **electronic manufacturer agent** are only limited in the claims by the *actions* they perform and their respective *locations* on computing systems. The claimed electronic agents have no further electronic structure or limitations. *Broadly interpreted, these claimed electronic agents are just computer code/programming which are recited to perform the claimed methods.* Based on Figures 3 and 6 of the Appellant's published specification, all of the electronic agents are part of the same service provider system. The phrase “computing system” and any description of individual computing systems are not found in the appellant's published specification. Therefore, it is a reasonable broad interpretation that the claimed first computing system and claimed second computing system are all part of one overall service provider computing system . . .

Under this claim interpretation, Moss discloses the *same* computing systems as the [A]ppellant.

Ans. 23–24 (emphasis added).

In the Reply Brief, Appellant disagrees: “To the contrary, FIG. 6 of the subject application shows service provider 102, consumer 106, retailer 116, and manufacturer 110 operating from different systems.” Reply Br. 12.

We find the dispositive issue in this appeal turns upon the Examiner's claim interpretation that conflates the two different claim terms “**electronic consumer agent**” and “the first **electronic manufacturer agent**” to mean essentially the same thing. (emphasis added).

As emphasized by our reviewing court in *Smith*:

Even when giving claim terms their broadest reasonable interpretation, the Board cannot construe the claims “so broadly that its constructions are *unreasonable* under general claim construction principles.” *Microsoft Corp. v. Proxyconn, Inc.*, 789 F.3d 1292, 1298 (Fed. Cir. 2015). “[T]he protocol of giving claims their broadest reasonable interpretation . . . does not include giving claims a legally incorrect interpretation” “divorced from the [S]pecification and the record evidence.” *Id.* (citations and internal quotation marks omitted); *see PPC Broadband, Inc. v. Corning Optical Commc'ns RF, LLC*, 815 F.3d 747, 751-53 (Fed. Cir. 2016).

. . .

The correct inquiry in giving a claim term its broadest reasonable interpretation in light of the [S]pecification is not whether the [S]pecification proscribes or precludes some broad reading of the claim term adopted by the [E]xaminer. And it is not simply an interpretation that is not inconsistent with the specification. It is an interpretation that corresponds with what and how the inventor describes his invention in the [S]pecification, i.e., an interpretation that is “consistent with the [S]pecification.” *In re Morris*, 127 F.3d 1048, 1054 (Fed. Cir. 1997) (citation and internal quotation marks omitted); *see also In re Suitco Surface*, 603 F.3d 1255, 1259-60 (Fed. Cir. 2010). *In re Smith Int'l, Inc.*, 871 F.3d 1375, 1382–83 (Fed. Cir. 2017).

Our reviewing court further guides that the use of two similar but different terms “in close proximity in the same claim gives rise to an inference that a different meaning should be assigned to each.” *Bancorp*

*Servs., L.L.C. v. Hartford Life Ins. Co.*, 359 F.3d 1367, 1373 (Fed. Cir. 2004).

Applying our reviewing court’s guidance here, and based upon our review of the record, we conclude the Examiner’s interpretation of the disputed claim terms “**electronic consumer agent**” and “**electronic manufacturer agent**” (claim 1) is overly broad, unreasonable, and inconsistent with Appellant’s Specification, because we find Appellant’s Specification describes the “**electronic consumer agent 104**” and “the first **electronic manufacturer agent 108**” as distinct elements, which are depicted separately in Appellant’s Figure 6. *See also* Spec. ¶¶ 41, 42.

Turning to the evidence, we find Moss is silent regarding any mention of software agents, as that term is understood in the art, or consistent with the supporting description found in Appellant’s Specification (¶¶ 41–42). Further, we do not find the Examiner’s mapping of both the **manufacturer agent** and the **consumer agent** to Moss’s **Cairo** (i.e., an Internet shopping service)<sup>11</sup> is reasonable given that the cited sections of Moss do not disclose both an **electronic consumer agent** and a *separate and distinct electronic manufacturer agent*, consistent with the description found in Appellant’s Specification. *See* Spec. ¶¶ 41-42.

Moreover, such mapping of two claim terms to a single descriptive portion or feature found in Moss (i.e., “Cairo”) does not satisfy the rigorous requirements of anticipation. To show anticipation, the Examiner must provide a clear one-to-one mapping of each claim limitation to the

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<sup>11</sup> *See* Moss ¶ 25: “The following is a detailed description of the features and capabilities of an Internet and mobile shopping service which is referred to herein as **Cairo**.” (emphasis added).

corresponding specific feature found expressly or inherently in the reference, arranged as claimed, which the Examiner must identify with particularity.<sup>12</sup>

Therefore, on this record, we find a preponderance of the evidence supports Appellant's arguments regarding the two contested claim terms of the "**electronic consumer agent**" and the "**first electronic manufacturer agent**," as being improperly construed and mapped by the Examiner. *See* Appeal Br. 38; *see also* Reply Br. 12.

We note remaining independent claims 7, 14, and 26 recite the aforementioned contested limitations of claim 1 in similar form having commensurate scope. Accordingly, we are constrained on this record to reverse the Examiner's anticipation Rejection C each independent claim 1, 7, 14, and 26 on appeal. Because we have reversed Rejection C of all independent claims on appeal, for the same reasons, we reverse anticipation Rejection C all dependent claims on appeal.

### *Conclusions*

(1) The Examiner erred with respect to Rejection A of claims 4, 11, 18, and 29, under 35 U.S.C. § 112(b).

(2) The Examiner did not err with respect to Rejection A of claims 7 and 26, under 35 U.S.C. § 112(b).

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<sup>12</sup> *See* 37 C.F.R. § 1.104(c)(2) ("When a reference is complex or shows or describes inventions other than that claimed by the applicant, *the particular part relied on must be designated as nearly as practicable*. The pertinence of each reference, if not apparent, *must be clearly explained* and each rejected claim specified.") (emphasis added).

(3) The Examiner did not err with respect to Rejection B of claims 1–20 and 26–30, under 35 U.S.C. § 101.

(4) The Examiner erred with respect to anticipation Rejection C of claims 1–20 and 26–30, under 35 U.S.C. § 102(a) over Moss

Because we have affirmed at least one ground of rejection with respect to each claim on appeal, the Examiner’s decision is affirmed. *See* 37 C.F.R. § 41.50(a)(1).

#### DECISION SUMMARY

In summary:

<b>Claims Rejected</b>	<b>35 U.S.C. §</b>	<b>Basis/References</b>	<b>Affirmed</b>	<b>Reversed</b>
4, 7, 11, 18, 26, 29	112(b)	Indefiniteness	7, 26	4, 11, 18, 29
1–20, 26–30	101	Eligibility	1–20, 26–30	
1–20, 26–30	102(a)	Moss		1–20, 26–30
<b>Overall Outcome</b>			1–20, 26–30	

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). *See* 37 C.F.R. § 41.50(f).

AFFIRMED