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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte SELINA LAM,
RICHARD AARON NEAL SHUSTERMAN, and
LAWRENCE ILLG

Appeal 2019-006964
Application 12/489,863
Technology Center 3600

Before ST. JOHN COURTENAY III, CATHERINE SHIANG, and
LINZY T. MCCARTNEY, *Administrative Patent Judges*.

COURTENAY, *Administrative Patent Judge*.

DECISION ON APPEAL

Appellant¹ appeals under 35 U.S.C. § 134(a) from a Final Rejection of claims 1–4 and 6–20. Claim 5 is canceled. We have jurisdiction over the pending claims under 35 U.S.C. § 6(b).

We affirm.

¹ We use the word “Appellant” to refer to “applicant” as defined in 37 C.F.R. § 1.42(a). According to Appellant, the real party in interest is eBay Inc. *See* Appeal Br. 2.

STATEMENT OF THE CASE ²

Introduction

Appellant’s claimed invention relates generally to “providing automatic advertising distribution for online computer users.” Spec. ¶ 2.

Evidence

The prior art relied upon by the Examiner as evidence is:

Name	Reference	Date
Kao	US 2002/0095334 A1	July 18, 2002
Lawe	US 2004/0225563 A1	Nov. 11, 2004
Webster et al.	US 2014/0032547 A1	Jan. 30, 2014
Maloney et al.	US 2014/0327660 A1	Nov. 6, 2014

Rejections

Rej.	Claims Rejected	35 U.S.C. §	Reference(s)/Basis
A	1–4, 6–20	101	Eligibility
B	1–3, 6, 8–20	103(a)	Kao, Lawe
C	4	103(a)	Kao, Lawe, Maloney et al. (“Maloney”)
D	7	103(a)	Kao, Lawe, Webster et al. (“Webster”)
E	2, 3, 10, 11, 18, 19	103(a)	Kao, Lawe, Applicant’s Admitted Prior Art
F	12	103(a)	Kao, Lawe, Official Notice

² We herein refer to the Final Office Action, mailed Mar. 4, 2019 (“Final Act.”); Appeal Brief, filed June 27, 2019 (“Appeal Br.”); the Examiner’s Answer, mailed July 31, 2019 (“Ans.”); and the Reply Brief, filed Sept. 26, 2019 (“Reply Br.”).

Rejection A of Claims 1–4 and 6–20 under § 101

USPTO § 101 Guidance

The U.S. Patent and Trademark Office (USPTO) has published revised guidance on the application of 35 U.S.C. § 101. *See* USPTO January 7, 2019 Memorandum, 2019 Revised Patent Subject Matter Eligibility Guidance, 84 Fed. Reg. 50 (“2019 Memorandum”).³ Under that guidance, we first look to whether the claim recites:

- (1) (*see* 2019 Memorandum 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* 2019 Memorandum Step 2A – Prong Two) additional elements that integrate the judicial exception into a practical application (*see* MPEP §§ 2106.05(a)–(c), (e)–(h)).⁴

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 The Office issued a further memorandum on October 17, 2019 (the “October 2019 Memorandum”) 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. Moreover, “[a]ll USPTO personnel are, as a matter of internal agency management, expected to follow the guidance.” 2019 Memorandum at 51; *see also* October 2019 Memorandum at 1.

⁴ This evaluation is performed by (a) identifying whether there are any additional elements recited in the claim beyond the judicial exception and (b) evaluating those additional elements individually and in combination to determine whether the claim as a whole integrates the exception into a practical application. *See* 2019 Memorandum - Section III(A)(2).

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

See 2019 Memorandum Step 2B.

Because there is no single definition of an “abstract idea” under *Alice Corp. v. CLS Bank Int’l*, 573 U.S. 208 (2014) Step 1, the 2019 Memorandum 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 2019 Memorandum, 84 Fed. Reg. at 52.

According to the 2019 Memorandum, “[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* 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 including 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 2019 Memorandum, 84 Fed. Reg. at 54–55 (“Prong Two”).

ANALYSIS

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

We reproduce *infra* independent claim 1 in Table One. We have considered all of Appellant’s arguments and any evidence presented. We highlight and address specific findings and arguments for emphasis in our analysis below.⁵

Rejection A of Claims 1–4 and 6–20 under § 101

The Examiner concludes the claims recite an abstract idea:

The claims recite receiving a first ad listing version, storing the listing, displaying the listing, modifying the listing, [and] providing a second listing based on the modifying. This is considered in the Abstract Idea grouping of certain methods of organizing human activity—advertising, marketing or sales activities or behaviors.

Final Act. 3.

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.

⁵ Throughout this opinion, we give the claim limitations the broadest reasonable interpretation (BRI) consistent with the Specification. *See In re Morris*, 127 F.3d 1048, 1054 (Fed. Cir. 1997).

Independent Claim 1

In Table One below, we identify in *italics* the specific claim limitations that we conclude recite an abstract idea. We also identify in **bold** the additional (non-abstract) claim elements that we find are generic computer components:

TABLE ONE

Independent Claim 1	2019 Memorandum
[a]A computer -implemented method comprising: ⁶	
<p>[b] <i>automatically identifying new active ecommerce listings from source sites for propagation to sites in other regions</i></p> <p>by <u>retrieving</u>, by one or more hardware processors at a central distribution hub from a first plurality of source e-commerce sites associated with a first region, first versions of a corresponding plurality of active e-commerce listings posted by a respective plurality of users offering a product available for purchase, each of the first versions identifying one or more listing features associated with</p>	<p>Abstract Idea: <i>automatically identifying new active ecommerce listings from source sites for propagation to sites in other regions</i> is a method of organizing human activity— i.e., a fundamental economic practice that includes commercial interactions in the form of sales activities or behaviors, including advertising, marketing, and business relations that can be performed alternatively by a person as a mental process. <i>See</i> 2019 Memorandum, 84 Fed. Reg. at 52.</p> <p><u>Retrieving</u>, by one or more hardware processors at a central distribution</p>

⁶ A method falls under the statutory subject matter class of a process. *See* 35 U.S.C. § 101 (“Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.”).

Independent Claim 1	2019 Memorandum
<p>the respective active e-commerce listing, the one or more hardware processors at the central distribution hub is distinct from the first source e-commerce site associated with the first region;</p>	<p>hub from a first plurality of source e-commerce sites associated with a first region, first versions of a corresponding plurality of active e-commerce listings is insignificant extra-solution activity (i.e., data gathering). <i>See</i> 2019 Memorandum, 84 Fed. Reg. at 55 n.31; <i>see also</i> MPEP § 2106.05(g).</p>
<p>[c] storing the listings at the central distribution hub;</p>	<p>Storing the listings at the central distribution hub is insignificant extra-solution activity (i.e., data gathering). <i>See</i> 2019 Memorandum, 84 Fed. Reg. at 55 n.31; <i>see also</i> MPEP § 2106.05(g).</p>
<p>[d] <i>modifying at least one of the one or more listing features of each of the stored listings based on one or more characteristics of the second region to produce second versions of the active e-commerce listings, the modifying comprising one or more of currency conversion, time conversion, metric conversion, or language translation</i>; and</p>	<p>Abstract Idea: <i>modifying at least one of the one or more listing features of each of the stored listings</i> is a method of organizing human activity— i.e., a fundamental economic practice that includes commercial interactions in the form of sales activities or behaviors, including advertising, marketing, and business relations that can be performed alternatively by a person as a mental process. <i>See</i> 2019 Memorandum, 84 Fed. Reg. at 52.</p>
<p>[e] transmitting the second versions of the active e-commerce listings to a second e-commerce site</p>	<p>Transmitting the second versions of the active ecommerce listings to a second e-commerce site is</p>

Independent Claim 1	2019 Memorandum
associated with the second region, thereby making each of the respective products available for purchase on the second e-commerce site.	insignificant post-solution activity. <i>See</i> 2019 Memorandum, 84 Fed. Reg. at 55 n.31; <i>see also</i> MPEP § 2106.05(g).

Abstract Idea

As identified above in Table One, we conclude the following claim 1 steps recite an abstract idea: “[b] *automatically identifying new active ecommerce listings from source sites for propagation to sites in other regions . . .* [and] [d] *modifying at least one of the one or more listing features of each of the stored listings.*”

In particular, we conclude steps b and d are each a method of organizing human activity— i.e., a fundamental economic practice that includes commercial interactions in the form of sales activities or behaviors, including advertising, marketing, and business relations, that can be performed alternatively by a person as a mental process.⁷ *See* 2019 Memorandum, 84 Fed. Reg. at 52.

⁷ 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 § 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.)*,

Because claim 1 **recites** an abstract idea, as identified in Table One, *supra*, and because remaining independent claims 9 and 17 recite similar language of commensurate scope, we conclude all claims 1–4 and 6–20 recite an abstract idea, as identified above, under *Step 2A, Prong One*. Therefore, we proceed to *Step 2A, Prong Two*.

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

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

The Examiner concludes:

This judicial exception is not integrated into a practical application because the claim is directed to an abstract idea with additional generic computer elements. The generically recited computer elements do not add a meaningful limitation to the abstract idea because they amount to simply implementing the abstract idea on a computer. While Applicant is addressing a technical problem, Applicant is not found to have a technical solution. The automatic [step of claim 1] is considered a generic automati[on] of a manual process and not a particular technical solution. Hence, Applicant has not shown a practical application beyond the abstract idea.

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.”).

Final Act. 3–4.

Additional Generic Computer Limitations

As emphasized in **bold** in Table One, *supra*, we note the additional generic computer components recited in claim 1, for example: “A **computer-implemented method comprising: . . . one or more hardware processors at a central distribution hub.**”

We further note the supporting exemplary, non-limiting descriptions of generic computer components in the Specification, for example, at paragraph 62:

The machine may be a personal computer (PC), a tablet PC, a set-top box (STB), a Personal Digital Assistant (PDA), a cellular telephone, a web appliance, a network router, switch or bridge, or *any machine capable of executing a set of instructions* (sequential or otherwise) that specify actions to be taken by that machine. Further, while only a single machine is illustrated, the term “machine” can also be taken to include *any collection of machines* that individually or jointly execute a set (or multiple sets) of instructions to perform any one or more of the methodologies discussed herein.

Spec. ¶ 62 (emphasis added).

We emphasize that *McRO, Inc. v. Bandai Namco Games America Inc.*, 837 F.3d 1299 (Fed. Cir. 2016) guides: “The abstract idea exception prevents patenting a *result* where ‘it matters not by what process or machinery the result is accomplished.’” 837 F.3d at 1312 (quoting *O’Reilly v. Morse*, 56 U.S. 62, 113 (1854)) (emphasis added). *See supra*, Table One.

MPEP § 2106.05(a)

*Improvements to the Functioning of a Computer or
to Any Other Technology or Technical Field*

Appellant contends:

A first factor identified by the Revised Guidance is that the additional elements reflect an **improvement** in the functioning of *a computer, or technical field*. Applicant respectfully submits that providing **automatic** advertising distribution for online computer users from one region to another represents *a technical field*. Before the subject of the present application was provided, it was previously not possible to automatically detect a listing in a first region and with extremely low latency, modify that listing for a second geographic region for publication in that second region.

Appeal Br. 10 (emphasis added) (footnote omitted).

Regarding independent claims 1, 9, and 17, our reviewing court guides that the “‘mere automation of manual processes using generic computers’ . . . ‘does not constitute a patentable improvement in computer technology.’” *Trading Techs. Int’l, Inc. v. IBG LLC*, 921 F.3d 1378, 1384 (Fed. Cir. 2019) (quoting *Credit Acceptance Corp. v. Westlake Servs.*, 859 F.3d 1044, 1055 (Fed. Cir. 2017)). Simply adding generic hardware and computer components to perform abstract ideas does not integrate those ideas into a practical application, because the “‘mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention.” *Alice*, 573 U.S. at 223; *see* 2019 Memorandum, 84 Fed. Reg. at 55 n.30. *See also* 2019 Memorandum, 84 Fed. Reg. at 55 (“merely includ[ing] instructions to implement an abstract idea on a computer” is an example of when an abstract idea has not been integrated into a practical application).

Appellant additionally contends:

Like Claim 1 of Example 42 [of the 2019 Memorandum], the additional elements above recite a specific **improvement over prior art systems** by obtaining active e-commerce listings from source sites for propagation to sites in other regions. The claims describe that before the listings are propagated, a modification “comprising one or more of currency conversion, time conversion, metric conversion, or language translation.” The claims are also unlike Claim 2 of Example 42, because they describe more than simply applying “collecting information, analyzing it and displaying certain results of the collection and analysis.” Instead, the claims are directed to, as described by the specification, processing of e-commerce listings for posting to a pre-configured set of destination sites that may be other local sites, regional sites, or global sites. Processing includes currency conversion, time conversion, metric conversion, and some forms of language translation. The processed ads are pushed to the destination sites.

Appeal Br. 12–13 (emphases added).

But we conclude processing such as “currency conversion, time conversion, metric conversion, and some forms of language translation” (*id.*) can be performed alternatively as mental processes. Moreover, “[u]sing a computer to accelerate an ineligible mental process does not make that process patent-eligible.” *See Bancorp*, 687 F.3d at 1279.

We emphasize that an improved abstract idea is still an abstract idea. *See Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 90 (2012) (holding that a novel and nonobvious claim directed to a purely abstract idea is, nonetheless, patent ineligible). *See also Synopsys*, 839 F.3d at 1151 (“[A] claim for a new abstract idea is still an abstract idea.” (emphasis omitted)).

As set forth in MPEP § 2106.05(a):

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.

(emphasis added).

Here, we find Appellant has not persuasively shown how the claims “*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.*” *Id.* (emphasis added).

Accordingly, on this record, we conclude independent claim 1, and independent claims 9 and 17, 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(b) and (c)
The Bilski Machine-or-Transformation test
as applied to method claims 1–4 and 6–8

Appellant urges the method claims on appeal are tied to a particular machine. *See* MPEP § 2106.05(b). In support, Appellant contends

any alleged judicial exception that is allegedly implemented by Applicant’s claim cannot be performed except in conjunction with *a particular machine* that is integral to the claim. In particular, Applicant’s claim above recites that new active ecommerce listings are identified from “source sites” of “a plurality of source e-commerce sites” for “propagation to sites in other regions” or “a second e-commerce site associated with the

second region.” Thus, the claim requires interaction with both source sites and sites in other regions. Thus, the claims describe a specific relationship between two different ecommerce sites. Furthermore, the claims describe storing the retrieved listings at a central distribution hub. Thus, these *particular machines* are integral to the claim, and contribute to the statutory nature of Applicant’s present claims.

Appeal Br. 10–11 (emphasis added).

We note the Supreme Court cautions that the Machine-or-Transformation test is not the sole test, but may provide a useful clue:

This Court’s precedents establish that the machine-or-transformation test is a useful and important clue, an investigative tool, for determining whether some claimed inventions are processes under § 101. The machine-or-transformation test **is not the sole test** for deciding whether an invention is a patent-eligible “process.”

Bilski v. Kappos, 561 U.S. 593, 604 (2010) (emphasis added).

Here, to the extent the claims describe a specific relationship between different ecommerce sites in *different locations* (as argued by Appellant — Appeal Br. 10–11), we do not see how this changes the structure of the claimed generic computer components so as to form a *particular machine*, because the structure of an apparatus does not change according to its geographic location.

We have noted above the supporting exemplary, non-limiting descriptions of generic computer components in the Specification, for example, at paragraph 62, such as:

The machine may be a personal computer (PC), a tablet PC, a set-top box (STB), a Personal Digital Assistant (PDA), a cellular telephone, a web appliance, a network router, switch or bridge, or *any machine capable of executing a set of instructions* (sequential or otherwise) that specify actions to be taken by that machine.

Spec. ¶ 62 (emphasis added).

Because generic computer components such as a “computer” and “one or more hardware processors at a central distribution hub” are recited in computer-implemented method claim 1, we conclude claim 1, and the method claims that depend therefrom, do not define or rely upon a “particular machine.” *See* MPEP § 2106.05(b).

Further, we conclude method claims 1–4 and 6–8 do not transform an article to a different state or thing. *See* MPEP § 2106.05(c).

MPEP § 2106.05(e) Meaningful Claim Limitations

Appellant argues 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.⁸

In support, Appellant contends

the specification discloses that the claims are generally directed to providing for *automatic advertising distribution* for online computer users. This can simplify and facilitate the shopping experience on a host site. [*See* Spec. ¶ 14.] Furthermore, Applicant’s claims recite specific features that limit applicability of the present claims to this particular purpose. As already discussed above, the claims describe specifically that ecommerce listings are identified from “a plurality of source e-commerce sites” “for propagation to sites in other regions.” Thus, the claims are not simply linking the alleged abstract ideas of “certain

⁸ *See* 2019 Memorandum, 84 Fed. Reg. at 55, citing MPEP § 2106.05(e): “[A]ppl[y]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.” (emphasis added).

methods of organizing human activity — advertising, marketing or sales activities or behaviors[]” to a technological environment, but are instead are applying the general idea of advertising in different regions in a **meaningful** way, for example, as described in Applicant’s specification, to “simplify and facilitate the shopping experience on a host site.”

Appeal Br. 11 (emphasis added).

To the extent the Specification purportedly describes applying the general idea of *advertising* in different regions in a meaningful way, for example, as described in Applicant’s Specification (§ 14) to “simplify and facilitate the shopping experience on a host site,” we note advertising is a type of fundamental economic practice and a judicial exception under the 2019 Memorandum, 84 Fed. Reg. at 52. We conclude any form of advertising can potentially simplify and facilitate the shopping experience — this is not a unique feature of Appellant’s claimed invention.

It is our view that distributing online advertising to additional geographical regions is still advertising, which is an abstract idea. To the extent the distribution of such advertising to additional geographical regions is performed *automatically* by a computer, as noted above, the mere automation of manual processes using generic computers does not constitute a patentable improvement in computer technology. *See Trading Techs.*, 921 F.3d at 1384. *See also Bancorp*, 687 F.3d at 1279 (“Using a computer to accelerate an ineligible mental process does not make that process patent-eligible.”).

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*

We conclude Appellant’s claimed invention merely implements the abstract idea using *instructions* executed on generic computer components, as depicted in **bold** type in Table One (above), and as supported in Appellant’s Specification, e.g., Spec. ¶ 62, and as recited in claim 1, for example: “A **computer**-implemented method comprising: . . . **one or more hardware processors at a central distribution hub.**” (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 mapped in the right column of Table One, *supra*, we conclude that independent claim 1 recites extra or post-solution activities that courts have determined to be insufficient to transform judicially excepted subject matter into a patent-eligible application. *See* MPEP § 2106.05(g); 2019 Memorandum, 84 Fed. Reg. at 55 n.31.

For example, *see* Claim 1, Table One, *supra*, step e, in which we conclude that transmitting the second versions of the active ecommerce listings to a second e-commerce site is insignificant post-solution activity. *See* 2019 Memorandum, 84 Fed. Reg. at 55 n.31; *see also* MPEP § 2106.05(g). *See buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350, 1355 (Fed.

Appeal 2019-006964
Application 12/489,863

Cir. 2014) (“That a computer receives and sends the information over a network—with no further specification—is not even arguably inventive.”). These extra or post-solution 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*, 573 U.S. at 223–24. Instead, these limitations merely 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 insignificant post-solution activities). *See also Two-Way Media Ltd. v. Comcast Cable Commc’ns, 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: “[T]he 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*, 561 U.S. at 610–12 (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 1–4 and 6–20 on appeal present any other issues as set forth in the 2019 Memorandum regarding a determination of whether the

additional generic computer elements integrate the judicial exception into a practical application. *See* 2019 Memorandum, 84 Fed. Reg. at 55.

Thus, under *Step 2A, Prong Two* (MPEP §§ 2106.05(a)–(c) and (e)–(h)), we conclude claims 1–4 and 6–20 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 (*see* MPEP § 2106.05(d)); **or**, simply appends well-understood, routine, conventional activities previously known to the industry, specified at a high level of generality, to the judicial exception.

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”).⁹ The *Berkheimer* Memorandum provided specific requirements for an Examiner to support with evidence any finding

⁹ Available at <https://www.uspto.gov/sites/default/files/documents/memo-berkheimer-20180419.PDF>.

that *claim elements* (or a *combination of elements*) are well-understood, routine, or conventional.

The Examiner finds, under *Step 2B* of the 2019 Memorandum: “[T]he claims do not include additional elements that are sufficient to amount to significantly more than the judicial exception because the additional limitations only perform **well-understood, routine, conventional** computer functions as recognized by the court decisions listed in MPEP § 2106.05(d).” Final Act. 4 (emphasis added).

In the Answer, the Examiner restates the finding that there is no inventive step under *Step 2B*, because:

The claims use the generic Internet and a generic network configuration of a central site and regional sites. And, the claims perform generic scraping operations to merely move ads from a regional site to a central site, modify the ad, then move the ad to another regional site. The claims merely perform the abstract idea on a generic computer configuration. The claims add no inventive step to the abstract idea. Hence, there is no inventive step.

Ans. 4.

The Examiner makes no new findings in the Answer regarding any additional claim elements that are purportedly well-understood, routine, and conventional (“WURC”).

We note the Appeal Brief was filed on June 27, 2019, well over a year after *Berkheimer* was decided by the Federal Circuit. However, the Appeal Brief is silent regarding any mention of *Berkheimer*. To the extent that Appellant argues *Berkheimer* for the first time in the Reply Brief, and not in response to any additional WURC findings by the Examiner in the Answer, we find such arguments are untimely under our procedural rule. *See* 37 C.F.R. § 41.41(b)(2).

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 1–4 and 6–20, 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 A under 35 U.S.C. § 101 of claims 1–4 and 6–20.¹⁰

Rejection B of Claims 1–3, 6, and 8–20 under §103(a)

Claim Grouping

Based on Appellant's arguments, and our procedural rule, we group claims 2, 3, 6, and 8–20 (not argued separately) with representative independent claim 1. *See* 37 C.F.R. § 41.37(c)(1)(iv).

Appellant argues the Examiner's Rejection B of claim 1 under 35 U.S.C. § 103(a) as being obvious over the combination of Kao and Lawe is in error. *See* Appeal Br. 13–17; Reply Br. 6–7.

¹⁰ Regarding Rejection A under 35 U.S.C. § 101, grouped claims 2–4 and 6–20 (not argued separately) fall with representative independent claim 1. *See* 37 C.F.R. § 41.37(c)(1)(iv).

Issues: Under 35 U.S.C. § 103(a), we focus our analysis on the following argued limitation regarding Rejection B of independent claim 1:

1. Did the Examiner err by finding that Kao and Lawe collectively teach or suggest the disputed limitation L:

[L] automatically identifying new active e[-]commerce listings from source sites for propagation to sites in other regions by retrieving . . . from a first plurality of source e-commerce sites associated with a first region, first versions of a corresponding plurality of active e-commerce listings,

within the meaning of representative independent claim 1?¹¹ (emphasis added). See Final Act. 4–8.

2. We also consider the question of whether the Examiner improperly combined Kao and Lawe, as alleged by Appellant, because modifying Kao with Lawe’s teachings purportedly changes Kao’s principle of operation and makes Kao unsatisfactory for its intended purpose? See Appeal Br. 17.

1. Disputed Limitation L

Appellant disputes that limitation L is taught or suggested by Kao:

Kao’s description of maintaining posters, for example, implies a “write only” approach, where maintaining the posters includes only writing updated posters to regional web sites, *without any need to “retrieve ... from a first plurality of source e-commerce sites*

¹¹ We give the contested claim limitations the broadest reasonable interpretation (BRI) consistent with the Specification. See *Morris*, 127 F.3d at 1054.

associated with a first region, first versions of a corresponding plurality of active e-commerce listings.” . . .

. . . Thus, not only does Kao not teach the receiving feature above, but Kao fails to describe any behavior analogous to the claimed features above, that describe retrieving listings and then *transmitting a modified form of the listing to another region*.

Appeal Br. 14–15 (emphasis added).

Appellant argues that Lawe also fails to disclose the limitation of “*identifying new active listings* from source sites for propagation to sites in other regions by retrieving.... from a first plurality of source e-commerce sites associated with a first region, first versions of a corresponding plurality of active e-commerce listings posted by a respective plurality of users offering a product available for purchase.” Appeal Br. 15 (emphasis added).

Based upon our review of the record, we find a preponderance of the evidence supports the Examiner’s finding that Kao and Lawe collectively teach or suggest the disputed limitation **L** at issue.

On this point, we find the Examiner relies upon Kao to teach or suggest:

*identifying ... active e[-]commerce listings from source sites for propagation to sites in other regions **by retrieving ... from a first plurality of source e-commerce sites** associated with a first region, first versions of a corresponding plurality of active e-commerce listings*

and Lawe to teach or suggest:

***automatically identifying new active e[-]commerce listings** from source sites*

as recited in independent claim 1 (*see* Final Act. 4–6 (emphasis added)).

Claim Construction

As an initial matter of claim construction, we turn to the Specification for context, and find no explicit definition for the recited claim 1 term “*e-commerce site*.” Instead, we find only descriptions of non-limiting, exemplary embodiments describing that a host site may be an “on-line commerce site.” Spec. ¶ 14. *See also* Spec. ¶ 18 (“For example, the network system 100 may be a trading/*commerce* system where clients may communicate and exchange data with the trading/*commerce* system, the data may pertain to various functions (e.g., online purchases) and aspects (e.g., managing social networks) associated with the network system 100.”).

Accordingly, under BRI, we interpret the term “*e-commerce site*” to mean an e-commerce website having a network address (URL) where online commercial activities or transactions occur.

Turning to the evidence relied upon by the Examiner, Kao describes:

Step (4) *Send each of the posting orders* to the central control system 30 from the respective regional service center 21, wherein each of the posting orders includes posting information of *posting content*, time and size for one or more of the electronic posters 10 designated by the respective advertiser 50.

Kao ¶ 33 (emphasis added) (*see* Final Act. 5 and Kao Fig. 2, showing a plurality of regional service centers and regional control centers residing in a plurality of regional territories).

Additionally, the Examiner points to paragraph 53 of Kao:

[T]he poster content is designed by the advertiser 50 or *the regional control center 22*, [and] *the poster content is downloaded in the advertisement engine of the central control system 30*.

Final Act. 5–6 (emphasis added, original emphasis omitted).

The Examiner reads the claimed “active e-commerce listings” on Kao’s advertising posters orders. *See* Final Act. 5 (re: claim 1). The Examiner reads the claimed “first plurality of source e-commerce sites” on Kao’s regional control center (RCC — Fig. 2), where *new* poster content is designed. *Id.*; *see* Kao ¶ 53. The Examiner explains that “the regional control center can be a first e-commerce site since it sells ad services/orders.” Final Act. 5.

The Examiner reads the claim limitation “*automatically* identifying new active e[-]commerce listings from source sites” on paragraph 44 of Lawe, which describes *periodic* polling to find existing auction listings run by online sellers and additionally “capturing” these listings. *See* Final Act. 6; *see also* Lawe ¶ 20 (“The bonus store credit system is particularly advantageous for use over the Internet facilitating transactions occurring between a seller and a buyer at a market venue such as eBay, Amazon or Yahoo.”).

It is well settled that merely replacing manual activity with automatic means to accomplish the same result is an obvious improvement. *See In re Venner*, 262 F.2d 91, 95 (CCPA 1958).

In our review of the record, we find Kao’s description of “downloading” to the central control system an advertiser’s poster content designed by (i.e., sourced from) the regional control center (RCC) teaches or suggests “identifying . . . active e[-]commerce listings from source sites for propagation to sites in other regions **by retrieving** . . . *from a first plurality of source e-commerce sites associated with a first region, first versions of a corresponding plurality of active e-commerce listings.*” Claim 1 (emphasis added).

Additionally, we find Lawe’s description of periodic polling and capturing of new listings at various market venues teaches or suggests “*automatically* identifying new active e[-]commerce listings from source sites,” as recited in claim 1.

Moreover, “the question under 35 USC 103 is not merely what the references expressly teach but what they would have *suggested* to one of ordinary skill in the art at the time the invention was made.” *Merck & Co. v. Biocraft Labs., Inc.*, 874 F.2d 804, 807 (Fed. Cir. 1989) (emphasis added) (quoting *In re Lamberti*, 545 F.2d 747, 750 (CCPA 1976)); *see also* MPEP § 2123.

Accordingly, we find the cited combination of prior art teaches or suggests the disputed limitation “L” within the meaning of claim 1.

2. *Did the Examiner properly combine Kao and Lawe?*

Appellant contends that modifying Kao as suggested by the rejection changes Kao’s principle of operation. Appeal Br. 15. In support, Appellant argues:

Kao discloses that in order to accomplish the objects of Kao’s invention, orders from advertisers are received and then the posting orders are sent to a central control system. . . .

The modification of Kao proposed by the Office Action would thus convert Kao from a system that received posting orders from advertisers into a system that “automatically [identifies] new active listings from source sites for propagation to sites in other regions by retrieving.”

Appeal Br. 16 (alteration in original).

The Examiners disagrees and explains the proposed modification of Kao:

Kao already uploads new ads from the regional site to the central site for storage and further transmittal to other sites
Lawe merely adds an automatic feature where those new ads can be automatically taken from the regional site and uploaded to the central site.

Ans. 11 (emphasis added).

The Supreme Court guides that “[r]ejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness.” *KSR Int’l. Co. v. Teleflex Inc.*, 550 U.S. 398, 418 (2007) (quoting *In re Kahn*, 441 F.3d 977, 988 (Fed. Cir. 2006)).

Here, in reviewing the record, we find the Examiner provides an articulated reasoning with some rational underpinning that sufficiently supports the legal conclusion of obviousness. Final Act. 6–8; *see also* Ans. 6–7, 10–11.

We find the Examiner’s modification of Kao with the teachings of Lawe to “automatically” download poster contents sourced from either the regional control or service centers (e.g., by periodically polling these centers) to the central control system for distribution to and displaying in other regional territories does not change Kao’s principle of operation of accepting posting orders (and contents) from advertisers by the regional service centers, or, of designing the poster contents by the regional control

centers. *See* Final Act. 6–7.¹² Instead, the Examiner merely relies upon Lawe to modify Kao to automatically download newly submitted or designed poster contents by periodically polling these locations for poster orders.

In reviewing the record, we are not persuaded the Examiner erred because Appellant does not point to any evidence of record that shows combining the teachings of Kao and Lawe in the manner proffered by the Examiner (Final Act. 6–7) would have been “uniquely challenging or difficult for one of ordinary skill in the art” or would have “represented an unobvious step over the prior art.” *Leapfrog Enters., Inc. v. Fisher-Price, Inc.*, 485 F.3d 1157, 1162 (Fed. Cir. 2007) (citing *KSR*, 550 U.S. at 418).

Although Appellant argues the Examiner has relied on impermissible hindsight in combining Kao and Lawe (Reply Br. 7), Appellant has not identified knowledge gleaned only from the present application that was not within the level of ordinary skill at the time the claimed invention was made. *See In re McLaughlin*, 443 F.2d 1392 (CCPA 1971). Moreover, Appellant has not provided any objective evidence of secondary considerations (e.g., unexpected results), which our reviewing court guides “operates as a beneficial check on hindsight.” *Cheese Sys., Inc. v. Tetra Pak Cheese & Powder Sys., Inc.*, 725 F.3d 1341, 1352 (Fed. Cir. 2013).

Therefore, on this record, and based upon a preponderance of the evidence, we are not persuaded of error regarding the Examiner’s underlying

¹² *See e.g.*, Final Act. 6 (“Kao does not explicitly disclose automatically identifying new active ecommerce listings from source sites. However, Lawe discloses automatically identifying new active ecommerce listings from source sites.”).

factual findings and ultimate legal conclusion of obviousness regarding the Examiner's rejection of independent representative claim 1.

Accordingly, we sustain the Examiner's obviousness Rejection B of independent representative claim 1, and also Rejection B of independent claims 9 and 17, which recite similar limitations of commensurate scope. *See* Final Act. 4–8. The remaining grouped dependent claims also rejected under Rejection B (and not argued separately) fall with representative independent claim 1. *See* 37 C.F.R. § 41.37(c)(1)(iv). Accordingly, we sustain the Examiner's obviousness Rejection B of claims 1–3, 6, and 8–20.

Rejections C, D, E, and F

of claims 2–4, 7, 10–12, 18, and 19 under §103(a)

In view of the lack of any substantive or separate arguments directed to obviousness Rejection C of claim 4, Rejection D of claim 7, Rejection E of claims 2, 3, 10, 11, 18, and 19, and Rejection F of claim 12 under § 103(a) (*see* Appeal Br. 12–18), we sustain these rejections.¹³ Arguments not made are waived. *See* 37 C.F.R. § 41.37(c)(1)(iv).

¹³ We note that in light of the Examiner's Rejection B of claims 1–3, 6, and 8–20, the Examiner cumulatively rejects claims 2, 3, 10–12, 18, and 19 over more than a single ground of rejection under 35 U.S.C. § 103(a).

CONCLUSIONS

Under the Director's 2019 Memorandum, as governed by relevant case law, we conclude that claims 1–4 and 6–20, rejected under 35 U.S.C. § 101, are directed to patent-ineligible subject matter.

The Examiner did not err in rejecting claims 1–4 and 6–20 as being obvious under 35 U.S.C. § 103(a), over the cited combinations of references.

DECISION SUMMARY

Claims Rejected	35 U.S.C. §	Reference(s)/Basis	Affirmed	Reversed
1–4, 6–20	101	Eligibility	1–4, 6–20	
1–3, 6, 8–20	103(a)	Kao, Lawe	1–3, 6, 8–20	
4	103(a)	Kao, Lawe, Maloney	4	
7	103(a)	Kao, Lawe, Webster	7	
2, 3, 10, 11, 18, 19	103(a)	Kao, Lawe, Applicant's Admitted Prior Art	2, 3, 10, 11, 18, 19	
12	103(a)	Kao, Official Notice	12	
Overall Outcome			1–4, 6–20	

FINALITY AND 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). *See* 37 C.F.R. § 41.50(f).

AFFIRMED