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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte MARK ENDRAS and HON-WAI CHIA

Appeal 2020-003441
Application 14/794,571
Technology Center 3600

Before ST. JOHN COURTENAY III, LARRY J. HUME, and
PHILLIP A. BENNETT, *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, 2, 6, 8–10, 12–16, and 20–30. Claims 3–5, 7, 11, and 17–19 are 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) (2018). According to Appellant, the real party in interest is Nth Gen Software Inc. See Appeal Br. 2.

STATEMENT OF THE CASE²

Introduction

Appellant’s claimed invention relates generally to “e-commerce and in particular is related to automated methods of arbitration when dealing with disputes in vehicle trading especially online vehicle auctions.” Spec. ¶ 2.

Rejection

Claims Rejected	35 U.S.C. §	Reference(s)/Basis
1, 2, 6, 8–10, 12–16, 20–30	101	Eligibility

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 (“January 2019 Memorandum”).³ Under that guidance, we first look to whether the claim recites:

² We herein refer to the Final Office Action, mailed June 26, 2019 (“Final Act.”); Appeal Brief, filed Nov. 25, 2019 (“Appeal Br.”); the Examiner’s Answer, mailed Feb. 4, 2020 (“Ans.”); and the Reply Brief, filed April 2, 2020.

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.” January 2019 Memorandum at 51; *see also* October 2019 Memorandum at 1.

- (1) any judicial exceptions, including certain groupings of abstract ideas (i.e., mathematical concepts, certain methods of organizing human activity such as a fundamental economic practice, or mental processes) (*see* January 2019 Memorandum *Step 2A – Prong One*; MPEP § 2106.04(a)(2)[R-10.2019]); and
- (2) any additional elements that integrate the judicial exception into a practical application (*see* MPEP §§ 2106.04(d); 2106.05(a)–(c), (e)–(h) [R-10.2019]) (*see* January 2019 Memorandum *Step 2A – Prong Two*).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) adds a specific limitation, or combination of limitations, 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 January 2019 Memorandum (*Step 2B*).

Because there is no single definition of an “abstract idea” under *Alice Corp. v. CLS Bank International*, 573 U.S. 208 (2014) Step 1, the January 2019 Memorandum synthesizes, for purposes of clarity, predictability, and

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 October Memorandum, Section III(A)(2), page 10, *et seq.*

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, “[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 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 January Memorandum, 84 Fed. Reg. at 54–55 (“Prong Two”).

ANALYSIS

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

We reproduce independent method claim 1 in Table One, *infra*. 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

The Examiner concludes that independent claim 1 recites an abstract idea, i.e., a method of organizing human activity, including commercial interactions:

The steps recited [] are processes that, under the broadest reasonable interpretation, cover certain methods of organizing human activity (i.e. commercial interactions between a buyer and seller). The mere nominal recitation of a computer and an online auction does not take the claim limitations out of the human activity grouping. Thus claims 1 and 22 recite an abstract idea. Dependent claims 2, 6, 8-10, 12-16, 20, 21, 23, and 26-29 recite the same abstract idea identified in claims 1 and 22.

Final Act. 4–5.

Under the January 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 processes, 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 claim elements that we find are generic computer components:

TABLE ONE

Independent Claim 1	January 2019 Memorandum
<p>[a] A method⁶ of computer-mediated arbitration following an online auction of a vehicle between a seller and a buyer, the seller and the buyer having consented to automatic arbitration of disputes related to the auction, the buyer having received and inspected the vehicle following the auction, the method comprising:</p>	<p>A computer is a generic computer component, as shown in bold. <i>See</i> January 2019 Memorandum, 84 Fed. Reg. at 52 n.14.</p> <p>Abstract Idea: <i>Arbitration</i> is a commercial or legal interaction. <i>See</i> January 2019 Memorandum 52.</p>
<p>[b₁] receiving or retrieving a vehicle identification number of the vehicle;</p> <p>[b₂] receiving or retrieving a price paid in the auction;</p> <p>[b₃] receiving a report of a disputed feature from the buyer, including a descriptive</p>	<p>(b₁) Receiving or retrieving a vehicle identification number, (b₂) a price paid in the auction, (b₃) a report, or (b₄) a desired compensation, are insignificant extra-solution activities (i.e., data gathering). <i>See</i> January 2019 Memorandum, 84 Fed. Reg. at 55 n.31; <i>see also</i> MPEP § 2106.05(g).</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	January 2019 Memorandum
<p>component and a photo or video component;</p> <p>[b₄] receiving from the buyer a desired compensation;</p>	
<p>[c] <i>making a threshold assessment from the report as to whether a dispute is present,</i></p>	<p>Abstract Idea: <i>making a threshold assessment from the report as to whether a dispute is present</i> is a certain method of organizing human activities, i.e., a commercial interaction that could be performed alternatively (to a computer implemented process) as a mental process. <i>See</i> January 2019 Memorandum 52.</p>
<p>[d] communicating with the seller if a dispute is present, and taking steps comprising:</p>	<p>Communicating with the seller is an insignificant extra-solution activity. <i>See</i> January 2019 Memorandum, 84 Fed. Reg. at 55 n.31; <i>see also</i> MPEP § 2106.05(g).</p>
<p>[e] receiving or retrieving an assessment of a vehicle value based on the vehicle identification number, vehicle mileage, and vehicle condition data,</p> <p>wherein the vehicle mileage and the vehicle condition data are obtained from on board diagnostics in the vehicle;</p>	<p>Receiving or retrieving an assessment of a vehicle value is insignificant extra-solution activity (data gathering). <i>See</i> January 2019 Memorandum, 84 Fed. Reg. at 55 n.31; <i>see also</i> MPEP § 2106.05(g).</p> <p>“on board diagnostics” (OBD) is performed by a generic computer component, as shown in bold. <i>See</i> January 2019 Memorandum, 84 Fed. Reg. at 52 n.14.</p>
<p>[f] <i>using the report to calculate or look up an estimate to repair or replace the disputed feature;</i></p>	<p>Abstract Idea — <i>using the report to calculate or look up an estimate to repair or replace the disputed feature</i> could be performed alternatively by a person as a mental process. <i>See</i> January 2019 Memorandum, 84 Fed. Reg. at 52.</p>

Independent Claim 1	January 2019 Memorandum
	<p>The steps of <i>calculating or looking up</i> could be carried out by a human with pen and paper. <i>See CyberSource Corp. v. Retail Decisions, Inc.</i>, 654 F.3d 1366, 1375 (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 <i>Gottschalk v. Benson.</i>”).</p>
<p>[g] <i>selecting a lowest one of the following values and from the selected lowest value, calculating a first settlement amount:</i> the buyer's desired compensation, the assessment of the vehicle value less the price paid, and the estimate to repair or replace; and</p>	<p>Abstract Idea — <i>selecting a lowest one of the following values and from the selected lowest value, calculating a first settlement amount</i> could be performed alternatively by a person as a mental process. <i>See</i> January 2019 Memorandum, 84 Fed. Reg. at 52.</p>
<p>[h] communicating the first settlement amount to the buyer; and</p>	<p>Communicating the first settlement amount to the buyer is insignificant post-solution activity. Revised Guidance 55, n.31; <i>see</i> MPEP § 2106.05(g); <i>see also buySAFE, Inc. v. Google, Inc.</i>, 765 F.3d 1350, 1355 (Fed. Cir. 2014) (determining a claim reciting a computer that receives and sends information over a network is directed to an abstract idea).</p>
<p>[i] if the first settlement amount is accepted by the buyer, communicating the first settlement amount to the seller, and automatically initiating funds settlement at the seller’s and buyer’s auction accounts.</p>	<p>The conditional communicating limitation is insignificant post-solution activity. Revised Guidance 55, n.31; <i>see also</i> MPEP § 2106.05(g); <i>buySAFE</i>, 65 F.3d at 1355.</p>

Abstract Idea

As identified in the preamble (a) of claim 1, “arbitration” is a commercial or legal interaction, which are types of abstract ideas identified under the January 2019 Memorandum. As also identified above in Table One, we conclude method steps (c), (f) and (g) involve *making assessments, calculating or looking up a repair estimate, and selecting the lowest value and calculating a settlement amount*, which can be performed alternatively by a person as a mental process. See January 2019 Memorandum, 84 Fed. Reg. at 52. See also October 2019 Memorandum at 7 (section C: “Mental Processes”).

Although we describe the abstract idea slightly differently than the Examiner (Final Act. 4–5), the Examiner’s characterization of the idea is not erroneous. “An abstract idea can generally be described at different levels of abstraction.” *Apple, Inc. v. Ameranth, Inc.*, 842 F.3d 1229, 1240 (Fed. Cir. 2016). The level of abstraction an Examiner uses to describe an abstract idea need not “impact the patentability analysis.” *Apple*, 842 F.3d at 1241.

Regardless of the level of generality used to describe the abstract idea, we conclude independent claim 1 recites an abstract idea under Step 2A, prong one, of the January 2019 Memorandum. Cf. *Accenture Glob. Servs., GmbH v. Guidewire Software, Inc.*, 728 F.3d 1336, 1344–45 (Fed. Cir. 2013) (“Although not as broad as the district court’s abstract idea of organizing data, it is nonetheless an abstract concept.”).

Although independent method claim 1 requires the recited steps to be performed by a computer, we find this generic computer implementation of a mental process is insufficient to take the invention out of the realm of abstract ideas. See also independent claims 22 and 24 which similarly

recite: “A method of **computer**-mediated arbitration.” (emphasis added).

“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*.” See also *CyberSource*, 654 F.3d at 1375. 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*, 654 F.3d at 1372–73; see also *Versata Dev. Grp. v. SAP Am., Inc.*, 793 F.3d 1306, 1335 (Fed. Cir. 2015) (“Courts have examined claims that required the use of a computer and still found that the underlying, patent-ineligible invention could be performed via pen and paper or in a person’s mind.”); *Alice*, 573 U.S. at 223 (“Stating an abstract idea while adding the words ‘apply it with a computer’” is insufficient to confer eligibility.).

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.”).

Because claim 1 considered as a whole **recites** an abstract idea, as identified in Table One, *supra*, and because remaining independent claims 22 and 24 recite similar language of commensurate scope, we conclude all claims 1, 2, 6, 8–10, 12–16, and 20–30 recite an abstract idea, as identified above, under *Step 2A, Prong One*. Therefore, we proceed to *Step 2A, Prong Two*.

January 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

As emphasized in bold in Table One, *supra*, we note the additional generic computer components recited in claim 1, i.e., “**computer**-mediated arbitration.” (emphasis added). We further note the supporting exemplary, non-limiting descriptions of generic computer components found in the Specification, for example at paragraph 10: “The application may be specific for a particular mobile device[,] e.g. an iPhone or a Google Android phone, or a tablet computer etc.[,] or generic[,] e.g. Flash or HTML5[-]based app that can be used in a browser.” Spec. ¶ 10. *See also* Spec. ¶ 11:

Users may use connected devices e.g. a Smartphone, a tablet, or a personal computer to connect with the system[,] e.g. using a browser on a personal computer to access the website or via an app on a mobile device. For example, users may download the app from an AppStore. Devices where invention can be advantageously used may include but not limited to an iPhone, iPad, Smartphones, Android phones, personal computers[,] e.g. laptops, tablet computers, touch-screen computers running any number of different operating systems[,] e.g. MS Windows, Apple iOS, Linux, Ubuntu, etc.

Spec. ¶ 11.

See also Spec. ¶ 42:

the system and method may be practiced with other computer system configurations, including single-processor, multiprocessor or multi-core processor computer systems, mini-computing devices, mainframe computers, as well as personal computers, hand-held computing devices (e.g., personal digital assistant (PDA), phone, watch or other electronic gadgets incorporating the capacity to compute), microprocessor-based or programmable consumer or industrial electronics, and the like. The illustrated aspects may also be practiced in distributed computing environments where tasks/routines/processes etc. are performed by remote processing devices that are linked through a communications network e.g. a local area network (LAN) or the Internet. However, some, if not all aspects may be practiced on stand-alone computer(s). In a distributed computing environment, program modules may be located in both local and remote memory storage devices.

Spec. ¶ 42. *See also* ¶¶ 41, 45, 48, 128 (describing generalized descriptions of a “computer”).

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.

Thus, we conclude Appellant’s claimed invention merely implements the abstract idea using steps executed by generic computer components, as depicted in Table One (above), i.e., using instructions (Final Act. 6), as supported in Appellant’s Specification, for example, at paragraphs 42, 45, and 50. Therefore, we conclude Appellant’s claims merely use a generic

programmed computer as a tool to perform an abstract idea. *See* MPEP § 2106.05(f).

As mapped in the right column of Table One, *supra*, we conclude that independent claim 1 also recites several additional limitations that are extra-solution activities the courts have determined to be insufficient to transform judicially excepted subject matter into a patent-eligible application. *See* MPEP § 2106.05(g); January 2019 Memorandum, 84 Fed. Reg. at 55 n.31.

For example, *see* Claim 1, Table One, *supra*, “receiving” step (b) — consisting of four grouped steps of “receiving” — and “receiving” step (e). We conclude that steps: (b₁) receiving or retrieving a vehicle identification number of the vehicle, (b₂) receiving or retrieving a price paid in the auction, (b₃) receiving a report of a disputed feature from the buyer, (b₄) receiving from the buyer a desired compensation, and (e) receiving or retrieving an assessment of the vehicle value, are all insignificant extra-solution activities (data gathering). *See* January 2019 Memorandum, 84 Fed. Reg. at 55 n.31; *see also* MPEP § 2106.05(g); *buySAFE*, 765 F.3d at 1355 (“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).

We consider next the question of whether there are any claimed improvements to the functioning of a computer or to any other technology or technical field, applying the January 2019 Memorandum and the guidance set forth under MPEP § 2106.05(a).

The Examiner finds:

Claim 1 recites the additional elements of a computer, an online auction, and an on board diagnostics in a vehicle. These elements are recited at a high level of generality for performing generic computer functions of processing data using generic computer components. These generic limitations are no more than mere instructions to apply the exception using generic computer components. Accordingly, these additional elements *do not integrate the abstract idea into a practical application* because they do not impose *any meaningful limits* on practicing the abstract idea.

Final Act. 6 (emphasis added).

Appellant does not agree with the Examiner, arguing that “each of the claims is integrated into a practical application.” Appeal Br. 6. Appellant contends that the “online auctions may necessitate arbitration because of a basic lack of trust, such as because of disputes in information provided as part of the auction (e.g., images of the vehicle that may have been manipulated). Each of the independent claims is directed to a specific, practical, and integrated solution to address the underlying trust issue by implementing a technical solution.” *Id.*

Appellant further contends: “[i]n order to bridge the lack of trust, certain information is obtained from the on board diagnostics (OBD) of the

vehicle, such as: (1) the vehicle mileage; and (2) the vehicle condition data.”
Appeal Br. 7. Appellant contends the use of this OBD data is the basis of
integrating claim 1 in to a practical application. Appeal Br. 8.

Similarly, Appellant argues regarding claim 20 that “plugging a
device into an on board diagnostics port in the vehicle” integrates it into a
practical application. Appeal Br. 8. For claim 21, it is “obtaining the VIN
number from the [OBD]. *Id.* For claim 22, it is using image analysis to
obtain the vehicle’s condition and mileage data. *Id.* at 9. For claim 24, it is
“using an app to capture vehicle condition data for the vehicle.” Appeal
Br. 11.

The Examiner finds that “OBD is a generic routine and conventional
computer device that has been required in passenger vehicles since 1996.”
Ans. 3. The Examiner provides several references as evidence in support.
See Ans. 3–4. The Examiner further explains that Appellant’s Specification
describes the claimed plug-in “device” as a generic “smartphone, tablet, or a
personal computer.” Ans. 4 (citing Spec. ¶ 11). Regarding the claims that
recite “image analysis,” the Examiner cites to several previously cited
patents. *See* Ans. 4–5. The Examiner explains that these and similar
limitations do not integrate the abstract idea into a practical application, nor
do they add significantly more to the abstract idea, because enhancing an
abstract idea using generic computer technology does not integrate the
abstract idea into a practical application. *See* Ans. 6.

Considering the arguments made, we find Appellant does not advance
any substantive, persuasive arguments regarding any specific claimed
purported improvements. Regarding the claimed *data gathering* steps
recited in claim 1 (and each of the other argued claims), we note that 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* January 2019 Memorandum, 84 Fed. Reg. at 55, n.30; *id.* 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).

To the extent Appellant *arguendo* claims an improved approach to computer-mediated arbitration (i.e., a commercial or legal interaction under the January 2019 Memorandum), 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, Inc. v. Mentor Graphics Corp.*, 839 F.3d 1138, 1151 (Fed. Cir. 2016) (“[A] claim for a *new* abstract idea is still an abstract idea.”).

As set forth under 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).

Therefore, we agree with the Examiner that independent claims 1, 22, and 24 do not recite an improvement to the functioning of the computer itself or to any other technology or technical field because “obtaining vehicle data using routine and conventional technology does not integrate the abstract idea into a practical application nor does it add significantly more to the abstract idea.” *Ans. 5; see* MPEP § 2106.05(a).

We note Appellant advances no arguments that the method claims on appeal are tied to a particular machine, or transform an article to a different state or thing. *See* MPEP § 2106.05(b), 2106.05(c).

Nor does Appellant advance any substantive, persuasive arguments that explain how the claims on appeal recite specific “meaningful” claim limitations, such as those of the types addressed under MPEP § 2106.05(e), that impose meaningful limits on the judicial exception.⁷

Thus, under *Step 2A, Prong Two* (*see* MPEP § 2106.05(a)–(c) and (e)–(h)), we conclude claims 1, 2, 6, 8–10, 12–16, and 20–30 do not integrate the judicial exception into a practical application.

⁷ *See* January 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).

The Inventive Concept – Step 2B

Under the January 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”).⁸ 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.

In particular, the Examiner must find, and expressly support a rejection in writing, with one or more of the following:

1. A citation to an express statement in the specification or to a statement made by an applicant during prosecution that demonstrates the well-understood, routine, conventional nature of the additional element(s). . . .

⁸ Available at <https://www.uspto.gov/sites/default/files/documents/memo-berkheimer-20180419.PDF>.

2. A citation to one or more of the court decisions discussed in MPEP § 2106.05(d)(II) as noting the well-understood, routine, conventional nature of the additional element(s).
3. A citation to a publication that demonstrates the well-understood, routine, conventional nature of the additional element(s). . . .
4. A statement that the examiner is taking official notice of the well-understood, routine, conventional nature of the additional element(s). . . .

Berkheimer Memorandum at 3–4.

Here, under *Step 2B*, the Examiner finds “an online auction is routine and conventional” and cites to five patents as examples:

- US 20030105705 A1 (paragraph [0005]);
- US 20070073610 A1 (paragraph [0005]);
- US 20080167983 A1 (paragraph [0004]);
- US 20080235126 A1 (paragraph [0002]);
- US 20140108180 A1 (paragraph [0003])

Final Act. 9.

The Examiner also finds “onboard diagnostics in a vehicle is routine and conventional” and provides citations to both non-patent literature and a patent reference in support. Final Act. 9–11. The Examiner also provides evidentiary support for “image analysis” and “image recognition” as being routine and conventional. *See* Final Act. 11.

The Examiner further finds:

Taking the additional elements individually, the computer components perform purely generic computer functions. Taking the additional elements in combination, the claims as a whole are directed to an abstract idea that is implemented using generic computer technology. As such, there is no inventive concept sufficient to transform the claimed subject matter into a patent-eligible application. The claim does not amount to significantly more than the abstract idea itself.

Ans. 12.

Appellant has not substantively traversed the Examiner's *Berkheimer* evidence in the Appeal Brief or the Reply Brief. Arguments not made are waived. *See* 37 C.F.R. § 41.37(c)(1)(iv).

Therefore, in light of the foregoing, and under the Director's policy guidance, as set forth in the January 2019 and October 2019 Memoranda, we conclude that each of Appellant's claims 1, 2, 6, 8–10, 12–16, and 20–30, 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. Accordingly, we sustain the Examiner's rejection under 35 U.S.C. § 101 of independent representative claim 1, and grouped claims 2, 6, 8–10, 12–16, and 20–30. *See* 37 C.F.R. § 41.37(c)(1)(iv).

CONCLUSION

Under the Director's policy guidance, and the *Alice /Mayo* framework, as set forth in the January 2019 and October 2019 Memoranda, we conclude that claims 1, 2, 6, 8–10, 12–16, and 20–30, rejected under 35 U.S.C. § 101, are directed to patent-ineligible subject matter.

DECISION SUMMARY

Claims Rejected	35 U.S.C. §	Reference(s)/Basis	Affirmed	Reversed
1, 2, 6, 8-10, 12-16, 20-30	101	Eligibility	1, 2, 6, 8-10, 12-16, 20-30	

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