

APPENDIX A

United States Court of Appeals
for the Federal Circuit

IN RE: STEVE MORSA,
Appellant

2019-1757

*Appellant's Combined Petition for Panel Rehearing
and Rehearing En Banc*

Introduction

For each and all of the 10 meritorious reasons of exceptional importance which follow, I respectfully request a panel rehearing and rehearing *en banc* of the April 10th, 2020 *In re Steve Morsa* decision (“Decision”). Reference is made to my *Opening Appeal Brief* (“OB”) and *Reply Brief* (“RB”).

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Argument

I. Even though this Court and the Supreme Court have both repeatedly made it clear that the Solicitor must not engage in such, the Decision is silent about the Solicitor improperly raising new arguments and rationales for the first time on appeal. Specifically: 1. Improper new *no double patenting doesn't matter* argument (RB #8, p.5 – 6); 2. Improper new *1,000's of ad patents don't matter* argument (RB 9, p.6); 3. Improper new *Cuno / flash of creative genius doesn't matter* argument (RB #14, p.8); 4. Improper new *Berkheimer doesn't matter* rationale (RB #17, p.9).

The Solicitor cannot cure the plethora of Board and Examinational infirmities; as the Supreme Court has made clear that a “court may not accept appellate counsel’s post hoc rationalizations for agency action.” *Burlington Truck Lines v. U.S.*, 371 U.S. 156, 168-69 (1962). Further, “it is well settled that, on appeal to this court, the Solicitor cannot raise a new ground of rejection or apply a new rationale to support the rejection affirmed by the board.” *In re Strahilevitz*, 668 F.2d 1229, 1234 n.7 (CCPA 1982); see also *In re De Blauwe*, 736 F.2d 699, 705 n.7 (Fed. Cir. 1984) (“It is true that the Solicitor cannot raise a new ground of rejection or apply a new rationale to support a rejection in appeals from decisions of the board.”).

See also *In re Imes*, 778 F.3d 1253 (Fed. Cir. 2015) (“This rationale was not articulated by the examiner or the Board, and we will not consider it for the first time on appeal.”) (OB p.7)

II. Even though this Court and the Supreme Court have both repeatedly made it clear that the Patent Office must not engage in such, the Decision is silent about the Patent Office breaking their rules and regulations.

Specifically: 1. Broken *37 CFR 41.39, MPEP 1207.07(A)(2)* and *APA 5 U.S.C. § 554* (OB p.7 – 10); 2. Ignored arguments (OB p.10 – 11); 3. Undesignated new rejection (OB p.11 – 12).

Further, by not correcting these infirmities, the Decision gives a dangerous, unconstitutional green light to *all* government agencies to pick and choose which of their rules and regulations to follow and which ones to break.

III. The Decision did not cite, apply, or address the Supreme Court's seminal *Cuno* decision proof that the claims at issue – because the *Match Engine Marketing* invention was the result of a flash of creative genius – are patent eligible:

“That is to say, the new device, however useful it may be, must reveal the flash of creative genius, not merely the skill of the calling.” (*Cuno Engineering Corp. v. Automatic Devices Corp.*, 314 U.S. 84, 91 (1941))

As I explained (OB p.54 – 55), while Congress removed via the 1952 Patent Act the *requirement* that an invention be the result of a flash of creative genius in order to be eligible for patenting, neither Congress nor the Supreme Court – including in their non-conflicting *Alice* and *Mayo* decisions – have ever abrogated, overruled, or otherwise eliminated this eligibility basis. *See, e.g., Kimble v. Marvel LLC*, 135 S. Ct. 2401 (2015); which says that precedent remains until Congress overturns it. *Shalala v. Ill. Council on Long Term Care*, 529 U.S. 1, 18 (2000) that reversal should be explicit to be effective.

Because Congress has not explicitly reversed *Cuno*, but rather only partially offset it, *Cuno* remains good law as to claims that do not take advantage of the part of the statute meant to address *Cuno*.

Accordingly, the claims of inventions which are, like here, the result of a flash of creative genius are, under *Cuno*, *patent eligible*. This is eligibility dispositive. The eligibility analysis should have ended there.

Further; given the obvious importance and value of this *Cuno* eligibility basis to all stakeholders including the District Courts as well as the Federal Circuit, it cries out for an explicit, on-the-record, *en banc* eligibility basis confirmation ruling by the Court.

IV. Respectfully, the Panel apparently misunderstood my no undue preemption argument (Decision footnote #4, p.6 -7). In stark contrast to my allegedly asserting that the claims “*do not preempt all advertising*.” (something I’ve never said or argued); I instead rely on the Patent Office’s 1,000’s of issued advertising patents to objectively and factually prove that mine preempt just that minimal amount of advertising permitted under *Alice*, *Mayo*, and 35 U.S.C. §101. And nothing more. *U.S. Constitution Article. I, § 8, Cl. 8.* (OB p.39 – 43)

“*We have described the concern that drives this exclusionary principle as one of pre-emption.*”
Alice, 134 S. Ct. at 2354

Accordingly, the relied upon *Ariosa Diagnostics, Inc.*, (where such Patent Office eligibility proof – if it even existed-- *was not* provided) – along with any and all, “absence of complete preemption does not demonstrate patent eligibility” progeny and brethren Court, PTO examination, and PTAB decisions -- are all easily distinguished from the instant invention and its *PTO-proven-eligible* claims.

The Supreme Court and the Federal Circuit both use preemption as the mechanism to evaluate whether a claim is eligible or not. *See also, e.g., Mayo 132 S. Ct. at 1294.*

And they are far from alone, as over 100 District Court decisions since *Alice* have expressly considered whether the claims preempt, even after applying the *Mayo / Alice* framework. This is eligibility dispositive for the instant claims. The eligibility analysis should have ended there.

Further; given the obvious value and importance of this proof-providing *Patent Office records* eligibility basis to all stakeholders including the District Courts, the Federal Circuit, and the Patent Office; it cries out for an explicit, on-the-record, *en banc* eligibility basis confirmation ruling by the Court.

V. The Decision overlooks the fact that, because the required *prima facie* case of ineligibility has never been made, the Section 101 eligibility burden has never been mine. (OB 24 – 37)

VI. Even if, *arguendo*, *Cuno* and *no undue preemption* didn't confirm the eligibility of the instant claims; and a proper *prima facie* case had been made; the Decision contravenes the *Alice* framework and improperly creates new Section 101 law (OB p.25 – 33; RB *Infirmities* #3, p.2 – 4; #4, p.4; #16, p.9):

First: Though the Decision correctly initially acknowledges that *Alice* requires the identification of one abstract concept (p.6): “A patent claim is patent ineligible when (1) it is ‘directed to’ a (singular / one) patent-ineligible concept (singular / one)” (emphasis/parenthetical provided); the Decision then proceeds to ignore this by incorrectly affirming the Board’s error of asserting *multiple* abstract ideas against the instant claims: “The PTAB determined that independent claim 2 is ‘directed to the concepts (improper plural) of targeting advertisement for a user, and (improper plural) using a bidding system to determine how the advertisements will be displayed.” (emphasis/parenthetical provided)

The Decision then states the conclusory: “*We disagree with Mr. Morsa.4*” (saying that the PTAB’s multiple abstract ideas is permissible). (p.6) (emphasis provided). Yet, no reasoned basis for multiple abstract ideas is provided. *Why* does the Panel disagree? *What* is the authority? *When* and *where* has the Supreme Court ever said multiple abstract ideas are permissible? Footnote #4 (p.6 – 7) is here unavailing; as it instead concerns preemption (addressed above at #4).

The Decision then states: “*Independent claim 2 is directed to the abstract idea and fundamental economic practice of organizing human activities.*”(p.7); which incorrectly conflates *categories* of abstract ideas with actual abstract ideas themselves. *See, e.g., Alice* p.10: “*Although hedging (the actual abstract idea) is a longstanding commercial practice, id., at 599, it is a method of organizing human activity (the abstract idea category), . . .*” (emphasis / parenthetical provided) Further, just what is the “abstract idea” this statement is referring to (as well as where else the Decision refers to the “abstract idea”) – given that the Board alleged *Alice* non-compliant *multiple* (both stated and unstated mystery) abstract concepts?

The Decision’s reliance on the multiple-abstract-ideas *RecongiCorp* (p.7), is, respectfully, misplaced. *Alice* – which *RecongiCorp* fundamentally contradicts and conflicts with (as do any and all other cases where multiple abstract ideas / concepts are posited / alleged) – is the controlling, Supreme Court authority on how many abstract ideas may be alleged (one). (emphasis supplied):

“*We hold that the claims at issue are drawn to the abstract idea of intermediated settlement ...*”

Alice at 2352

“*First, we determine whether the claims at issue are directed to one of those patent-ineligible concepts.*” *Alice* at 2355

App. 7

*“We must first determine whether the claims at issue are directed to a patent-ineligible concept.”
Alice at 2355*

“The claims at issue in Bilski described a method for hedging against the financial risk of price fluctuations.” Alice at 2355

“These claims are drawn to the abstract idea of intermediated settlement.” Alice at 2355

“It follows from our prior cases, and Bilski in particular, that the claims at issue here are directed to an abstract idea.” Alice at 2356

“Because the claims at issue are directed to the abstract idea of intermediated settlement ...” Alice at 2357

“First, we determine whether the claims at issue are directed to one of those patent-ineligible concepts.” Mayo at 1296-1297

In sharp contrast, neither the Patent Office, nor the Solicitor, nor the Panel identifies any contrary multiple abstract ideas / concepts quotes from the controlling *Alice*, *Mayo*, and *Bilski*. Which is unsurprising, *as there are none.*

Enough is enough. There’s no confusion here. No subjectivity. No uncertainty. No gray area. No interpretation needed. The Supreme Court said what it means and means what it says: One abstract idea. All the claims at issue. Not two. Not three. Not four or more. One. One can’t be identified? Then the claims are §101 eligible. The *Alice / Mayo* analysis stops there. Step two is moot. Simple as that. Courts cannot modify or supplant the Supreme Court’s law regarding patent eligibility. See, e.g. *Rivers v. Roadway Express, Inc.*, 511 U.S. 298, 312 (1994):

“[O]nce the [Supreme] Court has spoken, it is the duty of other courts to respect that understanding of the governing rule of law.”

Accordingly Your Honors: Please keep the Supreme Court’s *one, one*.

Second: Though the Decision is silent regarding this also important infirmity, it implicitly – and incorrectly – permits the startling and inapposite assertion of some unknown number of unknown alleged “similar” concepts: *“Similarly, while the dependent claims are each more specific, they are drawn to the same or a similar concept as well ...”* (Board DOA p.7) (emphasis provided) (OB p.27; RB p.4)

As with multiple alleged abstract ideas / concepts, nowhere in *Alice* or *Mayo* does the Supreme Court say anything about “similar” (to an alleged one single) abstract concepts being applied against claims.

In both decisions, the Court stated one idea / concept and stood by it. Start to finish. Beginning to end. Accordingly, the Board’s “similar” allegations are improper. *Rivers v. Roadway Express, Inc.*

Moreover, how does one even begin to traverse such unidentified, mystery concepts? It’s impossible. As explained in my briefs, this is a clear denial of due process. *See, e.g., Chester v. Miller*, 906 F.2d 1574, 1578 (Fed. Cir. 1990):

Section 132 “is violated when a rejection is so uninformative that it prevents the applicant from recognizing and seeking to counter the grounds for rejection.” (emphasis supplied) (OB p.27)

“[t]he agency tribunal must make findings of relevant facts, and present its reasoning in sufficient detail that the court may conduct meaningful review of the agency action.” *In re Lee*, 277 F.3d 1338, 1346 (Fed. Cir. 2002). The Board must “set forth the findings and explanations needed for ‘reasoned decision making’”)

Given both of the preceding *First & Second*, I respectfully request that the Court follow the framework the Supreme Court established with their issue-controlling *Alice* decision: (No more than) one *stated* abstract idea / concept to which all of the claims at issue are directed to.

Respectfully, the time has come for the *Alice*-bound Court to *en banc* restore and insure a materially greater degree of clarity, stability, and predictability to the *Alice* analysis for both all Courts as well as the Patent Office by confirming the Supreme Court’s *one stated abstract idea / all the claims at issue* requirement.

Eligibility analyses are frustrating and confounding enough for everyone without adding improper multiple and mystery abstract concepts to the *Alice / Mayo* morass. With this case, the Court can add clarity to this morass. It should do so.

VII. The Decision (p. 8 & 10) asserts that the novelty and non-obviousness of the claims don’t matter in the eligibility analysis. Yet the Supreme Court, District Courts, and indeed this Court itself say otherwise (OB at 50 – 51): *See, e.g., Affinity Labs*, 838 F.3d at 1257-58 (“The ‘abstract idea’ step of the inquiry calls upon us to look at the ‘focus of the *claimed advance over the prior art*’ to determine if the claim’s ‘character as a whole’ is directed to excluded subject matter.”);

Internet Patents Corp. v. Active Network, Inc., 790 F.3d 1343, 1347 (Fed. Cir. 2015) (“pragmatic analysis of § 101 is facilitated by considerations analogous to those of §§ 102 and 103”); *Verint Sys. Inc. v. Red Box Recorders Ltd.*, No. 14-cv-5403, page 17 (S.D.N.Y. 2016). (“Certainly, *if an invention passes a §§ 102 or 103 analysis*, it should pass Alice step two.”); *Gottschalk v. Benson*, 409 U.S. 63, 67 (1972) (an “application of [a] law of nature to a *new* and useful end” may be inventive). (emphasis supplied)

See also, e.g., *Ericsson Inc., Telefonaktiebolaget Lm Ericsson v. TCL Comm. Technology Holdings Limited, et. al.* (Fed. Cir. 2020) (p.10 – 11); where the Honorable Judge Newman just last month (April) explained:

“The district court had observed that a ‘pragmatic analysis of § 101 is facilitated by considerations analogous to those of §§ 102 and 103 as applied to the particular case,’ quoting Internet Patents Corp. v. Active Network, Inc., 790 F.3d 1343, 1347 (Fed. Cir. 2015).”

Given the above authorities and good old fashion logic; the undeniable fact and truth of the matter is this: It is impossible for a claim that is novel and non-obvious under 35 U.S.C. 102 and 35 U.S.C. 103 to lack an inventive concept under Step 2 of the *Alice / Mayo* framework.

Where, as here, there is no prior art that can be brought to bear to reject the claims in the first instance, that means the patent claims describe an innovation that does not directly overlap with the prior art (i.e., there is no literal identity under 102) and no combination of references can be found that add up to the sum total of the claimed invention (i.e., the invention is not a trivial rearrangement of the prior art under 103).

Because the Patent Office has – correctly so – found that *none* of the instant claims are either anticipated or obvious; they are for this reason alone eligible.

VIII. Contrary to the Decision’s posit (footnote #3, p.3), for two reasons claim 2 has never been representative of all of the 88 instant claims. **First** (as explained in VI.), as a result of the Patent Office being unable to under *Alice* identify one alleged abstract concept to which all 88 of the claims are allegedly directed to, the required *prima facie* case has never been made. The eligibility burden remains the Patent Office’s. (OB 24 – 37) No *prima facie* case. No claims ineligibility.

Second, even if, *arguendo*, a *prima facie* case had been made, the Decision is incorrect that I didn’t separately contest the rejection of claims 3 – 74 and 83 – 89. I did in fact so contest by making it crystal clear that *each and all* of my eligibility arguments applied to each and all of my claims (OB 20 – 21):

“The 35 U.S.C. § 101 Rejection of Claim [] is Contested

Claim [] is hereby argued separately via the incorporation by reference of each and all of the arguments for eligibility / patentability contained in this Brief and, if applicable, the Reply Brief.”

Is incorporation by reference no longer permitted? Should I have unnecessarily burdened the busy, hard-working PTO staff with more than 2,000 paper pages of identical arguments? Why didn’t the Office simply let me know if they wanted me to wastefully repeat all the arguments for each of the 88 claims; as I respectfully offered to do via the filing of an amended brief under their own Rule 41.37(d)? (OB p.20):

“In the event that a different brief format is desired by the Board / Examiner (e.g. by having Inventor / Appellant repeat the entire 30+ pages of argument 80 times; once for each of the 80 claims) in order to fulfill this separate claim patentability election; please provide me the opportunity; e.g. under 41.37(d); to file an amended brief. I have chosen the formatting in this Brief (complying with the pro se requirements of 37 U.S.C. 41.37I(1)) in order to maximize efficiency and minimize waste and workload for all parties, including the Board, Examiner, and PTO staff. I *do not* waive my legal right to have each and all of the multitude of arguments for patentability considered for each and all of the 80 pending claims for which I have paid thousands of dollars for. Please let me know if anything else is needed. Thank you.”

Accordingly, because to date the Patent Office has improperly, repeatedly ignored a disturbingly *all but one* of the 88 claims for which I paid 1,000’s of dollars to have properly, completely examined, for this reason alone the Court should remand this case so that the PTO can properly, correctly, and on the record examine / analyze in the first instance *each and all* of the instant claims under 35 U.S.C. § 101. Just as I was legally and procedurally entitled to have done. (OB p.21)

IX. The Decision doesn’t cite, apply, or address that the technological elements are fundamental to the instant claims and show that the use of a computer is not merely an unnecessary add-on feature, resulting from clever draftsmanship, but rather an *integral* element of the claimed inventions. (OB p.54)

Indeed, note that absent its *indispensable, inextricably-tied-to* computer(s) and the Internet / computer network(s), *Match Engine Marketing™* would not exist and could not be practiced at all.

See, e.g., this Court's precedential *SiRF Tech., Inc. v. Int'l Trade Comm'n*, 601 F.3d 1319, 1333 (Fed. Cir. 2010):

"We have defined a "machine" as "a concrete thing, consisting of parts, or of certain devices and combination of devices. This includes every mechanical device or combination of mechanical powers and devices to perform some function and produce a certain effect or result." In re Ferguson, 558 F.3d 1359, 1364 (Fed.Cir.2009) (quoting In re Nuijten, 500 F.3d 1346, 1355 (Fed.Cir.2007)) (internal quotation marks omitted)."

"In conclusion, we hold that the claims at issue are properly directed to patentable subject matter as they explicitly require the use of a particular machine (a GPS receiver) and could not be performed without the use of such a receiver."

Just as in *SiRF Tech*, the instant claims explicitly require the use of a particular machine (computer system) and could not be performed without the use of such a computer system. *Match Engine Marketing* has never anywhere previously existed – there is no offline / pre-computer age analog – and neither the Decision nor the Patent Office has ever alleged, argued, or shown otherwise.

Computers were not invoked merely as a tool.

As the Court knows, this means that for this reason alone the instant claims are patent eligible. Please so rule.

X. The Decision doesn't cite, apply, or address that – *being fully supported with a specific, detailed explanation of the nature of the improvements* – the claims are (also) eligible because they improve the functioning of the computer itself. (OB p.56 – 57) *Alice*, 134 S. Ct. at 2359.

As the Court knows, this means that for this reason alone the instant claims are patent eligible. Please so rule.

Conclusion

Your Honors,

You hold the scales of justice in your hands.

Please don't let the Solicitor get away with raising new arguments and new rationales on appeal. You've always held firm against this. *See, e.g., Singleton v. Wulff*, 428 U.S. 106, 120 (1976)):

“a federal appellate court does not consider an issue not passed upon below.”

Please don't let the Patent Office get away with ignored arguments, improper rejections, and breaking their own rules and regulations. You've always also held firm against this.

Please don't leave these two entities' infirmities in the shadows with the conclusory, *“We have considered Mr. Morsa's remaining arguments and find them unpersuasive.”* (Decision p.10) *Singleton*

Please don't short circuit due process and justice by defending and affirming the indefensible and the infirm.

Please don't let the Patent Office and Solicitor cost me the 1,000's of hard-earned dollars I've already in good faith paid this agency to correctly and legally treat my application.

Please continue to be the Constitutional bulwark against unfettered, unlawful executive power.

I fully appreciate that I've identified a plethora of Patent Office and Solicitor procedural, factual, and legal infirmities. I wish I hadn't had to spend more than 250 hours on research and brief writing over these past five years defending against these infirmities. I wish there were only one – or a few – infirmities like most cases you adjudicate. But there's not.

I wish the Patent Office including the Board had done what they were supposed to do years ago. Because I know how busy the Court is, and to save us all from unnecessary work, I respectfully asked the Solicitor multiple times by phone, e-mail, and in my briefs to please not attempt to defend this problem-plagued, unripe case.

The Court's time – your time – is valuable. I appreciate and respect that. As you can see from the record, I did the best I could – the best anyone could be expected to do – to keep this mess off the Court's already full plate.

But despite these efforts, here we all are. The fact is that these are important infirmities. Infirmities that matter. Infirmities deserving to be addressed individually on the record by the Court.

Please don't let their large number – something I had no control over (as you can see from the record) – deny me the same due process and justice that we all are entitled to whenever we deal with government agencies.

Please don't let this agency and the Solicitor do to me what you wouldn't want them to do to you. As you know far better than I, due process and justice aren't always easy, or quick. But aren't they always necessary?

I beseech Your Honors: Please restore due process and end this injustice by either granting my well-deserving petition and remanding this clearly and unquestionably unripe case to the Board / Patent Office with an order to address this agency's procedural, factual, and legal infirmities, or; for one or more of the preceding reasons; by confirming the eligibility of the instant claims.

Please rebalance and restore the scales of justice. Please continue to do what our nation's Courts have always done – make right that which is wrong.

Respectfully requested this 9th day of May, 2020.

/s/ Steve Morsa

Steve Morsa

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APPENDIX B

NOTE: This disposition is nonprecedential.

United States Court of Appeals
for the Federal Circuit

IN RE: STEVE MORSA,
Appellant

2019-1757

Appeal from the United States Patent and Trademark
Office, Patent Trial and Appeal Board in No. 13/694,192.

Decided: April 10, 2020

STEVE MORSA, Thousand Oaks, CA, pro se.

COKE MORGAN STEWART, Office of the Solicitor,
United States Patent and Trademark Office, Alexandria,
VA, for appellee Andrei Iancu. Also represented by
KAKOLI CAPRIHAN, THOMAS W. KRAUSE, AMY J.
NELSON, FARHEENA YASMEEN RASHEED.

Before NEWMAN, DYK, and WALLACH, *Circuit*
Judges.
PER CURIAM.

Appellant Steve Morsa appeals the decision of the
U.S. Patent and Trademark Office's ("USPTO") Patent
Trial and Appeal Board ("PTAB"), which affirmed the
patent examiner's findings that all pending claims ("the

Proposed Claims”) of Mr. Morsa’s U.S. Patent Application No. 13/694,192 (“the ’192 application”) (S.A. 54–128)¹ were unpatentable subject matter under 35 U.S.C. § 101.2 *See Ex Parte Morsa*, No. 2018-004483, 2018 WL 6573274, at *4 (P.T.A.B. Nov. 20, 2018) (Decision on Appeal) [S.A. 1–8]; *see also* S.A. 11–20 (Decision on Request for Rehearing).

Mr. Morsa appeals. We have jurisdiction pursuant to 28 U.S.C. § 1295(a)(4)(A). We affirm.

BACKGROUND

Entitled “Match Engine Marketing,” the ’192 application “relates generally to the field of advertising, and in particular to the field of matching advertisers with entities via computer networks.” S.A. 54, 55. The ’192 application explains that embodiments of the invention may provide “a new system of advertising where advertisers target the most interested consumers and entities by participating in a free market which attaches a monetary cost for an advertiser’s listing in a match result list generated using advertiser- selected criteria.” S.A. 63. This advertising technique targets interested consumers and entities based on “demographic, geographic, [and] psychographic factors[.]” S.A. 63. This advertising technique also provides “promoters a match engine that permits such promoters to influence a higher or lower placement in a match result list via a continuous, competitive online bidding process.” S.A. 63.

¹ “S.A.” refers to the supplemental appendix filed by the Appellee, the Director of the USPTO.

² Congress did not amend § 101 when it passed the Leahy-Smith America Invents Act. *See generally* Pub. L. No. 112-29, 125 Stat. 284 (2011).

Proposed independent claim 2 of the '192 application is representative³ and recites:

A technical field improving technological process comprising:

transmitting by a computer system over a network for display to a user a request for demographic and/or psychographic user information;

receiving at the computer system over the network from the user the user information;

³ The PTAB determined that independent claim 2 was representative of the claims of the '192 application. *Morsa*, 2018 WL 6573274, at *1; *see* Appellee's Br. 3 (stating that independent claim 2 is representative of all claims of the '192 application). Where a party "does not raise any arguments with respect to any other claim limitation, nor does it separately argue [the] dependent claim," "[the] dependent claim . . . stands or falls together with [the] independent claim." *Genentech, Inc. v. Hospira, Inc.*, 946 F.3d 1333, 1340 (Fed. Cir. 2020). On appeal, while Mr. Morsa disagrees with the PTAB's decision to treat independent claim 2 as representative, *see* Appellant's Br. 20–21 (arguing that "each and all of the [Proposed] [C]laims . . . are patentably distinct from each other" and thus, "[t]here are no representative claims" (emphasis omitted)), he only raises arguments pertaining to independent claim 2, *see id.* At 33, 37, 49–50 (stating that "the dependent claims add further significant eligibility confirming features," without discussing any dependent claims). Because Mr. Morsa does not separately argue any other claim, and because the PTAB treated independent claim 2 as representative, we will treat independent claim 2 as representative.

saving by the computer system the user information;

receiving at the computer system over the network from a first advertiser an association between (i) one or more first criteria comprising demographic and/or psychographic criteria and a first ad and (ii) a first bid, the bid being the highest amount the advertiser is willing to, but may not have to, pay, and the first ad;

receiving at the computer system over the network from a second advertiser an association between (i) one or more second criteria comprising demographic and/or psychographic criteria and a second ad and (ii) a second bid, the bid being the highest amount the advertiser is willing, but may not have, to pay, and the second ad;

determining by the computer system that a first match exists between the first criteria and the user information;

determining by the computer system that a second match exists between the second criteria and the user information;

in the event of both a first match and a second match, determining by the computer system placement of at least one of the first and second ads based on one or more ad placement factors comprising the first and second bids;

transmitting by the computer system at least one of the first and second ads over the network to the user. S.A. 25-26.

DISCUSSION

I. Standard of Review and Legal Standard

“We review the PTAB’s factual findings for substantial evidence and its legal conclusions de novo.” *Redline Detection, LLC v. Star Envirotech, Inc.*, 811 F.3d 435, 449 (Fed. Cir. 2015) (citation omitted). “Substantial evidence is something less than the weight of the evidence but more than a mere scintilla of evidence[,]” meaning that “[i]t is such relevant evidence as a reasonable mind might accept as adequate to support a conclusion.” *In re NuVasive, Inc.*, 842 F.3d 1376, 1379–80 (Fed. Cir. 2016) (internal quotation marks and citations omitted). “If two inconsistent conclusions may reasonably be drawn from the evidence in record, the PTAB’s decision to favor one conclusion over the other is the epitome of a decision that must be sustained upon review for substantial evidence.” *Elbit Sys. of Am., LLC v. Thales Visionix, Inc.*, 881 F.3d 1354, 1356 (Fed. Cir. 2018) (internal quotation marks, alterations, and citation omitted).

“We review issues unique to patent law, including patent eligibility under . . . § 101, consistent with our circuit’s precedent.” *Smart Sys. Innovations, LLC v. Chi. Transit Auth.*, 873 F.3d 1364, 1367 (Fed. Cir. 2017) (internal quotation marks and citation omitted). “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” Title 35 of the United States Code. 35 U.S.C. § 101. “The Supreme Court, however, has long interpreted § 101 and its statutory predecessors to contain an implicit exception: ‘laws of nature, natural phenomena, and abstract ideas’ are not patentable.”

Content Extraction & Transmission LLC v. Wells Fargo Bank, Nat'l Ass'n, 776 F.3d 1343, 1346 (Fed. Cir. 2014) (quoting *Alice Corp. Pty. Ltd. v. CLS Bank Int'l*, 573 U.S. 208, 216 (2014)).

The Supreme Court's decision in *Alice* provides the framework through which we assess patent eligibility under § 101. *See* 573 U.S. at 215–17. A patent claim is patent ineligible when “ (1) it is ‘directed to’ a patent-ineligible concept, i.e., a law of nature, natural phenomenon, or abstract idea, and (2), if so, the particular elements of the claim, considered ‘both individually and ‘as an ordered combination,’” do not add enough to “transform the nature of the claim’ into a patent-eligible application.” *Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1353 (Fed. Cir. 2016) (quoting *Alice*, 573 U.S. at 217) (citing *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 77–80 (2012)).

II. The Proposed Claims Are Directed to an Abstract Idea Under *Alice* Step One

The PTAB determined that independent claim 2 is “directed to the concepts of targeting advertisements for a user, and using a bidding system to determine how the advertisements will be displayed[,]” which are both directed to the “fundamental economic practices long prevalent in our system of commerce[,]” and that, therefore, independent claim 2 “is directed to an abstract idea[.]” *Morsa*, 2018 WL 6573274, at *2.

Mr. Morsa argues that “advertising is real, tangible, and concrete” and, therefore, patent “eligibility [is] confirmed[.]” Appellant’s Br. 44 (emphasis omitted) (capitalization normalized).

Additionally, Mr. Morsa asserts that the PTAB erred because it identified more than one abstract idea and it is only supposed to identify “one and only one single alleged abstract idea.” *Id.* at 26. We disagree with Mr. Morsa.⁴

Independent claim 2 is directed to the abstract idea and fundamental economic practice of organizing human activity. For example, independent claim 2 recites a “process” that “transmit[s]” a “request for demographic and/or psychographic user information” to the user and then “sav[es]” the “user information” on the system to match the user to a specific advertiser. S.A. 25. We have explained that claims related to “customizing information based on (1) information known about the user and (2) [specific] data” are directed to abstract ideas. *Intellectual Ventures I LLC v. Capital One Bank (USA)*, 792 F.3d 1363, 1369 (Fed. Cir. 2015); *see Bridge & Post, Inc. v. Verizon Commc’ns, Inc.*, 778 F. App’x 882, 888 (Fed. Cir. 2019) (similar) (citing *Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1346 (Fed. Cir. 2015)); *see also Intellectual Ventures*, 792 F.3d at 1370 (“An advertisement taking into account the time of day and tailoring the information presented to the user based on that information is another ‘fundamental . . . practice long prevalent in our system’” (quoting *Alice*, 573 U.S. at 219)). Here, the claim recites both targeted advertising and bidding to display the advertising, which are both abstract ideas relating to customizing information based on the user and matching them to the advertiser.

⁴ Mr. Morsa asserts that because “[t]he Supreme Court and the Federal Circuit both use preemption as the mechanism to evaluate whether a claim is eligible or not[,]” his claims are not directed to an abstract idea because they do not preempt all advertising.

See ReongiCorp, LLC v. Nintendo Co., 855 F.3d 1322, 1327 (Fed. Cir. 2017) (“Adding one abstract idea . . . to another abstract idea . . . does not render the claim non-abstract.”). Because independent claim 2 of the ’192 application relates to “the field of advertising” and “matching advertisers with entities via computer networks,” it is directed to an abstract idea.

III. The Proposed Claims Do Not Recite an “Inventive Concept” Under *Alice* Step Two

The PTAB found that there was no “inventive concept” because independent claim 2 “fail[s] to transform the abstract nature of the claim into patent eligible subject matter[.]” *Morsa*, 2018 WL 6573274, at *4. The PTAB explained that the specification “describes using generic computer components such as network PC’s, minicomputers, mainframe computers, cell phones, servers, match, engines, local area networks[,] and wide area networks in a conventional manner for the known functions.” *Id.* at *3. Mr. Morsa argues that “[i]t is impossible for a claim that is novel and non-obvious under 35 U.S.C. [§] 102 and 35 U.S.C. [§] 103 to lack an inventive concept under [s]tep [two] of” *Alice*. Appellant’s Br. 51 (emphasis omitted). We disagree with this generalization, for abstractness, novelty, and non-obviousness are separate legal and factual concepts.

Appellant’s Br. 43. During the PTAB proceedings, the PTAB addressed this argument and found it unpersuasive. *See Morsa*, 2018 WL 6573274, at *3. “While preemption may signal patent ineligible subject matter, the absence of complete preemption does not demonstrate patent eligibility.” *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015). Therefore, Mr. Morsa’s argument is without merit.

Because independent claim 2 is directed to an abstract idea, the second step of the § 101 analysis requires us to determine whether the '192 application's claim limitations—when viewed individually and as an ordered combination—contain “an inventive concept sufficient to transform the claimed abstract idea into a patent-eligible application.” *Alice*, 573 U.S. at 217 (internal quotation marks and citation omitted).

A claim contains an inventive concept if it “include[s] additional features” that are more than “well-understood, routine, conventional activities[.]” *Id.* at 221, 225 (internal quotation marks, alterations, and citations omitted).

The limitations of independent claim 2 do not recite an inventive concept to transform their abstract idea into patentable subject matter. When claims, such as independent claim 2, are “directed to an abstract idea” and “merely requir[e] generic computer implementation[.]” they “do[] not move into [§] 101 eligibility territory[.]” *buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350, 1354 (Fed. Cir. 2014) (internal quotation marks and citation omitted). Although Mr. Morsa alleges that the Proposed Claims are “directed to improving an existing technological process in the technical field of advertising over the Internet/computer networks[.]” Appellant’s Br. 51 (emphasis omitted), we have recognized that similar claims directed to advertising do not “transform[] the abstract idea into a patent-eligible invention[.]” *BASCOM Glob. Internet Servs., Inc. v. AT&T Mobility LLC*, 827 F.3d 1341, 1349 (Fed. Cir. 2016); *see id.* at 1348 (explaining that claims “directed to filtering content on the Internet” are abstract); *see also Intellectual Ventures*, 792 F.3d at 1370

(“[T]he fact that the web site returns the pre-designed ad more quickly than a newspaper could send the user a location-specific advertisement insert does not confer patent eligibility[.]”). Here, the claim language recites targeted advertising and bidding for displaying advertisements implemented using generic computer components such as “network PC’s,” “cell phones,” and “local area networks[.]” *Morsa*, 2018 WL 6573274, at *3; see *In re Smith*, 815 F.3d 816, 819 (Fed. Cir. 2016) (explaining that when a claim does not add a practical application or a specific limitation beyond the judicial exception that is not “conventional” in the field, the claims are ineligible for patentability).

Additionally, the functions performed by the computer system at each step of the process, such as “saving by the computer system the user information” and “receiving at the computer system over the network,” does nothing more than instruct the user on how to implement the abstract idea using generic computer components. S.A. 25. See generally S.A. 25–26 (Independent Claim 2). As such, when viewing the limitations of independent claim 2 individually and as an ordered combination, they do not transform the abstract idea into an inventive concept.

Moreover, Mr. Morsa must do more than simply restate the claim limitations and assert that the claims are directed to a technological improvement, such as “improving an existing technological process in the technical field of advertising over the Internet/computer networks[.]” Appellant’s Br. 51 (emphasis omitted), without an explanation of the nature of that improvement, see e.g., S.A. 25–26 (providing independent claim 2’s determining steps).

Mr. Morsa does not provide technological details concerning how the advertisement features are implemented to transform an abstract idea into an inventive concept. Here, Mr. Morsa simply states that his claims are not abstract because they were not rejected for anticipation or obviousness during prosecution and “for th[at] reason alone [they are] eligible.” Appellant’s Br. 51. Novelty of an invention, however, “does not avoid the problem of abstractness.” *Affinity Labs of Texas, LLC v. DirecTV, LLC*, 838 F.3d 1253, 1263 (Fed. Cir. 2016); see *Diamond v. Diehr*, 450 U.S. 175, 188–89 (1981) (“The ‘novelty’ of any element or steps in a process, or even of the process itself, is of no relevance in determining whether the subject matter of a claim falls within the § 101 categories of possibly patentable subject matter.”); see also *Synopsys, Inc. v. Mentor Graphics Corp.*, 839 F.3d 1138, 1151 (Fed. Cir. 2016) (providing that, even if we accept that a claim recites a method different from prior art, “a claim for a new abstract idea is still an abstract idea” (emphasis omitted)). Therefore, the claims of the ’192 application are patent-ineligible at *Alice* step two. Accordingly, the PTAB did not err in holding the Proposed Claims patent-ineligible under § 101.

CONCLUSION

We have considered Mr. Morsa’s remaining arguments and find them unpersuasive. Accordingly, the Decision on Appeal of the U.S. Patent and Trademark Office is

AFFIRMED

APPENDIX C

NOTE: This order is nonprecedential.

United States Court of Appeals
for the Federal Circuit

IN RE: STEVE MORSA,
Appellant

2019-1757

Appeal from the United States Patent and Trademark
Office, Patent Trial and Appeal Board in No. 13/694,192.

ON PETITION FOR PANEL REHEARING AND
REHEARING EN BANC

Before PROST, *Chief Judge*, NEWMAN, LOURIE, DYK,
MOORE, O'MALLEY, REYNA, WALLACH, TARANTO,
CHEN, HUGHES, and STOLL, *Circuit Judges*.

PER CURIAM.

ORDER

Appellant Steve Morsa filed a combined petition for panel rehearing and rehearing en banc. The petition was referred to the panel that heard the appeal, and thereafter the petition for rehearing en banc was referred to the circuit judges who are in regular active service.

Upon consideration thereof,

IT IS ORDERED THAT:

The petition for panel rehearing is denied.

The petition for rehearing en banc is denied.

The mandate of the court will issue on June 18, 2020.

June 11, 2020

FOR THE COURT
/s/ Peter R. Marksteiner
Peter R. Marksteiner
Clerk of Court