

2007-1232

---

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

---

In re Lewis Ferguson et al (Appellants)

---

Appeal from the United States Patent and Trademark Office, Board of Patent  
Appeals and Interferences.

---

---

COMBINED BRIEF AND APPENDIX

Party for Whom the Brief is Filed:

Lewis Ferguson  
Darryl Costin, and  
Scott C Harris

Filed by:

Scott C Harris, Attorney for Appellant  
PO Box 927649  
San Diego, Ca 92192-7649  
619-823-7778  
[scott@harrises.com](mailto:scott@harrises.com)

July \_\_\_\_, 2007

**UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT**

in re Ferguson v. \_\_\_\_\_

No. 2007-1232

**CERTIFICATE OF INTEREST**

Counsel for the (petitioner) (appellant) (respondent) (appellee) (amicus) (name of party)

Appellant certifies the following (use "None" if applicable; use extra sheets if necessary):

1. The full name of every party or amicus represented by me is:

Lewis Ferguson  
Darryl Costin and  
Scott C Harris

2. The name of the real party in interest (if the party named in the caption is not the real party in interest) represented by me is:

Lewis Ferguson  
Darryl Costin and  
Scott C Harris

3. All parent corporations and any publicly held companies that own 10 percent or more of the stock of the party or amicus curiae represented by me are:

none

4.  There is no such corporation as listed in paragraph 3.

5. The names of all law firms and the partners or associates that appeared for the party or amicus now represented by me in the trial court or agency or are expected to appear in this court are:

none

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of counsel

\_\_\_\_\_  
Printed name of counsel

Reset Fields

TABLE OF CONTENTS

**I. STATEMENT OF RELATED CASES ..... V**

**II. JURISDICTIONAL STATEMENT..... 1**

**III. STATEMENT OF THE ISSUES ..... 2**

**IV. STATEMENT OF THE CASE ..... 2**

**V. STATEMENT OF THE FACTS..... 2**

**VI. SUMMARY OF THE ARGUMENT ..... 3**

**VII. THE ARGUMENT:..... 5**

**A. Standard of Review Should be de novo review..... 8**

**B. Congress Intended For Subject Matter Patentability To Receive A Very Wide Scope ..... 8**

**C. The Meaning Of A “Broad Scope” Under Other Sections of 35 USC §101 Has Been Clearly Defined By The Courts And Subject Matter Patentability Should Also Have A Correspondingly Broad Scope ..... 11**

**D. The Guidelines (and the Decision) Do Not Fairly Characterize the Tests For Concrete Useful And Tangible Result (CUTR), And Transformation Of Something To A Different State Or Thing As Safe Havens, Not Exclusive Tests, And The Cases Never Intended For CUTR To Be Exclusive Tests ..... 12**

**E. The "Guidelines" Do Not Have The Force Of Law, And Are Simply That, Guidelines ..... 18**

**F. The Current Claims Are Statutory ..... 18**

**G. The Abstract Idea Exception Has Been Improperly Legally Applied by the Patent Office and The Conclusions That These Claims Define An Abstract Idea Is Legally Incorrect ..... 25**

**H. Does The Claimed Subject Matter Require That The Product Or Process Has More Than A Scintilla Of Interaction With The Real World In A Specific Way ..... 28**

**VIII. CONCLUSION AND STATEMENT OF RELIEF SOUGHT. 32**

**IX. APPENDIX.....**

**X. PROOF OF SERVICE.....**

**XI. CERTIFICATE OF COMPLIANCE (FEDERAL RULE 32).....**

## TABLE OF AUTHORITIES

### CASES

1998) .....	7
35 USC §101 .....	2, 3, 5, 8, 11, 12, 16, 19, 24, 29, 32
35 USC §141 .....	1
35 USC §2.....	1
37 CFR §1.304.....	1
Arrhythmia Research Technology, Inc. v Corazonix Corp., 958 F.2d 1053 (Fed Cir 1992) .....	28
AT&T Corp. v Excel Communications Inc., 172 F 3d 1352 (Fed Cir 1999) .....	13
Brenner v. Manson, 383 U.S. 519, 534, 86 S.Ct. 1033, 16 L.Ed.2d 69 (1966) .....	11
Brooktree Corp. v. Advanced Micro Devices, Inc., 977 F.2d 1555, 1571 (Fed.Cir.1992) .....	11
Diamond v Chakrabarty, 447 US 303, 101 S. Ct 2204 (1980).....	8
Diamond v Diehr 450 U.S. 175, 101 S.Ct. 1048 (1981) .....	5
Ex Parte Lundgren, 76 USPQ2d 1385 (Bd. Pat. App. & Int. 2005).....	7
Fuller v. Berger, 120 F. 274, 275 (7th Cir.1903).....	11
In re Grams, 888 F.2d 835 (Fed Cir. 1989) .....	27
In re Warmerdam, 33F.3d 1354 (Fed Cir 1994).....	26
Interim Guidelines for Examination of Patent Applications for Patent Subject Matter Eligibility, 1300 Office Gazette Patent and Trademark Office (OG) 142 (November 22, 2005),.....	5
Ksr International Co.v Teleflex Inc, 550 U. S. _____, 127 S.Ct 1727(2007).. .....	13
LabCorp v. Metabolite Laboratories, 2006 DJDAR 7853 (June 22, 2006) .	18
Pioneer Hi-Bred Intern., Inc. v. J.E.M. Ag Supply, Inc., 200 F.3d 1374, Fed Cir 2000 .....	9
Rubber-Tip Pencil Co. v Howard, 87 US 498 (1874) .....	25
State Street Bank and Trust v Signature Financial Group Inc., 149 F.3d 1368 (Fed Cir 1998) .....	7, 13
Trabon Engineering Corp. v Dirkes, 136 F.2d 24, (C.A.6, 1943).....	28
Voigtmann v. Perkinson, 138 F 56 (C.A. 7, 1905).....	25

## **I. Statement of Related Cases**

There are no related cases pending before this or any other tribunal.

## **II. Jurisdictional Statement**

This appeal is from the final decision of the United States Patent and Trademark Office dated December 18, 2006, joint appendix (henceforth, simply “A”) pages 0001-0071. The United States Patent Office has original jurisdiction of the Patent Application under 35 USC §2. The Decision on Rehearing was a “final decision” of the Agency. Jurisdiction by the Court of Appeals for the Federal Circuit is established under 35 USC §141.

The final decision was mailed on December 18, 2006. A petition for review was timely filed in the U.S. Patent Office and with the Court of Appeals for the Federal Circuit on February 12, 2007, and is therefore timely under 37 CFR §1.304.

The case was docketed by the Federal Circuit on March 28, 2007, making this brief due on May 28, 2007. Federal Circuit rule 31. An unopposed extension to enlarge the period for response was granted on May 17, 2007 making the brief due on July 16, 2007. Hence, this brief is timely filed.

### **III. Statement of the Issues**

The single issue for review is:

Are the claims (A275-290) properly rejected as being under 35 USC §101, based on the so called “Abstract Idea” exception to patentability.

### **IV. Statement of the Case**

This is an Ex Parte Appeal from an examination carried out by the United States Patent Office of Application number 09/387,823 for Patent. The Patent Application was examined by the U.S. Patent Office, and rejected by the Patent Examiner. The patent application was eventually appealed to the Patent Office Board of Appeals via an Appeal Brief filed in August 2002. A final decision by the Board of Appeals was finally rendered on December 18, 2006. There is no published version of this decision.

### **V. Statement of the Facts**

The Director of the United States Patent Office, via his delegee(s), have rejected Appellant’s Claims 1-68 (A274-A290) under 35 USC §101 as

being unpatentable based on the so called “abstract idea” exception to patentability in 35 USC §101.

The present claims have not been rejected on any other ground, and hence have been indicated as definite and patentable over the prior art by the United States Patent & Trademark office.

## **VI. Summary of the Argument**

Congress, the United States Supreme Court, and the Court of Appeals for the Federal Circuit, have all indicated that 35 USC §101 should be interpreted broadly and inclusively, to enable the patent system to cover new kinds of inventions. The present claims define methods and systems for marketing and selling and supporting special kinds of products. The Patent Office, instead of obeying their statutory mandate to interpret broadly, has narrowly interpreted 35 USC §101. The Patent Office has held that the present claims are unpatentable under the Abstract Idea exception to patentability set forth in 35 USC §101.

The arguments set forth herein explain how Congress and the Framers intended 35 USC §101 to have a very wide scope. The arguments explain that abstract ideas have never been intended to cover claims of the current type. The two different kinds of abstract idea cases are explained and

analyzed herein. A first line of cases cover claims or situations which try to rely on the idea behind the invention rather than the embodiment of the invention, something that was never urged or even contended by the present rejection. The other kind of abstract idea case is in essence a special kind of mathematical algorithm case. Since there is no mathematical algorithm being claimed here, it will be shown that this is not a mathematical algorithm type case.

The cases cited herein explain the abstract idea exception in further detail. Basically, the idea is “I’d like to make a better pencil”. The proper claim to embody that idea might be

“a pencil that has (the proper elements)” or  
a method of using a pencil (in the better way).

A claim can certainly embody an idea, and in fact, it is believed that all patentable claims must be based on an idea. The question to be analyzed therefore is:

Do the present claims define embodiments including an idea, or do they merely define the idea itself, divorced from the embodiments.

This brief shows that the marketing method and system claimed herein recites concrete embodiments, not merely ideas. Therefore, it is

shown in detail how the patent office is legally incorrect in their conclusion that the claims do not define statutory subject matter.

**VII. The Argument:**

This appeal refers to rejections made in the final decision by the United States Patent and Trademark office, as mailed on December 18, 2006 henceforth (“the Decision”)A0001-A0071.

In summary of the Decision, a new ground of rejection (first entered on August 27, 2004; A0001-A0029) rejected all of the pending claims under 35 USC §101 as allegedly not being directed to statutory subject matter. The basis for the rejection was stated, on page 2, to be "the underlying case law and statutes". However, the bulk of the analysis in the Decision was under the Interim Guidelines for Examination of Patent Applications for Patent Subject Matter Eligibility, 1300 Office Gazette Patent and Trademark Office (OG) 142 (November 22, 2005), henceforth, "the Guidelines".

The Decision exclusively analyzes the Guidelines, on pages 2-8 of the Decision, concluding on page 9 of the Decision that claims 1-68 are directed to nonstatutory subject matter under the "abstract idea" exception. The only case cited in favor of this conclusion that the claims merely define an abstract idea was *Diamond v Diehr* 450 U.S. 175, 101 S.Ct. 1048 (1981).

*Diehr* is not an abstract idea case, but instead stands for the proposition that the mere presence of a physical step cannot transform an unpatentable principle into a patentable process. This case is inapplicable to the present claims, which are not even alleged to include a “scientific principle”.

According to *Diehr* at 185, a principle in the abstract cannot be patented, a new mineral cannot be patented, and, for example, the law of gravity cannot be patented. An algorithm can not be patented, and a scientific concept or idea can not be the subject of a valid patent. *Diehr* stated that this doctrine was "regularly invoked to deny patents to invention, consisting primarily of mathematical formula or methods of computation,... mental operation or mathematical computation." Finally, *Diehr* described “ideas”, and quoted the previous cases as excluding ideas from being the kinds of discoveries that the statute was enacted to protect. However, *Diehr* clearly states that as long as the claims describe a specific implication of applicants discovery, patentable subject matter is defined.

*Diamond v Diehr* was the ONLY case cited in support of the conclusion for the final Decision. The entire analysis by the Board of Appeals, therefore, attempts to make a new exception to subject matter patentability that is not based on the existing case law, and is in fact CONTRARY to Supreme Court law.

Hositivity toward business method claims has been floated, and rejected by tribunals, before this one.

The Federal Circuit overruled previous attempts to define a new “Business Method Exception” to patentability, in *State Street Bank and Trust v Signature Financial Group Inc.*, 149 F.3d 1368 (Fed Cir 1998) at 1375.

Many Patent Examiners next began rejecting Business method claims as “not being within the technological arts”. The Patent Office’s Board of Appeals themselves reversed this test in *Ex Parte Lundgren*, 76 USPQ2d 1385 (Bd. Pat. App. & Int. 2005), finding that there was no separate “technological arts” rejection.

Now, the Patent Office attempts to provide a new exception to subject matter patentability via an unsupported interpretation of the “abstract idea” exception. This exception is not supported by the case law. This attempt by the patent office is in essence a new attempt to resurrect these exceptions to patentability of business methods improperly, under the new name of “abstract idea”.

This is incorrect, as demonstrated herein.

***A. Standard of Review Should be de novo review.***

Since the issues raised by this appeal are wholly legal, with all due respect, the Patent Office should not be granted any presumption of administrative deference. Rather, the review is based on the legal issue-what is an abstract idea, and do the claims define such an abstract idea. As such, de novo review of the wholly legal issue is appropriate.

***B. Congress Intended For Subject Matter Patentability To Receive A Very Wide Scope***

When enacting the 1952 Patent Act, Congress intended the scope of 35 USC §101 to "include anything under the sun that is made by man," See the Legislative History reproduced at S.Rep. No. 1979, 82d Cong., 2d Sess., 5 (1952), reprinted in 1952 U.S.C.C.A.N. 2394, 2399; H.R.Rep. No. 1923, 82d Cong., 2d Sess., 6 (1952).

This legislative history was also considered by the Supreme Court in *Diamond v Chakrabarty*, 447 US 303, 101 S. Ct 2204 (1980). The *Chakrabarty* Court dealt directly with 35 USC §101, responding to the arguments concerning patentability of Dr. Chakrabarty's new bacterium that was engineered to consume oil spills. The Court explained that the patent system is directed to the inventive works of mankind, and is not otherwise limited: "In choosing such expansive terms as 'manufacture' and

'composition of matter,' modified by the comprehensive 'any,' Congress plainly contemplated that the patent laws would be given wide scope." 447 U.S. at 308, 100 S.Ct. 2204, 65 L.Ed.2d 144, 206 USPQ at 197.(This section is quoting from *Pioneer Hi-Bred Intern., Inc. v. J.E.M. Ag Supply, Inc.*, 200 F.3d 1374, Fed Cir 2000).

This legislative history has made quite clear why Congress intended for statutory subject matter to be expansive: so that all the inventive works of mankind could be adequately protected. Congress properly recognized that it is virtually impossible to predict with any certainty where innovation will eventually lead. Congress certainly did not intend to exclude claims directed to developing, using, and sharing in profits from a shared marketing force from that section, as defined by our claim 1 (A275). Congress did not intend to exclude claims to a software marketing company of the type in our claim 30(A280-A281) from the scope of patentable subject matter. Congress intended for all results of innovation to be proper subjects of patentability.

At the time of the 1952 Patent act, for example, it is certainly doubtful that Congress contemplated specifically the existence and/or patentability of engineered bacteria. However, the *Chakrabarty* Court had no trouble expanding Congress' intent to cover patenting engineered bacteria.

In an analogous way, the current claims should define patentable subject matter. They define operations of marketing products, obtaining rights to profits, rights to market (claim 1, A275). Common sense dictates that Congress (and the Framers) must have understood the innovative nature of inventions and patents, and intended for patents to cover any kind of innovation.

Therefore, the legislative history and Supreme Court interpretation of the 1952 Patent act makes it clear that Congress intended for patentability of subject matter under section 101 to have a very broad scope, and that scope is certainly broad enough to allow patentability of the present claims. Note again – the United States Patent Office indicates these claims are definite and novel and unobvious over the prior art. The only alleged bar to patentability of these claims is subject matter patentability, as narrowly defined by the United States Patent and Trademark Office.

***C. The Meaning Of A “Broad Scope” Under Other Sections of 35 USC §101 Has Been Clearly Defined By The Courts And Subject Matter Patentability Should Also Have A Correspondingly Broad Scope***

The courts have clearly held that the other sections of 35 USC §101 should be interpreted very broadly. By analogy, therefore, the "utility" requirement of 35 USC §101 should similarly have a broad scope.

The Courts have quite clearly spoken on what the term “broad scope” means in the context of 35 USC §101 utility. An invention is "useful" under 35 USC §101 if it is capable of providing some identifiable benefit. *See Brenner v. Manson*, 383 U.S. 519, 534, 86 S.Ct. 1033, 16 L.Ed.2d 69 (1966); *Brooktree Corp. v. Advanced Micro Devices, Inc.*, 977 F.2d 1555, 1571 (Fed.Cir.1992) ("To violate § 101, the claimed device must be totally incapable of achieving a useful result"); *Fuller v. Berger*, 120 F. 274, 275 (7th Cir.1903) (test for utility is whether invention "is incapable of serving any beneficial end").

The courts have interpreted the utility requirement of 35 USC §101 to require only a scintilla of utility – any utility, no matter how slight. Phrases like “any beneficial end...” and “totally incapable..“ demonstrate the broad scope of this utility requirement.

The subject matter patentability test is within the same statutory section: 35 USC §101. Hence, by analogy, the subject matter patentability test should be interpreted using a similar broad scope.

The Supreme Court has made it clear that anything is patentable unless it is a law of nature, natural phenomena or abstract idea. (*See, Chakrabarty*). A claim that preempts a mathematical algorithm is not patentable, since this would in effect be patenting something that was not made by man, but rather was discovered by man. But beyond these perimeters, subject matter patentability should have a very broad scope, to effect Congress's clear intent.

***D. The Guidelines (and the Decision) Do Not Fairly Characterize the Tests For Concrete Useful And Tangible Result (CUTR), And Transformation Of Something To A Different State Or Thing As Safe Havens, Not Exclusive Tests, And The Cases Never Intended For CUTR To Be Exclusive Tests***

Instead of these attempting to capture a broad interpretation of 35 USC §101, as was Congress' intent (see sections A and B above), the Guidelines and Decision based the claim rejections on a very narrow scope.

The Guidelines allow for two and only two tests for subject matter patentability: 1) concrete useful and tangible result, and 2) transformation of something to a different state or thing. These tests are apparently taken from

two Federal Circuit cases: *State Street Bank and Trust v Signature Financial Group Inc.*, 149 F.3d 1368 (Fed Cir 1998) and *AT&T Corp. v Excel Communications Inc.*, 172 F 3d 1352 (Fed Cir 1999). However, with all due respect, it is believed that the Guidelines have improperly and overly narrowly interpreted the holdings of these cases. These tests were intended to be non exclusive tests for subject matter patentability. They were not intended to be the ONLY allowable tests for subject matter patentability. In fact, the provision of a single test would seem contrary to Supreme Court cases, e.g. *Chakrabarty*, supra. This is supported by the plethora of Recent Supreme Court cases expressing their view that there cannot be rigid rules for patentability. See *Ksr International Co.v Teleflex Inc*, 550 U. S. \_\_\_\_\_, 127 S.Ct 1727(2007).

*State Street Bank* related to a data processing system forming an investment configuration. The *State Street Bank* decision began by explaining that Congress's intent was not to place any restrictions on the subject matter for which a patent can be obtained, *State Street* at 1373. The court analyzed the exceptions: laws of nature, natural phenomena and abstract ideas. *State Street* characterized a mathematical algorithm as a form of abstract idea. *Id.* In doing so, *State Street* explained that an unpatentable mathematical algorithm is "disembodied concepts or truths". They

explained that the mathematical algorithm becomes patentable when the data is transformed (Id) or when the data corresponds to a “useful, concrete or tangible thing”. Id. And in fact, the holding was exactly that -- that transformation of data by a machine constitutes a practical application of a mathematical algorithm. *State Street* never held and could not have intended that this test be considered as the ONLY way to determine that something was practical application of a mathematical algorithm.

*State Street*, therefore held that something was not merely a mathematical algorithm if it produced a useful concrete and tangible result, *State Street* at 1374, 1375 (stating that a machine that is programmed with software that produces a useful concrete and tangible result is statutory subject matter even if the useful result is expressed in numbers).

Nowhere did *State Street* ever hold that something was non statutory if it did NOT produce a useful concrete and tangible result. Nowhere did *State Street* ever hold that the useful concrete and tangible result test was an exclusive test.

The *State Street* holding clearly acknowledged Congress’s intent for subject matter patentability to have a very broad interpretation. The *State Street* court also overruled the so-called business method exception, stating

instead that if patent claims are too broad, they should be the basis of a rejection under section 102, 103 and 112, *State Street* at 1377.

*State Street* also held that "unpatentable mathematical algorithms are identifiable by showing that they are merely abstract ideas constituting disembodied concepts or truths that are not useful". *State Street* at 1373.

The *AT&T* holding analogously, does not purport to proclaim exclusive tests. *AT&T* held that Congress intended for section 101 to be construed broadly, (*AT&T* at 1355), that a mathematical formula alone is unpatentable (*AT&T* at 1356) and that section 101 needs to be "responsive to the needs of the modern world" *Id.* In fact, *AT&T* read the *State Street* holding as allowing claiming of a mathematical algorithm if the claimed invention as a whole "is applied in a useful manner" *AT&T* at 1357.

*AT&T* held that transformation of something to a different state or thing was another test for subject matter patentability, since it proved that the claim was useful.

Nowhere did *AT&T* ever hold that something was non statutory if it did NOT transform something to a different state or thing. Nowhere did *AT&T* ever hold that the transformation test was an exclusive test.

The *AT&T* court also rejected the concept of physical elements and the so-called Freeman-Walter-Abele test, see generally *AT&T* at 1359.

To summarize the above, Appellants know of no case that has ever held that either 1) the concrete useful tangible result test (CUTR), nor 2) the transformation test should be exclusive tests for subject matter patentability. However, this is precisely what is suggested by the interim Guidelines. This is incorrect under the law. At least to this extent, the interim Guidelines are incorrect. The CUTR and transformation tests are exemplary, not exclusive, tests for compliance with 35 USC §101.

The CUTR/transformation tests define only a very small subject matter of that which is patentable. This is clear, since "anything under the sun that is made by man" is patentable, unless it is a law of nature, physical phenomena or abstract idea. And it is also clear from section VIIA, above, that the test to determine whether something is patentable subject matter should be very broad, not the very narrow tests suggested by the Guidelines.

In fact, the CUTR/transformation test would clearly exclude certain kinds of new technology. This clearly could not have been the intent of Congress, nor the intent of the *Chakrabarty* court, see above.

Patents must be able to protect new technology. New and previously unconsidered technology is always being invented. This, in fact, was the very basis of the decision in *Chakrabarty*. The *Chakrabarty* Court had no trouble holding that a genetically engineered mouse – something the

Framers could not possibly have contemplated, was patentable subject matter. Analogously, whenever mankind invents something, it should be patentable subject matter. The Decision is attempting to pigeonhole the categories that can be patented. This kind of limitation on patentable subject matter is the antithesis of creativity, and exactly what the Supreme Court has found to be unacceptable. Finding these claims to be unpatentable, however, would carve out a wholly new exception to subject matter patentability. In fact, if these claims are found to be unpatentable subject matter, certainly this could not be the “broad scope” that 35 USC §101 should receive.

The Patent Office’s attempt to carve out exceptions to subject matter patentability requirements is unfounded. The Patent Office has long had a history of sanctioning new claim types, such as the so-called Beauregard claims. One can easily imagine new technologies which would not be patentable under the Decision’s rationale. For example, some software manufacturers have long attempted to distribute software only as instructions which are executable over the Internet. This may be the next step in the prevention of software piracy. However, under the Decision, these kinds of packages of software would likely not be patentable. Any new business paradigm would similarly be likely unpatentable. The Decision would close the door on the patentability of certain kinds of subject matter.

This could not possibly have been Congress' intent, since "Congress plainly contemplated that the patent laws would be given wide scope" see, *Chakrabarty*.

Finally, the recent dissent in *LabCorp v. Metabolite Laboratories*, 2006 DJDAR 7853 (June 22, 2006) casts doubt on any bright line test, in favor of a more analytical approach.

***E. The "Guidelines" Do Not Have The Force Of Law, And Are Simply That, Guidelines***

The Guidelines do not have the force of law, and in fact nowhere do the Guidelines say, nor does anything underlying the guidelines contend, anything different. The two tests that are set forth in the guidelines are simply exemplary tests for patentability. These guidelines have never been through any administrative process that would grant them the force of law. Comments on the guidelines were solicited, but it does not appear that these comments were ever addressed by the Patent Office.

***F. The Current Claims Are Statutory***

As demonstrated herein, the current claims define tangible matter, and are statutory. In fact, even if the guidelines are applied to these claims, the claims should still be found to be statutory.

Note that the guidelines require, after considering the scope of 35 USC§101:

- Page 14 of the guidelines, instructs us to determine if the subject matter is a process, machine, manufacture or composition of matter.

Here, claim 1 (A275) defines a method, defining steps which define a process.

Claims 10 A(277), 13 (A278), 46(A285), 57(A286-287), 65(A288-289), 66(A289) are also processes. Claim 24 (A280-A281) defines a paradigm for marketing software, that is defined by a marketing company. A company is a physical thing, and as such analogous to a machine. The word “paradigm” in the preamble of this claim has no effect on whether this claim represents patentable subject matter under 35 USC §101. This is quite analogous to other Federal Circuit cases which have held that “method” claims are patentable subject matter, even though they use the word “method” instead of the statutory term “process”.

-The Guidelines require determination of whether the claimed invention falls within an exception: laws of nature, physical phenomena and

abstract ideas. Since the Decision apparently agrees that none of the claims fail under the law of nature/natural phenomena test, this section will not discuss those tests. However, the Decision does allege that the claims merely define an abstract idea. The Guidelines themselves, however, admit that using an abstract idea "to perform a real world function" is eligible for patenting. See the last paragraph on page 17 of the Guidelines, within section C of that portion.

The Guidelines also admit that application of an abstract idea may be patentable, see page 19 of the Guidelines.

Here, the "idea" of the shared marketing force is certainly claimed in a way that forms an application of any idea that underlies the shared marketing force.

Claim 1(A275), defines marketing channels that enable marketing the products, using the marketing force to market those products, obtaining a share of total profits, and obtaining an exclusive right to market each of the products in return for the using. Certainly, at least some of these process steps must be considered as tangible. For example, using the marketing force to market the products is an action, it is not an abstract idea. Obtaining a share of total profits requires an action, not just an abstract idea. These "steps" perform real world functions and are not abstract ideas.

Claim 10 (A277) defines establishing a shared marketing force, making an arrangement with an independent company, marketing the software company product of the independent company, and technically supporting the software product along with other common software products. Certainly the steps of establishing the shared marketing force, making the arrangements, marketing the product, and technically supporting the product are all concrete steps, not just abstract and disembodied ideas. Technically supporting is certainly an action, and not just an idea.

Claim 13 (A278-279) requires establishing a marketing company, identifying software products, entering an agreement with multiple different companies, and marketing and selling using common salespeople. Again, the actions of establishing a company, entering an agreement and selling are all definite actions – they cannot by any stretch of the imagination be considered to be an abstract idea.

Claim 24 (A280-A281) defines a “paradigm” which is formed by a marketing company that markets software from a plurality of different companies. Note that claim 24 specifically defines a marketing company. It totally defies logic to consider that a company could be an abstract idea.

Claim 36 (A283) defines commonly marketing software products, and obtaining an income stream, right to market, and IP rights in the products.

In return, claim 36 defines promising to use the shared marketing force. As above, at least the step of marketing define definite embodied operations.

Claim 46 (A285) defines obtaining an agreement and marketing products, which is not an idea, but both of which are rather embodied operations, see above.

Claim 57(A286-A287) defines using a shared marketing company to market, without requiring the companies to pay for the marketing, and obtaining a share of equity from each of these companies while leaving them independent. All of these steps, especially the marketing, are definite embodied operations, not ideas.

Claims 65(A288-289) defines commonly marketing software products using technical support personnel. Only if that initial group cannot handle the technical support the inquiry is routed to the independent software company. As above, certainly the marketing, handling, and technically supporting defines concrete embodied steps rather than an idea,

Claim 66(A289) defines using a shared marketing force to market a number of products, and warranting that the products will be supported for it specified time. The act of marketing and warranting are embodied steps, not mere ideas.

Consider an advantage of the claimed combination. Many times, a small software companies simply cannot afford to hire salesmen, technical supports, and others necessary support for this kind of software.

However, a company may have a very valuable software product.

The claims define a company that allows helping small software companies to do this, without making them raise money, hire salesmen, etc. Many of these claims define a new kind of software marketing – one that will help many software companies to come to market in a way that would not have been previously been possible. This claimed company and process is a practical application of the underlying idea.

The conclusions that these claims are statutory is also supported by the Guidelines. Page 20 of the guidelines begin the discussion of a useful concrete and tangible result. The way that the patent office instructs this analysis is described pages 20-22 of the Guidelines. First, a useful result, see above which explains how this result certainly is useful. Next, a tangible result. Section 2 beginning on page 21 indicates that tangible does not mean a claim must be tied to a machine or apparatus. However, it must produce a real world result. See page 21, fourth line from the bottom. Here, there is clearly a real world result: products are marketed, and the share of total profits are obtained. An exclusive right to market each of the products is

also a real world result. This is not in the slightest bit abstract. This is entirely tangible.

Finally, a concrete result on page 22. Concrete is the opposite of unrepeatable or unpredictable. Clearly there is no unpredictability about the subject matter of claim 1.

By the Guideline's own tests, therefore, claim 1 defines a concrete useful and tangible result, and the other claims quite clearly also recite such a result.

-Finally, preemption is discussed on page 36 of the Guidelines. This portion of the Guidelines states that one cannot patent "every substantial practical application" of an abstract idea. Assuming for a moment that the shared marketing force is the abstract idea here, claim 1 includes many other things, including actually using the force to market, obtaining a share of total profits from the marketing, and obtaining an exclusive right to market. This certainly does not claim every practical application of any idea. Moreover, this is clearly one practical application of whatever idea may be underlying the process.

Therefore, under the Guidelines themselves (even assuming that the Guidelines have any force of law), claim 1 is clearly statutory subject matter under 35 USC §101

***G. The Abstract Idea Exception Has Been Improperly Legally Applied by the Patent Office and The Conclusions That These Claims Define An Abstract Idea Is Legally Incorrect***

The Decision has misapplied the legal concept of abstract idea.

The proper analysis should start with the Supreme Court holding in *Rubber-Tip Pencil Co. v Howard*, 87 US 498 (1874). This case referred to contours of a special kind of pencil. Howard had specifically referred to contours of that pencil. The Supreme Court held that even though the idea underlying the pencil was good, the device that the applicant eventually claimed was not new. Accordingly, the idea that was disclosed was not patentable – only the contents of the claim mattered for patentability. The presence of a good idea did not make the claim patentable.

*Voigtmann v. Perkinson*, 138 F 56 (C.A. 7, 1905) also held that concept alone was not patentable. *Voigtmann* held that concept must be accompanied by “mechanical embodiment”. The concept alone was not patentable.

The 1952 Patent act makes clear that processes are also patentable. A post 1952 interpretation of *Voigtmann* still holds -- concept alone is not patentable -- Only mechanical and/or process based embodiments are patentable. The embodiments must be unanticipated and not obvious.

*In re Warmerdam*, 33F.3d 1354 (Fed Cir 1994) discussed the Federal Circuit's tests for what constitutes an abstract idea. *Warmerdam* related to an application that controlled motion of objects and machines using robotic techniques. As part of the operation, the claimed system determined the shape and position of objects to be avoided. *Warmerdam* at 1354.

However, the claims, as in *Rubber Tip*, were different than the disclosed application. The invention was defined as methods for generating a data structure and a machine with memory that had a bubble hierarchy therein. *Warmerdam* at 1355.

The claim, reproduced at 1357 of the decision, had in essence two steps: locating the medial object and creating a hierarchy of bubbles on the medial object.

The *Warmerdam* decision confirms that, as above, laws of nature, natural phenomena and abstract ideas are excluded from patent protection. 1358. The test, articulated in *Warmerdam*, (at 1359) is a two-part test: first, for a process, what is that process? Second, "in doing it [the process], is it other than what the Supreme Court must have understood to be 'laws of nature, natural phenomena or abstract ideas?'"

The court found that the steps of claim 1 which included locating an axis and creating a bubble hierarchy were nothing more than the

manipulation of basic mathematical constructs. The court called this "the paradigmatic abstract idea", since taking several abstract ideas and manipulating them together adds nothing to the basic equation. In essence, the test from *Warmerdam* is that manipulation of basic mathematical constructs is an abstract idea.

Note that the present claims have no mathematical constructs whatsoever. See above analysis of the claim scope.

The fact that *Warmerdam* had physically measured a contour of an object was simply held as a data gathering step of the type found insufficient to impart patentability in *In re Grams*, 888 F.2d 835 (Fed Cir. 1989). The court also held, however, that if the claim requires "more than the manipulation of ideas so that the process described in the claim produces something quite different, then the process might indeed describe statutory subject matter".

To bring together the holdings of all these cases: the term "abstract idea" was never intended to cover a combination of subject matter such as the present claims, that define actions and techniques associated with a shared sales force, which carries out specific embodied things, like market product, d\*\*. An "idea" is the opposite of an "embodiment". The abstract idea simply questions whether something can be reduced to practice "by

novel means or methods so that its utility may be demonstrated" *Trabon Engineering Corp. v Dirkes*, 136 F.2d 24, (C.A.6, 1943). Here, a method is claimed of determining how to interact with a shared sales force. The present claims do not merely define ideas or merely define manipulating ideas, as there were in *Warmerdam*. There are no mathematical constructs as there were in *Warmerdam*. The present claims define a fully-functioning and complete embodiment.

Ideas are not patentable. Apparatuses and processes that embody those ideas are patentable. Thoughts and algorithms are not patentable. However, claims to a specific process or apparatus that is implemented in accordance with a mathematical algorithm are patentable. *Arrhythmia Research Technology, Inc. v Corazonix Corp.*, 958 F.2d 1053 (Fed Cir 1992).

The claims define the concrete embodiments, not the ideas. Hence they are patentable.

***H. Does The Claimed Subject Matter Require That The Product Or Process Has More Than A Scintilla Of Interaction With The Real World In A Specific Way***

Appellants postulate a new test for patentability which is more consistent with Congress' intent.

Appellants' proposed test for patentability is " does the claimed subject matter require that the product or process has more than a scintilla of interaction with the real world in a specific way". This test is consistent with *State Street Bank*, see section 2, herein. This test is also consistent with Supreme Court law and the intent of Congress. Since the claim requires interaction with the real world, there cannot be preemption. The law of nature existed on its own. In its natural state, the law of nature could not have defined interaction with the real world. Since the test requires interaction with the physical world, anything that meets the test is more than an abstract idea -- it has actually been put into a form that makes it an embodiment, rather than an idea.

Moreover, by the very nature of its interaction with the real world, others can use the product or process in a way that interacts with the real world in a different way. This test therefore captures the nature of preemption, and prevents the claim from preempting a law of nature or physical phenomena and in a way that would prevent others from using that same law of nature or physical phenomena.

The test also follow the cases cited above, which show that Congress intended 35 USC §101 to have a very broad scope.

In a very much analogous way, this test also captures the nature of whether something is an "abstract idea". The test requires that the claimed subject matter interacts with the real world in a specific way. The very nature of an idea prevents the idea from interacting with the real world in any way.

Note also, that while the Decision alleges that there is no support for this test, in reality, this proposed test are in fact taken from the different cases. For example, it is well-established, and stated clearly within the Guidelines, that using an abstract idea, natural phenomena and/or law of nature "to perform a real world function" may be patentable subject matter. .

Applying this test to the claims at issue, one sees that all of the claims have substantial interaction with the real world, and clearly perform a real world function.

Claim 1, for example, uses the marketing force to market products. This is a real world operation that occurs in the real world. Since this takes a tangible action in the real world, it cannot preempt any algorithm. Obtaining a share of total profits from the marketing companies is again a real world function, which clearly represents statutory subject matter.

The other independent claims meet this test, and hence should represent patentable subject matter for analogous reasons.

Claim 10 (A277) defines establishing a market force, making an arrangement with an additional company, and marketing the product. Marketing the products certainly occurs in the real world and is a tangible step. Claim 10 also defines technically supporting the software product, again a step that occurs in the real world and is tangible.

Claim 13 (A278-279) defines a method of marking a product that requires establishing a marketing company, identifying software products, entering an agreement with the multiple different software companies, and marketing and selling. Again, these are definite steps that occur in the real world.

Claim 24 (A280-281) defines a marketing company that markets software. Since a marketing company markets software, it is a real and tangible company that exists in the real world.

Claim 36, (A283), defines commonly marketing a plurality of software products and a plurality of different autonomous companies using a shared marketing force. As part of this, the operation markets the products which occurs on the real world. Some percentage of the income stream, and exclusive right to market, and intellectual property rights in the product are obtained. In return, an agreement is made to pay an amount that covers the cost of the marketing.

Claim 46 (A285) defines obtaining an agreement from a plurality of companies and marketing the products and technically supporting all the products. These actions occur only in the real world.

Claim 57 (A286-A287) define marketing and obtaining a share of equity. These operations occur in the real world.

Claim 65 (A288-A289) defines marketing, handling technical support, routing technical support inquiries, and using technical support personnel. These actions occur in the real world, and hence meet the proposed test.

Finally, claim 66, (A289) defines using a shared marketing force, and warranting that the software products will be supported for at least two years. Marketing and warranting are both actions that occur in the real world.

### **VIII. Conclusion and Statement of Relief Sought**

In conclusion, the Patent Office's rejection is legally incorrect. The claims do in fact define statutory subject matter under 35 USC §101. Since the only rejection remaining to these claims is based on 35 USC §101, the Appellant requests that the Director of the United States Patent Office be ordered to issue a patent to Appellants.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Scott C. Harris

**IX. Appendix**  
Table of Contents

Decision of the United States Patent and Trademark Office .... A0001

Claims on Appeal ...A0275

**X. Proof of service**

United States Court of Appeals for the Federal Circuit

In Re Ferguson  
2007-1232

The undersigned hereby certifies that two copies of the attached  
COMBINED BRIEF AND APPENDIX was sent today via first class mail  
to:

Office of the Solicitor  
United States Patent and Trademark Office,  
PO Box 15667  
Arlington, Va 22215

---

Date:

Phone: 619-823-7778  
Email: scott@harrises.com

**XI. Certificate of Compliance (Federal Rule 32)**

The undersigned hereby certifies that this brief has fewer than 14,000 words, (in fact, 7141 words), as counted by the word processing software.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Scott C. Harris