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UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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*Ex parte* WILLIAM ROBERT COBB, CHRIS GREGORY COX,  
BARTON CARTER MITCHELL, DEREK WILLIAM THOMPSON, and  
BRIAN MARSHALL BURNEY

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Appeal 2015-006179  
Application 13/462,374<sup>1</sup>  
Technology Center 3600

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Before NINA L. MEDLOCK, BRUCE T. WIEDER, and  
ALYSSA A. FINAMORE, *Administrative Patent Judges*.

WIEDER, *Administrative Patent Judge*.

DECISION ON APPEAL

This is a decision on appeal under 35 U.S.C. § 134 from the non-final rejection of claims 1 and 3–15.<sup>2</sup> We have jurisdiction under 35 U.S.C. § 6(b).

We REVERSE.

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<sup>1</sup> According to Appellants, the real party in interest is RxMedic Systems, Inc. (Appeal Br. 1.)

<sup>2</sup> Claim 2 is cancelled. (Non-final Action 6.) Therefore, we treat the statement that “[c]laim(s) 1–15 is/are rejected” as a typographical error. (*See id.* at 1.)

CLAIMED SUBJECT MATTER

Appellants' claimed "invention relates generally to systems for locating items within a defined area." (Spec. 1, ll. 6–7.) More specifically, it relates to "[a] method for tracking and locating prescription medications within a pharmacy." (Claim 1.)

Claim 1 is the sole independent claim on appeal. It recites (emphasis added):

1. A method for tracking and locating prescription medications within a pharmacy, said method comprising the steps of:

receiving a customer order to fill or refill a medical prescription;

processing said prescription order, including locating a medication specified in said customer order, counting a proper number of doses of said medication, placing said proper number of doses of said medication into a container, and providing a label to be applied to said container;

providing at least one computer connected to a transmitter for transmitting coded signals;

establishing on said computer a customer record or accessing an existing customer record;

establishing a security protocol on said computer to identify a specific pharmacy worker, and identifying and recording information relating to transactions conducted by said pharmacy worker;

providing a hanger bag, said hanger bag including a hanger, a bag, a bar code, means for receiving said coded signal from said computer, and a transducer connected to said receiving means, *wherein said transducer is activated by said coded signal and emits an audio or visual signal upon activation;*

placing said container with said medication into said hanger bag;

hanging said hanger bag on a will call rack;

accessing said computer upon arrival of a customer to pick up said medication;

commanding said computer to send said coded signal to said hanger bag;  
said hanger bag activating said transducer upon receipt of said coded signal;  
retrieving said hanger bag and said container with said medication; and  
scanning said bar code from said hanger bag and allowing said computer to compare said barcode from said hanger bag with said prescription order to ensure that said customer is receiving correct prescription medication.

### REJECTIONS

Claims 1, 3–12, 14, and 15 are rejected under 35 U.S.C. § 101<sup>3</sup> because the claimed invention is directed to non-statutory subject matter.

Claims 1 and 3–15 are rejected under 35 U.S.C. § 103(a)<sup>4</sup> as unpatentable over Lilly (US 2003/0093295 A1, pub. May 15, 2003) and Mitchell (US 2003/0067381 A1, pub. Apr. 10, 2003).

### ANALYSIS

#### The § 101 rejection

Prior to the mailing date of the Non-final Action from which this appeal is taken, the Supreme Court decided *Alice Corp. Pty. Ltd. v. CLS Bank Int'l*, 134 S. Ct. 2347 (2014). *Alice* applies a two-part framework,

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<sup>3</sup> Claims 1 and 3–15 are pending. Therefore, we treat the statement that “claims 1, 3–12 and 14–15 are herein rejected under 35 U.S.C 101” (Answer 2) as correct and we treat the statement that “claims 1–12, 14–21 and 27–46 are herein rejected under 35 U.S.C 101” (Non-final Action 2) as a typographical error.

<sup>4</sup> As noted above, claims 1 and 3–15 are pending. Therefore, we treat the statement that “[c]laims 1–15 are rejected under 35 U.S.C. § 103(a)” (Non-final Action 3) as a typographical error.

earlier set out in *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66 (2012), “for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts.” *Alice*, 134 S. Ct. at 2355.

Under the two-part framework, it must first be determined if “the claims at issue are directed to a patent-ineligible concept.” *Id.* If the claims are determined to be directed to a patent-ineligible concept, e.g., an abstract idea, then the second part of the framework is applied to determine if “the elements of the claim . . . contain[] an ‘inventive concept’ sufficient to ‘transform’ the claimed abstract idea into a patent-eligible application.” *Id.* at 2357 (citing *Mayo*, 566 U.S. at 72–73, 79).

Claims 1, 3–12, 14, and 15 are rejected under § 101 because “[t]he claims are drawn to an abstract idea, that abstract idea being a basic concept of providing healthcare” and because “[t]he claims do not amount to significantly more than the abstract idea itself.” (Answer 2.) In response to Appellants’ arguments, the Examiner “notes that the claims . . . are directed to the abstract idea of comparing new and stored information and using rules to identify options.” (*Id.* at 12.)

Appellants disagree and argue that “the claims are directed to a ‘method for tracking and locating prescription medications within a pharmacy.” (Reply Br. 6.)

Under part one of the *Alice* framework, we “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.” *Affinity Labs of Texas, LLC v. DirectTV, LLC*, 838 F.3d 1253, 1257 (Fed. Cir. 2016) (quoting *Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1353 (Fed. Cir. 2016)).

Thus, although we consider the claim as a whole, the “directed to” inquiry focuses on the claim’s “character as a whole.”

Even if we accept Appellants’ characterization of the claims, looking at the claims’ “character as a whole,” the claims are directed to tracking inventory. That the inventory is medication does not alter this determination. Moreover, tracking inventory is a fundamental business practice and an abstract idea. *See Wireless Media Innovations, LLC v. Maher Terminals, LLC*, 100 F. Supp. 3d, 405, 413 (D. N.J. 2015), *aff’d*, 636 F. App’x 1014 (Fed. Cir. 2016). Therefore, we are not persuaded that the Examiner erred in determining that the claims are directed to an abstract idea.

We next look to part two of the *Alice* framework which has been described “as a search for an “inventive concept” –*i.e.*, an element or combination of elements that is ‘sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the [ineligible concept] itself.’” *Alice*, 134 S. Ct. at 2355 (citing *Mayo*, 566 U.S. at 72–73).

The Examiner’s Answer, as well as the Non-final Action from which this appeal is taken, were mailed after June 25, 2014. At that time, Examiners were instructed to formulate a rejection in accordance with the “Preliminary Examination Instructions in view of the Supreme Court Decision in *Alice Corporation Pty. Ltd. v. CLS Bank International, et al.*,” Memorandum, Andrew H. Hirshfeld, Deputy Commissioner for Patent Examination Policy, June 25, 2014. According to the Memorandum, Examiners were to “[c]onsider the claim as a whole by considering all claim elements, both individually and in combination.” It is not clear that was done here.

The Examiner does not address the claim limitation “said transducer is activated by said coded signal and emits an audio or visual signal upon activation” and, more particularly, does not address Appellants’ argument that “the hanger bag utilizing the transducer activated by a coded signal of claim 1 is a specific limitation not currently known in the field of pharmacy technology.” (See Answer 12–13; see also Reply Br. 9.)

We note that in a subsequent Memorandum, dated after the Answer was mailed, Examiners were instructed:

*If applicant responds to an examiner’s assertion that something is well-known, routine, conventional activity with a specific argument or evidence that the additional elements in a claim are not well-understood, routine, conventional activities previously engaged in by those in the relevant art, the examiner should reevaluate whether it is readily apparent that the additional elements are in actuality well-known, routine, conventional activities to those who work in the relevant field. It is especially necessary for the examiner to fully reevaluate his or her position when such additional elements are not discussed in the specification as being known generic functions/components/activities or not treated by the courts as well-understood, routine, conventional activities. If the rejection is to be maintained, the examiner should consider whether rebuttal evidence should be provided to further support the rejection and clarify the record for appeal.*

“Formulating a Subject Matter Eligibility Rejection and Evaluating the Applicant’s Response to a Subject Matter Eligibility Rejection,” Memorandum, Robert W. Bahr, Deputy Commissioner for Patent Examination Policy, May 4, 2016 (emphasis added). In this case, Appellants specifically argue that “the hanger bag utilizing the transducer activated by a coded signal of claim 1 is a specific limitation not currently known in the field of pharmacy technology.” (Reply Br. 9.)

The Answer does not provide sufficient reasoning for us to fully evaluate the Examiner's position in view of Appellants' argument nor does the Examiner provide rebuttal evidence in response to Appellants' argument. Therefore, we reverse the rejection under § 101.

The § 103 rejection

The Examiner finds that Mitchell discloses “providing a hanger bag, said hanger bag including a hanger, a bag, a bar code, means for receiving said coded signal from said computer, and a transducer connected to said receiving means, wherein said transducer is activated by said coded signal.” (Non-final Action 5; *see also id.* at 6.)

Appellants argue that claim 1 was amended “to indicate that the transducer emits an audio or visual signal. However, the Examiner has not identified any language within any of the cited references supporting his position that Mitchell, nor even Lily [sic] disclose, teach, or suggest this element.” (Appeal Br. 9–10; *see also* Reply Br. 12.)

We agree. The Examiner does not indicate where the prior art discloses a transducer “activated by said coded signal and emits an audio or visual signal upon activation,” as recited in claim 1. (*See* Non-final Action 5; *see also* Answer 14–17.) Nor does the Examiner indicate why this claim element would have been obvious to one of skill in the art.

Therefore, we are persuaded that the Examiner erred in rejecting claim 1 and dependent claims 3–15 under § 103.



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DECISION

The Examiner's rejection of claims 1, 3–12, 14, and 15 under 35 U.S.C. § 101 is reversed.

The Examiner's rejection of claims 1 and 3–15 under 35 U.S.C. § 103(a) is reversed.

REVERSED