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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte DAN SKOWRONEK, SUNIL DEWAN, KEVIN KNOWLES, and
STUART KIEFER

Appeal 2016-002312¹
Application 12/052,962
Technology Center 3600

Before MURRIEL E. CRAWFORD, MICHAEL W. KIM, and
PHILIP J. HOFFMANN, *Administrative Patent Judges*.

KIM, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

This is an appeal from the Final Rejection of claims 1–5, 7, 9–11, 15–17, and 19–21. We have jurisdiction to review the case under 35 U.S.C. §§ 134 and 6.

The invention relates generally to “maintaining and/or increasing member activity and participation in loyalty programs.” Spec. ¶ 1.

¹ The Appellants identify First Data Corporation as the real party in interest. Appeal Br. 3.

Claim 1 is illustrative:

1. A method that is implemented by a computer system having a memory and a processor for adding a computerized subprogram to a computer program, the method comprising:

receiving and storing at the computer system a registration for two or more loyalty program participants, wherein each of the loyalty program participants has a separate and distinct loyalty account from all other loyalty program participants, wherein information on the loyalty program participants is stored in a customer profile database that comprises:

a member ID field, the member ID field comprising one or more member IDs; and

a loyalty program selection field, the loyalty program selection field comprising one or more pointers between the loyalty program participant and one or more loyalty programs the participant is participating in identified by a loyalty program ID;

receiving and storing at the computer system information about one or more loyalty programs to which the loyalty program participants may participate, wherein information on the loyalty programs is stored in a loyalty program rules database that comprises:

a merchant ID field, the merchant ID field comprising one or more merchant IDs;

a loyalty program ID field, the loyalty program ID field comprising one or more IDs for one or more loyalty programs associated with the merchant identified by the merchant ID;

a merchant loyalty rules field, the merchant loyalty rules field comprising one or more loyalty program rules associated with the loyalty program identified by the loyalty program ID; and

a member IDs field, the member IDs field comprising one or more pointers between one or more loyalty program participants participating in the loyalty program identified by the loyalty program ID;

receiving and storing at the computer system a selection of the loyalty programs from each of the participants order to register to participate in the loyalty program, wherein the selected loyalty program comprises rules that specify achievement levels based on purchases made by each participant with a given merchant;

associating the two or more loyalty program participants with the loyalty program;

receiving at the computer system a request to create a loyalty sub-program from a participant, wherein the loyalty sub-program includes a challenge that challenges other loyalty program participants to increase their achievement level by competing according to the rules of the sub-program;

creating the loyalty sub-program under the loyalty program by adding a loyalty ID to the loyalty program ID field;

storing one or more loyalty sub-program rules in the merchant loyalty rules field, wherein at least one of the rules specifies the purchase of a particular product offered by the given merchant;

accepting one or more participants for the loyalty sub-program and adding a pointer between the loyalty program ID that is associated with the sub-program rule in the merchant loyalty rules field and the member ID in the member ID field that is associated with the participant in the loyalty sub-program;

receiving and storing at the computer system transaction information for one or more of the loyalty program participants, including the member ID that is associated with the participant in the loyalty sub-program;

processing with the processor the transaction information with one or more loyalty sub-program rules for the two or more loyalty program participants by using the pointer between the member ID in the member ID field and the loyalty program ID to calculate an achievement level for each of the participants for the loyalty subprogram by calculating how many purchases of the particular product from the given merchant were made by each of the participants; and

transmitting from the computer system to a participant computer of one of the participants loyalty program information that includes displayable information showing the achievement level for two or more loyalty program participants such that the participant may view at the participant computer an achievement level for the loyalty program participant as well as achievement levels for other loyalty program participants, including achievement levels for the loyalty sub-program.

Claims 1–5, 7, 9–11, 15–17, and 19–21 are rejected under 35 U.S.C. § 101 as reciting non-statutory subject matter.

We AFFIRM.

ANALYSIS

We are not persuaded by the Appellants’ argument that the “claims do not describe or set forth any of the abstract ideas alleged to be included in the subsets of claim 1, but instead describe and set forth a method for adding a computerized subprogram to a computer program, which is not an abstract idea.” Reply Br. 2; *see also* Appeal Br. 9 (alleging that the claims are directed “to a technical way to interface a computerized subprogram with an existing computerized program. Clearly, this is not an abstract idea, but a technical way to program a computer system”).

An invention is patent-eligible if it claims a “new and useful process, machine, manufacture, or composition of matter.” 35 U.S.C. § 101. The Supreme Court, however, has long interpreted § 101 to include implicit exceptions: “[l]aws of nature, natural phenomena, and abstract ideas” are not patentable. *E.g., Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S.Ct. 2347, 2354 (2014).

In determining whether a claim falls within the excluded category of abstract ideas, we are guided in our analysis by the Supreme Court’s two-step framework, described in *Mayo* and *Alice*. *Id.* at 2355 (citing *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289, 1296–97 (2012)). In accordance with that framework, we first determine whether the claim is “directed to” a patent-ineligible abstract idea. *See Alice*, 134 S. Ct. at 2356 (“On their face, the claims before us are drawn to the concept of intermediated settlement, *i.e.*, the use of a third party to mitigate settlement risk.”); *Bilski v. Kappos*, 561 U.S. 593, 611 (2010) (“Claims 1 and 4 in petitioners’ application explain the basic concept of hedging, or protecting against risk.”); *Diamond v. Diehr*, 450 U.S. 175, 184 (1981) (“Analyzing respondents’ claims according to the above statements from our cases, we think that a physical and chemical process for molding precision synthetic rubber products falls within the § 101 categories of possibly patentable subject matter.”); *Parker v. Flook*, 437 U.S. 584, 594–595 (1978) (“Respondent’s application simply provides a new and presumably better method for calculating alarm limit values.”); *Gottschalk v. Benson*, 409 U.S. 63, 64 (1972) (“They claimed a method for converting binary-coded decimal (BCD) numerals into pure binary numerals.”).

The patent-ineligible end of the spectrum includes fundamental economic practices, *Alice*, 134 S. Ct. at 2357; *Bilski*, 561 U.S. at 611; mathematical formulas, *Flook*, 437 U.S. at 594–95; and basic tools of scientific and technological work, *Benson*, 409 U.S. at 69. On the patent-eligible side of the spectrum are physical and chemical processes, such as curing rubber, *Diamond*, 450 U.S. at 184 n.7, “tanning, dyeing, making

waterproof cloth, vulcanizing India rubber, smelting ores,” and a process for manufacturing flour, *Gottschalk*, 409 U.S. at 68.

If the claim is “directed to” a patent-ineligible abstract idea, we then consider the elements of the claim—both individually and as an ordered combination—to assess whether the additional elements transform the nature of the claim into a patent-eligible application of the abstract idea. *Alice*, 134 S.Ct. at 2355. This is a search for an “inventive concept”—an element or combination of elements sufficient to ensure that the claim amounts to “significantly more” than the abstract idea itself. *Id.*

Claim 1 recites the operation of a loyalty program, including the step of receiving “a request to create a loyalty sub-program,” creating the “sub-program” by adding a field, rules, and a pointer, and communication of status under the program and additional “sub-program” to linked groups of participants, and receiving, storing, and totaling transaction data, before communicating status of participants to several participants.

Claim 1 is, therefore, directed to receiving, storing, organizing, and communicating information. We agree with the Examiner that this is very much like the method found to be an abstract idea in *Cyberfone*. Answer 4–8.

In *Cyberfone*, the Court held that “using categories to organize, store, and transmit information is well-established,” and “the well-known concept of categorical data storage, i.e., the idea of collecting information in classified form, then separating and transmitting that information according to its classification, is an abstract idea that is not patent-eligible.” *Cyberfone Systems, LLC v. CNN Interactive Group, Inc.*, 558 Fed. Appx. 988, 992

(Fed. Cir. 2014). Here, as in *Cyberfone*, information is received, stored, organized, and transmitted.

The Examiner also finds three recited limitations similar to cases other than *Cyberfone*. Answer 4–8. However, “associating the two or more loyalty program participants with the loyalty program,” “storing one or more loyalty sub-program rules in the merchant loyalty rules field, wherein at least one of the rules specifies the purchase of a particular product offered by the given merchant,” and

processing with the processor the transaction information with one or more loyalty sub-program rules for the two or more loyalty program participants by using the pointer between the member ID in the member ID field and the loyalty program ID to calculate an achievement level for each of the participants for the loyalty subprogram by calculating how many purchases of the particular product from the given merchant were made by each of the participants,

as claimed, are also steps in organizing information, as in *Cyberfone*.

Therefore, as in *Cyberfone*, we agree that claim 1 is directed to an abstract idea, in the form of collecting, storing, organizing, and transmitting information.

In addition, setting aside the claimed requirement to implement the method on a “computer system” with a “processor,” the method involves handling information that could be accomplished manually, with the use of pen and paper, because the claimed method merely organizes information, sums transaction values, determines an achievement level, and communicates the information. The Federal Circuit has held that if a method can be performed by human thought alone, or by a human using pen and paper, it is merely an abstract idea and is not patent-eligible under § 101. *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1373 (Fed. Cir.

2011) (“[A] method that can be performed by human thought alone is merely an abstract idea and is not patent-eligible under § 101.”).

Additionally, mental processes, e.g., computing a score, as recited in claim 1, remain unpatentable even when automated to reduce the burden on the user of what once could have been done with pen and paper. *Id.* at 1375 (“That purely mental processes can be unpatentable, even when performed by a computer, was precisely the holding of the Supreme Court in *Gottschalk v. Benson*, [409 U.S. 63 (1972)].”).

Turning to the second step of the *Alice* analysis, because we find that claim 1 is directed to an abstract idea, the claim must include an “inventive concept” in order to be patent-eligible—i.e., there must be an element or combination of elements that is sufficient to ensure that the claim in practice amounts to significantly more than the abstract idea itself.

Claim 1, at best, utilizes only a “computer system” and “processor.” The Specification describes that “the computer system 900 comprises a processor 902 for executing one or more instructions in software stored on computer-readable medium, such as memory 904 or storage device(s) 908.” Spec. ¶ 77. The Appellants have not identified any persuasive evidentiary basis for asserting that the claimed “computer system” is anything other than a generic computer.

Although the Appellants argue claim 1, by virtue of its preamble, is “a technical way to program a computer system” (Appeal Br. 9), the body of the claim recites steps to operate a loyalty program, including adding additional information to expand the scope of the loyalty program being

operated.² Thus, though the claim lays out a set of steps for operating a loyalty program which could be adapted to programming a computer, the method also could be operated manually without any computer, if the requirement to use a computer system is set aside. *See Bilski*, 130 S.Ct. at 3230 (“[T]he prohibition against patenting abstract ideas ‘cannot be circumvented by attempting to limit the use of the formula to a particular technological environment’” (quoting *Diamond v. Diehr*, 450 U.S. 175, 191–92, 101 S.Ct. 1048 (1981))). “[A]fter *Alice*, there can remain no doubt: recitation of generic computer limitations does not make an otherwise ineligible claim patent-eligible. The bare fact that a computer exists in the physical rather than purely conceptual realm is beside the point.” *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1256 (Fed. Cir. 2014) (internal citations and quotation marks omitted).

Nothing in claim 1 purports to improve computer functioning or “effect an improvement in any other technology or technical field.” *Alice*, 134 S. Ct. at 2359. Nor do claims solve a problem unique to the Internet. *See DDR Holdings*, 773 F.3d at 1257. The claims also are not adequately tied to “a particular machine or apparatus.” *Bilski v. Kappos*, 561 U.S. 593, 602 (2010). Any generic computer is capable of receiving and storing information in fields, performing simple calculations, and transmitting information. “[S]imply implementing an abstract concept on a computer, without meaningful limitations to that concept, does not transform a patent-

² In addition to arguing the claim is directed to a “technical way to program a computer system,” the Appellants argue instead that the claim “is directed to a way to permit a non-technical person to create a loyalty subprogram within a larger merchant program in an easy and convenient manner.” Appeal Br. 12. The second explanation is closer to the claim language.

ineligible claim into a patent-eligible one.” *Accenture Global Servs., GmbH v. Guidewire Software, Inc.*, 728 F.3d 1336, 1345 (Fed. Cir. 2013).

Because claim 1 is directed to an abstract idea, and nothing in the claims adds an inventive concept, we are unpersuaded the Examiner erred in assertion that the claim is not patent-eligible under § 101. Therefore, we sustain the Examiner’s rejection of claim 1 under 35 U.S.C. § 101. We also sustain the rejection of dependent claims 2–5 and 7, which are not argued separately, and which do not recite elements that alter the analysis of claim 1.

Further, we find no meaningful distinction between independent method claim 1 and either independent system claim 9 or independent medium claim 17; the claims all are directed to the same underlying invention. Therefore, we also sustain the rejection of independent claims 9 and 17 under § 101. As the Federal Circuit has made clear “the basic character of a process claim drawn to an abstract idea is not changed by claiming only its performance by computers, or by claiming the process embodied in program instructions on a computer readable medium.” *See CyberSource*, 654 F.3d at 1375-76 (*citing In re Abele*, 684 F.2d 902 (CCPA 1982)). Because we find that dependent claims 10, 11, 15, 16, and 19–21 lack additional elements that would render the claims patent-eligible, we also sustain the rejection under § 101 of these dependent claims on the same basis as the independent claims from which they depend.

We have reviewed the Appellants other arguments, such as those directed to preemption (*see* Appeal Br. 8–13, Reply Br. 2–5), but determine that they are unpersuasive in light of the above analysis.

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For these reasons, we sustain the rejection under 35 U.S.C. § 101 of claims 1–5, 7, 9–11, 15–17, and 19–21 as reciting ineligible subject matter in the form of an abstract idea.

DECISION

We AFFIRM the rejection of claims 1–5, 7, 9–11, 15–17, and 19–21 under 35 U.S.C. § 101.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a)(1)(iv).

AFFIRMED