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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte BISHNU NAYAK, TREVOR LOVETT, and
DANIEL MALEE

Appeal 2016-002569
Application 12/824,979¹
Technology Center 3600

Before JOSEPH A. FISCHETTI, TARA L. HUTCHINGS, and
ALYSSA A. FINAMORE, *Administrative Patent Judges*.

FISCHETTI, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Appellants seek our review under 35 U.S.C. § 134 of the Examiner's final rejection of claims 1, 2, 4–12, 16–22, 25, and 26. We have jurisdiction under 35 U.S.C. § 6(b).

SUMMARY OF DECISION

We AFFIRM.

¹ Appellants identify AT&T Intellectual Property I, L.P. as the real party in interest. (Appeal Br. 1.)

THE INVENTION

Appellants claim “systems and methods of using coupons for on-demand content.” Spec. ¶ 1.

Claim 1 reproduced below, is representative of the subject matter on appeal.

1. A method comprising:

receiving, at a computer system, a request to validate a coupon for on-demand content, pay-per-view content, paid content, or a combination thereof;

validating, at the computer system, the coupon based on a user account associated with the request, wherein the validating includes determining whether a service level associated with the user account satisfies a particular service level required by the coupon;

receiving, at the computer system, transaction data indicating a transaction associated with the user account;

comparing, at the computer system, the transaction data to coupon data associated with the coupon after validation of the coupon to determine whether the coupon is applicable to the transaction associated with the user account; and

in response to determining that the coupon is applicable to the transaction, applying, at the computer system, the coupon to the transaction.

THE REJECTIONS

The Examiner relies upon the following as evidence of unpatentability:

Skowronek et al. US 2010/0010964 A1 Jan. 14, 2010
(hereinafter “Skowronek”)

Dasher et al. US 2011/0071896 A1 Mar. 24, 2011
(hereinafter “Dasher”)

The following rejections are before us for review.

Claims 1, 2, 4–12, 16–22, 25, and 26 are rejected under 35 U.S.C. § 101 as being directed to non-statutory subject matter.

Claims 1, 2, 4–12, 16–22, 25, and 26 are rejected under 35 U.S.C. § 103(a) as unpatentable over Dasher and Skowronek.

FINDINGS OF FACT

We adopt the Examiner’s findings as set forth on pages 2–16 of the Final Rejection.

ANALYSIS

35 U.S.C. § 101 REJECTION

We will affirm the rejection of claims 1, 2, 4–12, 16–22, 25, and 26 under 35 U.S.C. § 101.

Independent claim 1 recites in pertinent part:

receiving . . . a request to validate a coupon for on-demand content, pay-per-view content, paid content, or a combination thereof;

validating . . . the coupon based on a user account associated with the request, wherein the validating includes determining whether a service level associated with the user account satisfies a particular service level required by the coupon;

receiving . . . transaction data indicating a transaction associated with the user account;

comparing . . . the transaction data to coupon data associated with the coupon after validation of the coupon to determine whether the coupon is applicable to the transaction associated with the user account; and

in response to determining that the coupon is applicable to the transaction, applying . . . the coupon to the transaction.

(Appeal Br. 17.)

The Supreme Court

set forth a framework for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts. First, . . . determine whether the claims at issue are directed to one of those patent-ineligible concepts. If so, we then ask, “[w]hat else is there in the claims before us?” To answer that question, . . . consider the elements of each claim both individually and “as an ordered combination” to determine whether the additional elements “transform the nature of the claim” into a patent-eligible application. [The Court] described step two of this analysis 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 Corp. Pty. Ltd. v. CLS Bank Int’l, 134 S. Ct. 2347, 2355 (2014)
(alterations in original) (citations omitted) (citing *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 72–73 (2012)).

To perform this test, we must first determine whether the claims at issue are directed to a patent-ineligible concept.

Although the Court in *Alice* made a direct finding as to what the claims were directed to, we find that this case’s claims themselves and the Specification provide enough information to inform one as to what they are directed to.

The steps in claim 1 result in applying a coupon to a transaction. The Specification at paragraph 2 recites: “Coupons can be used to encourage [a] consumer to make purchases, which can increase revenue. For example, coupons can be used to encourage use of revenue generating services, such

as accessing on-demand content.” The Specification at paragraphs 22, 28 and 32 describes that

[t]he coupon validation module 125 may send feedback 140 to the user via one or more of the user devices 102. The feedback 140 may inform the user whether the coupon associated with the coupon identifier 114 is valid or not, and may also provide other information. For example, when the coupon is not valid, the feedback 140 may include information about why the coupon is not valid. To illustrate, the feedback 140 may indicate that the coupon . . . is not valid for the user account 132 (e.g., because of a location associated with the user account 132, because of a service level associated with the user account 132, because the coupon is associated with a different user account, and so forth)[;]

[t]he method may also include, at 216 [of Figure 2], automatically comparing the transaction data to the valid coupon list associated with the user account to determine whether at least one coupon identified in the valid coupon list is applicable to the at least one transaction. In a particular embodiment, the transaction data is compared to the valid coupon list after one or more transactions are processed. For example, the transaction data may be compared to the valid coupon list after the user has been granted a right to access a purchased asset. To illustrate, the transaction data may be compared to the valid coupon list as part of a periodic reconciliation process[;]

and

[s]ince the coupon validation and redemption system may be used with the on-demand provider system, targeted coupons can be supported. For example, an IPTV system may have a user account associated with one or more user devices. A coupon targeting a user associated with the user account may be supported by making the coupon valid only for the user account or only for a particular set or type of user accounts. To illustrate, a particular coupon may be valid only for users having a predefined set of services.

Thus, all this evidence shows that claim 1 is directed to applying a coupon to a transaction that may include on-demand content and is based on an existing standard of eligibility of the customer. It follows from prior Supreme Court cases, and *Gottschalk v. Benson*, 409 U.S. 63 (1972) in particular, that the claims at issue here are directed to an abstract idea. Encouraging a consumer to make purchases, which usually increases revenue, using a coupon as an incentive, is a fundamental economic practice. The patent-ineligible end of the 35 U.S.C. § 101 spectrum includes fundamental economic practices. *See Alice Corp. Pty. Ltd.*, 134 S. Ct. at 2355–57. Thus, applying a coupon to a transaction that may include on-demand content and is based on an existing standard of eligibility of the customer is an “abstract idea” beyond the scope of § 101.

As in *Alice*, we need not labor to delimit the precise contours of the “abstract ideas” category in this case. It is enough to recognize that there is no meaningful distinction in the level of abstraction between the concept of an intermediated settlement in *Alice* and the concept of applying a coupon to a transaction involving on-demand content, at issue here. Both are squarely within the realm of “abstract ideas” as the Court has used that term. That the claims do not preempt all forms of the abstraction or may be limited to on-demand content (*see* Appeal Br. 8), does not make them any less abstract. *See OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1362–63 (Fed. Cir. 2015). Perhaps more to the point, claim 1 does no more than encourage people to use more product/services. Encouraging, as such, is a disembodied concept that is the epitome of abstraction.

The introduction of a computer into the claims does not alter the analysis at step two.

[T]he mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention. Stating an abstract idea “while adding the words ‘apply it’” is not enough for patent eligibility. Nor is limiting the use of an abstract idea “to a particular technological environment.” Stating an abstract idea while adding the words “apply it with a computer” simply combines those two steps, with the same deficient result. Thus, if a patent’s recitation of a computer amounts to a mere instruction to “implemen[t]” an abstract idea “on ... a computer,” that addition cannot impart patent eligibility. This conclusion accords with the preemption concern that undergirds our § 101 jurisprudence. Given the ubiquity of computers, wholly generic computer implementation is not generally the sort of “additional featur[e]” that provides any “practical assurance that the process is more than a drafting effort designed to monopolize the [abstract idea] itself.”

Alice, 134 S. Ct. at 2358 (alterations in original) (citations omitted).

“[T]he relevant question is whether the claims here do more than simply instruct the practitioner to implement the abstract idea . . . on a generic computer.” *Alice*, 134 S. Ct. at 2359. They do not.

Taking the claim elements separately, the function performed by the computer at each step of the process is purely conventional. Using a computer to take in data, compute a result, and return the result to a user amounts to electronic data query and retrieval—some of the most basic functions of a computer. All of these computer functions are well-understood, routine, conventional activities previously known to the industry. In short, each step does no more than require a generic computer to perform generic computer functions.

Considered as an ordered combination, the computer components of Appellants' method add nothing that is not already present when the steps are considered separately. Viewed as a whole, Appellants' claims simply recite the concept of applying a coupon to a transaction based on an existing standard of eligibility of the customer. The claims do not, for example, purport to improve the functioning of the computer itself. Nor do they effect an improvement in any other technology or technical field. Under our precedents, that is not enough to transform an abstract idea into a patent-eligible invention. *See Alice Corp. Pty. Ltd.*, 134 S. Ct. at 2360.

As to the structural claims, they

are no different from the method claims in substance. The method claims recite the abstract idea implemented on a generic computer; the system claims recite a handful of generic computer components configured to implement the same idea. This Court has long “warn[ed] ... against” interpreting § 101 “in ways that make patent eligibility ‘depend simply on the draftsman’s art.’”

Alice, 134 S. Ct. at 2360 (alterations in original) (quoting *Mayo Collaborative Servs.*, 132 S. Ct. at 1294).

Appellants argue that “the only way to objectively determine what is well-understood, routine, and conventional is to cite evidence (e.g., references). Thus, a claim includes ‘significantly more’ when no reference or combination of references teaches every element of the claim.” (Appeal Br. 7.)

We disagree with Appellants because “[t]he ‘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.” *Diamond v. Diehr*, 450 U.S. 175, 188–89 (1981).

Appellants assert that, “[t]he claims are directed to **specific** ways of applying a coupon for particular types media content to a transaction.” (Appeal Br. 8.) Yet, the relevant question is whether the claims as a whole “focus on a specific means or method that improves the relevant technology” or are “directed to a result or effect that itself is the abstract idea and merely invoke generic processes and machinery.” *McRO, Inc. v. Bandai Namco Games Am. Inc.*, 837 F.3d 1299, 1314 (Fed. Cir. 2016), *citing Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1336 (Fed. Cir. 2016). In this case, the independent claims are directed to applying a coupon to a transaction to decrease the balance to pay the merchant based on some standard of eligibility of the customer, and not to any claimed specific means for accomplishing this goal that improves technology.

Concerning Appellants’ arguments to claims 8–11 (Appeal Br. 8–9), 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 Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1375–76 (*citing In re Abele*, 684 F.2d 902 (CCPA 1982)).

The remainder of Appellants’ arguments have been considered, but are not persuasive for the reasons set forth in our analysis above.

35 U.S.C. § 103 REJECTION

The Appellants argue claims 1, 2, 4–7, 22, 25, and 26 as a group. (Appeal Br. 9–13.) We select independent claim 1 as the representative claim for this group, and the remaining claims stand or fall with claim 1. *See* 37 C.F.R. § 41.37(c)(1)(iv) (2015).

Appellants argue, “[t]he cited portions of Dasher do not disclose validation of the coupon for particular media content (i.e., on-demand content, pay-per-view content, paid content, or a combination thereof) based on a service level associated with a subscriber account. (Appeal Br. 10–11 (emphasis omitted).)

The Examiner however found, “Dasher discloses a service level [in that it] discloses ‘... [] even a premium level [*service level*] [] subscriber could be offered a coupon for a PPV program which provides a discount. This would allow the CSP to increase usage of PPV programs [for] its **premium level** subscribers.’” (Answer 27, *citing* Dasher ¶¶ 23, 25, 29) (alterations in original and alterations added).

We disagree with Appellants. Preliminarily, we start by construing the scope of claim 1. Claim 1 recites in pertinent part, “wherein the validating includes determining whether a service level associated with the user account satisfies a particular service level required by the coupon.” We construe the word “level” to mean “a position in a scale or rank (as of achievement, significance, or value).”² We find that Dasher explicitly discloses that “[t]he coupon can be generated so as to be targeted to a

² *Level*, MERRIAM-WEBSTER, <https://www.merriam-webster.com/dictionary/level> (last visited Sept. 11, 2017).

particular subscriber, to a particular class of subscribers, or not targeted at all.” (Dasher ¶ 26.) We find Dasher’s disclosure of generating a coupon so as to be targeted to a particular class/rank of subscriber meets the claim requirement of “determining whether a service level associated with the user account satisfies a particular service level required by the coupon,” because we find that the definition of “level” is synonymous with a rank.

Concerning Appellants’ arguments to claims 11 and 21 (Appeal Br. 14–15), we agree with the Examiner that the content of the message recited in claims 11 and 21 constitutes nonfunctional descriptive material (Final Act. 13) because the reason conveyed in the message is useful and intelligible only to the human mind, and thus is given no patentable weight. *See also In re Ngai*, 367 F.3d 1336, 1339 (Fed. Cir. 2004).

Concerning Appellants’ arguments to claim 20 (Appeal Br. 15–16), we also agree with the Examiner that Dasher at element 706 discloses “linking first coupon data associated with a first coupon of the validated coupon to the user account in response to determining that the first coupon is valid” (Final Act. 14), because the flowchart of Figure 7a uses a code which is subsequently validated at 708 and 710. We find that one having ordinary skill in the art would understand that such a validation step would involve linking of the account to the coupon code/coupon data.

We thus affirm the rejection of claims 1, 2, 4–7, 11, 20–22, 25, and 26. We also affirm the rejection of claims 8–10, 12, and 16–19 since Appellants have not challenged such with any reasonable specificity. *See In re Nielson*, 816 F.2d 1567, 1572 (Fed. Cir. 1987).

CONCLUSIONS OF LAW

We conclude the Examiner did not err in rejecting claims 1, 2, 4–12, 16–22, 25, and 26 under 35 U.S.C. § 101.

We conclude the Examiner did not err in rejecting claims 1, 2, 4–12, 16–22, 25, and 26 under 35 U.S.C. § 103.

DECISION

The decision of the Examiner to reject claims 1, 2, 4–12, 16–22, 25, and 26 is affirmed.

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

AFFIRMED