



UNITED STATES PATENT AND TRADEMARK OFFICE

UNITED STATES DEPARTMENT OF COMMERCE
United States Patent and Trademark Office
Address: COMMISSIONER FOR PATENTS
P.O. Box 1450
Alexandria, Virginia 22313-1450
www.uspto.gov

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/397,778	03/25/2003	Paul R. Barous	6036-001	5188
24112	7590	08/01/2016	EXAMINER	
COATS & BENNETT, PLLC 1400 Crescent Green, Suite 300 Cary, NC 27518			HAMILTON, MATTHEW L	
			ART UNIT	PAPER NUMBER
			3682	
			MAIL DATE	DELIVERY MODE
			08/01/2016	PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte PAUL R. BAROUS

Appeal 2016-003320
Application 10/397,778
Technology Center 3600

Before NEAL E. ABRAMS, CHARLES N. GREENHUT,
and ANNETTE R. REIMERS, *Administrative Patent Judges*.

ABRAMS, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Paul R. Barous (Appellant) appeals under 35 U.S.C. § 134 from the Examiner's decision rejecting claims 14–17 and 27–61 under 35 U.S.C. § 101 as drawn to patent-ineligible subject matter. We have jurisdiction under 35 U.S.C. § 6(b). We decided a previous appeal, 2013-00446, on April 25, 2014.

We REVERSE.

THE CLAIMED SUBJECT MATTER

Claims 14 and 43, reproduced below, are illustrative of the claimed subject matter.

14. A system for distributing third-party coupons by a retailer on the Internet, the Internet including a computer with a monitor and a printer, the third-party coupons being associated with goods or services of a third-party retailer, which goods or services are unrelated to the goods or services of the retailer and wherein the third-party retailer purchases advertising from the retailer, the system comprising:

a server configured to:

cause a graphical user interface (GUI) to be displayed on the monitor;

display an advertisement associated with a third-party coupon of the third-party retailer;

display a threshold value in the GUI;

calculate a value of a transaction based on a purchase of goods or services made from the retailer by a consumer;

display the value of the transaction in the GUI; and

enable the computer to print the third-party coupon when the value of the transaction exceeds the threshold value;

wherein the third-party coupon is redeemable for the goods or services of the third-party retailer; and

wherein goods or services of the third-party retailer are unrelated to the goods or services sold by the retailer and therefore are unpurchaseable from the retailer.

43. A checkout system for a retail outlet for distributing third-party discount coupons associated with one or more third-party retailers comprising:

a printer; and

a point-of-sale register having a processor configured to:

add prices of items purchased by a shopper to reach a total sale S_T ; compare the total sale S_T of the shopper to a threshold sale value T ; and

print one or more third-party coupons for use with a respective third-party retailer to purchase goods or services unrelated to the goods or services offered by the retail outlet if the total sale S_T of the shopper exceeds the threshold sale value T .

OPINION

Background

A patent may be obtained for “any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof.” 35 U.S.C. § 101. The Supreme Court has held that this provision contains an important implicit exception: laws of nature, natural phenomena, and abstract ideas are not patentable. *Alice Corp. Pty. Ltd. v. CLS Bank Int'l*, 134 S. Ct. 2347, 2354 (2014); *Gottschalk v. Benson*, 409 U.S. 63, 67 (1972) (“Phenomena of nature, though just discovered, mental processes, and abstract intellectual concepts are not patentable, as they are the basic tools of scientific and technological work.”). Notwithstanding that a law of nature or an abstract idea, by itself, is not patentable, the application of these concepts may be deserving of patent protection. *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289, 1293–94 (2012).

The Supreme Court has 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.” *Alice*, 134 S. Ct. at 2355 (*citing Mayo*, 132 S. Ct. at 1294). According to the Supreme Court’s framework, it must first be determined whether the claims at issue are directed to one of those concepts (i.e., laws of nature, natural

phenomena, and abstract ideas). *Id.* If so, a second determination must be made to “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.” *Id.* The Supreme Court characterizes the second step of the 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.’” *Id.* (brackets in original) (*quoting Mayo*, 132 S. Ct. at 1294).

Positions Taken By Examiner and Appellant

Against this backdrop, the Examiner has determined that claims 14–17 and 27–61 are directed to an abstract idea, and therefore are ineligible subject matter under 35 U.S.C. § 101. With regard to the first *Alice* test, the Examiner found:

Applicant's claimed invention, as described in independent process claims (*i.e.*, method claims) 27 and 50, includes an abstract idea. *The claimed invention is directed to distributing coupons by a retailer for the purpose of enhancing revenue.* Distributing coupons by a retailer for the purpose of enhancing revenue is a fundamental economic practice (enhancing revenue) and employs mathematical relationships/ formulas (algorithms) to achieve this outcome. As noted above, fundamental economic practices and mathematical relationships/formulas are examples of abstract ideas explicitly referenced in *Alice Corp.* Therefore, because independent claims 27 and 50 include an abstract idea, the claims must be reviewed under Part II of the *Alice Corp.* analysis to determine whether the abstract idea has been applied in an eligible manner.

Final Act. 4 (emphasis added). The Examiner also “notes the claims do not attempt to preempt all uses of the abstract idea, however, the claims reads

[sic] on the abstract idea of a fundamental economic practice and mathematical formula/relationship without significantly more.” *Id.* at 8.

With regard to these findings, Appellant states that he

agrees that the examiner has identified the abstract idea. The examiner finds that the abstract idea is "distributing coupons by a retailer for the purpose of enhancing revenue". Appellant's Brief, pg. 10. As discussed above, to establish a *prima facie* case, the examiner must next identify all of the additional elements in each claim and explain why these elements, individually or collectively, do not add significantly more than the abstract idea.

Reply Br. 7. This being the case, Appellant has not disputed that the claims are directed to an abstract idea and thus there is no controversy over the first *Alice* test.

On page 5 of the Final Action, the Examiner finds with regard to the second test in *Alice* that:

The abstract idea of distributing coupons by a retailer for the purpose of enhancing revenue has not been applied in an eligible manner. The steps or acts performed (utilizing a processor) in independent method claims 27 and 50 *are not enough to qualify as "significantly more" than the abstract idea itself*, since the claims are a mere instruction to apply the abstract idea. Furthermore, there is no improvement to another technology or technical field, no improvements to the functioning of the computer itself, and no meaningful limitations beyond generally linking the use of an abstract idea to a particular technical environment, and the claims require no more than a generic computer to perform generic computer functions that are well-understood, routine and conventional. Therefore, based on the two-part *Alice Corp.* analysis, there are no meaningful limitations in the claims that transform the exception (i.e., abstract idea) into a patent eligible application.

Id. (emphasis added). The Examiner has applied this analysis to all the other claims in the rejection.

Appellant explains that in the prior art it was common for retailers to distribute coupons to enhance the sale of items goods or services provided by themselves or their distributors at the point-of-sale, on the goods or services themselves, or dispensing from a device located on the shelving, However, Appellant argues that the claimed invention goes beyond, for it

entails systems and methods that enable a retailer to distribute coupons in a different way. For example, the retailer's point-of-sale (POS) register distributes a so-called third-party coupon that is redeemable for a discount on the goods or services *sold by some other retailer*. These goods or services of the third-party retailer are unrelated to the goods or services offered by the retailer distributing the coupon. The retailer's POS register is configured to print this coupon for a shopper *when the register determines that the value of the goods or services purchased by the shopper from the retailer exceeds a threshold value*. This enhances the retailer's revenue because the shopper increases his or her purchase from the retailer in order to receive discount coupons for a third-party retailer.

App. Br. 3.

Focusing upon claim 43 as an example, Appellant, with reference to case law, again emphasizes that the second step in *Alice*

is the search for an "inventive concept", or some element or combination of elements to ***ensure that the claim in practice amounts to "significantly more" than a patent on the abstract idea itself***. *DDR Holdings, LLC, v. Hotels.com, L.P.*, 773 F.3d 1245, 1255 (Fed. Cir. 2014) *citing Alice*, 134 S. Ct. at 2347, 2355. Such is the case if "additional substantive limitations ... narrow, confine, or otherwise tie down the claim so that, in practical terms, ***it does not cover the full abstract idea itself***." *Alice*, 717 F.3d at 1282 (emphasis added). The preemptive effect of a claim, therefore, intricately drives *Mayo* Step Two.

Id. at 8–9. Appellant then states that “[t]he claims, in part, only reflect the idea of ‘distributing coupons by a retailer for the purpose of enhancing

revenue,” and that “[t]he Examiner correctly determines that this idea is abstract [but] is the only thing in claim 43 that has been around for over a century.” App. Br. 10. Thus, Appellant asserts, the claims meet the second *Alice* test because they add specific limitations to what is known in the art, for

[i]t is unconventional for a retailer's POS register to print a coupon for the purchase of a third-party retailer's unrelated goods or services. It is especially unconventional for the retailer's POS register to condition doing this on a shopper's total purchase from the retailer exceeding a certain threshold sale value. None of this is routine or well understood. In fact, twelve years of prosecution reveals that nothing in the prior art teaches these additional features or even renders them obvious. Nothing of record demonstrates that this sort of activity has ever been previously engaged in by those in the field.

Id. at 11. Appellant goes on to assert that the Examiner has erred in ignoring the additional features. Issue is also taken by Appellant with the Examiner's finding that the language in the claims “reads on” the abstract idea, which Appellant contends means, as understood in the patent law, that “the claims and the abstract are one and the same,” which is in error, for they provide much more detail. *See id.* at 10. And, again with reference to claim 43 as an example, Appellant expresses the position that:

Claim 43 not only ties its limitations to a particular machine or apparatus, but the claim also states exactly *how* the particular machine or apparatus is to be configured in order to produce the claimed invention. The claim specifies the POS register is configured to add up the shopper's total sale, compare the total sale to a threshold, and print a third-party coupon if the total sale exceeds the threshold. Claim 43 leaves few details out about how the POS register is to be configured. Unlike the claims in *Alice*, therefore, Justice Kagan could not state that “your patents really did just say do this on a computer, as

opposed to saying anything substantive about *how* to do it on a computer." *Alice*, oral argument, p. 19.

App. Br. 15.

Analysis

Although we have carefully considered the presentations made by the Examiner in the Final Action and the Answer, we are persuaded by Appellant's arguments that the claims meet this test, and therefore we will not sustain the rejection. Our reasoning follows.

Throughout the Final Action and the Answer, the Examiner defines "the abstract idea" to which Appellant's claims are directed as "distributing coupons by a retailer for the purpose of enhancing revenue," and has contended that the systems and methods defined in Appellant's claims were well-known and conventional. Be that as it may, Appellant's claims are not directed to the "abstract idea" as defined by the Examiner, which is quite broad, but to much more limited systems and methods distributing only coupons redeemable at a third-party retailer for goods that were unpurchaseable at the issuing retailer and/or are unrelated to the goods or services offered by the issuing retailer, and then only upon the occurrence of certain conditions. Independent claims 14, 27, and 50 recite systems or methods which comprise displaying advertising for the articles redeemable at the third party retailer by the retailer, adding together the prices of the items purchased at the retail outlet to reach a total sale value, comparing the total sale value to a threshold sale value, printing one or more coupons for use with third party retailers, and defining with specificity the manner and sequence in which such equipment as registers, processors, and printers are operated in order to perform the claimed systems and methods. Independent

claim 43 recites the same limitations, less that of displaying the advertising. These limitations set forth the essence of Appellant's invention, and they clearly narrow the claims so that they do not preempt the "abstract idea" defined by the Examiner.

In addition, among the considerations that qualify claims for the "significantly more" exception set forth in the 2014 Interim Guidance on Patent Subject Matter Eligibility, published for use by USPTO personnel in determining subject matter eligibility under 35 U.S.C 101 in view of recent decisions by the U.S. Supreme Court (*see* Federal Register Vol. 79, No. 241 at 74624), are adding to the abstract idea "specific limitations other than what is well understood, routine and conventional in the field, or adding unconventional steps that confine the claim to a particular useful application." The guidance further states that, if the Examiner decides the additional elements fail to add "significantly more" to the claim, the elements must be identified and explanations presented as to why this is so. In the present case, the Examiner has taken the position that the limitations Appellant argues qualify the claims for an exemption "are generic computer functions (e.g. adding, comparing and printing) that are well-understood, routine and conventional activities previously known to the industry" (*see, for example, Ans. 5*). However, the Examiner has failed to provide persuasive argument or evidence in support of this conclusion, and that the above-noted qualifications recited in Interim Guidance have been met.

Therefore, we conclude that Appellant's claims add "significantly more" to the abstract idea set forth by the Examiner and meet the second *Alice* test, and the rejection is in error.

Appeal 2016-003320
Application 10/397,778

DECISION

The rejection is not sustained.

The decision of the Examiner is reversed.

REVERSED