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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte JARED ZABALDO

Appeal 2016-004353
Application 13/239,196
Technology Center 3600

Before MAHSHID D. SAADAT, JAMES R. HUGHES, and
STEVEN M. AMUNDSON, *Administrative Patent Judges*.

AMUNDSON, *Administrative Patent Judge*.

DECISION ON APPEAL

Appellant seeks our review under 35 U.S.C. § 134(a) from a final rejection of claims 1–20, i.e., all pending claims. We have jurisdiction under 35 U.S.C. § 6(b).

We affirm.

STATEMENT OF THE CASE

The Invention

According to the Specification, the invention relates to “systems for producing military decoration racks including kiosks used to electrically

communicate data to production facilities.” Spec. ¶ 1.¹ The Specification explains that a “system for producing military decoration racks” includes “a military related retail space, a storage unit that stores regulation data corresponding with military decoration rack regulations and instruction data,” and “a kiosk within the military related retail space and in electrical communication with the storage unit, the kiosk including a display unit, an input interface, and a communication unit.” Abstract.

Exemplary Claim

17. A kiosk for designing military decoration racks for placement within a military related retail space, the kiosk including:

an input interface configured to receive input data from a user for creating a military decoration rack to the user’s specifications;

a processing unit programmed with instructions to:

receive the input data;

use the input data to generate rack data conforming with relevant military decoration rack regulations;

use the rack data to generate rack display data; and

update the rack data and associated rack display data as the input data changes;

a display unit defining a screen configured to:

receive the rack display data from the processing unit; and

display a depiction of a military decoration rack based on the received rack data wherein the

¹ This decision uses the following abbreviations: “Spec.” for the Specification, filed September 21, 2011; “Final Act.” for the Final Office Action, mailed February 9, 2015; “Br.” for the Appeal Brief, filed September 1, 2015; and “Ans.” for the Examiner’s Answer, mailed January 6, 2016.

depiction is updated as the rack display data is updated, and the depiction is an accurate representation of the military decoration rack created to the user's specifications; and

a communication unit configured to communicate the rack data.

Br. 13 (Claims App.).

The Prior Art Supporting the Rejections on Appeal

Yankton US 2008/0147512 A1 June 19, 2008

Carroll et al. ("Carroll") US 2009/0259553 A1 Oct. 15, 2009

U.S. Dep't of the Army, *Wear and Appearance of Army Uniforms and Insignia*, Army Regulation 670-1 (Feb. 3, 2005) ("AR 670-1")

Marlow White Military Awards and Decorations (July 13, 2011), <http://web.archive.org/web/20110713110716/http://www.marlowwhite.com/awards-decorations> ("Marlow White")

The Exchange | Exchange Stores | JB Andrews (Aug. 14, 2011), <http://web.archive.org/web/20110814011042/http://www.shopmyexchange.com/ExchangeLocations/JBAndrewsStore.htm> ("JB Andrews")

The Rejections on Appeal

Claims 1–20 stand rejected under 35 U.S.C. § 101 as directed to non-statutory subject matter. Final Act. 3–5.

Claims 1–6, 8, 9, and 11–20 stand rejected under 35 U.S.C. § 103(a) as unpatentable over Yankton, Marlow White, and AR 670-1. Final Act. 6–19.

Claim 7 stands rejected under 35 U.S.C. § 103(a) as unpatentable over Yankton, Marlow White, AR 670-1, and Carroll. Final Act. 20–21.

Claim 10 stands rejected under 35 U.S.C. § 103(a) as unpatentable over Yankton, Marlow White, AR 670-1, and JB Andrews. Final Act. 22.

ANALYSIS

We have reviewed the rejections of claims 1–20 in light of Appellant’s arguments that the Examiner erred. For the reasons explained below, we disagree with Appellant’s assertions regarding error by the Examiner. We concur with the Examiner’s conclusion that the claims recite patent-ineligible subject matter under § 101. We adopt the Examiner’s findings and reasoning in the Final Office Action (Final Act. 3–26) and Answer (Ans. 3–8). We add the following to address and emphasize specific findings and arguments.

The § 103(a) Rejections of Claims 1–20

“Appellant chooses not to address the[] grounds of rejection [under § 103(a)] at this juncture.” Br. 10. Because Appellant does not contest the § 103(a) rejections, we summarily sustain them. *See Hyatt v. Dudas*, 551 F.3d 1307, 1314 (Fed. Cir. 2008) (explaining that “[w]hen the appellant fails to contest a ground of rejection to the Board, . . . the Board may treat any argument with respect to that ground of rejection as waived”); *see also Manual of Patent Examining Procedure (MPEP)* § 1205.02 (9th ed. Rev. 07.2015 Nov. 2015) (“If a ground of rejection stated by the examiner is not addressed in the appellant’s brief, appellant has waived any challenge to that ground of rejection and the Board may summarily sustain it, unless the examiner subsequently withdrew the rejection in the examiner’s answer.”).

The § 101 Rejection of Claims 1–20

INTRODUCTION

The Patent Act defines patent-eligible subject matter broadly: “Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement

thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.” 35 U.S.C. § 101. In *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. 66, 70 (2012), and *Alice Corp. v. CLS Bank International*, 134 S. Ct. 2347, 2354 (2014), the Supreme Court explained that § 101 “contains an important implicit exception” for laws of nature, natural phenomena, and abstract ideas. See *Diamond v. Diehr*, 450 U.S. 175, 185 (1981). In *Mayo* and *Alice*, the Court set forth a two-step analytical framework for evaluating patent-eligible subject matter: First, “determine whether the claims at issue are directed to” a patent-ineligible concept, such as an abstract idea. *Alice*, 134 S. Ct. at 2355. If so, “consider the elements of each claim both individually and ‘as an ordered combination’ to determine whether the additional elements” add enough to transform the “nature of the claim” into “significantly more” than a patent-ineligible concept. *Id.* at 2355, 2357 (quoting *Mayo*, 566 U.S. at 79); see *Affinity Labs of Tex., LLC v. DIRECTV, LLC*, 838 F.3d 1253, 1257 (Fed. Cir. 2016).

Step one in the *Mayo/Alice* framework involves looking at the “focus” of the claims at issue and their “character as a whole.” *Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1353 (Fed. Cir. 2016). Step two involves the search for an “inventive concept.” *Alice*, 134 S. Ct. at 2355; *Elec. Power Grp.*, 830 F.3d at 1353. For an “inventive concept,” “more is required than ‘well-understood, routine, conventional activity already engaged in’” by the relevant community. *Rapid Litig. Mgmt. Ltd. v. CellzDirect, Inc.*, 827 F.3d 1042, 1047 (Fed. Cir. 2016) (quoting *Mayo*, 566 U.S. at 79–80).

MAYO/ALICE STEP ONE

Appellant contends that independent claims 1, 17, and 20 “are directed to varying perspectives of substantially identical subject matter.” Br. 7. Appellant asserts that the Examiner erred in rejecting claims 1, 17, and 20 under § 101 because: (1) the “claims are directed to, fundamentally, a device with specific functionality”; (2) the “claims are centered around a kiosk that is optimized to speed up and improve the process of obtaining a military decoration rack”; and (3) the “claims in no way risks [sic] granting appellant a monopoly on the abstract concept of selling military decoration racks, let alone the broader concept of sales, or even sales assisted by a machine.” *Id.* at 7–8. Citing the “July 2015 Update: Subject Matter Eligibility” (“2015 Update”), Appellant asserts that the cases concerning sales activities discussed there involved claims directed to “business practices that have long predated the computer.” Br. 9. Appellant contrasts those claims to “the instant claims . . . directed to a kiosk and systems that allow for design and visualization of a product that does not exist, and ultimately the submission of that product to manufacturing.” *Id.*

Appellant’s arguments do not persuade us of Examiner error. We agree with the Examiner’s reasoning that the “claims involve storing product data, receiving customer input regarding desired products, translating customer input into product data, and then translating the product data into a visualization of the product for sale” and that those are “steps and functions that may be performed in the human mind.” Ans. 3–4; *see* Final Act. 3, 23–24. For instance, a kiosk according to claim 17 manipulates data by (1) receiving input data regarding military awards, (2) comparing the input data to stored data regarding military awards, and (3) based on the

comparison, producing output data for display to a user. Br. 13 (Claims App.); *see* Spec. ¶¶ 18–37. The Federal Circuit has ruled that claims covering the receipt, analysis, and display of data were directed to abstract ideas. *See, e.g., Credit Acceptance Corp. v. Westlake Servs.*, 859 F.3d 1044, 1047, 1054–56 & n.6 (Fed. Cir. 2017); *Elec. Power Grp.*, 830 F.3d at 1351–54; *buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350, 1351–55 (Fed. Cir. 2014); *SmartGene, Inc. v. Advanced Biological Labs., SA*, 555 F. App’x 950, 951–52, 954–55 (Fed. Cir. 2014). Further, steps and functions that may be performed in the human mind constitute abstract ideas. *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1371–73 (Fed. Cir. 2011).

Also, Appellant’s preemption argument overlooks the explanation in the 2015 Update that “questions of preemption are inherent in the two-part framework from *Alice Corp.* and *Mayo*” and “are resolved by using this framework” to determine patent-eligible subject matter. 2015 Update 8; *see* Ans. 4. For claims covering a patent-ineligible concept, preemption concerns “are fully addressed and made moot” by an analysis under the *Mayo/Alice* framework. *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015).

MAYO/ALICE STEP TWO

Appellant asserts that the Examiner erred in rejecting claims 1, 17, and 20 under § 101 because the claims “add significantly more to the abstract concept so that when considered both individually and ‘as an ordered combination’” the additional elements transform the nature of the claims into patent-eligible subject matter. Br. 9. In particular, Appellant contends that the claims “cannot be practiced without implementing a machine – the kiosk – which must include specific functionality such as

providing ‘an accurate representation of the military decoration rack created to the user’s specifications.’” *Id.* In addition, Appellant contends that “[b]y tying implementation of appellant’s claims to including deploying a kiosk with specific functionality, appellant’s claims go far beyond reciting the idea of selling something and then instructing the implementer to just ‘apply it.’” *Id.*

Appellant’s arguments do not persuade us of Examiner error because the Examiner determines that the “additional limitation in the form of a kiosk . . . is not sufficient to amount to significantly more than” a patent-ineligible concept. Ans. 3–4, 7–8; *see* Final Act. 3–5, 25–26. The Examiner properly reasons that “[t]here is no ‘inventive concept’ in Appellant’s use of a generic kiosk to perform well-understood, routine, and conventional activities commonly used in industry.” Ans. 4; *see* Final Act. 25–26. In addition, the Examiner determines that the claims do not cover significantly more than a patent-ineligible concept because they recite generic computer components performing generic computer functions “(i.e., storing data, receiving data, translating data, and translating data) that are well-understood, routine and conventional activities previously known to the industry.” Ans. 7; *see* Final Act. 3–4, 25–26. For example, in claim 17 the “input interface” performs the generic function of receiving data, the “processing unit” performs the generic function of processing data, the “display unit” performs the generic function of displaying data, and the “communication unit” performs the generic function of communicating data. Br. 13 (Claims App.)

Appellant’s contentions require a narrow interpretation of the claim term “kiosk.” Broadly but reasonably interpreted, that term encompasses

“an interactive computer terminal available for public use, as one with Internet access or site-specific information.”² To the extent the term “kiosk” connotes structure beyond a computer, an unspecified kiosk structure does not suffice to transform the nature of the claims into significantly more than a patent-ineligible concept. “[N]ot every claim that recites concrete, tangible components escapes the reach of the abstract-idea inquiry.” *In re TLI Commc’ns LLC Patent Litig.*, 823 F.3d 607, 611 (Fed. Cir. 2016); *see Alice*, 134 S. Ct. at 2353, 2360 (noting that “[a]ll of the claims are implemented using a computer”). For example, in *Content Extraction & Transmission LLC v. Wells Fargo Bank*, 776 F.3d 1343, 1347 n.1, 1349 (Fed. Cir. 2014), the Federal Circuit decided that claims requiring a computer and a scanner did not include enough additional elements to impart patent eligibility.

Appellant contends that the claims “enhance and improve upon the transaction of purchasing a military decoration rack.” Br. 9. But the claims merely automate steps and functions in the manual process of purchasing a military decoration rack. *See* Spec. ¶¶ 1–4, 6, 15–18; *see also* Ans. 5–6, 8. In particular, the Examiner reasons that “old and well-known regulation data,” e.g., as described in AR 670-1, “serves as the basis for Appellant’s business plan, yet [Appellant] merely automates this business plan using generic computer technology.” Ans. 8. The “mere automation of manual processes using generic computers does not constitute a patentable improvement in computer technology.” *Credit Acceptance*, 859 F.3d at 1055.

² Dictionary.com, <http://www.dictionary.com/browse/kiosk?s=t>.

Appellant asserts that the Supreme Court in *Diamond v. Diehr* “found that the computer controlled an industrial process was enough” to impart patent eligibility due to the transformation and reduction of an article to a different state or thing. Br. 10. Appellant then contends that “the instant claims are directed to allowing a user to design a military decoration rack in conformance with regulations that are subject to change, visualizing the end product, and then transforming the design into concrete reality, thus effecting a transformation.” *Id.* In *Diamond v. Diehr*, however, the “claims involve[d] the transformation of . . . raw, uncured synthetic rubber, into a different state or thing,” namely, cured synthetic rubber, and they “describe[d] in detail a step-by-step method for accomplishing” that transformation. *Diamond*, 450 U.S. at 184. In contrast, the claims here do not include steps producing an analogous change in a physical object. No claim requires the production of an actual military decoration rack.

SUMMARY FOR INDEPENDENT CLAIMS 1, 17, AND 20

For the reasons discussed above, Appellant’s arguments have not persuaded us that the Examiner erred in rejecting claims 1, 17, and 20 under § 101. Hence, we sustain the rejection of claims 1, 17, and 20.

DEPENDENT CLAIMS 2–16, 18, AND 19

Appellant does not make any separate substantive patentability arguments for dependent claims 2–16, 18, and 19. Br. 7–10. Because Appellant does not argue the claims separately, we sustain the § 101 rejection of claims 2–16, 18, and 19 for the same reasons as claims 1, 17, and 20. *See* 37 C.F.R. § 41.37(c)(1)(iv).

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DECISION

We affirm the Examiner's decision to reject claims 1–20.

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). *See* 37 C.F.R. § 41.50(f).

AFFIRMED