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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte CHRISTOPHER L. TOOMER and STEVEN E. ARTHUR

Appeal 2016-005820¹
Application 11/925,181²
Technology Center 3600

Before NINA L. MEDLOCK, BRUCE T. WIEDER, and
MATTHEW S. MEYERS, *Administrative Patent Judges*.

MEDLOCK, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Appellants appeal under 35 U.S.C. § 134(a) from the Examiner’s final rejection of claims 1–7, 9, 10, and 12–19. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

¹ Our decision references Appellants’ Appeal Brief (“App. Br.,” filed August 11, 2015) and Reply Brief (“Reply Br.,” filed May 16, 2016), and the Examiner’s Answer (“Ans.,” mailed April 8, 2016) and Final Office Action (“Final Act.,” mailed March 12, 2015).

² Appellants identify First Data Corporation as the real party in interest. App. Br. 3.

CLAIMED INVENTION

Appellants' claimed invention "relate[s] to systems and methods for using mobile devices in integrated service discovery applications"

(Spec. ¶ 1).

Claims 1, 7, and 15 are the independent claims on appeal. Claim 1, reproduced below with bracketed notations added, is illustrative of the claimed subject matter:

1. A method of providing content associated with potential transactions to users, comprising:

[(a)] at a host computer, receiving a user-initiated request for the content from a mobile device of a user, wherein the request relates to specific service discovery-enabled media received by an image capture device of the mobile device, the specific service discovery-enabled media comprising at least a portion of an advertisement, wherein the advertisement further includes identification information that identifies to the user that the purpose of the at least a portion of the advertisement is to permit the user to receive, under a program in which the user has previously enrolled and identified a user account, a discount for a subsequently ordered good or service associated with the advertisement, and wherein the request includes an identifier associated with the specific service discovery-enabled media;

[(b)] at the host computer, using the identifier associated with the specific service discovery-enabled media to locate the content, wherein the content comprises a coupon which will provide the discount for goods or services at a merchant;

[(c)] from the host computer, providing the content to the mobile device of the user;

[(d)] receiving at the host computer a user-initiated request to settle a transaction related to the content using the previously-identified user account; and

[(e)] determining that the transaction is a purchase of the goods or services from the merchant, and applying the coupon to the transaction to create a discounted transaction;

[(f)] settling the discounted transaction, with the host computer, using the previously identified account.

REJECTIONS

Claims 1–7, 9, 10, and 12–19 are rejected under 35 U.S.C. § 101 as directed to non-statutory subject matter.

Claims 1–6 and 15–19 are rejected under 35 U.S.C. § 103(a) as unpatentable over Barhydt et al. (US 2006/0259361 A1, pub. Nov. 16, 2006) (hereinafter “Barhydt”), Benillouche et al. (US 2008/0142599 A1, pub. June 19, 2008) (hereinafter “Benillouche”), and Ukigawa et al. (US 2001/0021925 A1, pub. Sept. 13, 2001) (hereinafter “Ukigawa”).

Claims 7, 9, 10, and 12–14 are rejected under 35 U.S.C. § 103(a) as unpatentable over Barhydt and Benillouche.

ANALYSIS

Non-Statutory Subject Matter

Under 35 U.S.C. § 101, 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 an implicit exception: “[l]aws of nature, natural phenomena, and abstract ideas” are not patentable. *See, e.g., Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2354 (2014).

The Supreme Court, in *Alice*, reiterated the two-step framework previously set forth in *Mayo Collaborative Services v. Prometheus Laboratories, 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 Corp.*, 134 S. Ct. at 2355. The first step in that analysis is to “determine whether the claims at issue are directed to one of those patent-ineligible concepts.” *Id.* If the claims are not directed to a patent-ineligible concept, *e.g.*, an abstract idea,

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the inquiry ends. Otherwise, the inquiry proceeds to the second step where the elements of the claims are considered “individually and ‘as an ordered combination’” to determine whether there are additional elements that “‘transform the nature of the claim’ into a patent-eligible application.” *Id.* (quoting *Mayo*, 566 U.S. at 79, 78).

The Court acknowledged in *Mayo*, that “all inventions at some level embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas.” *Mayo*, 566 U.S. at 71. Therefore, the Federal Circuit has instructed that claims are to be considered in their entirety to determine “whether their character as a whole is directed to excluded subject matter.” *McRO, Inc. v. Bandai Namco Games Am., Inc.*, 837 F.3d 1299, 1312 (Fed. Cir. 2016) (quoting *Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1346 (Fed. Cir. 2015)).

In rejecting claims 1–7, 9, 10, and 12–19 under § 101, the Examiner determined that the claims are directed to “providing content associated with potential transactions,” i.e., to a fundamental economic practice and/or a method of organizing human activities, and, therefore, to an abstract idea; and that the additional elements or combination of elements, other than the abstract idea, amounts “to no more than mere instructions to implement the idea on a computer, and/or recitation of generic computer structure that serves to perform generic computer functions that are well-understood, routine, and conventional activities previously known to the pertinent industry” (Final Act. 2).

Appellants argue that the Examiner has misapplied the requirements of § 101, and that the pending claims recite significantly more than “providing content associated with pending transactions” (App. Br. 7–8). Appellants, thus, note that claim 1, for example, recites a method that

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involves the use of a host computer, a mobile device, an image capture device at the mobile device, and specific service discovery-enabled media, and that the claimed method comprises various steps involving these devices (*id.* at 8). Appellants' argument is not persuasive.

Although claim 1 recites various physical components, the focus of the claim is not on the improvement of any technology or technical field, but instead on implementation of the abstract idea, i.e., "providing content [e.g., discount coupons] associated with pending transactions." The physical components, i.e., the host computer, mobile device, image capture device, and service discovery-enabled media, merely provide the generic environment in which to implement this abstract idea, which is not enough to transform an otherwise patent-ineligible abstract idea into a patentable invention. *See Alice Corp.*, 134 S. Ct. at 2358.

We also are not persuaded of Examiner error to the extent that Appellants argue that the claims are patent-eligible because "the claimed invention, as a whole, is neither disclosed nor suggested by any of the cited art" (App. Br. 8; *see also* Reply Br. 5). A finding of novelty or non-obviousness does not automatically lead to the conclusion that the claimed subject matter is patent-eligible. Although the second step in the *Mayo/Alice* framework is termed a search for an "inventive concept," the analysis is not an evaluation of novelty or non-obviousness, but rather, a search for "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.*, 134 S. Ct. at 2355 (citation omitted). "Groundbreaking, innovative, or even brilliant discovery does not by itself satisfy the § 101 inquiry." *Ass'n. for Molecular Pathology v. Myriad Genetics, Inc.*, 569 U.S. 576, 591 (2013). A novel and non-obvious

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claim directed to a purely abstract idea is, nonetheless, patent-ineligible. *See Mayo*, 566 U.S. at 90. *See also Diamond v. Diehr*, 450 U.S. 175, 188–89 (1981) (“The ‘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.”).

It also is insufficient, without more, that the claims may include features that cannot be performed manually or with pen and paper (*see* App. Br. 9 (charging that the Examiner erred in finding that the claims represent activities and steps that could be performed as mental steps and/or with pen and paper)). Although “a method that can be performed by human thought alone 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), it does not logically follow that methods requiring physical components — i.e., methods that arguably cannot be performed entirely in the human mind — are, therefore, not directed to abstract ideas.

Appellants argue that the claimed invention is an improvement to technology for delivering electronic coupons to potential customers using service discovery-enabled media and that, like the claims in *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014), the claims address problems, associated with the delivery of electronic coupons, whose solution is “rooted in computer technology” (App. Br. 9–10; *see also* Reply Br. 6). Yet, to the extent Appellants argue that the claimed invention is patent-eligible because it involves the use of a computer network, e.g., the Internet, as the court cautioned in *DDR Holdings*, “not all claims purporting to address Internet-centric challenges are eligible for patent.” *DDR Holdings*, 773 F.3d at 1258. Thus, in *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709

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(Fed. Cir. 2014), although the patentee argued that its claims were “directed to a specific method of advertising and content distribution that was previously unknown and never employed on the Internet before,” *id.* at 714, the court found that this alone could not render its claims patent-eligible where the claims merely recited the abstract idea of “offering media content in exchange for viewing an advertisement,” along with “routine additional steps such as updating an activity log, requiring a request from the consumer to view the ad, restrictions on public access, and use of the Internet.” *Id.* at 715–716.

Similarly here, we find that the invocation of the Internet is not sufficient to transform Appellants’ otherwise patent-ineligible abstract idea into patent-eligible subject matter. We find, as did the Examiner, that claim 1 is directed to the abstract idea of “providing content associated with pending transactions.” Narrowing that abstract idea to the delivery of electronic coupons merely limits the use of the abstract idea to a particular technological environment, which the Court made clear in *Alice* is insufficient to transform an otherwise patent-ineligible abstract idea into a patent-eligible subject matter. *See Alice Corp.*, 134 S. Ct. at 2358.

Appellants further argue that, as in *DDR Holdings*, the use of a host computer, a mobile device, an image capture device and specific service discovery-enabled media for “carrying out [the] functions and purposes (in the unique manner claimed by Appellant[s]) is not a ‘computer network operating in its normal, expected manner’” (App. Br. 10). But we find nothing in the Specification, nor do Appellants point us to anything in the Specification, to indicate that the particular operations recited in the claims require any specialized computer hardware or other inventive computer components, invoke any assertedly inventive programming, or that the

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claimed invention is implemented using other than generic computer components to perform generic computer functions. In other words, we are not persuaded that the operations recited in the claims are an improvement to any technology as opposed to an improvement in a business practice, i.e., providing discount coupons to potential customers.

We also are not persuaded of Examiner error by Appellants' argument that the claims "do not attempt to preempt every application of the idea of 'providing content associated with potential transactions'" (*id.*). Although the Supreme Court has described "the concern that drives [the exclusion of abstract ideas from patent eligible subject matter] as one of pre-emption," *Alice Corp.*, 134 S. Ct. at 2354, characterizing pre-emption as a driving concern for patent eligibility is not the same as characterizing pre-emption as the sole test for patent eligibility. "The Supreme Court has made clear that the principle of preemption is the basis for the judicial exceptions to patentability" and "[f]or this reason, questions on preemption are inherent in and resolved by the § 101 analysis." *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015) (citing *Alice Corp.*, 134 S. Ct. at 2354). "[P]reemption may signal patent ineligible subject matter, [but] the absence of complete preemption does not demonstrate patent eligibility." *Id.*

We are not persuaded, on the present record, that the Examiner erred in rejecting claims 1–7, 9, 10, and 12–19 under 35 U.S.C. § 101. Therefore, we sustain the Examiner's rejection.

Obviousness

Independent Claim 1 and Dependent Claims 2–6

Appellants argue that the Examiner erred in rejecting independent claim 1 under 35 U.S.C. § 103(a) because Benillouche, on which the Examiner relies, does not disclose or suggest capturing at least a portion of an advertisement that includes identification information that identifies to the user that the purpose of the at least a portion of the advertisement is to permit the user to receive a discount for a subsequently ordered good or service associated with the advertisement, i.e., limitation (a), as recited in claim 1 (App. Br. 10–13).

Benillouche is directed to a system and method for acquiring consumer purchasing behavior information using a wireless communication device equipped with a camera (Benillouche ¶ 2), and discloses that metering consumer buying habits with a camera-enabled wireless communication device includes capturing a product barcode image (i.e., from which product identification details, *e.g.*, product manufacturer, product type, product size, etc. can be determined); associating the image with a purchase time, a purchase location, and/or a consumer; and sending the purchase information to a metering entity to analyze the consumer purchase information (*id.* ¶¶ 17, 19). Benillouche discloses a barcode image processing application, with reference to Figure 27, and describes that the process initially determines whether the user is making a new purchase or resuming a purchase that was previously started; if this is a new purchase, the user is asked to identify him or herself and may be asked to enter his or her present location, *e.g.*, if the wireless device lacks GPS functionality (*id.* ¶¶ 60–61). The user also is asked to capture an image of a barcode of the product being purchased and asked for quantity and/or price information,

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including how the user paid for the product (*id.* ¶¶ 62, 63). This information is submitted to a central facility whereupon the user may be awarded bonus points, free wireless minutes, third party vendor coupons and/or other incentives (*id.* ¶ 63).

The Examiner takes the position that claim 1 only positively recites identifying at least a portion of the advertisement, and that the “language after that,” i.e., the recitation that the advertisement includes identification information that “identifies to the user that the purpose of the at least a portion of the advertisement is to permit the user to receive,” is “considered intended use” (Final Act. 12; *see also* Ans. 6). The Examiner, thus, concludes that Benillouche meets the claim limitation because Benillouche captures a barcode image that provides information about a product — information that the Examiner reasons can be considered “advertising for said product” under a broadest reasonable interpretation standard (Ans. 6 (citing Benillouche ¶ 19)).

Appellants argue that the Examiner erred in ignoring the claim language at least because the language is functionally tied to the steps of “using the identifier associated with the specific service discovery-enabled media to locate the content, wherein the content comprises a coupon which will provide the discount for goods or services at a merchant” and “determining that the transaction is a purchase of the goods or services from the merchant, and applying the coupon to the transaction to create a discounted transaction” (App. Br. 12–13). We agree.

Therefore, we do not sustain the Examiner’s rejection of independent claim 1 under 35 U.S.C. § 103(a). For the same reasons, we also do not sustain the rejection of dependent claims 2–6. *Cf. In re Fritch*, 972 F.2d

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1260, 1266 (Fed. Cir. 1992) (“dependent claims are nonobvious if the independent claims from which they depend are nonobvious”).

Independent Claims 7 and 15 and Dependent Claims 9, 10, 12–14, and 16–19

Independent claims 7 and 15 include language substantially similar to the language of claim 1, and stand rejected based on substantially the same rationale, with respect to Benillouche, applied in the rejection of claim 1 (Final Act. 4, 8). Therefore, we do not sustain the Examiner’s rejections of independent claims 7 and 15, and claims 9, 10, 12–14, and 16–19, which depend therefrom, for the same reasons set forth above with respect to claim 1.

DECISION

The Examiner’s rejection of claims 1–7, 9, 10, and 12–19 under 35 U.S.C. § 101 is affirmed.

The Examiner’s rejections of claims 1–7, 9, 10, and 12–19 under 35 U.S.C. § 103(a) are reversed.

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