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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
14/554,956	11/26/2014	John GALINOS	7498/76950-C	9399
23432	7590	03/25/2019	EXAMINER	
COOPER & DUNHAM, LLP 30 Rockefeller Plaza 20th Floor NEW YORK, NY 10112			HOAR, COLLEEN A	
			ART UNIT	PAPER NUMBER
			3621	
			MAIL DATE	DELIVERY MODE
			03/25/2019	PAPER

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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte JOHN GALINOS

Appeal 2017-000384
Application 14/554,956¹
Technology Center 3600

Before BIBHU R. MOHANTY, NINA L. MEDLOCK, and
ROBERT J. SILVERMAN, *Administrative Patent Judges*.

SILVERMAN, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

The Appellant appeals under 35 U.S.C. § 134(a) from the Examiner's decision rejecting claims 21–34 and 36–41.² We have jurisdiction under 35 U.S.C. § 6(b). An oral hearing in this matter was held on March 13, 2019.

¹ The Appellant identifies TPG Rewards, Inc. as the real party in interest. Appeal Br. 1.

² The Appellant regards claim 42 as rejected. *See* Appeal Br. 1, 6, 12–13. *See also* Reply Br. 1, 7, 8, 10. Yet, the Examiner does not include claim 42 in any rejection of the Final Office Action. *See* Final Action 2, 3. *See also* Answer 2.

We AFFIRM, designating the affirmance of the rejection under 35 U.S.C. § 101 as a NEW GROUND OF REJECTION, pursuant to 37 C.F.R. § 41.50(b).

ILLUSTRATIVE CLAIM

21. A method for implementing a promotional program to selectively transmit a reward, the method comprising:

capturing one or more images of a receipt on a remote mobile device associated with a consumer, wherein the receipt contains information identifying at least the date and time of a purchase transaction and one or more products or services purchased;

transmitting the one or more images of the receipt to one or more of a remote promotional program management apparatus;

receiving, using a communication processor of the one or more promotional program management apparatus, a transmission including the one or more images of the receipt transmitted by the remote mobile device associated with the consumer;

determining, using a control processor of the one or more promotional management apparatus, if one or more properties of the image of the receipt meets one or more predetermined image recognizability criteria;

determining, using the control processor of the one or more promotional reward program management apparatus, if the transmission meets one or more promotion eligibility criteria for the reward; and

transmitting the reward using the communication processor of the one or more promotional program management apparatus if it is determined by the control processor of the one or more promotional program management apparatus that the one or more properties of the one or more images of the receipt meet the one or more predetermined image recognizability

criteria and if the transmission meets the one or more promotion eligibility criteria;

wherein the step of determining if the transmission meets the one or more promotion eligibility criteria comprises determining if the receipt was previously validated, and comparing the information on the receipt identifying the date and time of the purchase transaction and the one or more products or services purchased to stored information associated with the mobile device to determine if the consumer associated with the mobile device purchased one or more products or services eligible for the reward during a promotional period.

CITED REFERENCES

The Examiner relies upon the following references:

Spero et al. (hereinafter "Spero")	US 7,069,240 B2	June 27, 2006
Wesley	US 2008/0011837 A1	Jan. 17, 2008
Lev	US 7,447,362 B2	Nov. 4, 2008
Hession	WO 2005/081148 A1	Sept. 1, 2005

REJECTIONS³

I. Claims 21–34 and 36–41 are rejected under 35 U.S.C. § 101 as ineligible subject matter.

II. Claims 21–34 and 36–41 are rejected under 35 U.S.C. § 103(a) as unpatentable over Lev, Wesley, Hession, and Spero.

FINDINGS OF FACT

The findings of fact relied upon, which are supported by a preponderance of the evidence, appear in the following Analysis.

³ We regard as inadvertent the inclusion of canceled claim 35, in the Final Office Action (pages 2, 3).

ANALYSIS

Subject-Matter Eligibility (New Ground of Rejection)

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. Yet, subject matter belonging to any of the statutory categories may, nevertheless, be ineligible for patenting. The Supreme Court has interpreted § 101 to exclude laws of nature, natural phenomena, and abstract ideas, because they are regarded as the basic tools of scientific and technological work, such that including them within the domain of patent protection would risk inhibiting future innovation premised upon them. *Ass’n for Molecular Pathology v. Myriad Genetics, Inc.*, 569 U.S. 576, 589 (2013).

Of course, “[a]t some level, ‘all inventions . . . embody, use, reflect, rest upon, or apply’” these basic tools of scientific and technological work. *Alice Corp. v. CLS Bank Int’l*, 573 U.S. 208, 217 (2014) (internal citation omitted). Accordingly, evaluating ineligible subject matter, under these judicial exclusions, involves a two-step framework for “distinguish[ing] between patents that claim the buildin[g] block[s] of human ingenuity and those that integrate the building blocks into something more, thereby transform[ing] them into a patent-eligible invention.” *Id.* (internal quotation marks and citation omitted). The first step determines whether the claim is directed to judicially excluded subject matter (such as a so-called “abstract idea”); the second step determines whether there are any “additional elements” recited in the claim that (either individually or as an “ordered

combination”) amount to “significantly more” than the identified judicially excepted subject matter itself. *Id.* at 217–18 (internal citation omitted).

The USPTO recently published revised guidance on the application of § 101, in accordance with judicial precedent. *2019 Revised Patent Subject Matter Eligibility Guidance*, 84 Fed. Reg. 50, 52 (Jan. 7, 2019) (*2019 Revised Guidance*). Under the *2019 Revised Guidance*, a claim is “directed to” an abstract idea, only if the claim recites any of (1) mathematical concepts, (2) certain methods of organizing human activity, and (3) mental processes — without integrating such abstract idea into a “practical application,” i.e., without “apply[ing], rely[ing] on, or us[ing] the judicial exception in a manner that imposes a meaningful limit on the judicial exception, such that the claim is more than a drafting effort designed to monopolize the judicial exception.” *Id.* at 52–55. A claim so “directed to” an abstract idea constitutes ineligible subject matter, unless it recites an additional element (or combination of elements) amounting to significantly more than the abstract idea. *Id.* at 56.

The Appellant argues all the claims in the Appeal as a group, discussing only independent claim 21. Appeal Br. 8–10. We select claim 21 for analysis, pursuant to 37 C.F.R. § 41.37(c)(1)(iv).

Claim 21 may be regarded as a mental process that is described in the following claim limitations: “determining . . . if one or more properties of the image of the receipt meets one or more predetermined image recognizability criteria”; “determining . . . if the transmission meets one or more promotion eligibility criteria for the reward”; and

wherein the step of determining if the transmission meets the one or more promotion eligibility criteria comprises determining if the receipt was previously validated, and

comparing the information on the receipt identifying the date and time of the purchase transaction and the one or more products or services purchased to stored information associated with the mobile device to determine if the consumer associated with the mobile device purchased one or more products or services eligible for the reward during a promotional period.

Court decisions have determined that techniques such as claim 21's recitation of determining whether textual information satisfies particular criteria, which can be performed in the human mind alone, constitute patent-ineligible abstract ideas.⁴ See *Intellectual Ventures I LLC v. Symantec Corp.*, 838 F.3d 1307, 1318 (Fed. Cir. 2016). See also *In re BRCA1- & BRCA2-Based Hereditary Cancer Test Patent Litig.*, 774 F.3d 755, 763 (Fed. Cir. 2014) (concluding that concept of "comparing BRCA sequences and determining the existence of alterations" is an "abstract mental

⁴ Claim 21 may be characterized as reciting an abstract idea in other ways; indeed, "[a]n abstract idea can generally be described at different levels of abstraction." *Apple, Inc. v. Ameranth, Inc.*, 842 F.3d 1229, 1240 (Fed. Cir. 2016). Notably, accordingly to the Appellant, "the claims are specifically directed to a method for implementing a promotional program to selectively transmit a reward." Appeal Br. 8. Courts have regarded similar concepts as abstract ideas. See *Kroy IP Holdings, LLC v. Safeway, Inc.*, 107 F. Supp. 3d 677, 690 (E.D. Tex. 2015) ("The core idea of the '830 patent — providing a computer-based incentive award program — is plainly an unpatentable abstract idea by itself. Incentive award programs designed to encourage sales of products and services have been familiar aspects of marketing for many years"), *aff'd*, 639 F. App'x 637 (Fed. Cir. 2016). The Appellant's Specification supports this view, stating: "In order to encourage the purchase of goods and services in the consumer market or to improve the performance of a company's personnel, companies often use promotional reward programs that provide individuals with promotional rewards." Spec. 1, ll. 24–26. The practice may be categorized as an ineligible "method[] of organizing human activity" in the form of a "commercial or legal interaction[]," such as "advertising, marketing or sales activities or behaviors." *2019 Revised Guidance*, 84 Fed. Reg. at 52.

process”). The *2019 Revised Guidance*, 84 Fed. Reg. at 52, states that the “abstract idea exception” includes “[m]ental processes — concepts performed in the human mind (including an observation, evaluation, judgment, opinion).”

The additional elements of claim 21, other than those quoted above (which describe the identified abstract idea) do not integrate the identified abstract idea into a practical application. Aside from the claim language quoted above, the additional limitations recite:

capturing one or more images of a receipt on a remote mobile device associated with a consumer, wherein the receipt contains information identifying at least the date and time of a purchase transaction and one or more products or services purchased;

transmitting the one or more images of the receipt to one or more of a remote promotional program management apparatus;

receiving, using a communication processor of the one or more promotional program management apparatus, a transmission including the one or more images of the receipt transmitted by the remote mobile device associated with the consumer;

. . . using a control processor of the one or more promotional management apparatus [in the step of determining whether image recognizability criteria are satisfied];

. . . using the control processor of the one or more promotional reward program management apparatus [in the step of determining whether the promotion eligibility criteria are satisfied]; and

transmitting the reward using the communication processor of the one or more promotional program management apparatus.

These limitations of claim 21 generally link the identified abstract idea to a particular technological context (i.e., employing images captured with a mobile device in a computer network having processors and other computer equipment) or field of use (i.e., employing receipt information and providing a reward with particular economic value), and/or add pre- or post-solution activity (i.e., transmitting/receiving images and rewards) to the abstract idea. As such, they do not integrate the abstract idea into a practical application. *See Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 79 (2012) (concluding that additional element of measuring metabolites of a drug administered to a patient was insignificant extra-solution activity, which was insufficient to confer patent eligibility); *Bilski v. Kappos*, 561 U.S. 610–11 (2010) (“[T]he prohibition against patenting abstract ideas ‘cannot be circumvented by attempting to limit the use of the formula to a particular technological environment’ or adding ‘insignificant postsolution activity’” (quoting *Diamond v. Diehr*, 450 U.S. 175, 191–92 (1981))).

The second *Alice* step (step 2B of the *2019 Guidance*) concerns whether any additional claim elements (either individually or in combination) amount to significantly more than a judicial exception.

The Appellant argues that claim 21 includes significantly more than an abstract idea, because “[t]he reward is an item of value, not simply data or information” and because “the receipt and mobile device are physical objects.” Appeal Br. 10. Yet, the identification of the “reward” as “an item of value” (*id.*) relates to a field of use for the claimed technique, which cannot amount to significantly more than an abstract idea. *See SAP Am., Inc. v. Investpic, LLC*, 890 F.3d 1016, 1023 (Fed. Cir. 2018) (“[L]imitation of the claims to a particular field of information — here, investment

information — does not move the claims out of the realm of abstract ideas.”) Nor does the Appellant adequately explain why the circumstance of the claimed “receipt” and “mobile device” being “physical objects” (Appeal Br. 10) might give rise to significantly more than the abstract idea.

The Appellant also contends that claim 21 should be regarded as patent-eligible, because it “closely mirrors” the USPTO’s Example 21 associated with guidance issued in July 2015. Reply Br. 4. Example 21 (specifically claim 2 thereof) involves a technique for alerting a subscriber about time-sensitive information that becomes available when the subscriber’s computer is offline. *See USPTO July 2015 Update Appendix 1: Examples, 2–4*. The Appellant’s argument is unpersuasive, because the Appellant does not adequately explain how Example 21 would reflect on the eligibility of the claims in the present Appeal.

The Appellant also argues that claim 21 should be regarded as patent-eligible, because the “invention specifically addresses the difficulties and challenges of implementing a promotional program and efficiently, expediently, and instantaneously assessing and providing a reward to consumers based upon previously purchased products.” Reply Br. 5. According to the Appellant, prior “promotional programs were cumbersome and inefficient, often requiring, for example: (1) mailing the promotional reward to a consumer *after* receiving the consumer’s receipt via mail; or (2) placing the promotional reward directly on or in the product’s packaging.” *Id.* As an initial matter, the identified performance advantages, regardless of their importance, are not set forth in the language of claim 21. In any event, taking advantage of the speed and efficiency of computer technology does not, by itself, confer patent-eligibility. *Alice*, 573 U.S.

at 223 (“[I]f a patent’s recitation of a computer amounts to a mere instruction to ‘implemen[t]’ an abstract idea ‘on . . . a computer,’ *Mayo*, [566 U.S. at 84], that addition cannot impart patent eligibility.”); *Bancorp Servs., LLC v. Sun Life Assurance Co. of Can. (U.S.)*, 687 F.3d 1266, 1279 (Fed. Cir. 2012) (“Using a computer to accelerate an ineligible mental process does not make that process patent-eligible.”)

Additionally, the Appellant argues that the “claimed invention does not preempt all ways of implementing a promotional program.” Reply Br. 4. Yet, “[w]hile preemption may signal patent ineligible subject matter, the absence of complete preemption does not demonstrate patent eligibility.” *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015).

In view of the foregoing discussion, we are not persuaded that the Examiner erred in rejecting claims 21–34 and 36–41 under 35 U.S.C. § 101. However, because we depart from the Examiner’s reasoning, we designate this aspect of the Decision as a new ground of rejection, under 37 C.F.R. § 41.50(b).

Obviousness

The Appellant contends that it would not have been obvious to combine the Lev, Wesley, Hession, and Spero references and that the rejection relies upon improper hindsight. Appeal Br. 12–13; Reply Br. 9–10.

In rejecting independent claim 21, the Final Office Action states:

[I]t would have been obvious to one having ordinary skill in the art at the time of the invention to combine the image capture and analysis invention of Lev with the mobile promotion inventions of Wesley or Hession to provide the features of applicant’s claims in order to have promotional system be more flexible.

. . . . [I]t would have been obvious to one having ordinary skill in the art at the time of the invention to combine the image capture and analysis invention of Lev with the proof of purchase information Wesley or Hession to provide the features of applicant's claims in order to have promotional system be more flexible[.]

. . . .

. . . . [I]t would have been obvious to one having ordinary skill in the art at the time of the invention to combine the image capturing process of Spero and image criteria checking and analysis in the invention of Lev with the checking of the proof of purchase information and applying the promotion process of Wesley and the determination if a reward was previously checked of Hession to provide the features of applicant's claims in order to have a promotional system be flexible, and efficient.

Final Action 4, 5, 6. Further, the Examiner's Answer states: "[I]t would have been obvious to one having ordinary skill in the art at the time of the invention to combine said prior art to provide flexibility and ease of use in awarding customers and users with promotions using only their mobile phones." Answer 7.

Yet, the Examiner's analysis does not identify the sources of such flexibility, efficiency, and ease of use — or how these attributes might manifest themselves in the combination of prior art references. As the Federal Circuit has explained, "[w]ithout any explanation as to how or why the references would be combined to arrive at the claimed invention, we are left with only hindsight bias that *KSR* warns against"; consequently, "while we understand that '[t]he obviousness analysis cannot be confined by a formalistic conception of the words teaching, suggestion, and motivation,' we also recognize that we cannot allow hindsight bias to be the thread that stitches together prior art patches into something that is the claimed

invention.” *Metalcraft of Mayville, Inc. v. The Toro Co.*, 848 F.3d 1358, 1367 (Fed. Cir. 2017) (quoting *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 419, 421 (2007)).

In view of the foregoing, because the Examiner has not provided adequately supported reasoning for the obviousness determination, we do not sustain the rejection of independent claim 21 and, for similar reasons, the other independent claims (claims 27, 36, and 37), or dependent claims 22–26, 28–34, and 38–41 under 35 U.S.C. § 103(a).

DECISION

We AFFIRM the Examiner’s decision rejecting claims 21–34 and 36–41 under 35 U.S.C. § 101, designating this affirmance as a NEW GROUND OF REJECTION under 37 C.F.R. § 41.50(b).

We REVERSE the Examiner’s decision rejecting claims 21–34 and 36–41 under 35 U.S.C. § 103(a).

This Decision contains a new ground of rejection pursuant to 37 C.F.R. § 41.50(b). Section 41.50(b) provides that “[a] new ground of rejection pursuant to this paragraph shall not be considered final for judicial review.” Section 41.50(b) also provides:

When the Board enters such a non-final decision, the appellant, within two months from the date of the decision, must exercise one of the following two options with respect to the new ground of rejection to avoid termination of the appeal as to the rejected claims:

(1) *Reopen prosecution.* Submit an appropriate amendment of the claims so rejected or new Evidence relating to the claims so rejected, or both, and have the matter reconsidered by the examiner, in which event the prosecution will be remanded to the examiner. The new ground of rejection is binding upon the examiner unless an amendment or new

Evidence not previously of Record is made which, in the opinion of the examiner, overcomes the new ground of rejection designated in the decision. Should the examiner reject the claims, appellant may again appeal to the Board pursuant to this subpart.

(2) *Request rehearing.* Request that the proceeding be reheard under § 41.52 by the Board upon the same Record. The request for rehearing must address any new ground of rejection and state with particularity the points believed to have been misapprehended or overlooked in entering the new ground of rejection and also state all other grounds upon which rehearing is sought.

Further guidance on responding to a new ground of rejection can be found in the MANUAL OF PATENT EXAMINING PROCEDURE § 1214.01 (9th Ed., Rev. 08.2017, Jan. 2018).

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; 37 C.F.R. § 41.50(b)