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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
13/004,724	01/11/2011	TODD BENSON	TDBN-30,539	1051
25883	7590	09/14/2018	EXAMINER	
MUNCK WILSON MANDALA L.L.P			SUMMERS, KIERSTEN V	
P.O. Drawer 800889			ART UNIT	
DALLAS, TX 75380			PAPER NUMBER	
			3688	
			NOTIFICATION DATE	
			DELIVERY MODE	
			09/14/2018	
			ELECTRONIC	

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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte TODD BENSON

Appeal 2017-001479
Application 13/004,724
Technology Center 3600

Before JUSTIN BUSCH, STACEY G. WHITE, and
MATTHEW J. McNEILL, *Administrative Patent Judges*.

BUSCH, *Administrative Patent Judge*.

DECISION ON APPEAL

Pursuant to 35 U.S.C. § 134(a), Appellant appeals from the Examiner's decision to reject claims 1 and 2, which constitute all the claims pending in this application. We have jurisdiction over the pending claims under 35 U.S.C. § 6(b). We affirm.

CLAIMED SUBJECT MATTER

Appellant's claimed invention is generally directed to providing incentives for products and services to customers, including using customer filters to narrow the products or services matched to customers, providing the user with incentives based on the matches, allowing the user to select an

offer, and providing the user with a coupon or offer code. Spec. ¶¶ 4, 7–9.

The claimed invention also provides alternate incentives if the initial incentive was not redeemed. *See* Spec. ¶ 16. Claim 1 is the only independent claim and is reproduced below:

1. A method for incentivizing users of a system that are potential customers to use services and products provided by a retail provider at a retail provider location or service provider at a service provider location through Point of Sale (POS) terminals associated with the retail or service provider location based on real-time inventory loading, wherein a potential customer is a user that the retail or the service provider is able to interface with through the system, the method comprising:

determining by the retail provider or service provider associated with the retail or service provider location a level of an incentive based on products and services provided by the retail or service provider as a providing retail or service provider;

determining by the retail or service provider a time window of the incentive determined by that retail or service provider and associated with the products and services provided by that retail or service provider;

determining by the retail or service provider a finite quantity of the products and services associated with the incentive to offer to designated ones of the potential customers based upon at least one business condition of the retail or service provider;

updating on a continuous basis through one of the POS terminals associated with the retail or service providers a database with the finite quantity of products and services associated with the incentive and associated temporal aspects of the determined and associated time window in order to provide a continuously updated database of products and services for the retail or service provider;

providing by each of the potential customers filtering parameters of which one filtering parameter includes physical distance of a mobile electronic device associated with each of the potential customers at a customer location relative to the provider

location within a predetermined proximity to the provider location;

once the filtering parameters are in place, searching by potential customers the continuously updated database of products and services for the best matches and offers that will be presented to the potential customers and automatically determining a proximity of the potential customers to the provider location to determine if the distance filtering parameter has been matched, and then selecting from the potential customers designated ones of the potential customers that match the physical distance filtering parameter;

presenting to only the selected designated ones of the potential customers a report of matching products and services determined to match the filtering parameters to the selected designated ones of the potential customers and also information regarding the associated time window associated with the matching products and services;

receiving from responding ones of the selected designated ones of the potential customers a selection of matching products and services associated with a stored incentive defined by the retail or service provider;

sending by the retail or service provider an indication of the selection by the potential customer of matching products and services associated with the stored incentive to a POS associated with the retail or service provider to register the potential customer as desiring to use the products and services associated with stored incentives;

sending a coupon associated with the selected products and services associated with the stored incentive to the responding ones of the selected designated ones of the potential customers in the form of a bar code from the retail or service provider to the mobile electronic device of each of the responding ones of the selected designated ones of the potential customers, which coupon is to be used within the associated time window to be redeemed by the providing retail or service provider;

using the coupon by less than all of the responding ones of the selected designated ones of the potential customers to receive

the products of services associated with the sent coupon sent by the providing retail or service provider;

determining as non redeeming customers the number of responding ones of the selected designated ones of the potential customers that did not use the coupon; and

as a result of determining the non redeeming customers, sending from the POS via an application running thereon notifications of nonredemption to the non redeeming customers in association with a different coupon for another service or product of the providing retail or service provider.

REJECTIONS

Claims 1 and 2 stand rejected under 35 U.S.C. § 101 as being directed to ineligible subject matter. Final Act. 5–6.

Claims 1 and 2 stand rejected under 35 U.S.C. § 112 as being indefinite for failing to particularly point out and distinctly claim the subject matter. Final Act. 6–8.

Claim 1 stands rejected under 35 U.S.C. § 103 as obvious in view of Altman (US 2008/0133336 A1; June 5, 2008), Koether (US 2008/0249840 A1; Oct. 9, 2008), and Liu (US 2008/0154714 A1; June 26, 2008). Final Act. 8–19.

Claim 2 stands rejected under 35 U.S.C. § 103 as obvious in view of Altman, Koether, Liu, and Turpin (US 2008/0189169 A1; Aug. 7, 2008). Final Act. 19–20.

ANALYSIS

We have reviewed the Examiner's rejections in light of Appellant's arguments that the Examiner erred. In reaching this decision, we have considered all evidence presented and all arguments Appellant made. Arguments Appellant could have made, but chose not to make in the Briefs, are deemed waived. *See* 37 C.F.R. § 41.37(c)(1)(iv).

THE § 112 REJECTION

The Examiner rejects claims 1 and 2 as indefinite under 35 U.S.C. § 112. Appellant does not contest the Examiner’s rejection and states only that “the §112 issues raised by the Examiner are minor issues that can be addressed in a brief amendment following the conclusion of the present appeal to place the application in condition for allowance.” Accordingly, we summarily affirm the Examiner’s uncontested rejection of claims 1 and 2 under 35 U.S.C. § 112.

THE § 101 REJECTION

The Examiner concludes claims 1 and 2 are directed to judicially excepted subject matter. Final Act. 2–4; Ans. 12–17. Appellant argues claims 1 and 2 are directed to eligible subject matter.

Alice/Mayo Framework

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. There is no dispute that claims 1 and 2 are directed to one of these categories, a process.

In *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. 66, 70 (2012) and *Alice Corp. Pty. Ltd. 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: (1) “determine

whether the claims at issue are directed to” a patent-ineligible concept, such as an abstract idea; and, if so, (2) “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. *Alice*, 134 S. Ct. at 2355 (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*, 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).

Step One of Alice Framework

Turning to step one of the *Alice* framework, the Examiner concludes the concepts recited in the claims are both a fundamental economic practice and a certain method of organizing human activity because the claims are directed to providing coupons or advertisements based on user interest (e.g., user location and user selection). Final Act. 3–6. The Examiner compares the claims to a user signing up for a mailing list to receive location-based advertisements or coupons and advertisers tracking the effectiveness of such advertising campaigns when deciding how to target future campaigns. Final Act. 3–4; Ans. 21.

Appellant argues “[t]he idea, as set forth in the claims about the process of providing incentives to consumers based on proximity, is directed toward incentives as being a function of inventory loading.” App. Br. 18. Appellant then paraphrases various limitations and alleges such concepts are “outside of any fundamental economic practice.” App. Br. 18–19.

We initially note that claim 1 does not recite incentives “being a function of inventory loading,” as Appellant asserts. Rather, claim 1 recites “determining . . . a finite quantity of the products and services . . . to offer . . . based upon at least one business condition” and continuously updating the finite quantity “in order to provide a continuously updated database of products and services.” Claim 1 makes no other reference to the recited finite quantity, let alone basing an offered incentive on such a quantity. Therefore, we disagree with Appellant that claim 1 is directed to providing incentives as a function of inventory loading.

Appellant’s other assertions relate to step 2 of the *Alice* analysis—i.e., whether any additionally recited limitations recite significantly more than the abstract idea. To the extent Appellant asserts claim 1 is not directed to providing incentives based on user interest or that such a concept is not an abstract idea, we disagree.

Claim 1 recites determining various characteristics of an incentive to offer potential customers (i.e., the level of the incentive, the time window of the incentive, and the quantity of products of services and products associated with the incentive, including continuously updating the quantity), identifying potential incentives based on proximity, presenting incentive offers that match a customer’s proximity, receiving a customer selection of an offered product or service, sending an indication of the customer’s

interest to a terminal to register the customer as interested and sending a coupon to the customer, and sending an alternate coupon to customers who indicated interest but did not use the initial coupon they received. Therefore, we agree with the Examiner that claim 1's character as a whole is providing incentives to customers who have expressed interest because the focus of claim 1 is on identifying incentives to offer customers, identifying customers who may be interested in the incentives, and providing incentives to the customers who expressed interest.

There is no definitive rule to determine what constitutes an “abstract idea.” Rather, we may look to other decisions where similar concepts were previously found abstract by the courts. *See Amdocs (Isr.) Ltd. v. Openet Telecom, Inc.*, 841 F.3d 1288, 1294 (Fed. Cir. 2016) (“Instead of a definition [for what an ‘abstract idea’ encompasses], then, the decisional mechanism courts now apply is to examine earlier cases in which a similar or parallel descriptive nature can be seen—what prior cases were about, and which way they were decided.”); *see also Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1334–35 (Fed. Cir. 2016).

In that regard, targeting customers with particular incentives is a well-known economic practice, and as such, an abstract idea. *See Morsa v. Facebook, Inc.*, 77 F. Supp. 3d 1007, 1013 (C.D. Cal. 2014), *aff'd*, 622 F. App'x 915 (Fed. Cir. 2015) (concluding that claims directed to “targeting advertisements to certain consumers” were no more than an abstract idea). As noted by the court in *Morsa*, “targeted advertising is [a well-known] concept, insofar as matching consumers with a given product or service ‘has been practiced as long as markets have been in operation.’” *Morsa*, 77 F. Supp. 3d at 1014 (quoting *Tuxis Techs., LLC v. Amazon.com, Inc.*, 2014 WL

4382446, at *5 (D. Del. 2014)). In other words, “[t]he concept of gathering information about one’s intended market and attempting to customize the information then provided is as old as the saying, ‘know your audience.’” *Id.* at 1013 (quoting *OpenTV, Inc. v. Netflix Inc.*, 76 F. Supp. 3d 886, 893 (N.D. Cal. 2014)).

The Federal Circuit has concluded similar concepts were directed to abstract ideas. *See Affinity Labs of Tex., LLC v. Amazon.com Inc.*, 838 F.3d 1266, 1271 (Fed. Cir. 2016) (“tailoring of content based on information about the user—such as where the user lives or what time of day the user views the content—is an abstract idea that is as old as providing different newspaper inserts for different neighborhoods.”) (citing *Intellectual Ventures I LLC v. Capital One Bank (USA)*, 792 F.3d 1363, 1369 (Fed. Cir. 2015)); *see also Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 712, 714–15 (Fed. Cir. 2014) (concluding claims reciting steps receiving media content, associating the content with an advertisement, providing the content for sale on the Internet while restricting public access to the content, providing the content to a consumer without charge in exchange for viewing an advertisement, and allowing access to the content after viewing or interacting with the advertisement were directed to the abstract idea of “showing an advertisement before delivering free content”).

To the extent Appellant contends claim 1 is not directed to an abstract idea because it is a particular application of the abstract idea and does not “tie up the entire idea,” Reply Br. 2, Appellant provides insufficient detailed argument or evidence explaining why the Examiner’s conclusion is incorrect. Moreover, although “preemption may signal patent ineligible subject matter, the absence of complete preemption does not demonstrate

patent eligibility Where a patent’s claims are deemed only to disclose patent ineligible subject matter under the *Mayo* framework, as they are in this case, preemption concerns are fully addressed and made moot.” *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015); *see also OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1362–63 (Fed. Cir. 2015) (“And [the fact] that the claims do not preempt all price optimization or may be limited to price optimization in the e-commerce setting do[es] not make them any less abstract.”).

Accordingly, we agree with the Examiner that claim 1 is directed to an abstract idea. Claim 2 adds a particular detail regarding filtering parameters and does not change the character of the claim. Therefore, we turn to step 2 of the *Alice* analysis.

Step Two of Alice Framework

Next, we turn to step two of *Alice* to determine whether the *additional* limitations, when considered both “individually and ‘as an ordered combination’” contain an “inventive concept” sufficient to transform the claimed “abstract idea” into a patent-eligible application. *Alice*, 134 S. Ct. at 2355–58.

The Examiner concludes the additional elements, alone and in combination, are simply instructions to implement the abstract idea on computers and recite only generic computer structure performing generic computing functions insufficient to transform the abstract idea into eligible subject matter. Final Act. 4–6. In particular, the Examiner finds the concept of providing alternate coupons when a user does not redeem an initially provided coupon is part of the abstract idea because it is part of the fundamental economic practice of providing incentives based on user

interest. Ans. 21. The Examiner further finds the point of sale terminal recited in claim 1 is simply generic computer structure and the claims merely require implementing the abstract idea on such generic computing components. Ans. 22.

Appellant paraphrases the limitations recited in claim 1 relating to providing coupons, redeeming those coupons by only some users, and providing new coupons to non-redeeming customers as being “outside of any fundamental economic practice.” App. Br. 18–19. Appellant also contends claim 1 recites a “user must actually use the coupon in a redemption operation, which is an operation that is in addition to the operation of the computer that is recognized by the computer.” App. Br. 19. Appellant also concludes, without further explanation, that “[t]he claim as a whole, and when considered as an ordered combination, thus provides a *particular application* of an idea, while also linking the idea to, and improving on the idea with, a system rooted in technology not found within the idea itself.”

Appellant’s conclusory statements do not persuade us that the Examiner erred. Appellant provides insufficient argument or evidence that the additionally recited limitations demonstrate the system is rooted in computer technology or is a particular application of an abstract idea. Moreover, we agree with the Examiner, *see* Ans. 22, that the concept of providing an alternate coupon to customers who did not redeem the first coupon falls within the abstract idea of providing incentives or advertisements based on user interest.

We do not agree with Appellant that claim 1’s additional limitations add significantly more than the abstract idea. On the contrary, claim 1

recites the routine use of conventional computer components to perform the recited method steps that constitute the abstract idea. *See OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1363 (Fed. Cir. 2015) (“[R]elying on a computer to perform routine tasks more quickly or more accurately is insufficient to render a claim patent eligible.”); *see also Intellectual Ventures I LLC v. Capital One Bank*, 792 F.3d 1363, 1370 (Fed. Cir. 2015) (“[O]ur precedent is clear that merely adding computer functionality to increase the speed or efficiency of the process does not confer patent eligibility on an otherwise abstract idea.”); *Alice*, 134 S. Ct. at 2358–59.

Accordingly, the claimed limitations, considered both individually and together, do not add significantly more to the abstract idea and, therefore, do not render the subject matter patent eligible.

Summary

For the above reasons, Appellant has not persuaded us the Examiner erred in rejecting claims 1 and 2 under 35 U.S.C. § 101 as being directed to merely an abstract idea, rendering the claimed subject matter ineligible.

THE § 103 REJECTION

The Examiner finds the combination of Altman, Koether, and Liu teaches or suggests every limitation recited in claim 1 and provides a reason for combining the asserted teachings. Final Act. 8–19. Of particular relevance to our Decision, the Examiner finds Altman teaches or suggests “updating on a continuous basis . . . a database with *the finite quantity of products and services associated with the incentive*,” as recited in claim 1. Final Act. 9 (citing Altman ¶¶ 106–107, Fig. 16B). Among other arguments, Appellant contends Altman fails to teach or suggest this limitation because paragraphs 106 and 107 and Figure 16B of Altman merely disclose an

interface that allows an advertiser to customize its campaign ads' particular qualities or characteristic (e.g., name, type, location, target demographics), but does not show anything related to a finite quantity of products or services associated with the incentive, let alone updating such a quantity on a continuous basis. App. Br. 20–22.

In response, the Examiner reiterates the finding that paragraphs 106 and 107 and Figure 16B disclose “that advertisers can edit information associated with advertising campaigns” and “can create ads and update them and make changes in real time.” Ans. 23–24. The Examiner finds these disclosures teach that an advertiser can update the finite quantity, pointing to the exemplary discounts depicted in Figure 16B (e.g., campaigns offering 50% off a Frappuccino or a free cookie with a coffee) and stating that the advertiser could use the interface to update the coupon from one type of discount to another. Ans. 24. The Examiner appears to equate a particular coupon to the recited “finite quantity of products or services associated with the incentive.” *See* Ans. 24 (“The advertiser [could] update the coupon (e.g. the finite qua[n]tity of the products or services) from” one offer to a coupon with a different offer.).

On this record, Appellant has persuaded us the Examiner erred in rejecting claim 1. More specifically, we agree with Appellant that updating an offer (e.g., changing an offer from one coupon to another) does not teach “updating . . . the finite quantity of products and services associated with the incentive,” as recited in claim 1. We construe claim 1’s recitation of updating a finite quantity to be a step of changing the inventory level (i.e., increasing or decreasing the number) of the products and services associated with the incentive. We see nothing in Altman’s cited sections related to

updating a quantity of products and services and, therefore, agree with Appellant that the Examiner has failed to demonstrate Altman teaches or suggests the updating step.

For this reason, we are persuaded the Examiner erred in rejecting independent claim 1 as obvious in view of Altman, Koether, and Liu. The Examiner does not find Turpin, which is additionally cited in the rejection of claim 2, cures this deficiency. Accordingly, for the same reason, we are persuaded the Examiner erred in rejecting claim 2, which depends from claim 1 and incorporates the updating step, as obvious in view of Altman, Koether, Liu, and Turpin.

DECISION

We affirm the Examiner's decision to reject claims 1 and 2 under 35 U.S.C. §§ 101 and 112.

We reverse the Examiner's decision to reject claims 1 and 2 under 35 U.S.C. § 103.

Because we affirm at least one ground of rejection with respect to each claim on appeal, the Examiner's decision is affirmed. *See* 37 C.F.R. § 41.50(a)(1).

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