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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte JOSEPH M. ASHER and ROBERT F. BAHRAMPOUR¹

Appeal 2017-001589
Application 12/903,112
Technology Center 3700

Before STEFAN STAICOVICI, EDWARD A. BROWN, and
ARTHUR M. PESLAK, *Administrative Patent Judges*.

STAICOVICI, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Joseph M. Asher and Robert F. Bahrapour (“Appellants”) appeal under 35 U.S.C. § 134(a) from the Examiner’s decision in the Final Office Action (dated Feb. 9, 2015, hereinafter “Final Act.”) rejecting claims 1–5 and 7–20.² We have jurisdiction over this appeal under 35 U.S.C. § 6(b).

SUMMARY OF DECISION

We AFFIRM.

¹ CFPH, LLC is identified as the real party in interest in Appellants’ Appeal Brief (filed Oct. 28, 2015, hereinafter “Appeal Br.”). Appeal Br. 2.

² Claims 6 and 21 are canceled. Appeal Br. 2.

INVENTION

Appellants' invention relates "to systems and methods for managing a wireless lottery." Spec. para. 3.

Claim 1 and 20 are independent. Claims 1 is illustrative of the claimed invention and reads as follows:

1. A method for determining credit for a sale made at a time using an electronic communication device, the method comprising:

determining, by at least one processor, a location of the electronic communication device at the time of the sale;

determining by the at least one processor, for each of a plurality of retailers, a distance between (a) the location of the electronic communication device at the time of the sale and (b) a location of the respective retailer;

determining, by the at least one processor, a respective credit for each of the plurality of retailers based at least partially on the determined distance between the location of the electronic communication device at the time of the sale and the location of each respective retailer; and

causing the respective credit to be provided to each of the plurality of retailers.

REJECTIONS

- I. The Examiner rejects claims 1–5 and 7–20 under 35 U.S.C. § 101 as being directed to ineligible subject matter.
- II. The Examiner rejects claims 1–5 and 7–20 on the ground of nonstatutory double patenting as being unpatentable over claims 1–49 of Asher et al. (US 7,811,172 B2, iss. Oct. 12, 2010, hereinafter "Asher").

ANALYSIS

Rejection I

Claims 1 and 20

Appellants have not presented arguments for the patentability of claim 20 apart from claim 1. *See* Appeal Br. 10. Therefore, in accordance with 37 C.F.R. § 41.37(c)(1)(iv), we select claim 1 as the representative claim to decide the appeal, with claim 20 standing or falling with claim 1.

Section 101 of the Patent Act defines patent-eligible subject matter: “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 interpreting this statutory provision, the Supreme Court has held that its broad language is subject to an implicit exception for “laws of nature, natural phenomena, and abstract ideas,” which are not patentable. *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2355 (2014).

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 Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66 (2012)). According to the Supreme Court’s framework, we must first determine 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, we must secondly “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.* (quoting *Mayo*, 566 U.S. at 79, 78). 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.* (alteration in original) (quoting *Mayo*, 566 U.S. at 72–73).

Step One

The Examiner determines that the claimed method describes “credit for sale {determining sales commission}.” Final Act. 2. According to the Examiner, “claim [1] concern[s] ‘sales,’ ‘retailers,’ ‘locations,’ and ‘causing the respective credit to be provided to each of the plurality of retailers,’” which “encompass a plurality of fundamental economic practices.” Examiner’s Answer 2–3 (dated Sept. 14, 2016, hereinafter “Ans.”). The Examiner explains that such fundamental economic practices include retailing (“[s]ales made among multiple retailers”), contract formation (“[f]inancial relationships among the plurality of retailers”), and a mathematical algorithm (“[n]umerically determining the credit or commissions allocated among the retailers”). *Id.* at 3. Thus, the Examiner determines that “the claims recite fundamental economic practices similar to those the Court found to be abstract.” *Id.* at 5.

The first prong of the test requires us to determine whether the challenged claims are directed to an abstract idea. To that end, Appellants argue that the Examiner “fails to identify which specific recitation(s) recite

the alleged abstract idea of ‘determining credit for sale,’ and thus fails to ‘refer[] to where [the abstract idea exception] is recited.’” Appeal Br. 6. Appellants contend that “the phrase ‘*credit for sale*’ appears only in the **preamble** of method claim 1,” and, thus, is not sufficient to establish that the actions specified in the body of method claim 1 recite an abstract idea. Reply Brief 3 (filed Nov. 14, 2016, hereinafter “Reply Br.”). According to Appellants, the Examiner’s “characterization of the claim[] as reciting the allegedly abstract idea of ‘*credit for sale*’ is an improper over-generalization of the claim[] that fails to take into account what the claim[] actually recite[s].” *Id.* at 4 (citing *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1337 (Fed. Cir. 2016)). Thus, Appellants assert that the Examiner “fails to establish that the alleged abstract idea of ‘determining credit for a sale’ is, in fact, abstract,” because the Examiner “fails to provide any evidence, whatsoever, to support the assertion that the alleged abstract idea is a (i) fundamental economic practice (ii) that is long prevalent in our system of commerce and taught in any introductory finance class and is (iii) a building block of the modern economy.” Appeal Br. 6–7 (citing *Alice*, 134 S.Ct. at 2356), 9.

We do not find Appellants’ arguments persuasive. Under *Alice*, claim 1 is directed to an abstract idea, which the Examiner accurately describes as “determining sales commission.” *See* Final Act. 2; *see also* Spec. para 8 (“determin[ing] how sales commissions will be paid”). The idea that a retailer is paid a sale commission is a type of fundamental business practice that is not patent-eligible under *Alice*. We agree with the Examiner that claim 1 is similar to claims found to be ineligible in *Cybersource Corp. v.*

Retail Decisions, Inc., 654 F.3d 1366 (Fed. Cir. 2011) (verifying credit card fraud); *Bilski v. Kappas*, 561 U.S. 593 (2010) (hedging risk); and *OIP Technologies, Inc. v. Amazon.com, Inc.*, 788 F.3d 1359 (Fed. Cir. 2015) (automatic pricing in electronic commerce) because claim 1 encompasses “fundamental economic practices.” Ans. 3. Appellants do not adequately distinguish claim 1 from those found patent-ineligible in *Cybersource*, *Bilski*, and *OIP*. See Reply Br. 7–8. Rather, Appellants rely on *Amdocs (Israel) Limited v. Openet Telecom, Inc.*, 841 F.3d 1288 (Fed. Cir. 2011), but fail to adequately explain why the claims in *Amdocs*, which are related to an improvement in computer technology, are more similar to instant claim 1 than the claims in *Cybersource*, *Bilski*, and *OIP*, which are related to “fundamental economic practices.” See Reply Br. 8.

With respect to the steps of method claim 1, the Examiner is correct that claim 1 “recites[s] use of a processor to determine locations of electronic devices, distances between retailers, respective credits for said retailers, and providing said credits from sales.” Final Act. 3. Thus, at best, claim 1 provides a practical application for paying a sales commission based on manipulating data (determining locations of electronic devices and distances between retailers and electronic devices) according to mathematical relationships (determining the sale commission). However, a recitation of a practical application for an abstract idea is insufficient to transform an abstract idea into an inventive concept. Cf. *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1371 (Fed. Cir. 2011) (“The Court [*Parker v. Flook*, 437 U.S. 584 (1978)] rejected the notion that the recitation

of a practical application for the calculation could alone make the invention patentable . . .”).

Furthermore, we agree with the Examiner that the steps of claim 1 “can all . . . be performed manually and . . . amount to nothing more than common computing functions claimed at a high level of generality to retrieve, store, access, process and output data.” Final Act. 3. “[M]ental processes-or processes of human thinking-standing alone are not patentable even if they have practical application.” *In re Comiskey*, 554 F.3d 967, 979 (Fed. Cir. 2009); *see also Gottschalk v. Benson*, 409 U.S. 63, 67 (1972) (“Phenomena of nature..., mental processes, and abstract intellectual concepts are not patentable, as they are basic tools of scientific and technological work.”). Here, first, the steps of “determining . . . a location of the electronic communication device at the time of the sale” and “determining . . . a distance between (a) the location of the electronic communication device . . . and (b) a location of the respective retailer” can be performed by a human who simply reads a map. Second, the step of determining the credit to be paid can be performed by a person constructing a table to include the amount of credit due to respective retailers located at various distances from a point of sale and then reading the table to determine the respective credit (sales commission). Finally, the same person may then manually pay the respective retailer the credit (sales commission) due.

As to Appellant’s pre-emption argument (*see* Appeal Br. 8–9, Reply Br. 7), the Supreme Court has stated that “patents that . . . integrate the building blocks [of human ingenuity] into something more, thereby transform[ing] them into a patent-eligible invention . . . pose no comparable

risk of pre-emption, and therefore remain eligible for the monopoly granted under our patent laws.” *Alice*, 134 S. Ct. at 2354–55 (second alteration in original) (citations and quotations omitted). Although a concern regarding preemption is one that “undergirds [the Supreme Court’s] § 101 jurisprudence” overall (*id.* at 2358), it is not an issue addressed in the first step of the analysis. *See, e.g., DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1259 (Fed. Cir. 2014) (discussing preemption in the context of the second step of the analysis). In other words, in the first step of the analysis, the issue is not whether the claims preempt all possible implementations of the identified abstract idea; rather, the issue is “the ‘focus’ of the claims, their ‘character as a whole.’” *Elec. Power Grp. LLC v. Alstom S.A.*, 830 F.3d 1350, 1353 (Fed. Cir. 2016) (quoting *Enfish*, 822 F.3d at 1335–36, and *Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1346 (Fed. Cir. 2015)).

Moreover, characterizing preemption as a driving concern for patent eligibility is not the same as characterizing preemption as the dispositive test for patent eligibility. Instead, “[t]he 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*, 134 S. Ct. at 2354). Although “preemption may signal patent ineligible subject matter, the absence of complete preemption does not demonstrate patent eligibility.” *Id.* Thus, that claim 1 requires paying a sales commission in a specific manner, namely, using “multiple retailers and a determination of multiple distances”

(Appeal Br. 8), does not demonstrate error in the determination that claim 1 is directed to patent-ineligible subject matter.

In conclusion, when read as a whole, independent claim 1 is directed to paying a retailer a sale commission, and, for the reasons discussed above, constitutes an abstract idea. The question to be settled next is whether claim 1 recites an element, or combination of elements, that is enough to ensure that the claim is directed to significantly more than an abstract idea.

Step Two

With respect to the second step of the *Alice* framework, the Examiner determines that “[t]he claim(s) do not include additional elements that are sufficient to amount to significantly more than the judicial exception.” Final Act. 2. According to the Examiner, claim 1 “encompass[es] generic ‘electronic communication devices’ which allow a ‘processor’ to determine locations, retailers, and credit to be provided among the retailers.” Ans. 5.

Appellants argue that “[t]he lack of a prior art rejection is strong evidence that the claims must recite ‘significantly more’ than the various ‘fundamental economic practices’ alleged” by the Examiner. Reply Br. 6; *see also* Appeal Br. 7. According to Appellants, the feature of determining “a credit or commission . . . based on a plurality of distances between a plurality of retailers and a device at a time of purchase or sale” “is an inventive step that is ‘significantly more’ than any alleged abstract idea.” Reply Br. 6.

We are not persuaded by Appellants’ arguments because an allegation that claims are novel and non-obvious in light of an absence of evidence

does not conflict with the Examiner’s conclusion of ineligibility under § 101 because “a claim for a *new* abstract idea is still an abstract idea.” *Synopsys, Inc. v. Mentor Graphics Corp.*, 839 F.3d 1138, 1151 (Fed. Cir. 2016) (citing *Mayo*, 132 S. Ct. at 1304). Whether the claimed concept is “[g]roundbreaking, innovative, or even brilliant . . . does not by itself satisfy the § 101 inquiry.” *Ass’n for Molecular Pathology v. Myriad Genetics, Inc.*, 133 S. Ct. 2107, 2117 (2013). Consequently, under the second step of the *Alice* analysis, an abstract idea does not transform into an eligible inventive concept just because the Examiner has not found prior art that discloses or suggests it. Indeed, “[t]he ‘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.” *Diamond v. Diehr*, 450 U.S. 175, 188–89 (1981).

Citing to *DDR Holdings*, 773 F.3d at 1257, Appellants further argue that “the present claims solve a problem rooted in computer technology to improve the functionality of allocating credits to retailers based on purchases occurring in different geographies.” Appeal Br. 9. According to Appellant, “the claimed solution is necessarily implemented in a networked computer environment.” *Id.*; see also Reply Br. 8.

We do not find Appellants’ arguments persuasive. Claim 1 does not recite an “electronic communication device” or a “processor” that would make the function performed by these elements unconventional to remove the claim from the realm of an abstract idea. The test is not whether the claimed “electronic communication device” or “processor” can perform a

“new” function, i.e., determine a sale commission. It is whether performing the function allows the claimed “electronic communication device” or “processor” to function better. Here, like in *Alice*, the generic claimed “processor” performs the tasks of determining locations of electronic devices, of distances between retailers and electronic devices, and of a credit due a retailer, perhaps more efficiently than a human; however, that does not make the invention patent-eligible. Likewise, we agree with the Examiner that the claimed “electronic communication device” can be either a computer or a cell phone (*see* Ans. 6), and, moreover, is described by Appellants’ Specification as “wireless communication devices” including generic “mobile phones, personal data assistants (PDAs), computers, mini-computers, etc.” Spec. para. 26.

In other words, the claimed “electronic communication device” and “processor” components function in a conventional manner to transmit and analyze data. *See Alice*, 134 S. Ct. at 2359–60 (holding patent-ineligible claims that “amount to ‘nothing significantly more’ than an instruction to apply the abstract idea . . . using some unspecified, generic computer” and in which “each step does no more than require a generic computer to perform generic computer functions” (internal quotation marks, citation omitted)). The fact that these generic computer functions are applied to the particular environment of a computer-aided sale commission payment process is not sufficient to circumvent the prohibition against patenting an abstract idea. *See Bilski*, 561 U.S. at 610–11.

Hence, unlike the situation in *DDR Holdings*, in which the problem of retaining website visitors was a challenge particular to the Internet (*DDR*

Holdings, 773 F.3d at 1257), the problem of paying a sale commission to a retailer is not shown by Appellants to be a challenge particular to a computer environment. Hence, claim 1 at most applies generic computer technology to the process of paying a sale commission to a retailer. As such, “the basic character of a process claim drawn to an abstract idea is not changed by claiming only its performance by computers, or by claiming the process embodied in program instructions on a computer readable medium.”

CyberSource, 654 F.3d at 1375 (citing *In re Abele*, 684 F.2d 902 (CCPA 1982)).

For the above reasons, the recited elements, considered individually and as an ordered combination, do not constitute an “inventive concept” that transforms independent claim 1 into patent-eligible subject matter. *See Alice*, 134 S. Ct. at 2355. Accordingly, we do not sustain the rejection of claim 1 under 35 U.S.C. § 101 as directed to patent-ineligible subject matter. Claim 20 falls with claim 1.

Claims 2–5 and 7–19

With respect to the rejection of claims 2–5 and 7–19, Appellants argue that the Examiner fails to analyze each claim separately under 35 U.S.C. § 101. *See* Appeal, Br. 10–11. According to Appellant, “the specific recitations of [each] claim . . . recite ‘significantly more’ than the alleged abstract idea.” *Id.* at 11.

We are not persuaded by Appellants’ arguments because the Examiner specifically explains the limitations of each claim. *See* Final Act. 3–4; Ans. 7. Furthermore, statements that merely point out what a claim

recites will not be considered an argument for separate patentability of the claim. *See In re Lovin*, 99 USPQ2d 1373, 1379 (Fed. Cir. 2011). Here, claims 2–5 and 7–19 merely add further details of the abstract steps recited in claim 1 also without including an improvement to another technology or technical field, an improvement to the functioning of the computer itself, or meaningful limitations beyond generally linking the use of an abstract idea to a particular technological environment. In other words, claims 2–5 and 7–19 further describe the method of paying a sale commission to a retailer of claim 1, that is, further describe the abstract idea. “[C]ases have not distinguished among different laws of nature according to whether or not the principles they embody are sufficiently narrow.” *Mayo*, 566 U.S. at 88–89 (citing *Parker v. Flook*, 437 U.S. 584 (holding narrow mathematical formula unpatentable)). A specific abstract idea is still an abstract idea.

Lastly, in regard to the rejection of claims 9 and 12, we agree with the Examiner’s findings that the limitations of data collection, as per claim 9, and data distribution, as per claim 12, “can be performed manually.” Final Act. 4. Accordingly, the Examiner is correct in that the limitations of claims 9 and 12 “are all machinations of translating the human analog of the activity into machinery.” Ans. 7. Appellants do not adequately explain why the limitations of claims 9 and 12 cannot be performed manually, as the Examiner finds. Without persuasive argument or evidence in support of their position, Appellants’ argument is unconvincing.

Accordingly, for the foregoing reasons, we likewise sustain the rejection of claims 2–5 and 7–19 under 35 U.S.C. § 101 as directed to patent-ineligible subject matter.

Rejection II

Appellants argue that the Examiner fails to “show how any specific claim of the present application corresponds to any specific reference claim.” Appeal Br. 12. According to Appellants, the Examiner “does not compare all of the recitations of any of claims 1–5 and 7–20 to any specific claim of . . . [Asher], nor does it set forth the obviousness analysis required by MPEP § 804[I](B)(1).” *Id.* at 13.

We are not persuaded by Appellants’ arguments. The Examiner is correct “that the claims, with minor variations in phraseology . . . [are] practically identical to the claims of” Asher. Final Act. 7. Moreover, the Examiner provides a direct one-to-one comparison of the instant claims to the claims of Asher. *See* Ans. 8–9.

As Appellants do not dispute the Examiner’s comparison, Appellants do not apprise us of any error with the Examiner’s nonstatutory double patenting rejection. *See* Reply Br. 9. Therefore, we also sustain the rejection of claims 1–5 and 7–20 on the ground of nonstatutory double patenting as unpatentable over claims 1–49 of Asher.

SUMMARY

The Examiner’s decision to reject claims 1–5 and 7–20 under 35 U.S.C. § 101 as being directed to ineligible subject matter is affirmed.

The Examiner’s decision to reject claims 1–5 and 7–20 on the ground of nonstatutory double patenting as being unpatentable over claims 1–49 of Asher is affirmed.

Appeal 2017-001589
Application 12/903,112

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