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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte DUANE SMITH JR., RICARDO ALVAREZ, MICHAEL K. NOLAN, KRISTI S. HEBNER, and CATHRYN H. “KATIE” HARLOW

Appeal 2017-001955
Application 13/408,659¹
Technology Center 3600

Before BRUCE T. WIEDER, TARA L. HUTCHINGS, and
ROBERT J. SILVERMAN, *Administrative Patent Judges*.

SILVERMAN, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

The Appellants appeal under 35 U.S.C. § 134(a) from the Examiner’s decision rejecting claims 1–7, 9–17, 19, and 20. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

¹ The Appellants identify “Capital One Financial Corporation and its subsidiary companies” as the real parties in interest. Appeal Br. 3.

ILLUSTRATIVE CLAIM

1. A computer-implemented method for providing account holders with a reward based on similar rewards previously obtained through other accounts, comprising:

identifying, using one or more computer processors configured to access an account database, an eligible account based on eligibility criteria, wherein the eligible account is associated with an account of an account holder stored in the account database;

receiving identifying data that identifies the eligible account;

associating, using one or more computer processors, a customer identifier with the identifying data from the eligible account;

for each customer identifier, receiving confirmation data associated with a separate account of the account holder, wherein the confirmation data comprises a reward variable and a date the confirmation data was sent, wherein the reward variable comprises rewards points previously accumulated at the separate account;

validating, using one or more computer processors, the confirmation data, wherein validating the confirmation data comprises determining whether the account holder has spent a threshold amount using their eligible account during a first period of time and determining whether the account holder has spent the threshold amount using their eligible account after the date the confirmation data was sent; and

rewarding, using the one or more computer processors, the eligible account with a matching variable if the account holder spent the threshold amount using their eligible account during the first period of time and after the date the confirmation data was sent, wherein the matching variable is approximately equal to the reward variable.

REJECTION

Claims 1–7, 9–17, 19, and 20 are rejected under 35 U.S.C. § 101 as ineligible subject matter.

FINDINGS OF FACT

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

ANALYSIS

I. Whether Claims 11–17, 19, and 20 Belong to a Statutory Category of Patent-Eligible Subject Matter

Independent claim 11 recites:

11. A system for providing account holders with rewards based on rewards previously obtained through other accounts, the system comprising:

an account database server that is accessed to identify an eligible account based on eligibility criteria, wherein the eligible account is associated with an account of an account holder;

an eligibility processor to receive identifying data that identifies the eligible account in the account database via a network;

a confirmation processor to, for each customer identifier, receive confirmation data associated with a separate account of the account holder, the confirmation data comprising a reward variable and a date the confirmation data was sent, wherein the reward variable comprises rewards points previously accumulated at the separate account;

the confirmation processor to validate the confirmation data, wherein to validate the confirmation data, the confirmation processor determines whether the account holder has spent a threshold amount using their eligible account during a first period of time and determines whether the account holder

has spent the threshold amount using their eligible account after the date the confirmation data was sent; and

a match processor to reward the eligible account in the account database with a matching variable if the account holder spent the threshold amount using their eligible account during the first period of time and after the date the confirmation data was sent, wherein the matching variable is approximately equal to the reward variable.

The subject matter eligible for patenting is limited, by statute, to the following categories: “process, machine, manufacture, [and] composition of matter.” 35 U.S.C. § 101.

Independent claim 11 and its dependent claims (claims 12–17, 19, and 20) stand rejected under § 101, in part, as not belonging to any of the statutory categories. *See* Final Action 6. According to the Examiner, independent claim 11 is “drawn to a computer program per se.” *Id.* The Examiner further states that claim 11 “recite[s] a system comprising a plurality of modules to perform a plurality of steps” and that “[t]hese recitations amount to mere data structures as they do not positively recite any structural components of the system in the body of the claim, and therefore could merely comprise the program/software code or modules for performing the steps of the invention.” *Id.*

The Federal Circuit has explained that, “[f]or all categories except process claims, the eligible subject matter must exist in some physical or tangible form”:

To qualify as a machine under section 101, the claimed invention must be a “concrete thing, consisting of parts, or of certain devices and combination of devices.” *Burr v. Duryee*, 68 U.S. 531, 570, 1 Wall. 531, 17 L. Ed. 650 (1863). To qualify as a manufacture, the invention must be a tangible article that is given a new form, quality, property, or

combination through man-made or artificial means. *Diamond v. Chakrabarty*, 447 U.S. 303, 308, 100 S. Ct. 2204, 65 L. Ed. 2d 144 (1980). Likewise, a composition of matter requires the combination of two or more substances and includes all composite articles. *Id.*

Digitech Image Techs., LLC v. Elecs. for Imaging, Inc., 758 F.3d 1344, 1348–49 (Fed. Cir. 2014). *Digitech* considered the patent-eligibility of a claimed “device profile,” which the court characterized as “a collection of information; specifically, a description of a device dependent transformation of spatial and color information.” *Id.* at 1349. Consequently, the court determined that the “device profile” “is not a tangible or physical thing and thus does not fall within any of the categories of eligible subject matter.” *Id.* “Data in its ethereal, non-physical form is simply information that does not fall under any of the categories of eligible subject matter under section 101.” *Id.* at 1350.

In the present Appeal, the Appellants argue (Appeal Br. 23–24) that the claimed “account database server,” “eligibility processor,” “confirmation processor,” and “match processor,” should be understood as hardware components, in view of the Specification’s characterization of these elements as having particular tangible hardware embodiments in “various network-enabled computer systems, including, as depicted in Figure 1A for example, an eligibility processor 103, a confirmation processor 104, and a match processor 106, which may be included as separate processors or combined into a single processor or device having multiple processors” (Spec. ¶ 13). Further, the Specification identifies particular devices for embodying the disclosed system:

As referred to herein, a network-enabled computer system may include, but is not limited to: *e.g.*, any computer device, or

communications device including, *e.g.*, a server, a network appliance, a personal computer (PC), a workstation, a mobile device, a phone, a handheld PC, a personal digital assistant (PDA), a thin client, a fat client, an Internet browser, or other device.

Id.

In view of the Specification, a person of ordinary skill in the relevant art would properly understand the claimed system to possess a tangible form, as a machine (or collection of machines) that is a patent-eligible category of subject matter of § 101. Accordingly, we do not sustain the rejection of independent claim 11 (and its dependent claims 12–17, 19, and 20) under 35 U.S.C. § 101, on the basis that these claims do not belong to any statutory category of patent-eligible subject matter.

II. Whether the Subject Matter of Claims 1–7, 9–17, 19, and 20 Should be Judicially Excluded from Patent Eligibility

Claimed subject matter belonging one of the statutory categories of § 101 may nevertheless be ineligible for patenting. In particular, 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) (“*Myriad*”). 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*, 134 S. Ct. 2347, 2354 (2014) (citation omitted). Accordingly, evaluating ineligible subject matter, under this judicial exclusion, 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 citations 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 2355.

All claims involved in this Appeal — independent claims 1 and 11, along with dependent claims 2–7, 9, 10, 12–17, 19, and 20 — stand rejected under the *Alice* analytical framework. Final Action 5–6.

According to the Examiner, with regard to the first *Alice* step, the claims are directed to “the economic practice of financial account holder management that includes rewards/incentives based on monitoring online consumer activity/occurrences” (Final Action 5) or, more succinctly, “rewarding customers/clients based on their account history” (*id.* at 2), which the Examiner regards as an abstract idea — amounting to either a fundamental economic practice or “mathematical/algorithmic relationships” (*id.* at 5).

The Appellants argue that the Examiner has not made out a prima facie case of ineligibility, because the rejection does not “include an analysis of the claim language itself” or “compare any alleged abstract idea or the claims to any legal precedent as required.” Appeal Br. 13. This argument is not persuasive, because 35 U.S.C. § 132 sets forth a general notice requirement for notifying an applicant of the reasons for a rejection together

with such information as may be useful in judging the propriety of continuing with prosecution of the application. *See, e.g., In re Jung*, 637 F.3d 1356, 1362 (Fed. Cir. 2011). In this case, the Examiner has provided an adequate explanation to meet the notice requirement, by applying the *Alice* framework and providing a predicate for the Appellants' response. Moreover, the Examiner's characterization of the claimed subject matter is similar to concepts that courts have regarded 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"), *aff'd*, 639 F. App'x 637 (Fed. Cir. 2016).

Further, the Appellants contend that the Examiner's characterization of the abstract idea does not fairly represent the claim, because it does not address certain claim features. Appeal Br. 16–17. This argument is unpersuasive. Although the first *Alice* step considers the character of the claim, as a whole, *see Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1346 (Fed. Cir. 2015), it need not include every claimed feature, because "[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).

Additionally, the Appellants argue that the claims are not directed to a fundamental concept, because the prior-art rejections have been withdrawn and evidence to the contrary is lacking. Appeal Br. 18. However, a determination of novelty or nonobviousness does not necessarily lead to the conclusion that subject matter is patent-eligible. "Groundbreaking,

innovative, or even brilliant discovery does not by itself satisfy the § 101 inquiry.” *Myriad*, 569 U.S. at 591.

Further, the Appellants argue that the public would not suffer from any preemption by the claims. Appeal Br. 19, Reply Br. 7. 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).

As to the second *Alice* step, the Examiner regards the additional claim elements as mere instructions to implement the abstract idea in a computer environment and/or generic computer structure performing generic functions that do not amount to significantly more than the abstract idea itself. Final Action 6.

The Appellants argue that any of various identified limitations of claim 1, for example, amount to significantly more than the identified abstract idea:

- (1) “receiv[e] ***confirmation data associated with a separate account of the account holder***, wherein the confirmation data comprises a reward variable and a date the confirmation data was sent, wherein ***the reward variable comprises rewards points previously accumulated at the separate account***,”
- (2) “validat[e], using one or more computer processors, the confirmation data, wherein validating the confirmation data comprises ***determining whether the account holder has spent a threshold amount using their eligible account during a first period of time and determining whether the account holder has spent the threshold amount using their eligible account after the date the confirmation data was sent***,” or
- (3) “reward[], using the one or more computer processors, ***the eligible account*** with a matching variable if the account holder spent the threshold amount using their eligible account during the first period of time and after the date the confirmation data

was sent, ***wherein the matching variable is approximately equal to the reward variable.***”

Appeal Br. 21. *See also* Reply Br. 14. However, the features that the Appellants emphasize are intertwined substantially with the identified abstract idea itself (i.e., providing rewards based upon prior usage), such that these features could not amount to “significantly more.” *BSG Tech LLC v. BuySeasons, Inc.*, 899 F.3d 1281, 1290 (Fed. Cir. 2018) (“It has been clear since *Alice* that a claimed invention’s use of the ineligible concept to which it is directed cannot supply the inventive concept that renders the invention ‘significantly more’ than that ineligible concept.”)

Additionally, the Appellants argue that the claimed subject matter is rooted in computer technology, akin to *DDR Holdings, LLC v. Hotels.com, LP*, 773 F.3d 1245 (Fed. Cir. 2014). *See* Appeal Br. 22–23. *See also* Reply Br. 11–12. Yet, the Appellants provide no explanation of how the claimed subject matter might “override[] the routine and conventional sequence of events ordinarily triggered by” the use of the identified equipment, as discussed in *DDR*, 773 F.3d at 1258. Simply invoking computer technology does not subvert, or obviate, the requisite analysis under the *Alice* framework.

The foregoing analysis applies to all the claims in the Appeal, as no dependent claim is argued separately, and notwithstanding the determination (in Section I, above) that claims 11–17, 19, and 20 belong to a statutory category of subject matter. Therefore, we are not persuaded of error in the rejection of any of claims 1–7, 9–17, 19, and 20 under 35 U.S.C. § 101, on the basis of being directed to judicially excluded subject matter.

Appeal 2017-001955
Application 13/408,659

DECISION

We AFFIRM the Examiner's decision rejecting claims 1–7, 9–17, 19, and 20 under 35 U.S.C. § 101.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a).

AFFIRMED