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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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*Ex parte* PETER ELLIS and DANIEL LIZIO-KATZEN

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Appeal 2017-002877  
Application 12/250,838  
Technology Center 3600

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Before JOHN A. JEFFERY, ST. JOHN COURTENAY III, and  
JOYCE CRAIG, *Administrative Patent Judges*.

COURTENAY, *Administrative Patent Judge*.

DECISION ON APPEAL

Appellants appeal under 35 U.S.C. § 134(a) from a final rejection of claims 1, 4, 7, 8, 10, 13, 15–17, and 19, which are all the claims pending in this application. Claims 2, 3, 5, 6, 9, 11, 12, 14, and 18 are cancelled. We have jurisdiction over the pending claims under 35 U.S.C. § 6(b).

We affirm.

STATEMENT OF THE CASE

*Introduction*

Exemplary embodiments of Appellants’ invention “provide a system and method for providing web-based management solutions.” Spec. ¶ 29. Exemplary embodiments may include, for example, “booking reservations, customer/employee/inventory management, payments, marketing, etc.) for any organization that provide time-dependent services.” *Id.*

*Exemplary Claim*

1. A method for centrally managing profit for time dependent services for a plurality of partner entities, comprising:

charging, by a computer or other internet connected device, a partner transaction fee for a transaction performed by a partner, wherein the partner transaction fee is based on at least one of a periodic, per-item, and percentage basis and wherein the partner transaction fee is determined by the partner's business volume;

receiving, by a computer or other internet connected device, from a partner, payment for the partner transaction fee when the partner performs a transaction;

paying, by a computer or other internet connected device, in the event the partner performs a transaction through a third party distribution entity, a base referral fee to the third party distribution entity, the base referral fee is equal to or lesser than the partner transaction fee and the base referral fee is based on a product of a pre-set value and a number of reservations referred to the third party distribution entity;

calculating, by a computer or other internet connected device, a profit based on a difference between the partner transaction fee and the base referral fee; and

receiving, by a computer or other internet connected device, data that identifies an amount of the profit on the transaction; the data that identifies an amount of the profit received by a centralized web-based management system, the centralized web-based management system configured as an exclusive mechanism that centrally manages time dependent services for the plurality of partner entities, the centralized web-based management system coupled to a computer store, a user interface communication module device and an application programming interface configured to interact with the plurality of user systems over a network, wherein the user interface communication module receives appointment data from the plurality of partner entities;

the centralized web-based management system comprising processing logic that executes: (1) employee management to manage and coordinate employee information, specialties, billing rates, schedules and payment for the plurality of partner entities and (2) facilities management to manage availability of rooms or facilities relating to the time dependent services.

*Rejections*

- A. Claims 1, 4, 7, 8, 10, 13, 15–17, and 19 are rejected under 35 U.S.C. § 101 as being directed to patent-ineligible subject matter. Final Act. 16.
- B. Claims 1, 4, 7, 8, and 19 are rejected under pre-AIA 35 U.S.C. § 103(a) as being obvious over the combined teachings and suggestions of Johnson, (US Pat. Pub. 2009/0119176 A1, published May 7, 2009), Crici et al., (US Pat. Pub. No. 2005/0027580 A1, Feb. 3, 2005) (hereinafter “Crici”), Zettner, (US Pat. No. 7,882,026 B1, issued Feb. 1, 2011), and Brush, (US Pat. Pub. No. 2004/0220816 A1, published Nov. 4. 2004). Final Act. 17.
- C. Claims 10, 13, and 15–17 are rejected under pre-AIA 35 U.S.C. § 103(a) as being obvious over the combined teachings and suggestions of Johnson, Crici, and Zettner. Final Act 25.

*Issues on Appeal*

Did the Examiner err in rejecting claims 1, 4, 7, 8, 10, 13, 15–17, and 19 under 35 U.S.C. § 101, as being directed to patent-ineligible subject matter?

Did the Examiner err in rejecting claims 1, 4, 7, 8, 10, 13, 15–17, and 19 under pre-AIA 35 U.S.C. § 103(a), as being obvious over the cited combination of references?

#### ANALYSIS

We have considered all of Appellants’ arguments and any evidence presented. To the extent Appellants have not advanced separate, substantive arguments for particular claims, or other issues, such arguments are waived. *See* 37 C.F.R. § 41.37(c)(1)(iv). We highlight and address specific findings and arguments for emphasis in our analysis below.

#### *Mayo/Alice Analysis under 35 U.S.C. § 101*

Under 35 U.S.C. § 101, a patent may be obtained for “any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof.” The Supreme Court has “long held that this provision contains an important implicit exception: Laws of nature, natural phenomena, and abstract ideas are not patentable.” *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2354 (2014) (quoting *Ass’n for Molecular Pathology v. Myriad Genetics, Inc.*, 133 S. Ct. 2107, 2116 (2013)). 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, 82–84 (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*, 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, such as an

*abstract idea*. Abstract ideas may include, but are not limited to, fundamental economic practices, methods of organizing human activities, an idea of itself, and mathematical formulas or relationships. *Id.* at 2355–57.

If the claims are *not directed* to a patent-ineligible concept, *the inquiry ends*. See *Visual Memory LLC v. NVIDIA Corp.*, 867 F.3d 1253, 1262 (Fed. Cir. 2017).

Otherwise, the inquiry proceeds to the second step in which the elements of the claims are considered “individually and ‘as an ordered combination’ to determine whether the additional elements ‘transform the nature of the claim’ into a patent-eligible application.” *Alice*, 134 S. Ct. at 2355 (quoting *Mayo*, 566 U.S. at 79, 78). We consider the question of whether the claims are directed to a *specific improvement* in the capabilities of the computing devices, or, instead, “a process that qualifies as an ‘abstract idea’ for which computers are invoked merely as a tool.” *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1336 (Fed. Cir. 2016).

We, therefore, decide under step two whether the claims: (a) set forth an *inventive concept* that provides a specific means or method that *improves* the relevant technology, or (b) are directed to a result or effect that itself is the abstract idea, in which the claims merely invoke generic processes and machinery. See *Enfish*, 822 F.3d at 1336.

#### *The Examiner’s Rejection A under 35 U.S.C. § 101*

Regarding the first step of the *Alice/Mayo* analysis, the Examiner concludes claims 1, 4, 7, 8, 10, 13, 15–17, and 19 are directed to the abstract

idea of the “payment of commission or referral fees.” Final Act. 16.<sup>1</sup>

Regarding the second step of the *Mayo/Alice* analysis, the Examiner finds the claims do not include:

additional elements that are sufficient to amount to significantly more than the judicial exception because the computer as recited is a generic computer component that performs functions (i.e. charging a fee, receiving payment; paying a referral fee to a third party; calculating a profit, and receiving a profit on the transaction.

Final Act. 16–17.

The Examiner finds:

These are generic computer functions (i.e. charging, receiving, paying, calculating and receiving) that are *well-understood, routine, conventional activities previously known to the industry*. The claims also recite a computer to perform charging, receiving paying, calculating and receiving which do[es] not add meaningful limitations to the idea of referral fee payouts, beyond generally linking the system to a particular technological environment, that is, implementation via computers.

Final Act. 17 (emphasis added).<sup>2</sup>

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<sup>1</sup> “Patent eligibility under § 101 presents an issue of law.” *Accenture Glob. Servs., GmbH v. Guidewire Software, Inc.*, 728 F.3d 1336, 1340 (Fed. Cir. 2013).

<sup>2</sup> The patent eligibility inquiry may contain underlying issues of fact. *Mortg. Grader, Inc. v. First Choice Loan Servs. Inc.*, 811 F.3d 1314, 1325 (Fed. Cir. 2016). In particular, “[t]he question of whether a claim element or combination of elements is well-understood, routine and conventional to a skilled artisan in the relevant field is a question of fact.” *Berkheimer v. HP Inc.*, 881 F.3d 1360, 1368 (Fed. Cir. 2018).

Therefore, the Examiner concludes “[t]he claims do not amount to significantly more than the underlying abstract idea of commission or referral fee payout.” Final Act. 17. Accordingly, the Examiner concludes that all claims 1, 4, 7, 8, 10, 13, 15–17, and 19 on appeal are not patent-eligible under 35 U.S.C. § 101.

*Mayo/Alice Analysis — Step 1*

In response, and regarding *Alice* Step 1, Appellants recite portions of claim 1, and contend, *inter alia*, that “[t]he claimed system comprises a device or set of devices and, therefore, is directed to a machine which is a statutory category of invention.” App. Br. 9. Appellants urge: “To the extent step one of the analysis has been conducted, it is clear the claims are directed to a device with computer hardware, including a computer store, a centralized web based management system and a user interface, which means that the claims are not directed to an abstract idea.” App. Br. 11. We note remaining independent claims 10 and 19 recite similar language of commensurate scope.<sup>3</sup>

Contrary to Appellants’ arguments, *id.*, our reviewing court guides that claimed fundamental economic and conventional business practices are often abstract ideas, even if performed on a computer. *See, e.g., OIP Techs. Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1362–63 (Fed. Cir. 2015); *Credit Acceptance Corp. v. Westlake Servs.*, 859 F.3d 1044, 1054 (Fed. Cir. 2017)

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<sup>3</sup> We give the contested claim limitations the broadest reasonable interpretation (BRI) consistent with the Specification. *See In re Morris*, 127 F.3d 1048, 1054 (Fed. Cir. 1997).

(“Each of the claims is directed to the abstract idea of processing an application for financing a purchase.”).

Thus, under a broad but reasonable interpretation, we conclude each of Appellants’ claims on appeal is directed to an economic or business practice, i.e., to the *result* of “employee management” and “facilities management.” (Claim 1; *see* similar language of commensurate scope, as recited in independent claims 10 and 19). (Claims App.). However, our reviewing court guides “[t]he abstract idea exception prevents patenting a *result* where ‘it matters not by what process or machinery the result is accomplished.’” *McRO, Inc. v. Bandai Namco Games Am. Inc.*, 837 F.3d 1299, 1312 (Fed. Cir. 2016) (quoting *O’Reilly v. Morse*, 56 U.S. 62, 113 (1854)) (emphasis added).

Moreover, but for the recitation of a generic processor or computer (claims 1, 10, and 19), we find the recited steps or functions could be performed as mental steps, or with the aid of pen and paper. *See CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1375 (Fed. Cir. 2011) (“That purely mental processes can be unpatentable, even when performed by a computer, was precisely the holding of the Supreme Court in *Gottschalk v. Benson.*”).

In the Reply Brief (3–4), Appellants further rebut the Examiner’s conclusion the claims are directed to an abstract idea, and cite in support to *Bascom Global Internet, Inc. v. AT&T Mobility LLC*, 827 F.3d 1341 (Fed. Cir. 2016). Appellants urge: “Like the claims in *Bascom*, the claims here recite improvements to conventional systems and methods.” *Id.* Appellants advance several additional arguments based upon *Bascom*. Reply Br. 4.

However, *Bascom* was decided on June 27, 2016, which was before the July 11, 2016 filing date of Appellants' Appeal Brief. Thus, *Bascom* is not an intervening case. Because Appellants did not raise these arguments in the opening brief and good cause has not been shown why it should be considered, we will not consider Appellants' untimely arguments. *See* 37 C.F.R. §41.41(b)(2); *Ex parte Borden*, 93 USPQ2d 1473, 1474 (BPAI 2010) (Informative) (“[T]he reply brief [is not] an opportunity to make arguments that could have been made in the principal brief on appeal to rebut the Examiner’s rejections, but were not.”). Nevertheless, we note the court in *Bascom*, 827 F.3d at 1348, guides that implementing “[a]n abstract idea on ‘an Internet computer network’ or on a generic computer is still an abstract idea.”

Therefore, on this record, we are not persuaded of error regarding the Examiner’s legal conclusion that all claims on appeal are directed “to the abstract idea of payment of commission or referral fees” which we conclude is a fundamental economic practice. Final Act. 16.

*Mayo/Alice Analysis – Step 2*

Because the claims are directed to an abstract idea, we turn to the second part of the *Mayo/Alice* analysis. We analyze the claims to determine if there are additional limitations that individually, or as an ordered combination, ensure the claims amount to “significantly more” than the abstract idea. *Alice*, 134 S. Ct. at 2357.

Regarding *Alice* Step 2, Appellants urge:

the invention as a whole amounts to significantly more than simply an abstract idea. The claimed invention manages profit for time dependent services for a plurality of partner entities. This is addressed by implementing a centralized web-based

management system configured as an exclusive mechanism that centrally manages time dependent services for a plurality of partner entities, as claimed by Appellants. These are meaningful limitations that add more than generally linking the use of the alleged abstract idea to a computer, because they solve a problem with a claimed solution that is necessarily rooted in computer technology, similar to the additional elements of *DDR Holdings*.

App. Br. 15.

However, we do not find Appellants' claims are analogous to the claimed solution the court held to be patent-eligible in *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014). In *DDR*, the Federal Circuit applied the Supreme Court's *Alice* two-step framework, and upheld the validity of *DDR*'s patent on its web-page display technology. *DDR*, 773 F.3d at 1255.

In *DDR*, the claims were directed to *retaining a website visitor when the visitor clicked on a third-party merchant's advertisement on the host website*. Instead of taking the visitor to the third-party merchant's website (and thus losing the visitor to the third-party merchant), *DDR*'s claimed system generated *a hybrid web page* that: (1) displayed product information from the third-party merchant, but also, (2) *retained the host website's "look and feel."*

Here, Appellants' claims 1, 4, 7, 8, 10, 13, 15–17, and 19 are *silent* regarding any specific mention of a website or webpage, much less a website that retains the host website's "look and feel" while displaying product information from the third-party merchant, as was the case in *DDR*, 773 F.3d at 1257. Even though each of Appellants' independent claims 1, 10, and 19 includes a "centralized web-based management system," it is our view that Appellants have not established that the claims on appeal are directed to

solving “a challenge particular to the Internet,” as considered by the court in *DDR*. *Id.* at 1256–57. Thus, we find Appellants’ claimed invention does not provide a solution “necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks.” *Id.* at 1257.<sup>4</sup>

We find no language in the claims on appeal that focuses on a specific means or method that *improves* the recited “computer” (claim 1), “system” and/or “computer store,” (i.e., memory — claim 10), or “processing logic” (claim 19). Thus, we conclude Appellants’ claimed solution is not rooted in computer technology, such that the invention on appeal overcomes a problem specifically arising in the realm of computers, including computer networks, as was the case with the type of claim the court concluded was patent-eligible in *DDR Holdings*. *DDR*, 773 F.3d at 1257.

We further conclude that independent claims 1, 10, and 19 are not related to the type of patent-eligible database claim considered by the court in *Enfish*. We note all claims on appeal are silent regarding any mention of a database. Therefore, none of Appellants’ claims is directed to a “self-referential table for a computer database” of the type considered in *Enfish*, 822 F.3d at 1336. *See* App. Br. 18, citing *Enfish*.

Nevertheless, Appellants urge that “[t]he claims here, however, are ***admittedly novel*** -- the Office Action has only applied an obviousness type

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<sup>4</sup> As emphasized by the Federal Circuit: “*DDR Holdings* does not apply when . . . the asserted claims do not ‘attempt to solve a challenge particular to the Internet.’” *Smart Sys. Innovations, LLC v. Chi. Transit Auth.*, 873 F.3d 1364, 1375 (Fed. Cir. 2017) (quoting *In re TLI Commc’ns LLC Patent Litig.*, 823 F.3d 607, 613 (Fed. Cir. 2016)).

rejection. The Office has not applied any prior art that supports the position that the concepts are long-standing or well-known.” App. Br. 13.<sup>5</sup>

We note that what is well-known would fall under a § 103 analysis (i.e., obvious over Official Notice by the Examiner). Furthermore, the Supreme Court emphasizes that: “[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) (emphasis added). Our reviewing court further guides that “[e]ligibility and novelty are separate inquiries.” *Two-Way Media Ltd. v. Comcast Cable Commc’n, LLC*, 874 F.3d 1329, 1340 (Fed. Cir. 2017); *see also Affinity Labs of Tex., LLC v. DIRECTV, LLC*, 838 F.3d 1253, 1263 (Fed. Cir. 2016) (holding that “[e]ven assuming” that a particular claimed feature was novel does not “avoid the problem of abstractness”).

Appellants’ arguments do not persuade us the Examiner erred, because Appellants essentially recite the claim limitations (App. Br. 13, 15) without any persuasive explanation of how the limitations either individually, or as an ordered combination, amount to an *inventive concept* that *converts* the *abstract idea* (i.e., the fundamental economic practice of “centrally managing profit for time dependent services” – preamble claim 1) into patent-eligible subject matter.

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<sup>5</sup> The Examiner further responds in the Answer 8–9: “All of these computer functions are ‘well understood, routine, conventional activities’ previously known in the industry. Each step does no more than require a generic computer to perform generic computer functions. Use of a computer in a generalized fashion to boost efficiency does not meaningfully limit otherwise abstract claims (*See, e.g., Bancorp*, 687 F.3d at 1279; *Gottschalk*, 409 U.S. at 67).”

*See also Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1355 (Fed. Cir. 2016) (“We have repeatedly held that such invocations of computers and networks that are not even arguably inventive are ‘insufficient to pass the test of an inventive concept in the application’ of an abstract idea.”) (internal citations omitted); *Intellectual Ventures I LLC v. Capital One Fin. Corp.*, 850 F.3d 1332, 1341 (Fed. Cir. 2017) (“Rather, the claims recite both a generic computer element—a processor—and a series of generic computer ‘components’ that merely restate their individual functions . . . . That is to say, they merely describe the functions of the abstract idea itself, without particularity.”)

Because none of Appellants’ claims on appeal is directed to an *improvement* in a processor, database, or other computer/network component, we find none of the claim limitations, viewed “both individually and as an ordered combination,” amounts to significantly more than the judicial exception in order to sufficiently transform the nature of the claims into patent-eligible subject matter. *See Alice*, 134 S. Ct. at 2355 (internal quotations omitted) (quoting *Mayo*, 566 U.S. at 79).

Applying the aforementioned guidance from our reviewing courts to the claims before us on appeal, we conclude, in our *Mayo/Alice* analysis, that each of Appellants’ claims 1, 4, 7, 8, 10, 13, 15–17, and 19, considered as a whole, is directed to (under *step one*), a *patent-ineligible abstract idea*, and under *step two*, does not recite something “*significantly more*” to transform the nature of the claim into a patent-eligible application.

Therefore, we conclude the additional elements recited in the claims of a processor or a computer, and the inclusion of certain steps, acts, or functions that may be performed without a computer as mental steps (albeit

more slowly than a computer using pen and paper), *do not provide an inventive concept, without more.*<sup>6</sup> Accordingly, for at least the reasons discussed above, we sustain the Examiner’s rejection under 35 U.S.C. § 101 of claims 1, 4, 7, 8, 10, 13, 15–17, and 19, as being directed to patent-ineligible subject matter in light of *Alice* and its progeny.<sup>7</sup>

*Rejection B of Claims 1, 4, 7, 8, and 19 under § 103(a)*

Based upon Appellants’ arguments, we decide the appeal of the rejection B under § 103(a) of claims 1, 4, 7, 8, and 19 on the basis of representative independent claim 1. We address § 103(a) rejection C of claims 10, 13, and 15–17, *infra*. See n.5 *infra*.

**Issue:** Under pre-AIA 35 U.S.C. § 103(a), did the Examiner err by finding that Johnson, Crici, Zettner, and Brush *collectively* teach or suggest the limitations L1–L6 of claim 1 contested in the Appeal Brief. We note in the Reply Brief, at page 5, Appellants clearly denote contested limitations L1–L6 of claim 1 on a single page, using underline, as reproduced below for convenience:

“charging, by a computer or other internet connected device, a partner transaction fee for a transaction performed by a partner, wherein the partner transaction fee is based on at least one of a periodic, per-item, and percentage basis and wherein [L1] the

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<sup>6</sup> See *Bancorp Servs., LLC v. Sun Life Assurance Co.*, 687 F.3d 1266, 1279 (Fed. Cir. 2012) (“Using a computer to accelerate an ineligible mental process does not make that process patent-eligible.”).

<sup>7</sup> To the extent Appellants have not advanced separate, substantive arguments for particular claims, or other issues, such arguments are waived. See 37 C.F.R. § 41.37(c)(1)(iv).

partner transaction fee is determined by the partner’s business volume;”

“paying, by a computer or other internet connected device, in the event the partner performs a transaction through [L2] a third party distribution entity, a base referral fee to the third party distribution entity, the base referral fee is equal to or lesser than the partner transaction fee and [L3] the base referral fee is based on a product of a preset value and a number of reservations referred to the third party distribution entity;”

“calculating, by a computer or other internet connected device, a profit based on a difference between the partner transaction fee and the base referral fee; and”

“receiving, by a computer or other internet connected device, [L4] data that identifies an amount of the profit on the transaction; the [L4] data that identifies an amount of the profit received by a centralized web-based management system, the centralized web-based management system configured as an exclusive mechanism [L5] that centrally manages time dependent services for the plurality of partner entities, . . .”

“[L6] the centralized web-based management system compris[es] processing logic that executes: (1) employee management to manage and coordinate employee information, specialties, billing rates, schedules and payment for the plurality of partner entities and (2) facilities management to manage availability of rooms or facilities relating to the time dependent services.”

(Lettering and brackets added regarding contested limitation L1–L6).

Based upon our review of the record, we disagree with Appellants’ arguments, and agree with and adopt the Examiner’s underlying factual findings and ultimate legal conclusion of obviousness for representative independent claim 1. We further agree with and adopt the reasons, rationales, and explanations articulated by the Examiner: (i) in the Final

Action (17–21) from which this appeal is taken, and, (ii) as set forth in the Examiner’s responsive explanations in the Answer (17–24).<sup>8</sup>

Regarding contested limitation L1 (“the partner transaction fee is determined by the partner’s business volume”), the Examiner (Answer 17–24), provides detailed explanations supporting the Examiner’s legal conclusion of obviousness, including setting forth a claim construction for the contested claim 1 term “volume” in light of the supporting description in Appellants’ Specification (¶ 93). The Examiner notes: “Absent is any definition of volume and therefore taking the broadest reasonable interpretation *business volume* is the total sales or purchase amount.” Ans. 18 (emphasis added).

Regarding the claimed *business volume*, the Examiner relies, *inter alia*, on Johnson (¶ 23), and finds:

The transacting parties can go beyond established practices and negotiate different arrangements (Johnson, **paras. 0023**). Moreover, a collaborative arrangement of this nature benefits both the issuer and the merchant because the shared common goal of increasing usage of the card at this particular merchant boosts customer traffic and as a consequence *increased sales volume* for the merchant and the attendant fees derived from such sales for the issuer.

Ans. 20, emphasis added.

Regarding contested limitation L6, the Examiner broadly but reasonably construes the claim language, and concludes: “[A]bsent, is any indication as to the impact of the specifics of the time management system

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<sup>8</sup> To the extent Appellants advance new arguments in the Reply Brief without showing good cause, Appellants have waived such arguments. *See* 37 C.F.R. § 41.41(b)(2).

on the claimed invention and *therefore* [(limitation L6)] *is considered non-functional descriptive matter and is not given patentable weight.*<sup>9</sup>

(emphasis added). Ans. 22.

Because Appellants fail to substantively traverse the Examiner’s aforementioned claim constructions in the Reply Brief (5–6), on this record, we are not persuaded the Examiner’s broader reading of limitations L1 and L6 on the cited portions of the references is overly broad, unreasonable, or inconsistent with Appellants’ Specification.<sup>10</sup>

Regarding the contested claim 1 limitation L2 (“a third party distribution entity, a base referral fee to the third party distribution entity”), the Examiner relies on Johnson (in combination with the other cited references) for teaching or suggesting this limitation: “(*Johnson*, Fig. 2 element s4; paras. 0019-0023; see also para. 0013; see also para. 0005, Fig. 1 elements, 150, 160).” Final Act. 18 (emphasis omitted).

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<sup>9</sup> See Claim 1, limitation L6: “the centralized web-based management system compris[es] processing logic that executes: (1) employee management to manage and coordinate employee information, specialties, billing rates, schedules and payment for the plurality of partner entities and (2) facilities management to manage availability of rooms or facilities relating to the time dependent services.”

<sup>10</sup> The Manual of Patent Examining Procedure (MPEP) provides further guidance: “where the claim as a whole is directed to conveying a message or meaning to a human reader independent of the intended computer system, and/or the computer-readable medium merely serves as a support for information or data, no functional relationship exists.” MPEP § 2111.05 (III.) (9th Ed., Rev. 08.2017, Last Revised Jan. 2018). See also *Ex parte Nehls*, 88 USPQ2d 1883, 1889 (BPAI 2008) (precedential) (“[T]he nature of the information being manipulated does not lend patentability to an otherwise unpatentable computer-implemented product or process.”)

Appellants also contest related limitation L3 of claim 1 (“the base referral fee is based on a product of a pre-set value and a number of reservations referred to the third party distribution entity”). Appellants contend, *inter alia*:

[N]either Johnson nor Crici discloses “a third party distribution entity” and “a base referral fee to the third party distribution entity, the base referral fee is equal to or lesser than the partner transaction fee and the base referral fee is based on a product of a pre-set value and a number of reservations referred to the third party distribution entity.” Johnson discloses - at most - *two* fees (*e.g.*, a “special program fee” and an “interchange fee”).

App. Br. 21.

Regarding both limitations L2 and L3, Appellants fail to further substantively address the Examiner’s specific findings (Final Act. 18; Ans. 23, citing Brush ¶ 26, *e.g.* “at settlement, the referral fee is paid to the middleman;” Brush p. 6, claims 8 and 9) in the Reply Brief. Therefore, on this record, we find a preponderance of the evidence support the Examiner’s findings that the contested limitations are at least suggested by the Examiner’s proffered combination of references.<sup>11</sup>

Moreover, we are of the view that the claimed “base referral fee [being] based on a product of a pre-set value and a number of reservations referred to the third party distribution entity” (claim 1), would have merely produced a predictable result. *See KSR Int’l Co. v. Teleflex Inc.*, 550 U.S.

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<sup>11</sup> Our reviewing court guides: “the question under 35 USC 103 is not merely what the references expressly teach but what they would have *suggested* to one of ordinary skill in the art at the time the invention was made.” *Merck & Co. v. Biocraft Labs., Inc.*, 874 F.2d 804, 807 (Fed. Cir. 1989) (quoting *In re Lamberti*, 545 F.2d 747, 750 (CCPA 1976)) (emphasis added); *see also* MPEP § 2123.

398, 401 (2007) (“[A] combination of familiar elements according to known methods is likely to be obvious when it does no more than yield predictable results.”).

Regarding the contested limitation L4 of claim 1 (“data that identifies an amount of the profit”), the Examiner finds this limitation is taught or suggested by Johnson: “(*Johnson*, **para. 0019** - credits difference between base and 18 months same as cash program which offers higher interchange fee; see also **para. 0022** - card payment association handles the adjustments related to the different merchant transaction arrangements).” Final Act. 19.

Appellants fail to directly address the Examiner’s specific findings in the Appeal Brief 22. Nor do Appellants further substantively traverse this limitation, or any of limitations L1–L6 in the Reply Brief. We note that “[a] statement which merely points out what a claim recites will not be considered an argument for separate patentability of the claim.” 37 C.F.R. § 41.37(c)(1)(iv). *See also* Reply Br. 5 (which merely recites the claim language and asserts it is not taught by the cited references).

Regarding contested limitation L5 of claim 1 (“the centralized web-based management system configured as an exclusive mechanism [L5] *that centrally manages time dependent services for the plurality of partner entities*”), we find Appellants have not provided a definition for “the centralized web-based management system” that would preclude the Examiner’s broader reading (Final Act. 19), on Crici’s paragraph 31:

The system to which the service provider’s schedule is input can be located at the service provider’s place of business or at some other *central location* which will therefore coordinate the business and/or *personal schedules* of a *plurality of service providers* from related or unrelated businesses and similar or *different types of service providers*.

*See also* Crici’s paragraph 34, in pertinent part, as also cited by the Examiner, Final Act. 19: “Other aspects of the present invention comprise methods of providing a plurality of service receivers with remote appointment scheduling capabilities for at least one common service provider, preferably a plurality of service providers, over the Internet.”

We emphasize that our reviewing court guides that “[t]he test for obviousness is what the *combined* teachings of the references would have suggested to one of ordinary skill in the art.” *In re Young*, 927 F.2d 588, 591 (Fed. Cir. 1991) (citing *In re Keller*, 642 F.2d 413, 425 (CCPA 1981)) (emphasis added).

This reasoning is applicable here. Therefore, on this record, we find the Examiner’s findings (Final Act. 17–21) regarding contested limitations L1–L6 are supported by a preponderance of the evidence, based upon the *combined* teachings and suggestions of the cited references. Accordingly, we find Appellants’ arguments unavailing regarding the contested limitations L1–L6 of representative claim 1. *See* App. Br. 19–25.

*Combinability of the References under § 103*

Appellants advance a second purported reason for reversal, and contend the Examiner’s proffered combination of references is “based on improper hindsight reasoning and completely ignores the actual teachings of the references.” App. Br. 26. Appellants assert, *inter alia*: “The Office Action fails to explain *why* Johnson, as a whole, would suggest use of Crici, Zettner and Brush’s systems, and if so, *how* that would work.” *Id.*

We disagree, and find the Examiner (Final Act. 19–21) sets forth sufficient “articulated reasoning with some rational underpinning to support

the legal conclusion of obviousness.” *In re Kahn*, 441 F.3d 977, 988 (Fed. Cir. 2006). We note the presence or absence of a reason “to combine references in an obviousness determination is a pure question of fact.” *In re Gartside*, 203 F.3d 1305, 1316 (Fed. Cir. 2000) (citing *In re Dembiczak*, 175 F.3d 994, 1000 (Fed. Cir. 1999)). Furthermore, a reason to combine teachings from the prior art “may be found in explicit or implicit teachings within the references themselves, from the ordinary knowledge of those skilled in the art, or from the nature of the problem to be solved.” *WMS Gaming Inc. v. Int'l Game Tech.*, 184 F.3d 1339, 1355 (Fed. Cir. 1999) (citing *In re Rouffet*, 149 F.3d 1350, 1355 (Fed. Cir. 1998)).

Here, the Examiner finds an artisan would have been motivated:

to modify *Johnson* with the scheduling mechanism of *Crici* because it would be using well known methods of logistics planning to more efficiently track appointments by offering a visual display. This provides the user with immediate and accessible viewing of the appointment schedule thereby minimizing the potential for inadvertent scheduling of conflicting appointments.

Final Act. 19–20.

The Examiner finds an artisan would have been further motivated:

to modify *Johnson* and *Crici* with *Zettner* such that the partner participation in offering this payment option is encouraged rather than discouraged because of the penalties associated with “card not present transactions” which are potentially more expensive and riskier for the partner/merchant.

Final Act. 20.

The Examiner finds an artisan would have been additionally motivated:

to modify *Johnson*, *Crici* and *Zettner* with *Brush* because it is in the same field of endeavor or referral fee or commission

payouts thereby providing an improvement in cost recoupment through participation in the referral scheme.

Final Act. 21.

The Examiner finds an artisan would have also been motivated to combine:

the system as taught by *Johnson, Crici and Zettner with Brush* to realize the claimed invention, since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in the art would have recognized that the results of the combination were predictable.

*Id.*

In further support of the proffered combination, the Examiner (*id.*) cites to *KSR*, 550 U.S. at 401 (“[A] combination of familiar elements according to known methods is likely to be obvious when it does no more than yield predictable results.”), and MPEP ¶ 2141(III)(A) (“Combining prior art elements according to known methods to yield predictable results.”).

We find Appellants’ allegation of impermissible hindsight is unsupported by evidence in the record. App. Br. 25. Although we are fully aware that hindsight bias often plagues determinations of obviousness, *Graham v. John Deere Co.*, 383 U.S. 1, 36 (1966), we are also mindful the Supreme Court has clearly stated the “combination of familiar elements according to known methods is likely to be obvious when it does no more than yield predictable results.” *KSR*, 550 U.S. at 416. Moreover, “[i]n determining whether the subject matter of a patent claim is obvious, neither the particular motivation nor the avowed purpose of the patentee controls.” (*Id.* at 419.)

This guidance is applicable here. Instead of relying on Appellants' Specification and claims to use as a guide, we find the Examiner provides sufficient articulated reasoning with some rational underpinning to establish why an artisan would have been motivated to combine the cited secondary references with the primary Johnson reference. Final Act. 19–21.

Moreover, Appellants do not provide evidence sufficient to demonstrate that combining the teachings of Johnson, Crici, Zettner, and Brush, as proffered by the Examiner (*id.*), would have been “uniquely challenging or difficult for one of ordinary skill in the art,” (*Leapfrog Enters., Inc. v. Fisher-Price, Inc.*, 485 F.3d 1157, 1162 (Fed. Cir. 2007)), nor have Appellants provided any objective evidence of secondary considerations, which our reviewing court guides “operates as a beneficial check on hindsight.” *Cheese Sys., Inc. v. Tetra Pak Cheese and Powder Sys., Inc.*, 725 F.3d 1341, 1352 (Fed. Cir. 2013)

Appellants additionally contend the references relied upon by the Examiner are non-analogous art. App. Br. 27. In particular, Appellants urge:

One having ordinary skill in the art would not look to non-analogous teachings of appointment scheduling to address the deficiencies of an interchange adjustment system described by Johnson and the flat interchange fee of Zettner. One skilled in the art would not have been motivated to combine the references as suggested by the Office Action. Even if these disparate references could be combined as suggested by the Office Action, the resulting combination is nevertheless severely deficient for at least the reasons stated above.

App. Br. 28.

As correctly stated by Appellants: “[a]lthough ‘familiar items may have obvious uses beyond their primary purposes,’ *KSR Int’l Co. v. Teleflex*,

*Inc.*, 550 U.S. 398, 420 (2007), a reference is only reasonably pertinent when it ‘logically would have commended itself to an inventor’s attention in considering his problem.’ *In re Clay*, 966 F.2d 656, 659 (Fed. Cir. 1992).” App. Br. 28.

Applying this guidance here, we find the references cited by the Examiner are reasonably pertinent to the particular problem with which the inventor is involved for the reasons stated in the Examiner’s proffered motivation findings, as reproduced and discussed above. Final Act. 19–21. *See also Kahn*, 441 F.3d at 987, citing *In re Oetiker*, 977 F.2d 1443, 1447 (Fed. Cir. 1992).

Therefore, based upon a preponderance of the evidence, we sustain the Examiner’s § 103(a) rejection B of representative independent claim 1, and of the additional claims 4, 7, 8, and 19, also rejected under rejection B, which are not argued separately. *See* 37 C.F.R. § 41.37(c)(1)(iv).

*Rejection C of Remaining Claims 10, 13, and 15–17 under § 103(a)*

Because Appellants have not advanced separate, substantive arguments for the remaining rejected claims 10, 13, and 15–17 on appeal, such arguments are waived. *See* 37 C.F.R. § 41.37(c)(1)(iv). *See, e.g.*, “Independent claim 10 recites similar limitations to that of independent claim 1. Therefore, independent claim 10 is allowable for similar reasons discussed above with respect to independent claim 1.” App. Br. 28. Therefore, we sustain the Examiner’s § 103 rejection C of claims 10, 13, and 15–17 for the same reasons discussed above regarding rejection B of independent claim 1.

### CONCLUSIONS

The Examiner did not err in rejecting claims 1, 4, 7, 8, 10, 13, 15–17, and 19 under 35 U.S.C. § 101, as being directed to patent-ineligible subject matter.

The Examiner did not err in rejecting claims 1, 4, 7, 8, 10, 13, 15–17, and 19, under pre-AIA 35 U.S.C. § 103(a), as being obvious over the combined teachings and suggestions of the cited references.

### DECISION

We affirm the Examiner’s decision rejecting claims 1, 4, 7, 8, 10, 13, 15–17, and 19, under 35 U.S.C. § 101.

We affirm the Examiner’s decision rejecting claims 1, 4, 7, 8, 10, 13, 15–17, and 19, under pre-AIA 35 U.S.C. § 103(a).

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). *See* 37 C.F.R. § 41.50(f).

AFFIRMED