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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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*Ex parte* CHRISTOPHER ANDREW GUINEY and  
JENSEN JAMES E. PASTRANA<sup>1</sup>

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Appeal 2017-002962  
Application 14/058,548  
Technology Center 3600

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Before MAHSHID D. SAADAT, JOHNNY A. KUMAR, and  
SCOTT B. HOWARD, *Administrative Patent Judges*.

KUMAR, *Administrative Patent Judge*.

DECISION ON APPEAL

This is an appeal under 35 U.S.C. § 134(a) from the Examiner's final rejection of claims 1–20. We have jurisdiction under 35 U.S.C. § 6(b).

We affirm.

*Illustrative Claim*

1. A computer-implemented method for automatically initiating a rebate for a payment transaction funded using a reward account, comprising:

electronically storing, in a database of a processing server, a plurality of account data entries, wherein each account data entry includes data related to a consumer reward account including at least an account identifier and a reward balance;

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<sup>1</sup>According to Appellants, MasterCard International Incorporated is the real party of interest in this application. *See* App. Br. 2.

electronically storing, in a memory device of the processing server, a plurality of conversion rules for converting transaction amounts to corresponding transaction reward values and for calculating rebate amounts;

electronically receiving, by a receiving device of the processing server, from a merchant, an authorization request for a payment transaction involving the merchant, wherein (i) the authorization request is received via a financial transaction network by which the processing server is conured to communicate with the merchant and (ii) the authorization request includes at least payment information and a transaction amount;

electronically identifying, by a processing device of the processing server, a specific account data entry stored in the database of the processing server and associated with a reward account used to fund the payment transaction;

converting, by a processing device of the processing server, the transaction amount, included in the authorization request electronically received from the merchant, to a corresponding transaction reward value based on at least one conversion rule from the plurality of conversion rules electronically stored in the memory device of the processing [server], wherein said transaction reward value is a representation of a value of rewards in the reward account that is required to fund the payment transaction via rewards;

electronically identifying, by the processing device of the processing server, a reduction amount by which the reward balance, included in the specific account data entry stored in the database of the processing server, is to be reduced, wherein the reduction amount is a lesser of the transaction reward value and the reward balance included in the specific account data entry stored in the database where the included account identifier corresponds to the payment information;

electronically updating, in the database of the processing server, the reward balance included in the specific account data entry by reducing the reward balance by the identified reduction amount;

after (i) converting the transaction amount to the transaction reward value, (ii) identifying the reduction amount and (iii) updating the reward balance by reducing the reward balance by the identified reduction amount, calculating, by the processing device of the processing server, a rebate amount for a rebate to be processed on the reward account for the payment transaction based on the transaction reward value, the identified reduction amount, and the at least one conversion rule, from the plurality of conversion rules stored in the memory device, wherein said calculated rebate amount is a calculated amount that is separate from said identified reduction amount; and

electronically transmitting, by a transmitting device of the processing server, a rebate request, to the financial transaction network, for the calculated rebate amount from a payment account associated with the merchant to a payment account corresponding to the payment information.

### *Rejections*

Claims 1–20 are rejected under 35 U.S.C. § 101 as unpatentable because the claimed invention is directed to a judicial exception (i.e., a law of nature, a natural phenomenon, or an abstract idea) without significantly more. Final Act. 2.

Claims 1–20 are rejected under 35 U.S.C. § 103 as being unpatentable in view of White et al. (US 2008/0133351 A1; June 5, 2008) in further view of Bies et al. (US 2008/0103968 A1; May 1, 2008). Final Act. 4.

*Issues on Appeal*

Did the Examiner err in rejecting claims 1–20 under 35 U.S.C. § 101, as being directed to patent-ineligible subject matter?

Did the Examiner err in rejecting claims 1–20 under pre-AIA 35 U.S.C. § 103(a), as being obvious over the cited combinations of references?

*Grouping of Claims*

Based on Appellants’ arguments (App. Br. 6–36), we decide the appeal on the basis of representative claim 1.

ANALYSIS

We have considered all of Appellants’ arguments and any evidence presented. We disagree with Appellants’ arguments and we adopt as our own the findings, legal conclusions, and explanations, as set forth in the Answer (2–14)<sup>2</sup> in response to Appellants’ arguments. (App. Br. 6–36; Reply Br. 1–9). We highlight and address specific findings and arguments for emphasis in our analysis below.

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<sup>2</sup> Our reference to page numbers is based upon the cover page of the Answer being page 1, as the Answer does not contain any page numbers.

*Rejection of Claims 1–20 under 35 U.S.C. § 101*

In *Alice Corp. Pty. Ltd. v. CLS Bank International*, 134 S. Ct. 2347 (2014), the Supreme Court has set forth an analytical “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, 71–73 (2012)). In the first step of the *Alice/Mayo* analysis, we determine whether the claims at issue are “directed to” a judicial exception, such as an abstract idea. *Alice*, 134 S. Ct. at 2355. If not, the inquiry ends. *Thales Visionix Inc. v. U.S.*, 850 F.3d 1343, 1346 (Fed. Cir. 2017); *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1339 (Fed. Cir. 2016). If the claims are determined to be directed to an abstract idea, then we consider under the second step of the *Alice/Mayo* analysis the elements of the claims “individually and ‘as an ordered combination’” to determine whether there are additional elements that “‘transform the nature of the claim’ into a patent-eligible application.” *Alice*, 134 S. Ct. at 2355 (citing *Mayo*, 566 U.S. at 79, 78). In other words, the second step is to “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.* (citing *Mayo*, 566 U.S. at 72–73).

In rejecting independent claims 1–20, the Examiner determines (1) the claims are directed to the abstract idea of processing a rebate at the time of a transaction (*i.e.*, a fundamental economic practice) and that (2) the additional elements in the claim do not provide meaningful limitations to transform the abstract idea into a patent eligible application of the abstract idea such that

the claims amount to significantly more than the abstract idea itself. Final Act. 2.

Appellants argue the Examiner has failed to establish a prima facie case of patent-ineligibility under § 101 because there is no evidence to support the Examiner's findings that the claims are directed to a patent-ineligible abstract idea. App. Br. 20.

Appellants' argument is not persuasive because patent eligibility is a question of law. *Dealertrack, Inc. v. Huber*, 674 F.3d 1315, 1333 (Fed. Cir. 2012). We are aware of no controlling authority that requires the Office to provide factual evidence to support a finding that a claim is directed to an abstract idea. The Federal Circuit has repeatedly noted that "the prima facie case is merely a procedural device that enables an appropriate shift of the burden of production." *Hyatt v. Dudas*, 492 F.3d 1365, 1369 (Fed. Cir. 2007) (citing *In re Oetiker*, 977 F.2d 1443, 1445 (Fed. Cir. 1992)). The court has held that the USPTO carries its procedural burden of establishing a prima facie case when its rejection satisfies the requirements of 35 U.S.C. § 132 by notifying the applicant of the reasons for rejection, "together with such information and references as may be useful in judging of the propriety of continuing the prosecution of [the] application." *In re Jung*, 637 F.3d 1356, 1362 (Fed. Cir. 2011). Thus, all that is required of the Office is that it set forth the statutory basis of the rejection in a sufficiently articulate and informative manner as to meet the notice requirement of § 132. *Id.*, see also *Chester v. Miller*, 906 F.2d 1574, 1578 (Fed. Cir. 1990) (Section 132 "is violated when [t]he rejection is so uninformative that it prevents the applicant from recognizing and seeking to counter the grounds for rejection.").

***Alice* — Step One**

Turning now to the first step of the *Alice* inquiry, Appellants argue the claims do not contain abstract idea because the claims recite at least one transformation of data. App. Br. 22. In particular, Appellants contend the claims recite “a transaction amount (e.g., dollar amount) included in an authorization request [that] is converted to a transaction reward (e.g., reward points) using at least one conversion rule.” *Id.*

Appellants’ argument is not persuasive. The title of Appellants’ Specification provides the invention is directed to “METHOD AND SYSTEM FOR PROCESSING OF A REAL-TIME REBATE AT TRANSACTION AUTHORIZATION.” The Specification further provides embodiments for initiating a rebate on a reward account following the processing of a payment transaction based on a reward balance. Spec. ¶¶ 5–7. Thus, we agree with the Examiner (*see* Final Act. 2) that the claim is directed to the abstract idea of rebate processing in transactions, which is a fundamental economic practice. Such activities are squarely within the realm of abstract ideas. The use of rewards in payment transactions is a fundamental business practice long prevalent in our system of commerce, like the risk hedging in *Bilski* (*see Bilski v. Kappos*, 561 U.S. 593 (2010)), the intermediated settlement in *Alice* (*see Alice*, 134 S. Ct. at 2356–57), verifying credit card transactions in *CyberSource* (*see CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1370 (Fed. Cir. 2011)), collecting and analyzing information to detect and notify of misuses in *FairWarning* (*see FairWarning IP, LLC v. Iatric Sys., Inc.*, 839 F.3d 1089, 1093–94 (Fed. Cir. 2016)), and guaranteeing transactions in *buySafe* (*see buySAFE, Inc. v.*

*Google, Inc.*, 765 F.3d 1350, 1354 (Fed. Cir. 2014)). Rebate processing is also a building block of a market economy. Thus, rebate processing, like risk hedging, intermediated settlement, and verifying credit card transactions, is an “abstract idea” beyond the scope of § 101. *See Alice*, 134 S. Ct. at 2356.

Appellants cite *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327 (Fed. Cir. 2016) (“*Enfish*”) and contend, *inter alia*, “[t]his application describes similarly patent eligible subject matter.” App. Br. 31–32.

However, rebate processing is not an improvement to computer capabilities akin to *Enfish*’s self-referential table for a computer database (*see Enfish* 822 F.3d at 1335–36). Rather, it is an improvement to a process where computers are invoked merely as a tool, which qualifies as an abstract idea. *See Versata Dev. Grp., Inc. v. SAP Am., Inc.*, 793 F.3d 1306, 1334 (Fed. Cir. 2015) (collecting cases).

The Examiner finds, and we agree

Claim 1 is directed to processing a rebate at the time of a transaction through storing account data entries and conversion rules, receiving an authorization request for a payment, identifying an account entry associated with a reward account used to fund the payment transaction, converting the transaction amount to a transaction reward value, identifying a reduction amount, updating the reward balance, and after the conversion/identifying/updating the reward balance account, calculating the rebate amount, and transmitting the rebate request, which is considered to be drawn to the abstract idea.

Ans. 6.

Thus, we conclude claim 1 is directed to a method for processing rebates, a fundamental economic practice. *See Enfish*, 822 F.3d at 1335

(fundamental economic and conventional business practices are often found to be abstract ideas, even if performed on a computer); *OIP Techs., Inc. v. Amazon.com Inc.*, 788 F.3d 1359, 1362–63 (Fed. Cir. 2015).

For at least these reasons, we conclude representative claim 1 is directed to an abstract idea.

***Alice* — Step Two**

Proceeding to step two of the *Alice* test articulated by the Supreme Court, we further “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.” *Alice*, 134 S. Ct. at 2355 (quoting *Mayo*, 566 U.S. at 78).

Regarding step two of the *Alice* analysis, Appellants cite to *DDR Holdings, LLC v. Hotels.com.*, 773 F.3d 1245, 1257 (Fed. Cir. 2014), and contend, *inter alia*:

Independent claim 1, similar to those claims found to be patent eligible in *DDR Holdings*, is “necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks.” In *DDR Holdings*, the representative claim recited only two computer components: a computer store and a computer server. The Court of Appeals, however, determined that the claim stood apart because it did not “merely recite the performance of some business practice known from the pre-[Internet] world along with the requirement to perform it [on the Internet].” *Id.* at 20. The claim at issue in *DDR Holdings*, rather, specified “how interactions . . . *are manipulated to yield a desired result* – a result that overrides the routine and conventional sequence of events [ordinarily triggered by the click of a hyperlink].” *Id.* at 22. The Court further noted that “Instead of the computer network operating in its normal, expected manner . . . the claims recite an invention that is not merely the routine or conventional use [of the Internet].” *Id.* at 23.

App. Br. 24.

In *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d at 1259, the subject claim was held patent-eligible because it encompassed “an inventive concept” for resolving a “particular Internet-centric problem.” In contrast, we find Appellants’ method for “automatically initiating a rebate for a payment transaction funded using a reward account” does not provide a solution “necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks.” *DDR*, 773 F.3d at 1257.

Because we find all claims on appeal merely use a generic computer or processor as a **tool** which is used in the way a computer normally functions, we conclude claim 1 fails to impart any discernible improvement upon the computer or processor, nor do Appellants’ claims solve “a challenge particular to the Internet” as considered by the court in *DDR*, 773 F.3d at 1256–57.

Thus, we conclude none of Appellants’ claims are like the claim held patent-eligible by the court in *DDR*, in which the claimed invention was directed to the “challenge of retaining control over the attention of the customer in the context of the Internet,” such that

Instead of the computer network operating in its normal, expected manner by sending the website visitor to the third-party website that appears to be connected with the clicked advertisement, the claimed system generates and directs the visitor to the above-described hybrid web page that presents product information from the third-party and visual “look and feel” elements from the host website.

*DDR*, 773 F.3d at 1258–59.

Regarding step two of the *Alice* test, we find nothing in claims 1–20 that adds anything “‘significantly more’” to transform the abstract concept of rebate processing into a patent-eligible application. *See Alice*, 134 S. Ct. at 2357. Appellants do not argue that each of the steps or functions recited in claims 18, 20, 22, 26, and 28–30 is individually inventive. Nor have Appellants shown that the claims (directed to rebate processing) improve the functioning of the computer itself and amount to significantly more than the **abstract idea of a fundamental economic practice**. *See, e.g., BASCOM Glob. Internet Servs., Inc. v. AT&T Mobility LLC*, 827 F.3d 1341, 1348 (Fed. Cir. 2016) (“An abstract idea on ‘an Internet computer network’ or on a generic computer is still an abstract idea.”); *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 quotation marks omitted).

Applying the aforementioned guidance here, we conclude Appellants’ claims are not directed to an **improvement** in computer functionality, or database functionality, or network functionality. Therefore, we conclude that none of the claim limitations, viewed “both individually and as an ordered combination,” amount 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 78).

Accordingly, for the reasons discussed above, we sustain the Examiner’s rejection under 35 U.S.C. § 101 of representative claim 1, and

grouped claims 2–20, as being directed to patent-ineligible subject matter in light of *Alice* and its progeny. *See Grouping of Claims, supra*.

### *Preemption*

Lastly, Appellants argue claim 1 “does not create any risk for preemption of the alleged abstract idea as it does not limit someone from all manners thereof. Nor does it wholly preempt any field.” App. Br. 22–23.

Appellants’ argument is unpersuasive because, although “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). Moreover, where, as here “a patent’s claims are deemed only to disclose patent ineligible subject matter” under the *Alice/Mayo* framework, “preemption concerns are fully addressed and made moot.” *Id.*

Because Appellants’ claims 1–20 are directed to a patent-ineligible abstract concept, and do not recite something “significantly more” under the second prong of the *Alice* analysis, we sustain the Examiner’s rejection of these claims under 35 U.S.C. § 101 as being directed to non-statutory subject matter in light of *Alice* and its progeny.

### *Prior Art Rejection under 35 U.S.C. § 103(a)*<sup>3</sup>

Independent claims 1 and 11 recite, *inter alia*,

after (i) converting the transaction amount to the transaction reward value, (ii) identifying the reduction amount

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<sup>3</sup> Appellants did not provide separate arguments for dependent claims 2–20. App. Br. 17.

and (iii) updating the reward balance by reducing the reward balance by the identified reduction amount, calculating, by the processing device of the processing server, a rebate amount for a rebate to be processed on the reward account for the payment transaction based on the transaction reward value, the identified reduction amount, and the at least one conversion rule.

(Claim Appendix, pages 39, 43, hereinafter “the disputed limitations”).

The Examiner has identified the relevant portions of White and Bies and has provided sufficient explanation with corresponding citations to various parts of the references for teaching the disputed limitations.

In particular, the Examiner finds, and we agree:

It would have been obvious for someone skilled in the art at the time of the effective filing date of the invention to modify White’s features of storing accounts/receiving an authorization request/calculating a transaction reward/updating the reward balance/calculating and transmitting a rebate amount, with *Bies*’s feature of identifying a reduction amount by which the reward balance is to be reduced, wherein the reduction amount is a lesser of the transaction reward value and the reward balance included in the specific account data entry stored in a database where the included account identifier corresponds to the payment information, in order to allow a user to pay for a transaction at a merchant’s point of sale using credit/reward funds through the use of credit/reward funds accounts and communicating devices (i.e.,] POS terminal device, a network that communicated with the terminal device and the issuer)—*Bies*, **para 11**.

Ans. 5 (emphasis in original).

We agree with the Examiner’s findings because “In the patentability context, claims are to be given their broadest reasonable interpretations . . . limitations are not to be read into the claims from the specification.” *In re Van Geuns*, 988 F.2d 1181, 1184 (Fed. Cir. 1993) (citations omitted). Any

special meaning assigned to a term “must be sufficiently clear in the specification that any departure from common usage would be so understood by a person of experience in the field of the invention.” *Multiform Desiccants, Inc. v. Medzam, Ltd.*, 133 F.3d 1473, 1477 (Fed. Cir. 1998); *see also Helmsderfer v. Bobrick Washroom Equip., Inc.*, 527 F.3d 1379, 1381 (Fed. Cir. 2008) (“A patentee may act as its own lexicographer and assign to a term a unique definition that is different from its ordinary and customary meaning; however, a patentee must clearly express that intent in the written description.”). Absent an express “intent to impart a novel meaning to a claim term[s], the words are presumed to take on the ordinary and customary meanings attributed to them by those of ordinary skill in the art.” *Brookhill-Wilk 1, LLC v. Intuitive Surgical, Inc.*, 334 F.3d 1294, 1298 (Fed. Cir. 2003) (citation omitted).

The Examiner, giving the claim its broadest reasonable interpretation consistent with the Specification, has properly found that the disputed limitations reads upon the combined teachings of White and Bies, as explained above.

We have considered Appellants’ Reply Brief but find it unpersuasive in rebutting the Examiner’s responses because Appellants provide no persuasive evidence of the alleged error.

It follows that Appellants have not shown error in the Examiner’s rejection of independent claims 1 and 11. Thus, we sustain the rejection of claims 1–20 under 35 U.S.C. § 103.

DECISION

Appeal 2017-002962  
Application 14/058,548

We affirm the Examiner's rejection of claims 1–20 under 35 U.S.C. § 101.

We affirm the Examiner's § 103(a) rejection of claims 1–20.

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