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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
13/486,274	06/01/2012	Nathanlel BYRD	0076412-000064	4721
21839	7590	07/11/2018	EXAMINER	
BUCHANAN, INGERSOLL & ROONEY PC POST OFFICE BOX 1404 ALEXANDRIA, VA 22313-1404			KASSIM, HAFIZ A	
			ART UNIT	PAPER NUMBER
			3623	
			NOTIFICATION DATE	DELIVERY MODE
			07/11/2018	ELECTRONIC

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UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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*Ex parte* NATHANIEL BYRD

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Appeal 2017-003358  
Application 13/486,274  
Technology Center 3600

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Before CARL W. WHITEHEAD JR., AMBER L. HAGY, and  
PHILLIP A. BENNETT, *Administrative Patent Judges*.

HAGY, *Administrative Patent Judge*.

DECISION ON APPEAL

Appellant<sup>1</sup> appeals under 35 U.S.C. § 134(a) from the Examiner's Final Rejection of claims 1–15 and 41–55, which are all of the pending claims.<sup>2</sup> We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

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<sup>1</sup> Appellant identifies MasterCard International Incorporated as the real party in interest. (App. Br. 3.)

<sup>2</sup> Claims 16–40 and 56–80 have been canceled. (App. Br. 19, 21 (Claims App'x).)

STATEMENT OF THE CASE

*Introduction*

According to Appellant, “[t]he present disclosure relates to methods and systems for processing variable redemption value electronic coupons, specifically variable redemption value electronic coupons whose value is unknown to the coupon holder until either at the merchant location or upon committing to spend in a financial transaction.” (Spec. ¶ 1.)

*Exemplary Claims*

Claims 1, 6, 41, and 46 are independent. Claims 1 and 6, reproduced below, are exemplary of the claimed subject matter:

1. A method for processing a financial transaction, comprising:

receiving, by a receiving device and from a point of sale terminal, an authorization request for a financial transaction wherein the authorization request includes at least a transaction amount and a coupon identifier, the coupon identifier being a value unique to an electronic coupon;

identifying, in a database, coupon information based on the coupon identifier, wherein the coupon information includes at least a discount amount;

modifying the transaction amount based on at least the discount amount;

processing, by a processing device, the authorization request for the financial transaction based on the modified transaction amount; and

transmitting, by a transmitting device, a response to the authorization request, wherein the response includes at least the modified transaction amount and discount amount.

6. A method for processing a financial transaction, comprising:

reading, from a payer device, a machine-readable code, wherein the machine-readable code is encoded with at least a coupon identifier, wherein the coupon identifier is associated with an electronic coupon;

transmitting, by a transmitting device, an authorization request for a financial transaction, wherein the authorization request includes at least a transaction amount and the coupon identifier;

receiving, by a receiving device, a response to the authorization request, the response including at least a modified transaction amount and a discount amount; and

processing the financial transaction based on at least the modified transaction amount, wherein the discount amount associated with the electronic coupon is undiscoverable by the payer device prior to the transmitting of the authorization request.

#### REFERENCES

The prior art relied upon by the Examiner in rejecting the claims on appeal is:

Yoo et al. (“Yoo”)	US 2012/0215609 A1	Aug. 23, 2012
Misra et al. (“Misra”)	US 2013/0173372 A1	July 4, 2013

#### REJECTIONS<sup>3</sup>

Claims 1–15 and 41–55 stand rejected under 35 U.S.C. § 101 as being directed to patent-ineligible subject matter. (Final Act. 7–8.)

Claims 1, 2, 5, 41, 42, and 45 stand rejected under 35 U.S.C. § 102(e) as being anticipated by Yoo. (Final Act. 9–11.)

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<sup>3</sup> All rejections are under the provisions of 35 U.S.C. in effect prior to the effective date of the Leahy-Smith America Invents Act of 2011.

Claims 3, 4, 43, and 44 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over Yoo and the Examiner's Official Notice. (Final Act. 12–13.)

Claims 6–15 and 46–55 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over Yoo and Misra. (Final Act. 14–18.)

#### ISSUES

1. Whether the Examiner erred in rejecting claims 1–15 and 41–55 under 35 U.S.C. § 101 as being directed to patent-ineligible subject matter.

2. Whether the Examiner erred in finding Yoo discloses “receiving, by a receiving device and from a point of sale terminal, an authorization request for a financial transaction wherein the authorization request includes at least a transaction amount and a coupon identifier, the coupon identifier being a value unique to an electronic coupon[,]” as recited in independent claim 1 and commensurately recited in independent claim 41.

3. Whether the Examiner erred in finding the combination of Yoo and Official Notice teaches or suggests the subject matter of claims 3, 4, 43, and 44.

4. Whether the Examiner erred in finding the combination of Yoo and Misra teaches or suggests a “payer device” and a “discount amount associated with the electronic coupon [that] is undiscoverable by the payer device prior to the transmitting of the authorization request,” as variously recited in independent claims 6 and 46.

## ANALYSIS

### A. *Claims 1–15 and 41–55: Section 101 (Abstract Idea)*

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 Corp. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2355 (2014) (citing *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 71–73 (2012)). In the first step of the 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 step two whether the claims contain an “inventive concept” sufficient to “transform the nature of the claim into a patent-eligible application.” *Alice*, 134 S. Ct. at 2355 (citation omitted).

Noting that the two stages involve “overlapping scrutiny of the content of the claims,” the Federal Circuit has described “the first-stage inquiry” as “looking at the ‘focus’ of the claims, their ‘character as a whole,’” and “the second-stage inquiry (where reached)” as “looking more precisely at what the claim elements add—specifically, whether, in the Supreme Court’s terms, they identify an ‘inventive concept’ in the application of the ineligible matter to which (by assumption at stage two) the claim is directed.” *Electric Power Group, LLC v. Alstom S.A.*, 830 F.3d 1350, 1353 (Fed. Cir. 2016). In considering whether a claim is directed to an abstract idea, we acknowledge—as did the Court in *Mayo*—that “all inventions at some level embody, use, reflect, rest upon, or apply laws of

nature, natural phenomena, or abstract ideas.” *Mayo*, 566 U.S. at 71. We, therefore, look to whether the claims focus on a specific means or method that improves the relevant technology or are instead directed to a result or effect that is itself the abstract idea and whether the claims merely invoke generic processes and machinery. *See Enfish*, 822 F.3d at 1336.

*Step One: Whether the Claims Are Directed to a Patent-Ineligible Concept (Abstract Idea)*

In applying the framework set out in *Alice*, and as the first step of that analysis, the Examiner finds the claims are directed to the abstract idea of “managing a coupon redemption process.” (Final Act. 2.) The Examiner further finds this concept is similar to “managing online product distribution” as addressed by the Federal Circuit in *Ultramercial*.<sup>4</sup> (*Id.* at 2–3, 7–8.)

Appellant raises several arguments challenging the Examiner’s finding that the claims are directed to an abstract idea. (*See App. Br.* 6–12.) Appellant first argues the Examiner has failed to “consider the actual wording of the claims,” but is instead overly summarizing them. (*Id.* at 8.) Appellant also asserts the Examiner did not consider any features of the claims and, therefore, essentially skipped the first step of the analysis. (*Id.* at 8–9.) Appellant further contends the Examiner “asserts in conclusory fashion that the claims are directed to the abstract idea.” (*Id.*) Appellant does not, however, provide an explanation of *how* the claims pass the first step of the analysis, but merely regurgitates the language of the claims. (*Id.*) This is not persuasive of Examiner error.

Appellant insists that “neither the Final Office Action nor the Examiner’s Answer provides any discussion or analysis of the recitations of

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<sup>4</sup> *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709 (Fed. Cir. 2014).

Appeal 2017-003358  
Application 13/486,274

the appealed claims which the Examiner believes to recite the abstract idea of organizing human activities or managing a coupon redemption process.” (Reply Br. 3.) We disagree; the Examiner finds that the claims are similar to those in *Ultramercial*, which were held to be directed to abstract ideas. (Final Act. 3). In addition, the Examiner’s characterization of the claims as directed to “managing a coupon redemption process” (Final Act. 2), is consistent with Appellant’s statement in the Specification that “[t]he present disclosure relates to methods and systems for processing variable redemption value electronic coupons.” (Spec. ¶ 1.)

Our reviewing court has explained that claims directed to “the mere formation and manipulation of economic relations” and “the performance of certain financial transactions” have been held to be directed to abstract ideas. *Content Extraction & Transmission LLC v. Wells Fargo Bank, Nat. Ass’n*, 776 F.3d 1343, 1347 (Fed. Cir. 2014); *see also, e.g., Ultramercial*, 772 F.3d at 716 (computer-implemented system for “using advertising as a currency [on] the Internet”); *buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350, 1352, 1355 (Fed. Cir. 2014) (computer-implemented system for guaranteeing performance of an online transaction); *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1370 (Fed. Cir. 2011) (computer-implemented system for “verifying the validity of a credit card transaction[] over the Internet”). This precedent supports the Examiner’s rejection here, and is not persuasively rebutted by Appellant.

Because we agree with the Examiner, at step one of the *Alice* analysis, that the claims are directed to an abstract idea, we turn to the second step of the *Alice* analysis, in which we must determine whether the additional elements of the claims transform them into patent-eligible subject matter.

*Step Two: Whether Additional Elements Transform the Idea Into Patent-Eligible Subject Matter*

Having concluded the claims are directed to an abstract idea, the Examiner also finds the additional elements or combinations of elements beyond the abstract idea do not amount to “significantly more” than the abstract idea itself. (Final Act. 3–5.) In particular, the Examiner finds “Applicant’s claims do not present a solution necessarily rooted in the technology in order to overcome a problem specifically arising in the computer network (or other technological) realm.” (*Id.* at 4.) The Examiner also finds “the system could be substituted with a human user and the underlying invention would result in a similar solution to the problem at hand.” (*Id.* at 4.)

Appellant argues the Examiner’s findings are in error because the claims “address a problem related to electronic coupons that is necessarily rooted in the computer technology implementing a payment network in exemplary embodiments, and does not have a brick and mortar equivalent,” as in *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014). (App. Br. 11–12.) Appellant does not, however, persuasively argue why the cited claim limitations contain an inventive concept that transforms the abstract idea into patent-eligible subject matter. The need for processing variable redemption value coupons, as Appellant’s claimed invention purports to address, is not a technical problem; it is a business problem.

In *DDR Holdings*, in contrast, the Federal Circuit determined that, although the patent claims at issue involved conventional computers and the Internet, the claims addressed a challenge particular to the Internet, i.e., retaining website visitors who, if adhering to the routine, conventional functioning of Internet hyperlink protocol, would be transported instantly

Appeal 2017-003358  
Application 13/486,274

away from a host's website after "clicking" on an advertisement and activating a hyperlink. *DDR Holdings*, 773 F.3d at 1257. The Federal Circuit held that the claims were directed to statutory subject matter because they claimed a solution "necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks." *Id.*

No such technological advance is evident in the present invention. Unlike the situation in *DDR Holdings*, Appellant does not identify any problem particular to computer networks and/or the Internet that the claims allegedly overcome. (*See* Ans. 3–5.) As the Examiner finds, "[t]he claims recite features such as the point of sale terminal, the payer device, the machine readable code, the receiving device, the database, the processor, the transmitting device, the authorization request, and the response to the authorization request." (*Id.* at 12.) As Examiner further finds, and we agree, the listed features are either elements of a generic computer or processes a generic computer can be programmed to perform. (Final Act. 3–5.) Thus, contrary to Appellant's argument, the solution here is not a technical solution; rather, Appellant's claimed solution is rooted in routine use of conventional computer technology to carry out the abstract idea of addressing a business problem pertaining to processing coupons. As our reviewing court has held, merely reciting "tangible components" does not render claims non-abstract where, as here, "the components [are] conventional and [are] used in conventional ways." *Affinity Labs. of Texas, LLC v. DIRECTV, LLC*, 838 F.3d 1253, 1262 (Fed. Cir. 2016) (noting that claims that recited "simply [] the use of cellular telephones as tools in the aid of a process focused on an abstract idea" was "not enough to constitute patentable subject matter").

For at least the aforementioned reasons, Appellant has not persuaded us the Examiner erred in rejecting independent claims 1, 6, 41, and 46 under 35 U.S.C. § 101 as directed to patent-ineligible subject matter, or in rejecting on the same basis dependent claims 2–5, 7–15, 42–45, and 47–55, which Appellant argues collectively with the independent claims. (App. Br. 6–12.) Accordingly, we sustain the Examiner’s 35 U.S.C. § 101 rejection of claims 1–15 and 41–55.

*B. Claims 1, 2, 5, 41, 42, and 45: Section 102(e) over Yoo*

The Examiner finds Yoo discloses all of the limitations of claims 1, 2, 5, 41, 42, and 45. (Final Act. 9–11.) With regard to independent claims 1 and 41, Appellant argues the Examiner’s findings regarding Yoo are in error because “Yoo fails to disclose the recited point of sale terminal, the recited authorization request that is received by the receiving device from the point of sale terminal, and the recited unique coupon identifier.” (App. Br. 15.) In particular, according to Appellant, Yoo does not disclose a *point of sale terminal sending the authorization request*, wherein the authorization request contains *both* a transaction amount *and* coupon ID, as recited in independent claims 1 and 41. (*Id.* at 13.)

Although we agree with the Examiner’s findings that Yoo discloses a point of sale terminal that performs some of the functions required by the claims at issue (Final Act. 9; Ans. 10; Yoo ¶ 91), the Examiner does not clearly explain the pertinence of Yoo’s point of sale terminal sending an authorization request with all of the required information as recited in claims 1 and 41. (Final Act. 9–10.) Yoo does disclose a request sent by the point of sale device in the form of a charge request that is arguably analogous to the claimed authorization request. In particular, in Yoo, “[t]he point-of-sale device 278 transmits a *charge request 284* to the merchant acquirer

Appeal 2017-003358  
Application 13/486,274

computer system **280**. The charge request **284** includes the PAN **270** [and] the terminal number of the point-of-sale device **278**.” (Yoo ¶ 92 (emphasis added).) Assuming the claimed authorization request maps to Yoo’s “charge request,” such request as disclosed by Yoo does not include information that maps to the *transaction amount and coupon ID*, as recited in claims 1 and 41. Nor does the Examiner point to any other request sent by the point of sale device in Yoo that would satisfy the requirements of claims 1 and 41.

For these reasons, we are persuaded by Appellant’s arguments that the Examiner erred in finding Yoo discloses all of the limitations of independent claims 1 and 41, and we, therefore, reverse the Examiner’s 35 U.S.C. § 102(e) rejection of those claims, along with the rejection of claims 2, 5, 42, and 45 dependent thereon.

C. *Claims 3, 4, 43, and 44: Section 103(a) over Yoo and Official Notice*

The Examiner rejects dependent claims 3, 4, 43, and 44 under 35 U.S.C. § 103(a) as unpatentable over the combination of Yoo and the Examiner’s Official Notice. (Final Act. 12–13.) Claims 3 and 4 are dependent on claim 1 and claims 43 and 44 are dependent on claim 41. The Examiner’s rejection of these claims is partially based on the rejection of claims 1 and 41 under 35 U.S.C. § 102(e), which we find deficient as noted above. *See id.* For the reasons expressed as to independent claims 1 and 41, therefore, we also reverse the Examiner’s 35 U.S.C. § 103(a) rejection of dependent claims 3, 4, 43, and 44.

Appeal 2017-003358  
Application 13/486,274

*D. Claims 6–15 and 46–55: Section 103(a) Over Yoo and Misra*

The Examiner rejects claims 6–15 and 46–55 under 35 U.S.C. § 103(a) as unpatentable over the combination of Yoo and Misra. (Final Act. 14–18.) Claims 6 and 46 are independent.

Appellant argues Yoo and Misra do not teach or suggest an authorization request that includes a transaction amount and coupon identifier. (App. Br. 15.) We disagree. Unlike claims 1 and 41, claims 6 and 46 do not require the authorization request to be sent by a point of sale terminal. With regard to claims 6 and 46, the Examiner points to paragraphs 99–102 of Yoo as teaching this element. (Final Act. 14.) Yoo teaches a module that “submits the voucher ID’s A and D, the discounted amount of \$48 and the respective merchant account ID **130** to the transaction validation or pass-through module **314**.” (Yoo ¶ 102.) Therefore, Yoo does teach an authorization request that includes a coupon identifier (“voucher ID”) and transaction amount (“discounted amount of \$48”).

Appellant also argues the Examiner’s rejection is in error because the combination of Yoo and Misra does not teach or suggest “the recited discount amount that is undiscoverable by the payer device prior to the transmission of the authorization request.” (App. Br. 16.) Appellant also argues the sections of Yoo cited by the Examiner do not disclose a payer device. (Reply Br. 12.) We disagree.

Yoo discloses a payer device in the form of a mobile communication device. (*See* Final Act. 14–15, 17.) As the Examiner finds, and we agree, Yoo discloses:

[The] payer’s device does not have the discount amount stored in the local device. Therefore it is unable to find out the discount amount associated with the electronic coupon until the transmitting step activates the voucher look module (320). The voucher look module pulls the discount value after the user’s request for a financial transaction.

(Final Act. 14–15 (citing Yoo ¶¶ 61–69 and 90–110).) The Examiner further finds “Yoo’s sequence would have suggested [to] one of ordinary in the art to perform[] a two-step data acquiring process where the discount amount is undiscoverable until the transmission of an authorization request.” (Final Act. 6; *see also id.* at 14–15.) In particular, Yoo discloses “the voucher ID’s **204** can be transmitted to a mobile device **24** and be received by a mobile application that has been logged into the respective consumer account.” (Yoo ¶ 69.) Therefore, as the Examiner finds, and we agree, Yoo at least suggests an embodiment wherein the mobile device (“payer device”) receives only the voucher ID’s and the discount amount associated with those ID’s is undiscoverable until an authorization request is sent, as required by claims 6 and 46.

For the foregoing reasons, we are not persuaded of error in the Examiner’s 35 U.S.C. § 103(a) rejection of independent claims 6 and 46, or of claims 7–15 and 46–55, argued collectively with claims 6 and 46. We, therefore, sustain the rejection of these claims.

DECISION

The Examiner's 35 U.S.C. § 101 rejection of claims 1–15 and 41–55 is affirmed.

The Examiner's 35 U.S.C. § 102(e) rejection of claims 1, 2, 5, 41, 42, and 45 is reversed.

The Examiner's 35 U.S.C. § 103(a) rejection of claims 3, 4, 43, and 44 is reversed.

The Examiner's 35 U.S.C. § 103(a) rejection of claims 6–15 and 46–55 is affirmed.

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

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a)(1)(iv).

AFFIRMED