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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte JAY S. WALKER, ANDREW S. VAN LUCHENE,
JONATHAN OTTO, MAGDALENA MIK, DANIEL E. TEDESCO,
ANDREW P. GOLDEN and RUSSELL PRATT SAMMON

Appeal 2017-003999
Application 11/681,441
Technology Center 3600

Before TERRENCE W. McMILLIN, KARA L. SZPONDOWSKI,
and SCOTT B. HOWARD, *Administrative Patent Judges*.

SZPONDOWSKI, *Administrative Patent Judge*.

DECISION ON APPEAL

This is a decision on appeal under 35 U.S.C § 134(a) of the Examiner's Final Rejection of claims 1–70, constituting all claims currently pending in the application. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

STATEMENT OF THE CASE

Appellants' invention is directed to “method and apparatus for enabling a customer to indicate brand indifference within a product or service category and then receive a benefit for purchasing a product or service chosen by a third party from within the product or service category.” Spec. 1, ll. 25–28. Claim 1, reproduced below with the disputed limitations in *italics*, is representative of the claimed subject matter:

1. A method, comprising:

receiving, by a controller device, a product category created by a customer, wherein the product category defines a number of different brands of a product;

receiving, by the controller device, an agreement from the customer to purchase a product from the product category,

determining by the controller device, a brand indifference of the customer based on the number of different brands defined by the product category;

selecting, by the controller device and for the customer, a product from the product category;

providing, by the controller device, an indication of the selected product to the customer;

receiving, by the controller device, an indication of the purchase of the selected product by the customer; and

providing a discount to the customer based at least in part on the determined brand indifference of the customer.

REJECTIONS

Claims 1–70 stand rejected under 35 U.S.C. § 101 as being directed to patent-ineligible subject matter. Final Act. 4.

Claims 1–70 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over Walker et al. (US 2002/0133426 A1; published Sep. 19,

2002) (“Walker”), Elmer Sauerwein et al., *The Kano Model: How to Delight Your Customers*, IX. International Working Seminar on Production Economics (1996) (“Sauerwein”), Rivalto (US 5,482,139; issued Jan. 9, 1996), and Yuen (US 7,003,792 B2; issued Feb. 21, 2006). Final Act. 7.

ANALYSIS

35 U.S.C. § 101 Rejection

Appellants contend the “Streamlined Eligibility Analysis” should be utilized when evaluating the claimed invention. *See* App. Br. 11 (citing Section I.B.3 of the *Interim Eligibility Guidance*). Contrary to Appellants’ argument, the Examiner is not required to use the streamlined patent-eligibility analysis; instead, it is at the Examiner’s discretion. As the *Interim Eligibility Guidance* cited by Appellants states, “a streamlined analysis *can* be used” (emphasis added), but it does not state any circumstances when the streamlined analysis *must* be used. Therefore, Examiner’s decision to perform a full section 101 analysis using the *Alice/Mayo* framework is not erroneous.

Alice Corp. Pty. Ltd. v. CLS Bank Int’l, 134 S. Ct. 2347 (2014), identifies a two-step framework for determining whether claimed subject matter is judicially excepted from patent eligibility under 35 U.S.C. § 101. In the first step, “[w]e must first determine whether the claims at issue are directed to a patent-ineligible concept.” *Alice*, 134 S. Ct. at 2355.

The Examiner determines the claimed invention is directed to receiving a product category, receiving an agreement, determining a brand indifference, and then selecting, providing, and receiving a product and purchase of that product and a discount, which is directed to the “abstract

idea of *using data to perform the fundamental economic practice of advertising.*” Final Act. 5.

Appellants argue that the Examiner has oversimplified the claims, and has improperly compared the claimed invention broadly to the abstract idea of the fundamental economic practice of advertising without considering the claims as a whole. App. Br. 10–11; *see* Reply Br. 3 (citing *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327 (Fed. Cir. 2016)).

We are not persuaded by Appellants’ arguments. We agree with the Examiner’s determination that the claimed steps of receiving, transmitting, storing, comparing, and displaying data are directed to the fundamental economic practice of advertising. *See* Final Act. 5. Specifically, the claims are directed to targeting advertisements to certain consumers (i.e., providing a discount to a customer based on indifference determined from customer’s product category) and displaying the advertisement (i.e., providing the discount to the customer after customer selects a product for purchase from the product category). *See Affinity Labs. of Texas, LLC v. Amazon.com Inc.*, 838 F.3d 1266, 1269 (Fed. Cir. 2016) (“we hold that the concept of delivering user-selected media content to portable devices is an abstract idea”); *Intellectual Ventures I LLC v. Capital One Bank (USA)*, 792 F.3d 1363, 1369–70 (Fed. Cir. 2015) (the practice of tailoring advertising to individual customers is a “fundamental . . . practice long prevalent in our system”); *Morsa v. Facebook, Inc.*, 622 Fed. App’x 915 (Fed. Cir. 2015) (“claims here are drawn to two abstract ideas: targeting advertisements to certain consumers, and using a bidding system to determine when and how advertisements will be displayed”); *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 714–715 (Fed. Cir. 2014) (“showing an advertisement before

delivering free content” is an abstract idea). Appellants have not persuasively explained why the claimed are not directed to an abstract idea.

In the second step of *Alice*, we “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 Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. 66, 78–79 (2012)). 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.* (alteration in original) (quoting *Mayo*, 566 U.S. at 72–73).

The Examiner further determines the claimed elements 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. *See* Final Act. 5; Ans. 3–4. Specifically, the Examiner concludes the claims do no “more than collect, store, display, and compare data to optimize a firm’s marketing objective on a generic computer.” Ans. 3. According to the Examiner, the claimed elements, considered separately and as an ordered combination, simply recite “the concept of analyzing/storing data, comparing/categorizing data, and displaying the data,” which are “well-understood, routine, conventional activities previously known to the industry.” *Id.*

Appellants argue “the claims amount to more than simply taking the allegedly abstract idea and adding the words ‘apply it,’ or ‘apply it with a computer.’” App. Br. 13. Appellants argue the claimed invention is

implemented by a controller device and thereby apply the claimed concepts using a particular machine. App. Br. 14.

We are not persuaded by Appellants' arguments and agree with the Examiner's findings and conclusions. *See* Final Act. 5; Ans. 3–4. Appellants have not adequately explained how or provided persuasive evidence to show why the claims add meaningful limits to practicing the abstract idea. We agree with the Examiner that the claims do not improve another technology or technical field, or functioning of the computer itself, and amount to no more “than an instruction to apply the abstract idea of organizing and analyzing data using some unspecified, generic computer.” Ans. 3–4.

Rather than reciting additional elements that amount to “significantly more” than the abstract idea, the pending claims, at best, add only a “controller device.” Appellants' Specification describes the controller as “controller or computer 202” that “may include a processor, microchip, or computer 302 that is in communication with or otherwise uses or includes one or more communication ports 304 for communicating with customer devices, retailer devices, seller devices and/or other devices.” Spec. 28: 23–27. Appellants' Specification further describes that a “*conventional personal computer* or workstation with sufficient memory and processing capability *may be used as the controller 202.*” Spec. 30: 10–11 (emphasis added). The claimed controller device, in light of Appellants' Specification, describes a generic computer performing generic computer functions, and does not satisfy the inventive concept. *See, e.g., DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1256 (Fed. Cir. 2014) (“[A]fter *Alice*, there can remain no doubt: recitation of generic computer limitations does not

make an otherwise ineligible claim patent-eligible. The bare fact that a computer exists in the physical rather than purely conceptual realm is beside the point.” (citation and internal quotation marks omitted)).

We also disagree with Appellants’ arguments that the claims are similar to those in *Enfish* and *BASCOM*. See Reply Br. 3. In *BASCOM*, the Court found the ordered combination of the limitations provided the requisite inventive concept. *BASCOM Global Internet v. AT&T Mobility LLC*, 827 F. 3d 1341, 1349–1350 (Fed. Cir. 2016). (“[A]n inventive concept can be found in the non-conventional and non-generic arrangement of known, conventional pieces”). In *BASCOM*, the patent extensively claimed and explained how a particular arrangement of elements was “a technical improvement over prior art ways of filtering such content.” *Id.* at 1350 (E.g., “According to *BASCOM*, the inventive concept harnesses this technical feature of network technology in a filtering system by associating individual accounts with their own filtering scheme and elements while locating the filtering system on an ISP server.”). In *Enfish*, the patent was “directed to a specific improvement to computer functionality” embodied in a self-referential database table. *Enfish*, 822 F.3d at 1338–1399. In both *BASCOM* and *Enfish*, there existed substantial argument and support from the Specification concerning the “inventive concept.” Here, Appellants offer little more than attorney argument and conclusory statements. For example, Appellants argue “the claims include an improvement to the technical field because the limitations, at least in combination, necessarily lead to an improvement to the commerce and computing arts that is not already taught in the prior art.” App. Br. 17. This is not persuasive.

To the extent Appellants argue that a lack of prior art shows the claimed invention improves upon the technical field of commerce and computing arts with limitations that are not well-understood, routine, and conventional in the field, Appellants misapprehend controlling precedent. *See* App. Br. 13–14, 16–17; Reply Br. 3. Although the second step in the *Alice* framework is termed a search for an “inventive concept,” the analysis is not an evaluation of novelty or non-obviousness. *Alice*, 134 S. Ct. at 2355. A novel and nonobvious claim directed to a purely abstract idea is, nonetheless, patent-ineligible. *See Mayo*, 566 U.S. 66 at 78–79.

Appellants further argue that the claims do not preempt all uses of the broad concept of advertising. App. Br. 11. Although the extent of preemption is a consideration, the absence of complete preemption is not dispositive. *See, e.g., Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015) (“While preemption may signal patent ineligible subject matter, the absence of complete preemption does not demonstrate patent eligibility.”); *Ultramercial, Inc. v. Hulu, LLC*, 722 F.3d 1335, 1346 (Fed. Cir. 2013) (“[T]he Supreme Court has stated that, even if a claim does not wholly pre-empt an abstract idea, it still will not be limited meaningfully if it contains only insignificant or token pre- or post-solution activity – such as identifying a relevant audience, a category of use, field of use, or technological environment.”) (citations omitted), *vacated and remanded*, *WildTangent, Inc. v. Ultramercial, LLC*, 134 S. Ct. 2870 (2014) (remanding for consideration in light of *Alice*, 134 S. Ct. 2347). Accordingly, even if the claims do not preempt the abstract idea, that alone is not enough to render the claims patent-eligible.

The claims, when viewed as a whole, perform conventional processing functions (receiving, analyzing, and displaying data) that courts have routinely found insignificant to transform an abstract idea into a patent-eligible invention. As such, the claims amount to nothing significantly more than an instruction to implement the abstract idea on a generic computer – which is not enough to transform an abstract idea into a patent-eligible invention. *See Alice*, 134 S. Ct. at 2360.

Accordingly, we sustain the Examiner’s 35 U.S.C. § 101 rejection of claims 1–70.

35 U.S.C. § 103 Rejection

Issue: Did the Examiner err in finding that the combination of Walker, Sauerwein, Rivalto, and Yuen teaches or suggests “receiving, by a controller device, a product category created by a customer, wherein the product category defines a number of different brands of a products,” “determining by the controller device, a brand indifference of the customer based on the number of different brands defined by the product category,” and “providing a discount to the customer based at least in part on the determined brand indifference of the customer,” as recited in independent claim 1, and commensurately recited in independent claims 30, 52, 56, 63, and 67?

The Examiner relies on Yuen’s determining indifference of a user through the user’s active categorization efforts to teach the claimed determining a brand indifference based on the number of different brands defined by the product category. *See* Ans. 2–3 (citing Yuen col. 15, l. 65–col. 16, l. 26).

Appellants argue none of the cited prior art references teaches a product category created by a customer that defines a *number* of different brands of a product and determines brand indifference *based on the number of different brands* defined by the product category, as claimed. Reply Br. 2; *see* App. Br. 19–23.

We are persuaded by Appellants’ arguments. As Appellants point out (App. Br. 20; Reply Br. 2), Yuen describes a “user’s rating table” that “includes a list of subject matters product types, brand names, and the like” and “[e]ach entry further includes a user rating given to the particular entry” allowing users to “indicate their preferences or indifference for an entry.” Yuen col. 16, ll. 11–20. Yuen may teach that a user establishes brand indifference by rating brands in a plurality of listed brands and product types, but Yuen is silent to determining brand indifference *based on the number of different brands defined by the product category*

We find the Examiner has not provided sufficient findings that Yuen teaches or suggests the claimed “determining by the controller device, a brand indifference of the customer based on the number of different brands defined by the product category [created by a customer].”

Accordingly, we are constrained on the record before us to reverse the Examiner’s § 103 rejection of independent claims 1, 30, 52, 56, 63, and 67, as well as dependent claims 2–29, 31–51, 53–55, 57–62, 64–66, and 68–70.

DECISION

The Examiner’s rejection of claims 1–70 U.S.C. § 101 is affirmed.

The Examiner’s rejection of claims 1–70 under 35 U.S.C. § 103(a) is reversed.

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Because we affirm at least one ground of rejection with respect to each claim on appeal, we affirm the Examiner's decision to reject all of the pending claims.

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