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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte WILLIAM J. PAULOS,
JERRY A. EPSTEIN,
and BRADY J. BEUTLER

Appeal 2017-004052
Application 13/033,195
Technology Center 3600

Before HUBERT C. LORIN, ANTON W. FETTING, and
PHILIP J. HOFFMANN, *Administrative Patent Judges*.
FETTING, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE¹

William J. Paulos, Jerry A. Epstein, and Brady J. Beutler (Appellants) seek review under 35 U.S.C. § 134 of a non-final rejection of claims 1–15, the only claims pending in the application on appeal. We have jurisdiction over the appeal pursuant to 35 U.S.C. § 6(b).

¹ Our decision will make reference to the Appellants’ Appeal Brief (“App. Br.,” filed February 29, 2016) and Reply Brief (“Reply Br.,” filed January 4, 2017), and the Examiner’s Answer (“Ans.,” mailed November 4, 2016), and Non-Final Action (“Non-Final Act.,” mailed May 7, 2015).

The Appellants invented a reward point system that reward customers for participation in online activities. Specification para. 1.

An understanding of the invention can be derived from a reading of exemplary claim 1, which is reproduced below (bracketed matter and some paragraphing added).

1. A method of operating a reward point program in conjunction with a website and a vendor, the method which requires no purchase by a user to encourage the user to visit one of more physical locations of a business, the method comprising:

[1] providing a web server having a processor and memory adapted to serve the website;

[2] providing a database that stores a user account on the web server,

said user account associated with the user and including an account balance that represents an accumulation of earned web credits of said user;

[3] utilizing the web server to permit the user to participate for free in an online activity associated with the web site to earn non-purchased web credits;

[4] utilizing the web server to determine the number of earned web credits associated with the user based upon the user's activity on the associated web site according to a rule set;

[5] utilizing the web server to add the determined web credits to the account balance of the user;

[6] once a sufficient number of web-credits have been earned via the online activities, utilizing the web server

to create a voucher based upon the earned web-credit account balance of the user,

the voucher representative of a reward selected by the user on the web site in return for the web credits;

and

[7] creating the voucher consisting of digital form, tangible paper form or player card form,
the voucher redeemable for the reward at the one or more physical locations of the business.

The Examiner relies upon the following prior art:

Jiang	US 2005/0251446 A1	Nov. 10, 2005
Mitchell	US 2006/0047573 A1	Mar. 2, 2006
Barhydt	US 2006/0270478 A1	Nov. 30, 2006
Wang	US 2009/0299820 A1	Dec. 3, 2009

Claims 1–15 stand rejected under 35 U.S.C. § 101 as directed to a judicial exception without significantly more.

Claims 1–15 stand rejected under 35 U.S.C. § 103(a) as unpatentable over Jiang, Barhydt, Wang, and Mitchell.

ISSUES

The issues of eligible subject matter turn primarily on whether the claims recite more than abstract conceptual advice of what a computer is to provide without implementation details.

The issues of obviousness turn primarily on whether the references show it was predictable to assemble the invention as recited.

FACTS PERTINENT TO THE ISSUES

The following enumerated Findings of Fact (FF) are believed to be supported by a preponderance of the evidence.

Facts Related to the Prior Art

Jiang

01. Jiang is directed to integration of multiple loyalty or rewards programs. Jiang para. 2.
02. Jiang provides a rewards currency which card members can use directly at the point of sale, either offline or online, for example, at an online merchant. Jiang para. 6.
03. Jiang creates a log for the virtual account number with information consisting at least in part of the purchase amount and the selected payment method by a virtual account number engine, which also accesses a single currency rewards database to determine whether the card member has a sufficient balance of single currency rewards units for the payment of the purchase amount. Jiang para. 12.
04. Jiang decrements the card member's single currency reward account, upon receiving the settlement request, by an amount equal to any portion of the purchase amount to be paid with single currency reward units in response to a communication of the amount of the portion of the purchase amount to be paid with single currency reward units to the single currency rewards database. Jiang para. 14.

Barhydt

05. Barhydt is directed to implementing mobile loyalty programs. Barhydt para. 2.
06. Barhydt offers a suite of mobile games that customers can download onto their mobile handsets or phones. When a customer

plays one of the mobile games, Barhydt issues points to the customer based on the customer's performance on the game (e.g., level reached within a game, game score, etc.), and stores the points in a customer account. Customers can redeem these points for valuable prizes from a prize catalog. Barhydt para. 7.

Wang

07. Wang is directed to selling, promoting, collecting payment for and syndicating advertisements using an on-line system. Wang para. 3.
08. Once the registered consumer accepts an ad offer in a discrete ad acceptance event, the registered consumer becomes a referred consumer, and the service provider refers him to the selling merchant affiliate. When the purchase transaction occurs it is in a merchant affiliate "establishment" and between this registered consumer and the selling merchant affiliate who published the offer. The actual purchase transaction can occur in the merchant affiliate establishment that can be, for example, online in a Web store or offline in a brick-and-mortar store. Wang para. 103.

Mitchell

09. Mitchell is directed to coupon and sweepstakes dispensing system. Mitchell para. 2.

ANALYSIS

Claims 1–15 rejected under 35 U.S.C. § 101 as directed to a judicial exception without significantly more

The Examiner finds

Claims 1–15 are rejected under 35 U.S.C. [§] 101 because the claimed invention is directed to non-statutory subject matter because the claim(s) as a whole, considering all claim elements both individually and in combination, do not amount to significantly more than an abstract idea. The claim(s) is/are directed to the abstract idea of:

- (i) a fundamental economic practice,
- (ii) a method of organizing human activities,
- (iii) an idea of itself, or
- (iv) a mathematical relationship or formula.

For instance, in *Alice Corp.* the court found that “intermediated settlement” was a fundamental economic practice, which is an abstract idea. The additional element(s) or combination of elements in the claim(s) other than the abstract idea per se amount(s) to no more than:

- (i) mere instructions to implement the idea on a computer, and/or
- (ii) recitation of generic computer structure that serves to perform generic computer functions that are well-understood, routine, and conventional activities previously known to the pertinent industry.

Viewed as a whole, these additional claim element(s) do not provide meaningful limitation(s) to transform the abstract idea into a patent eligible application of the abstract idea such that the claim(s) amounts to significantly more than the abstract idea itself. Therefore, the claim(s) are rejected under 35 U.S.C. [§] 101 as being directed to non-statutory subject matter.

Non-Final Act. 5–6 (emphasis added). The Examiner expands on this by determining “[t]he relevant question is whether the claims here do more than collect, store, display, and compare data to create incentives resulting in

users going to physical locations to redeem the incentives through the use of a generic computer. They do not.” Non-Final Act. 2.

The Examiner goes on to determine:

Considering claim 1 as a whole, wherein receiving, storing and calculating web credits is considered an abstract idea of comparing new and old information, something that could be done by a person and therefore a method of organizing human activities. As a whole, the claim does not include additional elements that sufficiently amount to significantly more than the judicial exception because the elements do not effect an improvement to another technology or technical field; the claim elements do not amount to an improvement to the functioning of a computer itself; and the claim elements do not move beyond a general link of the use of an abstract idea to a particular technological environment. Here, the additional elements of the claim serve to identify, receive, determine, generate and provide with what is conventional in the art (i.e., transmitting data to and from a server). In other words, the claim as a whole may be considered to merely apply the abstract idea of comparing new and stored information and using rule to identify options by a generic computing device (e.g., a portable electronic device, smart phone, or tablet), with the additional elements adding insignificant extra-solution activity (e.g., merely collecting data which is well understood, routine, and conventional activities). Thus, the additional elements generally link the use of the abstract idea to a particular technological environment, without significantly more. Accordingly, the Examiner concludes that there are no meaningful limitations in the claim that transform the judicial exception into a patent eligible application such that the claim amounts to significantly more than the judicial exception itself.

Non-Final Act. 6–7.

We are not persuaded by Appellants’ argument that

Such claim elements go beyond simply organizing and analyzing data related to existing customers using some unspecified, generic computer. That is, a user (e.g., potential

customer or patron of a business with a physical location) performs certain online tasks (e.g., plays and learns casino games) which earns the user web-credits. The web-credits are then converted into a reward, redeemable via a digital voucher, printed version of the digital voucher or player card, at the physical location only of an associated business (e.g., brick and mortar casino). The conversion of the web credits into a reward is undertaken by the user via the website. That is, the user may decide the reward based on the number of web credits earned.

The current claims are directed to much more than organizing and analyzing data related to existing customers using some unspecified, generic computer given the user is required to perform online tasks to earn web-credits and then must redeem a selected reward based on the earned web credits at the physical location of an associated business. Organizing and analyzing data related to existing customers using some unspecified, generic computer does not encompass a user performing online tasks, converting earned web credits to a reward or redeeming a voucher representative of the reward at a physical location.

App. Br. 10. Appellants recite the claim 1 limitations and assert that of those, at least those reciting a user performing online tasks, converting earned web credits to a reward, and redeeming a voucher representative of the reward at a physical location, are more than organizing and analyzing data.

The actual corresponding limitations are utilizing the web server to permit the user to participate for free in an online activity associated with the web site to earn non-purchased web credits; utilizing the web server to determine the number of earned web credits associated with the user based upon the user's activity on the associated web site according to a rule set; and creating the voucher consisting of digital form, tangible paper form or player card form, the voucher redeemable for the reward at the one or more

physical locations of the business. The problem for Appellants is they do not recite any technological implementation for doing so.

The first limitation only “permit[s] the user to participate” absent any implementation details. As such this is no more than the concept of allowing a user to participate and does not even encompass actual data entry, but only permitting the data entry. Even so, data entry by a user is no more than collecting data.

The second limitation only determines a number of credits from other data and a set of rules. This is not a conversion but a determination, and in any event, is no more than generic data analysis, again absent specific implementation details.

The third limitation records data or potentially prints it out, but either way does no more than the generic low level computer processes of data storage and printing, which requires no specific implementation details because every generic computer has such capacity.

Appellants further argue that the asserted claims are akin to the claims found patent-eligible in *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014). App. Br. 10–11. In *DDR Holdings*, the Court evaluated the eligibility of claims “address[ing] the problem of retaining website visitors that, if adhering to the routine, conventional functioning of Internet hyperlink protocol, would be instantly transported away from a host’s website after ‘clicking’ on an advertisement and activating a hyperlink.” *Id.* at 1257. There, the Court found that the claims were patent-eligible because they transformed the manner in which a hyperlink typically functions to resolve a problem that had no “pre-Internet analog.” *Id.* at 1258. The Court cautioned,

however, “that not all claims purporting to address Internet-centric challenges are eligible for patent.” *Id.* For example, in *DDR Holdings* the Court distinguished the patent-eligible claims at issue from claims found patent-ineligible in *Ultramerical*. *See id.* at 1258–59 (citing *Ultramerical, Inc. v. Hulu, LLC*, 772 F.3d 709, 715–16 (Fed. Cir. 2014)). As noted there, the *Ultramerical* claims were “directed to a specific method of advertising and content distribution that was previously unknown and never employed on the Internet before.” *Id.* at 1258 (quoting *Ultramerical*, 772 F.3d at 714). Nevertheless, those claims were patent-ineligible because they “merely recite[d] the abstract idea of ‘offering media content in exchange for viewing an advertisement,’ along with ‘routine additional steps such as updating an activity log, requiring a request from the consumer to view the ad, restrictions on public access, and use of the Internet.’” *Id.*

Appellants’ asserted claims are analogous to claims found ineligible in *Ultramerical* and distinct from claims found eligible in *DDR Holdings*. The ineligible claims in *Ultramerical* recited “providing [a] media product for sale at an Internet website”; “restricting general public access to said media product”; “receiving from the consumer a request to view [a] sponsor message”; and “if the sponsor message is an interactive message, presenting at least one query to the consumer and allowing said consumer access to said media product after receiving a response to said at least one query.” 772 F.3d at 712. Similarly, Appellants’ asserted claims recite reading, receiving, analyzing, writing, and printing data. This is precisely the type of Internet activity found ineligible in *Ultramerical*.

We are not persuaded by Appellants' argument that the claims would not preempt the idea. App. Br. 11. "Where a patent's claims are deemed only to disclose patent ineligible subject matter under the *Mayo*[/*Alice*] framework, as they are in this case, preemption concerns are fully addressed and made moot." *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015).

Claims 1–15 rejected under 35 U.S.C. § 103(a) as unpatentable over Jiang, Barhydt, Wang, and Mitchell

Examiner applies Jiang for the basic hardware and supporting software for a promotional rewards program, including converting data in a rewards account into something that may be used for a reward. Examiner applies Barhydt for basing such a rewards program on a free activity, such as a game. Examiner applies Wang to show that such rewards may be for brick and mortar stores in addition to online stores, and Mitchell to show it was known to print hard copy evidence of such rewards. Non-Final Act. 8–10.

We are not persuaded by Appellants' argument that "any attempt to manipulate the method and system of Jiang with the disclosures of Barhydt, Wang and Fotevski eliminates the inventive purpose of Jiang." App. Br. 12. Appellants contend that Jiang's particular loyalty rewards program is incompatible with game points and brick and mortar stores. *Id.*

"The test for obviousness is not whether the features of a secondary reference may be bodily incorporated into the structure of the primary reference Rather, the test is what the combined teachings of those references would have suggested to those of ordinary skill in the art." *In re Keller*, 642 F.2d 413, 425 (CCPA 1981). *See also In re Sneed*, 710 F.2d

1544, 1550 (Fed. Cir. 1983) (“[I]t is not necessary that the inventions of the references be physically combinable to render obvious the invention under review.”); and *In re Nievelt*, 482 F.2d 965, 968 (CCPA 1973) (“Combining the *teachings* of references does not involve an ability to combine their specific structures.”). Again, Examiner applies Jiang only for the infrastructure that most rewards programs would have. Thus, Jiang evinces part of the infrastructure in Barhydt, and Wang only shows that brick and mortar stores would also be interested in the rewards in Barhydt.

Appellants’ argument regarding operability (App. Br. 13) is just a variation on the prior argument and is equally unpersuasive. Appellants’ argument that Jiang’s claim 12 fails to describe printing a voucher (*id.*) is answered by the Examiner that Mitchell describes printing vouchers. Non-Final Act. 9–10. Appellants’ argument regarding Fotevski² (App. Br. 13) is moot as Fotevski is not applied as prior art.

CONCLUSIONS OF LAW

The rejection of claims 1–15 under 35 U.S.C. § 101 as directed to a judicial exception without significantly more is proper.

The rejection of claims 1–15 under 35 U.S.C. § 103(a) as unpatentable over Jiang, Barhydt, Wang, and Mitchell is proper.

DECISION

The rejection of claims 1–15 is affirmed.

² Fotevski, US 2007/0105612 A1, published May 10, 2007.

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No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a). *See* 37 C.F.R. § 1.136(a)(1)(iv) (2011).

AFFIRMED