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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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*Ex parte* HAROLD J. SCHILLER, DANTE PACHELLA, and  
MARK D. CARNEY

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Appeal 2017-004407  
Application 13/102,516<sup>1</sup>  
Technology Center 3600

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Before BRADLEY W. BAUMEISTER, HUNG H. BUI, and  
JOSEPH P. LENTIVECH, *Administrative Patent Judges*.

BUI, *Administrative Patent Judge*.

DECISION ON APPEAL

Appellants seek our review under 35 U.S.C. § 134(a) from the Examiner’s Final Rejection of claims 1–5, 8–12, 14–20, and 23–25, which are all the claims pending in the application. Claims 6, 7, 13, 21, and 22 are canceled. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.<sup>2</sup>

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<sup>1</sup> According to Appellants, the real party in interest is Verizon Communications Inc. App Br. 3.

<sup>2</sup> Our Decision refers to Appellants’ Appeal Brief (“Appeal Br.”) filed April 26, 2016; Reply Brief (“Reply Br.”) filed January 23, 2017; Examiner’s Answer (“Ans.”) mailed December 1, 2016; Non-Final Office Action (“Non-Final Act.”) mailed December 10, 2015; and original Specification (“Spec.”) filed May 6, 2011.

STATEMENT OF THE CASE

Appellants' invention relates to "generating and storing electronic receipts," via a mobile device. Spec. ¶ 13. For example, "a mobile device may be used to perform a transaction with a retailer/vendor that includes a point-of-sale (PoS) device," "receive a copy of the electronic receipt [associated with the transaction from the PoS device]" and "provide categorization information to the device/system or program that allows receipts to be categorized in accordance with user-defined information." Spec. ¶ 13.

Claims 1, 9, and 18 are independent. Claim 1 is illustrative of the claimed subject matter, as reproduced below with disputed limitations in *italics*:

1. A non-transitory computer-readable medium having stored thereon sequences of instructions which, when executed by at least one processor, cause the at least one processor to:
  - store an identifier associated with a user of a mobile device;
  - receive global positioning system (GPS) data corresponding to the location of the mobile device;
  - provide *a user interface configured to:*
    - receive input from the user, the input identifying a plurality of categories for storing electronic receipts for the user, wherein the input received from the user is used to create the plurality of categories for storing the electronic receipts, and
    - receive input from the user identifying retailers associated with at least some of the plurality of categories, wherein the input indicates that a first retailer is associated with a first one of the plurality of categories; automatically identify at least a second retailer associated with one of the plurality of categories based on the GPS data;*
  - provide the identifier or display the identifier, via the mobile device, to a point-of-sale device associated with a retailer;

receive an electronic receipt associated with a transaction between the user and the retailer;  
receive, from the user, a request to view receipts corresponding to the first category;  
access, via a network, an external system storing a plurality of receipts associated with the user, wherein the external system is located remotely from the mobile device; and  
retrieve, from the external system, at least one of receipts or receipt summaries corresponding to the first category, wherein the at least one of the receipts or receipt summaries includes a first receipt or receipt summary from the first retailer,  
wherein the second retailer is associated with a second one of the plurality of categories, and the instructions further cause the at least one processor to:  
store receipts from the second retailer in the second category.

Appeal Br. 37–38 (Claims App’x).

#### EXAMINER’S REJECTIONS & REFERENCES

(1) Claims 1–5, 8–12, 14–20, and 23–25 stand rejected under 35 U.S.C. § 101 because the claimed invention is directed to non-statutory subject matter. Non-Final Act. 5–10.

(2) Claims 1–5, 8–12, 14–17, and 23–25 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over Labrou et al. (US 2004/0107170 A1; published June 3, 2004; “Labrou”), McDevitt et al. (US 2007/0164106 A1; published July 19, 2007; “McDevitt”), and Grannan et al. (US 2007/0244750 A1; published Oct. 18, 2007; “Grannan”). Non-Final Act. 11–23.

(3) Claims 18–20 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over Labrou and McDevitt. Non-Final Act. 23–24.

## DISCUSSION

*35 U.S.C. § 101: Claims 1–5, 8–12, 14–20, and 23–25*

In *Alice Corp. v. CLS Bank International*, 134 S. Ct. 2347 (2014), the Supreme Court reiterates an analytical two-step framework previously set forth in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. 66, 79 (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 the analysis is to “determine whether the claims at issue are directed to one of those patent-ineligible concepts,” such as an abstract idea. *Id.* If the claims are directed to eligible subject matter, the inquiry ends. *Thales Visionix Inc. v. United States*, 850 F.3d 1343, 1349 (Fed. Cir. 2017); *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1339 (Fed. Cir. 2016).

If the claims are directed to a patent-ineligible concept, the second step in the analysis is to consider 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 claim 1 and, similarly, claims 9 and 18 under 35 U.S.C. § 101, the Examiner determines these claims are directed to an abstract idea that corresponds to “(i) a fundamental economic practice, (ii) a method of organizing human activities, (iii) an idea of itself, or (iv) a

mathematical relationship or formula.” Non-Final Act. 5. According to the Examiner, all the steps recited in these claims pertain “collecting and comparing . . . new and stored information” and “using categories to organize, store, and transmit information.” *See* Non-Final Act. 6–9. The Examiner explains that, in other words, the claims are directed to an abstract concept of “analyzing stored data, comparing/categorizing data, and displaying the data.” Ans. 3.

The Examiner also determines the additional elements in the claims, whether taken separately or in an ordered combination, do not amount to significantly more than the abstract idea, because these elements are “computer functions [that are] well-understood, routine, conventional activities previously known to the industry.” *See* Non-Final Act. 9–10; Ans. 2–3. According to the Examiner, “[t]he method, system, and/or computer readable medium claims do not, for example, purport to improve the functioning of the computer itself. Nor do they effect an improvement in any other technology or technical field.” Non-Final Act. 10; Ans. 3.

*Alice/Mayo—Step 1 (Abstract Idea)*

Turning to the first step of the *Alice* inquiry, Appellants contend the claims are not directed to an abstract idea because: (1) “claim 1 recites that the instructions cause the at least one processor to receive global positioning system (GPS) data corresponding to the location of the mobile device, and automatically identify at least a second retailer associated with one of the plurality of categories based on the GPS data”; (2) “these features do not correspond to any of the alleged ‘abstract ideas’ identified in the Office Action;” and (3) “[t]he pending claims, such as claim 1, are similarly rooted in computer technology, such as the use of GPS and accessing, via a

network, an external system located remotely from the mobile device and retrieving at least one of receipts or receipt summaries from the external system.” App. Br. 10–11. According to Appellants,

the features of claim 1 together recite a particular solution to a problem or a particular way to achieve a desired outcome with respect to a user interacting via a mobile device, a GPS, a point-of-sale device and an external system to, for example, store receipts in categories and access receipts or receipt summaries corresponding to particular categories.

Reply Br. 5.

Appellants also argue the Examiner’s determination of an abstract idea “is not based on evidence, and instead merely expresses an opinion that claim 1 amounts to an ‘abstract idea.’” App. Br. 10–11 (citing *Ex parte Renald Poisson*, Appeal No. 2012-011084, p. 5 (PTAB, February 27, 2015) where the Board held that absent supporting evidence in the record, the Examiner’s opinion is an inadequate finding of fact on which to base the *Alice* analysis).

At the outset, we acknowledge (1) the Examiner does not address Appellants’ arguments and (2) the Examiner’s characterization that the claims do nothing more than “collect, store, display, and compare data to optimize an advertiser’s marketing objective” is inaccurate at best. Ans. 2. As correctly recognized by Appellants, “the pending claims do not involve optimizing an advertiser’s marketing objective, as alleged in the Examiner’s Answer.” Reply Br. 2–3.

Nevertheless, Appellants’ arguments are not persuasive. At the outset, we note patent eligibility is a question of law that is reviewable *de novo* (see *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 under step one of the *Alice* framework to support a finding that a claim is directed to an abstract idea.<sup>3</sup> Nor, contrary to Appellants' suggestion (App. Br. 10), did this Board hold in *Ex parte Poisson* that there is any such requirement. Instead, 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 [the] rejection is so uninformative that it prevents the applicant from recognizing and seeking to counter the grounds for rejection.").

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<sup>3</sup> *Berkheimer v. HP Inc.*, 881 F.3d, 1360 (Fed. Cir. 2018) holds that the question of whether certain claim limitations represent well-understood, routine, conventional activity under *Alice* step 2 may raise a disputed factual issue. That question, however, is not at issue in this case. As in *Berkheimer*, in determining that the claims are directed to an abstract idea, the Examiner compared the claims to claims held to be abstract in prior judicial decisions. *Compare* Final Act. 2 *with Berkheimer*, 881 F.3d at 1366–67.

Based on our review of the record, we agree with the Examiner that the claims are directed to an abstract concept of “analyzing stored data [i.e., electronic receipts], comparing/categorizing data, and displaying the data.”  
Ans. 3.

All the functions recited in Appellants’ claim 1, including, for example, to: (1) “store an identifier;” (2) “receive global positioning system (GPS) data corresponding to the location of the mobile device;” (3) “receive input from the user . . . [i] identifying a plurality of categories for storing electronic receipts . . . [ii] identifying retailers associated with at least some of the plurality of categories;” (4) “automatically identify at least a second retailer associated with one of the plurality of categories based on the GPS data;” (5) “receive an electronic receipt associated with a transaction between the user and the retailer;” (6) “receive . . . a request to review receipts;” and (7) “retrieve . . . receipts or receipt summaries . . .” are abstract processes of collecting, storing, and analyzing information of a specific content (i.e., electronic receipts) based on categories associated with such electronic receipts. Information, as such, is intangible, and data analysis and categorization are abstract ideas. *See, e.g., Microsoft Corp. v. AT & T Corp.*, 550 U.S. 437, 451 n.12 (2007). Information collection and analysis, including when limited to particular content, is within the realm of abstract ideas. *See, e.g., Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1349 (Fed. Cir. 2015); *Digitech*, 758 F.3d at 1351; *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1370 (Fed. Cir. 2011); *Electric Power Group, LLC v. Alstom S.A.*, 830 F.3d 1350, 1353, 1354 (Fed. Cir. 2016) (“collecting information, analyzing it, and displaying certain results of the collection and analysis” are “abstract-idea processes”);

*Digitech Image Techs., LLC v. Elecs. for Imaging, Inc.*, 758 F.3d 1344, 1350 (Fed. Cir. 2014) (“organizing information through mathematical correlations”); *Content Extraction & Transmission LLC v. Wells Fargo Bank, Nat. Ass’n*, 776 F.3d 1343, 1347 (Fed. Cir. 2014) (“1) collecting data, 2) recognizing certain data within the collected data set, and 3) storing that recognized data in a memory” are abstract ideas).

Separately, we also find the claims are directed to an abstract idea of generating and storing electronic receipts based on categories associated with such electronic receipts, which is both a method of organizing human activity and a fundamental economic practice. Such activities are squarely within the realm of abstract ideas. Generating, storing, and organizing electronic receipts 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 (*see buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350, 1354 (Fed. Cir. 2014)). Generating, storing, and organizing electronic receipts is also a building block of a market economy. Thus, generating, storing, and organizing electronic receipts, like risk hedging and intermediated settlement, is an “abstract idea” beyond the scope of § 101. *See Alice* 134 S. Ct. at 2356.

In this context, Appellants’ claims are patent-ineligible under § 101 because their innovation is an innovation in ineligible subject matter. No

matter how much of an advance in the finance field the claims recite, the advance lies entirely in the realm of abstract ideas, with no plausibly alleged innovation in the non-abstract application realm. An advance of that nature is patent-ineligible for patenting even if the techniques claimed are “[g]roundbreaking, innovative, or even brilliant.” *Ass’n for Molecular Pathology v. Myriad Genetics, Inc.*, 569 U.S. 576, 591 (2013); *Synopsys, Inc. v. Mentor Graphics Corp.*, 839 F.3d 1138, 1151 (Fed. Cir. 2016) (“[A] claim for a new abstract idea is still an abstract idea).

As correctly recognized by the Examiner, Appellants’ claims “do not . . . improve the functioning of the computer itself. Nor do they effect an improvement in any other technology or technical field.” Ans. 3. In fact, none of the functions/steps recited in Appellants’ claim 1 and similarly claims 9 and 18 provide: (1) a “solution . . . necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks,” as explained by the Federal Circuit in *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1257 (Fed. Cir. 2014); (2) “a specific improvement to the way computers operate,” as explained in *Enfish*, 822 F.3d at 1336; or (3) an “unconventional technological solution . . . to a technological problem” that “improve[s] the performance of the system itself,” as explained in *Amdocs (Israel) Ltd. v. Openet Telecom, Inc.*, 841 F.3d 1288, 1299, 1302 (Fed. Cir. 2016). Moreover, nowhere in Appellants’ Specification is there any description or explanation as to how these data processing steps are intended to provide such solutions or improvements.

Accordingly, we agree with the Examiner that Appellants' claims are directed to the abstract idea of "analyzing stored data [i.e., electronic receipts], comparing/categorizing data, and displaying the data." Ans. 3.

*Alice/Mayo—Step 2 (Inventive Concept)*

In the second step of the *Alice* inquiry, Appellants argue their "claim elements, taken as a whole, amount to significantly more than an abstract idea" because: (1) "specific features associated with requesting receipts and retrieving receipts/receipt summaries [] transform the claimed non-transitory computer-readable medium into a *unique and non-obvious* non-transitory computer-readable medium that is patent eligible;" (2) "these features of claim 1 provide a unique and interactive process to allow a user to store and retrieve receipts or receipt summaries in an efficient manner"; and (3) "the features of claim 1 improve a user's ability to receive, categorize and retrieve receipts or receipt[] summaries, including the use of GPS data to automatically identify a particular retailer based on the location of the mobile device" and "[s]uch actions improve the technical field of storage and retrieval of electronic receipts." *See* App. Br. 12–14; Reply Br. 4–5 (emphasis added). According to Appellants,

While the use of GPS is generally known, claim 1 uses GPS data to automatically identify at least a second retailer, and store receipts from the second retailer in the second category. Such features are not well understood, routine and conventional in the field.

App. Br. 15.

We disagree. At the outset, we note (1) "the concept of inventiveness is distinct from that of novelty;" and (2) "[t]he inventiveness inquiry of § 101 should therefore not be confused with the separate novelty inquiry of § 102 or the obviousness inquiry of § 103." *Amdocs (Israel) Ltd. v. Openet*

*Telecom, Inc.* 841 F.3d 1312 (Fed. Cir. 2016). In *Alice*, 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.’” *Alice*, 134 S. Ct. at 2355 (citing *Mayo*, 566 U.S. at 72–73).

The Federal Circuit cases on point include (1) *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1257 (Fed. Cir. 2014) and (2) *Amdocs (Israel) Ltd. v. Openet Telecom, Inc.* 841 F.3d 1288 (Fed. Cir. 2016), both of which involved business-method inventions. In *DDR* and *Amdocs*, the Federal Circuit opted to bypass *Alice* step 1 in favor of step 2. In particular, the Federal Circuit found *DDR*’s claims contain an “inventive concept” under *Alice* step 2 because *DDR*’s claims (1) do not merely recite “the performance of some business practice known from the pre-Internet world” previously disclosed in *Bilski* and *Alice*, but instead (2) provide a technical solution to a technical problem unique to the Internet, *i.e.*, 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. Likewise, the Federal Circuit also found *Amdocs*’ claims contain a sufficient “inventive concept” because like *DDR*, *Amdocs*’ claims “entail[] an unconventional technological solution (enhancing data in a distributed fashion) to a technological problem (massive record flows which previously required massive databases)” and “improve the performance of the system itself.” *Amdocs*, 841 F.3d at 1300, 1302.

Under current Federal Circuit precedent, an “inventive concept” under *Alice* step 2 can be established by showing, for example, that the patent claims:

(1) provide a technical solution to a technical problem unique to the Internet, e.g., a “solution . . . necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks” (*see DDR*, 773 F.3d at 1257);

(2) transform the abstract idea into “a particular, practical application of that abstract idea,” e.g., “installation of a filtering tool at a specific location, remote from the end-users, with customizable filtering features specific to each end user” (*see Bascom Global Internet Servs., Inc. v. AT&T Mobility LLC*, 827 F.3d 1341, 1352, 1350 (Fed. Cir. 2016)); or

(3) “entail[] an unconventional solution ([e.g.,] enhancing data in a distributed fashion) to a technological problem ([e.g.,] massive record flows [that] previously required massive databases)” and “improve the performance of the system itself” (*see Amdocs*, 841 F.3d at 1300, 1302).

In this case, however, we find no element or combination of elements recited in Appellants’ claims 1, 9, and 18 that contains any “inventive concept” or adds anything “significantly more” to transform the abstract concept (i.e., manipulating data through mathematical relationships) into a patent-eligible application. *Alice*, 134 S. Ct. at 2357. As discussed *supra*, we are not persuaded the added computer elements such as (1) the processor and PoS device recited in claim 1, (2) computer device and PoS device recited in claim 9, and (3) input device, processor, and transmitter recited in claim 18 can transform the abstract idea into a patent eligible invention. As our reviewing court has observed, “after *Alice*, there can remain no doubt: recitation of generic computer limitations does not make an otherwise ineligible claim patent-eligible.” *DDR Holdings*, 773 F.3d at 1256 (citing *Alice Corp.*, 134 S. Ct. at 2358)).

*Additional Argument*

Appellants argue that the claims do not seek to tie up or preempt the abstract idea of “storing and retrieving [electronic] receipts and automatically identifying a retailer.” App. Br. 11. However, this argument is not persuasive 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). “Where 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, 9, and 18 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 claims 1–5, 8–12, 14–20, and 23–25 under 35 U.S.C. § 101.

*35 U.S.C. § 103(a): Claims 1–5, 8–12, 14–17, and 23–25*

In support of the obviousness rejection, the Examiner finds Labrou teaches most aspects of Appellants’ claim 1, and relies on (1) Grannan for teaching “the use of GPS location information as a method of identifying appropriate retailers associated with a category” (Non-Final Act. 12 (citing Grannan ¶ 62); and (2) McDevitt for teaching “*the input received from the user . . . used to create a plurality of categories for storing electronic receipts, that retailers are associated with specific categories or that the external system storing the receipts is located remotely from the mobile device*” (Non-Final Act. 13 (citing McDevitt ¶ 8)).

Appellants dispute the Examiner's factual findings regarding Grannan and McDevitt, as well as the Examiner's rationale to combine the teachings of Labrou, Grannan, and McDevitt. App. Br. 11–32. In particular, Appellants acknowledge Grannan teaches a method of selecting targeted advertisements for a subscriber via a subscriber's location tracked by global positioning system (GPS). App. Br. 22 (citing Grannan ¶ 62). However, Appellants argue nowhere in Grannan, including cited paragraph 62, is there any teaching of “automatically identify[ing] at least a second retailer associated with one of the plurality of categories based on the GPS data,” as recited in claim 1, and similarly recited in claim 9. App. Br. 22–23.

Similarly, Appellants acknowledge McDevitt teaches an online electronic receipt management system that allows a user to create categories of electronic receipts. App. Br. 23 (citing McDevitt ¶ 8). However, Appellants argue nowhere in McDevitt is there any teaching of “receiv[ing] input from the user identifying retailers associated with at least some of the plurality of categories, wherein the input indicates that a first retailer is associated with a first one of the plurality of categories,” as recited in claim 1, and similarly recited in claim 9. App. Br. 23–24.

Appellants also contend that (1) the Examiner provides no support for the rationales to combine the teachings of Labrou, McDevitt, and Grannan; and (2) the Examiner's rationales to combine the references (i.e., yielding predictable results and profit-driven motive) are “merely conclusory statements.” App. Br. 25.

The Examiner does not respond to Appellants' arguments, but instead takes the broad view that (1) “the cited portions of Labrou and McDevitt disclose methods of identifying appropriate retailers and the creation of

retailer categories,” but “fail to disclose the use of GPS data,” and (2) “the additional reference of Grannan addresses this deficiency.” Ans. 4.

We agree with Appellants that nowhere in Grannan and McDevitt is there any teaching or suggestion of the disputed limitations: (1) “receiv[ing] input from the user identifying retailers associated with at least some of the plurality of categories, wherein the input indicates that a first retailer is associated with a first one of the plurality of categories” and (2) “automatically identify[ing] at least a second retailer associated with one of the plurality of categories based on the GPS data,” recited in claim 1, and similarly recited in claim 9. App. Br. 22–23.

An invention “composed of several elements is not proved obvious merely by demonstrating that each of its elements was, independently, known in the prior art.” *KSR Int’l Co. v. Teleflex, Inc.*, 550 U.S. 398, 418 (2007). Instead, a determination of unpatentability on a ground of obviousness must include “‘articulated reasoning with some rational underpinning to support the legal conclusion of obviousness.’” *Id.* (quoting *In re Kahn*, 441 F.3d 977, 988 (Fed. Cir. 2006)). The obviousness evaluation “should be made explicit,” and it “can be important to identify a reason that would have prompted a person of ordinary skill in the relevant field to combine the elements in the way the claimed new invention does.” *Id.*

In this case, the Examiner has presented insufficient rationale to combine the teachings of these references. We particularly agree with Appellants that the Examiner’s articulated reasoning—namely, to yield “predictable results and profit-driven motive”—is conclusory. *See In re Nuvasive*, 842 F.3d 1376, 1383 (Fed. Cir. 2016) (noting that “‘conclusory

statements’ alone are insufficient and, instead, the finding must be supported by a ‘reasoned explanation’”) (quoting *In re Lee*, 277 F.3d 1338, 1342, 1345 (Fed. Cir. 2002)); *see also ActiveVideo Networks, Inc., v. Verizon Communications, Inc.*, 694 F.3d 1312, 1328 (Fed. Cir. 2012) (noting that “[t]he testimony is generic and bears no relation to any specific combination of prior art elements”). Such a conclusory statement is insufficient to establish persuasively that a person of ordinary skill in the art would have recognized some deficiency in Labrou or had some other reason to look to Grannan and McDevitt and combine their teachings with those of Labrou.

In light of these reasons, we do not sustain the Examiner’s obviousness rejection of independent claims 1 and 9, or of their respective dependent claims 2–5, 8, 10–12, 14–17, and 23–25.

*35 U.S.C. § 103(a): Claims 18–20*

Claim 18 is broader than independent claims 1 and 9, and only recites a point-of-sale (PoS) device comprising, *inter alia*: (1) “a processor configured to receive information associated with a transaction between the user of the mobile device and a retailer associated with the point-of-sale device;” and “further configured to: [i] identify a customer’s shopper profile based on the identifier, and [ii] obtain at least one of coupon codes or discount codes based on the customer’s shopper profile;” and (2) “a transmitter configured to forward, via a network, information associated with the transaction to a first system . . . configured to generate an electronic receipt associated with the transaction.”

In support of the obviousness rejection of claim 18, the Examiner appears to find the combination of Labrou and McDevitt teaches all the

claim limitations. Final Act. 23–24 (setting forth in the heading of the rejection that claims 18–20 are unpatentable over the combination of Labrou and McDevitt). However, the Examiner does not rely on McDevitt in the body of the rejection in any way. *Id.* Instead, the Examiner relies on Labrou for teaching all the claim limitations, including the disputed limitations:

the processor . . . configured to: [i] identify a customer’s shopper profile based on the identifier, and [ii] obtain at least one of coupon codes or discount codes based on the customer’s shopper profile.

*Id.*; see also Non-Final Act. 13–24 (citing Labrou ¶¶ 50, 188, 282, 294, 451).

Appellants dispute the Examiner’s factual findings regarding Labrou, and question the relevancy of McDevitt. In particular, Appellants acknowledge the cited “portions of Labrou disclose that a customer enters a PIN to authorize payment and that device 102 stores receipts and records of past transactions,” but they argue none of these cited portions of Labrou

discloses or suggests that MTS 104, mobile device 102, STS 106 or any other device in Labrou includes a processor to identify a customer’s shopper profile based on the identifier, as required by claim 18, much less obtain at least one of coupon codes or discount codes based on the customer’s shopper profile, as further required by claim 18.

App. Br. 34. Appellants also argue that the Examiner has not provide any reason to combine the teachings of Labrou and McDevitt. App. Br. 34.

We are persuaded by Appellants’ arguments. At the outset, we note the Examiner does not respond to Appellants’ arguments. Ans. 3–4. We have reviewed Labrou and agree with Appellants that the cited paragraphs of Labrou do not teach the disputed limitations of claim 18.

For example, paragraph 50 of Labrou teaches that a mobile phone will receive a transaction, such as a short message service (SMS) message for a point of sale (POS) transaction initiated by a merchant and will enter a PIN that authorizes processing of the payment. Labrou ¶ 50. Paragraph 188 teaches client device 102 communicates with merchant transaction server (MTS) 104 via infrared communications. Labrou ¶ 188. Paragraph 282 teaches that client device 102 may provide access to stored data, such as receipts, records of past transactions, user spent organized by account, date, etc. Labrou ¶ 282. Paragraphs 294 and 451 teach that client device 102 keeps a history of prior receipts organized for viewing in multiple ways for the user's benefits, and transmits a proxy identifier to a service spot. Labrou ¶¶ 294, 451. However, none of these paragraphs teaches the “processor . . . configured to: [i] identify a customer's shopper profile based on the identifier, and [ii] obtain at least one of coupon codes or discount codes based on the customer's shopper profile,” as recited in claim 18.

Accordingly, we do not sustain the Examiner's obviousness rejection of independent claim 18 and its dependent claims 19 and 20.

## CONCLUSION

On the record before us, we conclude Appellants have not demonstrated the Examiner erred in rejecting claims 1–5, 8–12, 14–20, and 23–25 under 35 U.S.C. § 101. However, Appellants have demonstrated the Examiner erred in rejecting: (1) claims 1–5, 8–12, 14–17, and 23–25 under 35 U.S.C. § 103(a) as being unpatentable over Labrou, McDevitt, and Grannan; and (2) claims 18–20 under 35 U.S.C. § 103(a) as being unpatentable over Labrou and McDevitt.

DECISION

As such, we AFFIRM the Examiner's rejection of claims 1–5, 8–12, 14–20, and 23–25 under 35 U.S.C. § 101. However, we REVERSE the Examiner's rejection of claims 11–5, 8–12, 14–20, and 23–25 under 35 U.S.C. § 103(a).

Because we have affirmed at least one ground of rejection with respect to each claim on appeal, we affirm the Examiner's decision rejecting claims 1–5, 8–12, 14–20, and 23–25. *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