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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte DAVID W. SOLDATE

Appeal 2017-007497
Application 13/523,932
Technology Center 3600

Before JOSEPH DIXON, ST. JOHN COURTENAY III, and
ERIC S. FRAHM, *Administrative Patent Judges*.

COURTENAY, *Administrative Patent Judge*.

DECISION ON APPEAL

Appellant¹ appeals under 35 U.S.C. § 134(a) from a Final Rejection of claims 1–12 and 34–37. Claims 13–33 are cancelled. We have jurisdiction over the pending claims under 35 U.S.C. § 6(b).

We affirm.

STATEMENT OF THE CASE

Introduction

Embodiments of Appellant’s invention “relate generally to systems and methods for interactive retail shopping, and more particularly,

¹ According to Appellant, the real party in interest is Wal-Mart Stores Inc. which is the assignee of the present application. App. Br. 3.

computer-implemented techniques for integrated creation and management of shopping lists, coupon lists and/or electronic shopping carts.” Spec. 6–8.

Exemplary Claim

1. A computer-implemented method for building an electronic shopping cart in response to images captured by a mobile electronic device and controlling a use of electronic coupons, the method comprising:

providing a downloadable user interface readable on a mobile electronic device wherein execution of the downloadable user interface by the mobile electronic device allows the mobile electronic device to:

display shopping list data representing items in an electronic shopping list associated with the customer via the downloadable user interface, the shopping list including items from an inventory database associated with a retail store in response to selection of the items by the customer via the downloadable user interface prior to entering a retail store;

generate, via the downloadable user interface, an association between stored coupon data representing coupons held by the customer and one or more of the items in the electronic shopping list;

capture images of product codes for items within a retail store via a camera of the mobile electronic device;

automatically add the items to an electronic shopping cart in response to capturing the image of the product codes within the retail store by the camera of the mobile electronic device;

automatically delete items from the electronic shopping list in response to capturing the image of the product codes within the retail store by the camera of the mobile electronic device;

update the downloadable user interface to display a graphical indication of an association between stored coupon data and one or more of the items in the electronic shopping list or the electronic shopping cart;

store, at a database remote to the mobile electronic device, data representative of the items in the electronic shopping cart and a first subset of the stored coupon data associated with the items in the electronic shopping cart;

receiving, at a point of sale terminal, an identification code associated with the electronic shopping cart from the mobile electronic device;

retrieving from the database, by the point of sale terminal, the data representative of the items in the electronic shopping cart and the first subset of the stored coupon data associated with the items in the electronic shopping cart; and

in response to completing a transaction involving the one or more items in the electronic shopping cart, *modifying the first subset of stored coupon data to add a marker that prevents subsequent use of the first subset of stored coupon data by the mobile electronic device.*

App. Br. 15–16 (Claims Appendix) (Contested limitation emphasized).

Rejections

- A. Claims 1–12 and 34–37 are rejected under 35 U.S.C. § 101, as being directed to a judicial exception, without significantly more.²
Final Act. 2.

² See MANUAL OF PATENT EXAMINING PROCEDURE (MPEP) § 706.03(a) (9th Ed., Rev. 08.2017, Jan. 2018).

B. Claims 1–10, 12, and 34–37 are rejected under pre-AIA § 103(a) as being obvious over the combined teachings and suggestions of Smith (US 2013/0254114 A1; Sept. 26, 2013), in view of de Rubertis et al. (US 2010/0153209 A1; June 17, 2010) (hereinafter “de Rubertis”), in view of Berstis et al. (US 6,618,683 B1; Sept. 9, 2003) (hereinafter “Berstis”), and in further view of Gernaat et al. (US 2012/0284107 A1; Nov. 8, 2012) (hereinafter “Gernaat”).
Final Act. 4.

C. Claim 11 is rejected under pre-AIA 35 U.S.C. § 103(a) as being obvious over the combined teachings and suggestions of Smith, de Rubertis, Berstis, Gernaat, and Official Notice (*see* also NPL Walmart In-Store Pick-Up as evidence in support of Official Notice). Final Act. 9.

Issues on Appeal

Did the Examiner err in rejecting claims 1–12 and 34–37 under 35 U.S.C. § 101, as being directed to a judicial exception, without significantly more?

Did the Examiner err in rejecting claims 1–12 and 34–37 under pre-AIA 35 U.S.C. § 103(a), as being obvious over the cited combinations of references?

ANALYSIS

We have considered all of Appellant’s arguments and any evidence presented. We highlight and address specific findings and arguments for emphasis in our analysis below.

Rejection A under 35 U.S.C. § 101

Mayo/Alice Analysis

Under 35 U.S.C. § 101, a patent may be obtained for “any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof.” The Supreme Court has “long held that this provision contains an important implicit exception: Laws of nature, natural phenomena, and abstract ideas are not patentable.” *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2354 (2014) (quoting *Ass’n for Molecular Pathology v. Myriad Genetics, Inc.*, 569 U.S. 576, 589 (2013)). The Supreme Court in *Alice* reiterated the two-step framework previously set forth in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. 66, 82–84 (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 that analysis is to determine whether the claims at issue are directed to one of those patent-ineligible concepts, such as an *abstract idea*. Abstract ideas may include, but are not limited to, fundamental economic practices, methods of organizing human activities, an idea of itself, and mathematical formulas or relationships. *Id.* at 2355–57.

If the “acts” of a claimed process manipulate only numbers, abstract concepts or ideas, or signals representing any of the foregoing, the acts are not being applied to appropriate subject matter. *See Gottschalk v. Benson*, 409 U.S. 63, 71–72 (1972). “Phenomena of nature, though just discovered, mental processes, and abstract intellectual concepts are not patentable, as they are the basic tools of scientific and technological work.” *In re Ferguson*, 558 F.3d 1359, 1363 (Fed. Cir. 2009) (quoting *Gottschalk*, 409

U.S. at 67). Moreover, if a method can be performed by human thought alone, or by a human using pen and paper, it is merely an abstract idea and is not patent eligible under § 101. *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1372–73 (Fed. Cir. 2011).

If the claims are *not directed* to a patent-ineligible concept, *the inquiry ends*. See *Visual Memory LLC v. NVIDIA Corp.*, 867 F.3d 1253, 1262 (Fed. Cir. 2017).

Otherwise, the inquiry proceeds to the second step in which the elements of the claims are considered “individually and ‘as an ordered combination’ to determine whether the additional elements ‘transform the nature of the claim’ into a patent-eligible application.” *Alice*, 134 S. Ct. at 2355 (quoting *Mayo*, 566 U.S. at 79, 78). We consider the question of whether the claims are directed to a *specific improvement* in the capabilities of the computing devices, or, instead, “a process that qualifies as an ‘abstract idea’ for which computers are invoked merely as a tool.” *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1336 (Fed. Cir. 2016).

We, therefore, decide under step two, whether the claims: (a) set forth an *inventive concept* that provides a specific means or method that *improves* the relevant technology, or (b) are directed to a result or effect that itself is the abstract idea, in which the claims merely invoke generic processes and machinery. See *Enfish*, 822 F.3d at 1336.

The Examiner’s Rejection A under 35 U.S.C. § 101

Regarding the first step of the *Alice/Mayo* analysis, the Examiner concludes that claims 1–12 and 34–37 are directed to a judicial exception, i.e., an abstract idea, because the claims are directed to:

the method of managing a shopping list by displaying the list, associating coupons to items, adding items to the list by scanning them, displaying the associated coupons with the item in the list, and marking a coupon used after a transaction is a certain *method of organizing human activities, fundamental economic practice, and an idea of itself*.

Final Act. 2.³

In determining whether claims are patent-eligible under Section 101, our reviewing court guides: “the decisional mechanism courts now apply is to examine earlier cases in which a similar or parallel descriptive nature can be seen—what prior cases were about, and which way they were decided.” *Amdocs (Israel) Ltd. v. Openet Telecom, Inc.*, 841 F.3d 1288, 1294 (Fed. Cir. 2016). The Federal Circuit also guides that “[E]xaminers are to continue to determine if the claim recites (i.e., sets forth or describes) a concept that is similar to concepts previously found abstract by the courts.” *Id.* at 1294 n.2.

In support, the Examiner cites several Federal Circuit cases that contain claims similar to Appellant’s claims in which the Courts have held the subject claims to be ineligible under §101: “*Classen*⁴(collecting and comparing known information); *SmartGene*⁵ (comparing new and stored

³ “Patent eligibility under § 101 presents an issue of law.” *Accenture Glob. Servs., GmbH v. Guidewire Software, Inc.*, 728 F.3d 1336, 1340–41 (Fed. Cir. 2013).

⁴ The Examiner is referring to *Classen Immunotherapies, Inc. v. Biogen IDEC*, 659 F.3d 1057 (Fed. Cir. 2011) (processing data about vaccination schedules and then vaccinating).

⁵ The Examiner is referring to *SmartGene, Inc. v. Advanced Biological Laboratories, SA*, 555 F. App’x 950, 955 (Fed. Cir. 2014) (nonprecedential)

information and using rules to identify options); *Cyberfone*⁶ (using categories to organize, store and transmit information); *Content Extraction* (data recognition and storage); and *Ultramercial*⁷ (an idea, having no particular concrete or tangible form).” Final Act. 2–3.

Regarding the second step of the *Mayo/Alice* analysis, the Examiner finds the claims do not include additional elements that amount to significantly more than the judicial exception, because:

There is no improvement to another technology or technical field, no improvements to the functioning of the computer itself, and no meaningful limitations beyond generally linking the use of an abstract idea to a particular technical environment. The invention is merely presenting content, providing a

(“Whatever the boundaries of the ‘abstract ideas’ category, the claim at issue here involves a mental process excluded from section 101: the mental steps of comparing new and stored information and using rules to identify medical options.”). In *SmartGene*, step (c) of *Advanced Biological Laboratories*’ claim 1 recites: “generating in said computing device advisory information for one or more therapeutic treatment regimens in said ranked listing based on said patient information and said expert rules.” *Id.* at 952.

⁶ The Examiner is referring to *Cyberfone Systems, LLC v. CNN Interactive Group, Inc.*, 558 Fed. Appx. 988, 993 (Fed. Cir. 2014) (nonprecedential) (receiving or transmitting data over a network, e.g., using the Internet to gather data, is abstract).

⁷ The Examiner is referring to *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.”), *vacated and remanded*, *WildTangent, Inc. v. Ultramercial, LLC*, 134 S. Ct. 2870 (2014) (remanding for consideration in light of *Alice*, 134 S. Ct. 2347).

downloadable user interface readable on a mobile electronic device, displaying shopping list data, generating an association between coupon data and item data, adding items to the list by scanning, removing items, displaying the associated coupons in the list, and marking coupons used/redeemed. Performing these functions are already *well-understood in the industry*. Furthermore, the steps of presenting content, providing a downloadable user interface readable on a mobile electronic device, displaying shopping list data, generating an association between coupon data and item data, adding/removing items to the list by scanning, displaying the associated coupons in the list, and marking coupons used/redeemed are all steps able to be performed by a human. At most Applicant is simply applying these steps to a computer environment by having a generic computer performing generic computer functions. Specifically, providing, receiving, displaying, generating, and managing content/data are *well-understood, routine and conventional* activities previously known in the industry.

Final Act. 3 (emphasis added).⁸

For the aforementioned reasons, the Examiner concludes that all claims 1–12 and 34–37 on appeal are not patent eligible under 35 U.S.C. § 101.

⁸ The patent-eligibility inquiry may contain underlying issues of fact. *Mortg. Grader, Inc. v. First Choice Loan Servs. Inc.*, 811 F.3d 1314, 1325 (Fed. Cir. 2016). In particular, “[t]he question of whether a claim element or combination of elements is well-understood, routine and conventional to a skilled artisan in the relevant field is a question of fact.” *Berkheimer v. HP Inc.*, 881 F.3d 1360, 1368 (Fed. Cir. 2018).

Mayo/Alice Analysis — Step 1

Regarding *Alice* Step 1, Appellant contends that claims 1–12 and 34–37 satisfy step 1 because “they are directed to one of the statutory classes set forth under 35 U.S.C. § 101.” App. Br. 6.

However, we note that the issue of whether a claim is directed to a judicial exception, such as an abstract idea, is separate and independent from whether a claim is directed to statutory subject matter (i.e., “any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof” — 35 U.S.C. § 101). Claims that fall within one of the four subject matter categories may nevertheless be ineligible if they encompass laws of nature, physical phenomena, or abstract ideas. *See Diamond v. Chakrabarty*, 447 U.S. 303, 309 (1980).

Appellant also contends:

The problem of preventing fraudulent use of *electronic coupons* does not exist outside the environment of a computer system and poses unique technical problems as compared to paper coupons, where such paper coupons are usually taken from the customer at the time of purchase to prevent reuse. The claimed technical solution of modifying a subset of data forming an electronic coupon to prevent fraudulent use is a novel and non-obvious solution to a computer-centric problem.

App. Br. 7.

In response, the Examiner disagrees, and further explains the basis for the rejection:

Essentially, the claim limitation is just modifying/marketing the coupon data so that the coupon can be identified as used. This certainly exists outside of computer technology in the form of punching coupons with a hole punch, crossing them with a permanent marker, or even tearing them in half. ([S]ee Advisory Action, 6/27/2016, listing examples). The merchant could even have a list of coupon reference number data on a

piece of paper, and when a customer presents a coupon or business card with a certain referral number, the merchant can mark/cross the number off the list indicating that it has been as being turned in or redeemed (without needing to physically take the coupon/business card). Ultimately, the claims are just collecting and organizing data, and this can be done without the use of computer technology.

Ans. 4–5

We agree with the Examiner’s findings that prevention of fraudulent coupon use is not limited to electronic coupons, and also that such prevention was well known in the art at the time of Appellant’s invention. See our discussion below regarding our affirmance of rejections B and C of claims 1–12 and 34–37 under § 103(a).

Moreover, our reviewing court has held that claims directed to data collection, analysis, and display are directed to an abstract idea. *Elec. Power Grp. LLC v. Alstom S.A.*, 830 F.3d 1350, 1353 (Fed. Cir. 2016) (holding that “collecting information, analyzing it, and displaying certain results of the collection and analysis” are “a familiar class of claims ‘directed to’ a patent ineligible concept”); *see also In re TLI Commc’ns LLC Patent Litig.*, 823 F.3d 607, 611 (Fed. Cir. 2016); *FairWarning IP, LLC v. Iatric Sys., Inc.*, 839 F.3d 1089, 1093–94 (Fed. Cir. 2016).

The Federal Circuit further guides that abstract ideas include the concepts of collecting data, recognizing certain data within the collected data set, and storing the data in memory. *Content Extraction & Transmission LLC v. Wells Fargo Bank, N.A.*, 776 F.3d 1343, 1347 (Fed. Cir. 2014); *see also Smart Sys. Innovations, LLC v. Chicago Transit Auth.*, 873 F.3d 1364, 1372 (Fed. Cir. 2017) (concluding “claims directed to the collection, storage, and recognition of data are directed to an abstract idea”). The court also

guides that data gathering is a classic example of insignificant extra-solution activity. *See, e.g., In re Bilski*, 545 F.3d 943, 963 (Fed. Cir. 2008) (en banc), *aff'd sub nom, Bilski v. Kappos*, 561 U.S. 593 (2010).

Although Appellant cites a list of Federal Circuit opinions and asserts that “claim 1 is directed to subject matter similar in nature to subject matter that has previously been identified as eligible for patenting,” Appellant does not substantively analogize the claims on appeal to the subject claims in each of the listed cases. App. Br. 7–8

The Examiner also concludes:

For instance, “shopping list data” can be displayed on a piece of paper; “images of product codes” can be captured simply by a human looking at the product box; a human can use a pen and paper to “add items” to the shopping cart list; a human can “delete items” from the shopping list by crossing out/deleting/erasing the listed items from the paper; and a human can “add a marker to the stored coupon data” on the paper containing the coupon data by using a pen to make a mark (crossing it off, writing down a number, etc.).

Ans. 4.

But for the recitations of *a mobile electronic device* and generic *databases* (claim 1), we are of the view that the recited steps or acts (excepting the use of the recited “camera”) could be performed as mental steps, or with the aid of pen and paper. *See Synopsys, Inc. v. Mentor Graphics Corp.*, 839 F.3d 1138, 1146–47 (Fed. Cir. 2016) (“While the Supreme Court has altered the § 101 analysis since *CyberSource* in cases like *Mayo* and *Alice*, we continue to ‘treat[] analyzing information by steps people go through in their minds, or by mathematical algorithms, without more, as essentially mental processes within the abstract-idea category.’” (Brackets in original) (quoting *Elec. Power Grp.*, 830 F.3d at 1354)); *see*

also CyberSource, 654 F.3d at 1375 (“That purely mental processes can be unpatentable, even when performed by a computer, was precisely the holding of the Supreme Court in *Gottschalk v. Benson*.”).

“Phenomena of nature, though just discovered, *mental processes*, and abstract intellectual concepts are not patentable, as they are the basic tools of scientific and technological work.” *Gottschalk v. Benson*, 409 U.S. 63, 67 (1972). (Emphasis added). Moreover, “merely selecting information, by content or source, for collection [and] analysis . . . does nothing significant to differentiate a process from ordinary mental processes” *Elec. Power Grp.*, 830 F.3d at 1355. Data gathering, such as receiving and analyzing (or identifying data), by itself, does not transform an otherwise-abstract process or system of information collection and analysis. *See id.*

For at least these reasons, we are not persuaded the Examiner erred in concluding that each of claims 1–12 and 34–37 on appeal is directed to the abstract ideas of *a method of organizing human activities, a fundamental economic practice, and an idea of itself*, these being similar to the abstract ideas identified by our reviewing courts (as discussed above), that could additionally be performed as mental steps, albeit with the aid of pen and paper.

Appellant provides no further substantive arguments regarding *Alice* Step 1. Arguments not made are waived. *See* 37 C.F.R. § 41.37(c)(1)(iv). Therefore, we proceed to *Alice* Step 2.

Mayo/Alice Analysis – Step 2

Because we conclude the claims are directed to an abstract idea for essentially the same reasons articulated by the Examiner (Final Act. 2–3; Ans. 3–5), we turn to the second part of the *Alice/Mayo* analysis. We analyze the claims to determine if there are additional limitations that individually, or as an ordered combination, ensure the claims amount to “significantly more” than the abstract idea. *Alice*, 134 S. Ct. at 2357 (internal quotations and citation omitted).

Regarding *Alice* Step 2, Appellant addresses the purported *inventive concept* of the claims. Appellant urges:

Even if, assuming *arguendo*, the subject matter of claim 1 is found to be abstract, the claimed subject matter provides a sufficiently concrete transformation of a computing system itself so as to ground the invention to a particular inventive implementation. A claim that is directed to an abstract idea is nevertheless eligible for patenting if it recites limitations that provide significantly more than the abstract idea itself.

App. Br. 9.

In support, Appellant attempts to analogize their claims to the claims considered by the court in: (1) *BASCOM Glob. Internet Servs. Inc., v. AT&T Mobility, LLC*, 827 F.3d 1341 (Fed. Cir. 2016), (2) *McRO, Inc. v. Bandai Namco Games America Inc.*, 837 F.3d 1299 (Fed. Cir. 2016), and *Amdocs (Israel) Limited v. Openet Telecom, Inc.*, 841 F.3d 1288 (2016). App. Br. 9–11.

In response, the Examiner further explains the basis for the rejection: it should be noted that each of the claim sets from *BASCOM*, *McRo*, and *Amdocs* are all considerably different. The claim sets from each of these cases were found to be eligible for differing reasons. As such, it is essentially impossible for

Appellant's claims to be analogous to all three of these cases. Because of this, when Appellant is attempting to argue the claims are analogous to one case, Appellant is seemingly contradicting the arguments for the other two cases.

Ans. 5.

The Examiner explains in detail how the claims considered by the court in *BASCOM*, *McRo*, and *Amdocs* are distinguished from Appellant's claims. Ans. 6–11. Based upon our review of the record, we find no error regarding the Examiner responsive explanations. *Id.*

However, Appellant also contends there is no preemption:

independent claim 1 is tied to structures to display shopping list data, capture images of product codes, automatically add items to an electronic shopping cart, automatically delete items from an electronic shopping list, and add a marker to stored coupon data to prevent subsequent use of electronic coupon data. Claim 1 is also narrowly drawn to not preempt other forms of electronic coupon management, such as systems that merely remove used coupons from a user's account or store identification information related to used coupons.

App. Br. 11.

Our reviewing court provides applicable guidance: “While 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); *Ultramercial, Inc. v. Hulu LLC*, 722 F.3d 1335, 1346 (Fed. Cir. 2013)

Therefore, we are not persuaded by Appellant's argument regarding the absence of complete preemption. *See* App. Br. 11.

We find the claims on appeal are *silent* regarding specific limitations directed to an *improved* computer system, processor, memory, network, database, or Internet. Therefore, we find Appellant's claimed invention does

not provide a solution “necessarily rooted in *computer technology* in order to overcome a problem specifically arising in the realm of computer networks,” as considered by the court in *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1257 (Fed. Cir. 2014) (emphasis added).

Further regarding the use of the recited generic “mobile electronic device” and databases (claim 1), the Supreme Court held “the mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention.” *Alice*, 134 S. Ct. at 2358; *see also BASCOM*, 827 F.3d at 1348 (“An abstract idea on ‘an Internet computer network’ or on a generic computer is still an abstract idea”). On this record, we are of the view that Appellant’s claims do not operate the recited generic computer components in an unconventional manner to achieve an improvement in computer functionality.

Our reviewing court provides additional guidance: *See FairWarning IP, LLC v. Iatric Sys., Inc.*, 839 F.3d 1089, 1096 (Fed. Cir. 2016) (“[T]he use of generic computer elements like a microprocessor or user interface do not alone transform an otherwise abstract idea into patent-eligible subject matter.”); *OIP Techs., Inc., v. Amazon.com, Inc.*, 788 F.3d 1359, 1363 (Fed. Cir. 2015) (claims reciting, *inter alia*, sending messages over a network, gathering statistics, using a computerized system to automatically determine an estimated outcome, and presenting offers to potential customers found to merely recite “well-understood, routine conventional activities” by either requiring conventional computer activities or routine data-gathering steps) (internal citation omitted); *see also Elec. Power Grp.*, 830 F.3d at 1355 (“We have repeatedly held that such invocations of computers and networks that are not even arguably inventive are ‘insufficient to pass the test of an

inventive concept in the application’ of an abstract idea” (quoting *buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350, 1353, 1355 (Fed. Cir. 2014)); *Intellectual Ventures I LLC v. Capital One Financial Corp.*, 850 F.3d 1332, 1341 (Fed. Cir. 2017) (“Rather, the claims recite both a generic computer element—a processor—and a series of generic computer ‘components’ that merely restate their individual functions That is to say, they merely describe the functions of the abstract idea itself, without particularity. This is simply not enough under step two”).

The Supreme Court additionally guides that the “prohibition against patenting abstract ideas ‘cannot be circumvented by attempting to limit the use of the formula to a particular technological environment’ or [by] adding ‘insignificant postsolution activity.’” *Bilski*, 561 U.S. at 610–11 (quoting *Diehr*, 450 U.S. at 191–92).

Because we find Appellant has not established that claims 1–12 and 34–37 are directed to an *improvement* in the recited generic *mobile electronic device* and *databases* (claim 1), we conclude that none of the claim limitations, viewed both individually and as an ordered combination, amount to significantly more than the judicial exception in order to sufficiently transform the nature of the claims into patent-eligible subject matter.

In light of the foregoing, we conclude, under the *Mayo/Alice* analysis, that each of Appellant’s claims 1–12 and 34–37, considered as a whole, is directed to a *patent-ineligible abstract idea* (under *step one*), and under *step two*, does not recite something *significantly more* to transform the nature of the claim into a patent-eligible application.

Accordingly, for the reasons discussed above, we sustain the Examiner's rejection A under 35 U.S.C. § 101 of claims 1–12 and 34–37, as being directed to a judicial exception, without significantly more.⁹

Rejection B of Independent Claim 1 under 35 U.S.C. § 103(a)

Issues: Under pre-AIA 35 U.S.C. § 103(a), did the Examiner err by finding the cited combination of Smith, de Rubertis, Berstis, and Gernaat teaches or suggests the contested limitation:

in response to completing a transaction involving the one or more items in the electronic shopping cart, *modifying the first subset of stored coupon data to add a marker that prevents subsequent use of the first subset of stored coupon data by the mobile electronic device*[,]

within the meaning of representative claim 1? ¹⁰ (emphasis added).

⁹ To the extent Appellant has not advanced separate, substantive arguments for particular claims, or other issues, such arguments are waived. *See* 37 C.F.R. § 41.37(c)(1)(iv).

¹⁰ We give the contested claim limitations the broadest reasonable interpretation (“BRI”) consistent with the Specification. *See In re Morris*, 127 F.3d 1048, 1054 (Fed. Cir. 1997); *see, e.g.*, Spec. 19, ll. 15–19 (“Having thus described several exemplary embodiments of the invention, it is to be appreciated various alterations, modifications, and improvements will readily occur to those skilled in the art. *Such alterations, modifications, and improvements are intended to be part of this disclosure, and are intended to be within the scope of the invention.* Accordingly, the foregoing description and drawings are *by way of example only.*”) (emphasis added).

Contested Limitation (Claim 1)

Appellant contends:

Contrary to the teachings of claim 1, Gernaat does not disclose, teach, or suggest modifying or altering stored coupon data. Gernaat describes a retail server and a coupon server, but makes no mention of modifying stored coupon data or adding a marker to stored coupon data to prevent repeated use of an electronic coupon. According to the teachings of Gernaat, once an electronic coupon has been used, that coupon is merely removed from a user's account.

App. Br. 12.

Appellant cites Gernaat, paragraphs 66, 79, 111, 119, and 157 in support. *Id.* Appellant specifically indicates that Gernaat ¶ 79 indicates that “[c]oupon usage data indicates the redemption of one or more coupon offers, along with unique identifiers associated with the redemptions, so that coupons may be removed from the redeeming user's account(s).” App. Br. 12.

Appellant urges:

Notably, because the electronic coupon data in Gernaat is not modified, there is no marker **associated with the coupon itself** that prevents future use of the coupon. Rather, it is the removal from the user's account that Gernaat relies on to prevent future use of the coupon. In contrast to Gernaat, it is the modification of the electronic coupon itself via the marker recited in [Appellant's] claim 1, which is absent from Gernaat, that prevents repeated use of an electronic coupon, not only by the original user, but also by any other subsequent user who may attempt to use the marked electronic coupon.

App. Br. 13.

In response, the Examiner further explains the basis for the rejection:

Appellant [] makes the erroneous and irrelevant argument that “it is the modification of the electronic coupon itself via the marker recited in [Appellant’s] claim 1, which is absent from Gernaat, that prevents repeated use of an electronic coupon, not only by the original user, but also by any other subsequent user who may attempt to use the marked electronic coupon.” (see Appeal Brief, pg. 13). This statement is erroneous because, according to the actual claim language, the invention does not claim to prevent subsequent use of the coupon by “any other subsequent user,” it ONLY prevents subsequent use by THE mobile electronic device. For reference claim 1 recites: “modifying the ... stored coupon data to add a marker that prevents subsequent use of the ... stored coupon data by the mobile electronic device.” Appellant’s statement is irrelevant because we are only concerned with whether the electronic mobile device is prevented from subsequent use of the coupon, not whether “any other subsequent user” can subsequently use the coupon. Regardless, Gernaat most certainly teaches modifying the coupon data to prevent subsequent use by the electronic device: [the Examiner cites Gernaat paragraphs 126, 132, 144, 157, and 158 in support].

Ans. 12–13.

We agree with the Examiner that Appellant’s arguments are not commensurate with the scope of claim 1.¹¹ The disputed portion of claim 1 merely requires, in pertinent part “*modifying the first subset of stored coupon data to add a marker that prevents subsequent use of the first subset of stored coupon data by the mobile electronic device.*” (emphasis added).

¹¹ Because “applicants may amend claims to narrow their scope, a broad construction during prosecution creates no unfairness to the applicant or patentee.” *In re ICON Health and Fitness, Inc.*, 496 F.3d 1374, 1379 (Fed. Cir. 2007) (internal citation omitted).

Appellant focuses on paragraph 79 of Gernaat in support of the argument that “because the electronic coupon data in Gernaat is not modified, there is no marker **associated with the coupon itself** that prevents future use of the coupon.” App. Br. 13. However, we find the “coupon usage data that indicates the redemption of one or more coupon offers” (Gernaat, ¶ 79) teaches or at least suggests: “*modifying the first subset of stored coupon data to add a marker that prevents subsequent use of the first subset of stored coupon data by the mobile electronic device.*” Claim 1 (emphasis added).

Embodiments described in other paragraphs of Gernaat teach, for example, at paragraph 39, that “the server *marks* the particular coupon as redeemed.” (emphasis added). Paragraph 81 of Gernaat describes, in pertinent part:

retail server 140 sends *data indicating the coupon identifier of each coupon redeemed during the period.* The data may also include data describing the transaction(s) in which the coupon was redeemed, including one or more of sales price(s), transaction date(s) and time(s), and identifiers of product(s) or service(s) included in each transaction.

(emphasis added).

Similarly, paragraph 157 of Gernaat describes: “The coupon server further utilizes *a coupon’s unique identifier* in a report of redeemed coupons to log that the particular coupon *has been redeemed.*”¹² (emphasis added).

¹² An obviousness inquiry is not limited to the prior art’s preferred embodiment. *See, e.g., Pfizer, Inc. v. Apotex, Inc.*, 480 F.3d 1348, 1370 (Fed. Cir. 2007). Moreover, “[c]ombining two embodiments disclosed adjacent to each other in a prior art patent does not require a leap of inventiveness.” *Boston Scientific Scimed, Inc. v. Cordis Corp.*, 554 F.3d 982, 991 (Fed. Cir. 2009). “[I]n a section 103 inquiry, ‘the fact that a

Further, we emphasize that our reviewing court guides: “the question under 35 USC 103 is not merely what the references expressly teach but what they would have *suggested* to one of ordinary skill in the art at the time the invention was made.” *Merck & Co. v. Biocraft Labs., Inc.*, 874 F.2d 804, 807 (Fed. Cir. 1989) (quoting *In re Lamberti*, 545 F.2d 747, 750 (CCPA 1976)). (Emphasis added); *see also* MPEP § 2123.

Applying this reasoning here, we find a preponderance of the evidence supports the Examiner’s underlying factual findings and ultimate legal conclusion of obviousness. Accordingly, we sustain the Examiner’s rejection B under § 103(a) of representative independent claim 1. Associated dependent claims 2–10, 12 and 34–37 (not argued separately) fall with claim 1. *See* 37 C.F.R. § 41.37(c)(1)(iv) (2015).

Remaining Claim 11 rejected under § 103 Rejection C

Appellant does not advance separate, substantive arguments traversing rejection C of claim 11. *See* App. Br. 13–14. Arguments not made are waived. *See* 37 C.F.R. § 41.37(c)(1)(iv) (2015).

specific [embodiment] is taught to be preferred is not controlling, since all disclosures of the prior art, including unpreferred embodiments, must be considered.” *Merck & Co. v. Biocraft Labs., Inc.*, 874 F.2d 804, 807 (Fed. Cir. 1989) (quoting *In re Lamberti*, 545 F.2d 747, 750 (CCPA 1976)).

Reply Brief

To the extent Appellant *may* advance new arguments in the Reply Brief not in response to a shift in the Examiner's position in the Answer, we note arguments raised in a Reply Brief that were not raised in the Appeal Brief or are not responsive to arguments raised in the Examiner's Answer will not be considered except for good cause. *See* 37 C.F.R. § 41.41(b)(2).

CONCLUSIONS

The Examiner did not err in rejecting claims 1–12 and 34–37 under 35 U.S.C. § 101, as being directed to a judicial exception, without significantly more.

The Examiner did not err in rejecting claims 1–12 and 34–37 under 35 U.S.C. § 103(a), as being obvious over the cited combinations of references.

DECISION

We affirm the Examiner's decision rejecting claims 1–12 and 34–37 under 35 U.S.C. § 101.

We affirm the Examiner's decision rejecting claims 1–12 and 34–37 under pre-AIA 35 U.S.C. § 103(a).

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a)(1)(iv). *See* 37 C.F.R. § 41.50(f).

AFFIRMED