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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte THOMAS S. POOLE, DAVID E. KEATING,
DREW JACOBS, JANUSZ M. NICZYPORUK, and
LUKE A. HAMMOCK

Appeal 2017-007733
Application 14/288,069¹
Technology Center 3600

Before CARL W. WHITEHEAD JR., IRVIN E. BRANCH, and
JON M. JURGOVAN, *Administrative Patent Judges*.

BRANCH, *Administrative Patent Judge*.

DECISION ON APPEAL

Appellants appeal under 35 U.S.C. § 134(a) from a final rejection of claims 1–20, which are all of the claims pending in the application. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

Technology

The application relates to offering an account with a merchant based on having received a product identifier from a consumer. *See Spec. Abstract*.

¹ According to Appellants, the real party in interest is Capital One Financial Corporation. App. Br. 3.

Illustrative Claim²

Claim 1 is illustrative and is reproduced below:

1. A system for providing offers for accounts associated with a merchant, the system comprising:

one or more memory devices storing software instructions;

and

one or more processors configured to execute the software instructions to:

receive, over a communications network, a product identifier from a mobile computing device associated with a consumer, the product identifier identifying a product available from a merchant and acquired by the mobile computing device based on a scan of a product code using the mobile computing device;

determine, responsive to receiving the product identifier, whether the consumer has a current financial service account associated with the merchant;

determine one or more incentives to offer the consumer to apply for a new financial service account associated with the merchant when the consumer does not have a current financial service account associated with the merchant, the one or more incentives being targeted at the consumer based at least in part on a purchase of the product associated with the product identifier;

generate an invitation to apply for the new financial service account associated with the merchant, the invitation identifying the one or more incentives;

communicate, over the communications network, instructions to the mobile computing device associated with the consumer enabling the consumer to apply, using

² Because Appellants argue the rejections based on claim 1 only (*see* Appeal Br. 8, 48), our decision with respect to claim 1 is dispositive of this appeal. Accordingly, except for our ultimate decision, we do not address the remaining claims.

the mobile computing device, for the new financial service account associated with the merchant; and

apply the one or more incentives to a transaction using the new financial service account associated with the merchant, responsive to receiving a request from the mobile computing device to purchase the product using the new financial service account associated with the merchant.

References and Rejections^{3,4}

Claims 1–20 stand rejected under 35 U.S.C. § 101 because the claimed invention is directed to non-statutory subject matter. Final Act. 3–6.

Claims 1–20 are rejected under 35 U.S.C. § 103 as unpatentable over Sanchez (US 2014/0070001 A1; pub. Mar. 13, 2014) and Dessert (US 2012/0296725 A1; pub. Nov. 22, 2012). Final Act. 6–35.

ISSUES

1. Did the Examiner err in determining that the claims are directed to patent-ineligible subject matter?
2. Did the Examiner err in finding the combination of Sanchez and Dessert renders the claims obvious?

³ Rather than repeat the Examiner’s positions and Appellants’ arguments in their entirety, we refer to the above mentioned Appeal Brief filed December 20, 2016 (“App. Br.”), as well as the following documents for their respective details: the Final Office Action mailed June 17, 2016 (“Final Act.”), the Examiner’s Answer mailed February 27, 2017 (“Ans.”), and Appellants’ Reply Brief filed April 27, 2017 (“Reply Br.”).

⁴ The Examiner withdrew a rejection of claims 1–20 under 35 U.S.C. § 112, second paragraph. Ans. 3; *see* Final Act. 2–3.

ANALYSIS

We have reviewed the Examiner’s rejections in light of Appellants’ arguments (Appeal Brief and Reply Brief) that the Examiner has erred. We disagree with Appellants. Except as noted below, we adopt as our own (1) the findings and reasons set forth by the Examiner in the action from which this appeal is taken and (2) the reasons set forth by the Examiner in the Examiner’s Answer in response to Appellants’ Appeal Brief arguments. We concur with the conclusions reached by the Examiner. We highlight the following points.

A. Section 101

An invention is patent-eligible if it claims a “new and useful process, machine, manufacture, or composition of matter.” 35 U.S.C. § 101. However, the Supreme Court has long interpreted 35 U.S.C. § 101 to include implicit exceptions: “[l]aws of nature, natural phenomena, and abstract ideas” are not patentable. *E.g., Alice Corp. v. CLS Bank Int’l*, 573 U.S. 208, 216 (2014).

In determining whether a claim falls within an excluded category, we are guided by the Supreme Court’s two-step framework, described in *Mayo* and *Alice*. *Id.* at 217–18 (citing *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 75–77 (2012)). In accordance with that framework, we first determine what concept the claim is “directed to.” *See Alice*, 573 U.S. at 219 (“On their face, the claims before us are drawn to the concept of intermediated settlement, *i.e.*, the use of a third party to mitigate settlement risk.”); *see also Bilski v. Kappos*, 561 U.S. 593, 611 (2010) (“Claims 1 and 4 in petitioners’ application explain the basic concept of hedging, or protecting against risk.”).

Concepts determined to be abstract ideas, and thus patent ineligible, include certain methods of organizing human activity, such as fundamental economic practices (*Alice*, 573 U.S. at 219–20; *Bilski*, 561 U.S. at 611); mathematical formulas (*Parker v. Flook*, 437 U.S. 584, 594–95 (1978)); and mental processes (*Gottschalk v. Benson*, 409 U.S. 63, 69 (1972)). Concepts determined to be patent eligible include physical and chemical processes, such as “molding of rubber products” (*Diamond v. Diehr*, 450 U.S. 175, 192 (1981)); “tanning, dyeing, making waterproof cloth, vulcanizing India rubber, smelting ores” (*id.* at 182 n.7 (quoting *Corning v. Burden*, 56 U.S. 252, 267–68 (1854))); and manufacturing flour (*Benson*, 409 U.S. at 69 (citing *Cochrane v. Deener*, 94 U.S. 780, 785 (1876))).

In *Diehr*, the claim at issue recited a mathematical formula, but the Supreme Court held that “[a] claim drawn to subject matter otherwise statutory does not become nonstatutory simply because it uses a mathematical formula.” *Diehr*, 450 U.S. at 187; *see also id.* at 191 (“We view respondents’ claims as nothing more than a process for molding rubber products and not as an attempt to patent a mathematical formula.”). Having said that, the Supreme Court also indicated that a claim “seeking patent protection for that formula in the abstract . . . is not accorded the protection of our patent laws, . . . and this principle cannot be circumvented by attempting to limit the use of the formula to a particular technological environment.” *Id.* (citation omitted) (citing *Benson* and *Flook*); *see, e.g., id.* at 187 (“It is now commonplace that an *application* of a law of nature or mathematical formula to a known structure or process may well be deserving of patent protection.”).

If the claim is “directed to” an abstract idea, we turn to the second step of the *Alice* and *Mayo* framework, where “we must examine the elements of the claim to determine whether it contains an ‘inventive concept’ sufficient to ‘transform’ the claimed abstract idea into a patent-eligible application.” *Alice*, 573 U.S. at 221 (quotation marks omitted). “A claim that recites an abstract idea must include ‘additional features’ to ensure ‘that the [claim] is more than a drafting effort designed to monopolize the [abstract idea].’” *Id.* (alterations in original) (quoting *Mayo*, 566 U.S. at 77). “[M]erely requir[ing] generic computer implementation[] fail[s] to transform that abstract idea into a patent-eligible invention.” *Id.*

B. USPTO Section 101 Guidance

The United States Patent and Trademark Office (USPTO) recently published revised guidance on the application of § 101. USPTO’s January 7, 2019 Memorandum, *2019 Revised Patent Subject Matter Eligibility Guidance*, 84 Fed. Reg. 50 (“Memorandum”). Under that guidance, we first look to whether the claim recites:

- (1) (*see* Memorandum Step 2A – Prong One) any judicial exceptions, including certain groupings of abstract ideas (i.e., mathematical concepts, certain methods of organizing human interactions such as a fundamental economic practice, or mental processes); and
- (2) (*see* Memorandum Step 2A – Prong Two) additional elements that integrate the judicial exception into a practical application (*see* MPEP § 2106.05(a)–(c), (e)–(h)).⁵

⁵ We acknowledge that some of these considerations may be properly evaluated under Step 2 of *Alice* (Step 2B of Office guidance). Solely for purposes of maintaining consistent treatment within the Office, we evaluate it under Step 1 of *Alice* (Step 2A of Office guidance). *See* USPTO’s January

Only if a claim (1) recites a judicial exception and (2) does not integrate that exception into a practical application, do we then look to whether the claim:

(3) adds a specific limitation beyond the judicial exception that is not “well-understood, routine, conventional” in the field (*see* MPEP § 2106.05(d)); or

(4) simply appends well-understood, routine, conventional activities previously known to the industry, specified at a high level of generality, to the judicial exception.

See Memorandum Step 2B.

C. Examiner’s § 101 Rejection - Alice/Mayo - Steps 1 and 2

C.1. USPTO Memorandum Step 2A – Prong One

Applying step 1 of the *Alice/Mayo* analysis, the Examiner concludes claim 1 is directed to an abstract idea. The Examiner determines:

the claims are directed to the abstract idea of receiving data about a product, determining a consumer and determining whether a consumer has a financial service account associated with the merchant and determining an incentive to target to the consumer based on the product when the consumer does not have a financial service account associated with the merchant then generating an offer to provide financial service account which is communicated to consumers and the incentive is given to consumers that accept the invitation.

Ans. 5 (determining the claims are similar to those found unpatentable in *Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1354 (Fed. Cir. 2016) and *Affinity Labs Of Texas v. Amazon.Com* (Fed Cir, 2015-2080, 9/23/2016).

Appellants contend:

At the outset, it is clear that simply restating the language of a claim as the purported “concept” of the claim results in the logical absurdity that the claim is directed to itself, an absurdity

7, 2019 Memorandum, “2019 Revised Patent Subject Matter Eligibility Guidance.”

which would preclude any process or method claim from ever being patentable, which is clearly contrary to the mandate of § 101, which explicitly states that processes and methods are patentable. The obligation is thus that the identified concept has to be established to be “a judicial exception to patentability.” Furthermore, this established concept must be consistently used throughout the analysis.

Reply Br. 5.

We understand Appellants to contend that the claims are not directed to methods of organizing human activity, such as fundamental economic practices. *Alice*, 573 U.S. at 219–20; *Bilski*, 561 U.S. at 611. We are not persuaded.

Determining, based on receipt of a product identifier, an incentive to offer a consumer for applying for a financial services account, then applying the incentive to the purchase of the product, is a fundamental economic practice, which has been determined to be a method of organizing human activity that amounts to an abstract idea. *Alice*, 573 U.S. at 219–20; *Bilski*, 561 U.S. at 611. More specifically, claim 1 recites a “system for providing offers for accounts associated with a merchant.” The system is implemented using “one or more memory devices” and “one or more processors.” A “mobile computing device” communicates with the memory and processor “over a communications network.” *But for* these hardware elements, the claims amount to a checkout clerk, upon being presented with an item for purchase at a point of sale, determining—by, for example, asking the customer—whether the customer has a private label card of the merchant, offering a discount on the item in exchange for the customer applying for the card, then completing the sale, with the discount, if the customer applies. Thus, Appellants’ arguments (Reply Br. 5–30) do not persuasively establish

that this process amounts to anything more than organized human activity, such as marketing a private label card, a fundamental economic practice. *Alice*, 573 U.S. at 219–20; *Bilski*, 561 U.S. at 611.

Accordingly, for the foregoing reasons, we agree with the Examiner’s determination that the claims are directed to an abstract idea.

C.2. USPTO Memorandum Step 2A – Prong Two

Applying step 2 of the *Alice/Mayo* analysis, the Examiner asserts: “improving an existing system by uniquely incentivizing consumers to apply for a service based on information about the user is not an improved technology result. In contrast it is the automation of a marketing technique.” Ans. 5.

Appellants contend the claims “recite specific novel and nonobvious means and methods that require using specific unconventional information and in an unconventional way to improve upon existing systems. . . . And even if the Examiner’s characterization were correct, which Appellant disputes, improved automation of an improved marketing technique is not necessarily precluded from patenting.” Reply Br. 24. We are not persuaded.

Appellants’ Specification fails to describe the recited memory (claim 1, “one or more memory devices storing software instructions”) in anything other than generic terms. *See, e.g.*, Spec. ¶ 28. Appellants’ Specification describes the recited processor (claim 1, “one or more processors configured to execute the software instructions”) as follows:

Processor 321 may include one or more known processing devices, such as a microprocessor from the Pentium™ or Xeon™ family manufactured by Intel™, the Turion™ family manufactured by AMD™, or any of various processors

manufactured by Sun Microsystems. The disclosed embodiments are not limited to any type of processor(s) configured in server 311.

Id. at ¶ 29. With respect to the recited mobile computing device (claim 1, “a mobile computing device associated with a consumer . . . based on a scan of a product code using the mobile computing device”), Appellants’ Specification states “Client device 150 may be a mobile device that executes mobile device applications and/or mobile device communication software that allows client device 150 to communicate with components of system 100 over network 140. The disclosed embodiments are not limited to any particular configuration of client device 150.” *Id.* at ¶ 20. With respect to the recited “communications network” (claim 1, “receive, over a communications network”), Appellants’ Specification states “Incentive provider system 130 may be configured to provide incentives for applying for private label cards or using private label cards via an interface(s) accessible by consumers over a network (e.g., the Internet).” *Id.* at ¶ 18.

Thus, because Appellants’ Specification describes nothing more than generic hardware into which the abstract idea is implemented, Appellants’ arguments do not persuasively establish that the claims require anything more than generic computer implementation that might otherwise transform the abstract idea into a patent-eligible invention. Reply Br. 5–30. We therefore agree with the Examiner’s determination that the claims do not recite additional elements that integrate the judicial exception into a practical application (*see* MPEP § 2106.05(a)–(c), (e)–(h)).

C.3. USPTO Memorandum Step 2B

Further applying step 2 of the *Alice/Mayo* analysis, the Examiner concludes:

The claims do not include additional elements that are sufficient to amount to significantly more than the abstract idea because the claims merely recite a combination of communication networks, memory, mobile computing devices and processors that implements the steps along with requiring a mobile computing device having scanning capabilities.

The computing devices are recited at a high level of generality and under the broadest reasonable interpretation comprise only a microprocessor, memory and transmitter to simply perform the generic computer functions of transmitting and displaying data. At best the claimed databases are a combination of software and/or hardware that performs the generic computer function of comparing (i.e. processing) data to implement the steps and the scanning is any generic device with a camera. Therefore, generic computers performing generic computer functions, alone, do not amount to significantly more than the abstract idea.

Examiner respectfully, asserts that the claims [] merely use technology to implement a series of steps describing a business practice that opens a credit account associated with a merchant with the additional requirement of an incentive for a specific product targeted to a specific user, which leads to the conclusion that the claims are not significantly more than the abstract idea. Further, implementing these fundamental and abstract marketing concepts using generic computerized software elements does not transform the abstract idea [into] patent eligible subject matter because these steps merely recite the performance of a business practice with the requirement that computerized elements automate the process by receiving a scanned image and returning offers and incentive data to a mobile computer device instead of another less automatic means.

Viewing the computerized elements as an ordered combination with the abstract idea does not add anything further

than looking at the limitations individually because the ordered combination of steps merely invoke generic computerized devices as tools to perform routine and customary functions to implement the claimed steps. The order[ed] combination merely offers a communication network for providing cross benefits during a transaction having mobile devices that perform the operations of scanning data and receiving data, and computers that perform the operations of making determinations based on rules then communicating the results, which are routine and conventional operations performed by these devices in a communication network.

Viewing the limitations as an ordered combination does not add anything further than looking at the limitations individually. When viewed either individually, or as an ordered combination, the additional limitations do not amount to a claim as a whole that is significantly more than the abstract idea. The claims are not patent eligible.

Ans. 6–7.

For the reasons discussed previously, we do not find Appellants to have persuasively rebutted the Examiner’s determination that the claims lack an inventive step that amounts to “significantly more” than the judicial exception itself.

D. Appellants’ § 103 Arguments

Appellants contend that the Examiner erred in rejecting claim 1 under 35 U.S.C. § 103(a) because “neither *Sanchez* nor *Dessert* teaches or suggests ‘responsive to receiving the product identifier,’ determining an incentive ‘to apply for a new financial service account’ when it is determined that the ‘consumer does not have a current financial service account,’” as required by claim 1, and also because “the FOA has provided no motivation for one of ordinary skill in the art to modify the teachings of the cited art to achieve

the claimed combinations that overcomes the deficiencies in the cited art.” App. Br. 46, 47; *see id.* 42–48, Reply Br. 30–37.

The Examiner cites, *inter alia*, Dessert’s disclosure that a machine-readable tag may be coupled to individual products within a merchant’s premises (Ans. 8–9 (citing Dessert ¶ 75)) and Sanchez’s disclosure that, upon scanning a QR code in a merchant’s location, “an offer to apply for a credit card can be transmitted to the consumer’s mobile device along with any discount or promotion associated with the credit application offer” (*id.* at 9 (citing Sanchez ¶ 34)). The Examiner finds that “to issue a new credit card and number requires determining that the consumer does not already have that current financial service account associated with the merchant.”

Id. The Examiner concludes that:

from the teaching of Dessert, it would have been obvious to one having ordinary skill in the art before the effective filing date of the claimed invention for the product identifiers stored on the mobile device and that mobile device that scans a code used to initiate the issuance of a financial account and incentive as disclosed by Sanchez, to be coupled to individual products and target incentives based on the product and the customer as taught by Dessert, for the purpose of facilitating transaction between the consumer, merchant and credit issuer.

Final Act. 12.

We are not persuaded of error in the Examiner’s findings and conclusion.

Appellants’ argument that “the QR code of *Sanchez* is distinct from any product code or product identifier, and is described exclusively for enabling a consumer to apply for a credit card associated with the merchant” (Reply Br. 33) is unpersuasive of error because the Examiner cites Dessert for the received code being a product identifier (Ans. 8–9). Appellants’

argument that “*Dessert*, like *Sanchez*, also fails to teach or suggest any determination of an incentive based on a product identifier ‘to apply for a new financial service account associated with the merchant’” (Reply Br. 33) also is unpersuasive of error because the Examiner cites *Sanchez* for offering an incentive to apply for a new financial service account upon the consumer scanning a QR code (Ans. 9 (citing *Sanchez* ¶ 34)). Appellants’ arguments unpersuasively attack the references individually when the Examiner’s rejection is based on their combined teachings. One cannot show non-obviousness by attacking references individually when the rejection is based on a combination of references. *See In re Merck & Co., Inc.*, 800 F.2d 1091, 1097 (Fed. Cir. 1986); *see also In re Keller*, 642 F.2d 413, 425 (CCPA 1981).

Appellants argue that, “[b]ecause the user in *Sanchez* requests the offer to apply for the merchant credit card, there is no determination in *Sanchez* as to ‘whether the consumer has a current financial service account.’” App. Br. 45; *see also* Reply Br. 34–36. This argument is unpersuasive because it overlooks the teachings of *Sanchez* at paragraph 34 (“Upon scanning the QR code, [] an offer to apply for a credit card can be transmitted to the consumer’s mobile device along with any discount or promotion associated with the credit application offer.”). Moreover, Appellants’ argument does not convincingly rebut the Examiner’s finding that “to issue a new credit card and number requires determining that the consumer does not already have *that* current financial service account associated with the merchant.” Ans. 9 (emphasis added).

Appellants’ argument that “the FOA has provided no motivation for one of ordinary skill in the art to modify the teachings of the cited art to

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achieve the claimed combinations that overcomes the deficiencies in the cited art” (App. Br. 47) is unpersuasive because it does not squarely rebut the Examiner’s reasoning quoted above. *See* Final Act. 12.

Accordingly, we are unpersuaded of error in the Examiner’s rejection of claim 1 as obvious over Sanchez and Dessert.

DECISION

For the reasons above, we affirm the Examiner’s decision rejecting claims 1–20.

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. § 41.50(f).

AFFIRMED