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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte ROHIT CHAUHAN

Appeal 2017-009125
Application 14/095,020
Technology Center 3600

Before ELENI MANTIS MERCADER, JOYCE CRAIG, and
SCOTT E. BAIN, *Administrative Patent Judges*.

CRAIG, *Administrative Patent Judge*.

DECISION ON APPEAL

Appellant¹ appeals under 35 U.S.C. § 134(a) from the Examiner's Final Rejection of claims 1–24, which are all of the claims pending in this application. We have jurisdiction under 35 U.S.C. § 6(b).

We affirm.

¹ According to Appellant, the real party in interest is Mastercard International Incorporated. App. Br. 2.

INVENTION

Appellant's invention relates to a method and system for implementing limited use offers at point of sale devices. Abstract. Claim 1 is illustrative and reads as follows:

1. A computer-implemented method for validating limited use offers, comprising:

storing, in an offer database of a processing server, a plurality of offer data entries, each offer data entry including data related to an offer for the purchase of goods or services, wherein said data includes at least (i) an offer identifier, (ii) one or more limitations on redemption that are required to be satisfied in order for the offer to be redeemed, and (iii) a use flag that indicates whether the offer has been redeemed more than a specified number of times as predetermined by a distributor of the offer;

receiving, by a receiving device of the processing server, an offer validation request, from a point-of-sale device of a merchant, over a communication network via a specified network protocol, wherein the offer validation request includes at least a specific offer identifier;

identifying, in the offer database of the processing server, a specific offer data entry where the included offer identifier corresponds to the specific offer identifier;

determining, by the processing device of the processing server, at least one of (i) whether the use flag included in the specific offer data entry indicates that that related offer has been redeemed more than the specified number of times and (ii) whether the at least one or more limitations on redemption have been satisfied;

generating, by a processing device of the processing server, a notification, wherein

(i) the notification indicates the offer related to the specific offer data entry as being valid (a) when the use flag of the specific offer data entry indicates that the related offer has not

been redeemed more than the specified number of times and (b) when the one or more limitations on redemption of the specific offer data entry are satisfied, and

(ii) the notification indicates the offer related to the specific offer data entry as being invalid (a) when the use flag of the specific offer data entry indicates that the related offer has been redeemed more than the specified number of times or (b) when at least one of the one or more limitations on redemption of the specific offer data entry are not satisfied; and

transmitting, by a transmitting device of the processing server, the generated notification to the merchant, over the communication network via the specified network protocol, in response to the received offer validation request.

REJECTIONS

Claims 1–24 stand rejected under 35 U.S.C. § 101 because the claimed invention is directed to a judicial exception to patentable subject matter. Final Act. 2–5.

Claims 1–24 stand rejected under pre-AIA 35 U.S.C. 103(a) as unpatentable over Cunningham et al. (US 7,877,288 B1; issued Jan. 25, 2011) (“Cunningham”) in view of Christensen (US 2014/0122207 A1; published May 1, 2014). Final Act. 5–11.

ANALYSIS

We have reviewed the rejections of claims 1–24 in light of Appellant’s arguments that the Examiner erred. We have considered in this decision only those arguments Appellant actually raised in the Briefs. Any other arguments Appellant could have made, but chose not to make, in the Briefs are waived. *See* 37 C.F.R. § 41.37(c)(1)(iv).

Appellant’s arguments are not persuasive of error. We agree with and adopt as our own the Examiner’s findings of facts and conclusions as set

forth in the Answer and in the Action from which this appeal was taken. We provide the following explanation for emphasis.

Rejection of Claims 1–24 under 35 U.S.C. § 101

Appellant contends the Examiner did not make a *prima facie* case of patent ineligibility because the Examiner failed to demonstrate that the alleged abstract idea—“validating offers presented at a point-of-sale that are only redeemable a limited number of times”—is similar to concepts the courts have identified as abstract ideas previously. App. Br. 7–8.

We disagree. Patent eligibility under 35 U.S.C. § 101 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 an examiner to provide factual evidence under step one of the *Alice* framework to support a determination that a claim is directed to an abstract idea. 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 Examiner satisfies the burden of establishing a *prima facie* case under 35 U.S.C. § 132 by setting forth a rejection in a sufficiently articulate and informative manner. *In re Jung*, 637 F.3d 1356, 1363 (Fed. Cir. 2011). If the Examiner “adequately explain[s] the shortcomings . . . the burden shifts to the applicant to rebut the *prima facie* case with evidence and/or argument.” *Hyatt*, 492 F.3d at 1370. The Final Office Action adequately explains the § 101 rejection. See Final Act. 2–5. The Examiner’s statements satisfy § 132(a) because they apply the *Alice* analytical framework and apprise Appellant of the reasons for the § 101 rejection under that

framework. Appellant have not responded by alleging a failure to understand the rejection. To the contrary, Appellant clearly identifies the abstract idea identified by the Examiner. *See* App. Br. 8.

For these reasons, we are not persuaded that the Examiner failed to make a prima facie case of patent invalidity under § 101.

Alice Step One: Abstract Idea

Appellant contends the claims are not directed to an abstract idea because the Examiner oversimplified the claims. App. Br. 9. The table set forth by Appellant (App. Br. 9–11), however, does not accurately reflect the Examiner’s findings and conclusions in the Final Action as to which claim limitations make up the abstract idea. *See* Final Act. 3–4.

Appellant next argues that the claimed invention is not similar to the concept in *SmartGene Inc. v. Advanced. Biological Laboratories SA*, 555 F. App’x 950 (Fed. Cir. 2014). App. Br. 11. Appellant argues that, unlike the claims in *SmartGene*, the pending claims are directed to solving a problem which exists entirely within the realm of electronic transaction processing. *Id.* at 12.

We are not persuaded. In *SmartGene*, the Federal Circuit concluded claims were patent ineligible because they did “no more than call on a ‘computing device,’ with basic functionality for comparing stored and input data and rules, to do what doctors do routinely.” *SmartGene*, 555 F. App’x at 954. In the instant case, the claims limit the use of offers by comparing the redemption of an offer using predetermined rules stored in a database to the redemption activity at a point of sale device to determine if the redemption is valid. *See* Final Act. 4. In other words, data used in an algorithm process that uses a central system (i.e., “processing devices” and

“processing servers”) to adjust the data using mathematical comparisons and rule-based processes. The claims at issue in *SmartGene* relied upon “expert rules” for “‘evaluating and selecting’ from a stored ‘plurality of different therapeutic treatment regimens.’” *SmartGene*, 555 F. App’x at 955. The “expert rules” in *SmartGene* are analogous to the conditions set forth in the “determining” step of claim 1, for example.

We are not persuaded by Appellant’s argument that *SmartGene* is distinguishable because the pending claims are directed to solving a problem that cannot be performed without a computer. App. Br. 12. The *SmartGene* court noted

section 101 covers neither “mental processes”—associated with or as part of a category of “abstract ideas”—nor processes that merely invoke a computer and its basic functionality for implementing such mental processes, without specifying even arguably new physical components or specifying processes defined other than by the mentally performable steps.

SmartGene, 555 F. App’x at 954. Here we are not persuaded the claims require new physical components or processes defined other than by mentally performable steps.

Appellant further argues the Examiner erred by improperly relying on *SmartGene* because it is a nonprecedential case. App. Br. 12–13.

While *SmartGene* is not precedential, it is persuasive. We agree with the Examiner that, in the instant case, the identified steps in claim 1 are directed to data that is being used in an algorithm that uses a processing device of a processing server for processing this data using mathematical comparisons and rule-based processes. See Final Act. 3–4. In other words, the claimed steps do not rely on an inventive device or technique for displaying information or new techniques for analyzing information, but

rather constitute a generic recitation of steps for mathematically manipulating data. *See id.*

The collection of information and analysis of information (e.g., recognizing certain data within the dataset) are also abstract ideas. *Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1353–54 (Fed. Cir. 2016). Similarly, “collecting, displaying, and manipulating data” is an abstract idea. *Intellectual Ventures I LLC v. Capital One Fin. Corp.*, 850 F.3d 1332, 1340 (Fed. Cir. 2017). Further, a process that employs mathematical algorithms to manipulate existing information to generate additional information is abstract. *Digitech Image Techs., LLC v. Elec. for Imaging, Inc.*, 758 F.3d 1344, 1351 (Fed. Cir. 2014).

Appellant next argues the claims “do not run the risk of preemption of an abstract idea.” App. Br. 13.

Appellant’s preemption argument is also not persuasive. *See id.* Preemption is not the sole test for patent eligibility, and any questions on preemption in the instant case have been resolved by the Examiner’s *Alice* analysis. As our reviewing court has explained: “questions on preemption are inherent in and resolved by the § 101 analysis,” and, 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); *cf. OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1362–63 (Fed. Cir. 2015) (“[T]hat the claims do not preempt all price optimization or may be limited to price optimization in the e-commerce setting do not make them any less abstract.”).

For these reasons, we are not persuaded the Examiner erred in concluding claims 1–24 are directed to the abstract idea of “validating offers presented at a point-of-sale that are only redeemable a limited number of times.”

Because we determine the claims are directed to an abstract idea, we analyze the claims under step two of *Alice* 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*, 573 U.S. at 217–18. The implementation of the abstract idea involved must be “more than [the] performance of ‘well-understood, routine, [and] conventional activities previously known to the industry.’” Content Extraction, 776 F.3d at 1347–48 (quoting *Alice*, 573 U.S. at 224–25) (alteration in original).

Alice Step Two: Significantly More

Turning to *Alice* step two, Appellant argues that “an **unspecified, generic computer** would not be configured to execute the specific method steps of the independent claims.” App. Br. 14.

We are not persuaded by Appellant’s argument. Although Appellant asserts the claims require “**improved** functionality over and unspecified ‘generic’ computer,” Appellant does not persuasively explain why this is the case. The Specification does not indicate that the claim requires any specialized computer, hardware, software, database, or server to store, receive, identify, determine, generate, and transmit certain data recited in the claim. *See, e.g.*, Spec. ¶¶ 9, 19–26, Figs. 1, 2. The law is clear that simply programming a computer to perform what would otherwise be an abstract idea is not sufficient to impart patent eligibility. *See Alice*, 573 U.S. at 224–

25. In other words, the claim merely implements the abstract idea on a generic computer. *See id.*

Appellant contends the claims are directed to an improvement in computer functionality. App. Br. 15–17 (citing *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1335–36 (Fed. Cir. 2016)). Specifically, Appellant argues the “instant claims are directed to an improved method and system for validating an offer presented at a POS device of a merchant, which eliminates the requirement of merchants to update hardware and/or software, does not require significant resources for managing (at a merchant terminal), and provides efficiency and effective communication.” App. Br. 16–17.

We disagree with Appellant because the Federal Circuit has found this line of argument unavailing. *OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359 (Fed. Cir. 2015) (“[R]elying on a computer to perform routine tasks more quickly or more accurately is insufficient to render a claim patent eligible.”). In *OIP Technologies*, the Federal Circuit explained that the “concept of ‘offer based pricing’ is similar to other ‘fundamental economic concepts’ found to be abstract ideas by the Supreme Court and this court.” *OIP Techs.*, 788 F.3d at 1362 (citing *Alice*, 573 U.S. at 220–22; *Bilski*, 561 U.S. at 611 (risk hedging)). Claim 1 does not recite specific computer components or processes, let alone frame the method in terms of an improvement to such components or processes. Rather, claim 1 merely recites the augmentation of a human practice by computer automation, which shows only the use of a computer as a tool, not an improvement to computer capabilities as in *Enfish*. Appellant has not identified any portion of the Specification, nor provided any evidence or technical reasoning,

persuasively demonstrating claim 1 is directed to a technical advance or improvement to computer functionality.

In view of Appellant's Specification, and consistent with the Examiner's determinations, we determine the claims do not recite:

- (i) an improvement to the functioning of a computer;
- (ii) an improvement to another technology or technical field;
- (iii) an application of the abstract idea with, or by use of, a particular machine;
- (iv) a transformation or reduction of a particular article to a different state or thing;
- (v) other meaningful limitations beyond generally linking the use of the abstract idea to a particular technological environment; or
- (vi) a specific limitation other than what is well-understood, routine, conventional activity in the field or unconventional steps that confine the claim to a particular useful application.

See Manual of Patent Examining Procedure ("MPEP") § 2106.05. Thus, the claims are not directed to something significantly more than the abstract idea.

For these reasons, we sustain the Examiner's § 101 rejection of claim 1, as well as the Examiner's § 101 rejection of claims 2–24, not argued separately. See App. Br. 18. See 37 C.F.R. § 41.37(c)(1)(iv).

Rejection of Claims 1–24 under 35 U.S.C. § 103(a)

Appellant contends the Examiner erred in finding the combined teachings of Cunningham and Christensen teach or suggest the "generating" step of claim 1. App. Br. 19. Specifically, Appellant argues the cited portions of the prior art do not teach or suggest "a notification is generated that indicates the offer as being VALID when TWO conditions are met: (1) when the use flag indicates that the offer has not yet been redeemed more

than the specified number of times **AND** (2) when the limitations on redemption are satisfied.” *Id.*

Appellant’s arguments are not persuasive. The Examiner found Cunningham teaches an offer identifier “wherein in transmits the record number of the manufacturer’s offer.” Ans. 7 (citing Cunningham col. 6:66- col. 7:8). The Examiner also found Cunningham teaches one or more limitations on redemption that must be satisfied in order for the offer to be redeemed, wherein there must be a match between the encrypted identifier (i.e. token) associated with the manufacturer offer (and the purchase by association at the time of redemption) and the data maintained by offer redemption clearinghouse. *Id.* (citing Cunningham Abstract). The Examiner further found Cunningham teaches the concept of a use flag, wherein the system destroys “the redeemed offer and limited redemption of retailers’ and cooperative offers to the authorized retailer(s).” *Id.* The Examiner relied on Christensen as expressly teaching the concept of whether the offer has been redeemed more than a specified number of times as predetermined by a distributor of the offer. *Id.* (citing Christensen at ¶ 37). The Examiner does not contend, nor is the Examiner required to demonstrate, that the identical text of rejected claim 1 appears in the cited references. *In re Bond*, 910 F.2d 831, 832 (Fed. Cir. 1990).

Appellant has not persuasively rebutted the Examiner’s findings. The test for obviousness is not whether the claimed invention is expressly suggested in any one or all of the references, but whether the claimed subject matter would have been obvious to those of ordinary skill in the art in light of the combined teachings of those references. *See In re Keller*, 642 F.2d 413, 425 (CCPA 1981). Appellant has not persuaded us that the disputed

limitation would not have been obvious to an artisan of ordinary skill in light of the combined teachings of Cunningham and Christensen. *See* Reply Br. 9–11.

For these reasons, we are not persuaded that the Examiner erred in finding the combination of Cunningham and Christianson teaches or suggests the disputed limitations of claim 1.

Accordingly, we sustain the Examiner’s § 103(a) rejection of independent claim 1, as well as the Examiner’s § 103(a) rejection of independent claim 13, which Appellant argues is patentable for similar reasons. *See* App. Br. 22. We also sustain the Examiner’s rejection of dependent claims 2–12 and 14–24, not argued separately with particularity.

DECISION

We affirm the Examiner’s decision rejecting claims 1–24.

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