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Hunton Andrews Kurth LLP/JPMorgan Chase
Intellectual Property Department
2200 Pennsylvania Avenue, NW
Suite 800
Washington, DC 20037

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SHORTER, RASHIDA R

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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte SHELLEY F. SANDERS, THEODORE BOWERS,
and
DEAN ILIJASIC

Appeal 2017-009274
Application 13/608,272¹
Technology Center 3600

Before CARLA M. KRIVAK, HUNG H. BUI, and JON M. JURGOVAN,
Administrative Patent Judges.

JURGOVAN, *Administrative Patent Judge.*

DECISION ON APPEAL

Appellants seek review under 35 U.S.C. § 134(a) from a Final Rejection of claims 1, 2, 4–13, 16–20, 22–31, and 34–36, which are all the claims pending in the application. We have jurisdiction under 35 U.S.C. § 6(b).

We affirm.²

¹ Appellants identify JPMorgan Chase Bank, N.A., as the real party in interest. (App. Br. 1.)

² Our Decision refers to the Specification (“Spec.”) filed September 10, 2012, the Final Office Action (“Final Act.”) mailed January 26, 2017, the Appeal Brief (“App. Br.”) filed March 28, 2017, the Examiner’s Answer (“Ans.”) mailed May 16, 2017, and the Reply Brief (“Reply Br.”) filed June 15, 2017.

CLAIMED INVENTION

The claims are directed to a system and method “for providing incentives to consumers to share their consumer information with third parties,” by “requesting permission from the consumer to share their consumer information” and “offering the consumer a selected incentive in exchange for their permission to share their consumer information.”

(Abstract.)

Claims 1 and 19 are independent. Claim 1, reproduced below, is illustrative of the claimed subject matter:

1. A computer implemented method for storing and manipulating incentive information for motivating an individual to allow their personal information to be shared, the method comprising:
 - storing, by a storage device, incentive information;
 - at least one computer processor creating an organizational structure for an organization in the storage device, wherein the organizational structure comprises a plurality of categories, each category comprising a plurality of sub-categories arranged in a hierarchy;
 - the at least one computer processor dynamically determining a monitoring value rate corresponding to a number of applicants that have opted out of allowing their personal information to be shared;
 - the at least one computer processor dynamically determining an opt-out rate goal for the organization;
 - the at least one computer processor dynamically determining a level of interest in keeping an applicant from opting out of sharing information, wherein the dynamic determination is based on a the opt-out goal and the monitoring value rate;
 - the at least one computer processor automatically assigning weights to the incentive information based on the level of interest;

the at least one computer processor using a link file comprising a plurality of instructions to automatically assign the incentive information to at least one of the plurality of categories and the plurality of sub-categories; and
the at least one computer processor prompting an electronic device associated with a customer service representative with at least one incentive.

(App. Br. 16 (Claims App'x).)

REJECTION

Claims 1, 2, 4–13, 16–20, 22–31, and 34–36 stand rejected under 35 U.S.C. § 101 as directed to non-statutory subject matter. (Final Act. 3–6.)³

ANALYSIS

Patent eligibility is a question of law that is reviewable *de novo*. *Dealertrack, Inc. v. Huber*, 674 F.3d 1315, 1333 (Fed. Cir. 2012).

Patentable subject matter is defined by 35 U.S.C. § 101 as follows:

[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

In interpreting this statute, the Supreme Court emphasizes that patent protection should not preempt “the basic tools of scientific and technological work.” *Gottschalk v. Benson*, 409 U.S. 63, 67 (1972); *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 71 (2012); *Alice Corp. Pty.*

³ Additional claims 14, 15, 32, and 33 listed in the Examiner’s rejection (*see* Final Act. 3) were cancelled in an Amendment dated December 14, 2016 (i.e., before the Final Office Action of January 26, 2017).

Ltd. v. CLS Bank Int'l, 134 S. Ct. 2347, 2354 (2014). The rationale is that patents directed to basic building blocks of technology would not “promote the progress of science” under the U.S. Constitution, Article I, Section 8, Clause 8, but, rather, would impede it. Accordingly, laws of nature, natural phenomena, and abstract ideas are not patent-eligible subject matter. *Thales Visionix Inc. v. U.S.*, 850 F.3d 1343, 1346 (Fed. Cir. 2017) (citing *Alice*, 134 S. Ct. at 2354).

The Supreme Court set forth a two-part test for subject matter eligibility in *Alice*. *Alice*, 134 S. Ct. at 2355. The first step is to determine whether the claim is directed to a patent-ineligible concept. *Alice*, 134 S. Ct. at 2355 (citing *Mayo*, 566 U.S. at 76–77). If so, then the eligibility analysis proceeds to the second step of the *Alice/Mayo* test, in which we “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*, 134 S. Ct. at 2357 (quoting *Mayo*, 566 U.S. at 72, 79). The “inventive concept” may be embodied in one or more of the individual claim limitations or in the ordered combination of the limitations. *Alice*, 134 S. Ct. at 2355. The “inventive concept” must be significantly more than the abstract idea itself, and cannot be simply an instruction to implement or apply the abstract idea on a computer. *Alice*, 134 S. Ct. at 2358. “[W]ell-understood, routine, [and] conventional activit[ies]’ previously known to the industry” are insufficient to transform an abstract idea into patent-eligible subject matter. *Alice*, 134 S. Ct. at 2359 (citing *Mayo*, 566 U.S. at 73).

Alice/Mayo—Step 1 (Abstract Idea)

Turning to the first part of the *Alice/Mayo* analysis, the Examiner determines claims 1 and 19 are directed to a business method of providing incentives to encourage customers to share personal information with third parties similar to fundamental economic and transactional practices identified in *Alice* and *Bilski v. Kappos*, 561 U.S. 593 (2010) — concepts that courts have characterized as an abstract idea. (Ans. 6–7, 10; Final Act. 3, 10.) The Examiner also finds claims 1 and 19 are directed to collecting and analyzing data pertaining to clients’ personal information and sharing preferences—an abstract idea similar to data gathering and manipulation techniques previously identified by the courts. (Ans. 3–4, 7 (citing *Electric Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350 (Fed. Cir. 2016); *Content Extraction & Transmission LLC v. Wells Fargo Bank, Nat’l Ass’n*, 776 F.3d 1343, 1347 (Fed. Cir. 2014); *Affinity Labs of Texas, LLC v. Amazon.com Inc.*, 838 F.3d 1266 (Fed. Cir. 2016); and *Digitech Image Techs., LLC v. Elecs. for Imaging, Inc.*, 758 F.3d 1344, 1350 (Fed. Cir. 2014)); Final Act. 4.)

Appellants argue claims 2, 4–13, 16–20, 22–31, and 34–36 together with claim 1 (App. Br. 8, 10, and 13). We select claim 1 as representative. Claims 2, 4–13, 16–20, 22–31, and 34–36 stand or fall with claim 1 (*see* 37 C.F.R. § 41.37(c)(1)(iv)).

Appellants contend the Examiner erred in rejecting the claims because the claims are not directed to an abstract idea as identified by the Examiner; rather, “the instant claims are rooted in computer technology, and are novel,” “there is no evidence that the claimed method has been used before, and it [(the claimed method)] is also distinguishable because it uses ‘a

combined order of specific rule.” (Reply Br. 3, 5 (citing *McRO, Inc. v. Bandai Namco Games America Inc.*, 837 F.3d 1299, 1314–1315 (Fed. Cir. 2016)); App. Br. 8.) Appellants also contend their claims are not directed to an abstract idea because “like in *McRo*, the claims do not preempt the alleged abstract idea.” (App. Br. 13–14; Reply Br. 5.)

We are not persuaded by Appellants’ arguments. Appellants’ claims and Specification do not describe *technological process improvements* similar to *McRO*. (Ans. 9–10.) Particularly, the court determined that *McRO*’s claim was not directed to an abstract idea because it “uses the limited rules in a process specifically designed to achieve an improved technological result” over “existing, manual 3-D animation techniques.” (See *McRO*, 837 F.3d at 1299, 1316.) In contrast, Appellants’ claimed series of steps in claim 1 address a business problem of determining incentives acceptable to an organization, for motivating the organization’s customers to allow their personal information to be shared. (Ans. 9–10; Spec. 1:10–13, 3:1–8, 8:1–2, and 12:4–6, Title, Abstract.) Appellants’ claim 1 requires determining an organization’s monitoring value rate, opt-out rate goal, level of interest in keeping an applicant from opting out of sharing information, and weights for incentive information assigned to categories, followed by “prompting an electronic device associated with a customer service representative with at least one incentive.” (See App. Br. 16 (Claim 1).) We are not persuaded that Appellants’ dynamic determination of rates and interest level, and assignment of weights and incentive information, describe a technological improvement, as advocated by Appellants. (See App. Br. 13–14.)

Contrary to Appellants' arguments, the claims in *McRO* were drawn to improvements in the operation of a computer performing a task, rather than applying a computer system to perform known data storing and processing steps (e.g., determine a monitoring value rate, opt-out rate goal, level of interest, and assigned incentive information weights, and prompting an electronic device as in Appellants' claim 1). *See McRO*, 837 F.3d at 1314. Particularly, *McRO*'s claims and Specification employ "rules that define output morph weight set stream as a function of phoneme sequence and time of said phoneme sequence" to "achieve an improved technological result." *See McRO*, 837 F.3d at 1310, 1316. *McRO*'s improved technological result allows "computers to produce 'accurate and realistic lip synchronization and facial expressions in animated characters' that previously could only be produced by human animators." *See McRO*, 837 F.3d at 1313.

Appellants have not demonstrated their claimed method for manipulating incentive information to motivate an individual to share personal information, "improves the relevant technology" rather than being "directed to a result or effect that itself is the abstract idea and merely invoke[s] generic processes and machinery." *See McRO*, 837 F.3d at 1314 (citing *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1336 (Fed. Cir. 2016)). No technological advance is evident in Appellants' claims. (Ans. 5, 7–8.) The only portion of claim 1 that could be considered "technological" is the generic storage device, electronic device, and "computer processor using a link file comprising a plurality of instructions to automatically assign the incentive information to at least one of the plurality of categories and the plurality of sub-categories." The generically claimed "link file comprising a

plurality of instructions” associates incentive information to one or more categories via, e.g., a data table. (See Spec. 13:24–14:15, Fig. 7.)

Appellants have not demonstrated their claimed computer processor using the link file is able to perform *functions that are not merely generic* for processors running executable files. See *DDR Holdings, LLC, v. Hotels.com, L.P.*, 773 F.3d 1245, 1257–58 (Fed. Cir. 2014)

In fact, none of the steps and elements recited in Appellants’ claims provide, and nowhere in Appellants’ Specification can we find, any description or explanation as to how the claimed system and method for manipulating incentive information are intended to 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*, 773 F.3d at 1257; (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, 1300, 1302 (Fed. Cir. 2016).

Rather, Appellants’ claims are directed to incentive marketing, which is a fundamental economic concept, i.e., an abstract idea. (Ans. 6, 10; Final Act. 10.) See *Morsa v. Facebook, Inc.*, 77 F. Supp. 3d 1007, 1013 (C.D. Cal. 2014), *aff’d*, 622 F. App’x 915 (Fed. Cir. 2015) (quoting *Tuxis Techs., LLC v. Amazon.com, Inc.*, No. CV 13-1771-RGA, 2014 WL 4382446, at *5 (D. Del. Sept. 3, 2014) (targeted marketing “has been practiced as long as markets have been in operation.”)); *Content Extraction*, 776 F.3d at 1347 (claims directed to “the mere formation and manipulation of economic

relations” and “the performance of certain financial transactions” have been held to involve abstract ideas). Appellants’ claim 1 claims an improvement to a business process where computers are invoked merely as a tool, which qualifies as an abstract idea. (Ans. 7–9.) See *Bancorp Services, L.L.C. v. Sun Life Assurance Co. of Canada (U.S.)*, 687 F.3d 1266, 1278 (Fed. Cir. 2012) (“the fact that the required calculations could be performed more efficiently via a computer does not materially alter the patent eligibility of the claimed subject matter.”); and *FairWarning IP, LLC v. Iatric Sys., Inc.*, 839 F.3d 1089, 1095 (Fed. Cir. 2016) (“While the claimed system and method certainly purport to accelerate the process of analyzing audit log data, the speed increase comes from the capabilities of a general-purpose computer, rather than the patented method itself.”).

We also agree with the Examiner that the claims are directed to data collection and analysis capable of being performed through human thought and insignificant data input and output operations—an abstract idea similar to data gathering and manipulation techniques previously identified by the courts. (Ans. 3–4, 8, and 10.) Particularly, claim 1 seeks to change an individual’s state of mind by motivating the individual to not opt out of sharing their personal information (e.g., by offering an incentive). See *Content Extraction*, 776 F.3d at 1347–48 (finding “[t]he concept of data collection, recognition, and storage is undisputedly well-known,” and “humans have always performed these functions”); *Electric Power Grp.*, 830 F.3d at 1353–54 (collecting information and “analyzing information by steps people go through in their minds, or by mathematical algorithms, without more, [are] essentially mental processes within the abstract-idea category”). Additionally, mental processes remain unpatentable even when

automated to reduce the burden on the user of what once could have been done with pen and paper. *See CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1375 (Fed. Cir. 2011) (“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*.”).

Appellants also emphasize the claims “are novel—there are no prior art rejections, so it is clear that like the defendants in *McRO*, there is no evidence that the claimed method has been used before.” (Reply Br. 5.) However, the Supreme Court emphasizes: “[t]he ‘novelty’ of any element or steps in a process, or even of the process itself, is of **no relevance** in determining whether the subject matter of a claim falls within the § 101 categories of possibly patentable subject matter.” *Diamond v. Diehr*, 450 U.S. 175, 188–89 (1981) (emphasis added). Our reviewing court further guides that “[e]ligibility and novelty are separate inquiries.” *Two-Way Media Ltd. v. Comcast Cable Commc’ns, LLC*, 874 F.3d 1329, 1340 (Fed. Cir. 2017); *see also Affinity Labs of Tex., LLC v. DIRECTV, LLC*, 838 F.3d 1253, 1263 (Fed. Cir. 2016) (holding that “[e]ven assuming” that a particular claimed feature was novel does not “avoid the problem of abstractness”).

Further, with respect to Appellants’ preemption argument (App. Br. 13–14 and Reply Br. 5–6), we note the *McRO* court explicitly “recognized that ‘the absence of complete preemption does not demonstrate patent eligibility.’” *See McRO*, 837 F.3d at 1315 (quoting *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.” *Ariosa*, 788 F.3d at 1379.

Accordingly, we agree with the Examiner claims 1 and 19 are directed to an abstract idea.

Alice/Mayo—Step 2 (Inventive Concept)

Appellants also allege their claims, like the claims in *BASCOM*, recite significantly more than an abstract idea because the claimed combination of elements provides a technological “improvement in the manner in which data is stored and accessed so that the appropriate incentive may be provided.” (Reply Br. 3–4 (citing *BASCOM Global Internet Services, Inc. v. AT&T Mobility LLC*, 827 F.3d 1341 (Fed. Cir. 2016)); App. Br. 8–10.)

Appellants also argue the claimed “use of the link file, in combination with the dynamic determinations, results in an actual improvement to the technology,” providing a “technical solution that dynamically determines the level of interest in keeping the applicant from opting out of sharing information.” (Reply Br. 3–4; App. Br. 10.)

We disagree. *BASCOM*’s patent-eligible ordered combination of claim limitations contain an “inventive concept [that] harnesses [a] technical feature of network technology in a filtering system by associating individual accounts with their own filtering scheme and elements while locating the filtering system on an ISP [Internet Service Provider] server,” thus “improv[ing] the performance of the computer system itself” with a “technology-based solution . . . to filter content on the Internet that overcomes existing problems with other Internet filtering systems.” *See Bascom*, 827 F.3d at 1350–52.

In contrast to *BASCOM*, Appellants’ claims and Specification do not identify a specific improvement to computer technology or to data storage and access effected by the claims. (Ans. 4–5, 7.) For example, Appellants’

Specification does not describe how the claimed “computer processor using a link file” would improve the computer’s operation. Further, the claimed “determining” does not specify what *dynamically* determining would entail. Furthermore, Appellants’ claim 1 does not impose any bounds on the “level of interest” or its dependence on opt-out rate goal and monitoring value rate. Additionally, Appellants present no evidence as to how or why “the manner in which level of interest is dynamically determined is not generic.” (See App. Br. 12.) Appellants’ claim 1 also does not specify how the method for manipulating incentive information would improve the “organization’s ability to gather and use[] information about its customers.” (See App. Br. 9.) For example, the claimed “prompting an electronic device associated with a customer service representative with at least one incentive” does not specify how that *incentive* relates to the dynamically determined level of interest, opt-out goal, or monitoring value rate. Further, the “computer processor using a link file,” and the “link file” are generically claimed. Under similar circumstances, our reviewing court has held patent claims ineligible. See *Amdocs*, 841 F.3d at 1301–02 (summarizing cases in which claims were found to be ineligible subject matter); see also *In re TLI Communications LLC Patent Litigation*, 823 F.3d 607, 615 (Fed. Cir. 2016) (“Such vague, functional descriptions of server components are insufficient to transform the abstract idea into a patent-eligible invention.”).

We therefore agree with the Examiner the claims merely recite computer technology “at a high level of generality” performing conventional computer functions for data collection and analysis. (Final Act. 3; Ans. 3, 10; see Spec. 16:9–16; see also *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 715–16 (Fed. Cir. 2014) (“[a]dding routine additional steps such as

updating an activity log, requiring a request from the consumer to view the ad, restrictions on public access, and use of the Internet does not transform an otherwise abstract idea into patent-eligible subject matter.”.) “[T]he use of generic computer elements like a microprocessor or user interface” to perform conventional computer functions “do not alone transform an otherwise abstract idea into patent-eligible subject matter.” *FairWarning*, 839 F.3d at 1096 (citing *DDR Holdings*, 773 F.3d at 1256).

Because Appellants’ claims 1 and 19 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 these claims under 35 U.S.C. § 101. We also sustain the Examiner’s § 101 rejection of dependent claims 2, 4–13, 16–18, 20, 22–31, and 34–36, for which no separate arguments are provided.

DECISION

The Examiner’s rejection of claims 1, 2, 4–13, 16–20, 22–31, and 34–36 under 35 U.S.C. § 101 is affirmed.

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