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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte EDWARD W. FORDYCE III, KARTEEK HASMUKH PATEL,
SARAH PANKRATZ SUAREZ, DAVID CHAUNCEY SHEPARD,
JEANETTE M. YODER, and LEIGH AMARO

Appeal 2017-009326
Application 12/604,322¹
Technology Center 3600

Before JEAN R. HOMERE, JASON V. MORGAN, and
AARON W. MOORE, *Administrative Patent Judges*.

MORGAN, *Administrative Patent Judge*.

DECISION ON APPEAL
STATEMENT OF THE CASE

Introduction

This is an appeal under 35 U.S.C. § 134(a) from the Examiner's Final Rejection of claims 1 and 3–20. Claims 2, 21, and 22 are canceled. Appeal Br. 23, 31. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

¹ Appellants identify Visa U.S.A. Inc. as the real party in interest. Appeal Br. 2.

Invention

Appellants' claimed subject matter relates to a process of debiting and crediting funds as part of a loyalty program incentive such that an account holder with a qualifying transaction receives incentive funds from an incentive sponsor without reducing an account issuer's interchange fee.

Abstract.

Representative Claim

1. A method, comprising:

providing a computing device in an electronic payment processing network, wherein the computing device includes:

a transaction handler that interconnects issuers and acquirers in the electronic payment processing network; and

a platform coupled with the transaction handler, wherein the platform includes:

a server;

a database for a loyalty program;

a common data interface for electronic communications among constituents of the loyalty program; and

instructions programmed to instruct the server and the transaction handler to perform the method;

clearing and settling, by the transaction handler configured in the electronic payment processing network in which the transaction handler interconnects issuers and acquirers, a first transaction debiting a full ticket price from a first account in a payment processing system;

determining, by the server of the computing device executing the instructions, that the first transaction qualifies for a first incentive in the loyalty program stored in the database; and

in response to the clearing and settling of the first transaction in the payment processing system:

generating, by the server executing the instructions, a first request to debit a value of the first incentive from a funding balance of a sponsor;

electronically communicating, by the transaction handler in the electronic payment processing network, a first transmission to the sponsor of the first incentive, the first transmission including the first request to debit the value of the first incentive from the funding balance of the sponsor;

generating, by the server executing the instructions, a second request to credit the value of the first incentive to the first account that was debited the full ticket price in the first transaction; and

electronically communicating, by the transaction handler in the electronic payment processing network, a second transmission outside of a transaction life cycle of the first transaction, to an issuer of the first account that was debited the full ticket price in the first transaction, wherein:

the second transmission includes the second request to credit the value of the first incentive to the first account that was debited the full ticket price in the first transaction, and

the second transmission includes a predetermined code configured to instruct the issuer to credit the value of the first incentive outside the transaction life cycle of the first transaction and thus cause an interchange fee, charged by the issuer of the first account for debiting the full ticket price in the first transaction from the first account, to remain intact with the issuer of the first account after the value is credited to the first account in accordance with the second transmission.

Rejection

The Examiner rejects claims 1 and 3–20 under 35 U.S.C. § 101 as being directed to patent-ineligible subject matter. Final Act. 2–7.

EXAMINER’S DETERMINATIONS AND
APPELLANTS’ CONTENTIONS

In rejecting claim 1 as being directed to patent-ineligible subject matter, the Examiner determines claim 1 is

directed to the abstract idea of generating a first request to debit a value of the first incentive from a funding balance of a sponsor and generat[ing] a second request to credit the value of the first incentive to the first account that was debited the full ticket price of the first transaction.

Final Act. 2; *see also* Ans. 4–5. The Examiner further determines the additional recitations of claim 1 are insufficient to transform the claim into patent-eligible subject matter because

[t]he additional elements of the claims do not add a meaningful limitation to the abstract idea because the additional elements or combination of elements in the claim(s) other than the abstract idea per se amount(s) to no more than mere instructions to implement the idea on a computer, and/or recitation of generic computer structure that serves to perform generic computer functions that the courts have recognized as well-understood, routine and conventional activities.

Final Act. 5; *see also* Ans. 10–11.

Appellants contend the Examiner erred by failing “to accurately account for the ‘*the nature of the claim*’ and failed to consider the elements of each claim ‘as an ordered combination’ in a way as stated in the *Alice* decision.” Appeal Br. 5; *see also id.* at 13–16; Reply Br. 3, 6. Appellants argue the Examiner overgeneralized “the claimed subject matter and simplif[ied] it into its ‘gist’, failing to consider specific requirements of the claim[.]” Appeal Br. 5–6; *see also id.* at 9–10; Reply Br. 8.

Appellants contend claim 1, read “as a whole[,] provides an improved computing device in an electronic payment processing network. The

improved computing device has an unconventional structure . . . to perform an unconventional function.” Appeal Br. 6; *see also id.* at 16–18.

Appellants argue claim 1 includes “unconventional communication techniques related to ‘clearing and settling a first transaction . . .’ and ‘in response to the clearing and settling . . . communicating a second transmission *outside of a transaction life cycle of the first transaction* . . .’ to ‘cause an interchange fee . . . to remain intact . . .” *Id.* at 9; *see also id.* at 11 (arguing that claim 1 performs “a function that [was] not previously performable by a conventional transaction handler or a generic computer”); Reply Br. 9–10

Appellants contend the “particular way” claim 1 implements a “redemption of loyalty program incentives via a computing device . . . is directed to improvements in computer-related technology.” Appeal Br. 12. Appellants argue the solution of claim 1 “addresses a problem that is centric to an electronic payment processing network” (*id.* at 18) and provides “a claimed solution that is necessarily rooted in computer technology” (*id.* at 19 (citing *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014))). *See also* Reply Br. 11–13.

ANALYSIS

To be statutorily patentable, the subject matter of an invention must be a “new and useful process, machine, manufacture, or composition of matter, or [a] new and useful improvement thereof.” 35 U.S.C. § 101. There are implicit exceptions to the categories of patentable subject matter identified in § 101, including: (1) laws of nature; (2) natural phenomena; and (3) abstract ideas. *Alice Corp. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2355. The Supreme Court has set forth a framework for distinguishing patents with

claims directed to these implicit exceptions “from those that claim patent-eligible applications of those concepts.” *Id.* (citing *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66 (2012)). The evaluation follows a two-part analysis: (1) determine whether the claim is directed to a patent-ineligible concept, e.g., an abstract idea; and (2) if so, then determine whether any element, or combination of elements, in the claim is sufficient to ensure that the claim amounts to significantly more than the patent-ineligible concept itself. *See Alice*, 134 S. Ct. at 2355.

“[A]t present there is no . . . single, succinct, usable definition or test” for what an “abstract idea” encompasses. *Amdocs (Israel) Ltd. v. Openet Telecom, Inc.*, 841 F.3d 1288, 1294 (Fed. Cir. 2016). Therefore, the conclusion that a claim is abstract often turns on the examination of “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*, 841 F.3d at 1294 (citing *Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1353–54 (Fed. Cir. 2016)).

“[A]ll inventions at some level embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas.” *Mayo*, 566 U.S. at 71. We “must be careful to avoid oversimplifying the claims’ by looking at them generally and failing to account for the specific requirements of the claims.” *McRO, Inc. v. Bandai Namco Games Am. Inc.*, 837 F.3d 1299, 1313 (Fed. Cir. 2016) (quoting *TLI Commc’ns LLC Patent Litig.*, 823 F.3d 607, 611 (Fed. Cir. 2016)). We, therefore, look to whether: (1) the claims focus on a specific means or method that improves the relevant technology or (2) the claims are instead directed to a result or effect that itself is the abstract idea and merely invoke generic processes and machinery. *See*

Enfish, LLC v. Microsoft Corp., 822 F.3d 1327, 1335–36 (Fed. Cir. 2016). That is, we look to whether the claims are “specifically designed to achieve an improved *technological* result in conventional industry practice.” *McRO*, 837 F.3d at 1316 (emphasis added) (citing *Alice*, 134 S. Ct. at 2358).

Step 1

The Examiner fairly characterizes claim 1 as being directed to “generating a first request to debit a value of the first incentive from a funding balance of a sponsor and generate a second request to credit the value of the first incentive to the first account that was debited the full ticket price of the first transaction.” Final Act. 2 (emphasis omitted). More succinctly, claim 1 is directed to a method of enabling a sponsor to fund a loyalty program incentive. *See* Spec. ¶ 9. This concept “is similar to other ‘fundamental economic concepts’ found to be abstract ideas by the Supreme Court and” the Court of Appeals for the Federal Circuit. *OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1362 (Fed. Cir. 2015) (citing, e.g., *Alice*, 134 S. Ct. at 2357; *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 715 (Fed. Cir. 2014); *Accenture Global Servs., GmbH v. Guidewire Software, Inc.*, 728 F.3d 1336, 1346 (Fed. Cir. 2013)). The Specification discloses that loyalty program incentives may include standard promotions such as coupons. Spec. ¶ 33. Such standard promotions are not “necessarily rooted in technology” (*see DDR*, 773 F.3d at 1257), but have non-technological antecedents such as coupons promoting Coca-Cola® as far back as 1895 (*see* Kenan Pollack, *Clip and save*, U.S. News & World Report, vol. 119, no. 11, p. 28 (Sept. 18, 1995), available at EBSCOhost, AN 9509287616).

Appellants contend the Examiner overgeneralized the claimed subject matter. *See* Appeal Br. 5–6. The Examiner’s characterization, however,

accurately identifies the idea set forth in claim 1 at an appropriate level of detail. *Compare Alice*, 134 S. Ct. at 2352 (“the claims at issue are drawn to the abstract idea of intermediated settlement”) *with id.* n. 2 (reproducing the 198-word claim). The Examiner’s description of the claimed subject matter, however, is not at such a high-level of abstraction—untethered from the language of claim 1—“that the exceptions to § 101 [would] swallow the rule.” *Enfish*, 822 F.3d at 1337 (citing *Alice*, 134 S. Ct. at 2354; *Diamond v. Diehr*, 450 U.S. 175, 189 n. 12 (1981)).

Appellants argue claim 1 includes “unconventional communication techniques related to . . . communicating a second transmission *outside of a transaction life cycle of [a] first transaction . . .*’ to ‘cause an interchange fee . . . to remain intact . . .’” Appeal Br. 9. Appellants argue this is “a function that [was] not previously performable by a conventional transaction handler or a generic computer.” *Id.* at 11. In particular, Appellants argue that “the ‘rules’ of operations of the improved computing device . . . allow[] the computer performance . . . in a specific way such that the interchange fees are kept intact even in view of the credits applied ‘without manual intervention’.” *Id.* We agree with the Examiner, however, that enabling a second transmission outside of a transaction life cycle of a first transaction—a “second request”—does not make the claimed process non-abstract. Final Act. 2. Moreover, automation of manual financial processes such as debit and credit requests does shift the focus away from claimed financial processes when “recited generic computer elements ‘are invoked merely as a tool.’” *Credit Acceptance Corp. v. Westlake Servs.*, 859 F.3d 1044, 1055 (Fed. Cir. 2017) (citing *Enfish*, 822 F.3d at 1335–36). “[M]ere automation of manual processes using generic computers does not constitute a

patentable improvement in *computer technology*.” *Credit Acceptance*, 859 F.3d at 1055 (emphasis added).

For these reasons, we agree with the Examiner that claim 1 is directed to an abstract idea. *See* Final Act. 2.

Step 2

The Examiner correctly determines that claim 1 does not contain additional elements that make claim 1 significantly more than the underlying abstract idea. *See id.* at 5.

Appellants argue that the Federal Circuit, in *BASCOM Glob. Internet Servs., Inc. v. AT&T Mobility LLC*, 827 F.3d 1341, 1343 (Fed. Cir. 2016), emphasized “the consideration of an ‘ordered combination’ of known, conventional pieces.” Appeal Br. 3. The claimed invention in *BASCOM*, however, included “an inventive concept . . . found in [a] non-conventional and non-generic arrangement of known, conventional pieces” (*BASCOM*, 827 F.3d at 1350) that made a prior-art solution “more dynamic and efficient” so as to improve the performance of the computer system itself (*id.* at 1351). Here, the claimed invention fails to provide for any comparable *technological* improvement. Instead, claim 1 merely invokes generic processes (e.g., generating requests and electronically communicating transmissions) and generic machinery (e.g., a server, a database, a common data interface). *See Enfish*, 822 F.3d at 1336.

Appellants argue “[t]he claimed invention as a whole provides an improved computing device in an electronic payment processing network” (Appeal Br. 6) and identify numerous features of the claimed invention that Appellants characterize as “unconventional” (*id.*). Appellants’ arguments are unpersuasive because, again, “mere automation of manual processes

using generic computers does not constitute a patentable improvement in *computer technology.*” *Credit Acceptance*, 859 F.3d at 1055 (emphasis added). Thus, features Appellants characterize as “unconventional,” including “conventional and generic computer components” such as a server, a database, a common data interface, and instructions (Appeal Br. 6) “do not transform the claim, as a whole, into ‘significantly more’ than a claim to the abstract idea itself.” *Credit Acceptance*, 859 F.3d at 1056.

Appellants contend the “particular way” claim 1 implements a “redemption of loyalty program incentives via a computing device is directed to improvements in computer-related technology.” Appeal Br. 12. Use of a computing device, however, is insufficient to transform the subject matter of claim 1 to be patent-eligible. *Credit Acceptance*, 859 F.3d at 1055. Moreover, the “particular way” disclosed and claimed merely represents a narrowing or reformulation of the underlying abstract idea that fails to add significantly more to the underlying abstract idea. *See BSG Tech LLC v. Buyseasons, Inc.*, 899 F.3d 1281, 1291 (Fed. Cir. 2018).

For these reasons, we agree with the Examiner that claim 1 lacks additional recitations sufficient to transform the underlying abstract idea into patent-eligible subject matter. *See* Final Act. 5. Accordingly, we sustain the Examiner’s 35 U.S.C. § 101 rejection of claim 1, and claims 3–20, which Appellants do not argue separately.

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DECISION

We affirm the Examiner's decision rejecting claims 1 and 3–20.

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

<i>Notice of References Cited</i>	Application/Control No. 12/604,322	Applicant(s)/Patent Under Reexamination	
	Examiner SAM M. REFAI	Art Unit 3681	Page of

U.S. PATENT DOCUMENTS

*	Document Number Country Code-Number-Kind Code	Date MM-YYYY	Name	Classification
	A US-			
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NON-PATENT DOCUMENTS

*	Include as applicable: Author, Title Date, Publisher, Edition or Volume, Pertinent Pages)
U	Kenan Pollack, Clip and save, U.S. News & World Report, vol. 119, no. 11, p. 28 (Sept. 18, 1995), available at EBSCOhost, AN 9509287616
V	
W	
X	

*A copy of this reference is not being furnished with this Office action. (See MPEP § 707.05(a).)
Dates in MM-YYYY format are publication dates. Classifications may be US or foreign.

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APPENDIX

Kenan Pollack, *Clip and save*, U.S. News & World Report,
vol. 119, no. 11, p. 28 (Sept. 18, 1995),
available at EBSCOhost, AN 9509287616

Record: 1

Clip and save. By: Pollack, Kenan. U.S. News & World Report. 9/18/95, Vol. 119 Issue 11, p28. 1/3p. 1 Color Photograph. Abstract: Remarks how shoppers can shave ten percent off their weekly grocery bills by spending 20 minutes clipping and organizing coupons. How Asa Candler, an Atlanta druggist, used coupons to promote his drink, Coca-Cola in 1895; The expansion of the coupon industry. (AN: 9509287616)

Database: Business Source Complete

Section: Outlook

Coupons

CLIP AND SAVE

In 1895, Atlanta druggist Asa Candler looked for a way to promote a sweet-tasting drink that he had acquired. To make good on the \$2,300 he paid for the formula, he hit upon a sales trick: He distributed handwritten tickets offering his pharmacy customers free samples. So many people dropped by that Candler soon was producing more ornate tickets. Thus was born not only the boom for Candler's drink, Coca-Cola, but also the coupon.

A century later, Candler's idea has swollen into an industry that churns out 327 billion coupons a year -- worth over \$4 billion to consumers --promoting a sea of products from macadamia nuts to mock turtle soup. More than 3,000 manufacturers rely on coupons, which are used regularly by 71 percent of all consumers. Industry studies indicate that shoppers can shave 10 percent off their weekly grocery bills by spending 20 minutes clipping and organizing coupons. Cereals, soaps and deodorants prompt the most coupon redemptions.

The future, according to Bruce Malinowski, promises cyber-coupons. He's vice president of marketing and sales for Coupons Online, a firm that will offer retrievable money-savers from an electronic database. But few expect the computer to replace the scissors anytime soon.

PHOTO (COLOR): Pioneer. An 1895 Coke coupon

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By Kenan Pollack

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