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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte YOSHINORI MATSUMOTO
and
SHINGO YABU

Appeal 2018-001001
Application 14/066,155
Technology Center 3600

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

KRIVAK, *Administrative Patent Judge*.

DECISION ON APPEAL

Appellants[1] appeal under 35 U.S.C. § 134(a) from a Final Rejection of claims 4, 7–10, 12, and 13, which are all the claims pending in the application. We have jurisdiction under 35 U.S.C. § 6(b).

We reverse.

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[1] The Appeal Brief identifies Mr. Yoshinori Matsumoto as the real party in interest (App. Br. 2).

STATEMENT OF THE CASE

Appellants' invention is directed to advertisement distribution systems for "controlling consumption of an advertisement rate . . . [set] in the form of an advance" of advertisement points that depend on a shopping site's purchase prices, and for providing "an opportunity [to a purchaser] to acquire benefit information when the number of advertisement points turns from being equal to or higher than . . . [a] predetermined number to being lower than the predetermined number" (Spec. ¶¶ 1, 13–14).

Claims 4 and 9 are independent. Independent claim 9, reproduced below, is exemplary of the subject matter on appeal.

> 9. An advertisement distribution system that awards a prize to a user thereof, the system comprising:
>
> a plurality of user terminals each including a display and an advertisement user interface;
>
> an advertisement distribution server including a processor;
>
> an application executable by the processor; and,
>
> a storage device;
>
> wherein, each of the plurality of user terminals including the advertisement user interface is preconfigured to allow the advertisement distribution server to communicate with each of the user terminals via the advertisement user interface and display information, received from the advertisement distribution server, on the advertisement user interface,
>
> wherein, the storage device stores information pertaining to a number of remaining advertisement points associated with a retailer and purchase information associated with goods and services offered by the retailer;
>
> wherein, during execution of the application by the processor:
>
> when specific goods and services offered by the retailer are purchased from the retailer via the advertisement user interface of one of the plurality of user terminals, the number of remaining advertisement points stored in the storage device is

reduced according to the purchase information associated with the specific goods and services purchased;

when the number of remaining advertisement points stored in the storage device and associated with the retailer is equal to or higher than a predetermined number, the advertisement distribution server automatically transmits to each of the plurality of user terminals, via the advertisement user interface, advertisement information displayable on the advertisement user interface of each of the user terminals and pertaining to the retailer along with a link to a website of the retailer;

when the number of remaining advertisement points stored in the storage device and associated with the retailer is lower than the predetermined number, the advertisement distribution server automatically transmits to each of the plurality of user terminals, via the advertisement user interface, advertisement information displayable on the advertisement user interface of each of the user terminals and pertaining to the retailer without including the link to the website of the retailer, the advertisement information displayable on the advertisement user interface further including at least one of a graphical representation and an alphanumerical representation of the number of advertisement points remaining before the prize is awarded; and,

when the number of remaining advertisement points stored in the storage device and associated with the retailer shifts from being equal to or higher than the predetermined number to being lower than the predetermined number, the advertisement distribution server automatically selects a specific user terminal from among the plurality of user terminals, and automatically transmits prize information to the selected specific user terminal, via the advertisement user interface, which prize information is displayable on the advertisement user interface of the selected user terminal.

REJECTIONS and REFERENCES

The Examiner rejected claims 4, 7–10, 12, and 13 under 35 U.S.C. § 101 as directed to non-statutory subject matter.

The Examiner rejected claims 9, 10, 12, and 13 under 35 U.S.C. § 103 based upon the teachings of Amano (US 2002/0038244 A1; published Mar. 28, 2002), Miles (US 2014/0279534 A1; published Sept. 18, 2014), and Bargnes (US 2003/0171981 A1; published Sept. 11, 2003).[2]

The Examiner rejected claims 4, 7, and 8 under 35 U.S.C. § 103 based upon the teachings of Amano, Miles, Bargnes, and Postrel (US 2010/0280896 A1; published Nov. 4, 2010).

ANALYSIS

Rejection under 35 U.S.C. § 101

In rejecting claims 4, 7–10, 12, and 13 under 35 U.S.C. § 101, the Examiner finds the claims are "directed towards distributing advertisements" and "transmitting prize information to the [user's] . . . terminal," which correspond to an abstract idea of "collecting information, analyzing it, and displaying certain results of the collection and analysis" (Final Act. 2–3; Ans. 3). The Examiner also finds the claims do not recite significantly more than the abstract idea because "[t]he language of claims does not point to any improvement of '*the distribution of advertisements over a network*'" or "to any 'improvement in the art and technical filed'" (Ans. 7–8).

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[2] The Examiner's rejection incorrectly refers to pre-America Invents Act ("pre-AIA") § 103(a) instead of AIA § 103. We are aware of no prejudice to Appellants or the Examiner resulting from this error, and thus we consider this to be harmless error.

Appellants argue claims 4, 7–10, 12, and 13 are not directed to the abstract idea asserted by the Examiner, but rather to "an improvement in the art and technical field of distributive advertisements over a communication network" (Reply Br. 8). Particularly, Appellants assert independent claims 4 and 9 provide an interactive advertising environment that sustains shoppers' interest by displaying real-time prize information, including an audiovisual indicator that a prize is likely to be awarded based on a number of advertisement (ad) points correlated to sale activities (App. Br. 21, 25, 27; Reply Br. 6, 8).

To determine whether subject matter is patentable under § 101, the Supreme Court has set forth a two part test "for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts" (*Alice Corp. Pty. Ltd. v. CLS Bank International*, 134 S. Ct. 2347, 2355 (2014)). 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 (*id.*). The Court acknowledged in *Mayo* that "all inventions at some level embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas" (*Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. 66, 71 (2012)). We, therefore, look to whether the claims focus on a specific means or method that improves the relevant technology or are instead directed to a result or effect that is the abstract idea and merely invoke generic processes and machinery (*see Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1336 (Fed. Cir. 2016)). If the claims are not directed to an abstract idea, the inquiry ends. Otherwise, the inquiry proceeds to the second step where 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)).

Because there is no single definition of an "abstract idea" under *Alice* step 1, the PTO has recently synthesized, for purposes of clarity, predictability, and consistency, key concepts identified by the courts as abstract ideas to explain that the "abstract idea" exception includes the following *three groupings*: (1) mathematical concepts; (2) mental processes; and (3) certain methods of organizing human activity, such as a fundamental economic practice and commercial interactions (including sales activities and behaviors, and business relations). *See* 2019 Revised Patent Subject Matter Eligibility Guidance, 84 Fed. Reg. 50, 52 (Jan. 7, 2019 ("PTO § 101 Memorandum")), effective January 7, 2019.

The PTO § 101 Memorandum further instructs "[c]laims that do not recite [subject] matter that falls within these enumerated groupings of abstract ideas should not be treated as reciting abstract ideas," except in rare circumstances (*see* PTO § 101 Memorandum, 84 Fed. Reg. at 53). Even if the claims recite any one of these three groupings of abstract ideas, these claims are still not "directed to" a judicial exception (abstract idea), and thus are patent-eligible "if the claim as a whole integrates the recited judicial exception into a practical application of that [judicial] exception" (*id.*). "[I]ntegration into a practical application" requires an additional element or a combination of additional elements in the claim to apply, rely on, or use the judicial exception in a manner that imposes a meaningful limit on the judicial exception, such that the claim is more than a drafting effort designed to monopolize the exception (*see* PTO § 101 Memorandum, 84 Fed. Reg. at

53–55; *see also* MPEP 2106.05(a)–(c) and (e) (limitations indicative of "integration into a practical application") and MPEP 2106.05(f)–(h) (limitations not indicative of "integration into a practical application")).

Having reviewed the evidence, we agree with the Examiner only in part. Particularly, we agree with the Examiner independent claims 4 and 9 as a whole recite a judicial exception of a method of *organizing human activity* by *facilitating advertising and incentivizing users to make purchases* (*see* Spec. ¶¶ 1, 14, 18; Title). Thus, claims 4 and 9 recite subject matter that falls within the three types of abstract ideas identified by the PTO § 101 Memorandum.

However, we agree with Appellants that the claims *integrate the judicial exception (abstract idea) into a practical application* (App. Br. 21, 26–27). Particularly, claim 9 (and similarly, claim 4) recites a combination of additional elements including user terminals preconfigured to communicate with an advertisement distribution server that (i) reduces a number of ad points based on purchases reported by a specific retailer, (ii) automatically transmits to the user terminals a visual representation of "the number of advertisement points remaining before the prize is awarded," and (iii) when the number of remaining ad points shifts from equal to or higher to lower than a predetermined number, automatically selects one user terminal as the recipient of the prize. The claims' additional elements integrate the method of organizing human activity into a practical application.

Our conclusion is supported by claims 4 and 9 and Appellants' Specification, which confirm an improved interactive, distributive advertising system that can sustain consumers' attention "by providing a

prize, as well as an audiovisual indicator that a prize is likely to be awarded based on certain conditions" (App. Br. 27; *see* Spec. ¶¶ 18, 31–32, 42–43, Figs. 8–9). Conditions for awarding the prize are set by ad-sponsoring retailers together with the advertisement distribution server, based on retailers' previous sales (*see* Spec. ¶¶ 13, 25–26, 54, Fig. 2). Thus, Appellants' system boosts online sales by offering a prize supported by revenue from previous sales (*see* Spec. ¶¶ 13, 25–26, 31). Additionally, the prize is awarded to the user whose purchase turns "the number of advertisement points . . . from being equal to or higher than the predetermined number to being lower than the predetermined number" (*see* Spec. ¶ 28). With Appellants' distributed advertising system, users are less likely to ignore online ads presented to them, and are more likely to be incentivized to make purchases in hopes of winning an advertised prize (*see* Spec. ¶¶ 28, 31–32, 42–43; App. Br. 26–27). For example, a displayed number of ad points may inform a user of an approximate time the user can expect to receive the prize (*see* Spec. ¶ 32).

Appellants' claims 4 and 9 therefore integrate advertising and product marketing techniques into a process rooted in computer network technologies. *See DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1257–58 (Fed. Cir. 2014) (holding patent-eligible a claim that "address[es] a business challenge (retaining website visitors)" by enabling visitors "to purchase products from the third-party merchant without actually entering that merchant's website," the claim providing a "solution . . . necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks").

Because claims 4 and 9 integrate the judicial exception into a practical application, we find claims 4 and 9, and their dependent claims 7, 8, 10, 12, and 13 are not directed to a judicial exception (abstract idea). Accordingly, we do not sustain the Examiner's rejection of claims 4, 7–10, 12, and 13 under 35 U.S.C. § 101.

Rejection under 35 U.S.C. § 103

The Examiner finds the combination of Amano, Miles, and Bargnes teaches an advertisement distribution server that (i) upon determining the number of ad points is *lower* than a predetermined number, transmits to each of multiple user terminals a visual representation of the number of ad points remaining before a prize is awarded, and (ii) automatically selects one user terminal as the prize winner when the number of ad points *shifts from being equal to or higher to being lower* than the predetermined number, as recited in independent claim 9 (Final Act. 7–9). Particularly, the Examiner finds Amano's ad supplying system checks whether a number of ad points is lower than a predetermined number and if so, transmits to user terminals a "point number displayed on banner advertisement" (visual representation) of a number of ad points remaining before a prize is awarded, as claimed (Final Act. 7–8 (citing Amano ¶¶ 64, 81, 121, Figs. 5 and 11)). The Examiner also finds Amano's system automatically transmits a "banner with points" (prize) to a selected user terminal (Final Act. 8). The Examiner further finds Miles determines when a number of ad points shifts from being equal to or higher to being lower than a predetermined number, thereby teaching (in combination with Amano) a prize winner selection as claimed (Final Act. 9 (citing Miles Fig. 5)). We do not agree.

We agree with Appellants that Amano, Miles, and Bargnes, alone or in combination, fail to teach or suggest transmitting a visual representation of a number of ad points remaining before a prize is awarded, and selecting a prizewinner, as claimed (App. Br. 30–32; Reply Br. 9–10). Although Amano's ad supplying system checks a remaining number of ad points (*see* Amano Fig. 5), Amano does not transmit *to multiple user terminals* a visual representation of a number of ad points *remaining before a prize is awarded* as required by claim 9 (Appl. Br. 30). Rather, Amano transmits to a user terminal a visual representation of ad points *instantly awarded to that user* "as *a result of the mere clicking* on an advertisement banner (i.e., a points for clicks type setup)" (App. Br. 30; *see* Amano ¶ 129, Fig. 11).

Amano also does not teach or suggest selecting a prizewinner *when a number of remaining ad points shifts* from equal to or higher to lower than a predetermined number, as claimed (App. Br. 30). Rather, Amano's prizes (e.g., points on ad banners) are awarded to users *based on users' previous awards*—"to avoid such a condition that points are excessively applied to such a user who intensively accesses the site within a short time period in order to gain points" (*see* Amano ¶¶ 107, 128). Thus, Amano does not teach or suggest the claimed displaying a "number of advertisement points remaining before the prize is awarded," and selecting a prizewinner contingent on the number of ad points exceeding a predetermined limit.

Miles does not make up for the above-noted deficiencies of Amano. Miles merely provides a notification to a primary account holder that the account's available credit is above or below an amount of a transaction initiated by a secondary account holder (*see* Miles ¶¶ 12, 94, Fig. 5). Miles, however, does not suggest *awarding a prize when an amount* (e.g., a

transaction's amount, or the account's available credit) *shifts* from equal to or higher to lower than a predetermined number, as required by claim 9 (App. Br. 31). Additionally, Miles does not discuss ad points presented to multiple user terminals as a precondition for awarding a prize (App. Br. 32).

The Examiner also has not shown that the additional teachings of Bargnes (directed to car tracking systems) make up for the above-noted deficiencies of Amano and Miles (App. Br. 32–33). Thus, for the reasons set forth above, we do not sustain the Examiner's obviousness rejection of independent claim 9 and claims 10, 12, and 13 dependent therefrom.

The Examiner's rejection of independent claim 4 relies additionally on Postrel. However, the Examiner has not shown that Postrel makes up for the above-noted deficiencies of Amano, Miles, and Bargnes with respect to the limitations of claim 4 that are similar to claim 9. Additionally, we agree with Appellants, Postrel does not teach "an application executable . . . [that] subtracts a number of purchase points based on the purchase price of the good or service from the number of advertisement points at the shopping site" as recited in claim 4 (App. Br. 34–35; *see* Final Act. 15). Postrel merely subtracts a user's accumulated reward points from a purchase price *paid by that user*, but does not subtract points *from a number of ad points* presented to *multiple user terminals as a precondition for awarding a prize*, as claimed (*see* Postrel ¶¶ 15–16). Thus, for the reasons set forth above, we do not sustain the Examiner's obviousness rejection of independent claim 4 and claims 7 and 8 dependent therefrom.

DECISION

The Examiner's decision rejecting claims 4, 7–10, 12, and 13 under 35 U.S.C. § 101 is reversed.

The Examiner's decision rejecting claims 4, 7–10, 12, and 13 under 35 U.S.C. § 103 is reversed.

REVERSED