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UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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*Ex parte* CORY ZIEGER and RICHARD QUITTER

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Appeal 2018-001360<sup>1</sup>  
Application 14/305,275<sup>2</sup>  
Technology Center 3600

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Before BRADLEY B. BAYAT, TARA L. HUTCHINGS, and  
AMEE A. SHAH, *Administrative Patent Judges*.

BAYAT, *Administrative Patent Judge*.

DECISION ON APPEAL

Appellants appeal under 35 U.S.C. § 134(a) from the Examiner’s final decision rejecting claims 1, 3–14, 16, and 18, which are the only claims pending in the application. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

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<sup>1</sup> Our Decision references Appellants’ Appeal Brief (“Appeal Br.,” filed June 12, 2017), Reply Brief (“Reply Br.,” filed Nov. 22, 2017), and Specification (“Spec.,” filed June 16, 2014), as well as the Examiner’s Answer (“Ans.,” mailed Oct. 6, 2017) and Final Office Action (“Final Act.,” mailed Jan. 11, 2017).

<sup>2</sup> According to the Appellants, the real party in interest is Intelligent Business Innovations, LLC. Appeal Br. 1.

STATEMENT OF THE CASE

*Claimed Subject Matter*

Appellants' invention "relates to a method for admitting a user to a fitness center." Spec., Abstract. Independent claim 1, reproduced below with added bracketed matter, is illustrative of the subject matter on appeal.

1. A method for admitting a user to a fitness center comprising:
  - [(a)] receiving, at a terminal, an input corresponding to an identification of a user;
  - [(b)] presenting a disclaimer to the user, on a screen of the terminal, before admitting the user to the fitness center;
  - [(c)] detecting, using the terminal, whether the user has met a minimum threshold number of uses, wherein the minimum threshold number of uses is a minimum threshold number of uses within a set time period;
  - [(d)] admitting the user to the fitness center after payment of a fee if the minimum threshold number of uses is not met; and
  - [(e)] admitting the user to the fitness center without payment of a fee if the minimum threshold number of uses is met or exceeded.

Appeal Br. 9, Claims App.

*Rejections*

1. Claims 1, 3–14, 16, and 18 stand rejected under 35 U.S.C. § 101 as directed to non-statutory subject matter.
2. Claims 1, 3–5, and 7–10 stand rejected under 35 U.S.C. § 103(a) as unpatentable over Smith et al. (US 2013/0008958 A1, pub. Jan. 10, 2013) ("Smith") and Strietzel (US 2002/0120564 A1, pub. Aug. 29, 2002).
3. Claims 6, 11–14, 16, and 18 stand rejected under 35 U.S.C.

§ 103(a) as unpatentable over Smith, Strietzel, and FacilitiesNet (FacilitiesNet Staff, *The Benefits of Smart Cards in an Access Control System*, FACILITIESNET (Dec. 15, 2008), <https://www.facilitiesnet.com/security/topic.aspx?id=19056&> (“FacilitiesNet”)).

## ANALYSIS

### 35 U.S.C. § 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. But 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, first described in *Mayo* and further clarified in *Alice*. *Id.* at 217–18 (citing *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 75–77 (2012)). According to 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 rubber products” (*Diamond v. Diehr*, 450 U.S. 175, 191 (1981)); “tanning, dyeing, making water-proof cloth, vulcanizing India rubber, smelting ores” (*id.* at 183 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 176; *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.* (internal 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 (citation 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.* (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.*

The Examiner determines “the claims are directed towards admitting a user to a fitness center . . . [which] is a fundamental economic practice and ‘an idea of itself.’” Final Act. 8. The Examiner explains that the concept of admitting a user to a facility based on payment conditions is a long standing economic practice and an abstract idea. *Id.* at 9–10. The Examiner further explains that the abstract concept of admitting the user with or without payment based on whether the user has met a minimum threshold number of uses is a mental process that can be performed in the human mind. *Id.* at 10–11; *id.* at 11 (“The computer element (i.e. terminal) is merely used as a tool to replace [a] human process.”).

All claims are argued together as a group. *See* Appeal Br. 3–6. We select claim 1 as the representative claim for the group. Thus, claims 3–14, 16, and 18 stand or fall with claim 1. 37 C.F.R. § 41.37(c)(1)(iv). In their Briefs, Appellants do not disagree or contest the Examiner’s characterization of the abstract idea.<sup>3</sup> Rather, Appellants contend that “[t]he rejection is flawed at least because the claims provide ‘sufficiently more’ than an

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<sup>3</sup> *Ex parte Frye*, 94 USPQ2d 1072, 1075 (BPAI 2010) (precedential) (“If an appellant fails to present arguments on a particular issue – or, more broadly, on a particular rejection – the Board will not, as a general matter, unilaterally review those uncontested aspects of the rejection.”).

alleged abstract idea, and are thus patent eligible.” Appeal Br. 3–4; Reply Br. 1 (“Appellant[s]’ main argument in the Brief is that the claims amount to ‘significantly more’ than a mere ‘abstract idea.’ . . . As noted in the Brief, Appellant[s are] making a step (2) argument.”). Specifically, Appellants argue:

Like in *DDR*, the claims in the present case “do not broadly and generically claim ‘use of the Internet’ to perform an abstract business practice.” *DDR Holdings, [LLC v. Hotels.com, L.P.]*, 773 F.3d 1245, 1258 (Fed. Cir. 2014)]. Rather, the claims define a terminal, and use that terminal to apply a specific payment scheme. The scheme is complicated by allowing users access to gyms in different geographical locations, but the claimed combination solves that problem. . . . Consistent with *DDR Holdings*, the claims in the present case address specific problems that arise in the context of computer technology and the “the claimed solution amounts to an inventive concept for resolving this particular Internet-centric problem, rendering the claimed patent-eligible.” *Id.* Thus, the claims are directed to significantly more than a mere abstract idea, and are therefore patent eligible.

Appeal Br. 5–6.

Responding to Appellants’ argument, the Examiner asserts:

[U]nlike *DDR Holdings*, the claimed invention does not provide a solution that is necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks. Instead, the present claimed invention utilizes existing computer technologies to implement an abstract concept of admitting a user to a fitness center and providing free access if the user has paid/used the fitness center a threshold number of times. The focus of the present invention is the business/pricing strategy rather than improvement to computer technology.

Ans. 3. We agree with the Examiner.

The Federal Circuit has explained that “the ‘directed to’ inquiry applies a stage-one filter to claims, considered in light of the specification, based on whether ‘their character as a whole is directed to excluded subject matter.’” *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1335 (Fed. Cir. 2016) (quoting *Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1346 (Fed. Cir. 2015)). The question is whether the claims as a whole “focus on a specific means or method that improves the relevant technology” or are “directed to a result or effect that itself is the abstract idea and merely invoke generic processes and machinery.” *McRO, Inc. v. Bandai Namco Games Am. Inc.*, 837 F.3d 1299, 1314 (Fed. Cir. 2016).

According to Appellants, fitness center memberships typically only allow members to use a particular facility for a membership fee, but these memberships are not cost effective for users that do not exercise frequently or travel regularly. Spec. ¶ 1 (“When away from their ‘home’ gym, users either pay a premium for a one-day gym pass, or simply do not work out.”). Appellants solved this problem with a new membership scheme that requires “a minimum threshold number of uses within a set time period . . . [such that] the user is guaranteed a ‘not to exceed’ billing amount within a particular time frame.” *Id.* ¶ 16. This scheme allows “a user to access a plurality of fitness centers (e.g., gyms) without requiring the user U to commit to a traditional membership to that particular gym or chain of gyms, for example. Rather, the user can access a variety of gyms at different geographical locations.” Appeal Br. 2 (citing Spec. ¶ 21).

In one particular example, the minimum number of uses per month is fifteen (15). In that example, a benefit of this disclosure is perhaps best explained as follows:

Thus . . . a user who lives in Port Huron, Michigan and has used a first networked fitness center in Port Huron fourteen (14) times in a month, can then use a second networked fitness center on a business trip to Chicago, Illinois later in the month. The usage in Chicago—the fifteenth (15<sup>th</sup>) of the month—would be free. When user returns home to Port Huron, the remaining uses in Port Huron are also free for that month.

*Id.* (quoting Spec. ¶ 20). Thus, Appellants’ Specification describes this membership scheme as the advance over the prior art.

This scheme is reflected in representative claim 1, which recites “[a] method for admitting a user to a fitness center” comprising five steps: (a) “receiving . . . an input corresponding to an identification of a user,”<sup>4</sup> (b) “presenting a disclaimer to the user,”<sup>5</sup> (c) “detecting . . . whether the user has met a minimum threshold number of uses,” (d) “admitting the user to the fitness center after payment of a fee if the minimum threshold number is not met,” and (e) “admitting the user to the fitness center without payment of a fee if the minimum threshold number of uses is met.” *See* Appeal Br. 9 (Claims App.). These limitations, under the broadest reasonable interpretation, recite controlling access to a fitness center because these limitations all recite operations that would ordinarily take place in admitting a user to a fitness center.

For example, “receiving . . . an identification of a user,” as recited in step (a), is an activity which would take place whenever one is accessing a

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<sup>4</sup> “[T]he input is provided by at least one of (1) a QR code, (2) a credit card, (3) a scanned body part, (4) a driver’s license, (5) a phone number, (6) a pin number, and (7) an email address.” Appeal Br., Claims App.

<sup>5</sup> “[A] liability-type disclaimer may be presented to the user.” Spec. ¶ 15.

fitness center to verify the identity of the user. Also, “presenting a disclaimer to a user,” as recited in step (b), is a waiver of liability which a fitness center typically presents to a user before admittance into a fitness center. Similarly, “detecting . . . whether the user has met a minimum threshold number of uses,” as recited in step (c), for “admitting the user to the fitness center” with or without a fee, as recited in steps (d) and (e), is a characteristic of accessing a fitness center based on a fitness center membership plan or agreement. Specifically, selective restriction of access to a fitness center, is no more than applying a rule or instruction based on usage information to determine a fee required to permit access to the fitness center. Controlling access to a fitness center by admitting a user to the fitness center based on payment conditions, is an economic act which involves managing personal behavior based upon rights of access associated with a user. Accordingly, we conclude the claims recite a long standing economic practice and a technique for managing personal behavior based on usage conditions, which is one of certain methods of organizing human activity identified in the Revised Guidance,<sup>6</sup> and thus an abstract idea.

Furthermore, the “receiving” of data recited in step (a) is merely insignificant extra-solution activity in the form of data gathering. *See Bilski v. Kappos*, 545 F.3d 943, 963 (Fed. Cir. 2008) (*en banc*), *aff'd sub nom Bilski v. Kappos*, 561 U.S. 593 (2010) (characterizing data gathering steps as insignificant extra-solution activity). The “displaying” of data under steps (b) is merely an output step, and also insignificant extra-solution activity.

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<sup>6</sup> USPTO recently published revised guidance on the application of § 101. *2019 Revised Patent Subject Matter Eligibility Guidance*, 84 Fed. Reg. 50 (Jan. 7, 2019) (“Revised Guidance”).

*See Bilski, Id.* at 610–11. The Specification does not describe how “detecting” step (c) is achieved, but instead, describes it at a high level of generality. *See Spec.* ¶ 2–4. Steps (d) and (e) are performed manually (i.e., admitting a user to the fitness center with or without a fee by a receptionist); no computer implementation is recited. Steps (a), (b), and (c) are performed at a terminal, which the Specification describes as executing the claimed method via a generic processor. *See Spec.* ¶ 10; *see also* Final Act. 11. Understood in light of the Specification, the character of claim 1 as a whole is directed to admitting a user to a fitness center with or without a fee based on whether the user has met a minimum threshold number of uses within a set time period.

Appellants contend that “although Appellant[s’] technology uses existing hardware, it uses that hardware to apply specific rules to bring about an improved technological result.” Reply Br. 2. In particular, Appellants argue: (1) the flawed Section 103 rejections demonstrate that the claims are an improvement of technology, and (2) the rationale from *McRO* applies equally to the present claims. *Id.* We disagree.

Although Appellants concede that the operations recited in claim 1 do not require any specialized computer hardware or other inventive computer components (i.e., a particular machine), they nevertheless contend the claimed invention uses that “hardware to apply specific rules to bring about an improved technological result.” Reply Br. 2. However, Appellants’ contention is not commensurate with the scope of claim 1. Claim 1 does not recite any rules, let alone applying specific rules using the terminal of claim 1. And the Specification does not mention any “rules” or involve any inventive programming for performing the process of claim 1.

As to argument (1), a novel and nonobvious claim directed to a purely abstract idea is, nonetheless, patent-ineligible. *See Mayo*, 566 U.S. at 89–90 (Rejecting the suggestion that Sections 102, 103, and 112 might perform the appropriate screening function and noting that in *Mayo* such an approach “would make the ‘law of nature’ exception . . . a dead letter.”); *see also Genetic Techs. Ltd. v. Merial L.L.C.*, 818 F.3d 1369, 1376 (Fed. Cir. 2016) (Under the *Mayo/Alice* framework, a claim directed to a new abstract idea cannot rely on that novelty for patent eligibility.). “Groundbreaking, innovative, or even brilliant discovery does not by itself satisfy the § 101 inquiry.” *Ass’n for Molecular Pathology v. Myriad Genetics, Inc.*, 569 U.S. 576, 577 (2013). Indeed, “[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.” *Diehr*, 450 U.S. at 188–89.

As to argument (2), we cannot agree with Appellants’ contention that the claims before us are similar to the claims addressed in the Federal Circuit’s decision in *McRO* because there is a fundamental difference between computer functionality improvements, on the one hand, and uses of existing computers as tools to perform a particular task, on the other. In *McRO*, the court addressed claims directed to “[a] method for automatically animating lip synchronization and facial expression of three-dimensional characters.” *McRO*, 837 F.3d at 1307. The court reviewed the Specification of the patent at issue and found that, rather than invoking the computer merely as a tool, “[c]laim 1 of the [asserted] patent is focused on a specific asserted improvement in computer animation.” *Id.* at 1314. In contrast to *McRO*, Appellants’ claim does not concern an improvement to computer

capabilities, but instead relates to an alleged improvement to a fitness center membership plan, for which a computer is used as a tool in its ordinary capacity for admitting a user to a fitness center based on such a plan. This does not concern an improvement to computer capabilities, but instead relates to an improvement to the abstract idea. Appellants do not direct our attention to anything in the Specification to indicate that the invention provides an improvement in the computer's technical functionality, or offer any technical reasoning that the computer implementation in steps (a)–(c) improves the functioning of the terminal device itself. We determine that the claims do not “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 judicial exception,” i.e., the claims do not integrate the abstract idea into a practical application. *See Revised Guidance at 54.*<sup>7</sup> As noted above, the claim does not require any computer implementation in steps (d) and (e), and any computer envisioned for use in steps (a)–(c) of the claimed method (i.e., a terminal) is a generic processor operating in its ordinary and conventional manner. *See Spec. ¶¶ 10–12.*

Thus, we are not persuaded of error in the Examiner's determination that claim 1 is directed to an abstract idea without significantly more. Accordingly, we sustain the rejection of independent claim 1 under 35 U.S.C. § 101, and claims 3–14, 16, and 18, which fall with claim 1. 35 U.S.C. § 103(a)

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<sup>7</sup> For purposes of maintaining consistent treatment within the Office, these considerations are made under Step 1 of *Alice* (Step 2A of Office guidance).

*Claims 1, 3–5, and 7–10*

Claim 1 recites, in part, “wherein the minimum threshold number of uses is a minimum threshold number of uses within a set time period.”

Appeal Br. 9 (Claims App.).

The Examiner finds that Smith teaches a system that controls access to a facility, by either granting or denying access, based on user input, stored information, and, if required, information obtained from a third party payment authorization. *See* Final Act. 15–16; *see also* Smith ¶ 6 (“The system could be used for one time entry or to setup an extended time of entry (hours, days, months or years) depending on the particular system, use and payment.”). In particular, the Examiner relies on paragraph 74 of Smith, which describes “the ability to set discounts to be given to users that utilize the facility a certain number of times.” Ans. 6. According to the Examiner, “[a] discount could be any percentage reduction of the original amount, including 100% off (or free).” *Id.* In addition, the Examiner finds Strietzel “also teaches [a] similar scheme of providing free access after a predetermined number of uses. Strietzel teaches providing free access to a content item after a user has paid to access the content item for a predetermined number of times (see paragraph 0041).” *Id.*

We disagree with Appellants’ contention that the Examiner’s position “that a discount ‘may’ be free admission is an unfounded assumption and is based solely on speculation.” Appeal Br. 6. In addition to the Examiner’s findings above, Smith also describes “the ability of the computing system to provide promotion codes that will expire after a set period of time and those that just give certain percentage discounts or free access to a facility.” Smith ¶ 58.

Besides expressing disagreement with the Examiner’s findings, Appellants offer no substantive arguments to rebut these specific underlying factual findings made by the Examiner in support of the ultimate legal conclusion of obviousness. *See* Reply Br. 3 (“Appellant[s] continue[] to rely on its Brief, which fully addresses the Examiner’s obviousness rejections.”). And we decline to examine the claims *sua sponte*, looking for distinctions over the prior art. *Cf. In re Baxter Travenol Labs.*, 952 F.2d 388, 391 (Fed. Cir. 1991) (“It is not the function of this court to examine the claims in greater detail than argued by an appellant, looking for [patentable] distinctions over the prior art.”). In the absence of a more detailed explanation, we are not persuaded of error on the part of the Examiner. *See In re Jung*, 637 F.3d 1356, 1365 (Fed. Cir. 2011) (“[I]t has long been the Board’s practice to require an applicant to identify the alleged error in the examiner’s rejections,” (citing *Ex Parte Frye*, 94 USPQ2d 1072 (BPAI 2010) (precedential) (“The panel then reviews the obviousness rejection for error based upon the issues identified by appellant, and in light of the arguments and evidence produced thereon.”))).

Accordingly, we sustain the rejection of claims 1, 3–5, and 7–10.

*Claims 6, 11–14, 16, and 18*

Although Appellants contend that “the Examiner has not accounted for the ‘networked fitness centers’” as recited in claims 6 and 11 (Appeal Br. 6 (emphasis omitted)), we find that the Examiner provides evidence with technical reasoning in support of those findings. *See* Ans. 7–8. Similarly here, Appellants offer no substantive arguments to rebut these specific underlying factual findings made by the Examiner in support of the ultimate legal conclusion of obviousness.

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Accordingly, we are not apprised of error by the Examiner, and, thus, we sustain the rejection of claims 6, 11–14, 16, and 18.

#### DECISION

The Examiner's rejection of claims 1, 3–14, 16, and 18 under 35 U.S.C. § 101 is AFFIRMED.

The Examiner's rejections of claims 1, 3–14, 16, and 18 under 35 U.S.C. § 103 are 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