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DANIEL M. FITZGERALD (21652)
ARMSTRONG TEASDALE LLP
7700 Forsyth Boulevard
Suite 1800
St. Louis, MO 63105

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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* PATRICK JAMES HUNT

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Appeal 2018-005212  
Application 13/948,588  
Technology Center 3600

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Before CAROLYN D. THOMAS, ERIC B. CHEN, and  
PHILLIP A. BENNETT, *Administrative Patent Judges*.

BENNETT, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Pursuant to 35 U.S.C. § 134(a), Appellant,<sup>1</sup> MasterCard International Incorporated, appeals from the Examiner's decision to reject claims 1–5, 8–15 and 17–22. Final Act. 1. We have jurisdiction under 35 U.S.C. § 6(b).

We reverse.

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<sup>1</sup> We use the word “Appellant” to refer to “Applicant” as defined in 37 C.F.R. § 1.42(a). Appellant identifies the real party in interest as MasterCard International Incorporated. Appeal Br. 1.

### CLAIMED SUBJECT MATTER

The claims are directed to a system and method for electronic geocaching. Spec., Title. Claim 1, reproduced below, is illustrative of the claimed subject matter:

1. A computer-based method for transferring electronic units of value to a mobile electronic geocaching device, the method comprising:
  - establishing a transfer account associated with the mobile electronic geocaching device;
  - activating a display application of the mobile electronic geocaching device to display instructions for locating a geo.Chip separate from the mobile electronic geocaching device;
  - positioning the mobile electronic geocaching device within a predefined distance from the geo.Chip based on the displayed instructions;
  - interrogating, after the step of positioning, the geo.Chip by the mobile electronic geocaching device;
  - transferring, upon initiation of the step of interrogating, an identifier encoded in the geo.Chip from the geo.Chip directly to the mobile electronic geocaching device when the mobile electronic geocaching device is within the predefined distance from the geo.Chip, the identifier uniquely identifying the geo.Chip;
  - receiving the transferred identifier and a geolocation of the mobile electronic geocaching device at the time of interrogation;
  - verifying that the received geolocation matches a location of the geo.Chip associated with the transferred identifier;
  - associating units of value with the geo.Chip location; and
  - receiving, by the mobile electronic geocaching device, an indication of the units of value associated with the geo.Chip location, based on the step of verifying, other than during a purchase transaction.

Appeal Br. 18–19 (Claims Appendix).

## REFERENCES

The prior art relied upon by the Examiner is:

Rajan	US 2009/0076912 A1	Mar. 19, 2009
Wooden	US 2010/0079338 A1	Apr. 1, 2010

## REJECTIONS

Claims 1–5, 8–15, and 17–22 stand rejected under 35 U.S.C. § 101 as being directed to patent-ineligible subject matter. Final Act. 2–5.

Claims 1–5, 8–15, and 17–22 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over Rajan and Wooden. Final Act. 5–22.

## REJECTION UNDER 35 U.S.C. § 101

### *Standard for Patent Eligibility*

In issues involving subject matter eligibility, our inquiry focuses on whether the claims satisfy the two-step test set forth by the Supreme Court in *Alice Corp. v. CLS Bank Int’l*, 573 U.S. 208 (2014). The Court instructs us to “first determine whether the claims at issue are directed to a patent-ineligible concept,” *Id.* at 217–18, and, in this case, the inquiry centers on whether the claims are directed to an abstract idea. If the initial threshold is met, we then move to the second step, in which we “consider the elements of each claim both individually and ‘as an ordered combination’ to determine whether the additional elements ‘transform the nature of the claim’ into a patent-eligible application.” *Id.* (quoting *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 79, 78 (2012)). The Court describes the second step as a search for “an ‘inventive concept’”—*i.e.*, an element or combination of elements that is ‘sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the [ineligible concept] itself.’” *Id.* (quoting *Mayo*, 566 U.S. at 72–73).

The USPTO has published revised guidance on the application of § 101 consistent with *Alice* and subsequent Federal Circuit decisions. USPTO, *2019 Revised Patent Subject Matter Eligibility Guidance*, 84 Fed. Reg. 50 (Jan. 7, 2019) (“Guidance”). Under the Guidance, we first look to whether the claim recites:

- (1) any judicial exceptions, including certain groupings of abstract ideas (i.e., mathematical concepts, certain methods of organizing human activity such as a fundamental economic practice, or mental processes) (referred to Step 2A, prong 1 in the Guidance); and
- (2) additional elements that integrate the judicial exception into a practical application (*see* MPEP § 2106.05(a)–(c), (e)–(h)) (referred to Step 2A, prong 2 in the Guidance).

Only if a claim (1) recites a judicial exception and (2) does not integrate that exception into a practical application, do we then move to Step 2B of the Guidance. There, we look to whether the claim:

- (3) adds a specific limitation beyond the judicial exception that is not “well-understood, routine, conventional” in the field (*see* MPEP § 2106.05(d)); or
- (4) simply appends well-understood, routine, conventional activities previously known to the industry, specified at a high level of generality, to the judicial exception.

*See* Guidance, 84 Fed. Reg. at 52.

#### *Examiner’s Findings and Conclusion*

The Examiner rejects claims 1–5, 8–15, and 17–22 as being directed to a judicial exception without significantly more under *Alice*. Final Act. 2–

5. In the first step of the *Alice* inquiry, the Examiner determines the claims “are directed to the abstract idea of providing units of value or incentive or reward points . . . which is a fundamental economic activity.” Final Act. 2 (emphasis omitted). The Examiner further determines that the claims “fall[] into the abstract category of organizing human activities between buyers, sellers, and one or more third parties . . . involved in a commercial transaction, as the units of value earned by the user can be redeemed for a product or service or used as currency.” Final Act. 2–3. The Examiner also determines the claims are directed to an abstract idea because they constitute “an idea of itself . . . similar to scavenger hunt or Easter egg hunt type games.” Final Act. 3 (emphasis omitted).

Under *Alice* step 2, the Examiner determines that the claims do not include additional elements that are sufficient to amount to significantly more than the judicial exception. Final Act. 4. More specifically, the Examiner determines:

Under step 2B, the abstract idea of providing units of value or incentive or reward points, note receiving . . . the units of value which is a fundamental economic activity (and also falls into other abstract categories), has not been applied in an eligible manner. The claim elements in addition to the abstract idea at least include one or more computing device; a mobile electronic geocaching device; one or more geocaching semiconductor chips; one or more servers; one or websites; mobile device; NFC technology which are simply utilized as tools to implement the abstract idea or plan as “apply it” instructions. The computing devices are generic and would continue to function in the same manner pre and post implementation of the abstract idea. Furthermore, claims recite making use of existing NFC, RFID, or proximity based communication/data transmission technology, however this additional element is not significant as it is ubiquitous in the art and utilized to conduct fundamental

economic practice of conducting business transactions e.g. make payment using Apple pay for instance.

Final Act. 4 (emphasis omitted).

*Appellant's Contentions*

Appellant argues that there are several deficiencies in the rejection. Appeal Br. 6–11.<sup>2</sup> Appellant argues the claims are not directed to an abstract idea under *Alice* step 1 because they are analogous to those found eligible in *Thales Visionix, Inc. v. United States*, 850 F.3d 1343 (Fed. Cir. 2017). Final Act. 7. More specifically, Appellant contends that “directed to a new and useful technique for using mobile electronic geocaching devices and geo.Chips to more effectively guide a user to a location to transfer units of value to the mobile electronic geocaching device.” Final Act. 6–7. Appellant asserts that like the invention in *Thales*, the rejected claims “utilize[] a particular configuration of sensor elements to perform location-specific processes.” Appeal Br. 7.

Under *Alice* step 2, Appellant argues the Federal Circuit’s decision in *BASCOM Global Internet Servs. v. AT&T Mobility LLC*, 827 F.3d 1341 (Fed. Cir. 2016) supports eligibility because the claims include a technological improvement. More specifically, Appellant contends:

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<sup>2</sup> Appellant alleges procedural error, asserting that the Examiner has failed to establish a prima facie case of ineligibility because “[t]he rejection does not consider all of the language of the claims as an ordered whole.” Appeal Br. 6. We do not find this argument persuasive because the Examiner provides a thorough explanation of the substantive basis for the rejection as well as the pertinent sections of the MPEP supporting the rejection. The Examiner has satisfied the initial burden to explain why a claim or claims are ineligible for patenting clearly and specifically, so that the applicant has sufficient notice and is able to effectively respond.

The specification (see e.g., paragraph [0060]) describes how the unique identifier, encoded in the structural architecture of the geo.Chip, significantly improves the functionality of the system by the non-conventional process of separately verifying the authenticity of the interrogation of the geo.Chip by the mobile electronic geocaching device. This innovative process is described as reducing potential fraud experienced by conventional systems. More particularly, the unique identifier, when transferred, is advantageously used to both match the geographic coordinates with those of the mobile device, and also to determine a value associated with the interrogated chip.

Appeal Br. 9–10.

#### *Our Review*

Applying the guidance set forth in the Guidance, we are persuaded the Examiner has erred in rejecting the claims as being directed to patent-ineligible subject matter. The Guidance instructs us first to determine whether any judicial exception to patent eligibility is recited in the claim. The Guidance identifies three judicially-expected groupings: (1) mathematical concepts, (2) certain methods of organizing human activity such as fundamental economic practices, and (3) mental processes. We focus our analysis on the second grouping—certain methods of organizing human activity such as fundamental economic practices.<sup>3</sup>

Claim 1 recites the following limitations: (1) “method for transferring electronic units of value,” (2) “establishing a transfer account,”

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<sup>3</sup> Appellant’s arguments are made to the claims generally. We treat claim 1 as representative. 37 C.F.R. § 41.37(c)(iv) (“When multiple claims subject to the same ground of rejection are argued as a group or subgroup by Appellant, the Board may select a single claim from the group or subgroup and may decide the appeal as to the ground of rejection with respect to the group or subgroup on the basis of the selected claim alone.”).

(3) “receiving . . . a geolocation,” (4) “verifying that the received geolocation matches a location,” (5) “associating units of value with the . . . location,” (6) “receiving . . . an indication of the units of value associated with the . . . location, based on the step of verifying, other than during a purchase transaction.” Appeal Br. 18–19 (Claims Appendix).

We conclude that these limitations, under their broadest reasonable interpretation, recite certain methods of organizing human activity, for example, a commercial interaction as defined in the Guidance. More specifically, these limitations recite a commercial interaction by which a person’s location is used as the basis for an exchange of value or currency. *See, e.g., Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 714–15 (Fed. Cir. 2014) (using advertising as an exchange or currency). Accordingly, we conclude the claims *recite* a judicial exception of a fundamental economic practice.

Having determined that the claims recite a judicial exception, our analysis under the Memorandum turns now to determining whether there are “additional elements that integrate the judicial exception into a practical application.” *See* Guidance, 84 Fed. Reg. at 54–55 (citing MPEP § 2106.05(a)–(c), (e)–(h)). Appellant’s claim 1 recites a plethora of elements additional to those identified above. These limitations include (a) receiving the electronic units of value “*to a mobile electronic geocaching device*,” (b) the transfer account is “*associated with the mobile electronic geocaching device*,” (c) “*activating a display application of the mobile electronic geocaching device to display instructions for locating a geo.Chip separate from the mobile electronic geocaching device*,” (d) “*positioning the mobile electronic geocaching device within a predefined distance from the*

*geo.Chip based on the displayed instructions,” (e) “interrogating, after the step of positioning, the geo.Chip by the mobile electronic geocaching device,” (f) “transferring, upon initiation of the step of interrogating, an identifier encoded in the geo.Chip from the geo.Chip directly to the mobile electronic geocaching device when the mobile electronic geocaching device is within the predefined distance from the geo.Chip, the identifier uniquely identifying the geo.Chip,” (g) “receiving the transferred identifier and a geolocation of the mobile electronic geocaching device at the time of interrogation,” (h) “the geo.Chip associated with the transferred identifier,” (i) associating the units of value with the “geo.Chip location,” and (j) the units of value are received “by the mobile electronic geocaching device” and are associated with the “geo.Chip location.”* Appeal Br. 18–19 (Claims Appendix).

We conclude that these limitations integrate the recited judicial exception into a practical application because they reflect a technological improvement and thus impose a meaningful limit on the recited judicial exception. MPEP § 2106.05(a). In particular, we agree with Appellant that the use of a unique identifier encoded into the geo.Chip itself, “improves the functionality of the system by the non-conventional process of separately verifying the authenticity of the interrogation of the geo.Chip by the mobile electronic geocaching device . . . [and] reducing potential fraud experienced by conventional systems.” Appeal Br. 9. By encoding an identifier into the geo.Chip, and associating that identifier with the units of value to be transferred, a separate an additional verification is provided to ensure that three separate conditions must be met in order to complete the transfer: (1) the transfer of the unique identifier of the geo.Chip to the mobile device; (2)

a server verification of the identifier being associated with the desired value transfer, and (3) verification of the geolocation of the mobile device.

As explained in the Specification:

The unique identifier can be used to determine a value associated with the interrogated geo.Chip 42 and the geographic coordinates of mobile device 36 at the time the unique identifier is acquired can be used to verify the authenticity of the interrogation and facilitate reducing potential fraud in acquiring the unique identifiers. When the value associated with the interrogated geo.Chip 42 is determined, the value can be credited to the account associated with mobile device 36 if the geographic coordinates match geographic coordinates of the interrogated geo.Chip 42.

Spec. ¶ 60. Thus, the use of the claimed identifier in the geo.Chip provides a specific technological improvement over prior systems. Accordingly, we conclude claim 1 is integrated into a practical application, and under the Guidance, the claim is patent-eligible because it is not *directed to* the recited judicial exception.<sup>4</sup> We do not sustain the rejection of representative claim 1 under 35 U.S.C. § 101.

#### REJECTION UNDER 35 U.S.C. § 103

The Examiner rejects claim 1 as being obvious over Rajan and Wooden. Final Act. 5–12. Relevant here, the Examiner finds the limitation “initiating, by the mobile electronic geocaching device, a transfer of an identifier encoded in the geo.Chip from the geo.Chip directly to the mobile electronic geocaching device when the mobile electronic geocaching device

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<sup>4</sup> Because we have determined the claim is not directed to the recited judicial exception, we need not reach Step 2B of the Guidance and the question of whether the claim provides an inventive concept under the second step of the *Alice* inquiry.

is within the predefined distance from the geo.Chip,” is taught by Wooden. Final Act. 9. More specifically, the Examiner finds this limitation taught by Wooden’s use of an RFID chip to identify and track locations of items in connection with geocaching promotions. Final Act. 9–10 (citing Wooden ¶¶ 45–47, 50, 53, 54, and 61–64).

Appellant argues that “neither of the cited references Rajan and Wooden, whether taken alone or in combination, discloses or suggests the transmission to a mobile electronic geocaching device of an identifier uniquely identifying a geo.Chip.” Appeal Br. 12 (emphasis omitted). Appellant asserts that “the rejection fails to indicate where either of the references teaches or suggests an identifier that uniquely identifies the structural semiconductor chip, separately from an identifier of the offer or incentive that is associated with the chip.” *Id.* We agree.

The identifier described in Wooden is not used to identify a geo.Chip, but instead is “used to identify a particular promotional item.” Wooden ¶ 54. We discern no teaching in either cited reference that a geo.Chip is assigned a unique identifier that is transferred from the geo.Chip to the mobile device as claimed.

Accordingly, we are persuaded the Examiner erred, and we reverse the rejection of claim 1 under 35 U.S.C. § 103(a). For the same reasons, we also reverse the rejections of claims 9 and 15 which recite similar limitations, as well as of the remaining claims which depend therefrom.

## CONCLUSION

The Examiner’s rejections are reversed.

More specifically:

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Application 13/948,588

We reverse the Examiner's decision to reject claims 1–5, 8–15 and 17–22 under 35 U.S.C. § 101.

We reverse the Examiner's decision to reject claims 1–5, 8–15 and 17–22 under 35 U.S.C. § 103(a).

#### DECISION SUMMARY

<b>Claims Rejected</b>	<b>35 U.S.C. §</b>	<b>Reference(s)/Basis</b>	<b>Affirmed</b>	<b>Reversed</b>
1–5, 8–15, 17–22	101	patent eligibility		1–5, 8–15, 17–22
1–5, 8–15, 17–22	103	Rajan, Wooden		1–5, 8–15, 17–22
<b>Overall Outcome</b>				1–5, 8–15, 17–22

REVERSED