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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* JOSEPH CUSTER

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Appeal 2018-006022  
Application 13/690,998  
Technology Center 3600

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Before MICHAEL J. STRAUSS, NABEEL U. KHAN, and  
MICHAEL M. BARRY, *Administrative Patent Judges*.

KHAN, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Pursuant to 35 U.S.C. § 134(a), Appellant<sup>1</sup> appeals from the Examiner's decision to reject claims 1–14 and 16–21. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

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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 Young America, LLC. Appeal Br. 1.

CLAIMED SUBJECT MATTER

Appellant describes the invention as relating to:

a method for receiving a rebate claim including providing an interface module for display on a display screen, receiving, via the interface module, consumer identifying information, and receiving, via the interface module, an uploaded digital copy of physical proof of purchase data, the purchase data indicating purchase of one or more rebate qualifying products or services. The present disclosure also relates to a system for rebate claim submission including an interface module for display on a display screen. The interface module may be configured for receiving consumer identifying information based on a consumer's electronic input and receiving an uploaded digital copy of physical proof of purchase data, the purchase data indicating purchase of one or more rebate qualifying products or services.

Abstract.

Claim 1, reproduced below, is illustrative of the claimed subject matter:

1. A system for rebate claim submission over an electronic network subsequent to a qualifying transaction in which a consumer purchased a rebate qualifying product or service, thereby qualifying the consumer for the rebate, the rebate corresponding to at least a portion of a price associated with the rebate qualifying product or service purchased, the system comprising:

an interface displayed on a display screen, wherein the interface:

receives a first electronic input from the consumer comprising consumer identifying information about the consumer and stores the first electronic input for subsequent use;

receives a second electronic input from the consumer comprising proof of purchase data, the proof of purchase data being a digital image of at least a portion

of a physical proof of purchase held by the consumer, indicative of a purchase of a rebate qualifying product or service; and

a rebate validation processor receiving the consumer identifying information and proof of purchase data over the electronic network from the interface, receiving transaction information for the qualifying transaction from the merchant independently from the first electronic input and the second electronic input, and validating the rebate claim based on the transaction information from the merchant and at least one of the received consumer identifying information and the proof of purchase data.

#### REFERENCE

The prior art relied upon by the Examiner is:

Name	Reference	Date
Marcus	US 2011/0125561 A1	May 26, 2011

#### REJECTIONS

1. Claims 1–14 and 16–21 stand rejected under 35 U.S.C. § 101 as directed to a judicial exception to patentable subject matter. Non-Final Act. 3–5.
2. Claims 1–14 and 16–21 stand rejected under 35 U.S.C. § 102(e) as anticipated by Marcus. Non-Final Act. 6–14.

#### OPINION

##### *Rejection under 35 U.S.C. § 101*

##### *Legal Principles*

An invention is patent-eligible if it claims a “new and useful process, machine, manufacture, or composition of matter.” 35 U.S.C. § 101.

However, the Supreme Court has long interpreted 35 U.S.C. § 101 to include implicit exceptions: “[I]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, described in *Mayo* and *Alice*. *Alice*, 573 U.S. at 217–18 (citing *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 75–77 (2012)). In accordance with 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, 67 (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 182 n.7 (quoting *Corning v. Burden*, 56 U.S. 252, 267–68 (1853))); 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 187; *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.* (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 (quotation marks 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 United State Patent and Trademark Office published revised guidance on the application of § 101 (2019 Revised Patent Subject Matter Eligibility Guidance, 84 Fed. Reg. 50 (Jan. 7, 2019)) and recently, published

an update to that guidance (*October 2019 Patent Eligibility Guidance Update*, 84 Fed. Reg. 55,942) (jointly referred to as “Guidance”). Under the Guidance, in determining whether a claim falls within an excluded category, we first look, under step 2A of the Guidance, 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); and
- (2) additional elements that integrate the judicial exception into a practical application (*see* MPEP §§ 2106.05(a)–(c), (e)–(h)).

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 and 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 56.

#### *Prong One of Step 2A*

Under prong 1 of step 2A, we first look to whether the claim recites any judicial exceptions, including certain groupings of abstract ideas (i.e., mathematical concepts, certain methods of organizing human activities, or mental processes). 2019 Guidance, 84 Fed. Reg. at 52–54. To this end we note that the preamble of claim 1 recites “[a] system for rebate claim submission over an electronic network subsequent to a qualifying transaction in which a consumer purchased a rebate qualifying product or service, thereby qualifying the consumer for the rebate, the rebate corresponding to

at least a portion of a price associated with the rebate qualifying product or service purchased.” As such, we determine that the claim recites a system for electronic rebate claim submission.

The remainder of the claim further describes how the rebate claim submission is accomplished. The claim recites “an interface displayed on a display screen” that “receives a first electronic input from the consumer comprising consumer identifying information about the consumer and stores the first electronic input for subsequent use.” The interface then “receives a second electronic input from the consumer comprising proof of purchase data, the proof of purchase data being a digital image of at least a portion of a physical proof of purchase held by the consumer.” A “rebate validation processor” then receives “the consumer identifying information and proof of purchase data over the electronic network from the interface,” receives “transaction information for the qualifying transaction from the merchant independently from the first electronic input and the second electronic input,” and validates “the rebate claim based on the transaction information from the merchant and at least one of the received consumer identifying information and the proof of purchase data.” Each of these limitations recites steps of rebate claim submission performed electronically.

We determine that rebate claim submission is related to, and a form of, marketing and sales activities. *See* Spec. ¶ 3 (“Commercial businesses are constantly looking for new ways to retain and/or increase client base. Product marketing rebates are well-known to most consumers and have been used by manufacturers as a tool for promoting and selling products by providing customers with an incentive to purchase particular products, sometimes during a specific period.”) Marketing and sales activities are a

fundamental economic practice that fall under the category of certain methods of organizing human activity, which the Guidance recognizes as constituting an abstract idea. *See* Guidance, 84 Fed. Reg. at 52.

*Prong Two of Step 2A*

Under prong 2 of step 2A of the Guidance we determine whether the claim as whole integrates the recited abstract idea into a practical application of the abstract idea. A claim that integrates a judicial exception into a practical application will 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. To evaluate whether the claims integrate the abstract idea into a practical application, we identify whether there are any additional elements recited beyond the abstract idea, and evaluate those additional elements individually and in combination.

Some exemplary considerations laid out by the Supreme Court and the Federal Circuit indicative that an additional element integrates an abstract idea into a practical application include (i) an improvement in the functioning of a computer or to another technological field, (ii) an application of the judicial exception with, or by use of, a particular machine, (iii) a transformation or reduction of a particular article to a different state or thing, or (iv) a use of the judicial exception in some other meaningful way beyond generally linking the use of the judicial exception to a particular technological environment. *See* MPEP § 2106.05(a)–(c), (e)–(h).

Reviewing the claim limitations as a whole, we determine the claim does not recite additional elements that integrate the abstract idea of rebate claim submission into a practical application. In particular we find that the

claim limitations do not improve the functioning of a computer or other technological field. Instead the technological elements of the claim simply link rebate claim submissions to the technological environment of networks and computers.

Appellant emphasizes these technological limitations as indicative that the claims are patent eligible. Specifically, Appellant argues that claim 1 recites “very specific language pertaining to the system” including “an interface displayed on a display screen,” the interface receiving “a first electronic input from the consumer comprising consumer identifying information about the consumer and stores the first electronic input for subsequent use,” the interface receiving “a second electronic input from the consumer comprising proof of purchase data, the proof of purchase data being a digital image of at least a portion of a physical proof of purchase held by the consumer,” a “rebate validation processor that receives the consumer identifying information, the proof of purchase data, and the digital image over the electronic network from the interface” and receives “transaction information for the qualifying transaction from the merchant independently from” the consumer inputs, and validates the rebate based on the information from the merchant and the information from the consumer.

Appeal Br. 9.

As explained under prong one of step 2A, the aforementioned limitations each relate to the abstract idea of rebate claim submission. The technological aspects of the claims do not improve the functioning of the computer or other technological field but instead merely link rebate claim submission to the environment of networked computers. For example, the “interface,” simply allows the consumer to input information identifying him

or herself and the proof of purchase. The proof of purchase may simply be an image of a receipt taken by the consumer by scanning or taking a picture of the receipt. *See* Spec. ¶ 47. The digital image is submitting in lieu of mailing in the receipt. Thus, the “first electronic input,” and the “second electronic input” do not constitute improvements to the functioning of a computer system, but rather use the standard functionality of the computer system to perform steps that would otherwise have been manually performed, for example, by filling out forms and mailing in the receipt. The steps reciting receiving the “first electronic input” and “second electronic input” are therefore, insignificant extra-solution activities involving data gathering for further analysis. *See* MPEP § 2106(g). Once the electronic inputs have been received the “rebate validation processor” cross checks the information submitted by the consumer with information from the merchant. Again we do not find this to constitute an improvement to the functioning of the computer or other technological field.

Appellant argues that the claims here are akin to those in *McRO, Inc. v. Bandai Namco Games Am.*, 837 F.3d 1299, 1314 (Fed. Cir. 2016) because “Claim 1 is directed to a system that specifically implements a distinct process having particular steps and representing an improvement over conventional rebate validation techniques without broad preemption.” Appeal Br. 10. We disagree. In *McRO*, the rules were “rendered in a specific way: as a relationship between sub-sequences of phonemes, timing, and the weight to which each phoneme is expressed visually at a particular timing . . . .” *McRO*, 837 F.3d at 1315. It was the “structure of the limited rules” that were “limited to a specific process for automatically animating characters using particular information and techniques” that led the Federal

Circuit to conclude that the claims were “directed to a patentable, technological improvement.” *McRO*, 837 F.3d at 1316. Here, Appellant fails to identify any rules recited in the claims that limit the claimed method in any way that improves technology.

*Step 2B of the Guidance*

Under step 2B of the Guidance we analyze the claims to determine whether they provide an inventive concept (i.e., whether the additional elements amount to significantly more than the exception itself). Considerations that are evaluated with respect to step 2B include determining whether the claims as a whole add a specific limitation or combination of limitations that are not well-understood, routine, conventional activity in the field.

We determine that the claim limitations individually and as an ordered combination do not add elements that are not well-understood, routine, conventional. Rather than provide meaningful limitations, the recited “interface” first and second “electronic input[s]” and “rebate validation processor,” simply link the pre-Internet practice of mailing in forms and receipts and having those forms and receipts validated by the merchant before providing a rebate, to the technological environment of networked computers.

We determine that the claimed “interface,” electronic submissions in the form of digital images of the receipt, and the “rebate validation processor” operate in a well-understood, routine, and conventional manner. For example, the computer system upon which the system is implemented is described as a standard computer system used in its conventional manner. *See Spec.* ¶ 22 (“In embodiments, a computing system may include memory

and a processor and is operable to execute computer-executable instructions stored on a computer readable medium that define processes or methods described herein.”)

Accordingly, we sustain the Examiner’s rejection of independent claim 1 under 35 U.S.C. § 101, and also claims 2–14 and 16–21, for which Appellant does not make any additional arguments. *See* Appeal Br. 13, 14, 18, 19.

*Rejection under 35 U.S.C. § 102(e)*

The Examiner finds Marcus teaches receiving first electronic information from the consumer comprising consumer identifying information about the consumer by disclosing that the system may further include a graphical user interface that may allow a user to enter their identification information. Non-Final Act. 6 (Marcus ¶ 4). The Examiner further finds Marcus teaches “receiv[ing] a second electronic input from the consumer comprising proof of purchase data, the proof of purchase data being a digital image of at least a portion of a physical proof of purchase held by the consumer” by disclosing a “proof-of-performance verification system [that] may include a receipt processing facility that receives a receipt image.” Non-Final Act. 6 (citing Marcus ¶ 4) (emphasis omitted). The Examiner finds Marcus also teaches “receiving transaction information for the qualifying transaction from the merchant independently from the first electronic input and the second electronic input” by disclosing “receiving tagged transaction information from the retailer (i.e. merchant) wherein the tagged transaction are used to match purchases against offers selected.” Ans. 10 (citing Marcus ¶ 41). The Examiner also points to Marcus’s disclosure of “saml[ing] receipts and check[ing] the originals from retailers

to make sure there are no counterfeits” as evidence of receiving transaction information from the merchant independently of the first and second electronic inputs from the consumer. Ans. 10 (citing Marcus ¶ 45).

Appellant argues “Marcus fails to teach receiving consumer identifying information and proof of purchase data from the consumer; receiving transaction information for the qualifying transaction from the merchant separately from the information received from the consumer; and then validating the rebate based on this information from the merchant and the information from the consumer.” Appeal Br. 21. According to Appellant “[t]he claims require both the transaction information from the merchant and transaction information from the consumer in order to validate the rebate. Under its broadest reasonable interpretation, Marcus teaches doing one or the other in order to validate a rebate, but never both.” Appeal Br. 23 (emphasis omitted); *see also* Reply Br. 9. Appellant argues that, although, Marcus “indicates that ‘the system may also sample receipts and check the originals from retailers,’ . . . this does not disclose whether this occurs prior to a validated offer or from where the information is retrieved.” Reply Br. 9.

We are unpersuaded by Appellant’s arguments. Marcus teaches a method of electronically verifying required proof of purchase performance to secure promotion rewards. Marcus ¶ 3. Marcus explains that a proof-of-purchase verification system may receive an image of a receipt demonstrating proof of purchase of an item. Marcus ¶ 4. This receipt image is captured by a user using a webcam, scanner or the like and submitted by the user to the verification system. Marcus ¶ 4. By submitting proof electronically, the user is no longer required to submit proof using mail and

having to fill out forms. Marcus ¶ 44. Marcus further explains that using its system, “[f]raudulent use of digital incentives, such as home printed coupons, may be avoided because rewards are only given after verification.” Marcus ¶ 45. One way of verifying that the proof of purchase is authentic is to “sample receipts and check the originals with retailers to make sure there are no counterfeits.” Marcus ¶ 45. Thus, we agree with the Examiner that Marcus teaches receiving transaction information from the consumer, in the form of the receipt images, and also receiving transaction information from the merchant independently from the information received from the consumer, in the form of the original receipts.

Appellant’s argues that Marcus does not indicate whether the sampling of receipts and cross-checking them with the originals occurs prior to a validated offer. Reply Br. 9. In the context of paragraph 45, however, it is clear that checking the electronic receipts received from the consumer with the originals from the merchant occurs as part of the verification process, not something that occurs after verification has already occurred. Further it is also clear that information about the original receipts come from the merchant, and not the consumer, so that fraudulent behavior on the part of the consumer may be avoided.

Therefore, we agree with the Examiner that Marcus discloses the validation limitation of claim 1. Accordingly, we sustain the Examiner’s rejection of independent claim 1, and of independent claims 10 and 21, which Appellant argues together with claim 1. Appeal Br. 23. We also sustain the Examiner’s rejection of claims 2–9, 11–14, and 16–20 which depend from independent claims 1 or 10 and for which Appellant does not make arguments for separate patentability.

DECISION SUMMARY

In summary:

<b>Claims Rejected</b>	<b>35 U.S.C. §</b>	<b>Reference(s)/Basis</b>	<b>Affirmed</b>	<b>Reversed</b>
1-14, 16-21	101	Eligibility	1-14, 16-21	
1-14, 16-21	102(e)	Marcus	1-14, 16-21	
<b>Overall Outcome</b>			1-14, 16-21	

TIME PERIOD FOR RESPONSE

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. § 1.136(a)(1)(iv).

AFFIRMED