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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte CRAIG LANGDON REINHART

Appeal 2018-006879
Application 11/838,121
Technology Center 3600

Before MURRIEL E. CRAWFORD, NINA L. MEDLOCK, and
JAMES A. WORTH, *Administrative Patent Judges*.

CRAWFORD, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Appellant¹ seeks our review under 35 U.S.C. § 134 of the Examiner's Non-Final rejection of claims 1–3, 5, 7, 8, 11–13, 15, 16, 18–22, 24 and 25. We have jurisdiction under 35 U.S.C. § 6(b).

SUMMARY OF DECISION

We AFFIRM.

¹ 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 Random Generation Marketing LLC. Appeal Br. 3.

THE INVENTION

Appellant claims a system for managing transactions over a network to enable a business to manage client transactions by using a marketing mechanism in which an existing client may be randomly selected to receive a rebate based, in part, on transactions by a plurality of clients of the business (Spec. 1, Title).

Claim 8 is representative of the subject matter on appeal.

8. A system for managing transactions over a network, comprising:

a plurality of client devices, wherein each client device is associated with an existing computer user within a plurality of existing computer users, and each client device is configured and arranged to perform actions, including enabling the respective existing computer user of the client device to perform a purchase transaction with a business over the network; and

a server component in communication with the plurality of client devices, and configured and arranged to process a plurality of rules, including:

determining a selection criteria useable to randomly select an existing computer user within a subgroup of the plurality of existing computer users, wherein the subgroup is determined based on at least one of an overall financial purchase amount by an existing computer user exceeding a determined amount or a length of time that an existing computer user has been performing purchase transactions with the business;

each time that the business acquires a new computer user, randomly selecting a respective existing computer user among the plurality of existing computer users by using the selection criteria;

assigning an account of the new computer user to the selected existing computer user;

determining a rebate based, in part, on revenues obtained from transactions by the new computer user with the

business; and
sending the rebate to the selected existing computer user within a determined time period.

THE REJECTION

Claims 1–3, 5, 7, 8, 11–13, 15, 16, 18–22, 24 and 25 are rejected under 35 U.S.C. § 101 as directed to a judicial exception without significantly more.

ANALYSIS

35 U.S.C. § 101 REJECTION

We will sustain the rejection of claims 1–3, 5, 7, 8, 11–13, 15, 16, 18–22, 24 and 25 under 35 U.S.C. § 101.

The Supreme Court

set forth a framework for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts. First, . . . determine whether the claims at issue are directed to one of those patent-ineligible concepts. . . . If so, . . . then ask, “[w]hat else is there in the claims before us?” . . . To answer that question, . . . 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. . . . [The Court] described step two of this analysis 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.”

Alice Corp. v. CLS Bank Int'l, 573 U.S. 208, 217-218 (citing *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 72–73 (2012)) (citations omitted).

To perform this test, we must first determine whether the claims at issue are directed to a patent-ineligible concept. 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.’” *See Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1335 (Fed. Cir. 2016) (quoting *Internet Patents Corp.*, 790 F.3d 1343, 1346 (Fed. Cir. 2015)). It asks whether the focus of the claims is on a specific improvement in relevant technology or on a process that itself qualifies as an “abstract idea” for which computers are invoked merely as a tool. *See id.* at 1335–36.

In so doing we apply a “directed to” two prong test: 1) evaluate whether the claim recite a judicial exception, and 2) if the claim recites a judicial exception, evaluate whether the judicial exception is integrated into a practical application. *2019 Revised Patent Subject Matter Eligibility Guidance*, 84 Fed. Reg. 50, 57 (Jan. 7, 2019).

The Examiner determines that the claims are directed to a marketing scheme that can be performed mentally or in a computer and is the judicial exception of organizing human activity (Non-Final Act. 3) (referring to *Cyberfone Sys., LLC v. CNN Interactive Grp., Inc.*, 558 F. App'x 988 (Fed. Cir. 2014)). The Examiner found “the claims do not include limitations amounting to significantly more than the abstract idea.” (*Id.* at 4).

The Specification discloses that in order to survive the marketplace, companies continually seek alternative approaches to becoming well known,

marketing to the appropriate consumers, generating customer loyalty and improving sales. (Spec. 1). The present invention is directed towards enabling a business to randomly select an existing client to receive a rebate based, in part, on a portion of transactions by a plurality of clients with the business.

We, thus, agree with the Examiner's findings that the claims are directed to a marketing scheme.

Consistent with this disclosure, claim 8 recites "determining a selection criteria useable to randomly select an existing computer user," "randomly selecting a respective existing computer user," "assigning an account of the new computer user to the selected existing computer user," "determining a rebate," and "sending the rebate." Therefore, the recitations in claim 8 also support the Examiner's determination that the claims are directed to a marketing scheme.

Certain methods of organizing human activity including fundamental economic practices are considered judicial exceptions. Marketing methods are considered fundamental economic practices. *Guidance* 84 Fed. Reg. at 52.

Also, we find the steps of "determining," "selecting," "assigning," and "sending" constitute "analyzing information by steps people go through in their minds, or by mathematical algorithms, without more, as essentially mental processes within the abstract-idea category." *Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1354 (Fed. Cir. 2016); *see also buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350, 1355 (Fed. Cir. 2014) (claims directed to certain arrangements involving contractual relations are directed to abstract ideas).

Thus, we find that the claim 8 also recites the judicial exception of a mental process. (*Id.*).

Turning to the second prong of the “directed to test”, claim 8 requires “client devices” and a “server component.” These recitations do not impose “a meaningful limit on the judicial exception, such that the claim is more than a drafting effort designed to monopolize the judicial exception.”

Guidance 84 Fed. Reg. at 55. We find no indication in the Specification, nor does Appellant direct us to any indication, that the operations recited in independent claim 8 invoke any inventive programming, require any specialized computer hardware or other inventive computer components, i.e., a particular machine, or that the claimed invention is implemented using other than generic computer components to perform generic computer functions. *See DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1256 (Fed. Cir. 2014) (“[A]fter *Alice*, there can remain no doubt: recitation of generic computer limitations does not make an otherwise ineligible claim patent-eligible.”).

We also find no indication in the Specification that the claimed invention effects a transformation or reduction of a particular article to a different state or thing. Nor do we find anything of record, short of attorney argument, that attributes any improvement in computer technology and/or functionality to the claimed invention or that otherwise indicates that the claimed invention integrates the judicial exception into a “practical application,” as that phrase is used in the revised *Guidance*. *See Guidance*, 84 Fed. Reg. at 55.

In this regard, the recitations do not effect an improvement in the functioning of a client device or the server component or other technology,

do not recite a particular machine or manufacture that is integral to the claims, and do not transform or reduce a particular article to a different state or thing. *Id.* Thus, claim 8 is directed to judicial exceptions that are not integrated into a practical application and therefore, claim 8 is directed to an “abstract idea.”

Turning to the second step of the *Alice* analysis, because we find that claim 8 is directed to abstract ideas, the claim must include an “inventive concept” in order to be patent eligible, i.e., there must be an element or combination of elements that is sufficient to ensure that the claim in practice amounts to significantly more than the abstract idea itself. *See Alice*, 573 U.S. at 217–18 (alteration in original) (quoting *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 72–73 (2012)).

The introduction of computers in the form of client devices and a server component into the claim does not alter the analysis at *Alice* step two.

[T]he mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention. Stating an abstract idea “while adding the words ‘apply it’” is not enough for patent eligibility. Nor is limiting the use of an abstract idea “to a particular technological environment.” Stating an abstract idea while adding the words “apply it with a computer” simply combines those two steps, with the same deficient result. Thus, if a patent’s recitation of a computer amounts to a mere instruction to “implemen[t]” an abstract idea “on . . . a computer,” that addition cannot impart patent eligibility. This conclusion accords with the preemption concern that undergirds our § 101 jurisprudence. Given the ubiquity of computers, wholly generic computer implementation is not generally the sort of “additional featur[e]” that

provides any “practical assurance that the process is more than a drafting effort designed to monopolize the [abstract idea] itself.”

Alice, 573 U.S. at 223 (alterations in original) (citations omitted).

Instead, “the relevant question is whether the claims here do more than simply instruct the practitioner to implement the abstract idea . . . on a generic computer.” *Id.* at 225. They do not.

Taking the claim elements separately, the function performed by the client devices and the server component at each step of the process is purely conventional. Using a computer to retrieve, select, and apply decision criteria to data and modify the data as a result amounts to electronic data query and retrieval—one of the most basic functions of a computer. All of these computer functions are well-understood, routine, conventional activities previously known to the trading industry. *See Elec. Power Grp.*, 830 F.3d at 1354; *see also In re Katz Interactive Call Processing Patent Litig.*, 639 F.3d 1303, 1316 (Fed. Cir. 2011) (“Absent a possible narrower construction of the terms ‘processing,’ ‘receiving,’ and ‘storing,’ . . . those functions can be achieved by any general purpose computer without special programming”). In short, each step does no more than require a generic computer to perform generic computer functions. As to the data operated upon, “even if a process of collecting and analyzing information is ‘limited to particular content’ or a particular ‘source,’ that limitation does not make the collection and analysis other than abstract.” *SAP Am. Inc. v. InvestPic, LLC*, 890 F.3d 1016, 1022 (Fed. Cir. 2018).

Considered as an ordered combination, the computer components of Appellant’s claim 8 add nothing that is not already present when the steps are considered separately. The sequence of data reception-analysis-

access/display is equally generic and conventional or otherwise held to be abstract. *See Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 715 (Fed. Cir. 2014) (sequence of receiving, selecting, offering for exchange, display, allowing access, and receiving payment recited an abstraction), *Inventor Holdings, LLC v. Bed Bath & Beyond, Inc.*, 876 F.3d 1372, 1378 (Fed. Cir. 2017) (holding that sequence of data retrieval, analysis, modification, generation, display, and transmission was abstract); *Two-Way Media Ltd. v. Comcast Cable Commc'ns, LLC*, 874 F.3d 1329, 1339 (Fed. Cir. 2017) (holding sequence of processing, routing, controlling, and monitoring was abstract). The ordering of the steps is, therefore, ordinary and conventional.

Claim 8 does not, for example, purport to improve the functioning of either the client devices or the server component. As we stated above, claim 8 does not effect an improvement in any other technology or technical field. The Specification spells out different generic equipment and parameters that might be applied in performing the steps of claim 8. (*See, e.g.*, Spec. 5, 8). Thus, claim 8 at issue amounts to nothing significantly more than instructions to apply the abstract idea of information access using some unspecified, generic computer. Under our precedents, that is not enough to transform an abstract idea into a patent-eligible invention. *See Alice*, 573 U.S. at 226.

We have reviewed all the arguments (Appeal Br. 13–25; Reply Br. 2–6) Appellant has submitted concerning the patent eligibility of the claims before us that stand rejected under 35 U.S.C. § 101. We find that our analysis above substantially covers the substance of all the arguments, which have been made. But, for purposes of completeness, we will address various arguments in order to make individual rebuttals of same.

We are not persuaded of error on the part of the Examiner by Appellant's argument, relying on *Berkheimer v. HP, Inc.*, 881 F.3d 1360, 1370 (Fed. Cir. 2018), that the Examiner has not provided evidence that the rules recited in claim 8 are well-understood, routine, and conventional. (Reply Br. 4). The question in *Berkheimer* was whether the non-abstract features of the claimed inventions, alone or in combination, were not well-understood, routine, and conventional database structures and activities. In this respect, *Berkheimer* is a case that deals with the second step of the *Alice* analysis, i.e. whether the claims include significantly more than the abstract idea. The recitation of "rules" in claim 8 is part of the abstract idea and, therefore, *Berkheimer* is not applicable.

As for the Appellant's assertion that evidence is required in support of determining that an abstract idea is recited, although in some cases an examiner should provide evidentiary support before a conclusion is made that a claim is directed to an abstract idea, e.g., where facts are in dispute, we are unpersuaded that there is a categorical rule that it is always needed. *See Mortgage Grader, Inc. v. First Choice Loan Services, Inc.*, 811 F.3d 1314, 1325–26 (Fed. Cir. 2016) ("[I]t is also possible, as numerous cases have recognized, that a § 101 analysis may sometimes be undertaken without resolving fact issues."). To that end, we are not persuaded that it is needed here as claim 8 clearly recites a marketing scheme and a mental process as we detailed above.

We do not agree with Appellant that the claims are similar to the claims in *McRO, Inc. v. Bandai Namco Games America Inc.*, 837 F.3d 1299 (Fed. Cir. 2016). (Appeal Br. 17). Appellant argues that the claims recite rules that are different from those used in prior systems. (Appeal

Br. 17–18).

We are not persuaded that the claimed invention is analogous to the claimed invention in *McRO*. The claims in *McRO* were directed to a specific asserted improvement in computer animation. *McRO*, 837 F.3d at 1313. By contrast, the independent claims under appeal recite only determining a rebate using conventional computer components functioning in a conventional manner.

To the extent Appellant maintains that the limitations of claim 8 necessarily amount to “significantly more” than an abstract idea because the claimed apparatus is different from the prior art, Appellant misapprehends the controlling precedent. Although the second step in the *Alice/Mayo* framework is termed a search for an “inventive concept,” the analysis is not an evaluation of novelty or non-obviousness, but rather, a search for “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.” *Alice*, 573 U.S. at 217. A novel and nonobvious claim directed to a purely abstract idea is, nonetheless, patent-ineligible. *See Mayo*, 566 U.S. at 90.

In view of the foregoing, we will sustain the rejection as it is directed to claim 8.

Appellant argues, in regard to the remaining claims that the rejection fails because the Examiner has failed to articulate a rationale for rejecting each of the claims and has not addressed the specific recitations of each claim. (Appeal Br. 13–14, 20–25). Our analysis above provides a rationale for rejecting the claims in accordance with the *Guidance*, 84 Fed. Reg. 52. In regard to the argument that the Examiner must discuss each specific

recitation in each claim, we decline to find error here in the Examiner’s decision to not address the patent eligibility of each of the claims separately inasmuch as the claims are all directed to the same abstract idea of a marketing scheme. *See Content Extraction & Transmission LLC v. Wells Fargo Bank, Nat. Ass’n*, 776 F.3d 1343, 1348 (Fed. Cir. 2014) (explaining that when all claims are directed to the same abstract idea, “addressing each claim of the asserted patents [is] unnecessary.”).

In view of the foregoing, we will sustain this rejection.

CONCLUSIONS OF LAW

We conclude the Examiner did not err in rejecting claims 1–3, 5, 7, 8, 11–13, 15, 16, 18–22, 24 and 25 under 35 U.S.C. § 101.

DECISION

In summary:

Claims Rejected	35 U.S.C. §	Reference(s)/Basis	Affirmed	Reversed
1–3, 5, 7, 8, 11–13, 15, 16, 18–22, 24, 25	101	Eligibility	1–3, 5, 7, 8, 11–13, 15, 16, 18–22, 24, 25	

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