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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte BHUSHAN BALANI, ANDREW POWELL, and
SHRINEIL PATEL

Appeal 2018-007238
Application 13/957,630
Technology Center 3600

Before JOSEPH P. LENTIVECH, PHILLIP A. BENNETT, and
SCOTT RAEVSKY, *Administrative Patent Judges*.

BENNETT, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Pursuant to 35 U.S.C. § 134(a), Appellant,¹ Meijer, Inc., appeals from the Examiner's decision to reject claims 1, 6–11, 15, 31, 32, 34–42, and 44–51. Final Act. 1.² We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

CLAIMED SUBJECT MATTER

The claims are directed to a system for providing virtual coupons to a customer which may be sequentially activated for redemption by the customer. Spec., Abstract. Claim 1, reproduced below, is illustrative of the claimed subject matter:

1. A system for providing virtual coupons to a customer for redemption at a retail enterprise, the system comprising:
 - a database associated with the retail enterprise and having a plurality of virtual coupons stored therein, the database including a plurality of virtual coupon repositories each associated with a different one of a plurality of customers of the retail enterprise such that virtual coupons stored therein are redeemable by the retail enterprise only against matching items purchased from the retail enterprise by that customer,
 - a plurality of point-of-sale systems associated with the retail enterprise, and
 - a server associated with the retail enterprise and communicatively coupled to the database and to each of the plurality of point-of-sale systems, the server including a virtual coupon module to select from the plurality of virtual coupons stored in the database, based on one or more virtual coupon offer

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 Meijer, Inc. App. Br. 1.

² The Final Office Action indicates that claims 1, 5–11, 15, and 31–51 are rejected. On October 17, 2017, Appellant filed, and the Examiner entered (Adv. Act. 1), amendments cancelling claims 5, 33, and 43.

criteria, a parent virtual coupon, a first sequence of virtual coupons and a second sequence of virtual coupons different from the first sequence of virtual coupons, to store the parent virtual coupon, the first sequence of virtual coupons and the second sequence of virtual coupons in the one of the plurality of virtual coupon repositories associated with the customer, to activate for redemption at any of the plurality of point-of-sale systems the parent virtual coupon stored in the one of the plurality of virtual coupon repositories, to cause a display monitor of a remote computing device to display the parent virtual coupon and each of the virtual coupons in the first and second sequences of virtual coupons in the one of the plurality of virtual coupon repositories, to receive from the remote computing device, specified through interaction by the customer with the remote computing device, a selection of one of the displayed first and second sequences of virtual coupons in the one of the plurality of coupon repositories, to remove from the one of the plurality of virtual coupon repositories the other of the first and second sequences of virtual coupons not selected by the customer, to activate for redemption at any of the plurality of point-of-sale systems a first virtual coupon in the selected one of the first and second sequences of virtual coupons after automatic redemption of the parent virtual coupon in the one of the plurality of virtual coupon repositories by one of the plurality of point-of-sale systems against an item presented thereto by the customer for purchase that matches the parent coupon, and to thereafter sequentially activate for redemption at any of the plurality of point-of--sale systems each successive virtual coupon in the selected one of the first and second sequences of virtual coupons after automatic redemption of a preceding virtual coupon in the selected one of the first and second sequences of virtual coupons in the one of the plurality of virtual coupon repositories by one of the plurality of point-of-sale systems against an item presented thereto by the customer for purchase that matches the preceding virtual coupon.

App. Br. 25–26 (Claims Appendix).

REJECTION

Claims 1, 6–11, 15, 31, 32, 34–42, and 44–51 stand rejected under 35 U.S.C. § 101 as being directed to a judicial exception without significantly more. Final Act. 2–16; Ans. 3–7.

REJECTION UNDER 35 U.S.C. § 101

Legal Standard

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 Supreme Court instructs us to “[f]irst . . . determine whether the claims at issue are directed to [a] . . . patent-ineligible concept[.]” (*id.* at 217), 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 Supreme 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.’” *Alice*, 573 U.S. at 217–18 (quoting *Mayo*, 566 U.S. at 72–73).

The USPTO has published revised guidance on the application of § 101. USPTO’s *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) (Guidance, Step 2A, prong 1); and
- (2) additional elements that integrate the judicial exception into a practical application (*see* MANUAL OF PATENT EXAMINING PROCEDURE (MPEP) § 2106.05(a)–(c), (e)–(h) (9th Ed., Rev. 08.2017, 2018)) (Guidance, Step 2A, prong 2).

Only if a claim (1) recites a judicial exception and (2) does not integrate that exception into a practical application, do we then 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.

Guidance (Step 2B).

Examiner’s Findings and Conclusion

Applying the first step of the *Alice* inquiry, the Examiner determines the claims are directed to an abstract idea of “adding value to an account as evidenced by the purpose and end result of the claims.” Final Act. 3. At *Alice* step 2, the Examiner determines the claims do not recite elements sufficient to amount to significantly more than the abstract idea because:

The additional hardware elements or combination of hardware elements in the claims other than the abstract idea per se amounts to no more than: mere instructions to implement the idea on a computer, and recitation of generic computer structure that serves to perform generic computer functions that are well-understood, routine, and conventional activities previously known to the pertinent industry. Viewed as a whole, these additional claim elements do not provide meaningful limitations to transform the abstract idea into a patent eligible application of the abstract idea such that the claim(s) amounts to significantly more than the abstract idea itself.

Final Act. 4.

Appellant's Contentions

Appellant asserts three primary errors in the Examiner's abstract idea analysis. App. Br. 11–14. First, Appellant argues the rejection lacks any sufficient analysis that the claimed concept is an abstract idea. *Id.* at 11. More specifically, Appellant argues the Examiner's has failed to demonstrate that the claims do not effect a technological improvement or an improvement to the functioning of a computer itself. *Id.* Appellant contends the claims “create a new type of virtual coupon structure” and that the new structure “enables the retail establishment computer (i.e., server and/or processor(s)) to do things it could not before such as utilizing new behavior-based information . . . to modify and refine the virtual coupon structure that will ultimately be used for automatic redemption.” *Id.* at 14.

Second, Appellant argues the Examiner failed to consider the claim as a whole in determining whether it recites a concept similar to that previously found abstract in court decisions. *Id.* Appellant asserts the Examiner failed to cite any case in which a similar subject matter has been found to be directed to an abstract idea. *Id.* Appellant asserts that the pending claims

are similar to those found eligible in *Finjan, Inc. v. Blue Coat Sys.*, 879 F.3d 1299 (Fed. Cir. 2018). App. Br. 14.

Third, Appellant argues the Examiner overgeneralizes the concept covered by the claims in failing to acknowledge that “each of the independent claims . . . require automatic redemption of the parent coupon and each coupon in the selected sequence of coupons.” App. Br. 12. Appellant argues “automatic redemption by the retail establishment computer of the coupons in the refined virtual coupon structure improves the function of the computer.” *Id.* at 15. Appellant argues the use of virtual coupons obviates the need for physically scanning paper or images at the point of sale, thereby reducing the computational burden on the retail establishment computer. *Id.*

At *Alice* step 2, Appellant argues the ordered combination of elements set forth in the claims recite an inventive concept that amounts to significantly more than any abstract idea recited in the claims. Appellant argues the Examiner improperly considered only a subset of claim elements in the “significantly more” analysis and failed to consider the limitations as an ordered combination. *Id.* at 15–16. Appellant specifically argues the claims recite an inventive concept of:

[T]he combination of creating a novel virtual coupon structure, communicating interactively with a customer to refine, i.e., modify the created virtual coupon structure, and controlling a point-of-sale system to automatically and sequentially redeem coupons in the refined virtual coupon structure against matching items presented by the customer for purchase at a point-of-sale system associated with the retail enterprise.

Id. at 18.

*Guidance, Step 2A, Prong One*³
The Judicial Exception

Applying the Guidance, we are not persuaded of Examiner error. 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, fundamental economic principles or practices, commercial or legal interactions, and managing personal behavior or relationships or interactions between people, and (3) mental processes. We focus here on the second grouping—certain methods of organizing human activity such as fundamental economic practices and commercial interactions.

Claim 1 recites the following limitations: (1) “a system for providing virtual coupons to a customer for redemption at a retail enterprise,” (2) “a database associated with the retail enterprise and having a plurality of virtual coupons stored therein, the database including a plurality of virtual coupon repositories each associated with a different one of a plurality of customers of the retail enterprise such that virtual coupons stored therein are redeemable by the retail enterprise only against matching items purchased from the retail enterprise by that customer,” (3) “a virtual coupon module to select from the plurality of virtual coupons stored in the database, based on one or more virtual coupon offer criteria, a parent virtual coupon, a first sequence of virtual coupons and a second sequence of virtual coupons

³ Throughout this opinion, we give the claim limitations the broadest reasonable interpretation consistent with the Specification. *See In re Morris*, 127 F.3d 1048, 1054 (Fed. Cir. 1997).

different from the first sequence of virtual coupons, to store the parent virtual coupon, the first sequence of virtual coupons in the second sequence of virtual coupons in the one or more of the plurality of virtual coupon repositories associated with the customer, to activate for redemption at any of the plurality of point-of-sale systems the parent coupon stored in the one of the plurality of virtual coupon repositories,” (4) “to receive from the remote computing device, specified through interaction by the customer with the remote computing device, a selection of one of the displayed first and second sequence is a virtual coupons in one of the plurality of coupon repositories, to remove from one of the plurality of virtual coupon repositories the other of the first and second sequence is a virtual coupons not selected by the customer,” (5) “to activate for redemption at any of the plurality of point-of-sale systems a first virtual coupon in the selected 1 of the first and second sequence is a virtual coupons after automatic redemption of the parent virtual coupon in the 1 of the plurality of virtual coupon repositories by one of the plurality of point-of-sale systems against an item presented thereto by the customer for purchase that matches the parent coupon,” (6) “and to thereafter seek when shall he activate for redemption at any of the plurality of point-of-sale systems each successive virtual coupon in the selected one of the first and second sequences of virtual coupons after automatic redemption of a proceeding virtual coupon in the selected 1 of the first and second sequences of virtual coupons in the one of the plurality of virtual coupon repositories by one of the plurality of point-of-sale systems against an item presented thereto by the customer for purchase that matches the preceding virtual coupon.” App. Br. 25–26 (Claims Appendix).

These limitations, under their broadest reasonable interpretation, recite a commercial interaction of providing virtual coupons to a customer for redemption at a retail enterprise—which is a certain method of organizing human activity under the Guidance. Guidance at 52 (identifying certain methods of organizing human activity as including “commercial or legal interactions (including agreements in the form of contracts; legal obligations; advertising, marketing or sales activities or behaviors; business relations”)).⁴ These limitations, although detailed and specific in scope, each encompass operations which carry out commercial interaction—namely, a process of providing virtual coupons to customers for redemption. For example, limitation (1) recites the intended use of the claimed system, “providing virtual coupons to customers for redemption.” Limitation (2) recites the use of a database to store information in such a way as to maintain coupons for specific customers, while limitation (3) recites the use of software which selects specific coupons for customers for redemption. Limitation (4) recites receiving a customer selection of coupons to use, and discards unselected coupons. Limitations (5) and (6) implement the use of the coupons by automatically applying them against matching purchases. Accordingly, we conclude the claims recite a commercial interaction, which

⁴ Our reviewing court has held that “[a]n abstract idea can generally be described at different levels of abstraction.” *Apple, Inc. v. Ameranth, Inc.*, 842 F.3d 1229, 1240 (Fed. Cir. 2016). The Examiner describes the abstract idea as “providing set(s) (e.g. an array, a sequence, series, a list etc.) of coupons containing a parent (e.g. master) coupon any sequence of progressive child coupons, which become usable only after redeeming the parent coupon. Ans. 3. Although described at a different level of abstraction, we discern no error in the Examiner's characterization of the abstract idea.

is a certain method of organizing human activity under the Guidance and therefore an abstract idea.

Revised Guidance, Step 2A, Prong Two
Integration of the Judicial Exception into a Practical Application

Having determined that the claims recite a judicial exception, our analysis under the Guidance turns now to determining whether there are “additional elements that integrate the judicial exception into a practical application.” *See* Guidance (citing MPEP § 2106.05(a)–(c), (e)–(h)). Under the Guidance, limitations that **are** indicative of “integration into a practical application” include:

1. Improvements to the functioning of a computer, or to any other technology or technical field — *see* MPEP § 2106.05(a);
2. Applying the judicial exception with, or by use of, a particular machine — *see* MPEP § 2106.05(b);
3. Effecting a transformation or reduction of a particular article to a different state or thing — *see* MPEP § 2106.05(c); and
4. Applying or using the judicial exception in some other meaningful way beyond generally linking the use of the judicial exception to a particular technological environment, such that the claim as a whole is more than a drafting effort designed to monopolize the exception — *see* MPEP § 2106.05(e).

In contrast, limitations that are **not** indicative of “integration into a practical application” include:

1. Adding the words “apply it” (or an equivalent) with the judicial exception, or merely include instructions to implement an abstract idea on a computer, or merely uses a computer as a tool to perform an abstract idea – *see* MPEP § 2106.05(f);

2. Adding insignificant extra-solution activity to the judicial exception — *see* MPEP § 2106.05(g); and
3. Generally linking the use of the judicial exception to a particular technological environment or field of use — *see* MPEP 2106.05(h).

See 2019 Revised Guidance, 84 Fed. Reg. at 54–55 (“Prong Two”).

Appellant’s claim 1 recites various computer hardware and software limitations. These include (1) “a database,” (2) “a plurality of virtual coupon repositories,” and (3) “a plurality of point-of-sale systems,” (4) “a server,” (5) and “a virtual coupon module.” We do not find these computer-hardware and software limitations sufficient to integrate the judicial exception into a practical application. These computer components are included in the claim as “tool[s] to perform an abstract idea.” MPEP § 2106.05(f). As such, we do not find the computer hardware limitations are sufficient to integrate the judicial exception into a practical application.

As we note above, Appellant asserts the claims improve the performance of a computer because they “create a new type of coupon structure” that allows a retail establishment computer to “do things it could not before such as utilizing new behavior-based information . . . to modify and refine the virtual coupon structure that will ultimately be used for automatic redemption.” App. Br. 14. However, these purported improvements are improvements to how coupons are delivered—an improvement to the abstract idea itself—which is not sufficient to integrate the abstract idea into a practical application. *SAP America Inc. v. InvestPic, LLC*, 898 F.3d 1161, 1168 (Fed. Cir. 2018) (“What is needed is an inventive concept in the non-abstract realm.”); *see also Mayo Collaborative Servs. v.*

Prometheus Labs., Inc., 566 U.S. 66, 88–89 (2012) (narrow embodiments of ineligible matter are still ineligible).

Nor do we find persuasive Appellant’s argument that the pending claims are similar to those found eligible in *Finjan, Inc. v. Blue Coat Sys.*, 879 F.3d 1299 (Fed. Cir. 2018). App. Br. 14. The claims in *Finjan* focused on an improvement to a computer security system. Unlike the claims here which are used in commercial interactions, there was no basis in *Finjan* for concluding that the claims recited a certain method of organizing human activity, as the subject matter recited in the claims sought to protect computers from external threats.

We also do not find persuasive Appellant’s argument that the “automatic redemption” features in the claims take the claims out of the abstract realm. To the contrary, Appellant’s Specification acknowledges that automatic redemption of virtual coupons was conventional (*see* Spec. ¶ 3). Moreover, similar to the claims found impermissibly abstract in *Apple, Inc. v. Ameranth, Inc.*, 842 F.3d 1229 (Fed. Cir. 2016), Appellant’s claims “do not claim a particular way of programming or designing the software” to perform automatic redemption, “but instead merely claim the resulting systems.” *Id.* at 1241.

In sum, the additional limitations recited in Appellant’s claims do not improve the functioning of a computer or any improvement to any other technology or technological field. MPEP 2106.05(a). Rather, the additional limitations are used merely as tools to implement the abstract idea. MPEP § 2106.05(f). Thus, the additional elements recited in claim 1 are not sufficient to integrate the recited abstract idea into a practical application. Accordingly, we conclude claim 1 is *directed to* a judicial exception.

The Inventive Concept – Step 2B

Having determined the claim is directed to a judicial exception, we proceed to evaluating whether the claim adds a specific limitation beyond the judicial exception that is not “well-understood, routine, conventional” in the field (*see* MPEP § 2106.05(d)) or 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. We agree with the Examiner that the claim does not add specific limitations beyond what is well-understood, routine, and conventional.

As we noted above, the additional limitations in the claims—those that do not recite an abstract idea—are the computer hardware and software limitations. In the Background, Appellant’s Specification acknowledges that a “retail outlet may include any number of point-of-sale systems via which customers purchase items.” Spec. ¶ 2. The Background section further acknowledges that “[r]etailers may further offer virtual coupons to customers, and such virtual coupons may be stored in a database and accessed by customers via a virtual customer coupon service to automatically redeem the virtual coupons.” *Id.* ¶ 3. Thus, the Specification provides evidence that these computer hardware and software limitations were well understood, routine, and conventional.

Because the Examiner correctly concluded claim 1 is directed to a judicial exception, and because Appellant does not identify any error in the Examiner’s determination under step 2B of the Guidance, we sustain the rejection of claim 1 under 35 U.S.C. § 101. Appellant does not present arguments pertaining to any other claim. Accordingly, we treat claim 1 as

representative, and we sustain the rejection of the pending claims under 35 U.S.C. § 101.

DECISION

We affirm the Examiner's decision to reject the claims under 35 U.S.C. § 101.

DECISION SUMMARY

Claims Rejected	Basis	Affirmed	Reversed
1, 6–11, 15, 31, 32, 34–42, and 44–51	§ 101	1, 6–11, 15, 31, 32, 34–42, and 44–51	None

FINALITY AND 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