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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte STUART KIEFER

Appeal 2019-000729
Application 14/191,217
Technology Center 3600

Before ERIC B. CHEN, MIRIAM L. QUINN, and DANIEL N. FISHMAN,
Administrative Patent Judges.

CHEN, *Administrative Patent Judge.*

DECISION ON APPEAL

STATEMENT OF THE CASE

Pursuant to 35 U.S.C. § 134(a), Appellant¹ appeals from the Examiner's decision to reject claims 2–4, 6–15, and 19–21. Claims 1, 5, and 16–18 have been cancelled. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

CLAIMED SUBJECT MATTER

The claims are directed to the dynamic generation of coupons.
(Abstract.)

Claim 2, reproduced below, is illustrative of the claimed subject matter, with bracketing added and with disputed limitations in italics:

2. A method of dynamically generating coupons associated with a tangible instrument, comprising:

[i] producing a tangible presentation instrument having a tangible barcode and a separate storage device, the storage device comprising at least one of a magnetic strip, an RF transmitter, a smart chip, and a solid state storage device, the bar code and the storage device representing different stored information, wherein producing the presentation instrument includes associating the tangible barcode of the presentation instrument with information about a manufacturer's coupon offer that has an expiration date and *associating the storage device of the tangible presentation instrument with information about a coupon offer account from which funds for the manufacturer's coupon offer will be received;*

[ii] distributing the tangible presentation instrument to a customer;

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 First Data Corporation. (Appeal Br. 2.)

[iii] receiving, by a computing system from a website over a network, a request to register the tangible presentation instrument that has an initial coupon value associated therewith, wherein the request includes at least one of demographic information, personal information, historical spending information, and survey information associated with a particular individual;

[iv] increasing, by the computing system based on the received request, the initial coupon value associated with the tangible instrument to a coupon value greater than the initial coupon value as incentive for the particular individual to register the tangible instrument;

[v] transmitting a particular message to the customer selected from the group consisting of: a message notifying the customer of a coupon offer expiration date when approaching; a message notifying the customer of a new coupon offer when available for redemption with the tangible presentation instrument; and a message notifying the customer of a loyalty offer when available, the loyalty offer based on the customer's usage of the tangible presentation instrument;

[vi] receiving coupon offer information obtained by scanning the tangible barcode at a merchant to verify fulfillment of terms of the manufacturer's coupon offer;

[vii] receiving coupon offer account information from a merchant, wherein the coupon offer account information is read from the separate storage device;

[viii] *coordinating the reception of funds in an amount of the coupon value from the manufacturer;*

[ix] *transferring the received funds to the merchant;*

[x] tracking coupon redemption history associated with the tangible presentation instrument;

[xi] *generating additional coupon offers specific to the tangible presentation instrument based on the customer's coupon redemption history;* and

[xii] *associating the additional coupon offers with the tangible presentation instrument.*

REFERENCES

Name	Reference	Date
Rajan et al.	US 2009/0061884 A1	Mar. 5, 2009
Carlson et al.	US 2008/0167991 A1	July 10, 2008

REJECTION²

Claims 2–4, 6–15, and 19–21 stand rejected under 35 U.S.C. § 101 as directed to patent-ineligible subject matter.

Claims 2–4, 6–15, and 19–21 stand rejected under 35 U.S.C. § 103 as being unpatentable over Carlson and Rajan.

OPINION

§ 101 Rejection

We are unpersuaded by Appellant’s arguments (Appeal Br. 8–12; *see also* Reply Br. 2–6) that independent claim 2 is directed to patent-eligible subject matter under 35 U.S.C. § 101.

The Examiner determined that “the independent claims are directed to offering coupons to consumers and increasing their value as incentive to register the coupons which constitutes fundamental economic practices.” (Final Act. 6.) Moreover, the Examiner determined that:

The limitation of producing a tangible instrument with barcode containing information is no different from a computer hard disk containing data. This is what computer storage devices are for – data processing. The remaining limitations describe the steps of receiving request to register, transmitting message, scanning barcode, transferring funds, tracking history, associating coupon offers with instrument – all of which

² The Examiner has withdrawn the rejections of claims 2–4, 6–15, and 19–21 under 35 U.S.C. § 112(a). (Ans. 3.)

constitute standard day to day computerized functions that fail to provide an inventive concept.

(*Id.*) The Examiner further determined that “[a] close look at the Specification and Drawings reveals that the architecture of the claimed system consists of a generic computers.” (Ans. 7.) We agree with the Examiner’s determinations and ultimate conclusion that the claims are directed to patent-ineligible subject matter.

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*. *Id.* 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 (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.* at 191 (citing *Benson* and *Flook*); *see also, 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 PTO recently published revised guidance on the application of § 101. USPTO’s 2019 REVISED PATENT SUBJECT MATTER ELIGIBILITY GUIDANCE, 84 Fed. Reg. 50 (Jan. 7, 2019); *see also* USPTO, *October 2019 Update: Subject Matter Eligibility*, 84 Fed. Reg. 55942 (Oct. 17, 2019).

Under that 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); and
- (2) additional elements that integrate the judicial exception into a practical application (*see* MPEP § 2106.05(a)–(c), (e)–(h) (9th ed. 2019)).

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 are 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 84 Fed. Reg. 56.

*Are the claims at issue directed
to a patent-ineligible concept?*

Step One

Claim 2 is a method claim, which falls within the “process” category of 35 U.S.C. § 101. Therefore, claim 2 falls within one of the four statutory categories of patentable subject matter identified by 35 U.S.C. §101.

Although claim 2 falls within the statutory categories, we must still determine whether the claim is directed to a judicial exception, namely an abstract idea. *See Alice*, 573 U.S. at 216. Thus, we must determine whether this claim recites a judicial exception and whether the exception is integrated into a practical application. *See* 84 Fed. Reg. at 52–55. If a claim recites a judicial exception without integrating the judicial exception into a practical application, the claim is directed to a judicial exception under the first step of the *Alice/Mayo* test. *See id.*

Step 2A, Prong One

Independent claim 2 recites the following limitations: “[i] producing a tangible presentation instrument . . . the tangible presentation instrument with information about a coupon offer account from which funds for the manufacturer’s coupon offer will be received”, “[ii] distributing the tangible presentation instrument to a customer,” “[v] transmitting a particular message to the customer selected from the group consisting of: a message notifying the customer of a coupon offer expiration date when approaching,” “[vi] receiving coupon offer information obtained . . . at a merchant to verify fulfillment of terms of the manufacturer’s coupon offer,” “[vii] receiving coupon offer account information from a merchant,” “[viii] coordinating the reception of funds in an amount of the coupon value from the manufacturer,”

and “[ix] transferring the received funds to the merchant.” These limitations recite a patent-ineligible abstract idea of certain methods of organizing human activity, such as marketing or sales activities in the form of offering manufacturer’s coupons to customers. *See e.g., Alice*, 573 U.S. at 219–20 (a “fundamental economic practice” is an abstract idea). In particular, in the “Background” section, Appellant’s Specification acknowledges that “[t]raditionally, a manufacturer will distribute a coupon associated with a product to various customers” and “[t]he cashier checks the coupon against the product and, based on the coupon and the product matching, the customer can pay a reduced amount for the product.” (Spec. ¶ 5.) Moreover, Appellant’s Specification acknowledges that “[t]he merchant must send the used coupons to a clearinghouse, which then sends a request to the manufacturer for payment” and “[a]fter processing and verification, the manufacturer will send payment to the merchant.” (*Id.* ¶ 6.)

Independent claim 2 further recites the following limitations: “[iv] increasing . . . the initial coupon value associated with the tangible instrument to a coupon value greater than the initial coupon value as incentive for the particular individual to register the tangible instrument,”

[v] transmitting a particular message to the customer selected from the group consisting of . . . a message notifying the customer of a new coupon offer when available for redemption with the tangible presentation instrument; and a message notifying the customer of a loyalty offer when available, the loyalty offer based on the customer’s usage of the tangible presentation instrument,
“[x] tracking coupon redemption history associated with the tangible presentation instrument,” “[xi] generating additional coupon offers specific to the tangible presentation instrument based on the customer’s coupon

redemption history,” and “associating the additional coupon offers with the tangible presentation instrument.” These limitations recite a patent-ineligible abstract idea of certain methods of organizing human activity, such as marketing or sales activities in the form of loyalty programs to retain existing customers and collecting demographic information from customers in exchange for additional discounts. *See e.g., Alice*, 573 U.S. at 219–20 (a “fundamental economic practice” is an abstract idea).

Accordingly, claim 2 recites a judicial exception.

Step 2A, Prong Two

Because claim 2 recites a judicial exception, we next determine if the claim recites additional elements that integrate the judicial exception into a practical application.

Independent claim 2 recites the following limitations: “[i] producing a tangible presentation instrument having a tangible *barcode* and a separate *storage device . . . the bar code and the storage device representing different stored information*,” “[iii] receiving, *by a computing system from a website over a network*, a request to register the tangible presentation instrument that has an initial coupon value associated therewith,” “[iv] increasing, *by the computing system* based on the received request,” “[vi] receiving coupon offer information obtained *by scanning the tangible barcode* at a merchant,” and “[vii] receiving coupon offer account information from a merchant, *wherein the coupon offer account information is read from the separate storage device*” (emphases added).

The recited additional elements, including “bar code,” “storage device,” “computing system,” “website,” and “network” are merely tools for

performing the recited abstract idea. *See Affinity Labs v. DirecTV*, 838 F.3d 1253, 1262 (Fed. Cir. 2016) (“[T]he claims are directed not to an improvement in cellular telephones but simply to the use of cellular telephones as tools in the aid of a process focused on an abstract idea.”).

Accordingly, claim 2 does not recite additional elements that integrate the judicial exception into a practical application.

*Is there something else in the claims
that ensures that they are directed to significantly
more than a patent ineligible concept?*

Step 2B

Because claim 2 is directed to a judicial exception, we next determine, according to *Alice*, whether this claim recites an element, or combination of elements that is enough to ensure that the claim is directed to significantly more than a judicial exception.

Claim 2 is a method claim, which includes the additional elements, including a “bar code,” a “storage device,” a “computing system,” a “website,” and a “network.”

With respect to the claimed additional elements, Appellant’s Specification discloses the following:

Barcode 110 may be a coupon barcode which may include information about the coupon offer. For example, the barcode may include information about the product which the coupon is associated with, the discount type, the discount amount, an expiration date(s), redemption restrictions, etc. Alternatively, the presentation instrument may use a different storage mechanism. For example, instead of using a barcode to store coupon information, a magnetic stripe, an RF transmitter, a smart chip, a solid state storage device, etc., may be used.

(Spec. ¶ 25 (emphases added).)

The computer system 500 is shown comprising hardware elements that can be electrically coupled via a bus 505 The hardware elements can include one or more processors 510, including without limitation one or more general-purpose processors and/or one or more special-purpose processors (such as digital signal processing chips, graphics acceleration chips, and/or the like); one or more input devices 515, which can include without limitation a mouse, a keyboard and/or the like; and one or more output devices 520, which can include without limitation a display device, a printer and/or the like.

(*Id.* ¶ 52.)

FIG. 6 illustrates a schematic diagram of a system 600 that can be used in accordance with one set of embodiments. The system 600 can include one or more user computers 605. The user computers 605 can be general purpose personal computers (including, merely by way of example, personal computers and/or laptop computers running any appropriate flavor of Microsoft Corp.’s Windows™ and/or Apple Corp.’s Macintosh™ operating systems) and/or workstation computers running any of a variety of commercially-available UNIX™ or UNIX-like operating systems.

(*Id.* ¶ 61.)

For example, registration instructions 125 may include *a universal resource locator (URL) for the customer to go to use a web browser*. Once the customer accesses the *website associated with the URL*, the website may provide the customer with further registration instructions.

(*Id.* ¶ 29 (emphases added).)

Merely by way of example, *the network 610 can be a local area network (“LAN”), including without limitation an Ethernet network, a Token-Ring network and/or the like; a wide-area network (WAN); a virtual network, including without limitation a virtual private network (“VPN”); the Internet; an intranet; an extranet; a public switched telephone network (“PSTN”); an infra-red network; a wireless network, including without limitation a network operating under any of*

the IEEE 802.11 suite of protocols, the Bluetooth™ protocol known in the art, and/or any other wireless protocol; and/or any combination of these and/or other networks.

(*Id.* ¶ 62 (emphases added).)

The generalized functional terms by which the additional elements are described reasonably indicate that Appellant’s Specification discloses: (i) conventional bar code 110 (e.g., “coupon barcode which may include information about the coupon offer” (*id.* ¶ 25)); (ii) conventional storage device (e.g., a magnetic stripe, an RF transmitter, a smart chip, a solid state or storage device (*id.*)); (iii) system 600 with user computers 605 (e.g., personal computers, laptop computers, or workstation computers) (*id.* ¶ 61) or conventional computer system 500, having processors 510, input devices 515, and output devices 520 (*id.* ¶ 52); (iv) a conventional website associated with a URL that is accessible via a web browser (*id.* ¶ 29); and (v) conventional network 610 (e.g., LAN, WAN, virtual network, Internet, intranet, extranet, PSTN, infra-red network, or wireless network (*id.* ¶ 62)).

Moreover, Figure 1A of Appellant’s Specification illustrates presentation instrument 105 having barcode 110 and magnetic stripe 115. Figure 4 of Appellant’s Specification illustrates system 400, which includes coupon processing host 405, merchant 420, and customer 425. Figure 6 of Appellant’s Specification illustrates system 600, which includes user computer 605, network 610, and servers 615. In other words, Appellant’s Figures 1A, 4, and 6 disclose that customer 425, who is in possession of presentation instrument 105, can register such presentation instrument 105 with user computer 605. Moreover, customer 425 can then use presentation instrument 105 to purchase products from merchant 420 at a discount. Accordingly, Figures 1A, 4, and 6 illustrate that bar code 110, storage

device, user computers 605, and network 610 function cooperatively as an ordered combination.

In view of Appellant's Specification, the claimed additional elements, including "bar code," "storage device," "computing system," "website," and "network" are reasonably determined to be generic, purely conventional elements, as an ordered combination.

Thus, claim 2 does no more than require generic, purely conventional computer elements, as an ordered combination, performing generic computer functions, rather than improve computer capabilities.

First, Appellant argues that "the abstract idea characterized by the Examiner for the present application ('offering coupons to consumers and increasing their value as incentive to register the coupons') is clearly different than . . . the abstract ideas identified in each of the cited cases." (Appeal Br. 8; *see also* Reply Br. 2–4.) Contrary to Appellant's arguments, "offering coupons to consumers and increasing their value as incentive to register the coupons" is a fundamental economic practice, as acknowledged by the "Background" section in Appellant's Specification. Moreover, the Examiner has identified the appropriate judicial exceptions as "fundamental economic practices" and the Examiner has compared the claimed concepts of independent claim 2 to the appropriate Supreme Court decision (i.e., *Alice*).

Second, Appellant argues that "the claimed concept (which properly takes into account the specific requirements of the claim and considers the claim as a whole) requires a presentation instrument (having both a barcode and a separate storage device) and a computer system, for purposes of dynamically generating coupons at the presentation instrument." (Appeal

Br. 8–9.) Similarly, Appellant argues that “[t]he claimed concept carries out the purpose of the present invention in dynamically generating coupons, and improves the processing of coupons and the speed of providing coupon funds to a merchant where the coupon is redeemed.” (*Id.* at 9.) However, Appellant has not adequately explained why the claim “purport[s] to improve the functioning of the computer itself” or “any other technology or technical field.” *Alice*, 573 U.S. at 225. In particular, Appellant has not explained how “processing of coupons and the speed of providing coupon funds to a merchant where the coupon is redeemed” improves the function of a computer or other technology. In addition, any additional speed in providing coupon funds to the merchant is derived solely from the generic capabilities of a general-purpose computer. *FairWarning IP, LLC v. Iatric Sys.*, 839 F.3d 1089, 1095 (Fed. Cir. 2016).

Third, Appellant argues that,

the Examiner has not identified either prior art that discloses or suggests the recited features as a whole . . . or court decisions that would support the Examiner’s position that the various claim features beyond the Examiner-characterized abstract idea (“offering coupons to consumers and increasing their value as incentive to register the coupons”) are “well-understood, routine and conventional.”

(Appeal Br. 10 (emphasis omitted).) Similarly, Appellant argues that the “Examiner has not provided the required analysis and explanation in finding that those in the art or that court decisions have recognized the additional elements (of the claims) to be ‘well-understood, routine, conventional activities’” (Reply Br. 5) and “Appellant’s claims clearly recite far more than [sic] the specific items in the referenced paragraphs of the Specification, and there is no admission anywhere in the Specification that those additional

elements are well-known, routine and conventional” (*id.* at 6). As articulated by the Federal Circuit, “[w]hether something is well-understood, routine, and conventional to a skilled artisan at the time of the patent is a factual determination.” *Berkheimer v. HP Inc.*, 881 F.3d 1360, 1369 (Fed. Cir. 2018). Moreover, such factual determination can be based upon disclosures in the Specification. *Id.* (“The improvements in the specification, to the extent they are captured in the claims, create a factual dispute regarding whether the invention describes well-understood, routine, and conventional activities, so we must analyze the asserted claims and determine whether they capture these improvements (citations omitted).”). Contrary to Appellant’s arguments, the Examiner cited to paragraphs 27, 52, and 54 of Appellant’s Specification as evidence that the claimed additional elements are “well-understood, routine, and conventional,” pursuant to *Berkheimer*. (Ans. 7.) Appellant has not cited any legal authority for the perceived heightened burden for the Examiner to cite an “admission” with respect to *Alice* step two.

Last, Appellant argues that “it is clear that the claims at issue do not attempt to preempt every application of the abstract idea as characterized by the Examiner” (Appeal Br. 11) and “Appellant respectfully submits that when it is so clear, as here, that the claims could not be construed in any way to preempt the characterized abstract idea (‘offering coupons to consumers and increasing their value as incentive to register the coupons’), such complete lack of preemption should not be simply ignored” (*id.* at 12). However, although “preemption may signal patent ineligible subject matter, the absence of complete preemption does not demonstrate patent eligibility.” *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir.

2015). Where claims are deemed to recite only patent ineligible subject matter under the two-step Alice analysis, as they are here, “preemption concerns are fully addressed and made moot.” *Id.*

Thus, we agree with the Examiner that claim 2 is directed towards patent-ineligible subject matter.

Accordingly, we sustain the rejection of independent claim 2 under 35 U.S.C. § 101. Claims 3, 4, 6–15, and 19–21 depend from claim 2, and Appellant has not presented any additional substantive arguments with respect to these claims. Therefore, we sustain the rejection of claims 3, 4, 6–15, and 19–21 under 35 U.S.C. § 101, for the same reasons discussed with respect to independent claim 2.

§ 103 Rejection

First, we are unpersuaded by Appellant’s arguments (Appeal Br. 12–13; *see also* Reply Br. 7) that the combination of Carlson and Rajan would not have rendered obvious independent claim 2, which includes the limitation “associating the storage device of the tangible presentation instrument with information about a coupon offer account from which funds for the manufacturer’s coupon offer will be received.”

The Examiner found that the mobile device of Carlson, which includes readable storage medium 46, and the contactless transmission of payment and coupon information to a point of sale (POS) terminal of Carlson (e.g., VisaNet) collectively correspond to the limitation “associating the storage device of the tangible presentation instrument with information about a coupon offer account from which funds for the manufacturer’s

coupon offer will be received.” (Ans. 12; *see also* Final Act. 8.) We agree with the Examiner’s findings.

Carlson relates “to generating[] an electronic coupon targeted to the individual consumer,” transmitted via a mobile device. (Carlson, Abstract.) In particular, Carlson explains that “[t]he electronic coupon is transmitted to a mobile device [32] of the individual consumer [30] over a communications network, and purchase transaction utilizing the electronic coupon is processed over the payment processing network [26].” (*Id.* ¶ 6; *see also* Fig. 1.) For example, the VisaNet™ payment processing network 26 of Carlson can “process credit card transactions, debit card transactions, and other types of commercial transactions,” including “clearing and settlement services.” (*Id.* ¶ 30.)

In one embodiment, Carlson explains that mobile device 32 includes computer readable storage medium 46 (e.g., magnetic disk drive or a flash memory chip) (*id.* ¶ 26), such that “portable consumer device to receive and recognize a message including a coupon and code that is delivered to the mobile device” (*id.* ¶ 27). In another embodiment, Carlson explains that “payment information . . . may be communicated from a mobile device [32] in a contactless manner to the POS terminal” and “the coupon information from the mobile device [32] may also be communicated to the POS terminal in a contactless manner.” (*Id.* ¶ 71.)

Because Carlson explains that payment processing network 26 (e.g., VisaNet™ payment processing network with “clearing and settlement services”) transmits electronic coupons to mobile devices 32, such that mobile devices 32 communicate payment information and coupon codes to the POS terminal, such “clearing and settlement services” would include

transmission of funds with respect to both: (i) payment from the customer to the merchant for the purchase; and (ii) reimbursement to the merchant for the electric coupon.³ Accordingly, Carlson teaches the limitation “associating the storage device of the tangible presentation instrument with information about a coupon offer account from which funds for the manufacturer’s coupon offer will be received.”

Appellant argues that:

paragraphs 0026 and 0027 of Carlson describe a mobile device that may have a storage medium 46 for storing code in order “to receive and recognize a message including a coupon code that is delivered to the mobile device,” there is no disclosure of the storage device “with information about a coupon offer account which from which funds for the manufacturer’s coupon offer will be received,” as recited in claim 2.

(Appeal Br. 12–13; *see also* Reply Br. 7.) However, the Examiner also cited to paragraph 30 of Carlson, which explains that the VisaNet™ payment processing network including “clearing and settlement services,” and accordingly, Carlson teaches the limitation “associating the storage device of the tangible presentation instrument with information about a coupon offer account from which funds for the manufacturer’s coupon offer will be received.”

Thus, we agree with the Examiner that the combination of Carlson and Rajan would have rendered obvious independent claim 2, which includes the limitation “associating the storage device of the tangible

³ Appellant’s Specification also acknowledges the well-known process of “sending[] the used coupons to a clearinghouse, which then sends a request to the manufacturer for payment” and “[a]fter processing and verification, the manufacturer will send payment to the merchant.” (Spec. ¶ 6.)

presentation instrument with information about a coupon offer account from which funds for the manufacturer's coupon offer will be received."

Second, we are unpersuaded by Appellant's arguments (Appeal Br. 13) that the combination of Carlson and Rajan would not have rendered obvious independent claim 2, which includes the limitations "coordinating the reception of funds in the amount of the coupon value from the manufacturer" and "transferring the received funds to the merchant."

The Examiner found that the VISA terminal of Carlson, which accepts the electric coupon code, and the VisaNet™ payment processing network of Carlson collectively correspond to the limitations "coordinating the reception of funds in the amount of the coupon value from the manufacturer" and "transferring the received funds to the merchant."

(Ans. 13.) We agree with the Examiner's findings.

Carlson explains that a user can display the coupon on the screen of a portable device, which is either scanned or entered by the cashier (Carlson ¶ 61), followed by "the cashier hitting[] the accept coupon button on the back of the VISA terminal" (*id.* ¶ 68). As discussed previously, the VisaNet™ payment processing network can "process credit card transactions, debit card transactions, and other types of commercial transactions," including "clearing and settlement services." (*Id.* ¶ 30.) Because Carlson explains that the VISA terminal accepts the electronic coupon from mobile device 32, and the VisaNet™ payment processing network provides "clearing and settlement services," such clearing and settlement services would include reimbursements of funds to the merchant for the face value of the electronic coupon. Accordingly, Carlson teaches the limitations "coordinating the reception of funds in the amount of the

coupon value from the manufacturer” and “transferring the received funds to the merchant.”

Appellant argues “paragraph 0030 of Carlson generally describes payment processing networks.” (Appeal Br. 13.) However, Appellant merely provides an oversimplified summary of Carlson with a conclusory statement that Carlson does not teach the limitations of independent claim 2. As discussed previously, Carlson explains that the VisaNet™ payment processing network including “clearing and settlement services” (Carlson ¶ 30), and accordingly, Carlson teaches the limitations “coordinating the reception of funds in the amount of the coupon value from the manufacturer” and “transferring the received funds to the merchant.”

Thus, we agree with the Examiner that the combination of Carlson and Rajan would have rendered obvious independent claim 2, which includes the limitations “coordinating the reception of funds in the amount of the coupon value from the manufacturer” and “transferring the received funds to the merchant.”

Last, we are unpersuaded by Appellant’s arguments (Appeal Br. 13–14) that the combination of Carlson and Rajan would not have rendered obvious independent claim 2, which includes the limitations “generating additional coupon offers specific to the tangible presentation instrument based on the customer’s coupon redemption history” and “associating the additional coupon offers with the tangible presentation instrument.”

The Examiner found that mobile targeting module 260 of Carlson, which generates coupons based upon location and prior purchasing activity, corresponds to the limitations “generating additional coupon offers specific to the tangible presentation instrument based on the customer’s coupon

redemption history” and “associating the additional coupon offers with the tangible presentation instrument.” (Ans. 13–14.) We agree with the Examiner’s findings.

Carlson explains that “[m]obile targeting module 260 is responsible for generating coupons targeted to a user,” such that “the coupons can be targeted based upon a location based services (LBS) approach, utilizing prior purchasing activity by a consumer as detected over a payment processing network.” (Carlson ¶ 74.) Carlson further explains that “information regarding the nature of the prior purchase conducted over the payment processing network can be referenced to generate the coupon.” (*Id.* ¶ 80.) In one example, “a prior purchase of one product (for example a vacuum cleaner), could lead to generation of a second product (bags for the vacuum cleaner).” (*Id.*) Because Carlson explains that mobile targeting module 260 is responsible for generating coupons based upon prior purchases, Carlson teaches the limitations “generating additional coupon offers specific to the tangible presentation instrument based on the customer’s coupon redemption history” and “associating the additional coupon offers with the tangible presentation instrument.”

Appellant argues that “[p]aragraphs 0060-0070 of Carlson generally describe the display of a coupon on a mobile device (paragraphs 0060-0065) and the use of a coupon by a cashier at a point-of-sale terminal to provide a discount to the consumer (paragraphs 0066-0070)” (Appeal Br. 13) and accordingly, “[t]here is no disclosure in Carlson of generating additional coupons based on coupon redemption history and associating the additional coupons with the presentation instrument” (*id.* at 13–14 (emphasis omitted)). However, the Examiner also cited to paragraphs 74 and 80 of Carlson for

teaching the limitations “generating additional coupon offers specific to the tangible presentation instrument based on the customer’s coupon redemption history” and “associating the additional coupon offers with the tangible presentation instrument.” (Ans. 13–14.) Appellant has not provided any arguments or evidence as to why the Examiner’s findings with respect to Carlson are erroneous.

Thus, we agree with the Examiner that the combination of Carlson and Rajan would have rendered obvious independent claim 2, which includes the limitations “generating additional coupon offers specific to the tangible presentation instrument based on the customer’s coupon redemption history” and “associating the additional coupon offers with the tangible presentation instrument.”

Accordingly, we sustain the rejection of independent claim 2 under 35 U.S.C. § 103. Claims 3, 4, 6–15, and 19–21 depend from claim 2, and Appellant has not presented any additional substantive arguments with respect to these claims. Therefore, we sustain the rejection of 3, 4, 6–15, and 19–21 under 35 U.S.C. § 103, for the same reasons discussed with respect to independent claim 2.

CONCLUSION

The Examiner’s decision rejecting claims 2–4, 6–15, and 19–21 under 35 U.S.C. § 101 is affirmed.

The Examiner’s decision rejecting claims 2–4, 6–15, and 19–21 under 35 U.S.C. § 103 is affirmed.

DECISION

In summary:

Claims Rejected	35 U.S.C. §	Basis	Affirmed	Reversed
2-4, 6-15, 19-21	§ 101	Eligibility	2-4, 6-15, 19-21	
2-4, 6-15, 19-21	§ 103	Carlson, Rajan	2-4, 6-15, 19-21	
Overall Outcome			2-4, 6-15, 19-21	

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)(1)(iv).

AFFIRMED