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

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ANDERSON, SCOTT C	

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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte JONATHAN ROBERT POWELL

Appeal 2019-003671
Application 13/794,206
Technology Center 3600

Before ERIC B. GRIMES, RICHARD M. LEBOVITZ, and TAWEN CHANG, *Administrative Patent Judges*.

LEBOVITZ, *Administrative Patent Judge*.

DECISION ON APPEAL

The Examiner rejected the claims under 35 U.S.C. § 103 as obvious and under 35 U.S.C. § 101 as reciting patent ineligible subject matter. Pursuant to 35 U.S.C. § 134(a), Appellant[1] appeals from the Examiner's decision to reject the claims. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

[1] We use the word "Appellant" to refer to "applicant" as defined in 37 C.F.R. § 1.42. Appellant identifies the real party in interest as Mastercard International Incorporated. Appeal Br. 1.

STATEMENT OF THE CASE

The claims stand finally rejected by the Examiner as follows (Ans. 3–4):

Claims 1, 5–8, 10, 11, 15, 20, 23–26, and 31 under pre-AIA 35 U.S.C. § 103(a) as obvious in view of Yurow (US 2012/0259688 A2, published Oct. 11, 2012) ("Yurow"), Polo (US 2013/0173390 A1, published July 04, 2013) ("Polo"), Kumar at al. (US 2010/0241494 A1, published Sept. 23, 2010) ("Kumar"), and Rampell et al. (US 2009/0292599 A1, published Nov. 26, 2009) ("Rampell").

Claims 18 and 19 under pre-AIA 35 U.S.C. § 103(a) as obvious in view of Yurow, Polo, Kumar, Rampell, and Thye et al. (US 2011/0302023 A1, published Dec. 8, 2011) ("Thye").

Claims 30 and 33 under pre-AIA 35 U.S.C. § 103(a) as obvious in view of Yurow, Polo, Kumar, Rampell, and Kim (Korean Pat. Pub. No. 20010000924, published Jan. 5, 2001) ("Kim").

Claim 32 under pre-AIA 35 U.S.C. § 103(a) as obvious in view of Yurow, Polo, Kumar, Rampell, and Krutchik et al. (US 2010/0312630 A1, published Dec. 9, 2010) ("Krutchik").

Claims 1, 5–8, 10, 11, 15, 18–20, 23–26, and 30–33 under 35 U.S.C. § 101 as directed to a judicial exception to patent eligibility.

Claim 1, which is representative of the appealed subject matter, is reproduced below (annotated with bracketed numbering for reference to the limitations in the claim; indentations added for clarity):

> l. A method for applying promotion codes using a remote computing device in communication with a server system, for a purchase made by a cardholder using a payment card over a payment card network associated with the server system, the method comprising:

[1] receiving, by the remote computing device for installation on the remote computing device, a promotion application from the server system;

[2] storing the promotion application on the remote computing device;

[3] registering, on the remote computing device, payment card information for the payment card;

[4] automatically associating, at the remote computing device, the payment card information with the promotion application;

[5] transmitting the payment card information from the remote computing device to a promotion data source in response to a triggering near field communication interaction between the remote computing device and the promotion data source,

[5a] wherein the promotion data source is separate from the payment card network,

[5b] wherein the promotion data source includes stored promotional information from at least one merchant that is (i) near a location of the promotion data source, and (ii) a participant of the payment card network, and

[5c] wherein a plurality of selectable promotions is determined from an interaction of the promotion data source with the payment card network using an association at the payment card network of features of the stored promotional information from the at least one merchant with a plurality of historical payment card transactions by the cardholder using the payment card;

[6] receiving, at the remote computing device, the plurality of selectable promotions from the promotion data source, each of the plurality of selectable promotions including an associated (i) transaction qualification, and (ii) promotion code;

[7] automatically updating the promotion application to include the received plurality of selectable promotions,

[8] wherein receipt of the plurality of selectable promotions causes the promotion application to display on the

> remote computing device, a list of the plurality of selectable promotions;
>
> [9] receiving, by the server system, a selection of the at least one promotion program inputted into the remote computing device via the promotion application, the selected promotion program including the associated transaction qualification and promotion code; and
>
> [10] initiating, for the purchase with the at least one merchant by the remote computing device, a payment transaction that corresponds to the selected promotion program,
>
> [10a] wherein the step of initiating occurs separately from the triggered near field communication interaction, and
>
> [10b] wherein the step of initiating further causes the remote computing device to send the associated promotion code to the server system for application to the payment transaction.

CLAIM 1

The method of claim 1 is "for applying promotion codes" to a purchase "using a remote computing device in communication with a server system."

A promotion application is received from a server and stored on the remote computing device (steps [1] and [2]). Payment card information is registered on the device and associated with the promotion application (steps [3] and [4]).

There is a "near field communication" ("NFC") interaction between the device and a promotion data source (step [5]). The NFC interaction triggers "transmitting" the payment card information from the remote computing device to the promotion data source (step [5]). The NFC interaction, as explained in the Specification, is enabled by an "NFC tag," "typically a radio frequency identification (RFID) tag or unpowered

NFC tag," which enables the device to engage with the promotion data source. Spec ¶ 45.

A plurality of promotions are received by the device (step [6]), where the promotions are determined from historical payment card transactions by the cardholder with a merchant (step [5]).

The promotions are included in the promotional application on the device (step [7]) and displayed (step [8]). A promotional program is selected on the device and received by the server (step [9]). A payment transaction with the merchant is initiated that corresponds to the promotion program (step [10]).

OBVIOUSNESS REJECTIONS

The Examiner found that Yurow describes making a purchase on a remote computing device using a promotional application and a promotion program as recited in claim 1 (steps [1], [2] [6]–[10]). Final Act. 8–11. The Examiner found that Yurow does not disclose that the purchase is made using a payment card by a cardholder (steps [3], [4], [10] of claim 1), but determined it would have been obvious to do so because payment transactions using a payment card were known in the art as established by Polo. Final Act. 12.

The Examiner also found that updating the promotion application with the promotions and displaying them on a device (steps [7], [8] of claim 1) are also not described in Yurow, but found that Polo expressly teaches these features and determined that it would have been obvious to one of ordinary skill in the art to use these features in Yurow for their expected benefit. Final Act. 13–14.

The Examiner found that Yurow teaches that "incentives," stored on the device, are used to engage in commercial activities, which the Examiner stated meets the limitation of "transmitting the payment . . . information from the remote computing device to a promotion data source." Final Act. 9. The Examiner found, however, that Yurow does not teach that such transmittal of payment information is triggered by an NFC interaction between the device and the promotion data source as required by step [5] of claim 1. Final Act. 14.

To meet the limitation in step [5] of an NFC interaction triggering the transmittal of the payment information, the Examiner relied on the teaching in Kumar comprising a step of a user extracting tag data, such as a coupon, ticket, or promotion, through a mobile device from a source using NFC. Final Act. 15. The Examiner cited the following disclosure in Kumar describing NFC interactions:

> In an alternate embodiment, the user may select an electronic value certificate using a different certificate selection device, such as smart poster 106 interfaced with mobile device 102. Generally, a smart poster is embodied as a sign, billboard, or any other form of advertising that incorporates a passive NFC tag (e.g., an RFID tag) from which the user can extract selected tag data by interfacing an NFC enabled handset with the tag. The tag data acquired may be a uniform resource locator (URL), a coupon, a ticket, a promotion, or any other type of data that is desired by the user. For example, the user may use a powered NFC enabled mobile device 102 to acquire or "pull" data (e.g., tag data) from a passive tag of a smart poster.

Kumar ¶ 21.

Kumar further explains:

> After interfacing with smart poster 106, mobile device 102 initiates a midlet (e.g., a software client program, such as a wallet client application) that is responsible for transmitting the

> electronic coupon data to a backend server (e.g., merchant se[r]ver 108). Namely, the midlet is able to use the tag data to properly communicate with the proper merchant server as well as to request the proper coupon.

Kumar ¶ 21.

The Examiner determined that it would have been obvious to one of ordinary skill in the art at the time of the invention to use the "NFC trigger" described by Kumar to transmit the payment information of Yurow because it is just the substitution of "one known part for another." Final Act. 15.

The Examiner further cited Rampell to meet step [5c] of claim 1. Final Act. 16.

Discussion

Appellant describes the deficiencies in each of Yurow, Polo, Kumar, and Rampell (Appeal Br. 15–17), but fails to acknowledge that the Examiner identified the same deficiencies in these references, but explained how the combination of references made all the recited limitations of claim 1 obvious to one of ordinary skill in the art at the time of the invention. Final Act. 8–16.

Appellant argues that Kumar is deficient because it does not describe or suggest transmitting payment card information from a remote computing device to a promotion data source in response to an NFC interaction. Appeal Br. 16. Rather, Appellant argues that Kumar "merely describes pulling static promotion data from a smart poster using near field communication." *Id.* at 17–18. Appellant further states that Kumar teaches sending a notification to the device, but not "transmitting payment card information <u>from</u> the mobile device." Reply Br. 8.

This argument does not persuade us that the Examiner erred. The disputed limitation of claim 1 recites "transmitting the payment card information from the remote computing device to a promotion data source in response to a triggering near field communication interaction between the remote computing device and the promotion data source." The "payment card information" is transmitted "in response to a triggering" NFC interaction between the device and the promotion data source.

Kumar teaches that the user pulls data from the NFC tag of a poster. Kumar ¶ 21. As a result of the NFC event in which the device interacts with the poster and "pulls" data from the tag, the mobile device "initiates a midlet (e.g., a software client program, such as a wallet client application) that is responsible for transmitting the electronic coupon data to a backend server." Kumar ¶ 21. The device therefore transmits information to a server based on the NFC event. The NFC event is therefore the trigger for initiating the transmittal of the coupon data to the server.

The information transmitted in Kumar is a coupon, not "payment card information" as required by step [5] of claim. However, the Examiner explained it would be obvious to one of ordinary skill in the art to use the NFC to trigger transmittal of payment card information since it is substituting one "known part for another." Final Act. 15. In other words, instead of using a mobile wallet to transmit payment information as in Yurow,[2] the Examiner found it would have been obvious to use the NFC trigger to transmit the payment information because the use of such a trigger

[2] "The mobile wallet application, in communication with the transaction management server via the network, then conducts one or more transactions using the electronic currency or the generated electronic monetary objects." Yurow ¶ 17.

to transmit information is described by Kumar. As held in *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 417 (2007):

> [I]f a technique has been used to improve one device, and a person of ordinary skill in the art would recognize that it would improve similar devices in the same way, using the technique is obvious unless its actual application is beyond his or her skill. . . . [A] court must ask whether the improvement is more than the predictable use of prior art elements according to their established functions.

In arguing that Kumar is deficient in meeting the limitation, Appellant did not fully address Kumar's teaching that once the mobile device and NFC tag interact, the device is triggered ("initiates a midlet") to "transmit[ ] the electronic coupon data" (Kumar ¶ 21), which is analogous to how step [5] is "transmitting the payment . . . information" upon an NFC trigger (claim 1, step [5]). It is clear from Kumar that the NFC interaction is the *trigger* to *transmit* information to a server, as it is in step [5] of claim 1, because Kumar expressly teaches that "the midlet is able to use the tag data to properly communicate with the proper merchant server" (Kumar ¶ 21). The "tag data" is the data from the NFC tag.

In sum, Appellant's argument that step [5] of claim 1 is not obvious based on Yurow and Kumar is not supported by adequate evidence.

For the foregoing reasons, the rejection of claim 1 as obvious Yurow, Polo, Kumar, and Rampell is affirmed. Appellant relied on the same argument for claims 5–8, 10, 11, 15, 20, 23–26, and 31 that they made for claim 1. These claims therefore fall with claim 1. 37 C.F.R. § 41.37(c)(1)(iv). Likewise, Appellant does not make additional arguments with respect to the rejections of claims 18, 19, 30, 32, and 33. We thus affirm these rejections for the same reasons.

SECTION 101 REJECTION

Under 35 U.S.C. § 101, an invention is patent-eligible if it claims a "new and useful process, machine, manufacture, or composition of matter." However, not every discovery is eligible for patent protection. *Diamond v. Diehr*, 450 U.S. 175, 185 (1981). "Excluded from such patent protection are laws of nature, natural phenomena, and abstract ideas." *Id.* The Supreme Court articulated a two-step analysis to determine whether a claim falls within an excluded category of invention. *Alice Corp. Pty. Ltd. v. CLS Bank Int'l*, 134 S.Ct. 2347 (2014); *Mayo Collaborative Servs. v. Prometheus Labs, Inc.*, 566 U.S. 66, 75–77 (2012).

In the first step, it is determined "whether the claims at issue are directed to one of those patent-ineligible concepts." *Alice*, 134 S.Ct. at 2355. If it is determined that the claims are directed to an ineligible concept, then the second step of the two-part analysis is applied in which it is asked "[w]hat else is there in the claims before us?" *Id.* The Court explained that this step involves

> 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, 134 S.Ct. at 2355 (citing from *Mayo*, 566 U.S. at 75–77).

Alice, relying on the analysis in *Mayo* of a claim directed to a law of nature, stated that in the second part of the analysis, "the elements of each claim both individually and 'as an ordered combination'" must be considered "to determine whether the additional elements 'transform the nature of the claim' into a patent-eligible application." *Alice*, 134 S.Ct. at 2355.

The PTO has published revised guidance on the application of 35 U.S.C. § 101. USPTO's January 7, 2019 Memorandum, *2019 Revised Patent Subject Matter Eligibility Guidance*, 84 Fed. Reg. 50, 51–57 (2019) ("Eligibility Guidance"). This guidance provides additional direction on how to implement the two-part analysis of *Mayo* and *Alice*.

Step 2A, Prong One, of the 2019 Guidance, looks at the specific limitations in the claim to determine whether the claim recites a judicial exception to patent eligibility. In Step 2A, Prong Two, the claims are examined to identify whether there are additional elements in the claims that integrate the exception in a practical application, namely, whether there is a "meaningful limit on the judicial exception, such that the claim is more than a drafting effort designed to monopolize the judicial exception." 84 Fed. Reg. 54 (2. Prong Two).

If the claim recites a judicial exception that is not integrated into a practical application, then as in the *Mayo/Alice* framework, Step 2B of the Eligibility Guidance instructs us to determine whether there is a claimed "inventive concept" to ensure that the claims define an invention that is significantly more than the ineligible concept, itself. 84 Fed. Reg. 56.

With these guiding principles in mind, we proceed to determine whether the claimed subject matter in this appeal is eligible for patent protection under 35 U.S.C. § 101.

Discussion

Claim 1 is directed to method for applying promotion codes. Following the first step of the *Mayo* analysis, we find that the claim is directed to a method, and therefore falls into one of the broad statutory

categories of patent-eligible subject matter under 35 U.S.C. § 101. We thus proceed to Step 2A, Prong One, of the Eligibility Guidance.

Step 2A, Prong One

In Step 2A, Prong One, of the Eligibility Guidance, the specific limitations in the claim are examined to determine whether the claim recites a judicial exception to patent eligibility, namely whether the claim recites an abstract idea, law of nature, or natural phenomenon.

The Examiner found that the claims are directed to an abstract idea, which the Examiner characterized as "essentially simply a type of business transaction." Final Act. 2. In the Answer, the Examiner, referring to the 2019 Eligibility Guidelines published after the Final Office Action, further characterized the claims as "within the realm of 'advertising, marketing or sales activities or behaviors,' which are examples of 'certain methods of organizing human activity'" (Ans. 8), listed in the Eligibility Guidance as one of the three groupings of abstract ideas. Eligibility Guidance, 84 Fed. Reg. 52.

Assuming for argument's sake that the claims are directed to an abstract idea, we nevertheless find that the claims are patent-eligible under the Step 2A, Prong Two analysis, as discussed below.

Step 2A, Prong Two

Prong Two of Step 2A under the 2019 Eligibility Guidance asks whether there are additional elements that integrate the exception into a practical application. As in the *Mayo/Alice* framework, we must look at the claim elements individually and "as an ordered combination" to determine

whether the additional elements integrate the recited abstract idea into a practical application. As discussed in the Eligibility Guidance, "[a] claim that integrates a judicial exception in a practical application will apply, rely on, or use the judicial exception in a manner that places a meaningful limit on the judicial exception, such that the claim is more than a drafting effort designed to monopolize the judicial exception. Eligibility Guidance, 84 Fed. Reg. 54. Integration into a practical application is evaluated by identifying whether there are additional elements individually, and in combination, which go beyond the judicial exception. *Id.* at 54–55.

In response to the Examiner's application of the 2019 Eligibility Guidance, Appellant argues:

> Claim 1 recites an improvement over the prior art, characterized by rules applied by a remote computing device (e.g., mobile device of a particular cardholder, see paragraph [0029]) in communication with a remote data source (e.g., a smart poster or interactive kiosk, see paragraphs [0045] and [0046]) via near-field communication, wherein the remote data source interacts with a payment card network, thereby enabling a display of a list of promotions on the remote computing device that are most relevant to the particular cardholder at the particular location of the promotion data source.

Reply Br. 4.

Appellant's argument is persuasive. To determine whether the abstract idea is integrated into a practical application, we ask whether there are additional elements that integrate the exception into a practical application. As in the *Mayo*/*Alice* framework, we look at the claim elements individually and "as an ordered combination" to determine whether the additional elements integrate the recited abstract idea into a practical application. As discussed in the Eligibility Guidance, "[a] claim that

integrates a judicial exception in a practical application will apply, rely on, or use the judicial exception in a manner that places a meaningful limit on the judicial exception, such that the claim is more than a drafting effort designed to monopolize the judicial exception. Eligibility Guidance, 84 Fed. Reg. 54.

Here, step [5] of claim 1 recites "transmitting the payment card information from the remote computing device to a promotion data source in response to a triggering near field communication interaction between the remote computing device and the promotion data source." The "triggering" and "transmitting" steps are by near field communication. Near field communication necessarily uses an NFC device, typically a radiofrequency identification tag or unpowered NFC tag. Spec. ¶ 45. Step [5] does not recite an abstract idea because it requires the use of the NFC tag to operate, which is a "machine or manufacture." Eligibility Guidance, 84 Fed. Reg. 55. Although the "tag" is not expressly recited in the claim, it is invoked by the recitation of "near field communication," making the tag integral to the claim because the NFC interaction could not be accomplished without the tag (Spec. ¶¶ 39, 44). The additional element, namely the "near field communication interaction" accomplished with an NFC tag, integrates the method of organizing human activity into a practical application because it "implements a judicial exception with, or uses a judicial exception in conjunction with, a particular machine or manufacture that is integral to the claim." Eligibility Guidelines, 84 Fed. Reg. 55.

Accordingly, we reverse the rejection of claim under 35 U.S.C. § 101. Independent claims 11 and 20 have the same NFC limitation and are reversed for the same reason as claim 1. Dependent claims 5–8, 10, 15, 18,

19, 23–26, and 30–33 incorporate all the limitations of one of the independent claims and reversed for the same reasons, as well.

CONCLUSION

In summary:

Claims Rejected	35 U.S.C. §	Reference(s)/Basis	Affirmed	Reversed
1, 5–8, 10, 11, 15, 20, 23–26, 31	103	Yurow, Polo, Kumar, Rampell	1, 5–8, 10, 11, 15, 20, 23–26, 31	
18, 19	103	Yurow, Polo, Kumar, Rampell, Thye	18, 19	
30, 33	103	Yurow, Polo, Kumar, Rampell, Kim	30, 33	
32	103	Yurow, Polo, Kumar, Rampell, Krutchik	32	
1, 5–8, 10, 11, 15, 18–20, 23–26, 30–33	101	Eligibility		1, 5–8, 10, 11, 15, 18–20, 23–26, 30–33
Overall Outcome			1, 5–8, 10, 11, 15, 18–20, 23–26, 30–33	

TIME PERIOD

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