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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte EDMOND KWOK-KEUNG CHOW and
ELINA YUEN-WAI LUK

Appeal 2019-006142
Application 14/515,280
Technology Center 3600

Before HUBERT C. LORIN, NINA L. MEDLOCK, and
MATTHEW S. MEYERS, *Administrative Patent Judges*.

MEYERS, *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 1, 19–24, 30, 35, 36, 39, 40, and 43–50, which are all the pending claims in the application.

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(a). Appellant identifies the real parties in interest as Edmond Kwok-Keung Chow and Elina Yuen-Wai Luk. Appeal Br. 1.

CLAIMED SUBJECT MATTER

Appellant’s claimed invention “relates to methods, processes, apparatuses and systems for advertising and promotion” (Spec. ¶ 2), and more particularly to “a method for advertising an item for sale” (*id.* ¶ 5).

Claims 1, 19, and 20 are the independent claims on appeal. Claim 1, reproduced below with bracketed matter added, is illustrative of the claimed subject matter:

1. A computer-implemented method for transmitting a digital advertisement to a terminal configured for electronic commerce, the method comprising, by an information system comprising circuitry:

[(a)] associating in one or more databases a first price with an item;

[(b)] presenting an indication of the item and an indication of a second price to the terminal, wherein the second price is higher than the first price;

[(c)] receiving a commitment to pay for an amount from the terminal, wherein the amount is determined in relation to the second price;

[(d)] in relation to receiving the commitment, presenting the first price to the terminal, wherein the first price is not presented to the terminal until at least the commitment is received, and no sufficient information for arriving at the first price is presented to the terminal until at least the commitment is received; and

[(e)] in relation to presenting the first price, applying a charge to an account associated with a user, thereby minimizing search costs associated with obtaining a lower price than the second price, the lower price being unpublished to the user prior to receiving the commitment.

Appeal Br. 30 (Claims Appendix).

REJECTIONS

1. Claims 1, 19–24, 30, 35, 36, 39, 40, and 43–50 are rejected under 35 U.S.C. § 101 as directed to a judicial exception without significantly more.

2. Claims 1, 19–22, 24, 30, 35, 36, 39, 40 and 43–50 are rejected under 35 U.S.C. § 103 as unpatentable over Wiseman et al. (US 2008/0243628 A1, pub. Oct. 2, 2008) (“Wiseman”), Hecht (US 2014/0012647 A1, pub. Jan. 9, 2014), and Rampell et al. (US 2009/0292599 A1, pub. Nov. 26, 2009) (“Rampell”).

3. Claim 23 is rejected under 35 U.S.C. § 103 as unpatentable over Wiseman, Hecht, Rampell, and Rajan et al. (US 2009/0061884 A1, pub. Mar. 5, 2009).

OPINION

Standard of Review

The Board conducts a limited *de novo* review of the appealed rejections for error based upon the issues identified by Appellant, and in light of the arguments and evidence produced thereon. *Ex parte Frye*, 94 USPQ2d 1072, 1075 (BPAI 2010) (precedential). “Filing a Board appeal does not, unto itself, entitle an appellant to *de novo* review of all aspects of a rejection.” *Id.* (citations omitted). “[T]he Board will not, as a general matter, unilaterally review those uncontested aspects of the rejection.” *Id.* at 1075–76 (citations omitted). The Board will not advocate for Appellant by scouring the record to see if the Board can identify some flaw in the Examiner’s findings of fact, articulated reasoning, or legal conclusions. *See, e.g., Halliburton Energy Services, Inc. v. M-ILLC*, 514 F.3d 1244, 1250 n.2

(Fed. Cir. 2008) (“A skeletal ‘argument’, really nothing more than an assertion, does not preserve a claim.”).

Eligibility

Appellant argues independent claims 1, 19, and 20 together. Appeal Br. 4–15; Reply Br. 1–3. We select independent claim 1 as representative. Claims 19 and 20 stand or fall with claim 1. *See* 37 C.F.R. § 41.37(c)(1)(iv).

A. Section 101

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 U.S. Supreme Court has long interpreted 35 U.S.C. § 101 to include implicit exceptions: “[l]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 Court’s two-part 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 Court held that “a claim drawn to subject matter otherwise statutory does not become nonstatutory simply because it uses a mathematical formula.” *Diehr*, 450 U.S. at 187; *see also id.* at 191 (“We view respondents’ claims as nothing more than a process for molding rubber products and not as an attempt to patent a mathematical formula.”). Having said that, the 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.* (citation omitted) (citing *Benson* and *Flook*); *see, e.g., id.* at 187 (“It is now commonplace that an *application* of a law of nature or mathematical formula to a known structure or process may well be deserving of patent protection.”).

If the claim is “directed to” an abstract idea, we turn to the second step of the *Alice* and *Mayo* framework, where “we must examine the elements of the claim to determine whether it contains an ‘inventive concept’ sufficient to ‘transform’ the claimed abstract idea into a patent-eligible application.” *Alice*, 573 U.S. at 221 (internal quotation marks

omitted). “A claim that recites an abstract idea must include ‘additional features’ to ensure ‘that the [claim] is more than a drafting effort designed to monopolize the [abstract idea].’” *Id.* (alterations in original) (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.*

B. USPTO Section 101 Guidance

In January 2019, the U.S. Patent and Trademark Office (USPTO) published revised guidance on the application of § 101. 2019 Revised Patent Subject Matter Eligibility Guidance, 84 Fed. Reg. 50 (Jan. 7, 2019) (“2019 Revised Guidance”).² “All USPTO personnel are, as a matter of internal agency management, expected to follow the guidance.” *Id.* at 51; *see also* October 2019 Update at 1.

Under the 2019 Revised Guidance and the October 2019 Update, 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) (“Step 2A, Prong One”); and

² In response to received public comments, the Office issued further guidance on October 17, 2019, clarifying the 2019 Revised Guidance. USPTO, *October 2019 Update: Subject Matter Eligibility* (the “October 2019 Update”) (available at https://www.uspto.gov/sites/default/files/documents/peg_oct_2019_update.pdf).

(2) additional elements that integrate the judicial exception into a practical application (*see* MPEP §§ 2106.05(a)–(c), (e)–(h) (9th ed. Rev. 08.2017, Jan. 2018)) (“Step 2A, Prong Two”).³

2019 Revised Guidance, 84 Fed. Reg. at 52–55.

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

2019 Revised Guidance, 84 Fed. Reg. at 52–56.

C. ANALYSIS

With regard to the first step of the *Mayo/Alice* framework and Step 2A, Prong One of the 2019 Revised Guidance, 84 Fed. Reg. at 54, the Examiner determines that exemplary independent claim 1 is “directed to presenting a first price and a second price to a user.” Final Act. 2; Ans. 3–4. The Examiner considers this to be an abstract idea, inasmuch as the claimed concept is a method of organizing human activity. *Id.*

³ This evaluation is performed by (a) identifying whether there are any additional elements recited in the claim beyond the judicial exception, and (b) evaluating those additional elements individually and in combination to determine whether the claim as a whole integrates the exception into a practical application. *See* 2019 Revised Guidance - Section III(A)(2), 84 Fed. Reg. at 54–55.

In response, Appellant disagrees and argues that the claims do not recite methods of organizing human activity. Appeal Br. 6. Appellant argues that the Examiner’s determination is flawed because the invention is not identical to the inventions held ineligible in the cases cited by the Examiner, namely *Electric Power Group, LLC v. Alstom S.A.*, 830 F.3d 1350 (Fed. Cir. 2016) and *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709 (Fed. Cir. 2014). *Id.* at 5–6. According to Appellant, the present claims “inherently require a terminal communicatively coupled to a user, whether at home or at a brick-and-mortar store, and pertain specifically to self-service checkout systems, without ‘extra-solution’ activities” and “the claimed invention withholds **presenting on such a terminal** the final price until after a commitment to pay is received and requires **presenting on the terminal** a higher price to which the commitment to pay corresponds.” *Id.* at 6. Appellant argues that “[t]hese limitations or features find meanings only in the domain of electronic systems enabling users to identify items and perform self-checkouts and cannot exist in [a] vacuum as abstract ideas that could be applied to any general problem.” *Id.*

We are not persuaded that the Examiner erred in determining that independent claim 1 is directed to an abstract idea. 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.’” *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1335 (Fed. Cir. 2016) (quoting *Internet Patents Corp. v. Active Network, Inc.*, 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. Here, it is clear from the Specification (including the claim language) that the claims focus on an abstract idea, and not on any improvement to technology and/or a technical field.

The Specification is entitled “ADVERTISING AND PROMOTION METHOD AND SYSTEM” and states that the disclosure provides “a method for advertising an item for sale.” Spec. ¶ 5. According to the Specification, “[s]ellers, manufacturers, brands, businesses, and marketplaces alike might be reluctant to make available a low price for a product or service even in a competitive market or environment” due to concerns about “not wanting to trigger price-cutting competitions from competitors, restrictions from suppliers or wholesalers (*e.g.*, minimum advertised pricing agreements), and fear of brand image dilution.” *Id.* ¶ 3. The Specification discloses that “[s]ome solutions in the art may include hiding the low price until a consumer adds the product to his online shopping cart, or asking the consumer to make a further inquiry to have the low price revealed,” but these “approaches still reveal the low price enabling [the consumer] to price compare before purchase, while imposing on him what might amount to an extraneous effort.” *Id.* The Specification further describes “an advertising scheme in the art may involve giving out discount coupons for future purchases after a sales transaction,” but notes that “such discount coupons provide, if any, little or weak association as discounts to the purchase that might have resulted in their availability to the customer.” *Id.* The Specification further discloses that “another advertising scheme involves giving prospective customers at the store a coupon (*e.g.*, a so-called ‘scratch-and-save’ coupon) whose discount is initially concealed and may

vary from one customer to another” wherein “customers may then have the coupon amount (and its terms and conditions) revealed prior to their purchases.” *Id.* According to the Specification, “such a discount may be made known to the customers prior to any commitment to pay from the customers” and “[i]n addition, it may be determined without the customers having chosen a particular item or group of items of interest.” *Id.* “As such, this scheme is more like a draw or lottery for a store discount, rather than a hidden discount associated with a particular item or group of items.” To address these problems, the Specification discloses “a method for advertising an item for sale” that involves associating a first price and a second with an item and “receiving a commitment to pay for the first amount, wherein the user does not know the second price (*e.g.*, receiving credit card information for the user with authorization to charge at least the amount of the first total, without disclosing the further discounted price to the user).” *Id.* ¶ 5.

Consistent with this disclosure, independent claim 1 recites a computer-implemented method for transmitting a digital advertisement to a terminal configured for electronic commerce, the method comprising, by an information system comprising circuitry: (1) associating in one or more databases a first price with an item (step (a)); (2) presenting an indication of the item and an indication of a second price to the terminal, wherein the second price is higher than the first price (step (b)); (3) receiving a commitment to pay for an amount from the terminal, wherein the amount is determined in relation to the second price (step (c)); (4) “in relation to receiving the commitment, presenting the first price to the terminal” (step (d)); and (5) in relation to presenting the first price, applying a charge

to an account associated with a user (step (e)). Claim 1 also recites a “wherein” clause in limitation (d) that specifies that “the first price is not presented to the terminal until at least the commitment is received, and no sufficient information for arriving at the first price is presented to the terminal until at least the commitment is received.” Claim 1 further recites, in limitation (e), “thereby minimizing search costs associated with obtaining a lower price than the second price, the lower price being unpublished to the user prior to receiving the commitment.”

Upon reviewing the Specification and independent claim 1, as summarized above, we agree with the Examiner that independent claim 1 recites broadly a series of steps for “presenting a first price and a second price to a user” (Ans. 4), which can be characterized as a certain method of organizing human activity. Here, independent claim 1 associates a first price with an item (step (a)), presents an indication of the item and a second price of the item, (step (b)), receives a commitment to pay (step (c)), and then presents the first price and charges an account. In other words, claim 1 broadly recites a method for presenting two different prices for an item, specifically presenting a higher price prior to receiving a commitment to pay and then presenting a lower price after receiving the commitment to pay.

Thus, it is clear that independent claim 1 recites a form of commercial interaction that, under the 2019 Revised Guidance, falls under the category of “[c]ertain methods of organizing human activity” and more specifically “commercial or legal interactions (including agreements in the form of . . . sales activities or behaviors; business relations).” 2019 Revised Guidance, 84 Fed. Reg. at 52. Accordingly, independent claim 1 recites an abstract idea. *Cf. Mortg. Grader, Inc. v. First Choice Loan Servs. Inc.*, 811 F.3d

1314, 1324 (Fed. Cir. 2016) (“The claim limitations, analyzed individually and ‘as a whole,’ recite nothing more than the collection of information to generate a ‘credit grading’ and to facilitate anonymous loan shopping.”) (citations omitted); *LendingTree, LLC v. Zillow, Inc.*, 656 F. App’x 991, 992–93 (Fed. Cir. 2016) (non-precedential) (holding ineligible claims directed to “coordinating loans” using “a filter comprising the plurality of selection criteria of the database to select without manual intervention each one of said plurality of lending institutions associated with a match”); and *Ultramercial*, 772 F.3d 709 (finding the claims at issue recited the abstract idea of using advertising as a currency as applied to the particular technological environment of the Internet).

We also decline to find error here to the extent Appellant argues that the § 101 rejection cannot be sustained because the Examiner failed to establish “an evidence-based prima facie case of ineligibility” (Appeal Br. 15). Appellant argues that the rejection cannot be sustained because of the “lack of evidence on the record for establishing that the claims are directed to a patent ineligible subject matter under part one and/or part two of the two-part test for judicial exceptions” (*id.* at 14–15). According to Appellant, “examiners are required to present an evidence-based prima facie case of ineligibility” (*id.* at 15) (citing *Ex parte Renald Poisson*, Appeal 2012-011084 (PTAB Feb. 27, 2015)).

The Federal Circuit has observed repeatedly that “the prima facie case is merely a procedural device that enables an appropriate shift of the burden of production.” *Hyatt v. Dudas*, 492 F.3d 1365, 1369 (Fed. Cir. 2007) (citing *In re Oetiker*, 977 F.2d 1443, 1445 (Fed. Cir. 1992)). The court has, thus, held that the USPTO carries its procedural burden of establishing a

prima facie case when its rejection satisfies the requirements of 35 U.S.C. § 132 by notifying the applicant of the reasons for the rejection, “together with such information . . . as may be useful in judging of the propriety of continuing the prosecution of [the] application.” *See In re Jung*, 637 F.3d 1356, 1362 (Fed. Cir. 2011) (alteration in original). Here, the Examiner set forth the statutory basis of the rejection in a sufficiently articulate and informative manner as to meet the notice requirement of 35 U.S.C. § 132. And we find that, in doing so, the Examiner established a prima facie case of patent ineligibility.

Appellant argues that “Appellants and the public do not know what the abstract concept is that claims 1, 19 and 20 are allegedly directed to” (Appeal Br. 14). Appellant’s argument is not persuasive because it ignores the Examiner’s analysis set forth in the Final Office Action, where the Examiner indicated that the claims are directed to, *inter alia*, “presenting the first price, wherein the first price is not presented until at least the commitment is received, and no sufficient information for reducing arriving at the first price is presented until at least the commitment is received” (Final Act. 2–3; *see also* Ans. 3–4 (“the claims are directed to presenting a first price and a second price to a user . . .”)).

As to the allegation that the Examiner has not provided adequate evidence to support the rejection, there is no requirement that an examiner provide evidentiary support in every case before a conclusion can be made that a claim is directed to an abstract idea. Nor, contrary to Appellant’s suggestion (Appeal Br. 15), did this Board hold in *Ex parte Renald Poisson*,

that there is any such requirement.⁴ Although evidence may be helpful, *e.g.*, where facts are in dispute, it is not always needed. *See Mortg. Grader*, 811 F.3d at 1325-26 (“[I]t is also possible, as numerous cases have recognized, that a § 101 analysis may sometimes be undertaken without resolving fact issues.”). Appellant’s bare assertion that evidence is needed, without any supporting reasoning, is insufficient to require the Examiner to provide evidentiary support.

Having concluded that claim 1 recites a judicial exception, *i.e.*, an abstract idea, we turn to the Step 2A, Prong Two of the 2019 Revised Guidance and determine whether the claim integrates the recited judicial exception into a practical application of the judicial exception. Here we look to see if, for example, any additional elements of the claim (i) reflect an improvement in the functioning of a computer or to another technological field, (ii) implement the judicial exception with, or by use of, a particular machine, (iii) effect a transformation or reduction of a particular article to a different state or thing, or (iv) use the judicial exception in some other meaningful way beyond generally linking the use of the judicial exception to a particular technological environment. *See* 2019 Revised Guidance, 84 Fed. Reg. at 55; *see also* MPEP §§ 2106.05(a)–(c), (e)–(h).

Here, the only additional elements recited in claim 1 beyond the abstract idea are “a terminal configured for electronic commerce,” “one or more databases,” and “an information system comprising circuitry” which performs steps (a)–(e). However, the additional elements are described generically in the Specification (*see, e.g.*, Spec. ¶¶ 22–26, 30, 44–47, 61, 67,

⁴ We would not be bound, in any event, by a non-precedential decision of another panel of the Board.

69–71). We find no indication in the Specification, nor does Appellant direct us to any indication, that the steps recited in claim 1 invoke any assertedly 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 an improvement in computer technology and/or functionality to the claimed invention or that otherwise indicates that the claimed invention integrates the abstract idea into a “practical application,” as that phrase is used in the 2019 Revised Guidance.⁵

Appellant argues that independent claims 1, 19, and 20 “are integrated into practical applications.” Appeal Br. 7. Appellant describes a “typical self-checkout process” that comprises five numbered steps, including “1. associate in a database a price with an item,” “2. present via a terminal

⁵ The 2019 Revised Guidance references MPEP §§ 2106.05(a)–(c) and (e) in describing the considerations that are indicative that an additional element or combination of elements integrates the judicial exception, e.g., the abstract idea, into a practical application. 2019 Revised Guidance, 84 Fed. Reg. at 55. If the recited judicial exception is integrated into a practical application, as determined under one or more of these MPEP sections, the claim is not “directed to” the judicial exception.

an indication of the item and a price,” “3. present via the terminal a lower price,” “4. receive a commitment to pay for an amount,” and “5. apply a charge to an account.” *Id.* To contrast the invention with this typical self-checkout process, Appellant describes “an embodiment of claim 1” which includes the same five steps, but in a different order: “1. associate in a database a price with an item,” “2. present via a terminal an indication of the item and a price,” “3. receive a commitment to pay for an amount,” “4. present via the terminal a lower price,” and “5. apply a charge to an account.” *Id.* In particular, relative to the typical self-checkout process, the embodiment of claim 1 moves the step of “receive a commitment to pay for an amount” earlier in the process, before the step of “present via the terminal a lower price.” Thus, Appellant argues, the claims recite additional elements “such as association of a price with an item, presentation of a lower price, and receiving of a commitment to pay,” that “*integrate* the alleged judicial exceptions into a practical application (*e.g.*, self-serve systems, self-checkout processes).” *Id.* at 8.

We do not agree with Appellant that re-ordering the steps of a typical self-checkout integrates the abstract idea into a practical application as that phrase is used in the 2019 Revised Guidance. Citing the 2019 Revised Guidance, Appellant contends that the claims “do not appear to have any applicability outside the domain of self-serve systems and self-checkout processes.” *Id.* at 8. Yet, the 2019 Revised Guidance makes clear that the additional element or combination of elements must go “beyond generally linking the use of the judicial exception to a particular technological environment” in order to integrate the abstract idea into a practical application. Although it may be true that the present claims link the abstract

idea of presenting a lower price *after* the commitment to pay is received to “the domain of self-serve systems and self-checkout processes,” that is not sufficient to integrate the abstract idea into a practical application.

Moreover, the steps of the check-out process argued by Appellant are part of the abstract idea itself; they are not additional elements to be considered when determining whether claim 1 includes additional elements or a combination of elements that is sufficient to integrate the judicial exception into a practical application.

Appellant maintains that the claims include “additional elements” that “implement the alleged abstract ideas with, or use alleged abstract ideas in conjunction with, a terminal configured for electronic commerce or self-checkout process, and such a terminal is evidently integral to each of the claims.” *Id.* at 9. However, as described above, we find no indication in the Specification that the operations recited in claim 1 improve the efficiency of any computer or other device. Appellant does not explain how the claimed “terminal” amounts to “a particular machine or manufacture.” As the Examiner points out, “the presence of a terminal is only a means which is applied to show the price to the user” (Ans. 4). The Specification does not describe a new terminal or device. Instead, the Specification describes the terminal in highly generic terms. *See, e.g.*, Spec. ¶ 26 (“the user may present a retail item at a POS [point-of-sale] system or its frontend (*e.g.*, a self-checkout terminal).” Thus, we find the focus of independent claim 1 is not on any technological advancement, but rather on the implementation of the abstract idea, “for which computers are invoked merely as a tool.” *See Enfish*, 822 F.3d at 1336. Here, claim 1 requires performing a self-checkout process “wherein the first price is not presented to the terminal until at least

the commitment is received, and no sufficient information for arriving at the first price is presented to the terminal until at least the commitment is received.” *Cf. Mortg. Grader*, 811 F.3d 1314 (noting that claimed steps “could all be performed by humans without a computer” including steps of “borrower applies for a loan, a third party calculates the borrower’s credit grading, lenders provide loan pricing information to the third party based on the borrower’s credit grading, and only thereafter (at the election of the borrower) the borrower discloses its identity to a lender”). Like the borrower’s identity in *Mortgage Grader*, the first price is not disclosed until a particular step in the process. And to the extent that the method of claim 1 may reduce “search costs incurred by consumers in their pursuit for lower prices” (Appeal Br. 9), Appellant does not persuasively explain how that amounts to a technological, rather than a business improvement. *Cf. OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1363 (Fed. Cir. 2015) (holding that claims are directed to “the abstract idea of offer-based price optimization”).

Based on the above, we conclude that independent claim 1 recites a method of organizing human activity, i.e., an abstract idea, and that the additional elements recited in the claim are no more than generic components used as tools to perform the recited abstract idea. As such, they do not integrate the abstract idea into a practical application. *See Alice Corp.*, 573 U.S. at 223–24 (“[W]holly 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.’” (alterations in original) (quoting

Mayo, 566 U.S. at 77)). Accordingly, we agree with the Examiner that independent claim 1 is directed to an abstract idea.

Having determined under step one of the *Mayo/Alice* framework that claim 1 is directed to an abstract idea, we next consider under Step 2B of the 2019 Revised Guidance, the second step of the *Mayo/Alice* framework, whether claim 1 includes additional elements or a combination of elements that provides an “inventive concept,” i.e., whether an additional element or combination of elements adds specific limitations beyond the judicial exception that are not “well-understood, routine, conventional activity” in the field (which is indicative that an inventive concept is present) or simply appends well-understood, routine, conventional activities previously known to the industry to the judicial exception. 2019 Revised Guidance, 84 Fed. Reg. at 56.

Appellant argues that

claims 1, 19 and 20 are directed to an inventive process and means of conducting a self-checkout via a terminal by at least not presenting the final price for which the charge is to be made before a commitment to pay for a higher price is received, which is highly unconventional in the art at the time of the invention.

Id. But, that argument is not persuasive at least because the limitation that Appellant identifies as the inventive concept, i.e., “not presenting the final price for which the charge is to be made before a commitment to pay for a higher price is received” is part of the abstract idea; it is not an additional element to be considered when determining whether claim 1 includes additional elements or a combination of elements sufficient to amount to significantly more than the judicial exception.

It could not be clearer from *Alice*, that under step two of the *Mayo/Alice* framework, the elements of each claim are considered both individually and “as an ordered combination” to determine whether the additional elements, i.e., the elements *other* than the abstract idea itself, “transform the nature of the claim” into a patent-eligible application. *Alice Corp.*, 573 U.S. at 217 (internal quotations and citation omitted); *see Mayo*, 566 U.S. at 72–73 (requiring that “a process that focuses upon the use of a natural law also contain *other* elements or a combination of elements, sometimes referred to as an ‘inventive concept,’ sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the natural law itself” (emphasis added) (internal citation omitted)). In other words, the inventive concept under step two of the *Mayo/Alice* test cannot be the abstract idea itself:

It is clear from *Mayo* that the “inventive concept” cannot be the abstract idea itself, and *Berkheimer* . . . leave[s] untouched the numerous cases from this court which have held claims ineligible because the only alleged “inventive concept” is the abstract idea. *Berkheimer v. HP Inc.*, 890 F.3d 1369, 1374 (Fed. Cir. 2018) (Moore, J., concurring); *see also BSG Tech LLC v. BuySeasons, Inc.*, 899 F.3d 1281, 1290 (Fed. Cir. 2018) (“It has been clear since *Alice* that a claimed invention’s use of the ineligible concept to which it is directed cannot supply the inventive concept that renders the invention ‘significantly more’ than that ineligible concept.”) (internal citation omitted).

The Examiner determined here, and we agree, that the only claim elements beyond the abstract idea are the “a terminal configured for electronic commerce,” “one or more databases,” and “an information system comprising circuitry,” i.e., generic computer components used to perform

generic computer functions (Final Act. 3; Ans. 7) — a determination amply supported by, and fully consistent with the Specification (*see, e.g.*, Spec. ¶¶ 22–26, 30, 44–47, 61, 67, 69–71).⁶

Appellant argues that the present claims are comparable to the patent-eligible claims at issue in *DDR Holdings* (Appeal Br. 9–10). But, we can find no parallel between the present claims and those in *DDR Holdings*.

In *DDR Holdings*, the claims were directed to retaining website visitors, and in particular to a system that modified the conventional web browsing experience by directing a user of a host website, who clicks an advertisement, to a “store within a store” on the host website, rather than to the advertiser’s third-party website. *DDR Holdings*, 773 F.3d at 1257–58. The court determined that “the claims address a business challenge (retaining website visitors) [that] is a challenge particular to the Internet.” *Id.* at 1257. The court also determined that the invention was “necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks,” and that the claimed invention did not simply use computers to serve a conventional business purpose. *Id.* Rather, there was a change to the routine, conventional functioning of Internet hyperlink protocol. *Id.* In particular, the claimed invention manipulated interactions with the Internet “to yield a desired result – a result

⁶ The Berkheimer Memo, as described above, expressly directs that an examiner may support the position that an additional element (or combination of elements) is well-understood, routine or conventional with “[a] citation to an express statement in the specification . . . that demonstrates the well-understood, routine, conventional nature of the additional element(s).” Berkheimer Memo at 3.

that overrides the routine and conventional sequence of events ordinarily triggered by the click of a hyperlink.” *Id.* at 1258 (Fed. Cir. 2014)

Appellant maintains here that “the unconventional combination or arrangement recited in claims 1, 19 and 20 of otherwise conventional elements that could be found in a self-checkout process, self-serve system, or electronic commerce system is likewise inventive.” (Appeal Br. 10). Yet, Appellant does not explain how claim 1 involves any unconventional arrangement of the “terminal configured for electronic commerce,” “information system,” and “one or more databases.” Unlike the situation in *DDR Holdings*, there is no indication here that the claimed computer components are used other than in their normal, expected, and routine manner for receiving, analyzing, and displaying information. *DDR Holdings*, 773 F.3d at 1256.

Appellant argues that the claimed “combination or arrangement neither precludes others from continuing to practice in conventional ways, nor preempts future alternatives or enhancements” (Appeal Br. 10). Appellant’s preemption argument does not, however, alter our § 101 analysis. Preemption concerns are fully addressed and made moot where a patent’s claims are deemed to disclose patent-ineligible subject matter under the two-part framework described in *Mayo* and *Alice*. *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015). “While preemption may signal patent ineligible subject matter, the absence of complete preemption does not demonstrate patent eligibility.” *Id.*

Appellant further argues (Appeal Br. 12) that the situation here is similar to that of the Board’s non-precedential decision in *Ex Parte Hafner*, Appeal No. 2015-002200 (PTAB January 31, 2017). In that case, the Board

noted that the Examiner had failed to consider claim limitations related to charging electric vehicles. Appellant has not persuasively identified any similar deficiency in the rejection before us.

Appellant further argues (Appeal Br. 12–14) that the claims before us are similar to the claims in *Classen Immunotherapies, Inc. v Biogen Idec*, 659 F.3d 1057 (Fed. Cir. 2011). Yet, aside from conclusory statements, Appellant offers no persuasive argument or technical reasoning to support that assertion (*id.*).

We are not persuaded, on the present record, that the Examiner erred in rejecting independent claim 1 under 35 U.S.C. § 101. Therefore, we sustain the Examiner’s rejection of independent claim 1, and independent claims 19 and 20, which fall with independent claim 1.

D. Dependent claims

Appellant argues that the Examiner erred in not assessing the eligibility of each claim separately (Appeal Br. 16).

There is no dispute that examiners are to evaluate the patent eligibility of each claim individually. But, consideration of each claim individually does not require a separate written analysis for each individual claim. Moreover, we agree with the Examiner (Ans. 10) that the claims here are all directed to the same abstract idea, albeit at differing levels of specificity. *Cf. Content Extraction & Transmission LLC v. Wells Fargo Bank, N.A.*, 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.”).

Accordingly, we sustain the rejection of dependent claims 21–24, 30, 35, 36, 39, 40, and 43–50 under 35 U.S.C. § 101.

Obviousness

Claims 1, 19–22, 24, 30, 35, 36, 39, 40, and 43–50

We are not persuaded by Appellant’s argument that the Examiner erred in rejecting independent claims 1, 19, and 20 under 35 U.S.C. § 103(a) because the combination of Wiseman, Hecht, and Rampell fails to disclose or suggest:

in relation to receiving the commitment, presenting the first price to the terminal, wherein the first price is not presented to the terminal until at least the commitment is received, and no sufficient information for arriving at the first price is presented to the terminal until at least the commitment is received.

Appeal Br. 20. More particularly, Appellant argues that “in Rampell, the offer from the merchant, the so-called “*primary offer*,” is not the same *as a transaction offer* that may come from an advertiser or transaction offer offeror” (*id.* at 23). Appellant contends that in Rampell, “one or more transaction offers are presented to the user upon the user’s commitment to transact the primary offer, and the user is still *required to accept* any of these add-on transaction offers, free or otherwise, *in addition to the primary offer committed by the user*” (*id.*) (citing Figure 2 and ¶ 52 of Rampell). According to Appellant, “there involves at least two offers (i.e., a primary offer and one or more add-on transaction offers) in Rampell, and each requires an explicit acceptance from the user” (*id.*). Appellant argues that, in contrast to the multiple offers in Rampell, “there is only one offer recited among the limitations of claims 1, 19 and 20” and “[t]he solution recited therein pertains to a single offer . . .” (*id.* at 24).

Appellant’s argument is not persuasive at least because it is not commensurate with the scope of the claim. As the Examiner points out (Ans. 13), claim 1 does not recite any “offer” and claim 1 does not specify

any particular entity that presents the first price to the user. Nothing in claim 1 excludes a process that involves additional “add-on transaction offers” presented by an advertiser or acceptance of such an additional offer as disclosed in Rampell. Simply put, nothing in claim 1 limits the process to only “a single offer” as argued by Appellant. Claim 1 merely requires that “the first price is not presented to the terminal until at least the commitment is received, and no sufficient information for arriving at the first price is presented to the terminal until at least the commitment is received.”

Appellant does not dispute the Examiner’s finding that Rampell’s transaction offers are presented after the commitment to pay. And the Examiner’s finding in this regard is amply supported. For example, as shown in Figure 2 of Rampell, a user commits to a primary offer in step 254, where the user commits to the primary offer “such as by providing a form of payment, or the like” (Rampell ¶ 52). Only after that commitment to pay occurs, a transaction offer is presented to the user in step 264 (*id.*).

Appellant contends that “there is no evidence why a user in Rampell would not know his or her benefits ahead of time for accepting a transaction offer (i.e., an add-on offer to a primary offer), before ‘committing’ to it” (Appeal Br. 25). Yet, Appellant misapprehends the rejection to the extent that Appellant maintains that the “commitment to pay” equates to an acceptance of a transaction offer. The Examiner finds the “commitment to pay” in Rampell’s disclosure that “a user 154 may commit to transact the primary offer 164 at step 254” (Final Act. 7) (quoting Rampell ¶ 52). Subsequently, “the user may receive reimbursement against the current transaction” by accepting a transaction offer (Rampell ¶ 347).

In view of the foregoing, we sustain the Examiner's rejection of independent claims 1, 19, and 20 under 35 U.S.C. § 103(a). For the same reasons, we also sustain the Examiner's rejections of dependent claims 21, 22, 24, 30, 35, 36, 39, 40, and 43–50, which are not argued separately.

Claim 23

Claim 23 depends, indirectly, from independent claim 1. The Examiner relies on paragraph 37 of Rajan as disclosing the subject matter of claim 23 (Final Act. 17–18). According to the Examiner, it would have been obvious for one of ordinary skill in the art to “reduce the credit after a period of time has passed because it would be advantageous for a seller to provide a time related discount based on the time a user buys a product as taught by Rajan” (*id.* at 18).

Appellant disagrees and argues that “the value of the dynamic mobile coupon [in Rajan] does not decline over time, but rather fluctuate[s] periodically” (Appeal Br. 28). Appellant also argues that “the value of the dynamic mobile coupon is not a *pre-existing* credit associated with a user account, but rather something that changes independently of a user account” (*id.*).

We agree with Appellant that Rajan does not disclose “determining that a time period has passed since the time of associating the credit with the account” as called for by claim 23. As Appellant points out, Rajan discloses a determination based on time of day, and does not disclose any time period that begins upon “associating the credit with the account.”

Accordingly, we do not sustain the Examiner's rejection of claim 23.

CONCLUSION

In summary:

Claims Rejected	35 U.S.C. §	Reference(s)/Basis	Affirmed	Reversed
1, 19–24, 30, 35, 36, 39, 40, 43–50	101	Eligibility	1, 19–24, 30, 35, 36, 39, 40, 43–50	
1, 19–22, 24, 30, 35, 36, 39, 40, 43–50	103	Wiseman, Hecht, Rampell	1, 19–22, 24, 30, 35, 36, 39, 40, 43–50	
23	103	Wiseman, Hecht, Rampell, Rajan		23
Overall Outcome				

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