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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte JAY ALLEN DEWITT and DENNIS NORMAN MOSER

Appeal 2019-006696
Application 13/219,341
Technology Center 3600

Before MURRIEL E. CRAWFORD, ANTON W. FETTING, and
ROBERT J. SILVERMAN, *Administrative Patent Judges*.

SILVERMAN, *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 rejecting claims 1, 4, 7–11, 13–19, and 22–27. 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. The Appellant identifies the real party in interest as Visa U.S.A. Inc. Appeal Br. 3.

ILLUSTRATIVE CLAIM

1. A method, comprising:

sending, by a second computing device, to a first computing device of a consumer, at least one first transmission to cause presentation in a user interface on a display of the first computing device, the at least one first transmission comprising data associated with links to webpages corresponding to inventory;

receiving, by the second computing device via a communication network, from the first computing device of the consumer based on activation of a first link of the links corresponding to inventory, the first link associated with a requested inventory, at least one second transmission comprising a consumer request from the consumer that requests an offer for sale of the requested inventory to the consumer by a merchant, the at least one second transmission further comprising a return address of the first computing device of the consumer and an account number of an account associated with the consumer in a payment processing system;

matching, by the second computing device, by accessing a database storing inventory data for a plurality of merchants, the consumer request to a set of merchants having the requested inventory;

determining, by the second computing device, a first merchant from the set of merchants willing to make a first merchant offer to the consumer that includes an inducement for the consumer to purchase the requested inventory;

determining, by the second computing device, a real time distance of the first computing device of the consumer from a location of the first merchant based on a real time location of the first computing device of the consumer;

determining, by the second computing device, that the real time distance of the first computing device of the consumer from the location of the first merchant is within a first predetermined threshold value of distance;

determining, by the second computing device, that a first duration of time, in which the real time distance of the first computing device of the consumer from the location of the first merchant is within the first predetermined threshold value of distance, has elapsed based on determining that the real time distance of the first computing device of the consumer from the location of the first merchant is within the first predetermined threshold value of distance;

in response to receiving the consumer request, transmitting, by the second computing device via the communication network after the first duration of time has elapsed, using the return address of the first computing device of the consumer, the first merchant offer to the first computing device of the consumer, the first merchant offer including the inducement and a confirmation code, wherein transmitting the first merchant offer comprises:

transmitting the first merchant offer to the first computing device of the consumer prior to receiving, by the second computing device from a terminal of the first merchant, an authorization request for a purchase of the requested inventory by the consumer;

transmitting, by the second computing device via the communication network, a second merchant offer for the sale of the requested inventory to the consumer when the consumer is within a second predetermined threshold value of distance from the location of the first merchant, based on determining that a payment transaction between the first merchant and the consumer for the purchase of the requested inventory did not occur within a second duration of time after transmitting the first merchant offer to the first computing device of the consumer, the second merchant offer including the inducement and the confirmation code;

transmitting, by the second computing device, the confirmation code to the terminal;

receiving, by the second computing device, the authorization request from the terminal, the authorization

request including the account number of the account associated with the consumer in the payment processing system;

in response to receiving the authorization request, transmitting, by the second computing device to the terminal, a request for a validation of the confirmation code, the request to cause the terminal to validate the confirmation code by accessing the database;

receiving, by the second computing device, a confirmation transmission from the terminal confirming that a confirmation code received from the consumer at the terminal matches the confirmation code transmitted to the terminal;

processing the purchase of the requested inventory using the account number; and

in response to the receiving the confirmation transmission, applying the inducement toward the purchase.

REFERENCES

The prior art relied upon by the Examiner is:

Name	Reference	Date
Hudda et al. ("Hudda" herein)	US 2001/0049636 A1	Dec. 6, 2001
Callegari	US 2003/0004743 A1	Jan. 2, 2003
Mikurak	US 2004/0064351 A1	Apr. 1, 2004
Szabo et al. ("Szabo" herein)	US 6,963,851 B1	Nov. 8, 2005
Vaughn et al. ("Vaughn" herein)	US 2006/0095327 A1	May 4, 2006

REJECTIONS

I. Claims 1, 4, 7–11, 13–19, and 22–27 are rejected under 35 U.S.C. § 101 as ineligible subject matter.

II. Claims 1, 4, 7–11, 13–19, 23, 25, and 27 are rejected under 35 U.S.C. § 103(a) as unpatentable over Hudda, Mikurak, and Callegari.²

III. Claims 22, 24, and 26 are rejected under 35 U.S.C. § 103(a) as unpatentable over Hudda, Mikurak, Callegari, Szabo, and Vaughn.

FINDINGS OF FACT

The findings of fact relied upon, which are supported by a preponderance of the evidence, appear in the following Analysis.

ANALYSIS

Subject-Matter Eligibility

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.” 35 U.S.C. § 101. Yet, subject matter belonging to any of the statutory categories may, nevertheless, be ineligible for patenting. The Supreme Court has interpreted § 101 to exclude laws of nature, natural phenomena, and abstract ideas, because they are regarded as the basic tools of scientific and technological work, such that including them within the domain of patent protection would risk inhibiting future innovation premised upon them. *Ass’n for Molecular Pathology v. Myriad Genetics, Inc.*, 569 U.S. 576, 589 (2013).

Of course, “[a]t some level, ‘all inventions . . . embody, use, reflect, rest upon, or apply’” these basic tools of scientific and technological work. *Alice Corp. v. CLS Bank Int’l*, 573 U.S. 208, 217 (2014). Accordingly, evaluating ineligible subject matter, under these judicial exclusions, involves

² Claim 4 is not included in the description of the rejection (on page 8 of the Final Office Action), but claim 4 is addressed in the analysis thereafter.

a two-step framework for “distinguish[ing] between patents that claim the buildin[g] block[s] of human ingenuity and those that integrate the building blocks into something more, thereby transform[ing] them into a patent-eligible invention.” *Id.* (citing *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 88–89 (2012) (internal quotation marks omitted)). The first step determines whether the claim is directed to judicially excluded subject matter (such as a so-called “abstract idea”); the second step determines whether there are any “additional elements” recited in the claim that (either individually or as an “ordered combination”) amount to “significantly more” than the identified judicially excepted subject matter itself. *Id.* at 217–18.

In 2019, the USPTO published revised guidance on the application of § 101, in accordance with judicial precedent. *See* 2019 Revised Patent Subject Matter Eligibility Guidance, 84 Fed. Reg. 50, 52 (Jan. 7, 2019) (“2019 Revised Guidance”). Under the 2019 Revised Guidance, a claim is “directed to” an abstract idea, only if the claim recites any of (1) mathematical concepts, (2) certain methods of organizing human activity, and (3) mental processes — without integrating such abstract idea into a “practical application,” i.e., without “apply[ing], rely[ing] on, or us[ing] the judicial exception in a manner that imposes a meaningful limit on the judicial exception, such that the claim is more than a drafting effort designed to monopolize the judicial exception.” *Id.* at 52–55. The considerations articulated in MPEP § 2106.05(a)–(c) and (e)–(h) bear upon whether a claim element (or combination of elements) integrates an abstract idea into a practical application. *Id.* at 55. A claim that is “directed to” an abstract idea constitutes ineligible subject matter, unless the claim recites an additional

element (or combination of elements) amounting to significantly more than the abstract idea. *Id.* at 56.

Although created “[i]n accordance with judicial precedent” (*id.* at 52), the 2019 Revised Guidance enumerates the analytical steps differently than the Supreme Court’s *Alice* opinion. Step 1 of the 2019 Revised Guidance addresses whether the claimed subject matter falls within any of the statutory categories of § 101. *Id.* at 53–54. Step 2A, Prong One, concerns whether the claim at issue recites ineligible subject matter and, if an abstract idea is recited; Step 2A, Prong Two, addresses whether the recited abstract idea is integrated into a practical application. *Id.* at 54–55. Unless such integration exists, the analysis proceeds to Step 2B, in order to determine whether any additional element (or combination of elements) amounts to significantly more than the identified abstract idea. *Id.* at 56.

In the present Appeal, the Appellant does not analyze independent claims 13 and 19 separately from independent claim 1. *See* Appeal Br. 15–20. Accordingly, we treat the independent claims as a group, selecting claim 1 for analysis herein. *See* 37 C.F.R. § 41.37(c)(1)(iv).

As to Step 1 of the 2019 Revised Guidance, the Examiner states that the claims in the Appeal are within the statutory categories identified in § 101. Answer 3.

With regard to the inquiries corresponding to Step 2A, Prong One, the Examiner identifies the following limitations of claim 1:

matching, by the second computing device, by accessing a database storing inventory data for a plurality of merchants, the consumer request to a set of merchants having the requested inventory;

determining, by the second computing device, a first merchant from the set of merchants willing to make a first

merchant offer to the consumer that includes an inducement for the consumer to purchase the requested inventory;

determining, by the second computing device, a real time distance of the first computing device of the consumer from a location of the first merchant based on a real time location of the first computing device of the consumer;

determining, by the second computing device, that the real time distance of the first computing device of the consumer from the location of the first merchant is within a first predetermined threshold value of distance;

determining, by the second computing device, that a first duration of time, in which the real time distance of the first computing device of the consumer from the location of the first merchant is within the first predetermined threshold value of distance, has elapsed based on determining that the real time distance of the first computing device of the consumer from the location of the first merchant is within the first predetermined threshold value of distance; [and]

...

... applying the inducement toward the purchase.

Answer 4–5. According to the Examiner:

The identified limitations recite a method and system that matches a consumer request for inventory with a group of merchants having the inventory and provides an offer based [on] the duration of time at a predetermined distance the consumer is from the merchant, which is a method of commercial interactions including advertising, marketing, or sales activities or behaviors, and business relations. The claim limitations fall within the Certain Methods of Organizing Human Activities groupings of abstract ideas. The performance of the claim limitations using generic computing components (i.e., computing device) does not preclude the claim limitations from being in the certain methods of organizing human activity grouping. Thus, the claimed invention is directed to a judicial exception.

Id. at 5.

The Examiner’s identification of techniques for initiating commercial transactions (e.g., providing the claimed “inducement”), based upon geographic and temporal constraints, is similar to concepts that courts have identified as abstract ideas (as among certain methods of organizing human activity). For example, the Final Office Action (pages 4, 6) cites *Intellectual Ventures I LLC v. Capital One Bank (USA)*, 792 F.3d 1363, 1369 (Fed. Cir. 2015), which states that tailoring website content, based upon a user’s geographic location, is a fundamental practice and, therefore, an abstract idea.

As discussed, below (in regard to the obviousness rejection), the temporal constraint, expressed in the Examiner’s description of the abstract idea, is described by additional claim language (not identified by the Examiner) that could be regarded as reciting part of the abstract idea:

transmitting, by the second computing device via the communication network, a second merchant offer for the sale of the requested inventory to the consumer when the consumer is within a second predetermined threshold value of distance from the location of the first merchant, based on *determining that a payment transaction between the first merchant and the consumer for the purchase of the requested inventory did not occur within a second duration of time after transmitting the first merchant offer to the first computing device of the consumer*, the second merchant offer including the inducement.

(Emphasis added).

Although the Appellant identifies a specific portion of the Reply Brief as addressing the Step 2A, Prong One, inquiries (*see* Reply Br. 2–6), some of the Appellant’s remarks concern other steps of the analysis described in the 2019 Revised Guidance. The Appellant also contends that the Examiner’s description of “[p]roviding ‘an offer based on the duration of

time at a predetermined distance the consumer is from the merchant’ is not ‘a fundamental economic practice long prevalent in our system of commerce’ but instead overgeneralizes the limitations of the claim as an abstract idea.” *Id.* at 6.

As an initial matter, “[a]n abstract idea can generally be described at different levels of abstraction.” *Apple, Inc. v. Ameranth, Inc.*, 842, F.3d 1229, 1240 (Fed. Cir. 2016). We disagree with the Appellant’s position that the Examiner’s particular characterization of the abstract idea “overgeneralizes” the identified claim limitations. Furthermore, the Examiner’s characterization is consonant with similar ideas that courts have identified as beyond the reach of patent-eligible subject matter. *See Intellectual Ventures I*, 792 F.3d at 1369.

Therefore, we are not persuaded of error in the Examiner’s analysis of Step 2A, Prong One, of the 2019 Revised Guidance.

Turning to Step 2A, Prong Two, unless a claim that recites a judicial exception (such as an abstract idea) “integrates the recited judicial exception into a practical application of that exception,” the claim is “directed to” the judicial exception. 2019 Revised Guidance, 84 Fed. Reg. at 53. The analysis of such an “integration into a practical application” involves “[i]dentifying . . . any additional elements recited in the claim beyond the judicial exception(s)” and “evaluating those additional elements individually and in combination to determine whether they integrate the exception into a practical application.” *Id.* at 54–55. Among the considerations “indicative that an additional element (or combination of elements) may have integrated the exception into a practical application” is whether “[a]n additional element reflects an improvement in the functioning of a computer, or an

improvement to other technology or technical field.” *Id.* at 55 (footnote omitted). “[W]hether an additional element or combination of elements integrate[s] the exception into a practical application should be evaluated on the claim as a whole.” *Id.* at 55 n.24.

The Appellant contends that a portion of claim 1 that provides “a meaningful limitation on, and thus, a practical application of” the abstract idea the Examiner identifies. Reply Br. 11. Yet, the Appellant cites a portion of claim 1 that is among the claim limitations that the Examiner relies upon to describe the abstract idea:

determining, by the second computing device, that a first duration of time, in which the real time distance of the first computing device of the consumer from the location of the first merchant is within the first predetermined threshold value of distance, has elapsed based on determining that the real time distance of the first computing device of the consumer from the location of the first merchant is within the first predetermined threshold value of distance.

Id. at 10 (quoting claim 1). Because the Examiner relies on the foregoing claim features in the description of the abstract idea, this language cannot be part of an “additional element” in the eligibility analysis.

Further, the Appellant argues that the following limitations of claim 1 “also provide meaningful limitations”:

in response to receiving the consumer request, **transmitting, by the second computing device via the communication network after the first duration of time has elapsed**, using the return address of the first computing device of the consumer, **the first merchant offer to the first computing device of the consumer, the first merchant offer including the inducement and a confirmation code**, wherein transmitting the first merchant offer comprises:

transmitting the first merchant offer to the first computing device of the consumer prior to receiving, by the second computing device from a terminal of the first merchant, an authorization request for a purchase of the requested inventory by the consumer.

Reply Br. 11.

The Appellant does not explain why these limitations might integrate the abstract idea into a practical application. “A statement which merely points out what a claim recites will not be considered an argument for separate patentability of the claim.” 37 C.F.R. § 41.37(c)(1)(iv). Further, the feature “after the first duration of time has elapsed” does no more than repeat the proximity requirement, which is part of the abstract idea. Indeed, according to claim 1, the “elaps[ing]” of the “first duration of time” is “based on determining that the real time distance of the first computing device of the consumer from the location of the first merchant *is within the first predetermined threshold value of distance.*” (Emphasis added).

The Appellant also argues that the claimed “confirmation code” provides a “practical application,” in view of its “technical benefit.” Reply Br. 11 (citing Spec. ¶¶ 76, 87). Yet, the Appellant does not indicate the nature of any “technical benefit” or “practical application,” or how such might be manifest in the claim language.

In addition, in the portion of the Reply Brief that the Appellant identifies as corresponding to Step 2A, Prong One, of the 2019 Revised Guidance, the Appellant argues that “the claims do provide a technical solution to a problem” — in particular, “an improved method for providing an offer from a merchant to a consumer.” Reply Br. 3.

Yet, the remarks thereafter (*id.* at 3–6), the Appellant cites paragraphs 42, 76, and 87 of the Specification — but no language of any claim that might purportedly embody any improvement.

The Appellant also argues that the Examiner does not explain “how the limitations above pre-empt all ways of providing an offer based on a duration of time at a predetermined distance a consumer is from a merchant.” Reply Br. 7.

Yet, “[w]hile 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).

Therefore, we are not persuaded of error in the rejection, with regard to analyses of Step 2A, Prong Two.

Proceeding to Step 2B of the 2019 Revised Guidance (84 Fed. Reg. at 56), a claim that recites a judicial exception (such as an abstract idea) might, nevertheless, be patent-eligible, if the claim contains “additional elements amount[ing] to significantly more than the exception itself” — i.e., “a specific limitation or combination of limitations that [is] not well-understood, routine, conventional activity in the field, which is indicative that an inventive concept may be present.” *See Alice*, 573 U.S. at 223 (“[T]he mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention.”)

The Examiner regards the limitations of claim 1 — aside from those comprising the identified abstract idea — as conventional computer equipment performing generic functions: “Specifically, receiving, storing, and updating data and performing mathematical functions are well-

understood, routine, and conventional activities previously known in the industry.” Answer 7.

The Appellant argues that the Examiner’s determination lacks the factual support required under *Berkheimer v. HP Inc.*, 881 F.3d 1360, 1368 (Fed. Cir. 2018). Reply Br. 12.

Yet, as the Examiner points out, courts have recognized the well-understood nature of basic computer-network features, such as those in claim 1. Answer 7–8. *See also* Final 7. For example, in addressing similar computer operations, the Federal Circuit stated: “Absent a possible narrower construction of the terms ‘processing,’ ‘receiving,’ and ‘storing,’ . . . those functions can be achieved by any general purpose computer without special programming.” *In re Katz Interactive Call Processing Patent Litig.*, 639 F.3d 1303, 1316 (Fed. Cir. 2011).

Further, the Appellant states that “at least the following claim limitations of independent claim 1 are not well-known, routine, or conventional and no support has been provided to assert that the limitations are well-known, routine, or conventional.” Reply Br. 13. Immediately thereafter, the Appellant repeats nearly the entirety of claim 1 (omitting only the preamble and the final two paragraphs), with no accompanying argument or explanation. *Id.* at 13–15.

Leaving aside the Appellant’s identification of claim limitations that the Examiner relies upon to describe the abstract idea (i.e., claim language that cannot constitute any “additional elements”), merely stating claim language does not amount to an argument for error. *See* 37 C.F.R. § 41.37(c)(1)(iv).

The Appellant briefly asserts that the Examiner’s analysis of dependent claims 4, 7–11, 14–18, and 22–27 “provides no substantive analysis.” Reply Br. 15.

But the Examiner maintains that no dependent claim contains any additional limitation sufficient to give rise to patent-eligibility, in view of the recitation of an abstract idea by the corresponding independent claims. Final 6. *See also* Answer 8. The Appellant has not provided analysis to point out error in the rejection of the dependent claims.

In view of the foregoing, we are not persuaded of error in the Examiner’s analysis of Step 2B of the 2019 Revised Guidance.

Accordingly we sustain the rejection of independent claims 1, 13, and 19, along with dependent claims 4, 7–11, 14–18, and 22–27 under 35 U.S.C. § 101.

Obviousness

The Appellant argues that the cited Hudda reference fails to teach claim 1’s “first duration of time” that is determined to be “elapsed,” “based on determining that the real time distance” of the consumer device from the merchant “is within the first predetermined threshold value of distance.” *See* Appeal Br. 30.

Yet, understood in the context of claim 1, the “first duration of time” and its “elaps[ing]” merely signify geographical proximity. The only indication that the “first duration of time” is “elapsed” is that “the real time distance of the first computing device of the consumer from the location of the first merchant is within the first predetermined threshold value of distance.”

Such a distance-based feature is precisely what the identified portion (see Final 9) of Hudda teaches:

[T]he server of the present invention 22 searches its own database 24 for the location of the merchant carrying a particular product who is within the pre-specified radius distance over which a consumer would be willing to travel to obtain the desired product. Once this is determined, a signal is sent back to the consumer over the Internet 20 and the wireless network 18 notifying the consumer of where the desired products may exist[].

Hudda ¶ 70 (emphasis added).

Although the Appellant correctly states that “Hudda makes no mention of a duration of time” (Appeal Br. 30), Hudda teaches or suggests the use of a minimum distance as a trigger for other activity, which is what the identified limitation of claim 1 recites (albeit, expressed in terms of the lapse of a “first duration of time”).

The Appellant relies upon the same argument for independent claims 13 and 19; no dependent claim is argued separately. Appeal Br. 31. Accordingly, we sustain the rejections of independent claims 1, 13, and 19, along with dependent claims 4, 7–11, 14–18, and 22–27, under 35 U.S.C. § 103(a).

CONCLUSION

In summary:

Claims Rejected	35 U.S.C. §	Reference(s)/Basis	Affirmed	Reversed
1, 4, 7–11, 13–19, 22–27	101	Eligibility	1, 4, 7–11, 13–19, 22–27	

Claims Rejected	35 U.S.C. §	Reference(s)/Basis	Affirmed	Reversed
1, 4, 7–11, 13–19, 23, 25, 27	103(a)	Hudda, Mikurak, Callegari	1, 4, 7–11, 13–19, 23, 25, 27	
22, 24, 26	103(a)	Hudda, Mikurak, Callegari, Szabo, Vaughn	22, 24, 26	
Overall Outcome			1, 4, 7–11, 13–19, 22–27	

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