



UNITED STATES PATENT AND TRADEMARK OFFICE

UNITED STATES DEPARTMENT OF COMMERCE
United States Patent and Trademark Office
Address: COMMISSIONER FOR PATENTS
P.O. Box 1450
Alexandria, Virginia 22313-1450
www.uspto.gov

Table with 5 columns: APPLICATION NO., FILING DATE, FIRST NAMED INVENTOR, ATTORNEY DOCKET NO., CONFIRMATION NO. Includes fields for EXAMINER (LUDWIG, PETER L), ART UNIT (3687), PAPER NUMBER, NOTIFICATION DATE (01/18/2018), and DELIVERY MODE (ELECTRONIC).

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Notice of the Office communication was sent electronically on above-indicated "Notification Date" to the following e-mail address(es):

30449@IPLAWUSA.COM

UNITED STATES PATENT AND TRADEMARK OFFICE

---

BEFORE THE PATENT TRIAL AND APPEAL BOARD

---

*Ex parte* BRADLEY JOHNSON, JOHN D'AURIA,  
and JASON GULLEDGE

---

Appeal 2016-004623<sup>1</sup>  
Application 13/191,583<sup>2</sup>  
Technology Center 3600

---

Before NINA L. MEDLOCK, BRUCE T. WIEDER, and  
ALYSSA A. FINAMORE, *Administrative Patent Judges*.

MEDLOCK, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Appellants appeal under 35 U.S.C. § 134(a) from the Examiner's rejection of claims 1, 2, and 21–24. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

---

<sup>1</sup> Our decision references Appellants' Appeal Brief ("App. Br.," filed October 5, 2015) and Reply Brief ("Reply Br.," filed March 29, 2016), and the Examiner's Answer ("Ans.," mailed February 2, 2016) and Non-Final Office Action ("Non-Final Act.," mailed May 6, 2015).

<sup>2</sup> Appellants identify International Business Machines Corporation as the real party in interest. App. Br. 1.

## CLAIMED INVENTION

Appellants' claimed invention "relates to a system and method for customer discount management" (Spec. ¶ 1).

Claim 1, reproduced below, is the sole independent claim, and representative of the claimed subject matter:

1. A computer system comprising: at least one server computer, wherein the at least one server computer includes at least one program stored thereon, said at least one program being capable of performing the following steps:

displaying a first web page in a web-based interface linked to a web portal in an Internet, to an Internet visitor currently logged into the web portal by a web browser, wherein the displayed first web page comprises: (i) a list of servers providing respectively associated Internet-based services currently available to the Internet visitor from an Internet service provider that provides the servers and the respectively associated Internet-based services to the Internet visitor via the web-based interface and (ii) a clickable cancellation link for each listed server, and wherein the web-based interface is on a computer screen surface;

receiving a first click by the Internet visitor in the first web page, on a first cancellation link for a first server selected from the list of servers on the web-based user interface, wherein the received first click communicates that a first Internet-based service associated with the selected first server is being cancelled by the Internet visitor;

in response to said receiving the first click on the first cancellation link, automatically displaying to the Internet visitor, on the web-based user interface, a second web page that includes a service cancel link and a list of selectable reasons for cancelling the first Internet-based service associated with the selected first server;

after said displaying the second web page, receiving a second click on the service cancel link, by the Internet visitor in the second web page, and further receiving one or more reasons for cancelling the first Internet-based service associated with the selected first server, said one or more reasons having been

selected by the Internet visitor from the list of selectable reasons on the second web page;

in response to said receiving the second click on the service cancel link: (i) automatically generating a service cancellation request for cancelling the first Internet-based service associated with the selected first server, (ii) automatically creating a cancellation request record in a table of a cancellation request database of the Internet service provider, wherein the cancellation request record comprises a status of the service cancellation request, and (iii) automatically generating a ticket for tracking the service cancellation request;

storing a ticket record in a table of a ticket database of the Internet service provider, wherein the ticket record includes ticket information on content of the ticket and further includes a status of the ticket, and wherein the cancellation request record includes a foreign key that points to the ticket;

generating a cross reference lookup table that links the ticket to the first Internet-based service associated with the selected first server, wherein a service database of the Internet service provider comprises information specific to the first Internet-based service associated with the selected first server;

linking the first Internet-based service associated with the selected first server to the cancellation request record;

creating a cancellation request item record in a table of a cancellation request items database of the Internet service provider, wherein the cancellation request item record comprises a status of a billing item associated with the first Internet-based service associated with the selected first server and further comprises a requested cancellation date for cancelling the first Internet-based service associated with the selected first server, and wherein the billing item includes billing information pertaining to the first Internet-based service associated with the selected first server, wherein the cancellation request item record comprises a first foreign key and a second foreign key, wherein the first foreign key points to the cancellation request record, wherein the second foreign key points to the billing item, wherein records in the cancellation request item database are used to link to records in a billing item database of the Internet

service provider, and wherein the records in the billing item database comprise a billing item record;

moving the ticket to a service queue;

after said moving the ticket to the service queue, displaying to the Internet visitor, on the web-based user interface, a third web page that presents to the Internet visitor a discount offer of a discount amount for the first Internet-based service associated with the selected first server;

after said displaying the third web page, receiving a third click by the Internet visitor in the third web page denoting the Internet visitor's acceptance of the discount offer and in response, displaying in another web-based interface on another computer screen surface, to a customer service representative assigned to the ticket, information pertaining to the discount amount accepted by the Internet visitor;

after said displaying, in the other web-based interface, the information pertaining to the discount amount, receiving an entry, in the other web-based interface from the customer service representative, data comprising the discount amount and receiving a click by the customer service representative of a checkbox in the other web-based interface which triggers updating the ticket with the discount amount and generating an invoice, reflecting the discount amount, for the Internet-based service; and

after said updating the ticket with the discount amount and said generating the invoice, closing the ticket.

#### REJECTION

Claims 1, 2, and 21–24 are rejected under 35 U.S.C. § 101 as directed to non-statutory subject matter.

#### ANALYSIS

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. The Supreme Court, however, has long interpreted § 101

to include an implicit exception: “[l]aws of nature, natural phenomena, and abstract ideas” are not patentable. *See, e.g., Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2354 (2014).

The Supreme Court, in *Alice*, reiterated the two-step framework previously set forth in *Mayo Collaborative Services v. Prometheus Laboratories., Inc.*, 566 U.S. 66 (2012), “for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of these concepts.” *Alice Corp.*, 134 S. Ct. at 2355. The first step in that analysis is to “determine whether the claims at issue are directed to one of those patent-ineligible concepts.” *Id.* If the claims are not directed to a patent-ineligible concept, e.g., an abstract idea, the inquiry ends. Otherwise, the inquiry proceeds to the second step where the elements of the claims are considered “individually and ‘as an ordered combination’” to determine whether there are additional elements that “‘transform the nature of the claim’ into a patent-eligible application.” *Id.* (quoting *Mayo*, 566 U.S. at 78).

The Court acknowledged in *Mayo*, that “all inventions at some level embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas.” *Mayo*, 566 U.S. at 71. We, therefore, look to whether the claims focus on a specific means or method that improves the relevant technology or are instead directed to a result or effect that itself is the abstract idea and merely invoke generic processes and machinery. *See Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1336 (Fed. Cir. 2016).

In rejecting the pending claims under 35 U.S.C. § 101, the Examiner finds that the claims are directed to “managing customer discounts following the receiving of a cancellation request by a customer,” i.e., to a fundamental

economic practice and, therefore, to an abstract idea; and that the claims do not include additional elements that are sufficient to amount to significantly more than the judicial exception because “the generically recited computer elements . . . would be routine in [any] computer implementation” (Non-Final Act. 2).

Appellants argue that the § 101 rejection cannot be sustained because the Examiner has presented no supporting evidence that the claims are directed to a patent-ineligible abstract idea (App. Br. 9–11). Appellants, thus, ostensibly maintain that because there is no evidentiary support of record for the Examiner’s findings, the Examiner has failed to establish a prima facie case of patent-ineligibility (*id.*).

We are aware of no controlling authority that requires the Office to provide factual evidence to support a finding that a claim is directed to an abstract idea. Nor, contrary to Appellants’ suggestion (*id.*), did this Board hold, in *Ex parte Renald Poisson*, Appeal 2012-011084 (PTAB February 27, 2015), that there is any such requirement. Instead, the Federal Circuit has repeatedly noted 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 rejection, “together with such information and references 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). Thus, all that is required of the Office is that it set forth the statutory basis of

the rejection in a sufficiently articulate and informative manner as to meet the notice requirement of § 132. *Id.*; see also *Chester v. Miller*, 906 F.2d 1574, 1578 (Fed. Cir. 1990) (Section 132 “is violated when the rejection is so uninformative that it prevents the applicant from recognizing and seeking to counter the grounds for rejection.”).

Appellants do not contend that the Examiner’s rejection under § 101 was not understood or that the Examiner’s rejection, otherwise, fails to satisfy the notice requirements of § 132. Indeed, Appellants’ understanding of the rejection is clearly manifested by their response as set forth in the briefs.

Appellants next argue that the claims cannot be directed to a fundamental economic practice (and, therefore, cannot be directed to an abstract idea) because “managing cancellation of an Internet-based service provided to an Internet visitor by an Internet service provider . . . is a relatively recent practice that has not been long prevalent in our system of commerce” (*id.* at 11–12). But, Appellants cannot reasonably deny that providing financial incentives, e.g., discounts, to retain existing customers has been practiced as long as markets have been in operation. That the claims relate to managing the cancellation of an *Internet-based service* merely limits the use of the abstract idea to a particular technological environment, which the Court made clear in *Alice* is insufficient to transform an otherwise patent-ineligible abstract idea into patent-eligible subject matter. See *Alice Corp.*, 134 S. Ct. at 2358.

Contrary to Appellants’ assertions, we also find no parallel between the present claims and those in *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014). Although Appellants ostensibly argue



otherwise (App. Br. 13), the court did not conclude in *DDR Holdings* that the claims were patent-eligible merely because the claims did not recite the performance of a business practice known from the pre-Internet world along with the requirement to perform it on the Internet. Instead, the Federal Circuit held that the claims were directed to patent-eligible subject matter because they claim a solution “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. *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d at 1257. Rather, there was a change to the routine, conventional functioning of Internet hyperlink protocol. *Id.*

Appellants argue that, similar to *DDR Holdings*, the claimed invention here addresses a problem (i.e., “how to manage a cancelled Internet-based service provided to an Internet visitor by an Internet service provider”) that specifically arises in the realm of computer networks (App. Br. 12–13). Yet, managing a cancelled service is not a problem particular to computer networks and/or the Internet. Offering financial incentives, e.g., discounts, to entice a customer, who has decided to terminate a business relationship with a service provider, i.e., cancel a service, to instead maintain the business relationship, existed before and still exists outside of computer technology and computer networks.

Rather than addressing a *technical problem*, the claimed method and system are intended to address the *business problem* of customer retention (*see* Spec. ¶ 2 (explaining that customers comparison-shop for lower prices and are often willing to switch companies to get the cost savings; accordingly, it becomes vital that a service provider company manage

customer discounts in an organized and strategic manner)). And, unlike the situation in *DDR Holdings*, there is no indication that the claimed “server computer” is used other than in its normal, expected, and routine manner to perform the abstract business practice of managing customer discounts following receipt of a cancellation request, which, as the court in *DDR Holdings* explained, is not patent-eligible. *DDR Holdings*, 773 F.3d at 1256 (“[T]hese claims [of prior cases] in substance were directed to nothing more than the performance of an abstract business practice on the Internet or using a conventional computer. Such claims are not patent-eligible.”).

Turning to the second step of the *Mayo/Alice* framework, Appellants assert that even if the claims are directed to an abstract idea, the claims are nonetheless patent-eligible because they recite significantly more than the abstract idea (App. Br. 13). Appellants present three alternative arguments to support this position (*id.* at 13–25).

Addressing each of these arguments in turn, Appellants first argue that the claims “amount to an inventive concept for resolving a particular Internet-centric problem” (*id.* at 13–17; *see also* Reply Br. 9–11). Again, referencing the decision in *DDR Holdings*, Appellants maintain that, like the claims in *DDR Holdings*, the pending claims address the problem of managing cancellation of an Internet-based service provided to an Internet visitor by an Internet service provider that, “if adhering to the routine, conventional functioning of clicking on options presented in a web page, would complete processing of the cancellation which would end with terminating the Internet visitor’s use of the Internet-based service” (App. Br. at 14–15). Yet, not only is managing cancellation of a service not a problem particular to computer networks and/or the Internet, but there also is no

evidence of record to indicate that the “routine, conventional functioning of clicking on options” would necessarily result in complete processing of the cancellation, i.e., that the claimed invention, like the claims in *DDR Holdings*, effects a change in the routine, conventional functioning of Internet hyperlink protocol as opposed to a change in the routine functioning of a service cancellation process so that instead of the user’s Internet-based service being terminated after the user clicks “cancel,” another webpage is presented to the user with a discount offer for the Internet-based service.

Rather than paralleling the claims in *DDR Holdings*, the pending claims, in our view, are akin to those that the court, in *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709 (Fed. Cir. 2014), found patent-ineligible. There, although the patentee argued that its claims were “directed to a specific method of advertising and content distribution that was previously unknown and never employed on the Internet before,” 772 F.3d at 714, the court found that this alone could not render its claims patent-eligible where the claims merely recited the abstract idea of “offering media content in exchange for viewing an advertisement,” along with “routine additional steps such as updating an activity log, requiring a request from the consumer to view the ad, restrictions on public access, and use of the Internet.” *Id.* at 715–16.

Similarly here, there is no indication that the invocation of the Internet adds an inventive concept sufficient to transform Appellants’ otherwise patent-ineligible abstract idea into patent-eligible subject matter. We find, as did the Examiner, that claim 1 is directed to the abstract idea of “managing customer discounts following the [receipt] of a cancellation request by a customer.” As described above, narrowing that abstract idea to Internet-based services merely limits the use of the abstract idea to a

particular technological environment, which is not enough for patent-eligibility. *See Alice Corp.*, 134 S. Ct. at 2358.

Appellants further argue that the claims are patent-eligible because they do not preempt “significant inventive activity” in the field of managing cancellation of an Internet-based service (App. Br. 17–21; *see also* Reply Br. 11–14). That argument is similarly unpersuasive.

There is no dispute that the Supreme Court has described “the concern that drives [the exclusion of abstract ideas from patent eligible subject matter] as one of pre-emption.” *Alice Corp.*, 134 S. Ct. at 2354. But characterizing pre-emption as a driving concern for patent-eligibility is not the same as characterizing pre-emption as the sole test for patent-eligibility. “The Supreme Court has made clear that the principle of preemption is the basis for the judicial exceptions to patentability” and “[f]or this reason, questions on preemption are inherent in and resolved by the § 101 analysis.” *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015) (citing *Alice*, 134 S. Ct. at 2354). Although “preemption may signal patent ineligible subject matter, the absence of complete preemption does not demonstrate patent eligibility.” *Id.*

Finally, Appellants argue that claim 1 recites specific limitations that qualify as “significantly more” because these limitations are not well-known, routine, and conventional in the field of managing cancellation of an Internet-based service provided to an Internet visitor by an Internet service provider (App. Br. 22–25). But, aside from quoting the claim language, in its entirety, Appellants offer no persuasive argument or technical reasoning to support their position.

Appeal 2016-004623  
Application 13/191,583

We are not persuaded for the reasons set forth above that the Examiner erred in rejecting claims 1, 2, and 21–24 under 35 U.S.C. § 101. Therefore, we sustain the Examiner’s rejection.

DECISION

The Examiner’s rejection of claims 1, 2, and 21–24 under 35 U.S.C. § 101 is affirmed.

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