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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte JASON MASHERAH and BENJAMIN SWIDERSKI

Appeal 2022-004158
Application 15/416,992
Technology Center 3600

Before BIBHU R. MOHANTY, TARA L. HUTCHINGS, and
ROBERT J. SILVERMAN, *Administrative Patent Judges*.

MOHANTY, *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, 2, 4–14, 22, and 24–27. We have jurisdiction under 35 U.S.C. § 6(b).

SUMMARY OF THE DECISION

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 party in interest as The Upper Deck Company (Appeal Br. 3).

CLAIMED SUBJECT MATTER

The Appellant's claimed invention relates to an electronic distribution system for physical trading cards that can be scanned into electronic trading cards and placed on a website for purchase (Spec., para. 3). Claim 22, reproduced below with the italics added, is representative of the subject matter on appeal.

22. A method for implementing an electronic distribution system for collectible items, the method comprising the steps of:

manufacturing a plurality of physical trading cards, each of the plurality of physical trading cards having unique characteristics;

scanning the plurality of physical trading cards with a scanner to generate a plurality of corresponding electronic trading cards, each of the corresponding electronic trading cards being an image that is generated from a direct scan of one of the plurality of physical trading cards, each of the corresponding electronic trading cards being displayable so that the unique characteristics are fully viewable on each of the plurality of physical trading cards and each of the corresponding electronic trading cards;

assigning a unique ID tag to each of the plurality of physical trading cards with the scanner and assigning the same unique ID tag to each of the corresponding electronic cards as the physical trading card to which the electronic trading card directly corresponds;

maintaining a system website and application including one or more processors that are used such that one or more of the plurality of corresponding electronic trading cards are available in one or more sealed digital packs in a card marketplace on the system website and application, the application being located on at least one device selected from the group consisting of (a) a phone, (b) a computer, and (c) a tablet;

selectively storing one or more of the plurality of corresponding electronic trading cards available from the card marketplace online by a first consumer via the system website and application; and

selectively shipping one or more of the plurality of physical trading cards that correspond with the one or more of the plurality of corresponding electronic trading cards available from the card marketplace on the system website and application to the first consumer upon payment of a cost by the first consumer into the system website and application.

THE REJECTIONS

The following rejections are before us for review:

1. Claims 1, 2, 4–14, 22, and 24–27 are rejected under 35 U.S.C. § 101 as being directed to non-statutory subject matter.
2. Claims 1, 2, 4, 6–9, 11, 13, 14, 22, and 25–27 are rejected under 35 U.S.C. § 103 as unpatentable over Linden (US 2016/0361642 A1, Dec. 15, 2016), We (US 2013/0205255 A1, Aug. 8, 2013), and Ishihara (US 2002/0165794 A1, Nov. 7, 2002) .
3. Claims 10 is rejected under 35 U.S.C. § 103 as unpatentable over Linden, We, Ishihara, and Mueller and Carter (“Unopened Baseball Cards: True Test of Willpower, Patience,” Sports Collector Daily (June 3, 2011), <https://www.sportscollectorsdaily.com/unopened-baseball-cards-true-test-of-willpower-patience>).
4. Claims 12 and 24 are rejected under 35 U.S.C. § 103 as unpatentable over Linden, We, Ishihara, and Gattis (US 2008/0228636 A1, Sept. 18, 2008).

FINDINGS OF FACT

We have determined that the findings of fact in the Analysis section below are supported at least by a preponderance of the evidence.²

ANALYSIS

Rejection under 35 U.S.C. § 101

The Appellant argues that the rejection of claim 22 is improper because the claim is not directed to an abstract idea (Appeal Br. 14, 15). The Appellant argues further that the claim is integrated into a “practical application” (Appeal Br. 16–18; Reply Br. 6, 7). The Appellant argues further that the claim is “significantly more” than the alleged abstract idea (Appeal Br. 18–21; Reply Br. 4, 5).

In contrast, the Examiner has determined that the rejection of record is proper (Final Act. 3–7; Ans. 3–9).

We agree with the Examiner. An invention is patent eligible if it claims a “new and useful process, machine, manufacture, or composition of matter.” 35 U.S.C. § 101. However, the Supreme Court has long interpreted 35 U.S.C. § 101 to include implicit exceptions: “[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 Supreme Court’s two-step framework, described in *Mayo* and *Alice*. *Id.* at 217–18 (citing *Mayo Collaborative Servs. v. Prometheus*

² See *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1427 (Fed. Cir. 1988) (explaining the general evidentiary standard for proceedings before the Patent Office).

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, 69 (1972)). Concepts determined to be patent eligible include physical and chemical processes, such as “molding rubber products” (*Diamond v. Diehr*, 450 U.S. 175, 192 (1981)); “tanning, dyeing, making waterproof cloth, vulcanizing India rubber, smelting ores” (*id.* at 182 n.7 (quoting *Corning v. Burden*, 56 U.S. 252, 267–68 (1854))); and manufacturing flour (*Benson*, 409 U.S. at 69 (citing *Cochrane v. Deener*, 94 U.S. 780, 785 (1876))).

In *Diehr*, the claim at issue recited a mathematical formula, but the Supreme Court held that “a claim drawn to subject matter otherwise statutory does not become nonstatutory simply because it uses a mathematical formula.” *Diehr*, 450 U.S. at 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 Supreme Court also indicated that a claim “seeking patent protection for that formula in the abstract . . . is not accorded the protection

of our patent laws, and this principle cannot be circumvented by attempting to limit the use of the formula to a particular technological environment.”
Id. (internal 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.”).

In January 2019, the USPTO published revised guidance on the application of § 101. *2019 Revised Patent Subject Matter Eligibility Guidance*, 84 Fed. Reg. 50 (Jan. 7, 2019) (“Guidance”). Under the Guidance, we first look to whether the claim recites:

- (1) any judicial exceptions, including certain groupings of abstract ideas (i.e., mathematical concepts, certain methods of organizing human activity such as a fundamental economic practice, or mental processes); and
- (2) additional elements that integrate the judicial exception into a practical application, i.e., evaluate whether the claim “appl[ies], rel[ies] on, or use[s] 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.” (*see* Guidance, 84 Fed. Reg. at 54; *see also* MPEP § 2106.05(a)–(c), (e)–(h)).

Only if a claim (1) recites a judicial exception and (2) does not integrate that exception into a practical application, do we then look to whether the claim:

- (3) adds a specific limitation beyond the judicial exception that 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.

See Guidance.

If the claim is “directed to” an abstract idea, we turn to the second step of the *Alice* and *Mayo* framework, where “we must examine the elements of the claim to determine whether it contains an ‘inventive concept’ sufficient to ‘transform’ the claimed abstract idea into a patent-eligible application.” *Alice*, 573 U.S. at 221 (citation omitted). “A claim that recites an abstract idea must include ‘additional features’ to ensure ‘that the [claim] is more than a drafting effort designed to monopolize the [abstract idea].’” *Id.* (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.*

The Specification states that the invention generally relates to an electronic distribution system for physical trading cards that can be scanned into electronic trading cards and placed on a website for purchase (Spec., para. 3). Here, the Examiner has determined that the claim sets forth “the concept of offering trading cards for purchase and sale,” and recite a method of organizing human activity and abstract idea in “commercial or legal interactions such as advertising, marketing, or sales activities or behaviors” (Final Act. 4; Ans. 3, 4). We substantially agree with the Examiner. We determine that the claim sets forth the subject matter in italics above, which describes the concept of: [1] “manufacturing a plurality of physical trading cards”; [2] “scanning the plurality of physical trading cards with a scanner to generate a plurality of corresponding electronic trading cards”; [3] “assigning a unique ID tag to each of the plurality of physical trading cards with the scanner and assigning the same unique ID tag to each of the corresponding electronic cards as the physical trading card to which the electronic trading card directly corresponds”; [4] “maintaining a system

website and application including one or more processors that are used such that one or more of the plurality of corresponding electronic trading cards are available in one or more sealed digital packs in a card marketplace on the system website and application, the application being located on at least one device”; [5] “selectively storing one or more of the plurality of corresponding electronic trading cards available from the card marketplace online by a first consumer via the system website and application”; and [6] “selectively shipping one or more of the plurality of physical trading cards that correspond with the one or more of the plurality of corresponding electronic trading cards available from the card marketplace on the system website and application to the first consumer upon payment of a cost by the first consumer into the system website and application”; which sets forth a method of representing physical trading cards (physical items) as electronic trading cards on a marketplace platform for representation of the physical trading card that is for sale and shipment upon payment, and is a certain method of organizing human activities in sales and fundamental economic practice, i.e., a judicial exception.

It has been held in previous cases that similar claims were directed to an abstract concept. In *buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350, 1355 (Fed. Cir. 2014), it was held that claims drawn to creating a contractual relationship are directed to an abstract idea. Similarly, in this case, a contractual relationship is created by the consumer making a payment as a cost for the physical trading cards. In *Inventor Holdings, LLC v. Bed Bath & Beyond Inc.*, 876 F.3d 1372, 1378 (Fed. Cir. 2017), claims directed to the local processing of payments for remotely purchased goods was held to be directed to an abstract idea. Similarly, in this case, the system website is

used for the processing of payment for the remotely purchased physical trading cards by a consumer. *See In re TLI Commc'ns LLC Patent Litig.*, 823 F.3d 607, 612 (Fed. Cir. 2016) (in which “classifying and storing digital images in an organized manner” was held to be an abstract concept). Similarly, in this case the physical trading cards are scanned to generate digital (electronic) cards that are classified by a unique ID tag and stored on the system website. Courts have found claims directed to collecting, recognizing, and storing data in a computer memory to be directed to an abstract idea. *Content Extraction and Transmission LLC v. Wells Fargo Bank, National Association*, 776 F.3d 1343 (Fed. Cir. 2014). Similarly, in this case, data related to the identification of the electronic (digital) cards is collected, stored, and recognized on the system website.

We next determine whether the claim recites additional elements in the claim to integrate the judicial exception into a practical application. *See* Guidance, 84 Fed. Reg. at 54–55. The Revised Guidance references the MANUAL OF PATENT EXAMINING PROCEDURE (“MPEP”) §§ 2106.04(d) and 2106.05(a)–(c) and (e)–(h).

Here, the claim does not improve computer functionality, improve another field of technology, utilize a particular machine, or effect a particular physical transformation. Rather, we determine that nothing in the claim imposes a meaningful limit on the judicial exception, such that the claim is more than a drafting effort to monopolize the judicial exception.

For example, in the claim, the additional elements beyond the abstract idea are the recited scanner, website, and device consisting of a phone, computer, or tablet. These are described in the Specification as generic computer components (Spec., paras. 20, 27, 55, 62). The claimed limitations

of “scanning,” “maintaining a system website,” and “storing” as recited “do not purport to improve the functioning of the computer itself,” do not improve the technology of the technical field, and do not require a “particular machine.” Rather, they are performed using generic computer components. Further, the claim as a whole fails to effect any particular transformation of an article to a different state. The recited steps in the claim fail to provide meaningful limitations to limit the judicial exception. In this case, the claim merely uses the claimed computer elements as a tool to perform the abstract idea.

Considering the elements of the claim both individually and as “an ordered combination” the functions performed by the computer system at each step of the process are purely conventional. Each step of the claimed method does no more than require a generic computer to perform a generic computer function. Thus, the claimed elements have not been shown to integrate the judicial exception into a practical application as set forth in the Revised Guidance which references the MPEP §§ 2106.04(d) and 2106.05(a)–(c) and (e)–(h).

Turning to the second step of the *Alice* and *Mayo* framework, we determine that the claim does not contain an inventive concept sufficient to “transform” the abstract nature of the claim into a patent-eligible application. Considering the claim both individually and as an ordered combination fails to add subject matter beyond the judicial exception that is not well-understood, routine, and conventional in the field. Rather the claim uses well-understood, routine, and conventional activities previously known in the art and they are recited at a high level of generality. The Specification at paras. 20, 27 and 62, for example, describes using conventional computer

components such as scanner, processor, website, and computer in a conventional manner. The claim specifically includes recitations for computers to implement the method but these computer components are all used in a manner that is well-understood, routine, and conventional in the field. Here, the claimed generic computer components which are used to implement the claimed method are well understood, routine, or conventional in the field. Here, the claim has not been shown to be “significantly more” than the abstract idea.

For these above reasons the rejection of claim 22 is sustained. The Appellant has provided the same arguments for the remaining claims which are related to similar subject matter and the rejection of these claims is sustained for the same reasons given above.

Rejection under 35 U.S.C. § 103

Claims 1, 2, 11, 13, 14, 22, and 25–27

The Appellant argues that the rejection of claim 1 is improper because the combination of references relies on impermissible hindsight (Appeal Br. 22).

In contrast, the Examiner has determined that the combination of references is proper (Final Act. 8–11; Ans. 9–12).

We agree with the Examiner. The Appellant argues that there is no motivation to combine the references and that the rejection relies on impermissible hindsight (Appeal Br. 22). The Appellant’s arguments rely on the combination of references lacking a teaching, suggestion, or motivation to combine the references (Appeal Br. 22–29).

In *KSR*, the Supreme Court rejected the Federal Circuit’s rigid application of its teaching, suggestion, motivation test in favor of an expansive and flexible approach. *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 415 (2007). The Supreme Court noted that often, it will be necessary “to look to interrelated teachings of multiple patents; the effects of demands known to the design community or present in the marketplace; and the background knowledge possessed by a person having ordinary skill in the art, all in order to determine whether there was an apparent reason to combine the known elements in the fashion claimed by the patent at issue.” *Id.* at 418. The Supreme Court noted that the Court of Customs and Patent Appeals “captured a helpful insight” when it first established the teaching, suggestion, motivation test, but made clear that “the analysis need not seek out precise teachings directed to the specific subject matter of the challenged claim, for a court can take account of the inferences and creative steps that a person of ordinary skill in the art would employ.” *Id.*

In this case, Appellant’s arguments are directed to the lack of motivation to combine the references (Appeal Br. 22–29). Further, Appellant’s arguments attack the references individually, when the rejection is over a combination of references. *See In re Keller*, 642 F.2d 413, 426 (CCPA 1981) (“one cannot show non-obviousness by attacking references individually where, as here, the rejections are based on combinations of references”).

Here, Linden discloses method for identifying physical trading cards and incorporating trading cards in a video game (Abstract). Linden discloses that a trading card may be printed and comprise a physical card (paras. 22, 53, 65), which can include a game item, such as virtual trading

cards, that can be scanned and unlocked (paras. 65, 66, 140, 186). Linden does not disclose using “digital packs” of cards, but this has been disclosed by We at para. 15. Linden also does not disclose selling and shipping the physical card to a user, but this has been disclosed by Ishihara at para. 18. Here, the cited combination of Linden to be modified to include “digital packs” of cards that can be opened, as taught by We, and shipped when paid for, as disclosed by Ishihara, would have been an obvious combination of familiar elements to one of ordinary skill in the art at the time of the invention for the advantage of increasing sales of the video game by including physical cards that can be sold and shipped to the user. For this reason, the arguments that the combination of references would not have been obvious is not persuasive.

The Appellant secondly argues that the rejection of claim 1 is improper because a claimed element is not shown (Appeal Br. 30, 31). However, the Appellant only argues what the claim recites, and provides no arguments for any specific limitation. A statement that 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). The Appellant in this section also argues that the cited combination of references fails to teach physical trading cards that correspond to the electronic cards that are shipped upon payment to the first consumer (Appeal Br. 31, 32). However, all the cited limitations are taught in the prior art references or suggested by the combination of references, as noted in the section above and in the citations made by the Examiner in the Final Action of record. Accordingly, this rejection of claim 1 is sustained.

The Appellant has provided the same arguments for claims 2, 11, 13, 14, 22, 25, 26, and 27, which are drawn to similar subject matter, and the rejection of these claims is sustained for the same reasons given above.

Claims 4, 6-10

The Appellant argues that the rejection of claim 4 is improper because a claimed element is not shown (Appeal Br. 30, 31). Claim 4 requires “a plurality of digital-only trading cards that do not directly correspond with any of the plurality of physical trading cards.”

The Examiner has cited to Linden at para. 118 for this aspect of the claim language (Final Act. 12; Ans. 12–13).

However, this above cited and argued claim element is not specifically disclosed by Linden at para. 118. While Linden at para. 118 does disclose that electronic copies of cards are validated prior to printing, it does not specifically disclose that digital-only trading cards do not directly correspond with any of the plurality of physical trading cards as claimed. Accordingly, the rejection of claim 4 and its dependent claims 6–10 is not sustained.

Claims 12, 24

The Appellant argues that the rejection of claim 12 is improper, because there is no motivation to combine the cited references to meet the claim limitations. Claim 12 depends from claim 1 which has been addressed above. Claim 12 additionally contains the limitation:

wherein the cost paid by the first consumer includes one of the corresponding electronic trading cards available to the first consumer from the system website and application being

redeemed by the first consumer into the system website and application in order to receive the physical trading card that directly corresponds with the one of the corresponding electronic trading cards.

The Examiner has cited to Gattis at para. 26 as suggesting the cited claim limitation (Final Act. 29, 30; Ans. 14, 15).

We agree with the Examiner. Gattis at para. 26 discloses virtual objects may be associated with physical objects. Gattis at para. 26 discloses that “the physical object 102 may be redeemed for goods or services represented by virtual objects purchased using the physical object 102. In an alternative embodiment, virtual objects may become associated with the physical object 102 such that the virtual objects can be later accessed through the physical object.” Thus, Gattis discloses that virtual objects may be redeemed for physical objects. We agree with the Examiner’s rationale and determination that the cited combination of references would have been obvious as stated in the Final Action at pages 29 and 30. Accordingly, the rejection of claim 12 is sustained. Claim 24 contains a similar limitation, and Appellant presents the same argument for patentability. Therefore, the rejection of this claim is sustained for the same reasons given above.

CONCLUSIONS OF LAW

We conclude that Appellant has not shown that the Examiner erred in rejecting claims 1, 2, 4–14, 22, and 24–27 under 35 U.S.C. § 101 as being directed to non-statutory subject matter.

We conclude that Appellant has not shown that the Examiner erred in rejecting claims 1, 2, 11, 13, 14, 22, and 25–27 under 35 U.S.C. § 103 as unpatentable over Linden, We, and Ishihara.

We conclude that Appellant has shown that the Examiner erred in rejecting claims 4 and 6–9 under 35 U.S.C. § 103 as unpatentable over Linden, We, and Ishihara.

We conclude that Appellant has shown that the Examiner erred in rejecting claims 10 under 35 U.S.C. § 103 as unpatentable over Linden, We, Ishihara, and Carter.

We conclude that Appellant has not shown that the Examiner erred in rejecting claims 12 and 24 under 35 U.S.C. § 103 as unpatentable over Linden, We, Ishihara, and Gattis.

DECISION SUMMARY

In summary:

Claims Rejected	35 U.S.C. §	Reference(s)/Basis	Affirmed	Reversed
1, 2, 4–14, 22, 24–27	101	Eligibility	1, 2, 4–14, 22, 24–27	
1, 2, 4, 6–9, 11, 13, 14, 22, 25–27	103	Linden, We, Ishihara	1, 2, 11, 13, 14, 22, 25–27	4, 6–9
10	103	Linden, We, Ishihara, Carter		10
12, 24	103	Linden, We, Ishihara, Gattis	12, 24	
Overall Outcome			1, 2, 4–14, 22, 24–27	

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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