



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

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
12/857,556	08/17/2010	Sanjay Rohatgi	561.01NP	4228

36955 7590 06/21/2016
MOORE PATENTS
794 LOS ROBLES AVENUE
PALO ALTO, CA 94306-3159

EXAMINER

CRANFORD, MICHAEL D

ART UNIT	PAPER NUMBER
----------	--------------

3694

MAIL DATE	DELIVERY MODE
-----------	---------------

06/21/2016

PAPER

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.

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte SANJAY ROHATGI

Appeal 2013–009746
Application 12/857,556
Technology Center 3600

Before ANTON W. FETTING, NINA L. MEDLOCK, and
TARA L. HUTCHINGS, *Administrative Patent Judges*.
FETTING, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE¹

Sanjay Rohatgi (Appellant) seeks review under 35 U.S.C. § 134 of a final rejection of claims 15–24, the only claims pending in the application on appeal. We have jurisdiction over the appeal pursuant to 35 U.S.C. § 6(b).

¹ Our decision will make reference to the Appellant’s Appeal Brief (“Appeal Br.,” filed February 14, 2012) and Reply Brief (“Reply Br.,” filed August 4, 2013), and the Examiner’s Answer (“Ans.,” mailed June 5, 2013), and Final Action (“Final Act.,” mailed July 6, 2011).

The Appellant invented a way of generation, use and transfer of virtual financial instruments using mobile communication devices. Specification para. 2.

An understanding of the invention can be derived from a reading of exemplary claim 15, which is reproduced below (bracketed matter and some paragraphing added).

15. A method for facilitating financial transactions comprising
- [1] using software, hardware, or a combination thereof within a networked computer system
 - to create a virtual financial instrument for a user,
 - wherein said virtual financial instrument can be funded using any combination of
 - cash, bank account, credit card, membership card, insurance card, debit card, check, bank card, and gift card;
 - [2] configuring a set of rules
 - defining limitations for the use of said virtual financial instrument;
 - [3] authenticating said user;
 - [4] validating a real world financial transaction
 - according to said set of rules;
- and
- [5] transmitting said real world financial transaction
 - over a computerized financial network
 - if said validating is successful
 - or
 - denying said financial transaction
 - if said validating is not successful.

The Examiner relies upon the following prior art:

Ferris	US 2008/0005002 A1	Jan. 3, 2008
Drummond	US 2009/0218394 A1	Sept. 3, 2009

Claims 15–23 stand rejected under 35 U.S.C. § 101 as directed to non–statutory subject matter.

Claims 15–24 stand rejected under 35 U.S.C. § 103(a) as unpatentable over Drummond and Ferris.

ISSUES

The issues of obviousness turn primarily on whether the virtual instruments Drummond describes are virtual financial instruments and whether a teaching in Ferris is pertinent to the network Drummond describes.

FACTS PERTINENT TO THE ISSUES

The following enumerated Findings of Fact (FF) are believed to be supported by a preponderance of the evidence.

Facts Related to Claim Construction

01. The disclosure contains no lexicographic definition of “virtual financial instrument.”

Facts Related to the Prior Art

Drummond

02. Drummond is directed to improved banking machines.
Drummond para. 2.
03. Drummond describes government regulations or good business practice limiting the size and amounts of deposits which may be made into an ATM to prevent “money laundering” or other suspicious activities. The monitor software limits the amount of any single deposit to below a set limit and communicates with the home bank back office system to prevent a series of deposits within a preset time from exceeding a certain limit. The monitor limits certain transactions that may be carried on at the banking machine responsive to instructions from foreign servers.
Drummond para. 122.
04. Drummond describes using its machine to pay bills with payment by cash, check, credit card, debit card, smart card, balance transfer, etc. The bill may be a bank loan, a credit card bill, a utility bill, merchant invoice, or some other type of bill involving due payment. Drummond para. 250.
05. Drummond describes a bank or other entity keeping a virtual checking account on behalf of a customer. The images of a customer’s checks would be electronically stored by the bank on behalf of the customer. Thus, a customer would be able to view their checking account information online in real time or near real

time. Furthermore, a customer's checking account information, including the images of checks, could be sent to a desired address at any time as authorized by a customer. Thus, the customer could have a virtual bank. Drummond para. 262.

06. Instead of Drummond's machine actually printing a check for deposit on behalf of the customer, the machine may generate only an electronic image of a virtual check for deposit. A check image may still be generated and stored. That is, the banking machine generates, the customer electronically signs and then the machine stores a virtual check. Again, the check image may be electronically sent or made accessible to the bank on which the funds are withdrawn, the Federal Reserve, the payor customer, the payee and/or other entities. Drummond para. 281.

07. A check or other instrument may be produced in either hard copy or virtual form by Drummond's machine. The customer may sign the instrument (physically if in hard copy, or electronically if virtual) and then deposit the instrument in the machine. In the case of a virtual instrument the user would provide one or more inputs meeting the legal requirements of an electronic signature, and would provide one or more inputs through input devices on the machine to indicate the deposit of the instrument. Drummond para. 283.

Ferris

08. Ferris is directed to a secure communication network operating between a central administrator, operating as a hedge fund of funds, and numerous separate investment funds. It relates also to a method of enabling a hedge fund of funds to manage risk. Ferris para. 2.

09. Ferris describes a secure communication network operating between the fund of funds (FoF), and the numerous separate investment funds, each investment fund including several different instruments. Critically, each instrument in a portfolio is modelled as a software component that responds to a common risk factor response APL. Ferris para. 33.

ANALYSIS

Claims 15–24 rejected under 35 U.S.C. § 103(a) as unpatentable over Drummond and Ferris

Appellant argues that Drummond does not use a virtual financial instrument, that Drummond's rules are for transactions rather than use of a virtual financial instrument, and that Ferris is not pertinent art or combinable. Appeal Br. 6–16. Appellant does not lexicographically define a virtual financial instrument. The plain meaning is a financial instrument that is virtual as contrasted with physical. Drummond explicitly describes virtual checks and virtual instruments generally.

We are persuaded by Appellant’s argument that Drummond fails to describe funding virtual checks from all of the enumerated sources in claim 15. Appeal Br. 9–10. The limitation at issue is “said virtual financial instrument can be funded using any combination of . . . membership card, insurance card, . . .”. Neither reference describes funding a virtual instrument from a membership or insurance card, and the Examiner makes no findings otherwise.

Claim 24, unlike claims 15–23, is directed to a structure rather than a process, with five recited parts, viz. a network, creation module, communications module, authentication module, and transaction module. Although all of these parts are labeled as modules, the claim does not recite any manner in which the word module affects the structure or function of the parts.

As to structural inventions, such claims must be distinguished from the prior art in terms of structure rather than function, *see, e.g., In re Schreiber*, 128 F.3d 1473, 1477–78 (Fed. Cir. 1997). In order to satisfy the functional limitations in an apparatus claim, however, the prior art apparatus as disclosed must be capable of performing the claimed function. *Id.* at 1478. When the functional language is associated with programming or some other structure required to perform the function, that programming or structure must be present in order to meet the claim limitation. *Typhoon Touch Techs., Inc. v. Dell, Inc.*, 659 F.3d 1376, 1380 (Fed. Cir. 2011) (discussing *Microprocessor Enhancement Corp. v. Texas Instruments, Inc.*, 520 F.3d 1367 (Fed. Cir. 2008)). In some circumstances generic structural disclosures may be sufficient to meet the functional requirements, *see Ergo Licensing*,

LLC v. CareFusion 303, Inc., 673 F.3d 1361, 1364 (Fed. Cir. 2012) (citing *Telcordia Techs., Inc. v. Cisco Sys., Inc.*, 612 F.3d 1365, 1376–77 (Fed. Cir. 2010)).

Also, a structural invention is not distinguished by the work product it operates upon, such as data in a computer. “[E]xpressions relating the apparatus to contents thereof during an intended operation are of no significance in determining patentability of the apparatus claim.” *Ex parte Thibault*, 164 USPQ 666, 667 (Bd. App. 1969). Furthermore, “inclusion of material or article worked upon by a structure being claimed does not impart patentability to the claims.” *In re Otto*, 312 F.2d 937, 940 (CCPA 1963). The communications module, authentication module, and transaction module limitations recite conventional banking communications, authentication, and transaction processing albeit with a virtual instrument. Neither the claims nor the disclosure indicate any structural difference in such system parts based solely on a virtual nature of a financial instrument. Indeed the known practice of banking transactions using only a credit card or checking account number without a physical card or check evidences the identity of structure operating upon physical and virtual instruments. As to creation, again, Drummond describes creating virtual checks.

Although claim 24 has a wherein clause that is similar to claim 15 in reciting the capacity for funding a virtual instrument from various sources, the only structure required for funding an instrument is the structure for transferring financial amounts inherent in Drummond as well as all bank systems generically.

Appeal 2013-009746

Application 12/857,556

Claims 15–23 rejected under 35 U.S.C. § 101 as directed to non–statutory subject matter

The Supreme Court decision in *Bilski v Kappos*, 561 U.S. 593 (2010) issued on June 28, 2010. The Final Action was mailed subsequently on July 6, 2011. The Examiner found the claimed subject matter patent ineligible because it failed the machine or transformation test. Final Act. 2–3. This was not a dispositive test. *Bilski* held that the machine or transformation test is not the sole test for determining whether a process claim is abstract. *Id.* at 614. Indeed, the Examiner cited *Bilski* while incorrectly describing its holding. The Examiner did not correct this in the Answer.

CONCLUSIONS OF LAW

The rejection of claims 15–23 under 35 U.S.C. § 101 as directed to non-statutory subject matter is improper.

The rejection of claims 15–23 under 35 U.S.C. § 103(a) as unpatentable over Drummond and Ferris is improper.

The rejection of claim 24 under 35 U.S.C. § 103(a) as unpatentable over Drummond and Ferris is proper.

NEW GROUND OF REJECTION

The following new grounds of rejection are entered pursuant to 37 C.F.R. § 41.50(b).

Claims 15–24 are rejected under 35 U.S.C. § 101 as directed to non–statutory subject matter.

Claims 15–24 are rejected under 35 U.S.C. § 112, first paragraph, as lacking a supporting written description within the original disclosure.

As to the issue of statutory subject matter, the Supreme Court

set forth a framework for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts. First, [] determine whether the claims at issue are directed to one of those patent-ineligible concepts. [] If so, we then ask, “[w]hat else is there in the claims before us? [] To answer that question, [] consider the elements of each claim both individually and “as an ordered combination” to determine whether the additional elements “transform the nature of the claim” into a patent-eligible application. [The Court] described step two of this analysis as a search for an ““inventive concept””—i.e., an element or combination of elements that is “sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the [ineligible concept] itself.”

Alice Corp., Pty. Ltd. v. CLS Bank Intl, 134 S. Ct. 2347, 2355 (2014) (citing *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 132 S. Ct. 1289 (2012)).

To perform this test, we must first determine whether the claims at issue are directed to a patent-ineligible concept.

Although the Court in *Alice* made a direct finding as to what the claims were directed to, we find that this case’s claims themselves and the Specification provide enough information to inform one as to what they are directed to.

The preamble to claim 15 recites that it is a method of facilitating financial transactions. The five steps in claim 15 result in a financial transaction. The Specification at 1 recites that the invention relates to generation, use and transfer of virtual financial instruments. Thus, all this evidence shows that claim 1 is directed to financial transactions.

It follows from prior Supreme Court cases, and *Bilski* in particular, that the claims at issue here are directed to an abstract idea. Like the risk hedging in *Bilski*, the concept of financial transactions is a fundamental economic practice long prevalent in our system of commerce. The use of financial transactions is also a building block of the modern economy. Thus, financial transactions, like hedging, is an “abstract idea” beyond the scope of §101. *See Alice Corp. Pty. Ltd.* at 2356.

As in *Alice Corp. Pty. Ltd.*, we need not labor to delimit the precise contours of the “abstract ideas” category in this case. It is enough to recognize that there is no meaningful distinction in the level of abstraction between the concept of risk hedging in *Bilski* and the concept of financial transactions at issue here. Both are squarely within the realm of “abstract ideas” as the Court has used that term. *See Alice Corp. Pty. Ltd.* at 2357.

The remaining claims merely describe examples of financial transaction rules and embodiments. We conclude that the claims at issue are directed to a patent-ineligible concept.

The introduction of a computer into the claims does not alter the analysis at *Mayo* step two.

the mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention. Stating an abstract idea “while adding the words ‘apply it’” is not enough for patent eligibility. Nor is limiting the use of an abstract idea “to a particular technological environment.” Stating an abstract idea while adding the words “apply it with a computer” simply combines those two steps, with the same deficient result. Thus, if a patent’s recitation of a computer amounts to a mere instruction to “implement[t]” an abstract idea “on . . . a computer,” that addition cannot impart patent eligibility. This conclusion accords with the preemption concern that undergirds our §101 jurisprudence. Given the ubiquity of computers, wholly generic computer implementation is not generally the sort of “additional feature[e]” that provides any “practical assurance that the process is more than a drafting effort designed to monopolize the [abstract idea] itself.”

Alice Corp. Pty. Ltd., 134 S. Ct. at 2358 (citations omitted).

“[T]he relevant question is whether the claims here do more than simply instruct the practitioner to implement the abstract idea [] on a generic computer.” *Alice Corp. Pty. Ltd.*, 134 S. Ct. at 2359. They do not.

Taking the claim elements separately, the function performed by the computer at each step of the process is purely conventional. Using a computer to create data and rules, authenticate and validate users and data, and transmit data amounts to electronic data query and retrieval—one of the most basic functions of a computer. The limitation of “a virtual financial instrument” is not a step, but a recitation of data content, *viz.* the binary data

equivalent of a physical instrument. All of these computer functions are well-understood, routine, conventional activities previously known to the industry. In short, each step does no more than require a generic computer to perform generic computer functions.

Considered as an ordered combination, the computer components of Appellant's method add nothing that is not already present when the steps are considered separately. Viewed as a whole, Appellant's method claims simply recite the concept of financial transactions as performed by a generic computer. The method claims do not, for example, purport to improve the functioning of the computer itself. Nor do they effect an improvement in any other technology or technical field. Instead, the claims at issue amount to nothing significantly more than an instruction to apply the abstract idea of financial transactions using some unspecified, generic computer. Under our precedents, that is not enough to transform an abstract idea into a patent-eligible invention. *See Alice Corp. Pty. Ltd.* at 2360.

System claim 24 is non-statutory for the same reasons. "The system claims are no different from the method claims in substance. The method claims recite the abstract idea implemented on a generic computer; the system claims recite a handful of generic computer components configured to implement the same idea." *Id.*

As to the written description rejection, both independent claims recite the capacity to fund a virtual financial instrument from a membership card or insurance card. The instant Specification mentions neither of these cards at all. The parent application (12/099,713) describes such cards for

identification or for bill payment, but not for funding a virtual financial instrument.

[t]he test for sufficiency is whether the disclosure of the application relied upon reasonably conveys to those skilled in the art that the inventor had possession of the claimed subject matter as of the filing date. . . .

The term “possession,” however, has never been very enlightening. It implies that as long as one can produce records documenting a written description of a claimed invention, one can show possession. But the hallmark of written description is disclosure. Thus, “possession as shown in the disclosure” is a more complete formulation. Yet whatever the specific articulation, the test requires an objective inquiry into the four corners of the specification from the perspective of a person of ordinary skill in the art. Based on that inquiry, the specification must describe an invention understandable to that skilled artisan and show that the inventor actually invented the invention claimed.

Ariad Pharms., Inc. v. Eli Lilly and Co., 598 F. 3d 1336, 1351 (Fed. Cir. 2010) (*en banc*).

Neither Specification shows possession within its four corners of the idea of funding a virtual financial instrument from an insurance or membership card.

DECISION

The rejection of claims 15–23 is reversed.

The rejection of claim 24 is affirmed.

The following new grounds of rejection are entered pursuant to 37 C.F.R. § 41.50(b).

Claims 15–24 are rejected under 35 U.S.C. § 101 as directed to non–statutory subject matter.

Claims 15–24 are rejected under 35 U.S.C. § 112, first paragraph, as lacking a supporting written description within the original disclosure.

Our decision is not a final agency action.

In addition to affirming the Examiner's rejection(s) of one or more claims, this decision contains new grounds of rejection pursuant to 37 CFR § 41.50(b). 37 CFR § 41.50(b) provides “[a] new ground of rejection pursuant to this paragraph shall not be considered final for judicial review.” This Decision contains a new rejection within the meaning of 37 C.F.R. § 41.50(b) (2007).

37 C.F.R. § 41.50(b) also provides that Appellant[s], WITHIN TWO MONTHS FROM THE DATE OF THE DECISION, must exercise one of the following two options with respect to the new rejection:

- (1) Reopen prosecution. Submit an appropriate amendment of the claims so rejected or new evidence relating to the claims so rejected, or both, and have the matter reconsidered by the Examiner, in which event the proceeding will be remanded to the Examiner. . . .
- (2) Request rehearing. Request that the proceeding be reheard under § 41.52 by the Board upon the same record. . . .

Should the Appellant[s] elect to prosecute further before the Examiner pursuant to 37 CFR § 41.50(b)(1), in order to preserve the right to seek review under 35 U.S.C. §§ 141 or 145 with respect to the affirmed rejection,

Appeal 2013-009746

Application 12/857,556

the effective date of the affirmance is deferred until conclusion of the prosecution before the examiner unless, as a mere incident to the limited prosecution, the affirmed rejection is overcome.

If the Appellant[s] elect prosecution before the Examiner and this does not result in allowance of the application, abandonment or a second appeal, this case should be returned to the Patent Trial and Appeal Board for final action on the affirmed rejection, including any timely request for rehearing thereof.

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) (2011).

AFFIRMED-IN-PART; 41.50(b)