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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
13/537,217	06/29/2012	Sandra Lynn Godsey	P1571US1 / 70481.629	5939
132906	7590	12/02/2016	EXAMINER	
Haynes & Boone, LLP (70481) 2323 Victory Ave. #700 Dallas, TX 75219			ULLAH MASUD, MOHAMMAD R	
			ART UNIT	PAPER NUMBER
			3687	
			NOTIFICATION DATE	DELIVERY MODE
			12/02/2016	ELECTRONIC

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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte SANDRA LYNN GODSEY

Appeal 2014-006851
Application 13/537,217
Technology Center 3600

Before HUBERT C. LORIN, BIBHU R. MOHANTY, and
BRADLEY B. BAYAT, *Administrative Patent Judges*.

MOHANTY, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

The Appellant seeks our review under 35 U.S.C. § 134 of the Final Rejection of claims 1–20 which are all the claims pending in the application. We have jurisdiction under 35 U.S.C. § 6(b).

SUMMARY OF THE DECISION

We REVERSE and ENTER A NEW GROUND OF REJECTION under 37 C.F.R. § 41.50(b).

THE INVENTION

The Appellant's claimed invention is directed to electronic transactions and pushing payments to merchants (Spec., para. 1). Claim 1, reproduced below, is representative of the subject matter on appeal.

1. An electronic device, comprising:
 - a memory storing instructions; and
 - one or more processors in communication with the memory configured to execute the instructions to:
 - initiate a payment transaction to purchase a good from a merchant;
 - receive merchant credentials for a financial service provider account of the merchant; and
 - instruct a funding source of a consumer to process a payment to the merchant according to the payment transaction.

THE REJECTION

The following rejection is before us for review:

Claims 1–20 are rejected under 35 U.S.C. § 102(e) as anticipated by Yoo, US 2012/0173348 A1, pub. July 5, 2012.

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.¹

¹ See *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1427 (Fed. Cir. 1988) (explaining the general evidentiary standard for proceedings before the Patent Office).

ANALYSIS

The Appellant argues that the rejection of claim 1 is improper because the cited prior art fails to disclose the claim limitation for “receiv[ing] merchant credentials for a financial service provider account of the merchant” (App. Br. 6–8, Reply Br. 2–7).

In contrast, the Examiner has determined that the cited claim limitation is taught by Yoo in the Abstract, paragraphs 64 and 322, Figures 5, 6, and claim 1 (Final Rej. 3, 6; Ans. 3, 4).

We agree with the Appellant. Here, in claim 1, the cited claim limitation requires “*receiv[ing] merchant credentials* for a financial service provider account of the merchant” and the above citations fail to disclose this. For example, Yoo at paragraph 64 discloses transferring funds based on account information **121** but this account is for the user, not the merchant. Yoo at paragraph 56 identifies the account information **121** as being for the user. Yoo at paragraph 322 discloses the use of other accounts but none specifically shown for the merchant specifically or the receiving of any “merchant credentials” for such an account. The remaining above citations to Yoo also fail to disclose this claim limitation as well. For this reason the rejection of claim 1 and its dependent claims is not sustained.

The remaining claims contain a similar limitation and the rejection of these claims is not sustained for the same reasons given above.

NEW GROUND OF REJECTION

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: “laws 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).

In judging whether claim 1 falls within the excluded category of abstract ideas, we are guided in our analysis by the Supreme Court’s two-step framework, described in *Mayo* and *Alice*. *Id.* at 2355 (citing *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289, 1296–97 (2012)). In accordance with that framework, we first determine whether the claim is “directed to” a patent-ineligible abstract idea. If so, we then consider the elements of the claim both individually and as “an ordered combination” to determine assess whether the additional elements “transform the nature of the claim” into a patent-eligible application of the abstract idea. *Id.* This is a search for an “inventive concept” an element or combination of elements sufficient to ensure that the claim amounts to “significantly more” than the abstract idea itself. *Id.* The Court also stated that “the mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention.” *Id.* at 2358.

Here, we find that the claim is directed to the concept of initiating payment between two parties. This is a fundamental economic practice long prevalent in our system of commerce, and is an abstract idea beyond the scope of § 101.

We next consider whether additional elements transform the nature of the claim into a patent-eligible application of the abstract idea, e.g., whether the claim does more than simply instruct the practitioner to implement the abstract idea using generic computer components. We conclude that it does not.

Considering each of the claim elements in turn, the function performed by the computer system at each step of the process is purely conventional. Each step of the claimed method does no more than require a generic computer to perform a generic computer function. For these reasons, we add a new ground of rejection for claim 1 under 35 U.S.C. § 101. The remaining claims 2–20 are similarly directed to the same abstract idea, and also fail to transform the nature of the claim into a patent-eligible application of the abstract idea and are, thus, also rejected under 35 U.S.C. § 101.

CONCLUSIONS OF LAW

We conclude that Appellant has shown that the Examiner erred in rejecting the claims as listed in the Rejection section above.

DECISION

The Examiner’s rejection of claims 1–20 is reversed. A new grounds of rejection is applied under 37 C.F.R. § 41.50(b).

NEW GROUND

This decision contains a new ground of rejection pursuant to 37 C.F.R. § 41.50(b). 37 C.F.R. § 41.50(b) provides “[a] new ground of rejection pursuant to this paragraph shall not be considered final for judicial review.” 37 C.F.R. § 41.50(b) also provides that the Appellant, **WITHIN TWO MONTHS FROM THE DATE OF THE DECISION**, must exercise one of the following two options with respect to the new ground of rejection to avoid termination of the appeal as to the rejected claims:

(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 Appellant elect to prosecute further before the Examiner pursuant to 37 C.F.R. § 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, 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 Appellant elects 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).

REVERSED; 37 C.F.R. § 41.50(b)