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| MORGAN LEWIS & BOCKIUS LLP (WA)<br>1111 PENNSYLVANIA AVENUE NW<br>WASHINGTON, DC 20004 |             |                      | FU, HAO             |                  |
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UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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*Ex parte* JO WEBBER and PRADEEP ITTYCHERIA

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Appeal 2015-003647  
Application 13/431,023  
Technology Center 3600

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Before ANTON W. FETTING, BIBHU R. MOHANTY, and SHEILA F. McSHANE, *Administrative Patent Judges*.

MOHANTY, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

The Appellants seek our review under 35 U.S.C. § 134 of the Final Rejection of claims 1–23 which are all the claims pending in the application. We have jurisdiction under 35 U.S.C. § 6(b).

SUMMARY OF THE DECISION

We AFFIRM.

## THE INVENTION

The Appellants' claimed invention is directed to an Internet payment system and method (Spec., para. 6). Claim 1, reproduced below, is representative of the subject matter on appeal.

1. A computer-implemented method of establishing an online account for a prospective user, comprising a non-transitory computer readable medium including a program and a computer executable program code, the method comprising:
  - establishing, by a custodian at a first server computer, a first account having a direct deposit component linked to a debit card component, both components being associated with a prospective user, the settings of the first account being stored in a database and being controlled by the custodian, the prospective user being different from the custodian;
  - establishing a username and password associated with the prospective user, the username and password being stored in the database;
  - establishing, at a service requester server computer, a merchant account with a service requester to transact payment from the debit card component of the first account upon a purchase request by the prospective user, the service requester being previously approved by the custodian in the settings of the first account;
  - funding the direct deposit component of the first account by contributors approved by the custodian; and
  - transacting the purchase request by supplying the prospective user's username and password to the first account and verifying that this information is consistent with the settings of the first account, and transferring payment from the debit card component of the first account to the merchant account,
    - wherein the prospective user is identified to the merchant account solely by the username and password, and
    - wherein shipping information for the purchase request is provided to the merchant account from the online account according to the specific control parameters, such that the prospective user cannot change the shipping information during the purchase request transaction.

### THE REJECTIONS

The following rejections are before us for review:

1. Claims 1–6 and 12–17 are rejected under 35 U.S.C. § 101 as being directed to non-statutory subject matter.
2. Claims 1–23 are rejected under 35 U.S.C. § 112, first paragraph, as failing to comply with the written description requirement and show possession of the invention.
3. Claims 7–9, 12, and 14 are rejected under 35 U.S.C. § 103(a) as unpatentable over Perlman (US 2010/0223184 A1; Sept. 2, 2010) and Bishop et al. (US 2009/0299841 A1; Dec. 3, 2009).
4. Claims 1-6, 10, 11, 13, 15, and 18 are rejected under 35 U.S.C. § 103(a) as unpatentable over Perlman, Bishop, and Collas et al. (US 2010/0114733 A1; May 6, 2010).
5. Claims 16, 17, 22, and 23 are rejected under 35 U.S.C. § 103(a) as unpatentable over Perlman, Collas, Bishop, and Scipioni et al. (US 2009/0112763; Apr. 30, 2009).
6. Claims 19 and 21 are rejected under 35 U.S.C. § 103(a) as unpatentable over Perlman, Collas, Bishop, and Vishnik et al. (US 2003/0204445 A1; Oct. 30, 2003).
7. Claim 20 is rejected under 35 U.S.C. § 103(a) as unpatentable over Perlman, Collas, and Vishnik.

## 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<sup>1</sup>.

## ANALYSIS

### *Rejection under 35 U.S.C. § 101*

The Examiner has determined that rejection under 35 U.S.C. § 101 is properly made (Ans. 3, 4, Final Rej. 7, 8).

In contrast, the Appellants argue that the rejection of claims 1–6 and 12–17 under 35 U.S.C. § 101 is improper (App. Br. 15, 16).

We agree with the Appellants. 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

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

combination” to determine 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, the Answer was mailed on November 28, 2014 which was after the date *Alice* was decided. The Answer fails to set forth any analysis to show both that the claims are directed to an abstract idea, and also that that the claims do not amount to “significantly more” than any abstract idea. The Final Rejection mailed June 18, 2014 also provided an incomplete analysis and appears to only apply the machine-or-transformation test which is a useful clue but not the sole test for deciding patent eligibility. See *Bilski v. Kappos*, 561 U.S. 593 (2010) slip opinion at 8. As an incomplete analysis has been performed for patent eligibility under 35 U.S.C. § 101, this rejection is not sustained.

*Rejection under 35 U.S.C. § 112 (first paragraph)*

The Examiner has rejected the claims under 35 U.S.C. § 112 (first paragraph) for failure to provide support for the claim limitation:

wherein the prospective user is identified to the merchant account solely by the username and password, and  
wherein shipping information for the purchase request is provided to the merchant account from the online account according to the specific control parameters, such that the prospective user cannot change the shipping information during the purchase request transaction

(Ans. 2, 3).

In contrast, the Appellants argue support for this claim limitation is found in the Specification at paragraphs 3–6, 46–49, 73, and 75 (App. Br. 14, 15). A review of these cited portions fails to disclose the above cited claim limitation. For example, paragraph 48 states that a password *may* be used, but not this is not disclosed as *solely* the method that can be used as claimed. Further, there is no specific mention of restriction on *shipping information* as claimed at these cited portions.

The Appellants also states that application 13/431,023 is a parent which incorporates application 12/991,059 and cites support in that application at paras 71, 74, and 75 as providing support (App. Br. 15). As an initial matter, the Specification does not cite to these applications as being parent applications. Regardless, a review of the 12/991,059 (which lists the same inventors as this application) at the cited paragraphs fails to disclose the cited claim limitation as well.

For these above reasons, this rejection of record is sustained.

*Rejections under 35 U.S.C. § 103*

The Appellants argue that the rejection of claim 1 is improper because the cited prior art fails to disclose the claim limitation requiring:

*wherein the prospective user is identified to the merchant account solely by the username and password, and  
wherein shipping information for the purchase request is provided to the merchant account from the online account according to the specific control parameters, such that the prospective user cannot change the shipping information during the purchase request transaction.*

(App. Br. 18–22).

In contrast, the Examiner has determined that the cited claim limitation is shown by Bishop at paras. 52 and 76, or would have been an obvious modification (Final Rej. 10, Ans. 7).

We agree with the Appellants. Here, the citations to Bishop at paras. 52 and 76 fail to specifically disclose that the user is identified to the merchant *solely* by the username and password, or that the shipping information *cannot change* during the purchase request transaction. The rejection also fails to provide an articulated reasoning with rational underpinnings for the combination without impermissible hindsight and the rejection of claim 1 and its dependent claims is not sustained. Claims 15 and 18 are rejected on the same grounds and the rejection of these claims and their dependent claims is not sustained as well.

Independent claim 7 contains a similar limitation to those identified above for which the Examiner relies on Bishop at paras. 52 and 76 for disclosure. As noted above Bishop at those portions fails to disclose those claim limitations. Likewise the rationale in this rejection also fails to provide articulated reasoning with rational underpinnings for the combination without impermissible hindsight and the rejection of claim 7 and its dependent claims is not sustained. Claim 12 is rejected on the same grounds and the rejection of this claim and its dependent claims is not sustained as well.

The Appellants also argue that the rejection of claim 22 is improper because the cited combination would not have been obvious (App. Br. 22, 23). The Examiner in the Answer at the Appeal Brief states that similar features were addressed in the analysis of claims 1 and 7 addressed above. We agree that the cited similar rejection here, like the rejections for claim 1



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and claim 7 addressed above fails to provide articulated reasoning with rational underpinnings for the combination without impermissible hindsight and the rejection of claim 22 and its dependent claim is not sustained.

#### CONCLUSIONS OF LAW

We conclude that Appellants have not shown that the Examiner erred in rejecting the claims 35 U.S.C. § 112 (first paragraph) as listed in the Rejections section above.

We conclude that Appellants have shown that the Examiner erred in rejecting the claims under 35 U.S.C. § 101 and 35 U.S.C. § 103(a) as listed in the Rejections section above.

#### DECISION

The Examiner's rejection of claims 1–23 is sustained.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a).

AFFIRMED