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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* MICHELLE FISHER

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Appeal 2015-004293[1]
Application 12/592,581
Technology Center 2600

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Before DEBRA K. STEPHENS, KEVIN C. TROCK, and JESSICA C. KAISER, *Administrative Patent Judges*.

KAISER, *Administrative Patent Judge*.

DECISION ON APPEAL

*Introduction*

Appellant[2] appeals under 35 U.S.C. § 134(a) from a non-final rejection of claims 54–64 and 67–85. Claims 1–53, 65, and 66 have been cancelled.[3] We have jurisdiction under 35 U.S.C. § 6(b).

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[1] We refer to Appellant's Amended Appeal Brief dated August 23, 2013 as "App. Br."

[2] According to Appellant, the real party in interest is Blaze Mobile Inc. (App. Br. 1).

[3] The Examiner's Non-Final Action lists claims 54–85 as being rejected (Non-Final Act. 2), but the Examiner's rejection does not substantively address claims 65 and 66 which were previously canceled in an amendment dated July 24, 2012. (*See also* App. Br. 23 (listing claims 65 and 66 as canceled)). We consider this harmless error.

We affirm.

## EXEMPLARY CLAIM

Claim 54, reproduced below, is illustrative of the claimed subject matter with disputed limitations emphasized:

> 54. A method for conducting a purchase transaction using a hand-held mobile device, the method comprising:
>
> providing a hand-held mobile device with a body, a visual display, a first processor, a first communication channel which supports voice and data interactions at a first radio transceiver at the hand-held mobile device using at least one of GSM and CDMA, and *a secure element permanently disposed within the body of the hand-held mobile device that has a memory*, a processor capable of near field communications, and a plurality of communication transceivers each of which supports a different respective communication protocol including at least near field communications;
>
> *executing a payment protocol stored in memory of the secure element by a processor of the secure element in response to a near field communication interaction of the secure element with the point-of-sale terminal* using a second communication channel capable of supporting near field communications, *wherein the point-of-sale terminal is capable of near field communications*;
>
> *facilitating a transfer of the payment credentials, stored in the memory of the secure element and associated with a payment account, to the point-of-sale terminal* without prior manual user authentication *in response to the near field communication trigger by the point-of sale terminal*; and
>
> *wirelessly transmitting the payment credentials to the remote point-of-sale terminal over the second communication channel in response to the near field communication trigger* by the point-of-sale terminal without prior manual user authentication.

REJECTION

The Examiner made the following rejection:

Claims 54–64 and 67–85 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over Rosenberg (US 2004/0235450 A1; published Nov. 25, 2004) and Nystrom (US 2009/0075592 A1; published Mar. 19, 2009). (Non-Final Act. 2–8).

ISSUES

*Issue 1a:* Did the Examiner err in finding the combination of Rosenberg and Nystrom teaches or suggests "a secure element permanently disposed within the body of the hand-held mobile device," as recited in claim 54 and similarly recited in claims 61 and 80–85?

*Issue 1b:* Did the Examiner err in finding the combination of Rosenberg and Nystrom teaches or suggests "a payment protocol stored in memory of the secure element," as recited in claim 54 and similarly recited in claims 61 and 80–85?

*Issue 1c:* Did the Examiner err in finding the combination of Rosenberg and Nystrom teaches or suggests "executing a payment protocol . . . in response to a near field communication interaction of the secure element with the point-of-sale terminal," as recited in claim 54 and similarly recited in claims 61 and 80–85?

*Issue 1d:* Did the Examiner err in finding Rosenberg teaches or suggests "near field communication," as recited in claim 54 and similarly recited in claims 61 and 80–85?

*Issue 1e:* Did the Examiner err in finding the combination of Rosenberg and Nystrom teaches or suggests "facilitating a transfer of the

payment credentials, stored in the memory of the secure element and associated with a payment account, to the point-of-sale terminal" and "wirelessly transmitting the payment credentials to the remote point-of-sale terminal," as recited in claim 54 and similarly recited in claims 61 and 80–85?

*Issue 2:* Did the Examiner improperly combine Rosenberg and Nystrom?

## ANALYSIS

We have reviewed the Examiner's rejection in light of Appellant's arguments that the Examiner has erred. We disagree with Appellant's conclusions. We adopt as our own the findings and reasons set forth by the Examiner in the Non-Final Action (Non-Final Act. 2–8) from which this appeal is taken and the findings and reasons set forth in the Examiner's Answer in response to Appellant's Appeal Brief (Ans. 2–5). We highlight and address specific findings and arguments for emphasis as follows.

### *Issue 1a*

Appellant contends the Examiner erred in finding Rosenberg teaches "a secure element permanently disposed within the body of the hand-held mobile device," as recited in claim 54 and similarly recited in claims 61 and 80–85. (App. Br. 12, 18). Specifically, Appellant argues "Rosenberg discloses contactless communication using the [smartlink] module ('secure element') which is affixed to the exterior of the mobile device," rather than a secure element within the mobile device. (*Id.*).

We are not persuaded. The Examiner finds, and we agree, that Figure 8 of Rosenberg teaches "an (internally) embedded smartlink module." (Ans. 2 (citing Rosenberg Fig. 8, ¶ 165)). Additionally, the Examiner finds, and we agree, "Nystrom's secure smart card module 800 . . . is internal to the mobile phone." (Ans. 2 (citing Nystrom Fig. 11); *see also* Nystrom Figs. 9, 10). Appellant does not persuasively address these findings. (*See* App. Br. 12, 18; *see also* Reply Br. 3–26). Accordingly, we are not persuaded the Examiner erred in finding the combination of Rosenberg and Nystrom teaches "a secure element permanently disposed within the body of the hand-held mobile device," within the meaning of claims 54, 61, and 80–85.

*Issue 1b*

Appellant contends the Examiner erred in finding Rosenberg teaches "a payment protocol stored in memory of the secure element," as recited in claim 54 and similarly recited in claims 61 and 80–85. (App. Br. 12, 13, 18; Reply Br. 4–8, 10, 11, 22–24). Specifically, Appellant argues Rosenberg's payment protocol, i.e., Rosenberg's secure transfer program, "resides on the mobile device," rather than "in the [smartlink] module" (App. Br. 12, 13 (emphasis omitted), 18) and "Rosenberg's secure transfer program . . . cannot transfer itself to the [smartlink] module ('secure element')." (Reply Br. 4, 23). Appellant further argues any payment applications "that Rosenberg discloses . . . are for plastic [Smartcards] that are [slid] through a card reader" rather than for contactless Smartcards. (Reply Br. 6–8 (citing Rosenberg ¶¶ 4–6, 8), 10, 23). Appellant further argues "[a]lthough Nystrom discloses a payment application," "[i]t can't be assumed that it is

the same as Applicant[']s invention since Nystrom could be used to process a payment locally by the reader." (Reply Br. 11, 24).

We are not persuaded. The Examiner finds, and we agree, Rosenberg teaches a mobile device including a smartlink module, i.e., a secure element, which provides payment by "transmitting to and receiving signals from other contactless Smartcard devices." (Rosenberg ¶ 45; Non-Final Act. 2–3; Ans. 2–4 (citing Rosenberg Fig. 8, ¶¶ 56, 67–70, 165)). The Examiner further finds, and we agree, Rosenberg teaches "storing [point-of-sale (POS)] payment applications on [Smartcards]." (Ans. 3 (citing Rosenberg ¶¶ 4, 5)). Specifically, Rosenberg teaches a smartlink module, i.e., a Smartcard (Rosenberg ¶ 17), includes a "smart chip [which] interacts with a Smartcard reader using software applications stored on the chip" (Rosenberg ¶ 4).

The Examiner further finds, and we agree, Nystrom teaches "storing a payment application in the secure element." (Ans. 3 (citing Nystrom Fig. 11)). Indeed, Nystrom teaches a secure smart card module, i.e., a secure element, includes a "secure storage module 601 [which] may be used for storing . . . secure applications" (Nystrom ¶ 140). The Examiner concludes that it would have been obvious in light of Rosenberg and Nystrom to store payment applications in the memory of a secure element. (*See* Ans. 3; *see also* Non-Final Act. 3–4).

Appellant's arguments do not persuade us the Examiner erred in finding that storing a payment application in the memory of a secure element would have been obvious in light of Rosenberg and Nystrom. Both Rosenberg and Nystrom teach storing payment applications on their respective secure elements. (Rosenberg ¶¶ 4, 5; Nystrom ¶ 140). Rosenberg teaches storing payment applications on a smartlink module. (Rosenberg

¶¶ 4, 5). Contrary to Appellant's argument that Rosenberg's stored payment applications are not stored on contactless Smartcards (Reply Br. 6–8, 10, 23), Rosenberg teaches "Smartcards can also be contactless or wireless" (Rosenberg ¶ 3) and Rosenberg also teaches Smartcards include "software applications stored on [a Smartcard's] chip." (*id.* ¶ 4). Furthermore, Appellant's argument that Nystrom's payment application stored on a secure smart card module "can't be assumed [to be] the same as [Appelant's] invention" because payments are locally processed (Reply Br. 11) is not persuasive because the claim does not preclude locally processed payments. Accordingly, we are not persuaded of error in the Examiner's finding that the combination of Rosenberg and Nystrom teaches or at least suggests "a payment protocol stored in memory of the secure element," within the meaning of claims 54, 61 and 80–85.

*Issue 1c*

Appellant contends the Examiner erred in finding Rosenberg teaches "executing a payment protocol . . . in response to a near field communication interaction of the secure element with the point-of-sale terminal," as recited in claim 54 and similarly recited in claims 61 and 80–85. (Reply Br. 12–13; App. Br. 12–13, 15–16, 18–19). Specifically, Appellant argues Rosenberg teaches its "user activates the secure transfer program on the mobile device" or "the secure transfer program running on the mobile device triggers the [smartlink] module ('secure element')[,] not the POS" terminal. (Reply Br. 12–13 (citing Rosenberg ¶¶ 63–71, Fig. 5); App. Br. 12–13, 15–16, 18–19).

We are not persuaded. The Examiner finds, and we agree, Nystrom teaches "an identification of a credit card provider is transmitted to the

POS." (Ans. 4–5 (citing Nystrom ¶ 142)). The Examiner further finds, and we agree, the transmission of the credit card provider identification in Nystrom is triggered by "an external point of sale (POS) terminal [sending] queries to the secure smart card module for finding applications it requests" to "start communicating with the application for conducting the transaction." (*Id.* (citing Nystrom ¶ 142)).

Appellant's argument that Rosenberg's POS terminal does not trigger a payment application (Reply Br. 12–13; App. Br. 12–13, 15–16, 18) is not persuasive because the Examiner relies on Nystrom to teach a POS terminal triggering a transaction application by querying the secure smart card module (Ans. 4–5 (citing Nystrom Fig. ¶ 142)). Accordingly, we are not persuaded the Examiner erred in finding the combination of Rosenberg and Nystrom teaches "executing a payment protocol . . . in response to a near field communication interaction of the secure element with the point-of-sale terminal," within the meaning of claims 54, 61 and 80–85.

*Issue 1d*

Appellant contends the Examiner erred in finding Rosenberg teaches "near field communication," as recited in claim 54 and similarly recited in claims 61 and 80–85. (App. Br. 15; Reply Br. 6–10, 15, 24). Specifically, Appellant argues that "[n]ear field communication (NFC) is not merely any close proximity interaction . . . such as Bluetooth, RFID, [or] infrared" (Reply Br. 15; App. Br. 14–15) and "Rosenberg does not appear to ever expressly disclose near field communication as a specific communication protocol" (Reply Br. 6, 9, 24). Appellant also argues Rosenberg does not teach NFC because in "a third embodiment" of Rosenberg, "information is

only transferred in one direction" and in "a fourth embodiment" of Rosenberg "transaction[s are] processed locally." (Reply Br. 8–10 (emphasis omitted)). Additionally, Appellant argues "Rosenberg is utilizing some custom variation of active mode NFC, IR or Bluetooth not passive mode NFC." (App. Br. 15 (emphasis omitted)).

We are not persuaded. As discussed *supra*, the Examiner finds, and we agree, Rosenberg's smartlink module provides contactless, i.e., wireless communication, by "transmitting to and receiving signals from other contactless Smartcard devices." (Rosenberg ¶ 45; Non-Final Act. 2–3; Ans. 2–4 (citing Rosenberg Fig. 8, ¶¶ 56, 67–70, 165)). The Examiner further finds, and we agree, Rosenberg's contactless communication uses ISO 14443 protocols for the NFC transmission (Ans. 3 (citing Rosenberg ¶ 99) for the smartlink modules 100 and 600 described in reference to Figures 1 and 6 (Rosenberg ¶ 99, Figs. 1, 6).

Appellant's arguments that Rosenberg's contactless communication is not NFC because the Examiner's interpretation of NFC is too broad (Reply Br. 15; App. Br. 14–15) and because Rosenberg does not expressly disclose NFC (Reply Br. 6, 9–10, 24) are unpersuasive because Rosenberg teaches the same NFC protocol, ISO 14443, described in Appellant's Specification. (Spec. ¶ 31). The smartlink modules taught in Figures 1 and 6 of Rosenberg follow "conventional [S]martcard communication standards" including ISO standard 14443. (Rosenberg ¶ 99, Figs. 1, 6). Appellant's Specification teaches "[i]n the case of the implementation of the POS transceiver being an NFC modem . . . communication is specified, for example, in the ISO 14443A/B standard." (Spec. ¶ 31). Furthermore, Appellant's Appeal Brief states NFC is "one method or mode of the ISO 14443 standard." (App. Br.

14–15). Thus, we are not persuaded of error in the Examiner's finding that Rosenberg's contactless communications use NFC protocols (i.e., the ISO 14443 standard disclosed as NFC in Appellant's Specification (Spec. ¶ 31)).

Additionally, Appellant's arguments directed to the "third embodiment" and the "fourth embodiment" of Rosenberg are embodiments the Appellant acknowledges are "not relied upon by the Examiner" (Reply Br. 8–10). Those arguments do not persuasively address the Examiner's findings regarding Rosenberg's use of ISO 14443 for NFC in other embodiments. (Reply Br. 8–10, 22 (citing Rosenberg ¶¶ 10–11)). We also note, contrary to Appellant's argument that "information is only transferred in one direction" in Rosenberg (Reply Br. 9–10), Rosenberg's smartlink module wirelessly "transmit[s] to and receiv[es] signals from other contactless Smartcard devices." (Rosenberg ¶ 45). We further note that, while Appellant argues locally processed transactions are not NFC (Reply Br. 10), the claims do not preclude locally processed transactions using NFC.

Appellant's argument that Rosenberg's NFC is not "passive mode NFC" (App. Br. 15) is not commensurate with the scope of the claims. The claims do not recite, and therefore do not require, the use of passive NFC. As discussed *supra*, Rosenberg's wireless communication uses ISO 14443, which Appellant's Specification states is an NFC standard.

Accordingly, we are not persuaded the Examiner erred in finding Rosenberg teaches "near field communication," within the meaning of claims 54, 61, and 80–85.

*Issue 1e*

Appellant contends the Examiner erred in finding Nystrom teaches "facilitating a transfer of the payment credentials, stored in the memory of the secure element and associated with a payment account, to the point-of-sale terminal" and "wirelessly transmitting the payment credentials to the remote point-of-sale terminal," as recited in claim 54 and similarly recited in claims 61 and 80–85. (App. Br. 17; Reply Br. 16, 17, 24, 25). Appellant argues "Nystrom does not disclose that the secure element application transfers payment credentials to the POS" (App. Br. 17) and "Nystrom doesn't disclose any details about the 'transaction' or 'transaction procedure' much less transmission of transaction data" (Reply Br. 16, 17 (citing Nystrom ¶¶ 48, 142)).

We are not persuaded. The Examiner finds, and we agree, Figure 5 of Rosenberg is directed to a method of transmitting payment information from a smartlink module to a POS terminal. (Ans. 4 (citing Rosenberg Fig. 5, ¶¶ 52, 69, 70); *see* Non-Final Act. 3). In particular, Rosenberg teaches "the seller's [S]martcard reader 410 receives information transmitted from the user's smartlink module 100" and uses that information to complete a sale. (Rosenberg ¶¶ 69, 70). The Examiner further finds, and we agree, Nystrom's secure smart card module transmits "an identification of a credit card provider," i.e., payment information, in response a POS terminal query. (Ans. 4 (citing Nystrom ¶ 142)).

Appellant's argument that Nystrom does not transfer payment credentials (App. Br. 17; Reply Br. 16, 17, 24, 25) is not persuasive because the Examiner relies on Rosenberg to teach the transmission of payment credentials. (Ans. 4 (citing Rosenberg ¶¶ 52, 69, 70, Fig. 5); Non-Final Act 2, 3). We also note Nystrom transfers payment credentials: Nystrom

transmits credit card provider identification from Nystrom's secure smart card module to its POS terminal to initiate a transaction (Nystrom ¶ 142), and Nystrom's transactions can be for "contact-less credit card payments" (*id.* ¶¶ 3, 4). Accordingly, we are not persuaded the Examiner erred in finding the combination of Rosenberg and Nystrom teaches "facilitating a transfer of the payment credentials, stored in the memory of the secure element and associated with a payment account, to the point-of-sale terminal" and "wirelessly transmitting the payment credentials to the remote point-of-sale terminal," within the meaning of claims 54, 61, and 80–85.

*Issue 2*

Appellant contends the Examiner improperly combined Rosenberg and Nystrom. (Reply Br. 4, 11, 13, 19–24; App. Br. 11, 15).[4] Specifically, Appellant argues "the combination of Rosenberg and Nystrom would teach away from each other and require an impermissible redesign." (Reply Br. 19–22).

We are not persuaded. Appellant's arguments that Rosenberg and Nystrom teach away from their combination (App. Br. 11, 15; Reply Br. 19, 22–24) are not persuasive. To teach away, a reference must actually

[4] For the first time in Appellant's Reply Brief, Appellant argues "Nystrom does not qualify as prior art under 35 USC 102." (Reply Br. 18). However, we understand the Examiner does not make a rejection under 35 U.S.C. § 102. (*See* Final Act. 2; *see also* Ans. 2–5). Furthermore, Nystrom qualifies as prior art under 35 U.S.C. § 102(e) because Nystrom, a U.S. Patent Application Publication of an International Application published in English and designating the U.S., was filed December 16, 2015, prior to Appellant's claimed December 31, 2005 priority date (Spec. 1). MPEP § 2163. Therefore, Nystrom qualifies as prior art under the Examiner's 35 U.S.C. § 103 rejection.

"criticize, discredit, or otherwise discourage" investigation into the claimed solution. *In re Fulton*, 391 F.3d 1195, 1201 (Fed. Cir. 2004). Appellant highlights differences between the references and the claimed invention (App. Br. 11, 15; Reply Br. 19, 22–24), but Appellant has not shown where the references actually "criticize, discredit, or otherwise discourage" the Examiner's proffered combination. *In re Fulton*, 391 F.3d at 1201.

Further, Appellant's argument that the combination of Rosenberg and Nystrom "require[s] an impermissible redesign" (Reply Br. 19–22, 24) is not persuasive. Appellant lists how Rosenberg and Nystrom would allegedly be redesigned (*id.* at 20–21), but, even assuming the listed redesigns are necessary, Appellant does not provide persuasive argument or evidence that those listed redesigns would have been "uniquely challenging or difficult for one of ordinary skill in the art" or "represented an unobvious step over the prior art." *Leapfrog Enters., Inc. v. Fisher-Price, Inc.*, 485 F.3d 1157, 1162 (Fed. Cir. 2007) (citing *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 418–19 (2007)).

Furthermore, Appellants' proffered redesigns inappropriately require the bodily incorporation of Nystrom into Rosenberg or Rosenberg into Nystrom (Reply Br. 20–21). *See In re Keller*, 642 F.2d 413, 425 (CCPA 1981). The Examiner's combination incorporates certain NFC transactional features taught by Nystrom, such as "performing NFC transactions at a POS without manual user authentication" for Rosenberg's "back end servers to verify POS transactions" (Non-Final Act. 4), rather than substituting Nystrom's POS terminal payment processing features (Reply Br. 11) for Rosenberg's server; i.e., the Examiner's combination does not "[r]emove

[Rosenberg's] server" and have "the transaction . . . be processed by the POS terminal," as Appellants argue. (Reply Br. 20).

Accordingly, we are not persuaded the Examiner improperly combined Rosenberg and Nystrom.

For the reasons discussed above, we are not persuaded the Examiner erred in rejecting claims 54, 61, and 80–85, and we accordingly sustain the Examiner's decision to reject those claims.

*Remaining Claims*

Appellant does not argue separate patentability for dependent claims 55–60, 62–64, and 67–79 which depend directly or indirectly from claims 54 and 61. (*See* App. Br. 10). For the reasons set forth above, therefore, we are not persuaded the Examiner erred in rejecting these claims. Accordingly, we sustain the Examiner's decision to reject claims 55–60, 62–64, and 67–79. *See* 37 C.F.R. § 41.37(c)(1)(iv).

DECISION

The Examiner's rejection of claims 54–64 and 67–85 under 35 U.S.C. § 103(a) as being unpatentable over Rosenberg and Nystrom 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