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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* MARK MITCHELL KAPLAN and COLIN RAND<sup>1</sup>

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Appeal 2016-000544  
Application 11/125,833  
Technology Center 2600

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Before BRADLEY W. BAUMEISTER, JOSEPH P. LENTIVECH, and  
DAVID J. CUTITTA II, *Administrative Patent Judges*.

BAUMEISTER, *Administrative Patent Judge*.

DECISION ON APPEAL

Appellants appeal under 35 U.S.C. § 134(a) from the Examiner's Final Rejection of claims 71, 73–78, and 80–89. App. Br. 5. We have jurisdiction under 35 U.S.C. § 6(b). An oral hearing was held October 9, 2018. A copy of the transcript will be entered to the record in due course.

We reverse.

Pursuant to our discretionary authority under 37 C.F.R. § 41.50(b), we enter two new grounds of rejection under 35 U.S.C. § 112(a) (Pre-AIA § 112, ¶ 1) and § 101.

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<sup>1</sup> Appellants list ShopText, Inc. as the real party in interest. Appeal Brief filed April 27, 2015 (“App. Br.”) 1.

STATEMENT OF THE CASE

*The Invention*

Appellants' invention relates to using the Internet to carry out retail sales transactions. Spec. 1. Appellants acknowledge that the Internet already was "a significant venue for [carrying out] retail sales." *Id.* Appellants also acknowledge that various computer technologies conventionally used for carrying out retail sales transactions included radio frequency identification tags, bar codes, magnetic strips, mobile telephones using Short Message Service (SMS) signals or texts, optical character recognition, interactive voice recognition, web banners, and Internet-based product catalogs. *Id.* at 1–2.

Appellants' invention, as claimed, more specifically relates to using SMS texts to carry out retail sales transaction. *Id.* 2–5, 16. Appellants explain that

Conventionally, mobile operating systems communicate promotional content and information, without the ability to detect the user handset or integrate into 3rd party databases or systems. [Conventional] systems do not enable the purchasing of physical product, billing via premium SMS or integration into commercial databases, nor do they allow dynamic manipulation of their mobile content.

*Id.* at 2.

Appellants' invention entails integrating distinct systems to provide users a seamless, convenient and efficient shopping experience. *Id.*

Appellants achieve this by

provid[ing] an integrated mobile application server (IMAS) system adapted to integrate a consumer experience, corporate operations and brand communications across web, mobile, wireless, physical spaces and traditional media. The IMAS system enables commercial purchasing, user-profiling and

community building using a mobile or wireless network as the initiating transaction vehicle and/or as the method of confirming a transaction.

*Id.* at 2–3.

Appellants’ Figure 19 depicts the claimed embodiment. This embodiment generally entails having a print advertisement 1100, which is for a product or service, additionally set forth a destination identification 1900 and a product identification 1910. Spec. 16; Fig. 19. A consumer wishing to purchase the product or service can do so by sending an SMS text message. *Id.* The consumer enters the destination identification 1900 into the “TO” field of the text message, enters the product identification 1910 into the body of the text message, and sends the message to the recipient indicated by the destination identification 1900 in the “TO” field. *Id.* Upon receiving this text message, the IMAS uses the sending mobile phone number to look up the consumer’s previously collected profile, determine a preferred payment plan, charge the customer’s account, and cause the product or service to be delivered to the customer. *Id.*

Independent claim 71, reproduced below with added emphasis, illustrates the claimed invention:

71. A method of processing a transaction, the method comprising:

receiving, by a computer system, a short message service (SMS) message from a mobile device of a user to process a transaction, the SMS message comprising a product identification, wherein the SMS message was sent to a destination identification;

*determining, by the computer system, a requested product based at least in part on the product identification and the*

*destination identification, the product identification uniquely corresponding to the destination identification;*

determining, by the computer system, a purchase price for the requested product;

determining, from the SMS message, a mobile phone number associated with the mobile device used to send the SMS message;

determining, by the computer system, a payment method for processing the transaction by accessing a user profile associated with the user and,

initiating, by the computer system, payment processing for the transaction by charging the determined purchase price to the user based at least in part on the determined payment method.

Two additional independent claims are pending, and they are generally similar in scope. Independent claim 80 recites, in relevant part, “determining, by the computer system, a requested product based at least in part on the product identification and the destination identification;” (omitting the additional language of claim 71, “the product identification uniquely corresponding to the destination identification”). Independent claim 85 recites, in relevant part,

determining a requested product based at least in part on the product identification and the destination identification;

determining a unique merchant identification from which the product will be purchased based at least in part on the product identification and the destination identification.

#### *Procedural History*

This is Appellants’ second appeal of rejected claims for the present application. Some nine years ago, Appellants appealed the obviousness rejection of then pending claims 21, 23–28, 32–33, 35–40, 44, 46–51, 55–56, 58–63, and 66–70. *See* Appeal Brief filed October 20, 2009 in relation

to appeal 2010-006456 (“the ’6456 Appeal” and “the ’6456 App. Br.”). The claims of the ’6456 Appeal included language that presents a common issue with the claims presently on appeal.

Then-pending claim 21, which was added by way of claim amendment subsequent to the filing of Appellants’ original application, recited, *inter alia*, the following (emphasis added):

21. A system comprising:

a request module, associated with *a short code* such that messages directed to the short code are received by the request module, wherein the request module receives a text message directed to a short code from a mobile device that is associated with a mobile number, and wherein the text message includes an identifier that uniquely corresponds, for that short code, to a particular consumer product at a particular price, and wherein the text message initiates a purchase transaction for the particular product at the particular price;

*a determination module, operatively cooperating with the request module, that determines, based on the short code to which the text message was sent and the identifier included in the text message, the particular consumer product being requested in the text message and the price to be paid for that consumer product as part of the purchase transaction.*

The claim term, “short code” did not appear in Appellants’ originally filed Specification, but a prior Panel of the Board (“the Panel”) interpreted this term as corresponding to the currently recited “destination identification” 1900. *Ex parte Kaplan*, 2010-006456, 5–7 (BPAI April 27, 2012) (“the ’6456 Decision”). Appellants later agreed that this interpretation is proper: “The [’6456] Decision correctly acknowledges that the short code references the destination of the message, not the content [of the message].” Amendment and Response to Final Office Action filed June 27, 2012 (citing

'6456 Decision 7). Appellants also further explained how the “short code” corresponds to the destination identification code 1910:

[the method associated with Figure 19] begins with a consumer entering text message destination characters [1900] into the ‘TO’ field and the product identification characters [1910] into the message body field on wireless device 1000. The user would then initiate a communication via mobile communication network 1010 which is connected to 1020. The messaging gateway 1020 passes the data to IMAS 700 where the submission is processed.

*Id.* at 13–14 (citing Spec. 16:18–22; Fig. 19).

Returning back to the first appeal, based upon this interpretation, the Panel reversed the previous obviousness rejections, finding the Examiner’s interpretation of “short code” to be unreasonably broad and further finding the Examiner failed to establish that the cited art taught a short code or destination identifier that was used in the manner set forth by the following “determination-module limitation” of claim 21:

a determination module, operatively cooperating with the request module, that determines, based on the short code to which the text message was sent and the identifier included in the text message, the particular consumer product being requested in the text message and the price to be paid for that consumer product as part of the purchase transaction.

*Claim language cited in '6456 Decision 7; analyzed in id.* at 8–9. The Panel then issued a new ground of rejection for all of the pending claims under 35 U.S.C. (pre-AIA) § 112, ¶ 1, because the Panel determined that Appellants’ originally filed Specification did not provide adequate written description to support the determination-module limitation of independent claim 21 or the similar language of the other independent claims.

'6456 Decision 9–10.

The Panel based its reversal of the obviousness rejection and its determination regarding the Specification's inadequate written description on the following reasoning:

Interpreting the claim term “short code” as corresponding to the disclosed message destination character set, this claim limitation requires that the determination module determines the particular consumer product being requested in the text message, as well the product's price, based upon two pieces of information: (1) “the short code to which the text message was sent” (or message destination character set 1900); and (2) “the identifier included in the text message” (or product identification code 1910). That is, claim 21 does not merely require that the message destination character set 1900 be used to connect to the IMAS. The claim further requires that the IMAS additionally uses the message destination character set 1900, in combination with the product identification character set 1910, to determine the identity of the consumer product being requested. We reach this conclusion because the express language of the claim requires that the module makes the determination *based on* both the short code and the identifier. The claim language does *not* recite that the module makes the determination based only on the identifier subsequent to, or in response to, a request being directed to a short code.

*Id.* at 7–8; *see also id.* at 9–10 (setting forth the new written-description ground of rejection).

That is, the Panel found *Appellants' Specification* to disclose in relation to Appellants' Figure 19 embodiment that the IMAS is reached by virtue of the consumer typing the destination identifier 1900 into the “TO” field of the SMS message, but once reached, the IMAS determines a unique product or service based solely upon the product identification 1910. *Id.* In contrast, the Panel found that *the claims* require additional functionality similar to that of a call center

that receives calls that were directed to different numbers or on behalf of plural clients:

The following analogy helps describe and clarify what this claim limitation requires. If the IMAS were equated with a telephone call center, the call center would have to be provided with the ability to receive customer phone calls that were placed to various phone numbers. The call center would also have to be designed to determine which product is being requested based upon not only a product code conveyed within the message of a call, but also based upon the particular phone number that was used to connect to the call center.

*Id.* at 8.

Subsequent to the '6456 Decision issuing with the reversal of the art-based rejections and the issuance of the new written-description rejection, Appellants further prosecuted the present application before the Examiner. Of relevance, Appellants eventually canceled all of the previously pending claims and added new claims 71–90. *See* Amendment and Response filed Jan. 18, 2013 (“Jan. 18, 2013 Response”). In Appellants’ Jan. 18, 2013 Response, Appellants also argued to the Examiner that the Panel’s written-description rejection should be withdrawn because Appellants had canceled and replaced all of the claims that had recited the term “short code,” thereby rendering the written description rejection moot:

The Office Action [mailed July 19, 2012] maintained the Section 112 rejection of claims 21, 23–28, 30–33, 35–40, 42, 44, 46–51, 53–56, 58–63, and 65–70 of the Appeal Decision because “nowhere does the original disclosure include the explicit terms [sic] ‘short code.’” Office Action at p. 4. By this reply, Applicants have cancelled claims 21, 23–28, 30–33, 35–40, 42, 44, 46–51, 53–56, 58–63, and 65–70. The Section 112 rejection is now moot based on cancellation of these claims. Added claims 71–90 no longer recite the term “short code,” which was the basis for BPAI’s Section 112 rejection.

Applicants note that support for Claims 71–90 can be found in *at least* Figure 19 and paragraphs 0086 - 0088 of the specification as published (U.S. Patent Pub. 2006/0258397). Accordingly, Applicants respectfully request that the Examiner reconsider and withdraw the Section 112 rejection of the Appeal Decision.

Jan. 18, 2013 Response 6.

In response to these claim amendments and arguments of Appellants, the Examiner subsequently withdrew the written-description rejection without further explanation or comment. *See* Non-Final Action mailed Mar. 15, 2013. The Examiner thereafter only issued obviousness rejections. *Id.*

Over the course of several further rounds of prosecution, various ones of claims 71–90 were either amended or canceled. *See* Reply filed June 17, 2013; Amendment After Final filed Nov. 22, 2013; Response to Office Action filed July 9, 2014. The Examiner, in turn, modified the art-based rejections. *See* Final Action mailed July 23, 2013; Final Action mailed Jan. 10, 2014; Non-Final Action mailed Aug. 28, 2014 (or more simply, “Non-Final Act.”). Appellants eventually appealed the art-based rejections of the Non-Final Action, which stand as follows:

Claims 71, 80, and 85 stand rejected under 35 U.S.C. § 102(b) as anticipated by Stadelmann (US 6,415,156 B1; issued July 2, 2002). Non-Final Act. 5–6.

Claims 71, 73–78, and 80–89 stand rejected under 35 U.S.C. § 103(a) as unpatentable over Meyer (US 2001/0049277 A1; published December 6, 2001) and Eisenberg (US 2006/0047568 A1; published Mar. 2, 2006). Non-Final Act. 8–11.

*Appellants' Arguments and the Examiner's Determinations*

In the Briefs of the present appeal, Appellants once again argue, *inter alia*, that the cited references do not “teach or suggest the claimed ‘determining’ a product based on the product identification and the destination identification.” App. Br. 8 (argued in relation to Stadelmann); *see also id.* 26 (presenting the same argument in relation to the combination of Meyer and Eisenberg).

As far as we can discern from reviewing the Examiner’s 55-page Answer, the Examiner appears not to be disputing Appellants’ contention that the cited references fail to teach the claim language if the destination-determination limitations are interpreted in the manner that the Panel adopted in the ’6456 Decision and as Appellants argue for now. *See* Examiner’s Answer mailed Aug. 7, 2015 (“Ans.”). The Examiner, instead, indicates that in the prior appeal, the Examiner based the rejection upon the broader interpretation that actually was supported by Appellants’ Specification—the interpretation merely requiring the IMAS to read the product identification, which would not invoke a written-description rejection:

[t]he Examiner [interpreted the claims] based on a reasonable interpretation of what the Appellant[s] could have possessed at the time of the invention. The Examiner further presented to the Board in the [’6456 Answer] an explanation as to why [Appellants’] alternate interpretation would invoke a new matter [sic: written description] rejection.

Ans. 8.

The Examiner also appears to be adopting again this same broader interpretation in maintaining the current rejections: “The Applicant’s specification appears to be consistent with the plain meaning (i.e., where the

message being sent [is] based on the product identification,” as discussed in paragraphs 86–87 of Appellants’ Specification. Ans. 20 (emphasis omitted). “[A]s illustrated above and in the rejection[,] the ordered products are indicated via [SMS] and sent to a destination for processing (e.g., a unique destination)[.]” *Id.* “Stadelmann’s distinct service provider would meet the claimed merchant identification.” *Id.* at 32 (emphasis omitted). In relation to the obviousness rejection over Meyer and Eisenberg, the Examiner explains that “[the destination-identification] limitation is met by at least the product being requested in the message request adequately ‘identifies’ the product being request[ed] and the request message is sent ‘to a destination’ that is unique with respect to the product in the request[.]” *Id.* at 41 (emphasis omitted).

Based on this history, we review the appealed rejections for error based upon the issues identified by Appellants, and in light of the arguments and evidence produced thereon. *Ex parte Frye*, 94 USPQ2d 1072, 1075 (BPAI 2010) (precedential).

#### ANALYSIS OF THE CLAIM INTERPRETATIONS AND THE ART-BASED REJECTIONS

Appellants argue that Stadelmann differs in two aspects: “First, *Stadelmann* fails to teach or suggest an ‘SMS message’ ‘to process a transaction.’ Second, *Stadelmann* fails to teach or suggest the claimed ‘determining’ a product based on the product identification and the destination identification.” *Id.* at 8 (emphasis added and omitted). Appellants present similar arguments in relation to the combination of

Meyer and Eisenberg. *Id.* at 20–28. In sections I and II, below, we address these two arguments *seriatim*.

I.

Appellants’ argument that Stadelmann fails to teach a message that more specifically is “to process a transaction,” is based upon the premise that the independent claims require the transaction be completed in direct response solely to the receipt of the text message, alone. App. Br. at 8–15. As Appellants summarize,

*Stadelmann* requires several separate communications with the consumer in order “to process a transaction.” *Stadelmann* fails to disclose an “SMS message” “to process a transaction,” without requiring further confirmation. The system of *Stadelmann* process[es] a transaction only after three separate communications are exchanged, unlike the claimed methods where the initial, initiating SMS message is sufficient “to process a transaction.”

*Id.* at 11.

Appellants’ premise is faulty. The recited claim limitation “to process a transaction” does not require that all of the argued limitations occur solely in response to the receipt of the SMS message. Under the broadest reasonable interpretation of the disputed language, “to process a transaction” merely constitutes a goal or motive for why the SMS message is being sent. At best, the phrase sets forth one of potentially multiple prerequisite actions that must be satisfied for the transaction to be processed. By way of analogy, one may go to law school with the goal *to become a licensed attorney*. But going to law school alone is insufficient to accomplish this goal. To become a licensed attorney, one also must pass a state bar examination.

Appellants further argue that the language of various dependent claims supports their interpretation. *Id.* at 11–12. Specifically, Appellants note that dependent claims 75, 83, and 88 each recites that the methods further comprising “communicating, to the mobile device, a confirmation request to confirm the transaction.” *Id.* at 12. Appellants argue that the doctrine of claim differentiation indicates that the message for initiating an SMS message to process a transaction “is different than the subsequent ‘confirming’ message.” *Id.*

We agree with Appellants’ premise, at least for the purposes of the stated dependent claims, that by additionally reciting a confirmation request to confirm the transaction, the dependent claims exclude the initial “message . . . to process a transaction” from including a confirmation message. However, this fact further supports the Examiner’s position that the claims are not so narrow as to require the transaction be processed solely in response to receipt of the initial transaction, alone. These dependent claims, instead, evidence that processing the transaction can be delayed until after the user sends a second, confirmation communication. *See also* Spec. 4:17–18 (“In the system, the confirmation may be adapted to prompt a response from the user to authorize the request”).

Accordingly, Appellants’ arguments regarding the claim language “to process a transaction” are unpersuasive.

## II.

We now turn to Appellants’ arguments regarding the claim language “determining . . . based at least in part on the product identification and the destination identification.”

We note as a threshold matter that Appellants have misrepresented to the Examiner the Board's determinations and reasoning regarding the written-description rejection. Contrary to Appellants' assertion (*see* Jan. 18, 2013 Response 6), the Board did *not* maintain the written-description rejection of the claims on the basis alleged by Appellants—that Appellants' originally filed Specification failed to include the explicit term “short code.”

As noted above, the '6456 Decision explained that the Panel interpreted the term “short code” as corresponding to the disclosed destination identification character set. '6456 Decision 6–7. The Panel even stated expressly that it declined to decide whether the claim term “short code” differs in scope from the Specification's term “destination identifier.” *Id.* at 11.

Contrary to Appellants' allegations, the Panel issued the written-description rejection because Appellants' originally filed Specification does not disclose a determining module that determines a particular consumer product being requested based on a short code. The Specification discloses the determination as being based only on a product identification. *Id.* at 7. That conclusion would have been the same regardless of whether the claims recited the term “destination identification” in place of “short code.” As such, Appellants' amendment changing “short code” to “destination identification” (*see* Jan. 18, 2013 Response) was not a proper basis for the Examiner to withdraw the written-description rejection.

Turning from the claim interpretation to the appealed art-based rejections, the Examiner errs for a second time by again tortuously interpreting Appellants' reasonably clear claim language so that the language will read on subject matter that actually is supported by

Appellants' Specification. We appreciate the Examiner's goal of affording the claim terms their broadest reasonable interpretation consistent with Appellants' Specification. *See, e.g.*, Ans. 18 (citing the claim interpretation guidance of the Manual of Patent Examining Procedure (MPEP) § 2111.01); *see also In re Am. Acad. of Sci. Tech Ctr.*, 367 F.3d 1359, 1364 (Fed. Cir. 2004). But that canon of claim construction is intended to be used to resolve an ambiguous term's meaning in favor of a reasonable interpretation that is consistent with a specification over an unreasonable interpretation that is inconsistent with a specification. That canon is not intended to favor an unreasonable interpretation over a reasonable one merely because only the unreasonable interpretation is supported by a specification. Under the Examiner's approach to claim construction, no later-added claim language ever would be subject to a written-description rejection because a clever examiner always could formulate some unreasonably crabbed interpretation that would render the claim language consistent with the specification.

To be sure, it is a close question in the present case whether the claim language "determin[ing] . . . a requested product based on [a destination identification and a product identification]" reasonably may be interpreted, as the Examiner does, as reading on a receiving module that only reads the product identification. We understand the Examiner's reasoning that such a receiving module *receives the SMS message* based on the destination identification, and therefore one arguably might say that the subsequent product determination ultimately is "based on" the destination identification by virtue of the fact that, but for receiving the message, the receiving module would not be able to determine the requested product.

But ultimately, the prior Panel decided that the broadest reasonable interpretation of the “based on” claim language would not be satisfied by a module that determines a requested product merely because the module is associated with the destination number that receives the SMS message. The Panel decided that the claim recites additional functionality wherein the receiving module specifically analyzes the destination identification to determine the requested product. ’6456 Decision 7–8.

As such, the Panel’s interpretation of the claim language is the law of the case, and absent sufficient new evidence that would justify adopting a different interpretation, the Examiner is constrained to apply the Board’s interpretation. But the Examiner does not cite to any new evidence that reasonably would provide a basis for the Examiner to newly adopt a broader interpretation than the one adopted by the prior Panel. *See, e.g.*, Ans. 8, 20 (wherein the Examiner explains that the interpretation underlying the anticipation and obviousness rejections is based on what Appellants’ Specification supports, as opposed to on what the claim recites).

Because independent claims 71, 80, and 85 each recites determining a requested product based at least in part on the destination identification, we, therefore, reverse the § 102(b) rejection of claims 71, 80, and 85 over Stadelmann. We likewise reverse the § 103(a) rejection of claims 71, 73–78, and 80–89 over Stadelmann and the combination of Meyer and Eisenburg.

Furthermore, Appellants provide insufficient new evidence that their originally filed Specification does, in fact, support the narrower interpretation that the prior Panel adopted and for which Appellants continue to argue. *See, e.g.*, App. Br. 16 (wherein Appellants argue that Stadelmann identifies the product based upon the content of the SMS message alone,

“and not based on the combination of the product identification in the SMS message and the destination identification,” as the claims require); *see also id.* 1–3 (wherein Appellants merely assert that the current claim language is supported by Figure 19 and the associated discussion appearing at page 16, lines 10 through 26, of their original disclosure). The prior Panel already has determined that these portions of Appellants’ Specification do *not* provide adequate written-description support for the disputed claim language. ’6456 Decision 7–10.

To summarize, independent claims 71, 80 and 85 each recites that the product-determining step is base at least on the product identification and the destination identification. We, therefore, exercise our discretionary authority under 37 C.F.R. § 41.50(b) and newly reject claims 71, 73–78, and 80–89 under 35 U.S.C. § 112(a) for lacking adequate written description in the originally filed Specification.

## PATENT ELIGIBILITY UNDER 35 U.S.C. § 101

### *Principles of Law*

Under 35 U.S.C. § 101, a patent may be obtained for “any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof.” The Supreme Court has “long held that this provision contains an important implicit exception: Laws of nature, natural phenomena, and abstract ideas are not patentable.” *Alice Corp. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2354 (2014) (quoting *Ass’n for Molecular Pathology v. Myriad Genetics, Inc.*, 569 U.S. 576, 589 (2013)).

Accordingly, in applying the § 101 exception, the Supreme Court cautioned:

[W]e must distinguish between patents that claim the “buildin[g] block[s]” of human ingenuity and those that integrate the

building blocks into something more, thereby “transform[ing]” them into a patent-eligible invention. The former “would risk disproportionately tying up the use of the underlying” ideas, and are therefore ineligible for patent protection. The latter pose no comparable risk of pre-emption, and therefore remain eligible for the monopoly granted under our patent laws.

*Alice*, 134 S. Ct. at 2354–55 (all brackets in original except first set) (internal citations omitted).

Subsequent to the issuance of the prior Panel’s ’6456 Decision, the *Alice* Court set forth an analytical “framework for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts.” *Id.* at 2355 (citing *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 71–73 (2012)). In the first step of the analysis, we determine whether the claims at issue are “directed to” a judicial exception, such as an abstract idea. *Id.* at 2355. If not, the inquiry ends. *Thales Visionix Inc. v. U.S.*, 850 F.3d 1343, 1346 (Fed. Cir. 2017); *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1339 (Fed. Cir. 2016). If the claims are determined to be directed to an abstract idea, then we consider under step two whether the claims contain an “inventive concept” sufficient to “transform the nature of the claim[s] into a patent-eligible application.” *Alice*, 134 S. Ct. at 2355 (quotations and citation omitted).

In considering whether the claims are directed to an abstract idea under step one, we acknowledge, as did the Supreme Court, that “all inventions at some level embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas.” *Mayo*, 566 U.S. at 71. We therefore look to whether the claims focus on a specific means or method that improves the relevant technology or are instead directed to a result or

effect that, itself, is the abstract idea and merely invokes generic processes and machinery. *See Enfish*, 822 F.3d at 1336.

In the second step of the *Alice* analysis, if applicable, we must consider whether the claims contain an element or a combination of elements that is sufficient to transform the nature of the claim into a patent-eligible application. *Ulramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 714 (Fed. Cir. 2014); *Alice*, 134 S. Ct. at 2355.

In applying step two of the *Alice* analysis, we must “determine whether the claim[] do[es] significantly more than simply describe [the] abstract method” and thus transform the abstract idea into patentable subject matter. We look to see whether there are any “additional features” in the claim[] that constitute an “inventive concept,” thereby rendering the claim[] eligible for patenting even if [it is] directed to an abstract idea. Those “additional features” must be more than “well-understood, routine, conventional activity.”

*Intellectual Ventures I LLC v. Erie Indem. Co.*, 850 F.3d 1315, 1328 (Fed. Cir. 2017) (citations omitted). Claim that “merely require generic computer implementation[] fail to transform [an] abstract idea into a patent-eligible invention.” *Alice*, 134 S. Ct. at 2357.

Central to our analysis herein is the fundamental principle that the *Alice* framework must be applied to the claims, as properly construed. As our reviewing court has stated, “[t]he § 101 inquiry must focus on the language of the Asserted Claims themselves.” *Synopsys, Inc. v. Mentor Graphics Corp.*, 839 F.3d 1138, 1149 (Fed. Cir. 2016); *see also Accenture Global Servs., GmbH v. Guidewire Software, Inc.*, 728 F.3d 1336, 1345 (Fed. Cir. 2013) (admonishing that “the important inquiry for a § 101 analysis is to look to the claim”); *Content Extraction & Transmission LLC v. Wells Fargo Bank, Nat’l Ass’n*, 776 F.3d 1343, 1346 (Fed. Cir. 2014)

(focusing on “whether the *claims* of the asserted patents fall within the excluded category of abstract ideas”) (emphasis added)).

These principles are based on long-established jurisprudence that “[i]t is the claims [that] define the metes and bounds of the invention entitled to the protection of the patent system.” *In re Warmerdam*, 33 F.3d 1354, 1360 (Fed. Cir. 1994) (citing *Zenith Lab. Inc. v. Bristol–Myers Squibb Co.*, 19 F.3d 1418, 1424 (Fed. Cir. 1994)); *see also In re Hiniker Co.*, 150 F.3d 1362, 1369 (Fed. Cir. 1998) (“the name of the game is the claim.”).

*Alice Step One Inquiry*

- Independent claim 71 is directed to, in relevant part,
- (1) receiving a message from a user to process a transaction, the message comprising a product identification, and the message being sent to a destination identification;
  - (2) the receiving party determining a requested product based at least in part on the product identification and the destination identification, the product identification uniquely corresponding to the destination identification;
  - (3) determining a purchase price for the requested product;
  - (4) determining the identity of the user;
  - (5) determining a payment method for processing the transaction by accessing a user profile associated with the user, and
  - (6) initiating payment processing for the transaction by charging the determined purchase price to the user based at least in part on the determined payment method.

These limitations indicate that claim 71 is directed to a method of carrying out a commercial transaction that entails receiving a request for a

product, verifying the product requested, verifying the consumer requesting the product, determining the preferred payment method, and billing the customer for the purchased product. The claimed method is analogous, then, to pre-Internet commercial transactions between humans wherein a customer walks into a department store and requests merchandise by brand and unique description, followed by the salesperson receiving the customer's charge card to verify the customer's identity and to determine the payment method, and then processing the transaction payment either by obtaining an imprint of the customer's charge card using a flatbed manual credit card imprinting machine or by recording the transaction with a pencil in a ledger.

As such, claim 71 reasonably can be interpreted as being directed to a fundamental economic practice, such as concepts relating to agreements between people or performing financial transactions. *See* MPEP § 2106.04(a)(2) (Part I). The courts have held that various methods of carrying out commercial transactions are directed to patent-ineligible subject matter. *See, e.g., Inventor Holdings, LLC v. Bed Bath & Beyond Inc.*, 123 F.Supp.3d 557, 561 (Fed. Cir. 2015) (holding that “the concept of local processing of payments for remotely purchased goods is an abstract idea”). Other activities that have been characterized as constituting patent-ineligible abstract ideas include certain methods of organizing human activity, such as concepts relating to advertising, marketing, and sales activities or behaviors. *See* MPEP § 2106.04(a)(2) Part (II).

Accordingly, we determine independent claim 71 to be directed to a patent-ineligible abstract idea under step 1 of the *Alice* framework. We, therefore, turn to the question of whether the limitations of claim 71 contain an element or a combination of elements that is sufficient to transform the

nature of the claim into a patent-eligible application. *Ulramercial, Inc.*, 772 F.3d at 714.

*Alice Step Two Inquiry*

Claim 71 additionally recites that all of the method steps for carrying out the commercial transaction are performed with a computer system responsive to receipt of an SMS message. Appellants acknowledge that at the time of the invention, using the Internet to carry out retail sales was conventional. Spec. 1:10–13. Appellants also acknowledge that communicating information with SMS messages was conventional. *Id.* at 2:1–2. Appellants explain that their invention entails providing an integrated mobile application server (IMAS) system that integrates “a consumer experience, corporate operations and brand communications across web, mobile, wireless, physical spaces and traditional media.” *Id.* at 2:27–29.

However, claim 71 does not focus on a specific means or method that improves SMS communications or server-system technology. *See Enfish*, 822 F.3d at 1336 (explaining how to determine whether a claim recites significantly more than an abstract idea). Claim 71 instead merely invokes generic processes and machinery to carry out the claimed abstract idea. *See, e.g.*, Spec. 16 (setting forth improvements to the SMS-communication protocol and IMAS-processing protocols at high levels without describing specific means of improving the underlying technologies themselves). In fact, the portion of Appellants’ Specification that Appellants alleged to provide support for claim 71 does not even disclose the claimed particular protocol of “determining, by the computer system, a requested product based at least in part on the product identification and the destination identification, the product identification uniquely corresponding to the

destination identification.” Appellants’ Specification instead indicates that SMS messaging is just one of a laundry list of communication technologies that Appellants’ server can use to collect data. *See, e.g.*, Spec. 1–2.

Accordingly, we conclude that Appellants’ claimed invention uses common computer components in their well-understood, routine, and conventional manner.

For the foregoing reasons, we exercise our discretionary authority under 37 C.F.R. § 41.50(b) and newly reject independent claim 71 under 35 U.S.C. § 101 as being directed to patent-ineligible subject matter.

Although we decline to reject remaining claims 73–78 and 80–89 pursuant to our discretionary authority under 37 C.F.R. § 41.50(b), we emphasize that our decision does not mean that the remaining claims are necessarily patentable. Rather, we merely leave the patentability determination of these claims to the Examiner. *See* MPEP § 1213.02.

## DECISION

The Examiner’s decision rejecting claims 71, 73–78, and 80–89 under 35 U.S.C. §§102 and 103 is reversed.

Pursuant to our discretionary authority under 37 C.F.R. § 41.50(b), we enter a new ground of rejection for claims 71, 73–78, and 80–89 under 35 U.S.C § 112(a) (pre-AIA § 112, ¶ 1). We also enter a new ground of rejection for claim 71 under 35 U.S.C. § 101.

Rule 41.50(b) provides that “[a] new ground of rejection pursuant to this paragraph shall not be considered final for judicial review.”

Rule 41.50(b) also provides the following:

When the Board enters such a non-final decision, 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 prosecution will be remanded to the examiner. The new ground of rejection is binding upon the examiner unless an amendment or new Evidence not previously of Record is made which, in the opinion of the examiner, overcomes the new ground of rejection designated in the decision. Should the examiner reject the claims, appellant may again appeal to the Board pursuant to this subpart.

(2) *Request rehearing.* Request that the proceeding be reheard under § 41.52 by the Board upon the same Record. The request for rehearing must address any new ground of rejection and state with particularity the points believed to have been misapprehended or overlooked in entering the new ground of rejection and also state all other grounds upon which rehearing is sought.

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). Further guidance on responding to a new ground of rejection can be found in the Manual of Patent Examining Procedure (MPEP) § 1214.01 (9th Ed., Rev. 9, Nov. 2015).

REVERSED  
37 C.F.R. § 41.50(b)