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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte DANIEL Y. FUNG and
STEPHEN C. EVANS

Appeal 2016-001802¹
Application 12/973,856²
Technology Center 3600

Before MURRIEL E. CRAWFORD, TARA L. HUTCHINGS, and
MATTHEW S. MEYERS, *Administrative Patent Judges*.

MEYERS, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Appellants appeal under 35 U.S.C. § 134(a) from the Examiner’s
Final Rejection of claims 1, 4–7, 10–13, and 16–26. We have jurisdiction
under 35 U.S.C. § 6(b).

We AFFIRM.

¹ Our Decision references Appellants’ Appeal Brief (“Appeal Br.,” filed June 17, 2015) and Reply Brief (“Reply Br.,” filed November 24, 2015), the Examiner’s Answer (“Ans.,” mailed September 28, 2015), and Final Office Action (“Final Act.,” mailed January 23, 2015).

² Appellants identify Passgate Corporation as the real party in interest (Appeal Br. 2).

CLAIMED INVENTION

Appellants' claims relate generally "to the field of web site account and e-commerce management and more particularly to a method, system and computer readable medium for managing a plurality of web site accounts and for providing a secure methodology for e-commerce transactions from a central web site location" (Spec. ¶ 2).

Claims 1, 7, and 13 are the independent claims on appeal. Claim 1 reproduced below, with added bracketed notations, is illustrative of the subject matter on appeal:

1. A method for managing a financial transaction of a user, the method comprising:

[a] transmitting to a user device a merchant identification signal including an identification of merchants available through online interfaces;

[b] receiving from the user device a presence signal indicating that the user is at an on line interface of a merchant selected based on the merchant identification signal;

[c] receiving from the user device an authentication signal;

[d] authenticating the user based on the authentication signal and transmitting a login signal to the online merchant;

[e] in response to the presence signal indicating that the user is at the online interface, transmitting to the user device information enabling an activation signal specific to the selected merchant to be sent to a financial institution, wherein the activation signal causes an account number of the user to be activated and a payment request from the selected merchant to be accepted; and

[f] transmitting to the user device information used by the user device to send a deactivation signal to the financial institution, wherein the de-activation signal causes an account number of the user to be de-activated and a subsequent payment request to be declined.

REJECTION

Claims 1, 4–7, 10–13, and 16–26 are rejected under 35 U.S.C. § 101 as directed to non-statutory subject matter.

ANALYSIS

Appellants argue claims 1, 4–7, 10–13, and 16–26 as a group (*see* Appeal Br. 6–17). We select independent claim 1 as representative. Claims 4–7, 10–13, and 16–26 stand or fall with independent claim 1. *See* 37 C.F.R. § 41.37(c)(1)(iv).

In rejecting claims 1, 4–7, 10–13, and 16–26 as being directed to an abstract idea, the Examiner finds “the claims are directed to [a] series of steps for managing a financial transaction / temporary activation of an account number, which is a fundamental economic practice and thus an abstract idea” (Final Act. 2). The Examiner also finds that “[t]he concept of temporary activation of an account number is well-established in the art” and “[t]he claimed steps for receiving and sending signals to enable the temporary activation of an account number do not add a meaningful limitation to the method as they would be routinely used by those of ordinary skill in the art in order to apply the abstract idea” (*id.* at 3).

Appellants “do[] not concede that the invention is[,] in fact[,] an abstract idea, but for the sake of advancing prosecution, focus[] on the second step analysis” (Appeal Br. 8). Consequently, Appellants first argue that their claims are similar to the claims in *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1256 (Fed. Cir. 2014) (*see* Appeal Br. 9–15; *see also* Reply Br. 2–9). More particularly, Appellants argue their claims

address a problem that didn't exist in the pre-internet world: invalid use of accounts (e.g., credit cards) at merchant online interfaces. Furthermore, these features introduce an Internet-centric solution necessarily rooted in computer technology. Specifically, this solution is necessarily an internet-centric solution (as opposed to merely implementing a known solution on the internet) because it limits which online interfaces the account can be used at to those identified in the “signal including an identification of merchants available through online interfaces” and transmitting the activation signal “in response to the presence signal indicating that the user is at [one of] the online interface[s]” “selected based on the merchant identification signal.”

(Appeal Br. 9; *see also id.* at 12 (characterizing claimed invention as a “solution of preventing invalid use of accounts at merchant online interfaces”)). In the Reply Brief, Appellants elaborate that the steps of

“transmitting . . . a merchant identification signal including an identification of merchants available through online interfaces” and transmitting the activation signal “in response to the presence signal indicating that the user is at [one of] the online interface[s]” “selected based on the merchant identification signal” . . . provide an Internet-centric solution “necessarily rooted in computer technology”

(Reply Br. 5).³

Appellants purport that the claimed invention provides an Internet-centric solution. But even assuming *arguendo* that the invention provides an Internet-centric solution (*cf.* claim 1), not all claims purporting to address Internet-centric challenges are eligible for patent. *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d at 1264 (citing *Ultramercial, Inc. v. Hulu, LLC*,

³ We note that claim 1 does not recite “transmitting the activation signal,” as described by Appellants, but instead recites “transmitting . . . information enabling an activation signal.”

772 F.3d 709, 714 (Fed. Cir. 2014)). In *Ultramercial*, for example, the patentee argued that its claims were “directed to a specific method of advertising and content distribution that was previously unknown and never employed on the Internet before.” *Ultramercial*, 772 F.3d at 714.

Nonetheless, the Federal Circuit found that the majority of the steps were directed to the abstract idea of offering media content in exchange for viewing an advertisement, and the “routine additional steps[,] such as updating an activity log, requiring a request from the consumer to view the ad, restrictions on public access, and use of the Internet[,]” and, as such, were insufficient to transform the patent-ineligible abstract idea into patent-eligible subject matter. *Id.* at 715–16.

In contrast, in *DDR Holdings* the Federal Circuit determined that the claims addressed the problem of retaining website visitors who, if adhering to the routine, conventional functioning of Internet hyperlink protocol, would be transported instantly away from a host’s website after clicking on an advertisement and activating a hyperlink. *DDR Holdings*, 773 F.3d at 1257. The Federal Circuit, thus, held that the claims were directed to statutory subject matter because they claim a solution “necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks.” *Id.*

Here, we find the claimed invention more akin to the claims in *Ultramercial* than those in *DDR*. Claim 1 does not, for example, purport to override the conventional sequence of events ordinarily triggered by the click of a hyperlink to recite an invention that is “not merely the routine or conventional use of the Internet.” *DDR Holdings*, 773 F.3d at 1259. Nor

does it purport to improve the functioning of the computer itself. Nor does it affect an improvement in any other technology or technical field.

Instead, claim 1, viewed as a whole and in light of the Specification, amounts to nothing significantly more than an instruction to apply the abstract idea of “managing a financial transaction / temporary activation of an account number” (Final Act. 2), which under our precedents, is not enough to transform an abstract idea into a patent-eligible invention. *See Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2360 (2014).

Considered individually, the steps recited in claim 1 (i.e., transmitting data, receiving data, and analyzing data) represent conventional data gathering and processing steps, specified at a high level of generality, which add nothing of practical significance to the underlying abstract idea. *See Ultramercial*, 772 F.3d at 716; *see also Elec. Power Grp.*, 830 F.3d at 1255 (selection and manipulation of information does not transform abstract processes of information collection and analysis).

Appellants’ Specification, for example, describes that a “web active or dormant payment card feature” enables the account to be active “only while the user is actually online using the central web site’s services” (Spec. ¶ 68). Specifically, software transmits an “update file” every time a user clicks on a favorite link to a favorite e-commerce web site (*id.*). The update file is transmitted via encrypted email, secure facsimile, secure wireless communication, secure telephone communication, to the credit issuing financial institution at a time before a charge authorization request is received by the credit card network from an online retailer (*id.*; *see also id.* ¶ 74). When a user makes a credit card transaction, an update file verification file server (“UFVS”) verifies the central web site’s accounts

against the update file (*id.* ¶ 76). If an update file is not present, then the transaction is rejected; whereas, if the update file is present, then the transaction is allowed to be processed (*id.* ¶¶ 76–77). In this way, the credit card network authenticates that the user is online (*id.* ¶ 77). The credit card network then transmits a charge request to the financial institution using known processes, and after the transaction is processed by the financial institution, instructions are sent to the UFVS to initiate deletion of the update file (*id.*). The invention requires minimal activation time of the credit card account, and minimal development time because the system uses existing architectures (*id.* at ¶ 78). We find no indication that the claimed invention requires something other than normal, conventional technology for transmitting data, receiving data, and analyzing the data (*see* Ans. 3 (citing Gephart (US 6,339,766 B1, iss. Jan.15, 2002))).

Moreover, as the Examiner also points out (Ans. 5–6), the Specification discloses that “[a]ll or a portion of the exemplary embodiments of FIGs. 1–41 can be conveniently implemented using one or more conventional general purpose computer systems” (Spec. ¶ 234; *see also, e.g.*, Spec. ¶¶ 110 (“the user interface 1002 is a conventional personal computer having an input device,” “a voice mail system, [or] an electronic or voice communications system,” or “[a] device[], such as a facsimile machine, a cellular phone, a PDA, a pager, etc.”)). Thus, each limitation does no more than require a generic components to perform generic functions. “[A]fter *Alice*, there can remain no doubt: recitation of generic computer limitations does not make an otherwise ineligible claim patent-eligible.” *Id.* at 1256 (citing *Alice*, 134 S. Ct. at 2358).

Consequently, when considering the claim limitations individually and as an ordered combination, the claimed invention is not necessarily rooted in computer technology to overcome a problem specific to the realm of computers, but instead embodies the use of generic components in a conventional manner to perform an abstract idea, which, as the court in *DDR Holdings* explained, is not patent-eligible. *DDR Holdings*, 773 F.3d at 1256 (“[T]hese claims [of prior cases] in substance were directed to nothing more than the performance of an abstract business practice on the Internet or using a conventional computer. Such claims are not patent-eligible.”).

Appellants further argue that “[t]he Examiner having withdrawn his prior art rejections demonstrates that the features of claim 1 are not a ‘conventional’ method of ‘managing a financial transaction by temporary activation of an account number’” (Appeal Br. 11), and as such, independent claim 1 includes “significantly more” than an abstract idea. For example, Appellants argue that none of the prior art discloses or suggest a “‘presence signal⁴ indicating that the user is at an online interface of a merchant selected based on the merchant identification signal,’ as claim 1 recites” (*id.*). However, to the extent Appellants argue that the claims necessarily contain an “inventive concept” based on their alleged novelty and non-obviousness over the cited references, Appellants misapprehend the controlling precedent. That is, although the second step in the *Alice/Mayo* framework is termed a search for an “inventive concept,” the analysis is not

⁴ Appellants identify support for the term “presence signal,” as it appears in limitation [b] of independent claim 1, at paragraphs 49, 59, 68, 73, 76, and 188 (*see* Appeal Br. 3). However, we note that neither “presence” nor “presence signal” appear in the Specification.

an evaluation of novelty or non-obviousness, but rather, a search for “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*, 134 S. Ct. at 2355 (internal citation omitted). A novel and nonobvious claim directed to a purely abstract idea is, nonetheless, patent-ineligible. *See Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289, 1304 (2012)).

We also are not persuaded by Appellants’ argument that “the claims are not a monopoly on ‘managing a financial transaction’ or ‘temporary activation of an account number,’ because they contain other material features” (Appeal Br. 15). There is no dispute that the Supreme Court has described “the concern that drives this exclusionary principle [i.e., the exclusion of abstract ideas from patent eligible subject matter] as one of pre-emption.” *Alice*, 134 S. Ct. at 2354. But characterizing pre-emption as a driving concern for patent eligibility is not the same as characterizing pre-emption as the sole test for patent eligibility. “The Supreme Court has made clear that the principle of preemption is the basis for the judicial exceptions to patentability” and “[f]or this reason, questions on preemption are inherent in and resolved by the § 101 analysis.” *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015) (citing *Alice*, 134 S. Ct. at 2354). Yet although “preemption may signal patent ineligible subject matter, the absence of complete preemption does not demonstrate patent eligibility.” *Id.*

In view of the foregoing, we sustain the Examiner’s rejection under 35 U.S.C. § 101 of independent claim 1, and claims 4–7, 10–13, and 16–26, which fall with independent claim 1.

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DECISION

The Examiner's rejection of claims 1, 4-7, 10-13, and 16-26 under 35 U.S.C. § 101 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