UNITED STATES PATENT AND TRADEMARK OFFICE

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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 TIMOTHY EDWARD MASON

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Appeal 2016–002580
Application 12/956,717
Technology Center 3600

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Before ANTON W. FETTING, NINA L. MEDLOCK, and
AMEE A. SHAH, *Administrative Patent Judges.*

FETTING, *Administrative Patent Judge.*

DECISION ON APPEAL

STATEMENT OF THE CASE[1]

Timothy Edward Mason (Appellant) seeks review under
35 U.S.C. § 134 of a final rejection of claims 1–10, the only claims pending
in the application on appeal. We have jurisdiction over the appeal pursuant
to 35 U.S.C. § 6(b).

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[1] Our decision will make reference to the Appellant's Appeal Brief ("App.
Br.," filed July 13, 2015) and Reply Brief ("Reply Br.," filed January 4,
2016), and the Examiner's Answer ("Ans.," mailed November 4, 2015), and
Final Action ("Final Act.," mailed January 8, 2015).

The Appellant invented a method for registration and processing of secure credit card transactions. Specification para. 6.

An understanding of the invention can be derived from a reading of exemplary claim 1, which is reproduced below (bracketed matter and some paragraphing added).

> 1. A processor–implemented method programmed in a non–transitory processor–readable medium and to execute on one or more processors configured to execute the method, comprising:
>
> [1] detecting, by the one or more processors and during a purchasing transaction,
>
>> a credit card being used by a consumer
>>
>>> first as a loyalty card to identify the consumer
>>>
>>> and
>>>
>>> second for the purchasing transaction at a Point–of–Sale (POS) device;
>
> [2] asking, via the one or more processors, the consumer to register the credit card for security protection
>
>> by entering a consumer–defined personal identification number (PIN) at the POS device
>>
>>> after identifying the consumer
>>>
>>> and
>>>
>>> before the purchasing transaction;
>
> [3] registering, via the one or more processors, the PIN with the credit card of the consumer at the POS device;
>
> and
>
> [4] in response to the consumer using the credit card as a loyalty card at a subsequent transaction,
>
>> requesting, via the one or more processors, the consumer enter the PIN to complete the subsequent transaction,

wherein the subsequent transaction would not otherwise require a PIN for use of the credit card.

The Examiner relies upon the following prior art:

Wetmore	US 2004/0103037 A1	May 27, 2004
Courtion	US 2005/0080672 A1	Apr. 14, 2005
Mages	WO 2009/111795 A1	Sept. 11, 2009

Claims 1–10 stand rejected under 35 U.S.C. § 101 as directed to non–statutory subject matter.

Claims 1–10 stand rejected under 35 U.S.C. § 103(a) as unpatentable over Mages, Wetmore, and Courtion.

ISSUES

The issues of eligible subject matter turn primarily on whether the Examiner made a prima facie case.

The issues of obviousness turn primarily on whether the art applied describes the final limitation of claim 1.

FACTS PERTINENT TO THE ISSUES

The following enumerated Findings of Fact (FF) are believed to be supported by a preponderance of the evidence.

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Facts Related to the Prior Art

Mages

01. Mages is directed to authenticated secure credit card electronic transactions. Mages para. 1.

02. Mages describes credit transactions that sometimes use and sometimes do not use a physical token such as a card. Mages para. 4.

03. Mages describes registering a credit card in order to conduct secured transactions. The system includes a verified transaction card (such as a bank ATM card) having a Personal Identification Number (PIN), thereby linking it to a user's identity, as well as one or more credit cards that will be registered based on the verified transaction card. A secure transaction terminal is used for retrieving information stored on the transaction card and the credit cards. In order to register the credit cards, information is retrieved from the verified transaction card using the secure transaction terminal. The PIN associated with the verified transaction card is then input by the user. Information from each of the credit cards is associated with the entity which issues the verified transaction card, and associated with the PIN. All of this information is subsequently stored on the authentication server, so that the PIN must be input in order to authenticate transactions with the credit card. Mages para. 13.

04. Mages describes a consumer being required to authenticate the transaction by entering a PIN associated with the credit card on

the secure transaction terminal. The PIN entered is used to authenticate the user's identity and the credit card based on a pre–established relationship with the user's bank account. Accordingly, it is necessary for the consumer to take appropriate steps to register and establish a link to the credit card. The consumer can establish this link at the checkout location or point of sale (POS). While the illustrated embodiment of the invention discusses registration of a credit card, it should be noted that any type of financial transaction card can be used. For example, a store issued charge card, generic currency charge card, chain store charge card, currency transaction card, etc. Mages para. 33.

Wetmore

05.   Wetmore is directed to organizing product information online based on retail store purchases of the associated products. Wetmore para. 1.

06.   Wetmore describes a point–of–sale terminal printing out a personal identification number (PIN) to access an automatically generated account. The PIN may be generated by the server or the point–of–sale terminal. Wetmore para. 29.

Courtion

07.   Courtion is directed to promotional programs. Courtion para. 2.

08.   Courtion describes a system for rewarding the loyalty of a payment cardholder. The system comprises a dual card for facilitating credit transactions associated with a credit account and

further facilitating stored value transactions associated with a stored value account. The system further comprises a computer–implemented loyalty program for calculating a loyalty value based on the credit transactions of the dual card, the loyalty value being used to load the stored value account of the dual card. Courtion para. 12.

ANALYSIS

Claims 1–10 rejected under 35 U.S.C. § 101 as directed to non–statutory subject matter

The Supreme Court

set forth a framework for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent–eligible applications of those concepts. First, [] determine whether the claims at issue are directed to one of those patent–ineligible concepts. [] If so, we then ask, "[w]hat else is there in the claims before us? [] To answer that question, [] consider the elements of each claim both individually and "as an ordered combination" to determine whether the additional elements "transform the nature of the claim" into a patent–eligible application. [The Court] described step two of this analysis as a search for an "'inventive concept'"—i.e., 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 Corp., Pty. Ltd. v CLS Bank Int'l., 134 S. Ct. 2347, 2355 (2014) (citing *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 132 S. Ct. 1289 (2012)).

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To perform this test, we must first determine whether the claims at issue are directed to a patent–ineligible concept. The Examiner finds that the claims are directed to detecting a transaction, asking a customer to register, registering a credit card with a PIN, and requesting the customer to enter the PIN to complete the transaction. Final Act. 3.

Although the Court in *Alice* made a direct finding as to what the claims were directed to, we find that this case's claims themselves and the Specification provide enough information to inform one as to what they are directed to.

Although the preamble to claim 1 does not recite what it is directed to, the steps in claim 1 mirror the Examiner's findings. The Specification at paragraph 6 recites that the invention relates to registration and processing of secure credit card transactions. This evidence shows that claim 1 is directed to registration and processing of secure credit card transactions, i.e., securing financial transactions.

It follows from prior Supreme Court cases, and *Bilski* (*Bilski v Kappos*, 561 U.S. 593 (2010)) in particular, that the claims at issue here are directed to an abstract idea. Like the risk hedging in *Bilski*, the concept of securing financial transactions is a fundamental business practice long prevalent in our system of commerce. The use of securing financial transactions is also a building block of debt based financing. Thus, securing financial transactions, like hedging, is an "abstract idea" beyond the scope of §101. *See Alice Corp. Pty. Ltd.*, 134 S. Ct. at 2356.

As in *Alice Corp. Pty. Ltd.*, we need not labor to delimit the precise contours of the "abstract ideas" category in this case. It is enough to recognize that there is no meaningful distinction in the level of abstraction between the concept of risk hedging in *Bilski* and the concept of securing financial transactions at issue here. Both are squarely within the realm of "abstract ideas" as the Court has used that term. *See Alice Corp. Pty. Ltd.*, 134 S. Ct. at 2357.

Further, the claims are directed to the formation of financial transactions in a particular field (i.e., retail shopping) and data collection related to such transactions and are not directed to a new type of card, point of sale device, or database, and so are directed to an abstract idea.

> The Asserted Claims are directed to the formation of financial transactions in a particular field (i.e., mass transit) and data collection related to such transactions. The Asserted Claims are not directed to a new type of bankcard, turnstile, or database, nor do the claims provide a method for processing data that improves existing technological processes. Rather, the claims are directed to the collection, storage, and recognition of data. We have determined that claims directed to the collection, storage, and recognition of data are directed to an abstract idea.

Smart Systems Innovations, LLC v. Chicago Transit Authority, 873 F.3d 1364, 1372 (Fed. Cir. 2017).

The remaining claims merely describe parameters and generic equipment applied to claim 1. We conclude that the claims at issue are directed to a patent–ineligible concept.

The introduction of a computer into the claims does not alter the analysis at *Mayo* step two.

> the mere recitation of a generic computer cannot transform a patent–ineligible abstract idea into a patent–eligible invention. Stating an abstract idea "while adding the words 'apply it'" is not enough for patent eligibility. Nor is limiting the use of an abstract idea "'to a particular technological environment.'" Stating an abstract idea while adding the words "apply it with a computer" simply combines those two steps, with the same deficient result. Thus, if a patent's recitation of a computer amounts to a mere instruction to "implement[t]" an abstract idea "on . . . a computer," that addition cannot impart patent eligibility. This conclusion accords with the preemption concern that undergirds our § 101 jurisprudence. Given the ubiquity of computers, wholly generic computer implementation is not generally the sort of "additional feature[e]" that provides any "practical assurance that the process is more than a drafting effort designed to monopolize the [abstract idea] itself."

Alice Corp. Pty. Ltd., 134 S. Ct. at 2358 (citations omitted).

"[T]he relevant question is whether the claims here do more than simply instruct the practitioner to implement the abstract idea [] on a generic computer." *Alice Corp. Pty. Ltd.*, 134 S. Ct. at 2359. They do not.

Taking the claim elements separately, the function performed by the computer at each step of the process is purely conventional. Using a computer to detect, request, and register data amounts to electronic data query and retrieval—one of the most basic functions of a computer. All of these computer functions are well–understood, routine, conventional activities previously known to the industry. In short, each step does no more than require a generic computer to perform generic computer functions.

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Considered as an ordered combination, the computer components of
Appellant's method add nothing that is not already present when the steps
are considered separately. Viewed as a whole, Appellant's method claims
simply recite the concept of securing financial transactions as performed by
a generic computer. To be sure, the claims recite doing so by advising one
to register a PIN with a card and use that PIN when using the card in a
loyalty program. But this is no more than abstract conceptual advice on the
parameters for such securing financial transactions and the generic computer
processes necessary to process those parameters, and do not recite any
particular implementation.

The method claims do not, for example, purport to improve the
functioning of the computer itself. Nor do they effect an improvement in
any other technology or technical field. The 12 pages of Specification do
not bulge with disclosure but only spell out different generic equipment and
parameters that might be applied using this concept and the particular steps
such conventional processing would entail based on the concept of securing
financial transactions under different scenarios. They do not describe any
particular improvement in the manner a computer functions. Instead, the
claims at issue amount to nothing significantly more than an instruction to
apply the abstract idea of securing financial transactions using some
unspecified, generic computer. Under our precedents, that is not enough to
transform an abstract idea into a patent–eligible invention. *See Alice Corp.
Pty. Ltd.*, 134 S. Ct. at 2360.

We are not persuaded by Appellant's argument that the Examiner
failed to specifically identify an abstract idea that the claims are allegedly

directed to. App. Br. 5–6. Appellant contends the Examiner failed to present a prima facie case rather than provide reasons the claims are directed to something non–abstract. The Examiner made findings as to what the claims are directed to and analogized them to financial claims found to be non–eligible by our reviewing court. Final Act. 3. As this is a question of law, the Examiner presented sufficient findings for a prima facie case. In the absence of substantive rather than procedural arguments rebutting the characterization of the claims as directed to an abstract idea, we are given nothing to consider once the determination that a prima facie case is present is made.

We are not persuaded by Appellant's argument that

Under the proffered standard, every claim is abstract if that is the Examiner's opinion. Such conclusory reasoning, however, denies any Applicant a full and fair opportunity to respond because there is no basis for the statement other than the Examiner's opinion. Thus, the proffered reasoning is the definition of arbitrary and capricious, requiring reversal.

Reply Br. 2–3. First, Appellant had a full and fair opportunity to respond in the Appeal Brief, and chose to do so only on a procedural basis. Second, the basis is not only that of opinion, but also that of the financial industry, which is known to secure transactions, even with PINs. Appellant does not dispute this. Third, Appellant did not present any substantive reason why the Examiner's findings are erroneous, in particular, why what the Examiner finds the claims directed to is non–abstract. Absent any substantive reason to find the Examiner's findings erroneous, we will not inquire further as Appellant has waived this argument aside from the lack of prima facie case argument. Finally, we add that we cannot find any support for such an

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argument, had one been made, in either the Specification or the Summary of Claimed Subject Matter in the Appeal Brief. Appellant follows a recent pattern of omitting a benefits of the invention section in the Specification, so there is no discussion of concrete results and benefits from the invention.

We are not persuaded by Appellant's argument that the Examiner failed to recognize limitations in the claims that add "significantly more" to the abstract idea that is being alleged. App. Br. 5–6. Appellant makes this contention without any further argument. In the absence of substantive rather than conclusory arguments rebutting the characterization of the claims as including more than an abstract idea, we are given nothing to consider once the determination that a prima facie case is present is made.

We are not persuaded by Appellant's argument that

> the Examiner's allegations that there is simply a generic computer to implement the abstract idea completely fails to grasp that such a loyalty card and PIN system present in the instant claims are tied to technology. That is, in contrast to the issues of *Bilski* and *Alice*, people do not practice the recited techniques in the absence of computerized point-of-sale machines and the like.

Reply Br. 3. Using a POS terminal to process a transaction is done only for its generic intended purpose. *See In re TLI Communications LLC Patent Litigation*, 823 F.3d 607, 612–613 (Fed. Cir. 2016). (Using a generic telephone for its intended purpose was a well–established "basic concept" sufficient to fall under Alice step 1.)

We are not persuaded by Appellant's argument that "had the Examiner considered the claims as a whole, as mandated by the courts and

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the Office's guidance, the Examiner should have concluded, as the Federal Circuit did in *DDR Holdings*, that the present claims are patent eligible." Reply Br. 4. The Examiner's analysis shows that the Examiner did consider the claims as a whole. Appellant offers no substantive rebuttal, but only a conclusory argument, and so offers us nothing to respond to.

Claims 1–10 rejected under 35 U.S.C. § 103(a) as unpatentable over Mages, Wetmore, and Courtion

We are persuaded by Appellant's argument that "the instant claims require the use of a PIN when the credit card is used as a loyalty card, even if using the credit card would not require a PIN." App. Br. 5. The limitation at issue is

> in response to the consumer using the credit card as a loyalty card at a subsequent transaction, requesting, via the one or more processors, the consumer enter the PIN to complete the subsequent transaction, wherein the subsequent transaction would not otherwise require a PIN for use of the credit card.

Claim 1. This requires that the process request a PIN when the card is used as a loyalty card, but not otherwise be required. As Appellant contends, Mages always requires the PIN.

The Examiner responds that "this limitation is interpreted as a negative limitation, and the claim is satisfied as long as the customer is requested to enter PIN to complete subsequent transactions no matter even if the PIN for use of credit card is not required." Ans. 17. This construction is clearly erroneous in light of the explicit limitation "the subsequent transaction would not otherwise require a PIN for use of the credit card." *Id.*

Presumably, the Examiner is focusing on the fact that the first part of the limitation at issue uses the verb "requesting" and the second part uses the verb "require." Although it might be that a reference that requests but does not require a PIN would read on such phrasing, the Examiner does not make a finding that the art applied does so, or a reason for doing so.

CONCLUSIONS OF LAW

The rejection of claims 1–10 under 35 U.S.C. § 101 as directed to non–statutory subject matter is proper.

The rejection of claims 1–10 under 35 U.S.C. § 103(a) as unpatentable over Mages, Wetmore, and Courtion is improper.

DECISION

The rejection of claims 1–10 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). *See* 37 C.F.R. § 1.136(a)(1)(iv) (2011).

AFFIRMED