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EXAMINER

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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte GLORIA LIN, AMIR MAHMOOD MIKHAK,
TAIDO LANTZ NAKAJIMA, SEAN ANTHONY MAYO, and
MICHAEL ROSENBLATT

Appeal 2016-002658¹
Application 12/286,488
Technology Center 3600

Before: MURRIEL E. CRAWFORD, ANTON W. FETTING, and
MICHAEL W. KIM, *Administrative Patent Judges*.

KIM, *Administrative Patent Judge*.

DECISION ON APPEAL

I. STATEMENT OF THE CASE

This is an appeal from the final rejection of claims 1–8, 11–14, 22–24, 26–30, 36, 37, 42–51, and 53–57. We have jurisdiction to review the case under 35 U.S.C. §§ 134 and 6.

¹ The Appellants identify “Apple, Inc.” as the real party in interest. Appeal Br. 3.

The invention relates “generally to peer-to-peer transactions and, more particularly, to various systems, methods, and electronic devices configured to initiate and process such transactions.” Spec. ¶ 1.

Independent claims 1, 22, 42, and 57 are the sole independent claims. Independent claim 1 is illustrative of the claimed subject matter:

1. A method for receiving a payment in a peer-to-peer transaction between a payee and a payor comprising:

determining, using a processor of a payee handheld electronic device, an amount of a payment to be requested from the payor in response to a first input provided by the payee to a peer-to-peer transaction application executed on the payee handheld electronic device by the processor;

using the processor of the payee handheld device to cause an electronic payment request to be transmitted from a communication interface of the payee handheld electronic device to the payor, wherein the electronic payment request is configured to indicate the requested payment amount to the payor;

acquiring payment information provided by the payor, the payment information comprising a default payment account selected by the payor in response to the electronic payment request;

determining, using the processor of the payee handheld electronic device, a default crediting account for receiving the payment; and

transmitting a request from the payee handheld electronic device to obtain authorization for the payment of the requested payment amount from the payor to the payee,

wherein transmitting the request to obtain authorization for the payment, comprises transmitting the default payment account and the default crediting account from the payee handheld electronic device to at least one external server that is separate from both the payee handheld electronic device and the payor handheld electronic device, the at least one external server being further configured to determine that the default payment account and the default crediting account are incompatible;

receiving, from the external server, a notification that the default crediting account of the payee handheld electronic device and the default payment account of the payor handheld electronic device that are incompatible with one another;

receiving, using an interface element of the payee handheld electronic device, a selection of an alternative crediting account that is compatible with the default payment account;

wherein the at least one external server is further configured to authorize the payment from the default payment account and to credit the payment to the alternative crediting account if the payment is authorized.

App. Br. 20–21 (Claims Appendix).

Claims 1–8, 11–14, 22–24, 26–30, 36, 37, 42–51, and 53–57 are rejected under 35 U.S.C. § 101 as failing to recite patent-eligible subject matter.

We AFFIRM-IN-PART.

II. ANALYSIS

1. *Overarching Legal Framework*

An invention is patent-eligible if it claims a “new and useful process, machine, manufacture, or composition of matter.” 35 U.S.C. § 101. The Supreme Court, however, has long interpreted § 101 to include implicit exceptions: “[l]aws of nature, natural phenomena, and abstract ideas” are not patentable. *E.g., Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2354 (2014).

In determining whether a claim falls within the excluded category of abstract ideas, we are guided in our analysis by the Supreme Court’s two-step framework, described in *Mayo* and *Alice*. *Id.* at 2355 (citing *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 78–79 (2012)). In accordance with that framework, we first determine whether the claim is

“directed to” a patent-ineligible abstract idea. *See Alice*, 134 S. Ct. at 2356 (“On their face, the claims before us are drawn to the concept of intermediated settlement, i.e., the use of a third party to mitigate settlement risk.”); *Bilski v. Kappos*, 561 U.S. 593, 611 (2010) (“Claims 1 and 4 in petitioners’ application explain the basic concept of hedging, or protecting against risk”); *Diamond v. Diehr*, 450 U.S. 175, 184 (1981) (“Analyzing respondents’ claims according to the above statements from our cases, we think that a physical and chemical process for molding precision synthetic rubber products falls within the § 101 categories of possibly patentable subject matter.”); *Parker v. Flook*, 437 U.S. 584, 594–595 (1978) (“Respondent’s application simply provides a new and presumably better method for calculating alarm limit values.”); *Gottschalk v. Benson*, 409 U.S. 63, 64 (1972) (“They claimed a method for converting binary-coded decimal (BCD) numerals into pure binary numerals.”).

In determining what a claim is “directed to,” our reviewing court has cautioned as follows:

[D]escribing the claims at such a high level of abstraction and untethered from the language of the claims all but ensures that the exceptions to § 101 swallow the rule. *See Alice*, 134 S. Ct. at 2354 (noting that “we tread carefully in construing this exclusionary principle [of laws of nature, natural phenomena, and abstract ideas] lest it swallow all of patent law”); *cf. Diamond v. Diehr*, 450 U.S. 175, 189 n. 12, 101 S. Ct. 1048, 67 L.Ed.2d 155 (1981) (cautioning that overgeneralizing claims, “if carried to its extreme, make[s] all inventions unpatentable because all inventions can be reduced to underlying principles of nature which, once known, make their implementation obvious”).

Enfish, LLC v. Microsoft Corp., 822 F.3d 1327, 1337 (Fed. Cir. 2016).

The following method is then used to determine whether what the claim is “directed to” is an abstract idea:

[T]he decisional mechanism courts now apply is to examine earlier cases in which a similar or parallel descriptive nature can be seen—what prior cases were about, and which way they were decided. *See, e.g., Elec. Power Grp.*, 830 F.3d at 1353–54. That is the classic common law methodology for creating law when a single governing definitional context is not available. *See generally* Karl N. Llewellyn, *The Common Law Tradition: Deciding Appeals* (1960). This more flexible approach is also the approach employed by the Supreme Court. *See Alice*, 134 S. Ct. at 2355–57. We shall follow that approach here.

Amdocs (Israel) Limited v. Openet Telecom, Inc., 841 F.3d 1288, 1294 (Fed. Cir. 2016) (footnote omitted).

If the claim is “directed to” a patent-ineligible abstract idea, we then consider the elements of the claim—both individually and as an ordered combination—to assess whether the additional elements transform the nature of the claim into a patent-eligible application of the abstract idea. *Alice*, 134 S. Ct. at 2355. This is a search for an “inventive concept”—an element or combination of elements sufficient to ensure that the claim amounts to “significantly more” than the abstract idea itself. *Id.*

2. *Analysis*

We are unpersuaded by the Appellants’ arguments (App. Br. 9–15; Reply Br. 3–10) that the Examiner erred in asserting the claims are directed to receiving a specific type of a payment in a peer-to-peer transaction between a payee and a payor (fulfillment of a contract), “which is considered to be an abstract idea, inasmuch as such activity is considered to be a fundamental economic practice,” and does not constitute “significantly more” because “[t]he specifics and details of the process recited in the

claims do not change the abstract idea into something concrete.” Ans. 11–17. For the moment, we focus our analysis on independent claim 1 only, however, our analysis is applicable to all pending claims, unless indicated otherwise.

The Appellants assert that the Examiner’s characterization of independent claim 1 is directed to receiving a specific type of a payment in a peer-to-peer transaction between a payee and a payor (fulfillment of a contract) is “unfairly simplistic and overbroad.” App. Br. 11; Reply Br. 3–4. In making that assertion, however, the Appellants do not articulate sufficiently what is “unfairly simplistic and overbroad” concerning the Examiner’s characterization. At best, the Appellants list some limitations, but fail to specify the manner in which those limitations should inform any modifications to the Examiner’s characterization. Instead, we discern that the Examiner’s characterization appears to largely acknowledge the preamble, and then adds the words “a specific type” to account for the language recited in the two receiving steps, while properly ignoring generic computer components. Absent more specific assertions made by the Appellants, we are unpersuaded the Examiner has erred in this regard.

The Appellants assert next that, unlike the abstract concepts of risk hedging and intermediated settlement identified in *Bilski* and *Alice*, respectively, independent claim 1 is distinguishable because it involves a solution for a uniquely modernly created problem concerning mobile payments. App. Br. 12. The Appellants’ assertion is misplaced, for we are unclear as to how the Examiner’s characterization of independent claim 1, as directed to receiving a specific type of a payment in a peer-to-peer transaction between a payee and a payor (fulfillment of a contract), requires

mobile payments. By its own terms, the Examiner’s characterization of independent claim 1 encompasses payment of any type, and the Appellants have not shown why analogizing such “payment” to risk hedging and intermediated settlement, identified in *Bilski* and *Alice*, respectively, is in error. Indeed, we would opine that the Examiner identifies an economic concept, payment, even more fundamental than risk hedging or intermediated settlement.

Insofar as the Appellants may, perhaps, be asserting that “peer-to-peer transaction” is a term of art limited to computerized devices, bringing the Examiner’s characterization squarely into the realm of computers, we are unpersuaded. While the Appellants may certainly be attempting to limit “peer-to-peer transaction” to transaction made using certain computerized devices and protocols, the specification is not so limiting. *See, e.g.*, ¶ 7 (“The present disclosure generally relates to various techniques for performing peer-to-peer transactions using a portable device.”); ¶ 10 (“[T]he presently described techniques, which may include methods, systems, and devices, may provide for a convenient method and system for performing peer-to-peer financial exchanges”); ¶¶ 83, 128, 135.

The Appellants assert relatedly that independent claim 1 provides a service that can only be provided by modern technology, in that the inability to complete payments arises because of digital interfaces. App. Br. 14–15. As an initial matter, we are unclear as to why the inability to complete payments arises because of digital interfaces, as we discern that certain reasons preventing completion of payments, such as mismatches in currency or a lack of an account at the requisite financial institution, existed long

before the advent of digital interfaces. Indeed, the Appellants admit as much, as follows:

The closest analogy to a long standing practice would have been for a consumer to look through a variety of credit cards, debit cards, pre-paid cards, gift cards, etc. to determine a compatible method of payment to a payee. However, manually looking through every card is inconvenient at best and oftentimes does not include complete information about account compatibility. Further, this practice does not take into account the modern challenge that many payment accounts are no longer associated with a physical card that can be browsed.

App. Br. 14. The fact that such an action may have been inconvenient, or does not take into account complexities of modern variations, does not override the existence of the basic premise itself. Regardless, however, again, the Appellants' assertion is misplaced, as the Examiner's characterization of independent claim 1, as directed to receiving a specific type of a payment in a peer-to-peer transaction between a payee and a payor (fulfillment of a contract), does not involve digital interfaces.

The Appellants assert further that independent claim 1 recites steps that are not recited in the claims of *Bilski* and *Alice* determined to be patent-ineligible. App. Br. 12–13. The Appellants' assertion is misplaced, as while that is almost certainly true of any claim not identified in *Bilski* or *Alice*, the Appellants have not explained sufficiently why any differences in claim language are relevant.

The Appellants assert additionally that the independent claim 1 is directed to more than performing a financial transaction, as follows: “[T]he invention makes an initial determination of which account can be used based on far more information than that available to a human at a point of payment, since the compatibility of various accounts, some or all of which

may be non-currency accounts, may only be determined after communication with account providers.” App. Br. 14. The Appellants’ assertions are misplaced, as they are not commensurate in scope with the claim. Specifically, the Appellants have not identified sufficiently the limitations of independent claim 1 that recite “far more information than that available to a human at a point of payment.” As best as we are able to ascertain, those limitations may be concerning the incompatibility of the default payment account and the default crediting account, however, we are unclear as to why that information is “far more information than that available to a human at a point of payment,” in that the claim later recites that such information is, in fact, relayed to the payee.

In its Reply Brief, the Appellants assert that the Examiner improperly trivializes entire limitations of independent claim 1, as well as the order of those limitations, by asserting, in a conclusory manner, that they merely recite “comparing new and stored information using rules to identify options” or “using categories to organize, store, and transmit information,” when, in fact, the combination has been determined to be novel and non-obvious. Reply Br. 5–9. While the Appellants’ assertions may have some merit, they are misplaced, as even if the Examiner’s above assertions are improperly conclusory, or the combination is novel and non-obvious, it does not alter the fact that the Appellants have not met their burden of showing persuasively that independent claim 1 is directed to receiving a specific type of a payment in a peer-to-peer transaction between a payee and a payor (fulfillment of a contract), and that such a characterization is not a fundamental economic concept.

The Appellants assert relatedly that “the relevant limitations do not even compare data, which only highlights Appellant’s assertion that the Examiner gave little consideration to the actual claim limitations.” Reply Br. 6. We disagree. For example, independent claim 1 recites “receiving, from the external server, a notification that the default crediting account of the payee handheld electronic device and the default payment account of the payor handheld electronic device that are incompatible with one another.” We are unclear as to why such a step would not involve a comparison between the default crediting account of the payee and a listing of crediting accounts compatible with the default payment account of the payor. The other claim limitations suffer from the same deficiency.

The Appellants assert further that it is improper to discount computer-based limitations unless they are claimed in a generic manner, and that the Examiner has not provided a sufficient analysis to show that those computer-based limitations are generic. Reply Br. 5–6. We disagree. While the Examiner’s analysis may, perhaps, be short, we are persuaded that the Examiner’s position is conveyed in a manner sufficient to provide notice to the Appellants. Fundamentally, the problem is that independent claim 1 recites a step, that does not appear to require a computer component for completion, and then merely adds a recitation of a computer component, without providing any further detail as to how the computer component implements that function. Under those circumstances, we are hard-pressed to characterize such an addition as anything other than a “generic computer component.” For example, independent claim 1 recites “receiving, using an interface element of the payee handheld electronic device, a selection of an alternative crediting account that is compatible with the default payment

account.” When the computer portion is removed, we are left with “receiving . . . a selection of an alternative crediting account that is compatible with the default payment account.” We are unclear as to why a computer is needed to implement this step. To that, we do not discern that the addition of the words “using an interface element of the payee handheld electronic device” indicates any more than a generic computer component for implementing the aforementioned step. The other claim limitations suffer from the same deficiency.

The Appellants assert additionally the following:

[(1)] The claims in the instant application do not preempt all forms of contracts, or all payment transactions, or even all peer-to-peer payment transactions. [(2)] Additionally, the claims do not merely apply the Abstract idea in a new environment. Further, the claims do not merely apply making a payment in a peer-to-peer environment. Accordingly the claimed invention does not foreclose future innovation involving payments, even in the field of peer-to-peer payments.

Reply Br. 7. For (1), as an initial matter, we note that the lack of preemption is not dispositive in a patent eligibility analysis. *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015); *see also OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1362–63 (Fed. Cir. 2015), cert. denied, 136 S. Ct. 701, 193 (2015) (“[T]hat the claims do not preempt all price optimization or may be limited to price optimization in the ecommerce setting do not make them any less abstract.”). And, “[w]here a patent’s claims are deemed only to disclose patent ineligible subject matter under the Mayo framework, as they are in this case, preemption concerns are fully addressed and made moot.” *Ariosa*, 788 F.3d at 1379. In any case, however, the assertion is misplaced, as the Appellants have not shown that independent claim 1 does not preempt receiving a specific type of a payment

in a peer-to-peer transaction between a payee and a payor (fulfillment of a contract).

For (2), we disagree as, for the reasons set forth above, we are unpersuaded the Examiner erred in asserting that independent claim 1 merely applies to receiving a specific type of a payment in a peer-to-peer transaction between a payee and a payor (fulfillment of a contract) in a generic computerized environment.

The Appellants assert also that independent claim 1 recites “significantly more,” because of the following:

The limitations in the claims allow a handheld electronic device to learn and make a decision about the compatibility of a crediting account and then authorize those payments when the crediting account and payment account are compatible. These steps cannot be considered mere instructions and/or generic computer activity because the invention dynamically determines and authorizes payments between compatible accounts based on what the handheld electronic device has learned from the payee as well as information beyond what a payee would have known at the point of payment.

App. Br. 15–17; Reply Br. 9–10. We disagree because, as noted above, the Appellants admit that determining compatibility of a crediting account is a long standing, if inconvenient, practice. Furthermore, and more importantly, the Appellants’ assertions are not commensurate in scope with the claim, as the Appellants’ have not shown sufficiently how the claim recites a handheld electronic device “learning,” “making a decision,” or “authorizing” anything “dynamically.” Specifically, the “learning” appears to be no more than a generic computer applying the recited rules, with no further technical details on how such a rule is implemented by the generic computer, and the

“making a decision” and “authorizing” are done by human input, albeit via input entered by a human into computerized components.

For dependent claims 4, 13, 27, and 45, the Appellants assert that the recitation of one of near-field communications and non-cash accounts constitutes “significantly more.” App. Br. 17–18. We disagree with the Appellants, and, instead, agree with and adopt the Examiner’s responsive findings and rationales, as set forth on pages 18–19 of the Answer.

For dependent claims 6–8, the Appellants assert that the recitation of “acquiring an image of a payment instrument and extracting payment information data from the acquired image” constitutes “significantly more.” Reply Br. 7–8. The Examiner asserts that these claim limitations “correspond to comparing new and stored information and using rules to identify options and using categories to organize, store and transmit information (identified as an example of abstract idea in the 2014 Interim Guidance on Patent Subject Matter Eligibility).” Ans. 8. No further analysis of dependent claims 6–8 is provided in either the Final Rejection or Answer. We are persuaded that the Examiner has not shown sufficiently how “acquiring an image” fits into the above rubric.

We sustain the Examiner’s rejection of claims 1–5, 11–14, 22–24, 26–30, 36, 37, 42–51, and 53–57.

We do not sustain the Examiner’s rejection of claims 6–8.

Appeal 2016-002658
Application 12/286,488

DECISION

We AFFIRM the Examiner's rejection of claims 1–5, 11–14, 22–24, 26–30, 36, 37, 42–51, and 53–57.

We REVERSE the Examiner's rejection of claims 6–8.

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-IN-PART