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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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*Ex parte* JOHN J. NICHOLAS

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Appeal 2016-003046  
Application 14/186,552  
Technology Center 3700

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Before JENNIFER D. BAHR, WILLIAM A. CAPP, and  
AMANDA F. WIEKER, *Administrative Patent Judges*.

BAHR, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

John J. Nicholas (Appellant) appeals under 35 U.S.C. § 134(a) from the Examiner's decision rejecting claims 18–28. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

### THE CLAIMED SUBJECT MATTER

Claim 18, reproduced below, is illustrative of the claimed subject matter.<sup>1</sup>

18. A method of providing funds to a player at a gaming facility comprising:

a portable electronic device sends a wireless communication to a funding establishment that supports a financial card;

the funding establishment supporting the financial card by storing an authorized level of credit available to the player from the financial card in memory;

the wireless communication containing data that identifies a) a specific financial card and a specific electronically-stored account established at the gaming facility on a server and b) an amount of funds to be applied against the financial card and transferred to the specific financial account;

the specific financial account receiving the transferred amount of funds and the gaming facility allowing electronic transfer of the transferred amount of funds; and

the specific financial account electronically transferring funds to a fund-providing electronic apparatus in the gaming facility.

### REJECTIONS<sup>2</sup>

- I. Claims 18–28 stand rejected under 35 U.S.C. § 101 as directed to ineligible subject matter.

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<sup>1</sup> We understand the “specific financial account” in the last two paragraphs of claim 18 to be referring to the “specific electronically-stored account” of the preceding paragraph. In the event of further prosecution of this claimed subject matter, Appellant may wish to consider amending the claim for consistency, and to avoid any ambiguity or confusion.

<sup>2</sup> The Examiner withdrew a rejection of claims 18–28 under 35 U.S.C. § 112(b) as indefinite. Ans. 2.

- II. Claims 18–28 stand rejected under 35 U.S.C. § 102(a)(2) as anticipated by Nguyen (US 2013/0196747 A1, pub. Aug. 1, 2013).

## DISCUSSION

### *Rejection I—Ineligible Subject Matter*

In contesting this rejection, Appellant argues claims 18–28 as a group. Appeal Br. 11–26. Thus, we select claim 18 as representative, and claims 19–28 stand or fall with claim 18. *See* 37 C.F.R. § 41.37(c)(iv) (2015).

The Examiner determined that claim 18, “as a whole, [is] directed to [the] abstract idea of one or more fundamental economic practices merely applied through use of generic modern-day technology.” Final Act. 6.

According to the Examiner:

The core abstract idea encompassed by [claim 18] includes requesting a funds transfer . . . associated with a financial card having a level of credit available to a user of the financial card, the request identifying a financial card, a game facility account, and an amount, such that the game facility account receives the funds and transfers the funds. The abstract idea is a fundamental economic practice.

*Id.*

The Examiner further determined that “no element or combination of elements is sufficient to ensure [claim 18] of the present application as a whole amounts to *significantly more* than the one or more [fundamental economic practices].” *Id.* The Examiner explained that the use “of a portable device sending a wireless signal to a funding establishment to initiate the funds request [containing the information called for in claim 18] is not sufficient to amount to the significantly more to overcome the 35 U.S.C. [§] 101 hurdle” and that “[t]he remaining aspects [of the claim

(i.e., electronic transfer of funds between electronically stored accounts)] are commonplace.” *Id.* Thus, the Examiner concluded that “the computing aspects of a portable electronic device . . . , wireless communication, electronic transfers/storage of funds, a server, etc. are merely utilized at a high level of generality and fail to impose meaningful limitations to impart patent-eligibility. *Id.* at 6–7.

Under 35 U.S.C. § 101, 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 an implicit exception: “Laws of nature, natural phenomena, and abstract ideas” are not patentable. *See, e.g., Alice Corp. Pty Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2354 (2014). In judging whether claim 18 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.*, 132 S. Ct. 1289, 1296–97 (2012)). In accordance with that framework, we first determine whether the claim is “directed to” a patent-ineligible concept (i.e., law of nature, natural phenomena, or abstract idea). *Id.* If so, we then “consider the elements of [the] 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” of the law of nature, natural phenomena, or abstract idea. *Id.* The Supreme Court characterizes the second step of the 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.’” *Id.* The prohibition against patenting an

ineligible concept, such as an abstract idea, “cannot be circumvented by attempting to limit the use of the [abstract idea] to a particular technological environment’ or adding ‘insignificant post-solution activity.’” *Bilski v. Kappos*, 561 U.S. 593, 610–11 (2010). Further, claim limitations requiring “engage[ment] in well-understood, routine, conventional activity previously engaged in by [those] who work in the field” are “normally not sufficient to transform an unpatentable [concept] into a patent-eligible application of [the concept].” *Alice*, 134 S. Ct. at 1297.

In applying the framework set out in *Alice*, and as the first step of our analysis, we agree with the Examiner that claim 18 is directed to a patent-ineligible abstract idea, namely, the fundamental economic practice of funds transfers (i.e., “debiting of one account, transferring the funds to another account . . . in everyday modern-day banking systems”). Ans. 4. Like the concepts of intermediated settlement and risk hedging in *Alice* and *Bilski*, respectively, which posed concern of preemption of the abstract idea in all fields, the Examiner finds that claim 18 presents similar concerns of preemption of the fundamental concept of electronic funds transfers. *Id.*

Appellant argues that “there is no substantive evidence according to any authoritative definition that supports the [Examiner’s] assertion [that claim 18 is directed to an abstract idea]” and asserts that claim 18 does “not represent a fundamental economic [practice], but encompasses a series of steps among multiple defined apparatus in which distinct lines of communication and specific steps are performed . . . in a specific field of actual transfer of value in a specific business field.” Appeal Br. 14 (emphasis omitted).

Appellant's arguments are not persuasive. Claim 18 recites a method of providing funds to a player in which a communication is sent to a funding establishment that supports a financial card (e.g., a credit or debit card), from which the funding establishment has granted the player an authorized level of credit (i.e., a credit card account) and funds in the amount specified in the communication to be applied against the financial card are transferred first to a specific account established at the gaming facility and then to a fund-providing electronic apparatus in the gaming facility. Appeal Br., Claims App. 32.<sup>3</sup> Thus, the Examiner correctly found that claim 18 is directed to funds transfers. Such funds transfers between financial accounts, such as between financial institutions who issue credit to consumers via accounts associated with credit cards and accounts specified by the consumer in a purchase transaction (request for funds transfer), are a well-established and fundamental building block of the modern financial system. Like the risk hedging in *Bilski* and the intermediated settlement in *Alice*, funds transfers are “a fundamental economic practice long prevalent in our system of commerce.” *See Alice*, 134 S. Ct. at 2356 (citing *Bilski*, 561 U.S. at 611). Thus, funds transfers, like risk hedging and intermediated settlement, are “an ‘abstract idea’ beyond the scope of § 101.” *Id.* Accordingly, the Examiner correctly determined that claim 18 is directed to an abstract idea.

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<sup>3</sup> Appellant filed a corrected Claims Appendix on August 25, 2015. Any references to the “Claims Appendix” or “Claims App.” herein are to this corrected Claims Appendix. However, references to other portions of the Appeal Brief (i.e., “Appeal Brief” or “Appeal Br.”) are to the Appeal Brief filed June 24, 2015.

For the second step of our analysis, we consider whether additional elements transform the nature of the claim into a patent-eligible application of the abstract idea. The recited elements of a portable electronic wireless device capable of wireless communication, a gaming facility server, and a financial institution memory are generic electronic components that are well-understood, routine, and conventional in the industry. *See, e.g.*, Spec. 2:12–13 (acknowledging that casino patrons routinely carry portable electronic devices on their persons); *id.* at 3:9–15 (describing gaming kiosks as “mainstays within casinos”); *id.* at 5:10–17 (describing prior art electronic consumer accounts stored on central database systems); 6:5–10 (describing “[t]he specific financial account” as “any financial account that can transfer funds, provide funds, or provide immediate credit”); Nguyen ¶ 97 (discussing conventional “portable electronic device[s]”); *id.* ¶ 174 (describing third party server and gaming server capable of receiving funds transfer requests); *id.* ¶ 176 (discussing specific user tracking accounts against which credit may be granted).

Appellant argues that the claims recite three or more distinct and separate electronic elements (personal data transmitter, electronic gaming machine, local gaming server with accounting functions, and financial institution server) which “represent far more than an abstract idea in itself” and asserts that “[t]he present technology integrates [these] three or four different electronic components in the performance of the recited process.” Appeal Br. 16 (emphasis omitted). Appellant urges that “[t]his system increases the speed and security of financial transactions in which value is immediately made available for wagering[, which] has been a long felt business need improved by the present technology.” *Id.* (emphasis omitted).

However, as already noted, these electronic components are conventional and are described in Appellant’s Specification and claimed only in a wholly generic and functional manner, much like the computer components in *Alice*. *See Alice*, 134 S. Ct. at 2358–60. “Using a computer to create and maintain . . . accounts amounts to electronic record-keeping—one of the most basic functions of a computer.” *Id.* at 2359. The electronic components in claim 18 perform in a conventional manner to transmit, receive, and/or process electronic transfer requests. *See id.* at 2359–60 (holding patent-ineligible claims that “amount to ‘nothing significantly more’ than an instruction to apply the abstract idea . . . using some unspecified, generic computer” and in which “each step does no more than require a generic computer to perform generic computer functions”) (internal quotation marks, citation omitted). The fact that these electronic funds transfers are applied to the particular environment of a gaming facility is not sufficient to circumvent the prohibition against patenting an abstract idea. *See Bilski*, 561 U.S. at 610–11. The speed and security of the financial transactions afforded by performing the claimed method are merely characteristic of electronic funds transfers generally. The method of claim 18 does not, for example, improve the functioning of the electronic components,<sup>4</sup> alone or in combination, or otherwise contribute to increasing the speed or security of an electronic funds transfer.

Appellant argues that the claimed invention “is, in fact, a novel and unobvious way of complying with existing Laws that prohibit the direct use

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<sup>4</sup> Appellant concedes that this is the case. *See* Appeal Br. 16 (“Improvements to the function of the computer itself; **This is not applicable.**”).

of credit card utilization at gaming apparatus,” thereby “provid[ing] an improvement in the technology.” Appeal Br. 23. The method of claim 18 is merely the application of the concept of electronic funds transfers to the gaming environment. The fact that the type of transactions at issue in claim 18 may comply with existing laws governing the gaming industry, while perhaps convenient, is not indicative of an improvement in the technology involved therein and is not enough to supply an “inventive concept” sufficient to ensure the claim in practice amounts to significantly more than a claim to the abstract idea itself.

Appellant argues that “the physical steps **performed** in the recited method steps are not ‘rules *per se*.’” *Id.* at 23. This argument is not germane to the rejection before us, which is not based on the position that claim 18 is directed to rules *per se*. Moreover, the fact that the claimed method steps are performed in the physical realm, rather than the purely conceptual realm, is not pertinent to the determination of whether the claim is directed to more than an abstract idea. *See Alice*, 134 S. Ct. at 2358 (“The fact that a computer ‘necessarily exist[s] in the physical, rather than purely conceptual realm,’ is beside the point.”) (citation omitted).

Having considered the elements of claim 18 both individually and as an ordered combination, we determine that the additional elements fail to transform the nature of claim 18 into a patent-eligible application of the abstract idea of funds transfers and that the combination of elements in claim 18 is insufficient to ensure that the claim in practice amounts to significantly more than a claim to the abstract idea itself. Accordingly, we sustain the Examiner’s rejection of claims 18–28 under 35 U.S.C. § 101 as being directed to patent-ineligible subject matter.

*Rejection II—Anticipation by Nguyen*

As the Examiner points out, Appellant’s Appeal Brief does not contain any substantive arguments contesting the Examiner’s finding that *Nguyen* anticipates the subject matter of claims 18–28. *See* Ans. 6 (observing that all arguments in the Appeal Brief pertaining to the anticipation rejection address Agarwal (US 2011/0263318, pub. Oct. 27, 2011)); Appeal Br. 27–29 (acknowledging that “[c]laims 18-28 have been rejected . . . as anticipated by . . . Nguyen,” but presenting arguments directed to the disclosure of Agarwal, and not Nguyen). The Examiner notes that “Appellant made no valid attempt to provide any appropriate response to arguments to [the rejection of claims 18–28 as anticipated by Nguyen].” Ans. 6. Thus, Appellant’s Appeal Brief fails to present any substantive arguments on appeal contesting the rejection of claims 18–28 under 35 U.S.C. § 102(a)(2) as being anticipated by Nguyen. *See* 37 C.F.R. § 41.37(c)(iv) (stating that “[e]xcept as provided for in §§ 41.41, 41.47 and 41.52, any arguments or authorities not included in the appeal brief will be refused consideration by the Board for purposes of the present appeal”). Appellant sets forth arguments directed to Nguyen in the Reply Brief. *See* Reply Br. 11–14.<sup>5,6</sup> However, these arguments are not timely and, thus, will

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<sup>5</sup> At least paragraphs 174, 193, and 202–210 of *Nguyen* appear to be pertinent to the special account established at the casino, the feature to which the argument on page 13 of the Reply Brief is directed, with paragraph 209 of *Nguyen* appearing particularly pertinent to the feature in claim 20 of the fund-providing apparatus transferring funds to a gaming apparatus.

<sup>6</sup> Appellant reiterates limitations of claim 21, but does not present any arguments specifically pointing out error in the Examiner’s rejection of this claim. *See* Reply Br. 13–14. Appellant also reiterates limitations of claims 26–28 and baldly asserts that these “further limitations [are] not evidenced

not be considered for purposes of the present appeal. *See* 37 C.F.R. § 41.41(b)(2). Accordingly, we sustain the rejection of claims 18–28 under 35 U.S.C. § 102(a)(2) as being anticipated by Nguyen.

#### DECISION

The Examiner’s decision rejecting claims 18–28 under 35 U.S.C. § 101 is AFFIRMED.

The Examiner’s decision rejecting claims 18–28 under 35 U.S.C. § 102(a)(2) 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).

#### AFFIRMED

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by Nguyen.” *Id.* at 14. These vague statements do not constitute separate arguments for patentability of the dependent claims pursuant to 37 C.F.R. § 41.37(c)(1)(iv). *See In re Lovin*, 652 F.3d 1349, 1357 (Fed. Cir. 2011) (holding that the Board had reasonably interpreted 37 C.F.R. § 41.37(c)(1)(vii), the predecessor to 37 C.F.R. § 41.37(c)(vii), as requiring “more substantive arguments in an appeal brief than a mere recitation of the claim elements and a naked assertion that the corresponding elements were not found in the prior art”).