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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte JORGE M. FERNANDES

Appeal 2016–003671
Application 14/329,035
Technology Center 3600

Before ANTON W. FETTING, NINA L. MEDLOCK, and
BRUCE T. WIEDER, *Administrative Patent Judges*.
FETTING, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE¹

Jorge M. Fernandes² (Appellant) seeks review under 35 U.S.C. § 134 of a final rejection of claims 1–3, 6–12, and 19–30, the only claims pending in the application on appeal. We have jurisdiction over the appeal pursuant to 35 U.S.C. § 6(b).

¹ Our decision will make reference to the Appellant’s Appeal Brief (“Br.,” filed July 7, 2015) and the Examiner’s Answer (“Ans.,” mailed October 23, 2015), and Final Action (“Final Act.,” mailed December 9, 2014).

² Appellant identifies the real party in interest as Quisk, Inc. Br. 3.

The Appellant invented a way of locking an account. Specification para. 5.

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 computer-implemented method for locking an electronic financial account, comprising:

[1] a computerized system receiving

an SMS [(Short Message Service³)] message containing an account lock request for the electronic financial account from an account holder,

the account lock request being sent via a device with SMS capabilities;

[2] the computerized system engaging

a lock feature provided for the electronic financial account

in response to the account lock request;

[3] the computerized system restricting

a first transfer of funds from the electronic financial account

while the lock feature is engaged;

and

³ The first SMS message was sent in 1992. Hppy bthdy txt! December 2002, BBC News. http://news.bbc.co.uk/2/hi/uk_news/2538083.stm

[4] the computerized system allowing
a second transfer of funds from the electronic financial
account

while the lock feature is engaged;

[5] wherein the second transfer of funds is a preapproved
transfer of funds from the electronic financial account;

and

[6] wherein the preapproved transfer of funds is approved by a
communication received from the account holder prior to the
receiving of the SMS message containing the account lock
request.

Claims 1–3, 6–12, and 19–30 stand rejected under 35 U.S.C. § 101 as
directed to non–statutory subject matter.

ISSUES

The issues of eligible subject matter turn primarily on whether the claims
recite more than abstract conceptual advice of what a computer is to provide
without implementation details.

ANALYSIS

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 Intl, 134 S. Ct. 2347, 2355 (2014) (citing *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 132 S. Ct. 1289 (2012)).

To perform this test, we must first determine whether the claims at issue are directed to a patent-ineligible concept. The Examiner finds the claims directed to locking financial accounts. 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.

The preamble to claim 1 recites that it is a method for locking an electronic financial account. The steps in claim 1 result in engaging a lock feature that restricts some and allows some transactions. The Specification at paragraph 5 recites that the invention relates to locking an account. Thus, all this evidence shows that claim 1 is directed to locking an account, i.e. account security.

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 account security is a fundamental business practice long prevalent in our system of commerce. The use of account security is also a building block of banking. Thus, account security, like hedging, is an “abstract idea” beyond the scope of §101. *See Alice Corp. Pty. Ltd.* 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 account security at issue here. Both are squarely within the realm of “abstract ideas” as the Court has used that term. *See Alice Corp. Pty. Ltd.* at 2357.

Further, claims involving data collection, analysis, and display are directed to an abstract idea. *Elec. Power Grp. v. Alstom S.A.*, 830 F.3d 1350, 1353 (Fed. Cir. 2016) (holding that “collecting information, analyzing it, and displaying certain results of the collection and analysis” are “a familiar class of claims ‘directed to’ a patent ineligible concept”); *see also In re TLI Commc’ns LLC Patent Litig.*, 823 F.3d 607, 611 (Fed. Cir. 2016); *FairWarning IP, LLC v. Iatric Sys., Inc.*, 839 F.3d 1089, 1093–94 (Fed. Cir. 2016). Claim 1, unlike the claims found non–abstract in prior cases, uses generic computer technology to perform data reception, decision flow, and selective transmission and does not recite an improvement to a particular computer technology. *See, e.g., McRO, Inc. v. Bandai Namco Games Am. Inc.*, 837 F.3d 1299, 1314–15 (Fed. Cir. 2016) (finding claims not abstract because they “focused on a specific asserted improvement in computer

animation”). As such, claim 1 is directed to the abstract idea of receiving, decision flow, and selectively transmitting data.

The remaining claims merely describe the parameters used for receiving lock instructions and the criteria for such a lock. 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 receive data, alter process flow, and selectively transmit data amounts to electronic data query and retrieval—one of the most basic functions of a computer. The claim does not elaborate what is meant by engaging a lock feature, but the context makes it appear as though this is accomplished by the following steps of selectively passing data according to the instructions, thus engaging a lock in the sense of bifurcating flow. The limitation of wherein the preapproved transfer of funds is approved by a communication received from the account holder prior to the receiving of the SMS message containing the account lock request is not a step, but a recitation of some desired precursor to the steps, which is aspirational rather than functional. 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.

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 account security as performed by a generic computer. To be sure, the claims recite doing so by advising one to obtain account lock instructions by short message service (SMS), and react accordingly. But this is no more than abstract conceptual advice on the parameters for such account security and the generic computer processes necessary to process those parameters, and do not recite any particular

implementation. Simply referring to SMS as the transmission mechanism is no more than abstract conceptual advice to use a basic concept for its known intended purpose in its known intended manner. *See In re TLI Communications LLC Patent Litigation*, 823 F.3d at 612–613 (Using a generic telephone for its intended purpose was a well-established “basic concept” sufficient to fall under *Alice* step 1.)

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 20+ pages of specification 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 account security 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 account security 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.

As to the structural claims, they:

are no different from the method claims in substance. The method claims recite the abstract idea implemented on a generic computer; the system claims recite a handful of generic computer components configured to implement the same idea. This Court has long “warn[ed] ... against” interpreting § 101 “in ways that make patent eligibility ‘depend simply on the draftsman’s art.’”

Alice Corp. Pty. Ltd., 134 S. Ct. at 2360.

We are not persuaded by Appellant's argument that:

The claims at issue are not directed to the abstract idea identified by the Examiner: locking financial accounts. Instead, independent claims 1, 2 and 19 are directed to an improved technological method for securely and conveniently handling electronic fund transfers for electronic payment account services in a computer-based system that is not similar to any concept previously found by the courts to be abstract, such as mathematical operations, creating a contractual relationship or using advertising as an exchange or currency, among others.

App. Br. 5. The claims do not recite any particular technological improvement on handling electronic fund transfers for electronic payment account services. Instead, the claims recite either performing or not performing such transfers. To the extent Appellant means to argue that the use of SMS is the mechanism for sending instructions to bifurcate such transfers, as we find *supra*, the use of SMS is a basic concept whose use *per se* is abstract conceptual advice. The claims recite no technological improvement for such SMS provision and use. Appellant argues that the further limitations in claims 2 and 19 are technological improvements (App. Br. 6), but these claims simply recite parameters as to how the data are conveyed with no particular implementation improvement for such conveyance, or how the parameters improve the underlying technology.

We are not persuaded by Appellant's argument that:

the need for electronic account security, in particular, has been brought upon the financial industry by the prevalence of computer hacking and computerized theft or fraud, which are problems that could have arisen only within the field of computerized financial transactions. . . .

The claim does not recite a mathematical algorithm; nor does it recite a fundamental economic or longstanding commercial practice. The claim addresses a business challenge (retaining website visitors) that is particular to the Internet. The claimed invention differs from other claims found by the courts to recite abstract ideas in that it does not “merely recite the performance of some business practice known from the pre-Internet world along with the requirement to perform it on the Internet. Instead, the claimed solution is necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks.”

App. Br. 6–7. Financial hacking is as old as safe cracking and instrument forgery. This did not arise with computerized financial transactions. Electronic versions of hacking call for electronic modes of prevention, but only in the common sense meaning that mode should match mode. The claims are simply electronic forms of instructions that have been given to bankers regarding transaction restrictions for eons.

We are not persuaded by Appellant’s argument that:

the claims cover a specific technological approach in the technical fields of electronic/computer payment account services and computerized account management systems, and not merely the concept of locking a financial account combined with generic functions that can be carried out by a human. Instead, the claims are limited to a specific account locking system and method that is needed in a computerized automated environment in which certain transactions are continually conducted in an automated fashion. The claimed steps, in other words, turn a computerized system that allows all transfers of funds from an electronic financial account either into a computerized system that restricts some transfers of funds, while still allowing other (e.g., preapproved) transfers of funds (claims 1 and 2), or into a computerized system that restricts transfers of funds according to at least one of a plurality of lock features that are based on a text string (claim 19).

App. Br. 8. The approach is technological only in that a computer is used. The steps recited are conventional data processing steps. In that sense the steps are indeed generic functions that can be carried out by a human in a handwritten context rather than an SMS context. As we find *supra*, the use of SMS is so pervasive, such use was itself a core concept as of the filing date. The nature of the instructions as a text string is basic communications.

Appellant further argues that the asserted claims are akin to the claims found patent-eligible in *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014). In *DDR Holdings*, the Court evaluated the eligibility of claims “address[ing] the problem of retaining website visitors that, if adhering to the routine, conventional functioning of Internet hyperlink protocol, would be instantly transported away from a host’s website after ‘clicking’ on an advertisement and activating a hyperlink.” *Id.* at 1257. There, the Court found that the claims were patent eligible because they transformed the manner in which a hyperlink typically functions to resolve a problem that had no “pre-Internet analog.” *Id.* at 1258. The Court cautioned, however, “that not all claims purporting to address Internet-centric challenges are eligible for patent.” *Id.* For example, in *DDR Holdings* the Court distinguished the patent-eligible claims at issue from claims found patent-ineligible in *Ultramerical*. *See id.* at 1258–59 (citing *Ultramerical, Inc. v. Hulu, LLC*, 772 F.3d 709, 715–16 (Fed. Cir. 2014)). As noted there, the *Ultramerical* claims were “directed to a specific method of advertising and content distribution that was previously unknown and never employed on the Internet before.” *Id.* at 1258 (quoting *Ultramerical*, 772 F.3d at 715–

16). Nevertheless, those claims were patent ineligible because they “merely recite[d] the abstract idea of ‘offering media content in exchange for viewing an advertisement,’ along with ‘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.’” *Id.*

Appellants asserted claims are analogous to claims found ineligible in *Ultramercial* and distinct from claims found eligible in *DDR Holdings*. The ineligible claims in *Ultramercial* recited “providing [a] media product for sale at an Internet website”; “restricting general public access to said media product”; “receiving from the consumer a request to view [a] sponsor message”; and “if the sponsor message is an interactive message, presenting at least one query to the consumer and allowing said consumer access to said media product after receiving a response to said at least one query.” 772 F.3d at 712. Similarly, Appellant’s asserted claims recite receiving data, altering process flow, and selectively transmitting data. This is precisely the type of Internet activity found ineligible in *Ultramercial*.

Appellant repeats much of these arguments in arguing that the claims also pass the *Alice* second step. App. Br. 9–13. We are not persuaded by Appellant’s argument that the claims do not preempt the entire idea. App. Br. 13. That the claims do not preempt all forms of the abstraction or may be limited to the abstract idea in the e-commerce setting do not make them any less abstract. *See OIP Technologies, Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1360–1361 (2015). Beyond the abstract idea of account security, the claims merely recite well-understood, routine conventional activities, either

by requiring conventional computer activities or routine data-gathering steps. Considered individually or taken together as an ordered combination, the claim elements fail to transform the claimed abstract idea into a patent eligible application. *Id.* at 1363. Because the claims are directed to an abstract idea, the claims must include an “inventive concept” in order to be patent-eligible. No such inventive concept is present here. Instead, the claims “add” only generic computer components. These generic computer components do not satisfy the inventive concept requirement. *See Mortgage Grader, Inc. v. First Choice Loan Services Inc.*, 811 F.3d 1314, 1324–1325 (Fed. Cir. 2016).

CONCLUSIONS OF LAW

The rejection of claims 1–3, 6–12, and 19–30 under 35 U.S.C. § 101 as directed to non-statutory subject matter is proper.

DECISION

The rejection of claims 1–3, 6–12, and 19–30 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