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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
13/777,487	02/26/2013	Patrick Killian	P00438-US-CONT (M01.092C)	7053
125619	7590	03/19/2018	EXAMINER	
MasterCard International Incorporated c/o Buckley, Maschoff & Talwalkar LLC 50 Locust Avenue New Canaan, CT 06840			REFAI, RAMSEY	
			ART UNIT	PAPER NUMBER
			3627	
			NOTIFICATION DATE	DELIVERY MODE
			03/19/2018	ELECTRONIC

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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* PATRICK KILLIAN, SANDEEP MALHOTRA,  
ANDREW D. CAMPBELL, SHOON PING WONG,  
and DANA LORBERG

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Appeal 2016–003706  
Application 13/777,487  
Technology Center 3600

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Before ANTON W. FETTING, JOSEPH A. FISCHETTI, and  
MATTHEW S. MEYERS, *Administrative Patent Judges*.

FETTING, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE<sup>1</sup>

Patrick Killian, Sandeep Malhotra, Andrew D. Campbell, Shoon Ping  
Wong, and Dana Lorberg (Appellants)<sup>2</sup> seek review under 35 U.S.C. § 134

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<sup>1</sup> Our decision will make reference to the Appellants’ Appeal Brief (“App. Br.,” filed August 24, 2015) and Reply Brief (“Reply Br.,” filed February 22, 2016), and the Examiner’s Answer (“Ans.,” mailed December 24, 2015), and Final Action (“Final Act.,” mailed April 1, 2015).

<sup>2</sup> Appellants identify the Applicant, Mastercard International Incorporated, as the real party in interest. App. Br. 2.

of a Final Rejection of claims 1–20, the only claims pending in the application on appeal. We have jurisdiction over the appeal pursuant to 35 U.S.C. § 6(b).

The Appellants invented a way of implementing a payment system on the basis of a payment card system. Specification 1:7–9.

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 method comprising:

[1] receiving, by a wireless communications terminal of a merchant device,

an input from a customer mobile device  
concerning a financial transaction;

[2] selecting, by the merchant device,

a payment transaction mode of operation

when the input from the customer mobile device is  
a request for a payment card system payment transaction,

and further comprising:

[3] providing, by the merchant device,

transaction data comprising

an amount due

and

a merchant identifier to the customer  
mobile device

for requesting a payment card system transaction;

[4] receiving, by the merchant device,

a confirmation

from a merchant financial institution  
of the payment card system

that a funds transfer to a payment card account of the merchant has been accomplished;

and

[5] accepting, by the merchant device,  
the confirmation as payment by a customer  
to complete the financial transaction;

and

[6] selecting, by the merchant device,  
a payment card purchase transaction mode of  
operation  
when the input from the customer mobile device is  
a payment card account number,  
and further comprising:

[7] transmitting, by the merchant device,  
a payment card authorization request  
including the payment card account number to an  
acquirer financial institution;

and

[8] receiving a payment card authorization response  
from the acquirer financial institution; and

[9] completing, by the merchant device, the financial  
transaction.

Claims 1–20 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.

While 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 does not recite what it is directed to, but the steps in claim 1 result in completing a financial transaction. The Specification at 1:7–9 recites that the invention relates to implementing a payment system on the basis of a payment card system. Thus, all this evidence shows that claim 1 is directed to payment processing, i.e. financial payment.

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 financial payment is a fundamental business practice long prevalent in our system of commerce. The use of financial payment is also a building block of any market economy. Thus, financial payment, 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 financial payment 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, LLC 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 collection, analysis, and 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 collecting, analyzing, and transmitting data.

The remaining claims merely describe generic equipment and generic instructions. 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, select, provide, accept, and transmit 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.

Considered as an ordered combination, the computer components of Appellants' method add nothing that is not already present when the steps are considered separately. Viewed as a whole, Appellants' method claims simply recite the concept of financial payment as performed by a generic computer. To be sure, the claims recite doing so by advising one to select a payment channel and possibly send data to a wireless device and rely on some confirmation in the process that otherwise is conventional payment processing. But this is no more than abstract conceptual advice on the parameters for such financial payment 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 specification spells 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 financial payment under different scenarios. It does 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 financial payment 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.* at 2360. There is no particular invention in the ordering of the combination, either. Simply selecting a payment communication channel as claim 1 does is a generic variation on conventional payment process selection, such as among payment types and service providers.

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.* at 2360.

We are not persuaded by Appellants' argument that the Examiner fails to present a prima facie case. App. Br. 10–11. The Examiner finds that the claims are directed to the concept of completing a financial transaction using dual modes. Final Act. 3. As we find *supra*, the intrinsic evidence supports this finding. The Examiner then finds the limitations are merely instructions to implement the abstract idea on a computer and require no more than a generic computer to perform generic computer functions that are well-understood, routine and conventional activities previously known to the industry. *Id.* Again, the intrinsic evidence, indeed the claims themselves, support this finding, as we find *supra*. All of the steps are conventional data processing steps. Thus, the Examiner has laid out a prima facie case according to the *Alice* test.

We are not persuaded by Appellants' argument that the claims recite significantly more than an abstract concept. App. Br. 12–14. The Examiner finds the claims directed to the concept of completing a financial transaction using dual modes. Final Act. 3. Appellants recite various claim limitations and then allege each is significantly more with no reason for why this would be so. The only added step Appellants point to is the step of selecting a payment mode. But selection per se is itself an abstract concept. “Adding one abstract idea . . . to another abstract idea . . . does not render the claim nonabstract.” *RecogniCorp, LLC v. Nintendo Co., Ltd.*, 855 F.3d 1322, 1327 (2017)

Appellants further argue 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 *Ultramercial*. *See id.* at 1258–59 (citing *Ultramercial, 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 714). 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.* at 715-16.

Appellants’ asserted claims are analogous to claims found ineligible in *Ultramerical* and distinct from claims found eligible in *DDR Holdings*. The ineligible claims in *Ultramerical* 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, Appellants’ asserted claims recite collecting, analyzing, and transmitting data. This is precisely the type of Internet activity found ineligible in *Ultramerical*.

We are not persuaded by Appellants’ argument that the claims as a series of ordered steps recite eligible subject matter. App. Br. 14–16. As we find *supra*, the only ordering that is added to conventional payment processing is selecting a mode of communicating data. In either branch of selection, the data communication is generic and conventional. Beyond that, what happens in each branch is equivalent processing, as in each branch the claims recite sending and receiving data, rendering the fact that there is a

branch per se of little weight. Whether the data differs in each branch is of no patentable weight, as the nature of the data is perceptible only to the human mind. *In re Bernhart*, 417 F.2d 1395, 1399 (CCPA 1969). But the data in each branch is actually equivalent even to the human mind, as each branch transmits transaction data and receives payment notification. The claims do not recite what processing occurs between that transmission and reception, so any difference is outside the scope of the claims. It is this difference that Appellants argue.

We are not persuaded by Appellants' argument that the claims do not preempt the field of use. App. Br. 16. “Where a patent’s claims are deemed only to disclose patent ineligible subject matter under the *Mayo* [*Alice*] framework, as they are in this case, preemption concerns are fully addressed and made moot.” *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015).

#### CONCLUSIONS OF LAW

The rejection of claims 1–20 under 35 U.S.C. § 101 as directed to non–statutory subject matter is proper.

#### DECISION

The rejection of claims 1–20 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