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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte JORGE M. FERNANDES

Appeal 2016-004025¹
Application 14/031,381
Technology Center 3600

Before MURRIEL E. CRAWFORD, MICHAEL W. KIM, and
PHILIP J. HOFFMANN, *Administrative Patent Judges*.

KIM, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

This is an appeal from the final rejection of claims 8–28. We have jurisdiction to review the case under 35 U.S.C. §§ 134 and 6.

The invention relates generally to a “process for registering a user for a payment service.” Spec. ¶ 5.

Independent claim 8 is illustrative:

8. A method comprising:
receiving by a computer an intent to register message from
a user;

¹ The Appellant identifies Quisk, Inc. as the real party in interest. Br. 3.

requesting by the computer identification information from said user;
requesting by the computer a financial institution identifier from said user;
sending by the computer a temporary code to said user;
receiving by the computer said temporary code from a known point of sale terminal, said known point of sale terminal having been previously registered with said payment service;
sending by the computer at least a portion of said identification information to said known point of sale terminal;
receiving by the computer an identity verified message from said known point of sale terminal; and
receiving by the computer tokenized external fund transfer information from a financial institution identified by said financial institution identifier.

Claims 8–28 are rejected under 35 U.S.C. § 101 as directed to ineligible subject matter in the form of an abstract idea.

We AFFIRM.

PRINCIPLES OF LAW

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, 76–78 (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.”).

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).

The patent-ineligible end of the spectrum includes fundamental economic practices, *Alice*, 134 S. Ct. at 2357; *Bilski*, 561 U.S. at 611;

mathematical formulas, *Flook*, 437 U.S. at 594–95; and basic tools of scientific and technological work, *Benson*, 409 U.S. at 69. On the patent-eligible side of the spectrum are physical and chemical processes, such as curing rubber, *Diamond*, 450 U.S. at 182 n.7, “tanning, dyeing, making waterproof cloth, vulcanizing India rubber, smelting ores,” and a process for manufacturing flour, *Gottschalk*, 409 U.S. at 67.

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.*

ANALYSIS

We are not persuaded by the Appellant’s arguments that the claims are not directed to an abstract idea, and offer significantly more than an abstract idea. In particular, the Appellant argues the claims “only make sense within the context of, computer and networked communication technology for an online payment system,” and, therefore, according to the Appellant, “are inextricably tied to computer technology.” Br. 6; *see also* 7–9. In accordance with *Mayo* and *Alice*, we begin our evaluation of the Appellant’s assertions with what the claims are “directed to.”

The Examiner finds the functions recited in the claims “fall under at least one of the following computer functions that the courts already recognized as ‘merely generic’: performing repetitive calculations, receiving, processing, and storing data, electronic recordkeeping, automating

mental tasks, and receiving or transmitting data over a network, e.g., using the Internet to gather data.” Answer 3. In general, we agree with the Examiner.

For example, independent claim 8, which the Examiner finds is “directed towards processing the registration of a user of a payment service” (Final Act. 3), recites steps that only receive, request, or send various types of financial information, steps that logically would be implemented in “processing the registration of a user of a payment service.”

Within those recited steps, we look to see whether independent claim 8 includes limitations that appropriately narrow “processing the registration of a user of a payment service.” We do not see this. For example, although the “receiving by the computer said temporary code from a known point of sale terminal” could follow after the step for “sending by the computer a temporary code to said user,” the temporary code could also originate from the point of sale and later be sent to the user, because there is no recited order or sequential linkage between those two steps. There, thus, is no reason to assign any particular significance to the order of the aforementioned “receiving” and “sending” steps, or the recited “temporary code.” Further, the later steps of “sending by the computer at least a portion of said identification information to said known point of sale terminal” and “receiving by the computer an identity verified message from said known point of sale terminal” do not, in the claim, rely on the earlier recited “temporary code” at all, indicating that what the claim is “directed to” is not dependent thereon. Similarly, while the “requesting by the computer a financial institution identifier from said user” recites the same identifier as the limitation for “receiving by the computer tokenized external fund

transfer information from a financial institution identified by said financial institution identifier,” the claim does not recite that the user responds to the request for the “identifier.” Therefore, the linkage between the two immediately preceding steps, as well as the significance of the “identifier,” is uncertain. In addition, the “tokenized external fund transfer information” is not necessarily any particular information. The Specification broadly describes “tokenized external fund transfer information” as

a token is received from the financial institution by the payment service. The token comprises tokenized external fund transfer information as described above. The token can be sent after verification step 1905 is completed. For example, step 1905 could include receiving an identity verified message from a known point of sale terminal, and the token that is delivered in step 1906 could be delivered to the payment service after the payment service has verified the identity of the account holder. As a result, the payment service is screened from receiving even tokenized versions of the external fund transfer information before it has determined that the tokenized information will be useful for the payment service. Contrarily, the token can be sent prior to the completion of the verification step 1905 such that the token is available for immediate use by the payment service in the event that the associated user account is activated.

Spec. ¶ 104 (cited at Br. 4). We, thus, agree with the Examiner’s formulation of independent claim 8 being directed to “processing the registration of a user of a payment service,” which, in actuality, merely involves sending and receiving of financial information between entities, without more.

Independent claim 16 is similarly directed to “processing the registration of a user of a payment service,” as it also merely recites sending information to, and receiving information from, a “known terminal,” and receiving information from a “financial institution,” where the information is

assigned particular meanings associated with a “procedure,” a “limitation,” and a “level,” but the meanings do not affect any method steps.

The claims are similar in nature to other claims our reviewing courts have found to be directed to abstract ideas. For example, claims 8 and 16 are similar to those adjudicated as abstract in *CyberSource*, which concerns detecting fraud in credit card transactions, such as in claim 2:

2. A computer readable medium containing program instructions for detecting fraud in a credit card transaction between a consumer and a merchant over the Internet, wherein execution of the program instructions by one or more processors of a computer system causes the one or more processors to carry out the steps of:

a) obtaining credit card information relating to the transactions from the consumer; and

b) verifying the credit card information based upon values of a plurality of parameters, in combination with information that identifies the consumer, and that may provide an indication whether the credit card transaction is fraudulent,

wherein each value among the plurality of parameters is weighted in the verifying step according to an importance, as determined by the merchant, of that value to the credit card transaction, so as to provide the merchant with a quantifiable indication of whether the credit card transaction is fraudulent,

wherein execution of the program instructions by one or more processors of a computer system causes that one or more processors to carry out the further steps of;

obtaining information about other transactions that have utilized an Internet address that is identified with the credit card transaction; constructing a map of credit card numbers based upon the other transactions; and

utilizing the map of credit card numbers to determine if the credit card transaction is valid.

CyberSource Corp. v. Retail Decisions, Inc., 654 F.3d 1366 (Fed. Cir. 2011).

We discern that detecting fraud in credit card transactions is similar to “processing the registration of a user of a payment service,” in that both

merely involve sending and receiving of financial information between entities.

In addition, claims 8 and 16 are similar in nature to those in *Smartflash*, concerning sending, receiving, and processing payment data, such as recited in the following part of claim 32 in that case:

code to read payment data from the data carrier and to forward the payment data to a payment validation system; code to receive payment validation data from the payment validation system; code responsive to the payment validation data to retrieve data from the data supplier and to write the retrieved data into the data carrier; code responsive to the payment validation data to receive at least one access rule from the data supplier and to write the at least one access rule into the data carrier, the at least one access rule specifying at least one condition for accessing the retrieved data written into the data carrier, the at least one condition being dependent upon the amount of payment associated with the payment data forwarded to the payment validation system; and code to retrieve from the data supplier and output to a user-stored data identifier data and associated value data and use rule data for a data item available from the data supplier.

Smartflash LLC v. Apple Inc., 680 F. App'x 977 (Fed. Cir. 2017).

Finally, we discern the claims to be similar to those in *Dealertrack*, which were described by the Court as follows: “in its simplest form includes three steps: receiving data from one source (step A), selectively forwarding the data (step B, performed according to step D), and forwarding reply data to the first source (step C). The claim ‘explain[s] the basic concept’ of processing information through a clearinghouse.” *Dealertrack, Inc. v. Huber*, 674 F.3d 1315, 1333 (Fed. Cir. 2012).

Based on the similarity of the claims to other claims that send and receive financial information, and found as being directed to abstract ideas,

we find claims 8 and 16 of the present case to also be directed to abstract ideas. *See Amdocs*, 841 F.3d at 1294.

Turning to the second step of the *Alice* analysis, because we find that independent claim 1 is directed to an abstract idea, the claim must include an “inventive concept” in order to be patent-eligible, i.e., there must be an element, or combination of elements that is sufficient to ensure that the claim in practice amounts to significantly more than the abstract idea itself.

To that end, we are unpersuaded by the Appellant’s arguments that the claims recite “significantly more than an abstract idea,” because, according to the Appellant, the claims “improve the technologies or technical fields of electronic/computer payment account services and electronic registration systems,” and “the streamlining of transactions (due to the processes of claims 8 and 16), in particular, speeds up the ability of the computer to handle the transactions, thereby representing an improvement to the functioning of the computer itself.” Br. 12–15. We do not discern how the sending and receiving of information, which is essentially all that claims 8 and 16 recite, constitutes an improvement in a technology or technical field, or make a computer speed up. In addition, the Specification describes using devices that are, at best, no more than general-purpose computers, and at worst, do not require a computer at all, general-purpose or otherwise:

The process represented by flowchart 200 may be implemented via a telephone call (to an automated voice system, for example), or a series of text messages, or a web site on a mobile or stationary device, or interactively through a bank branch or financial institution office, or at a merchant point-of-sale (POS), or any combination of these. In step 210 of flowchart 200, the account server 130 receives from the initiator 110 a request to configure an account 135. This request may be sent, for example, from an Internet-connected mobile or stationary device, via a

web site form; it may also be sent via a text message or a phone call from a mobile device, for example, to an automated voice interactive system.

Spec. ¶ 39.

Thus, we are unpersuaded that the problem purportedly solved is one unique to “computer-based payment transaction technology.” Br. 14. In addition, independent claims 8 and 16 only utilize what is essentially a generic computer, which we are unpersuaded is “significantly more.” “[A]fter *Alice*, there can remain no doubt: recitation of generic computer limitations does not make an otherwise ineligible claim patent-eligible. The bare fact that a computer exists in the physical rather than purely conceptual realm is beside the point.” *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1256 (Fed. Cir. 2014) (internal citations and quotation marks omitted).

In addition, we note that, other than the stated requirement for the use of computers, the sending and receiving of information recited in the claims is something that can be sent and received mentally by a person, or by a person using pen and paper, or basic communication devices. See Spec. ¶ 39. The Federal Circuit has held that if a method can be performed by human thought alone, or by a human using pen and paper, it is merely an abstract idea and is not patent-eligible under § 101. *CyberSource*, 654 F.3d at 1373 (“[A] method that can be performed by human thought alone is merely an abstract idea and is not patent-eligible under § 101.”). Furthermore, mental processes, e.g., retrieving and replacing data, as recited in independent claim 1, remain unpatentable even when automated to reduce the burden on the user of what once could have been done with pen and paper. *Id.* at 1375 (“That purely mental processes can be unpatentable, even

when performed by a computer, was precisely the holding of the Supreme Court in *Gottschalk v. Benson*, [409 U.S. 63 (1972)].”).

Dependent claims 9–15 and 17–28 limit the devices used, narrow the meaning of the information, and add “verifying” steps. We are unpersuaded that anything, however, in claims 9–15 and 17–28 purports to improve computer functioning or “effect an improvement in any other technology or technical field” beyond substituting one item of data for another. *Alice*, 134 S. Ct. at 2359. Nor are we persuaded that the claims solve a problem unique to the Internet, because the Internet is not recited, and not utilized in all embodiments described in the Specification (*see e.g.*, Spec. ¶ 37). *See DDR Holdings*, 773 F.3d at 1257. The claims also are not adequately tied to “a particular machine or apparatus.” *Bilski*, 561 U.S. at 601.

Because claims 8–28 are directed to an abstract idea, and nothing in the claims adds an inventive concept, the claims are not patent-eligible under § 101. Therefore, we sustain the Examiner's rejection of claims 8–28 under 35 U.S.C. § 101.

DECISION

We AFFIRM the rejection of claims 8–28 under 35 U.S.C. § 101.

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