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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte ANSAR ANSARI

Appeal 2016-004498¹
Application 13/621,331²
Technology Center 3600

Before BIBHU R. MOHANTY, BRUCE T. WIEDER, and
ALYSSA A. FINAMORE, *Administrative Patent Judges*.

FINAMORE, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Pursuant to 35 U.S.C. § 134(a), Appellant appeals from the Examiner's decision to reject claims 1–20. We have jurisdiction under § 6(b). We AFFIRM.

¹ Our Decision references the Examiner's Final Office Action ("Final Act.," mailed Mar. 5, 2015) and Answer ("Ans.," mailed Jan. 20, 2016), as well as Appellant's Specification ("Spec.," filed Sept. 17, 2012), Appeal Brief ("Appeal Br.," filed Aug. 3, 2015), including the Amendments and Response to Final Office Action ("Resp." filed May 4, 2015) referenced therein, and Reply Brief ("Reply Br.," filed Mar. 21, 2016).

² Appellant identifies Blackhawk Network, Inc. as the real party in interest. Appeal Br. 4.

SUBJECT MATTER ON APPEAL

The invention relates to “[m]ethods, networks, and storage mediums for efficient stored-value card transactions.” Spec. ¶ 3. Claims 1, 6, and 12 are the independent claims on appeal. Independent claim 1, reproduced below, is illustrative of the claimed subject matter:

1. A method for replenishing a stored-value card by a multicaud transaction computer system, the multicaud transaction computer system comprising at least one processor and one or more computer programs executable by the at least one processor which causes the multicaud transaction computer system to perform the method, the method comprising:
 - receiving a stored-value card activation request associated with the stored-value card which is already activated, wherein the request is received from an access point; and
 - generating a replenish request based on receipt of the stored-value card activation request.

REFERENCES

The Examiner relies on the following prior art in rejecting the claims on appeal:

| | | |
|------------------------------|--------------------|----------------|
| Singh et al. (“Singh”) | US 2008/0114696 A1 | May 15, 2008 |
| Schorr et al. (“Schorr”) | US 2008/0172306 A1 | July 17, 2008 |
| Dubnicki et al. (“Dubnicki”) | US 2008/0221856 A1 | Sept. 11, 2008 |
| Chai et al. (“Chai”) | US 7,617,152 B2 | Nov. 10, 2009 |
| Marchand | US 2010/0043008 A1 | Feb. 18, 2010 |
| Nix et al. (“Nix”) | US 2010/0299195 A1 | Nov. 25, 2010 |
| Fowler | US 2011/0041006 A1 | Feb. 17, 2011 |
| Schwarz, Jr. (“Schwarz”) | US 8,020,754 B2 | Sept. 20, 2011 |

REJECTIONS

The Examiner rejects the claims on appeal as follows:

- I. claims 1–20 under 35 U.S.C. § 101 as non-statutory subject matter;
- II. claims 1–4 under 35 U.S.C. § 103(a) as unpatentable over Singh, Nix, and Schwarz;
- III. claim 5 under 35 U.S.C. § 103(a) as unpatentable over Singh, Nix, Schwarz, Dubnicki, Marchand, and Chai;
- IV. claims 6, 7, and 9–11 under 35 U.S.C. § 103(a) as unpatentable over Nix and Schwarz;
- V. claim 8 under 35 U.S.C. § 103(a) as unpatentable over Nix, Schwarz, and Schorr; and
- VI. claims 12–20 under 35 U.S.C. § 103(a) as unpatentable over Singh, Nix, Dubnicki, Marchand, Chai, and Fowler.

ANALYSIS

Rejection I: Claims 1–20 under 35 U.S.C. § 101 as non-statutory subject matter

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. *See, e.g., Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2354 (2014) (quoting *Ass’n for Molecular Pathology v. Myriad Genetics, Inc.*, 133 S. Ct. 2107, 2116 (2013)). To “distinguish[] patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts,” the Supreme Court, in *Alice*, reiterated the two-step framework previously set forth in *Mayo*

Collaborative Services v. Prometheus Laboratories, Inc., 132 S. Ct. 1289 (2012), which, in the first step, considers whether a claim is directed to a patent-ineligible concept, e.g., an abstract idea, and, if so, considers, in the second step, whether the claim recites an inventive concept—an element or combination of elements sufficient to ensure the claim amounts to significantly more than the abstract idea and transform the nature of the claim into a patent-eligible application. *Alice*, 134 S. Ct. at 2355 (citing *Mayo*, 132 S. Ct. at 1294, 1296–98).

In rejecting the claims under 35 U.S.C. § 101 as non-statutory subject matter, i.e., subject matter judicially excepted from statutory subject matter, the Examiner analyzes the claims using this two-step framework.

Final Act. 2–4. Pursuant to the first step, the Examiner determines the claims are directed to stored-value card processing and account funding, which is a fundamental economic practice, and, therefore, an abstract idea. *Id.* at 3. Under the second step, the Examiner determines the claims do not recite significantly more than the abstract idea because they do not effect an improvement to another technology or technical field, improve the functioning of the computer itself, or move beyond a general link of the use of the abstract idea to a particular technological environment. *Id.* The Examiner further determines the claim limitations are merely instructions to implement the abstract idea on a computer and require no more than a generic computer performing generic computer functions that are well-understood, routine, and conventional activities previously known in the industry. *Id.*

Appellant argues claims 1–20 as a group. Appeal Br. 7–19; Reply Br. 7–12. We select independent claim 1 as representative. The

remaining claims of the group stand or fall with independent claim 1.
37 C.F.R. § 41.37(c)(1)(iv).

At the outset, we are unpersuaded of error by Appellant’s argument that independent claim 1 does not preempt all applications of the abstract idea of stored-value card processing and account funding. Appeal Br. 7–11; Reply Br. 10–12. Even if we were to agree with Appellant that the claim does not preempt all uses of the abstract idea, preemption is not the test for determining whether a claim is judicially-excepted from statutory subject matter. Said differently, although preemption may be the basis for excluding abstract ideas from eligible subject matter, preemption is not the test. *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015) (“The Supreme Court has made clear that the principle of preemption is the basis for the judicial exceptions to patentability. For this reason, questions on preemption are inherent in and resolved by the § 101 analysis.” (citation omitted)). Accordingly, we consider Appellant’s arguments under the two-step patent-eligibility analysis.

Pursuant to the first step, Appellant asserts the Examiner’s determination that independent claim 1 is directed to an abstract idea is unsupported and improper because the Examiner has not compared the concept to which the claim is directed to other concepts the courts have held to be abstract ideas. Reply Br. 7–10. More specifically, Appellant contends that the Examiner has not supported the determination that the claim is directed to stored-value card processing and account funding or the determination that the claim is directed to a fundamental economic practice because the Examiner has not compared either of these concepts to other abstract ideas. *Id.* at 9–10. Furthermore, to the extent the Examiner, in the

Answer, determines the claim is directed to concepts that the courts have held to be abstract ideas, Appellant argues this determination results in a new ground of rejection, which is improper and not entitled to consideration on appeal. *Id.* at 9–10 n.1.

As a preliminary matter, Appellant’s argument that the Examiner’s Answer includes a new ground of rejection is a petitionable, not appealable, matter. 37 C.F.R. § 41.40(a). Appellant’s failure to file a petition prior to filing the Reply Brief constitutes a waiver of the argument. *Id.*

Accordingly, Appellant’s assertion that the Examiner’s Answer includes a new ground of rejection is not before us on appeal.

That notwithstanding, we disagree with Appellant that the Examiner has not compared the concept to which independent claim 1 is directed, i.e., stored-value card processing and account funding, to concepts the courts have held to be abstract ideas. Here, the Examiner does not determine separately that the claim is directed to stored-value card processing and account funding and to a fundamental economic practice. Rather, the Examiner compares the concept stored-value card processing and account funding to a fundamental economic practice (Final Act. 3), which, as Appellant acknowledges, the Supreme Court has held to be an abstract idea (Reply Br. 8 (citing *Alice*, 134 S. Ct. at 2350)). Moreover, we see no meaningful distinction between the concept of stored-value card processing and account funding and other types of fundamental economic practices, such as “local processing of payments for remotely purchased goods” in *Inventor Holdings, LLC v. Bed Bath & Beyond, Inc.*, 876 F.3d 1372, 1378 (Fed. Cir. 2017). Accordingly, Appellant does not apprise us of error in the

Examiner's determination that independent claim 1 is directed to an abstract idea.

Seeing no error in the Examiner's determination that independent claim 1 is directed to an abstract idea pursuant to the first step of the patent-eligibility analysis, we turn to Appellant's arguments under the second step. Appellant argues that independent claim 1 recites significantly more than the abstract idea because the claim effects transformations. Appeal Br. 14–17. More specifically, Appellant contends the claimed invention transforms: a stored-value card from an unreplenished state to a replenished state, an activation request into a replenish request, and an access point having no functionality for replenishing already-activated stored-value cards to having replenishment functionality. *Id.* at 15–16. Appellant's argument does not apprise us of error.

The machine-or-transformation is not the standard for determining whether a claim recites significantly more than the abstract idea. *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1256 (Fed. Cir. 2014) (“[S]atisfying the machine-or-transformation test, by itself, is not sufficient to render a claim patent-eligible, as not all transformations or machine implementations infuse an otherwise ineligible claim with an ‘inventive concept.’”). Moreover, Appellant does not explain how the claimed invention transforms a stored-value card from an unreplenished state to a replenished state, an activation request into a replenish request, and an access point having no replenishment functionality into an access point having replenishment functionality. As such, there is nothing that distinguishes the asserted transformations from manipulations of information, which is insufficient for patent-eligibility. *See Elec. Power*

Grp., LLC v. Alstom S.A., 830 F.3d 1350, 1355 (Fed. Cir. 2016) (explaining that the mere selection and manipulation of information does not transform an abstract idea into a patent-eligible application).

Appellant also argues that, like the claims in *DDR Holdings*, independent claim 1 recites a solution necessarily rooted in computer technology to overcome a problem specifically arising in the realm of computer systems. Appeal Br. 17–19. According to Appellant, the claimed invention avoids the expense of retrofitting the access points, i.e., front end, to send a replenishment request instead of an activation request by generating, at the back end, a replenishment request based on the receipt of an activation request. *Id.* at 17–18 (citing Spec. ¶ 37). Appellant’s argument is not convincing.

Contrary to Appellant’s argument, the expense of changing each access point to send a replenishment request instead of an activation request is not a problem unique to computerized access points. For example, if each access point is a person, there would be an expense associated with training each person to send a replenishment request instead of an activation request. Similarly, generating, at the back end, a replenishment request based on the receipt of an activation request does not require the use of a computer, as it could be done by a person. Thus, unlike *DDR Holdings*, independent claim 1 does not solve a problem specifically arising in the realm of computer systems with a solution necessarily rooted in computer technology. Said differently, we fail to see how the claimed invention is something other than the generic computer implementation of a business practice that generates, at the back end, a replenishment request based on the receipt of an activation request to avoid the cost of updating every access

point to send a replenishment request, which is insufficient for patent eligibility. *Ans. 3; see also DDR Holdings*, 773 F.3d at 1256 (“[T]hese claims [of prior cases] in substance were directed to nothing more than the performance of an abstract business practice on the Internet or using a conventional computer. Such claims are not patent-eligible.”).

Appellant further contends that independent claim 1 recites significantly more than the abstract idea because it provides an improvement to the functioning of access points that handle stored-value card transactions. Appeal Br. 13 (citing Resp. 15). More specifically, Appellant asserts that the claimed invention transforms the access point into a computer which can function to replenish funds on a stored-value card, in addition to performing traditional purchasing and activating functions. Resp. 15. Appellant’s argument does not apprise us of error.

As Appellant points out, the claimed invention avoids the expense retrofitting every access point by generating, at the back end, a replenish request based on the receipt of an activation request. Appeal Br. 17–18 (citing Spec. ¶ 37). As such, the claimed invention is not an improvement to the access point itself. Rather, the claimed invention is an improvement to the process for handling stored-valued card transactions, which is not technical.

Appellant additionally alleges that independent claim 1 recites significantly more than the abstract idea because the claim recites meaningful features that sufficiently limit its practical application. Appeal Br. 12–13 (citing Resp. 14). More specifically, Appellant contends the claimed “multicard transaction computer system” is a meaningful feature, not a generic computer. Resp. 14. We, however, fail to see how

handling multiscard transactions requires something other than generic computer components. For instance, as explained above, the recited steps do not effect an improvement to the computer components. Accordingly, Appellant's argument does not apprise us of error in the Examiner's determination that the claimed invention is nothing other than the generic computer implementation of a business practice. Ans. 3.

Appellant also argues the Examiner erroneously believes that Appellant must show more than two reasons why independent claim 1 recites significantly more than the abstract idea. Appeal Br. 13–14. Appellant's argument is inapposite because, as we discuss *supra*, we fail to see how the claim recites significantly more.

In view of the foregoing, Appellant does not apprise us of error in the Examiner's determination that independent claim 1 is patent-ineligible, i.e., judicially excepted from statutory subject matter. Accordingly, we sustain the rejection of independent claim 1, with claims 2–20 falling therewith.

Rejection II: Claims 1–4 under 35 U.S.C. § 103(a) as unpatentable over Singh, Nix, and Schwarz

Appellant argues the Examiner has not shown that the combined teachings of the cited prior art would have resulted in generating a replenishment request based on receipt of an activation request for an already activated stored-value card, as recited in independent claim 1. Appeal Br. 22–24; Reply Br. 14–15. Appellant's argument is persuasive.

Independent claim 1 recites “receiving a stored-value card activation request associated with the stored-value card which is already activated” and “generating a replenish request based on receipt of the stored-value card activation request.” As such, independent claim 1 requires generating a

replenish request based on receipt of the activation request for a stored-value card that is already activated.

In rejecting independent claim 1, the Examiner finds Singh discloses receiving a stored-value card activation request. Final Act. 4 (citing Singh ¶¶ 12, 13, 15). Singh discloses that a transaction card may be activated at a point of sale by a consumer and subsequently used to transact business. Singh ¶ 12. Although Singh may disclose receiving an activation request for a stored-value card, the cited portions of Singh do not disclose receiving an activation request for a stored-value card that has already been activated.

The Examiner relies on Nix and Schwarz for teaching generating a replenish request based on receipt of the stored-value card activation request. Final Act. 6. Nix teaches that a merchant may obtain a consumer's contractual consent in advance to automatically top-up or increase the balance of a prepaid account. Nix ¶ 77. Similarly, Schwarz teaches that upon enrollment, computer files 430₁ through 430_n are created, and files 430₁ through 430_n contain information that may be used to replenish the prefunded account balances. Schwarz 7:15–30. Even if we agree with the Examiner that Nix and Schwarz teach generating a replenishment request based on information received with an activation request for a stored-value card, the cited portions do not teach that the activation request is for a stored-value card that has already been activated.

In view of the foregoing, the Examiner has not shown that the combined teachings of the prior art would have resulted in generating a replenishment request based on information received with an activation request for a stored-value card that is already activated, as independent

claim 1 requires. We, therefore, do not sustain the Examiner's rejection of independent claim 1 and claims 2–4 depending therefrom.

Rejection III: Claim 5 under 35 U.S.C. § 103(a) as unpatentable over Singh, Nix, Schwarz, Dubnicki, Marchand, and Chai

Claim 5 depends from independent claim 1, and the Examiner does not rely on Dubnicki, Marchand, or Chai in a way that cures the deficiency in the Examiner's rejection of independent claim 1. Final Act. 9–11. Accordingly, for the same reasons as independent claim 1, we do not sustain the Examiner's rejection of claim 5.

Rejection IV: Claims 6, 7, and 9–11 under 35 U.S.C. § 103(a) as unpatentable over Nix and Schwarz

Independent claim 6 includes limitations similar to the limitations of independent claim 1 discussed above, and independent claim 6 likewise requires generating a replenish request based on receipt of the activation request for a stored-value card that is already activated. The Examiner's rejection of independent claim 6 suffers from the same deficiency as the rejection of independent claim 1. Final Act. 12–14. Accordingly, for the reasons discussed above in regard to independent claim 1, we do not sustain the Examiner's rejection of independent claim 6 and claims 7 and 9–11 depending therefrom.

Rejection V: Claim 8 under 35 U.S.C. § 103(a) as unpatentable over Nix, Schwarz, and Schorr

Claim 8 depends from independent claim 1, and the Examiner does not rely on Schorr in a way that cures the deficiency in the Examiner's

rejection of independent claim 6. Final Act. 24. Accordingly, for the same reasons as independent claim 6, we do not sustain the Examiner's rejection of claim 8.

Rejection VI: Claims 12–20 under 35 U.S.C. § 103(a) as unpatentable over Singh, Nix, Dubnicki, Marchand, Chai, and Fowler

Independent claim 12 recites similar limitations as the limitations of independent claim 1 discussed above, and independent claim 12 likewise requires generating a replenish request based on receipt of the activation request for a stored-value card that is already activated. The Examiner's rejection of independent claim 12 suffers from the same deficiency as the rejection of independent claim 1. Final Act. 16–19. Accordingly, for the same reasons as independent claim 1, we do not sustain the Examiner's rejection of independent claim 12 and claims 13–20 depending therefrom.

DECISION

The Examiner's decision to reject claims 1–20 under 35 U.S.C. § 101 is affirmed.

The Examiner's decision to reject claims 1–20 under 35 U.S.C. § 103(a) is reversed.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a). 37 C.F.R. § 1.136(a)(1)(iv).

AFFIRMED