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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte DAVID C. REARDON and MARK YOW

Appeal 2016–005889
Application 13/309,286
Technology Center 3600

Before ANTON W. FETTING, BIBHU R. MOHANTY, and
KENNETH G. SCHOPFER, *Administrative Patent Judges*.

FETTING, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE¹

David C. Reardon and Mark Yow (Appellants) seek review under 35 U.S.C. § 134 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).

¹ Our decision will make reference to the Appellants’ Appeal Brief (“App. Br.,” filed October 17, 2014) and Reply Brief (“Reply Br.,” filed May 26, 2015), and the Examiner’s Answer (“Ans.,” mailed March 26, 2015), and Final Action (“Final Act.,” mailed June 10, 2014).

The Appellants invented a way of initiating financial transactions from a mobile electronic device. Specification 1:Background.

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] providing at least one memory storing at least one database configured to store user account information associated with at least one receiver and at least one sender,

[2] wherein each of the receiver and sender user accounts is associated with

(a) an electronic messaging system configured to permit communication between the sender and the receiver and

(b) an accounting of debits and credits associated with each user account;

[3] wherein the receiver's user account information comprises at least one identifier associated with an electronic device,

and

at least one receipt criteria;

[4] wherein the sender's user account information comprises at least one sender's message

and

sending criteria comprising location range data;

[5] providing a server system, including at least one server, with access to the memory

[6] wherein the server system

is configured to receive location information associated with the electronic device associated with the receiver

and

is configured to

compare the receipt criteria and location information to the sending criteria and location range

and

dispose of at least one sender's message by at least one of a first and second disposition mode,

the first disposition mode comprising transfer of the message to the electronic device associated with the receiver

when the receipt criteria and sending criteria are satisfied and the location information is within the location range,

the second disposition mode comprising blocking delivery of the message

when either the receipt criteria or sending criteria are not satisfied.

The Examiner relies upon the following prior art:

Shivaram US 7,548,754 B2

Jun. 16, 2009

Claims 1–20 stand rejected under 35 U.S.C. § 101 as directed to non-statutory subject matter.

Claims 1–4, 7 and 17–19 stand rejected under 35 U.S.C. § 103(a) as unpatentable over Shivaram.

Claims 5, 6, 8–16, and 20 stand rejected under 35 U.S.C. § 103(a) as unpatentable over Shivaram and Official Notice.

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.

The issues of obviousness turn primarily on whether Shivaram describes a server that transfers a message when sending criteria including location range data is satisfied and blocking the message when the criteria is not satisfied.

FACTS PERTINENT TO THE ISSUES

The following enumerated Findings of Fact (FF) are believed to be supported by a preponderance of the evidence.

Facts Related to the Prior Art

Shivaram

01. Shivaram is directed to delivery of any SMS text after a call is ended and authenticating the source of the delivered text message with a logo or other graphic not forwardable by mobile phone subscribers. Shivaram 1:8–13.
02. Shivaram starts in a SUBSCRIBER INITIATES SPONSORED CALL step, where a mobile phone subscriber initiates a call and selects the Sponsor Call service. Such Sponsor Call service provides a subsidy by a sponsor in return for accepting an advertisement message from the sponsor. The call is received by

the Call Media Server, which queries the Ad Delivery System to select pre-recorded audio advertisement messages based on the subscriber's profile. Such messages are targeted to the preferences of the particular subscribers. Subscriber preferences and areas of interest are stored in a database in the Ad Delivery System, e.g., a subscriber database. A process in the Ad Delivery system matches the subscriber to a corresponding subscriber profile in the subscriber database and accesses the database contents. The subscriber is identified by a Subscriber Identity Module (SIM). Audio advertising messages are selected and SMS messages are pre-associated with each audio message. The purpose in selecting advertisements based on a subscriber's profile is to increase the effectiveness of the advertising. An example of a subscriber's profile may be a location-based factor. A location server may be integrated with the OpenCall Media Platform so that the location of the subscriber at the time of initiating the call can be one determinant in selecting appropriate audio advertisement messages. The current location of the subscriber may be determined using GSM technology, Global Positioning System (GPS) technology, etc. Shivaram 3:18-53.

ANALYSIS

Claims 1–20 rejected under 35 U.S.C. § 101 as directed to non–statutory subject matter

Method claim 1 recites providing a memory to store user account information and providing a server configured to receive location information and use that information to either send or block a message. Thus, claim 1 recites receiving, analyzing, and transmitting data. None of the limitations recite implementation details for any of these steps, but instead recite functional results to be achieved by any and all possible means. Data reception, analysis, and transmission are all generic, conventional data processing operations to the point they are themselves concepts awaiting implementation details. The sequence of data reception–analysis–transmission is equally generic and conventional. The ordering of the steps is therefore ordinary and conventional. The remaining claims merely describe parameters and performing generic accounting, with no implementation details.

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.*, 566 U.S. 66 (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 electronic communication when certain defined parameters are met. Ans. 2.

Although the Court in *Alice* made a determination 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 sending or blocking a message. The Specification at 1:Background recites that the invention relates to initiation of financial transactions from a mobile electronic device. Thus, all this evidence shows that claim 1 is directed to sending and receiving data.

Claims involving data collection, analysis, and display without more 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 retrieval, 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 receiving, analyzing, and transmitting data.

The remaining claims merely describe parameters and performing generic accounting. 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, analyze, and transmit data amounts to electronic data query and retrieval—one of the most basic functions of a computer. The limitation of an accounting of debits and credits associated with each user account is not a step, and is not functionally related to the remainder of the claim. 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 data processing as performed by a generic computer. To be sure, the claims recite doing so by advising one to rely on criteria including location data in deciding whether to forward or block a message. But this is no more than abstract conceptual advice on the

parameters for such data processing 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 data processing 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 data processing 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.

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.

Appellants 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). Reply Br. 3–4. 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*, 772 F.3d at 715–16). As noted there, the *Ultramercial* 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 *Ultramercial*, 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, Appellants’ asserted claims recite reading, receiving, analyzing, and transmitting data. This is precisely the type of Internet activity found ineligible in *Ultramercial*.

We are not persuaded by Appellants’ argument that “[t]he claims describe a physical transformation of the electronic devices, stored data, and assets owned by two or more individuals in a manner that is ‘significantly more’ than an abstract idea of a fundamental economic practice.” Reply Br. 5–7, (emphasis omitted). Appellants first contend that the claims transform a potential transaction into a completed transaction. *Id.* First, the independent claims do not recite a transaction, so they do not recite transforming a potential transaction into a completed transaction. Second, this contention is no more than to say a process was performed, so the state was transformed from pre-process to post-process. This is an abstraction of the nature of processes in general. Finally, a transaction is itself an abstraction. It is what a transaction affects that may be more than that.

Appellants go on to contend that the transformation is in the electrical characteristics of memory. *Id.* Any such alteration, however, is the generic alteration inherent in the operation of general purpose computers.

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*Claims 1–4, 7 and 17–19 rejected under 35 U.S.C. § 103(a) as unpatentable
over Shivaram*

We are persuaded by Appellants' argument that Shivaram fails to describe a server that transfers a message when sending criteria including location range data is satisfied and blocking the message when the criteria is not satisfied. App. Br. 12. The Examiner cites Shivaram's use of location data for this limitation. Ans. 4. Shivaram only uses location data to select an advertisement, not to determine whether to forward or block a message.

*Claims 5, 6, 8–16, and 20 rejected under 35 U.S.C. § 103(a) as unpatentable
over Shivaram and Official Notice*

These claims depend from those in the rejection supra.

CONCLUSIONS OF LAW

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

The rejection of claims 1–4, 7, and 17–19 under 35 U.S.C. § 103(a) as unpatentable over Shivaram is improper.

The rejection of claims 5, 6, 8–16, and 20 under 35 U.S.C. § 103(a) as unpatentable over Shivaram and Official Notice is improper.

DECISION

The rejection of claims 1–20 is affirmed.

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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