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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* EDWARD J. HOGAN, MARY JO WINTERER,  
JAMES B. O'CONNELL, and JOHN BURKLEY

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Appeal 2016-006132  
Application 11/560,212  
Technology Center 3600

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Before ALLEN R. MacDONALD, AMBER L. HAGY, and  
MICHAEL M. BARRY, *Administrative Patent Judges*.

BARRY, *Administrative Patent Judge*.

DECISION ON APPEAL

Appellants<sup>1</sup> appeals under 35 U.S.C. § 134(a) from a final rejection of claims 1–21, which are all the pending claims. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

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<sup>1</sup> Appellants identify MasterCard Int'l Inc. as the real party in interest. App. Br. 2.

*Introduction*

Appellants describe their disclosed invention as “a financial transaction payment method and system for processing a transaction conducted using a financial transaction card.” Spec., Abstract. The card is associated with “a financial account in a financial institution and one or more transaction criteria,” and the method includes determining “whether a transaction accesses an installment loan on the financial account based on the one or more transaction criteria.” *Id.*

The independent claims 1 and 12 are representative of the claims on appeal:<sup>2</sup>

1. In a financial transaction payment system comprising a processing unit and an application program executing on the processing unit, a method of conducting a transaction using a financial transaction account having an installment loan feature, comprising:

receiving, at a central location apart from a point-of-sale, a request for authorization, said request including at least one transaction parameter resulting from engaging in the transaction using a financial transaction card, the financial transaction card having associated therewith a financial account with a financial institution, the request for authorization free from an indication of a selected installment plan;

determining, automatically by an application program at said central location apart from the point-of-sale, an amount of a line of credit to be accessed on the financial account to pay for the transaction based on said at least one transaction parameter received in said request for authorization;

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<sup>2</sup> Appellants argue error for the rejection of the dependent claims 2–11 and 13–21 solely based on the arguments presented for claims 1 and 12. *See* App. Br. 5–13; Reply Br. 2–10.

automatically selecting, by the application program at the central location apart from the point-of-sale, an installment plan including one or more repayment terms based on the at least one received transaction parameter, the repayment terms including a fixed number of installment payments; and

processing said transaction in accordance with said automatically selected installment plan.

12. A method for generating a statement for a financial transaction card, the financial transaction card having an associated installment balance and an associated credit balance, comprising:

obtaining, from a computer memory storage, using logic programmed to obtain said record, a record for a card account associated with the financial transaction card;

retrieving from the card account record information about each credit card transaction and each installment transaction associated with the card account for a particular period; and

generating a display comprising: a single minimum payment for a combined credit transaction balance and installment transaction balance, wherein said installment balance is based on purchases that were automatically determined to satisfy at least one transaction parameter at a time of transaction and are subject to repayment terms including a fixed number of installment payments and wherein an installment plan including the payment terms are automatically selected at a central location apart from the point-of-sale.

App. Br. 14, 16 (Claims App'x).

*Rejection*

Claims 1–21 stand rejected under 35 U.S.C. § 101 as directed to patent ineligible subject matter. Final Act. 3–4.

## ANALYSIS

Section 101 defines patentable subject matter: “[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.” 35 U.S.C. § 101. The Supreme Court, however, has “long held that this provision contains an important implicit exception,” which is that “[l]aws of nature, natural phenomena, and abstract ideas are not patentable.” *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 70 (2012) (quotation omitted). To determine patentable subject matter, the Supreme Court has set forth a two part test.

### *Step 1 – Whether the Claims Are Directed to an Abstract Idea*

“First, we determine whether the claims at issue are directed to one of those patent-ineligible concepts” of “laws of nature, natural phenomena, and abstract ideas.” *Alice Corp. Pty. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2355 (2014). A court must be cognizant that “all inventions at some level embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas” (*Mayo*, 566 U.S. at 71), and “describing the claims at . . . a high level of abstraction and untethered from the language of the claims all but ensures that the exceptions to § 101 swallow the rule.” *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1337 (Fed. Cir. 2016). Thus, “the claims are considered in their entirety to ascertain whether their character as a whole is directed to excluded subject matter.” *Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1346 (Fed. Cir. 2015).

Appellants argues claims 1 and 12 are not directed to abstract ideas because “[c]laim 1 is directed to a method of conducting a transaction using

a financial transaction account having an installment [loan] feature” and “[c]laim 12 is directed to a method of generating a statement for a financial transaction card,” neither of which are abstract ideas. App. Br. 7 (contending “claims 1 and 12 are not similar to any concept that courts have previously identified as an abstract idea”). This argument unpersuasive. We agree with the Examiner claim 1 is directed to the abstract idea of processing financial transactions using an account that has an installment loan feature. Final Act. 3; Ans. 2 (citing *buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350 (Fed. Cir. 2014)).

Processing financial transactions is a fundamental economic practice. Categorically limiting the claimed transactions to “using a financial transaction account having an installment loan feature” does not alter the conclusion. The Supreme Court and the Federal Circuit have repeatedly concluded claims to such well-known types of financial transactions<sup>3</sup> are directed to patent-ineligible abstract ideas. *See, e.g., Bilski v. Kappos*, 561 U.S. 593, 597–99 (2010) (claims reciting commodity provider and fixed rate purchase limitations held ineligible as directed to risk hedging of financial transactions); *CLS Bank Int’l v. Alice Corp.*, 717 F.3d 1269, 1285 (Fed. Cir. 2013) (claims reciting shadow debit and credit record limitations held ineligible as directed to intermediated settlement risk of transactions) (*aff’d*, *Alice*, 134 S. Ct. at 2352); *buySAFE*, 756 F.3d at 1352 (claims reciting limitations related to performance guaranties of commercial transactions held ineligible as directed to a long prevalent fundamental economic practice). Limitations directed to the idea of using a “financial transaction

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<sup>3</sup> Appellants do not, and cannot reasonably, contend that installment loans are not a notoriously long-and-well-known type of financial transaction.

card” (such as a credit or debit card) for the transaction are, for the same reasons, also unavailing for taking the claim 1 out of the realm of claims directed to an abstract idea.

Claim 1’s requirements related to processing transactions for financial transaction cards are similar to the bankcard-related claims at issue in *Smart Sys. Innovations, LLC v. Chicago Transit Auth.*, 873 F.3d 1364 (Fed. Cir. 2017). In *Smart Systems*, the Federal Circuit held:

The Asserted Claims are not directed to a new type of bankcard, turnstile, or database, nor do the claims provide a method for processing data that improves existing technological processes. Rather, the claims are directed to the collection, storage, and recognition of data. We have determined that claims directed to the collection, storage, and recognition of data are directed to an abstract idea.

873 F.3d at 1372. Claim 1 is similar to the claims in *Smart Systems* and other such claims that have been found ineligibly abstract, e.g., as directed to “processing information through a clearinghouse, comparing new and stored information and using rules to identify options” and “using categories to organize, store, and transmit information.” Ans. 2–3 (citing *SmartGene, Inc. v. Advanced Biological Labs., SA*, 555 F. App’x 950 (Fed. Cir. 2014); *Cyberfone Sys., LLC v. CNN Interactive Grp., Inc.*, 558 F. App’x 988 (Fed. Cir. 2014)).

Appellants also contend the Examiner oversimplifies the claims and that, similar to the claims at issue in *Enfish*, claim 1 recites an improvement in computer-related technology. Reply. Br. 4–6. We disagree. The claims in *Enfish* were directed to a specific improvement in the way computers operate—embodied in a self-referential database table—and recited technical details for a software component that distinguished that particular

software component from the prior art, thus improving how the computer was configured. *See Enfish*, 822 F.3d at 1338–39. By contrast, claim 1 focuses on no such improvement in computer technology, but instead focuses on an abstract idea—processing a financial transaction using a financial transaction card using an installment loan feature—that uses generic computing elements. *See Electric Power Grp. LLC v. Alstom S.A.*, 830 F.3d 1350, 1354 (Fed. Cir. 2016) (explaining that claims directed to computerized collecting, analyzing, and displaying information were different from the claims in *Enfish*: “the focus of the claims is not on such an improvement in computers as tools, but on certain independently abstract ideas that use computers as tools.”).

Thus, we agree with the Examiner that claim 1 is directed to an abstract idea. The Examiner similarly concludes claim 12 is directed to the abstract idea of “generating of a statement from the financial account of claims 1–11.” Final Act 4. Appellants argue claim 12 is not directed to an abstract idea for the same reasons as claim 1. App. Br. 5–8; Reply Br. 2–6. For the same reasons discussed above, we also agree with the Examiner that claim 12 is directed to an abstract idea.

*Step 2 – Whether the Claims Amount to Significantly More*

In the second step, we “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.” *Alice*, 134 S. Ct. at 2355 (quoting *Mayo*, 566 U.S. at 78, 79). The Supreme Court has “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.” *Id.* (quotation omitted).

Appellants argue claims 1 and 12 recite significantly more than an abstract idea because they “recite specific devices that act in concert with the processor components to improve existing technology of authenticating transactions over communication networks”. App. Br. 9 (analogizing the claims to those at issue in *SiRF Technology Inc. v. International Trade Commission*, 601 F.3d 1319 (Fed. Cir. 2010)); *see also id.* at 9–10 (analogizing the claims to those at issue in *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014)); Reply Br. 7–8.

This argument is unpersuasive. A claim may pass the second step if “the claimed solution is necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer [technology].” *DDR Holdings*, 773 F.3d at 1257 (e.g., “a challenge particular to the Internet.”). Appellants do not sufficiently explain, however, how the recited elements are a *technical* solution to a *technical* problem. *See* App. Br. 8–9; Reply Br. 7–8. Instead, we agree with the Examiner the additionally recited features “can be performed by generic computer components and are well-understood, routine, and conventional activities previously known in the industry.” Final Act. 4. “That is to say, they merely describe the functions of the abstract idea itself, without particularity. This is simply not enough under step two.” *Intellectual Ventures I LLC v. Capital One Fin. Corp.*, 850 F.3d 1332, 1341 (Fed. Cir. 2017); *see also buySAFE*, 765 F.3d at 1354 (explaining “*Alice* made clear that a claim directed to an abstract idea does not move into section 101 eligibility

territory by ‘merely requir[ing] generic computer implementation’”) (citation omitted).

Appellants also argue claims 1 and 12 are patent eligible because they do not preempt all methods related to the underlying abstract idea. App. Br. 10–11. “But we have consistently held that claims that are otherwise directed to patent-ineligible subject matter cannot be saved by arguing the absence of complete preemption.” *Return Mail, Inc. v. U.S. Postal Service*, 868 F.3d 1350, 1370 (Fed. Cir. 2017). “While preemption may signal patent ineligible subject matter, the absence of complete preemption does not demonstrate patent eligibility.” *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015). “Where a patent’s claims are deemed only to disclose patent ineligible subject matter under the *Mayo* framework, as they are in this case, preemption concerns are fully addressed and made moot.” *Id.*

Accordingly, we sustain the Examiner’s § 101 rejection of claim 1 and 12. We also, accordingly, sustain the § 101 rejection of dependent claims 2–11 and 13–21, for which Appellants offer no separate arguments. *See* App. Br. 5–15; 37 C.F.R. § 41.37(c)(1)(iv).

#### DECISION

For the above reasons, we affirm the rejection of claims 1–21 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