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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte GLEN R. CATALINE, WILLIAM SMITH RIELLY,
MARK ROBERT SHEEHAN, and WILLIAM SCOTT WALLACE

Appeal 2016-006137¹
Application 11/517,479
Technology Center 3600

Before CARLA M. KRIVAK, AMBER L. HAGY, and
DAVID J. CUTITTA II, *Administrative Patent Judges*.

CUTITTA, *Administrative Patent Judge*.

DECISION ON APPEAL

Appellants seek our review under 35 U.S.C. § 134(a) of the Examiner's final decision rejecting claims 58–60 and 63–91, which are all the claims pending in the application.² We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

¹ Appellants name JPMorgan Chase Bank, N.A. as the real party in interest. *See Appeal Br.* 1.

² Claims 1–57, 61, and 62 are cancelled. *See Id.* at 28, 30.

STATEMENT OF THE CASE

Invention

Appellants' invention relates to electronic commerce. Namely, to “systems and methods for selectively performing payment and other transactions from a variety of sources and according to selectable criteria, while optimizing those transactions for benefits to an entity requesting the transaction an[d]/or an entity through which the transaction is processed.” Spec 2:6–11.³

Exemplary Claim

Claims 58, 75, 81, 83, and 87 are independent. Claim 58 is exemplary of Appellants' invention and is reproduced below:

58. A system for managing payment requests made by a payment request initiator, the system maintained by a financial institution and comprising:

a data input portion that inputs first information regarding a payment request from the payment request initiator;

a decision reference data store for storing second information regarding parameters for use in determining a payment mechanism for effecting the payment request; and

a processor, which is in communication with both the data input portion and the decision reference data store, the processor performing processing on the first information and the second information;

the processor selectably determining, using an optimization determination, the payment mechanism from a

³ This Decision refers to: (1) Appellants' Specification filed September 8, 2006 (“Spec.”); (2) the Final Office Action (“Final Act.”) mailed June 12, 2015; (3) the Appeal Brief (“Appeal Br.”) filed November 5, 2015; (4) the Examiner's Answer (“Ans.”) mailed April 4, 2016; and (5) the Reply Brief (“Reply Br.”) filed June 1, 2016.

plurality of available payment mechanisms which are available to the payment request initiator for a period of time, to electronically transfer funds using a network from at least one payment source to at least one payee account based on the optimization determination performed by the processor, the optimization determination yielding the payment mechanism to use to electronically transfer the funds using the network; and

the processor causing the transfer of the funds using the payment mechanism,

wherein the processor performing the optimization determination determines:

a score, using a scoring mechanism that provides the score, the score relating to the payment request initiator who submits the first information,

a level of risk associated with the payment request initiator, for the period of time, based on the score accorded to the payment request initiator,

an optimal delivery timeline for when to transfer the funds from the at least one payment source to the at least one payee account, the optimal delivery timeline comprising a number of days greater than one until payment must be made,

a transactional cost for at least one party associated with the payment request based at least in part on the optimal delivery timeline of the transfer of the funds from the at least one payment source to the at least one payee account using the network,

an affiliation of the at least one payment source with the at least one payee account associated with the payment request, and

the payment mechanism out of the plurality of available payment mechanisms, which are available to the payment request initiator for the period of time based on the affiliation of the at least one payment source with the at least one payee account associated with the payment request, and

wherein the optimization determination performed by the processor is performed so as to optimize the transactional cost such that the transactional cost is reduced for both the payment request initiator and the financial institution by using the optimal delivery timeline.

Appeal Br. 28–29.

REFERENCES

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

Kight et al. (“Kight”)	US 5,873,072	Feb. 16, 1999
Walker et al. (“Walker”)	US 6,018,718	Jan. 25, 2000
Foster	US 6,052,672	Apr. 18, 2000
Jones et al. (“Jones”)	US 6,363,164 B1	Mar. 26, 2002
Nielsen	US 2002/0052845 A1	May 2, 2002
Basch et al. (“Basch”)	US 6,658,393 B1	Dec. 2, 2003
Johnson et al. (“Johnson”)	US 6,999,943 B1	Feb. 14, 2006
Dilip et al. (“Dilip”)	US 7,321,875 B2	Jan. 22, 2008
Pinnell	US 7,398,253 B1	July 8, 2008

REJECTIONS

Claims 58–60 and 63–91 stand rejected under 35 U.S.C. § 101 as directed to non-patentable subject matter. Final Act. 5.

Claims 58–60, 63, 64, 70–73, 85, and 86 stand rejected under pre-AIA 35 U.S.C. § 103 (a) as being unpatentable over the combination of Kight and Nielsen. Final Act. 6–17.

Claim 65 stands rejected under pre-AIA 35 U.S.C. § 103 (a) as being unpatentable over the combination of Kight, Nielsen, and Foster. Final Act. 17–19.

Claims 66–69 and 74 stand rejected under pre-AIA 35 U.S.C. § 103 (a) as being unpatentable over the combination of Kight, Nielsen, and Johnson. Final Act. 19–25.

Claims 75, 77, 79, and 80 stand rejected under pre-AIA 35 U.S.C. § 103 (a) as being unpatentable over the combination of Johnson, Pinnell, and Nielsen. Final Act. 25–34.

Claim 76 stands rejected under pre-AIA 35 U.S.C. § 103 (a) as being unpatentable over the combination of Johnson, Pinnell, Nielsen, Jones, and Walker. Final Act. 34–36.

Claim 78 stands rejected under pre-AIA 35 U.S.C. § 103 (a) as being unpatentable over the combination of Johnson, Pinnell, Nielsen, and Basch. Final Act. 36–38.

Claims 81 and 82 stand rejected under pre-AIA 35 U.S.C. § 103 (a) as being unpatentable over the combination of Kight and Nielsen. Final Act. 38–46.

Claim 83 stands rejected under pre-AIA 35 U.S.C. § 103 (a) as being unpatentable over the combination of Kight and Nielsen. Final Act. 46–54.

Claim 84 stands rejected under pre-AIA 35 U.S.C. § 103 (a) as being unpatentable over the combination of Kight, Nielsen, and Johnson. Final Act. 55–56.

Claims 87 and 89–91 stand rejected under pre-AIA 35 U.S.C. § 103 (a) as being unpatentable over the combination of Johnson, Pinnell, and Nielsen. Final Act. 56–66.

Claim 88 stands rejected under pre-AIA 35 U.S.C. § 103 (a) as being unpatentable over the combination of Johnson, Pinnell, Nielsen, Basch, and Dilip. Final Act. 66–68.

ANALYSIS

Issue 1—Rejection of Claim 58 Under § 101

Issue: Whether the Examiner properly rejects the claims under 35 U.S.C. § 101 as being directed to non-patentable subject matter?

Appellants argue the claims as a group. *See* Appeal Br. 15. We select independent claim 58 as representative of Appellants’ arguments for claims 59, 60, and 63–91. 37 C.F.R. § 41.37(c)(1)(iv).

With respect to independent claim 58, the Examiner finds the claim is directed to a judicial exception, the abstract idea of “processing payments comparing new and old information, using categories and rules in order to identify options.” Final Act. 5. The Examiner also finds the claim does “not include additional elements that are sufficient to amount to significantly more than the judicial exception.” *Id.*

Appellants present several arguments against the § 101 rejection. We do not find Appellants’ arguments persuasive. Instead, we find the Examiner has provided a comprehensive response to Appellants’ arguments supported by a preponderance of the evidence. *See* Ans. 1–17. As such, we adopt the Examiner’s findings and explanations. Final Act. 4–5; Ans. 1–17.

Section 101 provides that “[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 provision, however, “contains an important implicit exception: Laws of nature, natural phenomena, and abstract ideas are not patentable.” *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2354 (2014) (quoting *Assoc. for Molecular Pathology v. Myriad Genetics, Inc.*, 133 S. Ct. 2107,

2116 (2013)). The “abstract ideas” category embodies the longstanding rule that an idea, by itself, is not patentable. *Id.* at 2355 (quoting *Gottschalk v. Benson*, 409 U.S. 63, 67 (1972)).

In *Alice*, the Supreme Court sets forth an analytical “framework for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts.” *Id.* (citing *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 77–78 (2012)). The first step in the analysis is to “determine whether the claims at issue are directed to one of those patent-ineligible concepts,” such as an abstract idea. *Id.* If the claims are directed to a patent-ineligible concept, the second step in the analysis is to consider the elements of the claims “individually and ‘as an ordered combination’ to determine whether [there are] additional elements [that] ‘transform the nature of the claim’ into a patent-eligible application.” *Id.* (quoting *Mayo*, 566 U.S. at 79, 78). In other words, the second step is to “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.* (alteration in original) (quoting *Mayo*, 566 U.S. at 73). The prohibition against patenting an abstract idea “‘cannot be circumvented by attempting to limit the use of the formula to a particular technological environment’ or adding ‘insignificant postsolution activity’.” *Bilski v. Kappos*, 561 U.S. 593, 610–11 (2010).

Here, turning to the first step of the *Alice* inquiry, we agree with the Examiner that Appellants’ claim 58 is directed to an abstract idea. The claim is directed to the abstract concept of determining an optimum payment mechanism that reduces a transactional cost for both the payment request

initiator and the financial institution such as by determining an optimal delivery timeline. For example, claim 58 recites a “system for managing payments requests” and the Specification describes the invention as “systems and methods for selectively performing payment and other transactions from a variety of sources and according to selectable criteria, while optimizing those transactions for benefits to an entity requesting the transaction an[d]/or an entity through which the transaction is processed.” Spec. 2:8–11. This concept of “payment mechanism optimization” is similar to other “fundamental economic concepts” found to be abstract ideas by the Supreme Court and our reviewing court. *See, e.g., Alice*, 134 S. Ct. at 2357 (intermediated settlement); *Bilski v. Kappos*, 561 U.S. at 611 (risk hedging); *OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1363 (Fed. Cir. 2015) (offer-based price optimization); *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 715 (Fed. Cir. 2014) (using advertising as an exchange or currency); *Content Extraction & Transmission LLC v. Wells Fargo Bank, Nat’l Ass’n*, 776 F.3d 1343, 1347 (Fed. Cir. 2014) (data collection); *Accenture Global Servs., GmbH v. Guidewire Software, Inc.*, 728 F.3d 1336, 1346 (Fed. Cir. 2013) (generating tasks in an insurance organization). Further, even if, as Appellants argue (Appeal Br. 14), the claim does not preempt all payment mechanism optimization or may be limited to payment optimization in the electronic commerce setting (Spec. 2:7), that does not make the claim any less abstract. *See buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350, 1355 (Fed. Cir. 2014) (collecting cases); *Accenture*, 728 F.3d at 1345.

Claim 58 recites “causing a transfer of” funds using a processor. Our reviewing court, however, has treated activities that could be performed by a human, e.g., mentally, using pen and paper, and/or manually, without the use

of a computer or any other machine, as essentially mental processes within the abstract-idea category. *See CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1372–73 (Fed. Cir. 2011); *see also Bancorp Services, L.L.C. v. Sun Life Assurance Co. of Canada (U.S.)*, 687 F.3d 1266, 1278 (Fed. Cir. 2012). Claim 58 is further directed toward “comparing new and [stored] information, [and] using categories and rules in order to identify options” for the funds transfer. Ans. 4 (citing 2014 Interim Guidance on Patent Subject Matter Eligibility, 79 Fed. Reg. 74618 (Dec. 16, 2014)). Merely *providing* the results of abstract processes of storing or analyzing information, however, without more, is abstract as an ancillary part of such storage or analysis. *See, e.g., Content Extraction*, 776 F.3d at 1347; *Ultramercial*, 772 F.3d at 715. Claim 58, therefore, is focused on the combination of the abstract-idea processes of storing data, analyzing the data according to rules, and performing an activity that could be performed by a human, i.e., causing the transfer of funds. The claim is, therefore, directed to an abstract idea.

Appellants contend the Examiner has “not ‘tie[d] the particularly-recited claim language to the purported abstract idea, and hence does not present a prima facie cases that the claims only recite an abstract idea.’” Reply Br. 4; *see also* Appeal Br. 11.

We are unpersuaded. Contrary to Appellants’ argument, the Examiner properly considered each of the claim elements of claim 58 in the first step of the *Alice* analysis. *See* Ans. 8–14. Accordingly, we agree with the Examiner that the claim “merely amount[s] to the application or instructions to apply the abstract idea.” Ans. 8.

We need not define the outer limits of “abstract idea,” or at this stage exclude the possibility that any particular inventive means are to be found somewhere in the claim, to conclude that the claim focuses on an abstract idea—and hence requires stage-two analysis under § 101 to determine if the claim falls within an exception.

With regard to the second step of the *Alice* inquiry, Appellants argue claim 58 recites significantly more than an abstract idea. *See* Reply Br. 2–5. We are unpersuaded. Appellants fail to persuasively indicate any specific limitations that are other than well-understood, routine, and conventional in the field. *See* Reply Br. 2–5. We find nothing in Appellants’ claim 58 that adds “significantly more,” sufficient to transform the abstract concept into a patent-eligible application. *Alice*, 134 S. Ct. at 2357. We agree with the Examiner that the claim does not “[a]dd[] a specific limitation other than what is well-understood, routine and conventional in the field, or add[] unconventional steps that confine the claim to a particular useful application.” Ans. 17 (quoting 79 Fed. Reg. 74618 (Dec. 16, 2014)). In fact, Appellants have merely implemented routine computer protocols to implement routine off-line activities that could have been performed by hand or mentally; namely, determining an optimum payment mechanism and transferring funds.

Appellants argue claim 58 recites improvements to a technical field because the claimed solution is “necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks.” *Id.* at 5 (citing *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1257 (Fed. Cir. 2014) (finding an inventive concept in the modification of the conventional mechanics behind website display to

produce a dual-source integrated hybrid display)). Appellants further argue that similar to *DDR Holdings*, “[t]hese claims are not an example of ‘implementing an abstract concept faster and more efficiently on a computer.’” *Id.* We disagree.

The solution offered by Appellants’ claim is not rooted in any new computer technology. Rather, payment optimization is not a “technological process” to be improved because such payment optimization could be made by a human using pen and paper. Appellants fail to provide persuasive evidence that claim 58 is not an example of “‘implementing an abstract concept faster and more efficiently on a computer.” *See* Reply Br. 5. Thus, “the fact that the required calculations could be performed more efficiently via a computer does not materially alter the patent eligibility of the claimed subject matter.” *Bancorp Servs., L.L.C.*, 687 F.3d at 1278. The solution Appellants offer is “an entrepreneurial, rather than a technological, one.” *DDR*, 773 F.3d at 1265 (Mayer, J., dissenting).

Appellants further argue the claim is not “simply ‘using a generic computer to do more efficiently what could be done otherwise by hand’” because “it is *not possible* for the steps of the claims to be performed without a computer.” Reply Br. 5.

We are not persuaded. Claim 58 does not require an arguably inventive device or technique for displaying information, unlike the claims at issue in *DDR Holdings*. Nothing in claim 58, understood in light of the Specification, requires anything other than an off-the-shelf computer technology for optimizing the payment mechanism and for electronically transferring the funds. Our reviewing court has repeatedly held that such invocations of computers and networks that are not even arguably inventive

are “insufficient to pass the test of an inventive concept in the application” of an abstract idea. *buySAFE, Inc.*, 765 F.3d at 1353; *see also, e.g., Intellectual Ventures I LLC v. Capital One Bank (USA)*, 792 F.3d 1363, 1370 (Fed. Cir. 2015). Moreover, “the inability for the human mind to perform each claim step does not alone confer patentability.” *FairWarning, IP, LLC v. Iatric Sys., Inc.*, 839 F.3d 1089, 1098 (Fed. Cir. 2016).

Viewed as a whole, claim 58 does not provide additional meaningful limitations sufficient to transform the claimed abstract idea into a patent eligible application of the abstract idea such that the claim amounts to significantly more than the abstract idea itself. Because claim 58 is directed to a patent-ineligible abstract concept and does not recite “significantly more” under the second prong of the *Alice* analysis, we sustain the Examiner’s rejection of this claim under 35 U.S.C. § 101 as being directed to non-patentable subject matter in light of *Alice* and its progeny. We also sustain the Examiner’s rejection under 35 U.S.C. § 101 of the remaining disputed claims, which are not argued separately.

Issue 2—Rejection of Claim 58 Under § 103(a)

Issue: Based on Appellants’ arguments, the dispositive issue presented on appeal for the rejection under 35 U.S.C. § 103(a) is whether the Examiner erred in finding Nielsen teaches or suggests “the processor performing the optimization determination determines: . . . an optimal delivery timeline for when to transfer the funds from the at least one payment source to the at least one payee account, the optimal delivery timeline comprising a number of days greater than one until payment must be made,” as recited in claim 58.

The Examiner finds Nielsen’s discussion of adjusting transaction charges for an ATM based on collected ATM usage information teaches or suggests “an optimal delivery timeline,” as claimed. Final Act. 12 (citing Nielsen ¶¶ 45–51). Specifically, the Examiner finds Nielsen is

directed toward a transaction system for fund transfer teaches explicitly that timing is factor incorporated in cost to the entities of the transaction based on the transaction system utilized for fund transfer. The prior art teaches a determination process for determining the optimal timeline to increase/adjusting charges for a fund transfer. Increasing/adjusting charges is an optimal function of fund transfer.

Final Act. 12.

Appellants argue “withdrawing money from an ATM at a particular time of day is irrelevant to the claimed invention” and “Nielsen is expressly contrary to the express wording of the claimed optimization process.” Appeal Br. 19. Appellants further argue “withdrawing money at an ATM is instantaneous, and Nielsen does not disclose an ‘optimal delivery timeline comprising a number of days greater than one until payment must be made.’” *Id.*

We find Appellants’ arguments persuasive. The Examiner does not demonstrate that Nielsen’s adjustable ATM fee teaches “an optimal delivery timeline for when to transfer the funds from the at least one payment source to the at least one payee account,” as claimed. *See* claim 58. As Appellants contend, a withdrawal of funds from an ATM occurs instantaneously upon demand and so does not teach a “delivery timeline comprising a number of days greater than one until payment must be made.” Appeal Br. 19 (emphasis omitted). In the Answer, the Examiner relies on analysis of certain events occurring at local facilities, such as a rodeo or golf

tournament, to teach the claimed optimal delivery timeline. *See* Ans. 22–23. These events, however, are used to determine whether to increase ATM fees rather than to determine the timing of the ATM withdrawals. *See* Nielsen ¶¶ 45–51. Because the Examiner’s analysis does not sufficiently explain how these events influence the timing of cash withdrawal, the Examiner has not demonstrated the cited portions of Nielsen teach determining an optimal delivery timeline for when to transfer the funds to the ATM customer.

Thus, the Examiner has not demonstrated how Nielsen’s discussion of adjusting transaction charges for an ATM teaches an optimal delivery timeline. The Examiner does not rely on Kight with respect to the disputed limitation of claim 58. *See* Final Act. 11; Ans. 22–25. Accordingly, on this record, the Examiner has not shown how Nielsen, alone or in combination with Kight, teaches or suggests determining “an optimal delivery timeline for when to transfer the funds from the at least one payment source to the at least one payee account,” within the meaning of claim 58. Because we agree with at least one of the dispositive arguments advanced by Appellants for claim 58, we need not reach the merits of Appellants’ other contentions.

Because we are persuaded of Examiner error, we do not sustain the Examiner’s 35 U.S.C. § 103(a) rejection of independent claim 58. We also do not sustain the rejection of independent claims 75, 81, 83, and 87, which are argued with claim 58 and recite limitations commensurate in scope to claim 58. We do not sustain the rejections of dependent claims 59, 60, 63–80, 82, 84–86, and 88–91 for similar reasons.

DECISION

We affirm the Examiner's rejection of claims 58–60 and 63–91 under 35 U.S.C. § 101.

We reverse the Examiner's decision rejecting claims 58–60 and 63–91 under 35 U.S.C. § 103(a).

Because we affirm at least one ground of rejection with respect to each claim on appeal, we affirm the Examiner's decision to reject all of the pending claims.

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