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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/811,093	03/26/2004	Steven Davis	12490002AA	9722
30743	7590	07/24/2018	EXAMINER	
W&C IP 11491 SUNSET HILLS ROAD SUITE 340 RESTON, VA 20190			ANDERSON, JOHN A	
			ART UNIT	PAPER NUMBER
			3692	
			MAIL DATE	DELIVERY MODE
			07/24/2018	PAPER

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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte STEVEN DAVIS,
MICHAEL DAVISON,
MARTIN KLAMEN,
JAMES DERIVAN,
BOBBY BALLARD,
STEPHEN WANGNER,
ROZ DEL LA ROSA, and
CHARANJIT SINGH

Appeal 2016-006172
Application 10/811,093¹
Technology Center 3600

Before HUBERT C. LORIN, ANTON W. FETTING, and
ROBERT J. SILVERMAN, Administrative Patent Judges.

LORIN, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Stephen Davis, et al. (Appellants) seek our review under 35 U.S.C. § 134(a) of the Final Rejection of claims 22, 24, and 26–29. We have jurisdiction under 35 U.S.C. § 6(b).

¹ The Appellants identify EFT Network, Inc. as the real party in interest. App. Br. 2.

SUMMARY OF DECISION

We AFFIRM.

THE INVENTION

Claim 27, reproduced below, is illustrative of the subject matter on appeal.

27. A remote check deposit method by which is deposited a plurality of checks including both a consumer check and a non-consumer check each comprising a Magnetic Ink Character Recognition (MICR) line, each MICR line having a format, without manual sorting of the non-consumer checks and the consumer checks prior to deposit, comprising:

scanning, into a single point of entry, the checks including the consumer check and the non-consumer check;

electronically depositing both the consumer check and the non-consumer check after the consumer check and the non-consumer check have been scanned into the single point of entry, provided that no manual sorting of consumer checks from non-consumer checks has been performed before deposit.

THE REJECTIONS

The Examiner relies upon the following as evidence of unpatentability:

Sanders	US 2003/0158811 A1	Aug. 21, 2003
Stoutenburg	US 2007/0029376 A1	Feb. 8, 2007

The following rejections are before us for review:

1. Claims 22, 24, and 26–29 are rejected under 35 U.S.C. § 101 as being directed to judicially-excepted subject matter.
2. Claims 22, 24, and 26–29 are rejected under 35 U.S.C. § 112, first paragraph, for failing to comply with the written description requirement.
3. Claims 22 and 26–29 are rejected under 35 U.S.C. § 102(e) as being anticipated by Sanders.
4. Claim 24 is rejected under 35 U.S.C. § 103(a) as being unpatentable over Sanders and Stoutenburg.

ISSUES

Did the Examiner err in rejecting claims 22, 24 and 26–29 under 35 U.S.C. §101 as being directed to non-statutory subject matter?²

Did the Examiner err in rejecting claims 22, 24, and 26–29 under 35 U.S.C. § 112, first paragraph, for failing to comply with the written description requirement?

Did the Examiner err in rejecting claims 22 and 26–29 under 35 U.S.C. §102(e) as being anticipated by Sanders?

Did the Examiner err in rejecting claim 24 under 35 U.S.C. § 103(a) as being unpatentable over Sanders and Stoutenburg?

² The Final Rejection presents a question of patent-eligibility under § 101 that does not appear to have been withdrawn. Final Rej. 2. The Answer presents the same question but with a different analysis, designated as a new ground of rejection. Ans. 2. Thus, there appears to be two outstanding questions of patent-eligibility under § 101. We will consolidate them and address them as one.

ANALYSIS

The rejection of claims 22, 24 and 26–29 under 35 U.S.C. § 101 as being directed to non-statutory subject matter.

The Appellants argued these claims mainly as a group. *See* App. Br. 13–15 and Reply Br. 1–5. We select claim 27 as the representative claim for this group, and the remaining claims 22, 24, 26, 28, and 29 stand or fall with claim 22. 37 C.F.R. § 41.37(c)(1)(iv). However, some of the Appellants’ statements directed to a specific claim, such as claim 22, will be addressed accordingly.

Alice Corp. Proprietary Ltd. v. CLS Bank International, 134 S. Ct. 2347 (2014) identifies a two-step framework for determining whether claimed subject matter is judicially-excepted from patent-eligibility under 35 U.S.C. § 101.

According to *Alice* step one, “[w]e must first determine whether the claims at issue are directed to a patent-ineligible concept,” such as an abstract idea. *Alice*, 134 S. Ct. at 2355.

In that regard, the Examiner determined that (a) “The claim(s) are directed to the abstract idea of transmitting information to conduct financial transactions. Processing a plurality of checks is a fundamental economic practice and thus, the claims include an abstract idea.” Final Rej. 2. And (b)

Claims 22, 24, 26-29 are directed to an abstract idea of sorting and transmitting information to conduct financial transactions.

The current implementation is based on . . . the series of steps of scanning checks, electronically depositing checks, format-analyzing MICR line, categorizing checks, forwarding and depositing the checks record.

Such functions relating to the economy and commerce form the basis of fundamental economic practices and thus directed to an abstract idea.

The steps of scanning checks, electronically depositing checks, format-analyzing MICR line, categorizing checks, forwarding and depositing the checks records describe manipulating of information by comparing and sorting the information based on a subscriber preference.

The step of formatting organizes the information into blocks to facilitate transmission. The step of categorizing checks describe the sorting of information based on a pre-described format. These steps describe the abstract idea of comparing and organizing information for transmission.

The reason why the limitations are considered an abstract idea is comparing and organizing information for transmission as described in the claim can be performed mentally. The steps are similar to the concepts and ideas that have been identified as abstract by the courts. The idea of using categories to organize and store information for transmission was considered to be abstract in *Cyberfone* and the Idea of comparing new and stored information and using rules to identify options was considered to be abstract in *SmartGene*.

Ans. 2–3.

The Appellants challenge the Examiner’s determination that the claimed subject matter is directed to an abstract idea. But the arguments are not commensurate in scope with what is claimed.

The Appellants argue that “[t]he invention uses an entirely different machine and entirely different method steps unlike prior art machine-based technology.” App. Br. 13. “The appealed claims improve upon IBM 3890 Technology. The appealed invention uses a very different machine compared to the IBM 3890 machine.” App. Br. 13.

However, the claims are not directed to machines but instead to methods. And the claimed methods recite no particular machine. Claim 27, the sole independent claim, covers using any machine(s) that can scan at a single entry point and make electronic deposits. A computer, for instance, is not required to practice the method of claim 27.

We note the Appellants' statement that "[t]he Examiner's refusal to recognize statutory subject matter for methods in which a scanner is used is not legally cognizable." Reply Br. 5 (section "3E"). This statement appears to refer to dependent claims 28 and 29 which further limit the machine the method of claim 27 uses for scanning at a single entry point to a "scanner." But there is no question that the claimed subject is statutory. The question is whether the claimed subject matter is judicially-excepted from patent-eligibility for being directed to an abstract idea without including an element or combination of elements that sufficient to ensure that the claimed method in practice amounts to significantly more than to be upon the abstract idea itself. Recitation of a "scanner" does not necessarily render claimed subject matter patent-eligible. That is especially so here where the intrinsic evidence supports the view that that the "scanner" covers well known and conventional image capturing devices. *See Spec.*, para. 33. *See also Fidelity Nat'l Info. Servs., Inc. v. DataTreasury Corp.*, 2015 WL 1967327 ((Patent Tr. & App. Bd. 2015), *aff'd*, 2016 WL 5939431 (Mem.) (Fed. Cir. 2016) (Notwithstanding claim 2 of US 6,032,137 recites a "scanner," it was held patent-ineligible). Also *cf. In re TLI Commc'ns LLC Patent Litig.*, 823 F.3d 607 (Fed. Cir. 2016) (Claims reciting a telephone were held patent-ineligible.).

The Appellants also direct our attention to claim 22 which adds a step of “format-analyzing, by a processor” before the step (in claim 27) whereby a check is electronically deposited; that is,

format-analyzing, by a processor, the format of [a] MICR line [on a check], and categorizing the check as a consumer check or a non-consumer check based on position of data on the MICR line, wherein the categorizing is performed by a processor; and

wherein the format-analyzing of the MICR line comprises analyzing for whether the MICR line format (1) has check number located at far left followed by ABA number and account number; or (2) has ABA number located at far left followed by account number and check number[... .]

Claim 22.

The Appellants argue that “[e]ven more non-abstractly, Claim 22 calls out how the computer sorts based on MICR line format.” App. Br. 13.

The present inventors' innovation in which they were the first to focus on MICR line format, has led to technological switch from one category of machines (the massive check-processing machines into which trays are fed) to an entirely different category of machines (scanner machines which can be physically quite small and operable by a desktop personal computer ("PC")). That a simple scanner can be a single point of entry to accomplish remote deposit of both consumer and non-consumer paper checks is an elegant inventive concept, especially considering that sets of \$1 million machines are not useable to do so.

App. Br. 13–14.

But, here again, the argument is not commensurate in scope with what is claimed. Claim 22 does not preclude using prior “massive check-processing machines into which trays are fed”. Claim 22 is not limited to using a “simple scanner.” Rather, as claimed, the method covers any processor capable of analyzing the informational content in an MICR line as

either ABC or BCA, where A = check number, B = ABA number, and C = account number. According to the claim, a check is categorized as a consumer check or a non-consumer check based on whether it is one or the other. Any processor that can analyze strings of information and make a categorization based on differences in the arrangement of the information (e.g., ABC v. BCA) would meet the claimed processor. This covers not just a “simple scanner” but prior “massive check-processing machines into which trays are fed” as well.

The Appellants argue that “[t]he Examiner has erred in not admitting that the claims are directed to an improvement over existing IBM 3890 deposit technology.” App. Br. 14. But the claims make no mention of a deposit technology, let alone an improvement over existing IBM 3890 deposit technology.

Numerous additional points the Appellants make are not commensurate in scope with what is claimed, *inter alia*,

- “[1A.] the claims are directed to a tangible replacement for IBM check-sorting machines (into which large quantities of PAPER checks are feedable but which cannot handle all-size paper checks). The Examiner's Answer overlooks to mention that in the invention, information does NOT originate in electronic form, but rather, occupies paper form on different-sized pieces of paper. Such paper size heterogeneity would defeat an IBM check-sorting machine.”
- “[1B.]...the physicality of scanning paper checks of different sizes but still in a batch (before electronically depositing them) must be acknowledged.”
- “[1C.] FORMAT-analyzing of a MICR line that is performed on a batch of different-sized paper checks that have been scanned into a single point of entry”

- “[2B.] Examiner's Answer overlooks that neither *Cyberfone* nor *SmartGene* relate to heterogeneous paper input into a machine.”

Reply. Br. 1–3.

“Many of appellant’s arguments fail from the outset because, . . . they are not based on limitations appearing in the claims” *In re Self*, 671 F.2d 1344, 1348 (CCPA 1982). Many of the arguments challenging the step one determination are tangled up with assertions about an inventive improvement the claims do not currently reflect. This has made it difficult to ascertain what precisely the Appellants see is the difficulty with the Examiner’s position.

The Appellants also make statements, in the guise of arguments, that are not an accurate reflection of the record. At subsection 3 of the Reply Brief, the Appellants state that “[t]he Examiner's Answer (pp. 3-4) misapplies *Alice Corp ...* .” It is plainly evident that that is not the case. Rather the Examiner applied the framework exactly as set forth in *Alice* (*see* Ans. 3: “As per two-part analysis from *Alice Corp ...* .”). The Appellants explain in 3A.–3E. how the claims should be analyzed via the *Alice* framework. To do this, the Appellants use *Ex parte Krampe*, Appeal 2013-010784 (March 31, 2016) as their guide. Notwithstanding *Krampe* is not precedential to the Board, we nevertheless have no issue with how the framework was applied in that case. The problem here is, again, that the Appellants are not focusing on what is claimed. At 3D. the Appellants state that

[i]n the instant case, the remote-deposit method of claim 27 is tied to a particular device, namely, “a single point of entry” device into which multiple-sized paper checks enter. In claim 22, the particular device is

“an image capturing device”. In claims 28 and 29, the particular device is “a scanner”, namely, “the single point of entry is a scanner.” But the “single point of entry” of claim 27 is not required to be able to permit entry of multiple-sized paper checks. And the Appellants do not explain why “an image capturing device” and a “scanner,” which are indisputably well known and conventional, add anything of significance. *Cf. buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350, 1355 (Fed. Cir. 2014) (stating “[t]hat a computer receives and sends the information over a network—with no further specification—is not even arguably inventive”).

“[T]he name of the game is the claim.” *In re Hiniker Co.*, 150 F.3d 1362, 1369 (Fed. Cir. 1998). *See also In re Warmerdam*, 33 F.3d 1354, 1360 (Fed. Cir. 1994) (“The problem with Warmerdam's argument is that the claims here do not have that effect. It is the claims which define the metes and bounds of the invention entitled to the protection of the patent system.”) “The § 101 inquiry must focus on the language of the Asserted Claims themselves.” *Synopsys, Inc. v. Mentor Graphics Corp.*, 839 F.3d 1138, 1149 (Fed. Cir. 2016). *See Accenture Glob. Servs., GmbH v. Guidewire Software, Inc.*, 728 F.3d 1336, 1345 (Fed. Cir. 2013) (admonishing that “the important inquiry for a § 101 analysis is to look to the claim”); *see also Content Extraction & Transmission LLC v. Wells Fargo Bank, Nat'l Ass'n*, 776 F.3d 1343, 1346 (Fed. Cir. 2014) (“We focus here on whether the claims of the asserted patents fall within the excluded category of abstract ideas.”).

Given the broad scope of the subject matter the claims now cover and that the Appellants’ focus is on subject matter the claims are not limited to, we find the Appellants’ arguments unpersuasive as to error in the

Examiner’s step one determination. We make no comment on the patent-eligibility of claims were they to reflect the argued-over inventive improvement. As they now stand, the claims do not provide the necessary detail. *Cf. Credit Acceptance Corp. v. Westlake Servs., LLC*, 859 F.3d 1044, 1057 (Fed. Cir. 2017):

Significantly, the claims do not provide details as to any non-conventional software for enhancing the financing process. *See Intellectual Ventures I LLC v. Capital One Fin. Corp.*, 850 F.3d 1332, 1342 (Fed. Cir. 2017) (explaining that “[o]ur law demands more” than claim language that “provides only a result-oriented solution, with insufficient detail for how a computer accomplishes it”); *Elec. Power Grp.*, 830 F.3d at 1354 [*Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1354 (Fed. Cir. 2016)]; (explaining that claims are directed to an abstract idea where they do not recite “any particular assertedly inventive technology for performing [conventional] functions”).

Step two is “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*, 134 S. Ct. at 2355 (*quoting Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 US 66, 73 (2012)).

In that regard, the Examiner determined that

[t]he claims do not include limitations that are “significantly more” than the abstract idea because the claims do not include an improvement to another technology or technical field, an improvement to the functioning of the computer itself, or meaningful limitations beyond generally linking the use of an abstract idea to a particular technological environment. Note that the limitations, in the instant claims, are done by the generically recited scanner and processor. The limitations are merely instructions to implement the abstract idea on a scanner and require no more than generic functions that are well-understood, routine and conventional activities previously known to the industry. The additional element(s) or

combination of elements in the claim(s) other than the abstract idea per se amount(s) to no more than: (i) mere instructions to implement the idea on a computer, and/or (ii) recitation of generic computer structure that serves to perform generic computer functions that are well-understood, routine, and conventional activities previously known to the pertinent industry.

Viewed as a whole, these additional claim element(s) do not provide meaningful limitation(s) to transform the abstract idea into a patent eligible application of the abstract idea such that the claim(s) amounts to significantly more than the abstract idea itself.

Final Rej. 2–3.

Here, too, the Appellants' focus strays from what is claimed. The Appellants argue that

the Examiner's assumptions about scanner-usage being somehow well-understood, routine and conventional are inapposite in paper check-deposit technology. What was being used by the industry for paper check-deposit technology was only machinery of the IBM 3890 variety- specially constructed and configured (unlike a mere "scanner") to handle the magnetic aspect of the MICR line, and determines, inter alia, whether magnetic ink is present - magnetic ink being a distinction between an actual original paper check or a suspect item such as an item constructed from a photocopy of an original paper check.

App. Br. 14–15 (emphasis added). But the claim 27 method, for example, does not recite scanning the MICR code. While the checks have an MICR code, the claim 27 scanning step requires simply “scanning, into a single point of entry, the checks including the consumer check and the non-consumer check.” The magnetic aspect of the MICR line plays no role in the step of the method as claimed. Even claim 22, where the MICR line does play a role, the format-analyzing step analyzes whether the information contained therein is arranged as ABC or BCA. There is nothing in the claim

about “determin[ing] ... whether magnetic ink is present - magnetic ink being a distinction between an actual original paper check or a suspect item such as an item constructed from a photocopy of an original paper check” (App. Br. 14–15).

Given the scope of the subject matter the claims now cover and because the Appellants’ focus is on subject matter the claims are not directed to, the Appellants’ arguments are unpersuasive as to error in the Examiner’s step two determination.

As we stated, we make no comment on the patent-eligibility of claims were they to reflect the argued-over inventive improvement.

The rejection is sustained.

The rejection of claims 22, 24, and 26–29 under 35 U.S.C. § 112, first paragraph, for failing to comply with the written description requirement.

We reverse this rejection for the reasons stated in the Reply Brief.

According to the Examiner, “[t]he claim [claim 27] recites “without manual sorting” in the preamble and the limitation “no manual sorting of consumer checks” and is considered new matter. The specification does not specifically recite “without manual sorting” nor the limitation “no manual sorting”. This limitation is not supported in the specification.” Ans. 6.

The Appellant argues that

[t]he Examiner's Answer (p.4) purports to require, incorrectly, that a phrase in the claim appear in the specification verbatim. The claim language is not required to appear, verbatim, in the specification, and for Claim 27 the written description requirement indeed is satisfied. *See, e.g.*, the title on page 1 of the Specification, all of page 1, and also paragraph [0027] at the sentence bridging pages 8-9.

Reply Br. 6.

The Examiner states that

The paragraphs (0027 and 0058) of the specification disclose “eliminating the need for the creditor to manually sort the non-consumer and consumer checks” and “The computers first digitize the checks and then sort the digital check records. Thus, the present system automates a previously time consuming activity: manual sorting of checks and the subsequent deposit of checks”.

However, the specification does not disclose “a remote check deposit method by which is deposited a plurality of checks, without manual sorting of the non-consumer checks and the consumer checks” and “no manual sorting of consumer checks”.

Ans. 6.

We disagree. We do not see a significant difference between “without manual sorting” (claim 27) and “eliminating the need for the creditor 104 to manually sort” (Spec. para. 27). In our view, the Specification provides an equivalent description of what is now claimed. “... [T]he specification must contain an equivalent description of the claimed subject matter.” *Lockwood v. Am. Airlines, Inc.*, 107 F.3d 1565, 1572 (Fed. Cir. 1997). “[T]he prior application need not describe the claimed subject matter in exactly the same terms as used in the claims” *Eiselstein v. Frank*, 52 F.3d 1035, 1038 (Fed. Cir. 1995).

The rejection is not sustained.

The rejection of claims 22 and 26–29 under 35 U.S.C. § 102(e) as being anticipated by Sanders.

We reverse this rejection for the reason stated in the Appeal Brief, namely, “The Final Rejection cites Sanders' paragraphs [0298], [0339] and

[0348]. No part of Sanders teaches remote deposit ‘without manual sorting of the non-consumer checks from consumer checks prior to deposit’. Claim 27 is differentiated from Sanders for at least this reason.” App. Br. 15 (internal footnotes omitted).

The Examiner responds, *inter alia*, that

Sanders discloses an automated clearing house (ACH) network used for electronic payments including electronic payments. ACH operators such as Federal Reserve, Visa and Master Card stores and sort the payments electronically. The ACH system does not perform individual wire transfer, [0007]. Therefore, the limitation “without manual” sorting is disclosed by Sanders. The electronic sorting of checks by Sanders is the same as “without manual sorting” in the claimed limitation.

Ans. 11.

But the question is not whether Sanders expressly or inherently describes electronically sorting checks as an alternative to manual sorting but whether Sanders expressly or inherently describes electronically depositing scanned checks “provided that no manual sorting of consumer checks from non-consumer checks has been performed before deposit.”

Claim 27. As a matter of fact, we do not see in the cited passages of Sanders any mention of consumer versus non-consumer checks. It is possible that Sanders covers what is claimed, but “[i]nherency, however, may not be established by probabilities or possibilities. The mere fact that a certain thing may result from a given set of circumstances is not sufficient.”

Hansgirg v. Kemmer, 102 F.2d 212, 214 (CCPA 1939), *quoted in Cont'l Can Co. USA v. Monsanto Co.*, 948 F.2d 1264, 1269 (Fed. Cir. 1991).

The rejection is not sustained.

The rejection of claim 24 under 35 U.S.C. § 103(a) as being unpatentable over Sanders and Stoutenburg.

This rejection is also not sustained. The rejection is premised on the finding that the subject matter of claim 27, from which claim 24 depends, reads on Sanders. Since the evidence does not support that finding, a prima facie case of obviousness has also not been made out for the subject matter of claim 24.

CONCLUSIONS

The rejection of claims 22, 24, and 26–29 under 35 U.S.C. § 101 as being directed to non-statutory subject matter is affirmed.

The rejection of claims 22, 24, and 26–29 under 35 U.S.C. § 112, first paragraph, for failing to comply with the written description requirement is reversed.

The rejection of claims 22 and 26–29 under 35 U.S.C. § 102(e) as being anticipated by Sanders is reversed.

The rejection of claim 24 under 35 U.S.C. § 103(a) as being unpatentable over Sanders and Stoutenburg is reversed.

DECISION

The decision of the Examiner to reject claims 22, 24, and 26–29 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)(1)(iv).

AFFIRMED