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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* JOHN EARL SHIREY and TONYA LIN CARROLL

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Appeal 2016-006328  
Application 13/271,122  
Technology Center 3600

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Before MURRIEL E. CRAWFORD, NINA L. MEDLOCK, and  
PHILIP J. HOFFMANN, *Administrative Patent Judges*.

HOFFMANN, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Pursuant to 35 U.S.C. § 134(a), Appellants<sup>1</sup> appeal from the Examiner's rejection of claims 21–40. We have jurisdiction under 35 U.S.C. § 6(b). Appellants appeared for an oral hearing on January 30, 2018.

We AFFIRM.

According to Appellants, “the invention relates to a system and apparatus for transaction fraud processing that allows different fraud rules for each of a plurality of merchants to be modified from a central location.”

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<sup>1</sup> According to Appellants, the real party in interest is Paymentech, LP. Appeal Br. 3.

Spec. ¶ 1. Claims 21, 28, and 36 are the only independent claims on appeal.

Below, we reproduce claim 21 as illustrative of the appealed claims.

21. A method for processing transaction data comprising:

electronically receiving order information fraud processing data from a plurality of merchants at a fraud scoring system and merchant fraud scoring customization data from at least one of the plurality of merchants;

electronically transmitting transaction data from one of the plurality of merchants to the fraud scoring system using electronic data transmitting equipment; and

generating fraud score data with a processor at the fraud scoring system by determining whether the merchant fraud scoring customization data should be applied to the transaction data processing the transaction data with the order information fraud processing data.

#### REJECTION

The Examiner rejects claims 21–40 under 35 U.S.C. § 101 as reciting patent-ineligible subject matter.

#### ANALYSIS

Under 35 U.S.C. § 101, 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 an implicit exception: “[l]aws of nature, natural phenomena, and abstract ideas” are not eligible for patenting. *See, e.g., Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2354 (2014).

The Supreme Court, in *Alice*, reiterated the two-step framework previously set forth in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. 66 (2012), “for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts.” *Alice Corp.*, 134 S. Ct. at 2355. The first step in that analysis is to “determine whether the claims at issue are directed to one of those patent-ineligible concepts.” *Id.* If the claims are not directed to a patent-ineligible concept, e.g., an abstract idea, the inquiry ends. Otherwise, the inquiry proceeds to the second step, where the elements of the claims are considered “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.” *Alice Corp.*, 134 S. Ct. at 2355 (quoting *Mayo*, 566 U.S. at 79, 78).

The Court acknowledged, in *Mayo*, 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. We, therefore, look to whether the claims focus on a specific means or method that improves the relevant technology, or are directed to a result or effect that itself is the abstract idea, and merely invoke generic processes and machinery. *See Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1336 (Fed. Cir. 2016).

With respect to the Examiner’s rejection of the claims under 35 U.S.C. § 101, the Examiner determines that

[a]ll the steps of the claims collectively correspond to processing (financial) transaction data[,] which is considered to be an abstract idea[,] inasmuch as such activity involves collecting information, processing the information and generating an outcome[,] and transmitting an outcome, which can be entirely

performed by a human using pen and a paper . . . and using . . .  
mathematical relationships/formulas . . . .

Answer 6 (citations omitted); *see also id.* at 3–6. The Examiner also determines that the claims fail to recite additional elements that transform the claims into a patent-eligible application (*see id.* at 6–8), stating that the claims recite

nothing more than the instruction to implement the abstract idea (e.g.,) processing financial transaction data) by appending extra-solution activities (e.g.,) receiving and transmitting data), which do not contribute meaningfully to the invention [but instead] add[] limitations implemented on a computer [which] are well-understood, routine[,], and conventional activity at a high level of generality (e.g.,) generating fraud score data with a processor at the fraud scoring system) to the abstract idea.

*Id.* at 8.

Based on our review, we are not persuaded of error by any of Appellants’ arguments. *See* Appeal Br. 7–15. Thus, we sustain the § 101 rejection of claims 21–40.

Under their heading regarding the Examiner’s alleged “fail[ure] to present a prima facie basis for the rejection” (Appeal Br. 7) (emphasis omitted), Appellants argue that the rejection is in error because the Examiner “has not relied on any evidence in support of the rejection” (*id.*). Appellants further argue that “the fact that no prior art rejections were applied to the claims shows that the claimed inventions are not directed to an abstract idea itself, as the prior art would otherwise anticipate the claims or render them obvious if that were the case.” *Id.*

We are not persuaded by Appellants’ argument, inasmuch as there is no requirement that the Examiner must provide evidentiary support in every case before a conclusion can be made that a claim is directed to an abstract

idea. Although evidence may be helpful, e.g., where facts are in dispute, it is not always needed. *See* USPTO’s June 25, 2014 “Preliminary Examination Instructions in view of the Supreme Court Decision in *Alice Corporation Pty. Ltd. v. CLS Bank International, et al.*”; *see also, e.g.*, para. IV “July 2015 Update: Subject Matter Eligibility” to 2014 Interim Guidance on Subject Matter Eligibility (2014 IEG), 79 Fed. Reg. 74618 (Dec. 16, 2014) (“The courts consider the determination of whether a claim is eligible (which involves identifying whether an exception such as an abstract idea is being claimed) to be a *question of law*. Accordingly, courts do not rely on evidence that a claimed concept is a judicial exception, and in most cases resolve the ultimate legal conclusion on eligibility without making any factual findings.” (emphasis added) (footnote omitted)).

Further, a finding of novelty or non-obviousness does not require the conclusion that the claimed subject matter is patent-eligible. Although the second step in the *Mayo/Alice* framework is termed a search for an “inventive concept,” the analysis is not an evaluation of novelty or nonobviousness, but, rather, is a search for “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.*, 134 S. Ct. at 2355. “Groundbreaking, innovative, or even brilliant discovery does not by itself satisfy the § 101 inquiry.” *Ass’n. for Molecular Pathology v. Myriad Genetics, Inc.*, 569 U.S. 576, 591 (2013). A novel and non-obvious claim directed to a purely abstract idea is, nonetheless, patent-ineligible. *See Mayo*, 566 U.S. at 90. *See also Diamond v. Diehr*, 450 U.S. 175, 188–89 (1981) (“The ‘novelty’ of any element or steps in a process, or even of the process itself, is of no relevance in determining

whether the subject matter of a claim falls within the § 101 categories of possibly patentable subject matter.”).

Appellants argue that the rejection is in error because the Examiner “seeks to present the claimed invention in what appear to be mental steps,” although the claim recites electronically receiving data, electronically using electronic data, and generating data with a processor, which (indeed) are “not . . . mental steps.” Appeal Br. 8. We are not persuaded of error, however, because Appellants do not establish that the claims amount to anything other than implementing mental steps on a generic computer that is used in a usual, conventional way. *See* Answer 6, 8; *see Alice Corp.* 134 S. Ct. at 2358. The relevant question is whether Appellants’ claims do more than simply instruct the practitioner to implement the abstract idea on a generic computer. *See Alice Corp.* 134 S. Ct. at 2359. We agree with the Examiner that they do not. *See, e.g.,* Answer 6, 8.

Appellants further argue that the Examiner erroneously determines that the claimed “identifying fraudulent transactions by using merchant fraud scoring customization data is [directed to the abstract idea of] a fundamental economic practice.” Appeal Br. 10; *see also id.* at 8–10. This argument is not persuasive, however, inasmuch as the Examiner does not determine that the claims are directed to a fundamental economic practice, but instead determines that the claims are directed to transmission of data, mental steps, and steps that can be performed by a human with pen and paper. *See, e.g.,* Answer 4.

Under their heading arguing that “[t]he claims are directed to patentable subject matter” (Appeal Br. 11) (emphasis omitted), Appellants appear to argue that the claims recite additional elements that transform the

claim into a patent-eligible application. We are not persuaded by any of Appellants' arguments, however.

Specifically, Appellants argue that

[w]hen considered *as a whole*, the claims contain additional limitations that are not “well understood, routine, and conventional in the field,” and thus provide an inventive concept. For example, claim 1 includes the inventive concept of merchant fraud scoring customization data. Indeed, the [Examiner] admits that this limitation is novel and non-obvious, as no prior art rejections have been asserted against the claims. Surely, if the claims were abstract and failed to provide more than a fundamental building block, it would be a simple matter to find some prior art to reject the claims under 35 [U.S.C. § 102].

Appeal Br. 11. As we discuss above, however, although the second step in the *Mayo/Alice* framework is termed a search for an “inventive concept,” the analysis is not an evaluation of novelty or nonobviousness, but, rather, a search for “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.*, 134 S. Ct. at 2355. Appellants' argument does not persuade us that the claims recite significantly more than the abstract concepts we discuss above.

Appellants argue that the rejection is in error because the claims “do not ‘monopolize’ or ‘preempt’ other practical applications of [the claimed] concept.” Appeal Br. 11; *see also id.* at 11–13. This argument is not persuasive, however. There is no dispute that the Supreme Court has described “the concern that drives [the exclusion of abstract ideas from patent eligible subject matter] as one of pre-emption.” *Alice Corp.*, 134 S. Ct. at 2354. But, characterizing pre-emption as a driving concern for patent eligibility is not the same as characterizing pre-emption as the sole test for

patent eligibility. “The Supreme Court has made clear that the principle of preemption is the basis for the judicial exceptions to patentability” and “[f]or this reason, questions on preemption are inherent in and resolved by the § 101 analysis.” *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015) (citing *Alice Corp.*, 134 S. Ct. at 2354).

“[P]reemption may signal patent ineligible subject matter, [but] the absence of complete preemption does not demonstrate patent eligibility.” *Id.*

Appellants argue that the rejection is in error because “MPEP [§] 2106(III), which is incorporated into the Interim Guidance, requires the Office to demonstrate that the claims have ‘no practical application.’ The Office has not provided any evidence or explanation in support of this requirement.” Appeal Br. 14. We are not persuaded by Appellants’ argument, however. To the extent that Appellants believe the Examiner has failed to follow Patent Office procedure, Appellants’ filing of a petition to the Director may be or may have been the appropriate action.

Finally, Appellants argue that the rejection is in error because “[t]he Office also relies on *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366 (Fed. Cir. 2011) in support of its decision, but that case is distinguishable on both facts and law” from Appellants’ claims. Appeal Br. 14–15. Be that as it may, our discussion does not rely on *CyberSource Corp.*, and, therefore, the Examiner’s statements regarding *CyberSource Corp.* do not require reversal of the rejection.

## DECISION

We AFFIRM the Examiner’s rejection of claims 21–40 under 35 U.S.C. § 101 as reciting patent-ineligible subject matter.

Appeal 2016-006328  
Application 13/271,122

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