



UNITED STATES PATENT AND TRADEMARK OFFICE

UNITED STATES DEPARTMENT OF COMMERCE  
United States Patent and Trademark Office  
Address: COMMISSIONER FOR PATENTS  
P.O. Box 1450  
Alexandria, Virginia 22313-1450  
www.uspto.gov

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
13/825,115	03/19/2013	Patrick Mestré	37537.0012U1-	9812
126944	7590	12/29/2017	EXAMINER	
MasterCard c/o Ballard Spahr LLP 999 Peachtree Street, Suite 1000 Atlanta, GA 30309			HAYLES, ASHFORD S	
			ART UNIT	PAPER NUMBER
			3687	
			NOTIFICATION DATE	DELIVERY MODE
			12/29/2017	ELECTRONIC

**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

Notice of the Office communication was sent electronically on above-indicated "Notification Date" to the following e-mail address(es):

uspatentmail@ballardspahr.com

UNITED STATES PATENT AND TRADEMARK OFFICE

---

BEFORE THE PATENT TRIAL AND APPEAL BOARD

---

*Ex parte* PATRICK MESTRE, CRISTIAN RADU, DAVID A. ROBERTS,  
and EDWARD L.H. VAN DE VELDE

---

Appeal 2016-006457  
Application 13/825,115<sup>1</sup>  
Technology Center 3600

---

Before ANTON W. FETTING, JOSEPH A. FISCHETTI, and  
BIBHU R. MOHANTY, *Administrative Patent Judges*.

FISCHETTI, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Appellants seek our review under 35 U.S.C. § 134 of the Examiner's final rejection of claims 1–25. We have jurisdiction under 35 U.S.C. § 6(b).

SUMMARY OF DECISION

We AFFIRM.

---

<sup>1</sup> Appellants identify MasterCard International Incorporated as the real party in interest. Br. 2.

## THE INVENTION

Appellants' claims relate generally to a system and method for performing financial transactions with a payment device such as a payment card. (Spec. 1).

Claim 1 reproduced below, is representative of the subject matter on appeal.

1. A method of managing a payment device in a financial transaction between an issuer node and a payment device via a terminal across a payment network, update information of the financial transaction routed through the payment network to the payment device, each financial transaction being routed at an application layer from the issuer node to the terminal, and components of the financial transaction being transferred from the terminal to the payment device, the payment device being issued by an issuer or an agent of the issuer, at least a first component of the financial transaction being delivery of the update information and being transferred by the terminal to the payment device, the at least one first component of the financial transaction requiring at least one operation of recording the update information in a non-volatile memory on the payment device conditional on at least a second component of the financial transaction, the second component including an outcome requested by the issuer or the agent of the issuer, said method comprising:

on receiving the update information, provisionally storing the update information in a volatile memory of the payment device without losing prior values corresponding to the update information; and

on receiving the at least one second component, applying the update information to the non-volatile memory on the payment device only if the payment device has issued a confirmation that the financial transaction has been completed in accordance with the outcome requested by the issuer or the agent.

### THE REJECTION

The Examiner relies upon the following as evidence of unpatentability:

Binder et al.	US 2004/0230535 A1	Nov. 18, 2004 ("Binder")
Aabye et al.	US 2009/0265260 A1	Oct. 22, 2009 ("Aabye '260")
Aabye et al.	US 2010/0211504 A1	Aug. 19, 2010 ("Aabye '504")
Masaryk et al.	US 2011/0042456 A1	Feb. 24, 2011 ("Masaryk")

The following rejections are before us for review.

Claims 1–25 are rejected under 35 U.S.C. § 101.

Claims 1–9, 12–21, 24, and 25 are rejected under 35 U.S.C. § 103.

Claims 10, 11, 22, and 23 are rejected under 35 U.S.C. § 103.

### ANALYSIS

#### 35 U.S.C. § 101 REJECTION

We will sustain the rejection of claims 1–25 under 35 U.S.C. § 101.

Representative independent claim 1 recites, in pertinent part,

on receiving the update information, provisionally storing the update information . . . without losing prior values corresponding to the update information; and

on receiving the at least one second component, applying the update information . . . only if the payment device has issued a confirmation that the financial transaction has been completed in accordance with the outcome requested by the issuer or the agent.

Br. 19.

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 Int’l*, 134 S. Ct. 2347, 2355 (2014) (citing *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 72–73 (2012)).

To perform this test, we must first determine whether the claims at issue are directed to a patent-ineligible concept.

Although the Court in *Alice* made a direct finding 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 steps in claim 1 result in, “on receiving at least one second component, applying the update information only if the payment device has issued a confirmation that the financial transaction has been completed in accordance with the outcome requested by the issuer or the agent.” The Specification recites a financial transaction environment: “an embodiment the present invention provides a method of managing a payment device in a

financial transaction between an issuer node and a payment device via a terminal across a payment network, update information of the financial transaction routed through the payment network to the payment device... .”

Specification 5: ll. 4–7. The Specification further states, “the present invention relates to networks in which update information of a financial transaction routed through the payment network to a payment device.”

Specification 16: ll. 9–11. “ISSUER UPDATES contains [sic] new values of accumulators, counters and limits.” Specification 32, ll. 1–2. The Specification further states: “Preferably the update is applied only if: a) the payment device has been successfully authenticated in accordance with an authentication process, and b) the payment device has issued a message that the transaction is complete.” Specification 11: ll. 5–8. The Specification describes “updates” in the context, “[t]he transaction card 100 updates the current value of the monetary amount of the pre-authorized balance field on the transaction card 100.” Specification 25: ll. 4–5.

Thus, all this evidence shows that claim 1 is directed to providing update information of a financial transaction to a payment device and applying the updated financial transaction information only if: a) the payment device has been successfully authenticated in accordance with an authentication process, and b) the payment device has issued a message that the transaction is complete. It follows from prior Supreme Court cases, and *Gottschalk v. Benson*, 409 U.S. 63 (1972) in particular, that the claims at issue here are directed to an abstract idea. Applying update payment information, e.g., limit increases, used in a transaction is a fundamental economic practice because purchasing power should be based on use and not speculation. The patent-ineligible end of the 35 U.S.C. § 101 spectrum

includes fundamental economic practices. *See Alice*, 134 S. Ct. at 2355–1257. Also, we find the steps of determining if authentication has been successful and messaging that a transaction is complete, constitute “analyzing information by steps people go through in their minds, or by mathematical algorithms, without more, as essentially mental processes within the abstract-idea category.” *Electric Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1354 (Fed. Cir. 2016). *See also buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350 (Fed. Cir. 2014) (claims directed to certain arrangements involving contractual relations are directed to abstract ideas). Thus, applying update payment information, e.g., limit increases, used in a transaction is an “abstract idea” beyond the scope of § 101.

As in *Alice*, we need not labor to delimit the precise contours of the “abstract ideas” category in this case. It is enough to recognize that there is no meaningful distinction in the level of abstraction between the concept of an intermediated settlement in *Alice* and the concept of applying update payment information, e.g., limit increases, used in a transaction, at issue here. Both are squarely within the realm of “abstract ideas” as the Court has used that term. That the claims do not preempt all forms of the abstraction or may be limited to transactions using a payment device, does not make them any less abstract. *See OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1360–61 (Fed. Cir. 2015).

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*, 134 S. Ct. at 2358 (alterations in original) (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*, 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 transfer funds, i.e., take in data, compute a result, and return the result to a user amounts to electronic data query and retrieval—some of the most basic functions of a computer. 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’ claims simply recite the concept of Applying update payment information, e.g., limit increases, used in a transaction. The 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. Instead, the claims at issue amount to nothing significantly more than instructions to apply update payment information, e.g., limit increases, used in a transaction. Under our precedents, that is not enough to transform an abstract idea into a patent-eligible invention. *See Alice*, 134 S. Ct. 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*, 134 S. Ct. at 2360 (alterations in original).

We have reviewed all the arguments (Br. 8–18) Appellants have submitted concerning the patent eligibility of the claims before us which stand rejected under 35 U.S.C. § 101. We find that our analysis above substantially covers the substance of all the arguments which have been made. But, for purposes of completeness, we will address various arguments in order to make individual rebuttals of same.

Appellants argue,

It is respectfully submitted that while the Applicants’ amended claims may be useful for “managing a payment device in a financial transaction,” they are not solely directed to such an objective. Instead, the claims recite a technical, detailed way of the overcoming the limitations of the current art. Further, the claims require implementation by IC cards as they are dependent upon data files associated with computing systems indicative of a payment network.

(Br. 11).

That the claims recite implementation by IC cards dependent upon data files associated with computing systems does not make them patent eligible because they do not recite any specific means constituting an improvement in the technical field or technology of IC cards and computing systems. *See McRO, Inc. v. Bandai Namco Games Am. Inc.*, 837 F.3d 1299, 1314 (Fed. Cir. 2016).

Significantly, the claims do not provide details as to any non-conventional software for enhancing the financing process. *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”).

Appellants further argue that

Like the representative claim in *DDR Holdings*, Applicants’ claims are necessarily rooted in computer technology in order to overcome a problem specifically arising in the electronic payments and specifying how interactions between computer components are manipulated to yield a desired result, which is non-routine and non-conventional.

(Br. 15).

We disagree with Appellants. In *DDR*, the claims at issue involved, *inter alia*, “web pages displays [with] at least one active link associated with a commerce object associated with a buying opportunity of a selected one of a plurality of merchants” (claim 1 of US 7,818,399<sup>2</sup>). There is no such

---

<sup>2</sup> Ross, Jr. et al., US 7,818,399 B1, issued Oct. 19, 2010.

claim element with this degree of detail here before us. All that is required by claim 1 are generically recited, issuer node, payment device having a volatile and non-volatile memory, and a terminal. The Specification supports the view that the system is conventional. *See, e.g.*, Specification 16: 4–9.

### 35 U.S.C. § 103 REJECTION

Each of independent claims 1, 13, and 25 requires  
*on receiving the at least one second component, applying the update information to the non-volatile memory on the payment device only if the payment device has issued a confirmation that the financial transaction has been completed in accordance with the outcome requested by the issuer or the agent.*

The Examiner found concerning this limitation:

Aabye et al. teaches each financial transaction being routed at an application layer from the issuer node to the terminal (pg.9, ¶ [0096] discusses the portable consumer device 32 is capable of communicating and transferring data and/or control instructions via both cellular network and near field communications capability, therefore communicating with the issuer via contact or contactless via a terminal), and components of the financial transaction being transferred from the terminal to the payment device (pg.5, ¶ [0051] discusses for each initiated transaction involving prepaid card 304, the accumulator record can be incremented by the amount of the transaction), the payment device being issued by an issuer or an agent of the issuer (pg.3, ¶ [0032] discusses an “issuer” is typically a business entity such as a financial institution (e.g., a bank) which maintains financial accounts for the consumer 30 and often issues a portable consumer device such as a prepaid card or debit card to the consumer)

(Final Act. 10–11).

Appellants argue,

While Aabye teaches incrementing the values of both of these records by the amount of the transaction, Aabye does not teach or suggest storing that amount itself anywhere on the card. For at least this reason, the Office’s allegation that Aabye teaches “the ability to store all values on the chip card before updating the chip card with new values” is contrary to fact and cannot be sustained.

(Br. 5).

We agree with Appellants. Our review of Aabye ’260 ¶¶ 32, 51, and 96 shows nothing about *applying the update information to the non-volatile memory on the payment device contingent on a confirmation that the financial transaction has been completed in accordance with the outcome requested by the issuer or the agent*. At best, Aabye discloses “the exception record **303** may be incremented only after a transaction has completed, or at some other suitable time where completion is determinable.” Aabye ’260 ¶ 51. Also, the claims require the *payment device has issued a confirmation that the financial transaction has been completed*. We fail to see how incrementing a record in Aabye constitutes the payment device issuing the claimed confirmation.

The Examiner relies on Binder to meet the confirmation limitation finding, “step 918 further discusses accept transaction and update underlying account, the Examiner is construing the acceptance of a transaction as a confirmation of a financial transaction.” (Final Act. 9). We do not agree with the Examiner that acceptance by the issuing entity 108 in Binder meets confirmation issued by the payment device because the issuing entity is not the payment device, and the Examiner does not explain how one of ordinary

Appeal 2016-006457  
Application 13/825,115

skill in the art would know to require the payment device to issue a confirmation as opposed to acceptance by the issuing entity.

Accordingly we will not sustain the rejection of independent claims 1, 13, 17, and 25 and the dependent claims which depend therefrom.

#### CONCLUSIONS OF LAW

We conclude the Examiner did not err in rejecting claims 1–25 under 35 U.S.C. § 101.

We conclude the Examiner did err in rejecting claims 1–25 under 35 U.S.C. § 103.

#### DECISION

The decision of the Examiner to reject claims 1–25 is affirmed.

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).

AFFIRMED.