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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte DANIEL IAN FLITCROFT and GARRY LYONS

Appeal 2016-006718
Application 14/150,231
Technology Center 3600

Before MURRIEL E. CRAWFORD, ANTON W. FETTING, and
ALYSSA A. FINAMORE, *Administrative Patent Judges*.

CRAWFORD, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Appellants¹ seek our review under 35 U.S.C. § 134 of the Examiner's non-final decision rejecting claims 1–20. We have jurisdiction over the appeal under 35 U.S.C. § 6(b). Appellants appeared for oral hearing on June 7, 2018.

¹ The real party in interest is Orbis Patents Ltd. App. Br. 2.

BACKGROUND

Appellants' invention is directed to a credit card system and method.

Spec. ¶ 2.

Claim 1 is illustrative:

1. A computer-implemented method for an electronic transaction system using controlled payment numbers, the method comprising:

assigning, in a central processing system of a controlled payment number (CPN) issuer, a unique CPN to a user, the CPN configured to be a payment instrument for a user in financial transactions for at least one of goods and services;

receiving, by a receiving device and from at least one funding entity, (i) identification of a plurality of merchants designated for the CPN by the user with which transactions using said CPN are permitted and (ii) a predefined allocated monetary amount to be associated with at least one of the designated merchants;

associating, by the central processing system of the CPN issuer, each predefined allocation with a designated merchant such that each designated merchant is linked to a respective maximum monetary spending value and the CPN;

storing data linking the associated CPN, the designated merchants, and the maximum monetary spending value associated with the respective designated merchants in a database of the central processing system;

issuing, by the central processing system of the CPN issuer, the unique CPN to the user;

receiving, by a receiving device, an electronic authorization request from a merchant device for a transaction conducted with the CPN, said authorization request including a transaction amount;

determining, by the central processing system of the CPN issuer, if the merchant device is associated with a designated merchant associated with the CPN;

when the central processing system of the CPN issuer determines that the merchant associated with the merchant

device is a designated merchant, further determining, by the central processing system of the CPN issuer, (i) if the transaction amount is within the maximum monetary spending value linked to the designated merchant and (ii) if the transaction complies with other CPN controls, where applicable;

permitting, by the central processing system, the electronic transaction process or denying said electronic transaction based on said determination of (i) and (ii); and transmitting, by a transmitting device, an authorization response indicating either permission or denial.

Appellants appeal the following rejection:

Claims 1–20 are rejected under 35 U.S.C. § 101 directed to non-statutory subject matter.

PRINCIPLES OF LAW

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 implicit exceptions: “[l]aws of nature, natural phenomena, and abstract ideas” are not patentable. *E.g., Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2354 (2014).

In determining whether a claim falls within the excluded category of abstract ideas, we are guided in our analysis by the Supreme Court’s two-step framework, described in *Mayo* and *Alice*. *Id.* at 2355 (citing *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 75–78 (2012)). In accordance with that framework, we first determine whether the claim is “directed to” a patent-ineligible abstract idea. *See Alice*, 134 S. Ct. at 2356 (“On their face, the claims before us are drawn to the concept of

intermediated settlement, *i.e.*, the use of a third party to mitigate settlement risk.”); *Bilski v. Kappos*, 561 U.S. 593, 611 (2010) (“Claims 1 and 4 in petitioners’ application explain the basic concept of hedging, or protecting against risk.”); *Diamond v. Diehr*, 450 U.S. 175, 184 (1981) (“Analyzing respondents’ claims according to the above statements from our cases, we think that a physical and chemical process for molding precision synthetic rubber products falls within the § 101 categories of possibly patentable subject matter.”); *Parker v. Flook*, 437 U.S. 584, 594–95 (1978) (“Respondent’s application simply provides a new and presumably better method for calculating alarm limit values.”); *Gottschalk v. Benson*, 409 U.S. 63, 64 (1972) (“They claimed a method for converting binary-coded decimal (BCD) numerals into pure binary numerals.”).

The patent-ineligible end of the spectrum includes fundamental economic practices, *Alice*, 134 S. Ct. at 2357; *Bilski*, 561 U.S. at 611; mathematical formulas, *Parker*, 437 U.S. at 594–95; and basic tools of scientific and technological work, *Gottschalk*, 409 U.S. at 67. On the patent-eligible side of the spectrum are physical and chemical processes, such as curing rubber, *Diamond*, 450 U.S. at 182 n.7, “tanning, dyeing, making water-proof cloth, vulcanizing India rubber, smelting ores,” and a process for manufacturing flour, *Gottschalk*, 409 U.S. at 69.

In addition, the Federal Circuit has held that if a method can be performed by human thought alone, or by a human using pen and paper, it is merely an abstract idea and is not patent-eligible under § 101. *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1373 (Fed. Cir. 2011) (“[A] method that can be performed by human thought alone is merely an abstract idea and is not patent-eligible under § 101.”).

Claims involving data collection, analysis, and display are directed to an abstract idea. *Elec. Power Grp. v. Alstom S.A.*, 830 F.3d 1350, 1353 (Fed. Cir. 2016) (holding that “collecting information, analyzing it, and displaying certain results of the collection and analysis” are “a familiar class of claims ‘directed to’ a patent-ineligible concept”); *see also In re TLI Commc’ns LLC Patent Litig.*, 823 F.3d 607, 611 (Fed. Cir. 2016); *FairWarning IP, LLC v. Iatric Sys., Inc.*, 839 F.3d 1089, 1093–94 (Fed. Cir. 2016).

If the claim is “directed to” a patent-ineligible abstract idea, we then consider the elements of the claim—both individually and as an ordered combination—to assess whether the additional elements transform the nature of the claim into a patent-eligible application of the abstract idea. *Alice*, 134 S. Ct. at 2355. This is a search for an “inventive concept”—an element or combination of elements sufficient to ensure that the claim amounts to “significantly more” than the abstract idea itself. *Id.*

ANALYSIS

Rejection under 35 U.S.C. § 101

The Examiner held that the claims are directed to performing transactions using controlled payment numbers (“CPNs”) which is a fundamental economic practice (Non-Final Act. 3). The Examiner found that the recited elements involved in the recited process undertake their roles in performance of their activities according to generic functionalities which are well-understood, routine, and conventional. (Non-Final Act. 4).

We agree with the Examiner and further hold that the claimed steps (assigning, receiving, associating, storing, issuing, permitting, and transmitting) are all steps related to the collection, analysis and display of data and therefore are similar to claims found to be directed to an abstract idea as discussed above and are therefore directed to an abstract idea on that basis as well.

We are not persuaded of error on the part of the Examiner by Appellants' argument that the claims are not directed to a fundamental economic practice or a method of organizing human activities. We agree and adopt the Examiner's response to these arguments found on pages 3–4 of the Answer. In any case, even if the claims are not directed to a method of organizing human activities or a fundamental economic practice, the claims are clearly directed to the collection and analysis of data and are thus directed to an abstract idea on that basis.

We are also not persuaded of error on the part of the Examiner by Appellants' argument that the Examiner erred because the Examiner failed to provide evidence that the claims recite conventional, routine, and well-known elements. We agree with this finding of the Examiner and note that this finding is supported by the disclosure in Appellants' own Specification at paragraphs 71, 73, and 76.

Appellants also argue that it is not enough for the Examiner to state that the claims include generic components to establish that the claims do not include significantly more than the abstract idea. However, the Examiner did not rely only on the finding that the claims include generic components in determining that the claims do not include significantly more than the abstract idea. The Examiner also found that the claims do not

include an improvement to another technology or technical field, do not improve the functioning of the computer itself or include any meaningful limitations beyond generally linking the use of the abstract idea to the particular technological environment. Non-Final Act. 3.

We find unpersuasive Appellants' argument that the claims improve the conventional electronic process. In particular, Appellants argue that the claims relate to a complex electronic process that implements CPNs in a particular manner and that solves a particular problem existing in the software and networking arts. Appellants argue that the instant claims are similar to the claims in *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327 (Fed. Cir. 2016). In *Enfish* the Federal Circuit held that the claims at issue were not directed to an abstract idea because the claims at issue focused not on asserted advances in uses to which existing computer capabilities could be put, but on a specific type of data structure, i.e., a self-referential table for a computer database, designed to improve the way a computer carries out its basic functions of storing and retrieving data. *Id.* at 1335–36. The alleged improvement that Appellants tout does not concern an improvement to computer capabilities but instead relates to an alleged improvement in implementing an electronic payment process for which a computer is used as a tool in its ordinary capacity. In this regard, Appellants overstate the alleged similarities of the claims at issue to *Enfish*. The claims at issue in *Enfish*, and the thrust of its analysis, were directed to specific improvements in the way that computers operate, which is not at issue here. *See id.* at 1336.

We are not persuaded of error on the part of the Examiner by Appellants' arguments that the Examiner has not established preemption and that the claims recite novel and useful subject matter.

“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); *see also OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1362–63 (Fed. Cir.), *cert. denied*, 136 S. Ct. 701 (2015) (“[T]hat the claims do not preempt all price optimization or may be limited to price optimization in the e-commerce setting do not make them any less abstract.”). And, “[w]here 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.” *Ariosa*, 788 F.3d at 1379.

To the extent Appellants are arguing that the limitations of claim 1 necessarily amount to “significantly more” than an abstract idea because the claimed apparatus is allegedly patentable over the prior art, Appellants misapprehend the controlling precedent. Although the second step in the *Alice/Mayo* framework is termed a search for an “inventive concept,” the analysis is not an evaluation of novelty or non-obviousness, 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*, 134 S. Ct. at 2355. A novel and nonobvious claim directed to a purely abstract idea is, nonetheless, patent-ineligible. *See Mayo*, 566 U.S. at 90.

We do not agree with Appellants that the Examiner ignored the recitations in claims 14 and 20. The Examiner specifically states on page 3

of the Non-Final Action that a similar analysis was done to all the claims including the dependent claims thereby stating that the recitations in claims 14 and 20 was considered.

We have considered the other arguments of Appellants but find them unpersuasive.

In view of the foregoing, we will sustain the Examiner's rejection of claims 1, 14, and 20. We will also sustain the rejection as it is directed to the remaining claims because the Appellants have not argued the separate eligibility of these claims.

DECISION

We affirm the decision of the Examiner.

TIME PERIOD

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) (2009).

ORDER

AFFIRMED