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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte HOWARD W. LUTNICK, COLIN SIMS, and JESSE JORDAN

Appeal 2016-007407
Application 13/437,195¹
Technology Center 3600

Before JOSEPH A. FISCHETTI, BIBHU R. MOHANTY, and
BRUCE T. WIEDER, *Administrative Patent Judges*.

FISCHETTI, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Appellants seek our review under 35 U.S.C. § 134(a) of the Examiner's Final Rejection of claims 1–5 and 8–20, which constitute all the claims pending in this application. Claims 6–7 have been cancelled. We have jurisdiction under 35 U.S.C. § 6(b).

¹ Appellants identify CFPH, L.P. as the real party in interest. Br. 4.

SUMMARY OF DECISION

We AFFIRM and enter a NEW GROUND OF REJECTION pursuant to our authority under 37 C.F.R. § 41.50(b).

THE INVENTION

Appellants claim methods and apparatus related to various payments made when using a referral service. Spec. 55.

Claims 18 and 20 reproduced below, are representative of the subject matter on appeal.

18. An SMS printing device configured to:

receive a plurality of SMS messages that each indicate a same order identifier and that collectively indicate a plurality of items that have been ordered by a user from a merchant;

in response to receiving the plurality of SMS messages, print the plurality of SMS messages as a single output on paper without message breaks.

20. A method comprising:

receiving, by an SMS printing device, a plurality of SMS messages that each indicate a same order identifier and that collectively indicate a plurality of items that have been ordered by a user from a merchant;

in response to receiving the plurality of SMS messages, printing, by the SMS printing device, the plurality of SMS messages as a single output on paper without message breaks.

THE REJECTIONS

The Examiner relies upon the following as evidence of unpatentability:

Yannay et al.	US 2004/0085927 A1	May 6, 2004
Ferlitsch	US 2002/0114004 A1	Aug. 22, 2002

The following rejections are before us for review.

1. Claims 1–5 and 8–17 are unpatentable under 35 USC § 112, first paragraph for failing to comply with the written description requirement.
2. Claims 18 and 20 are unpatentable under 35 USC § 102(b) as being anticipated by cited portions of Yannay.
3. Claim 19 is unpatentable under 35 USC § 103(a) as being obvious in view of cited portion of Yannay and cited portions of Ferlitsch.
4. Claims 1-5 and 8-17 are unpatentable under 35 USC § 101.
5. Claims 18 and 20 are rejected under nonstatutory obviousness-type double patenting.

FINDINGS OF FACT

1. We adopt the Examiner’s findings as set forth on pages 2–9 of the Answer.
2. Yannay discloses:

As indicated at reference number 1704, upon the arrival of the SMS message at the point-of-sale terminal the SMS messaging server transmits to the message management service server a machine acknowledgment that the SMS message has arrived at the point-of-sale terminal. As indicated at reference number 1706, if a plurality of SMS messages are transmitted, the above steps are repeated and the SMS messages are combined at the point-of-sale terminal in order to form a single order.

(Yanney ¶ 122.)

ANALYSIS

35 U.S.C. § 112(A) OR 35 U.S.C. § 112 (PRE-AIA), FIRST PARAGRAPH REJECTION.

a. The Examiner rejected claims 1–5 and 8–17 under 35 U.S.C. § 112(a) or 35 U.S.C. § 112 (pre-AIA), first paragraph, as failing to comply with the written description requirement.

The Examiner found, “[s]pecifically, the claims recite facilitating delivery of the order from the merchant in response to receiving an indication of the confirmation code from the merchant and the specification fails to provide support for such a limitation.” (Final Act. 4).

Appellants however, citing to paragraph 120 maintain, “[a] confirmation code would be understood as a code that is used by a merchant to confirm receipt of an order from this paragraph. This would lead one of ordinary skill in the art to understand that Applicants had possession of the claimed subject matter.” (Appeal Br. 9).

We agree with Appellants that claimed confirmation code would be understood from this paragraph by one of ordinary skill in the art as the code that is used by the merchant to confirm receipt of an order, because

Appeal 2016-007407
Application 13/437,195

“confirmation” connotes an expectation of reply.

b. The Examiner rejected claim 19 under 35 U.S.C. § 112(a) or 35 U.S.C. § 112 (pre-AIA), first paragraph, as failing to comply with the written description requirement. “Specifically, the claim recites [] the device is configured to print only the plurality of the SMS messages during a particular time period even if other messages are received in that time period. The specification fails to provide support for such a limitation.” (Final Act. 4).

Appellants however, citing to paragraph 119 of the Specification, argue,

A configuration if [sic] a device to print messages with a same ID in a time period as a single output would be understood by one of skill in the art to include printing messages in that time period without interrupting outputs that would render that single output multiple outputs. This would lead one of ordinary skill in the art to understand that Applicants had possession of the claimed subject matter.

(Appeal Br. 9).

We disagree with Appellants. The excerpt from paragraph 119 of the Specification only describes “an SMS printer may be configured to print all messages with a same ID received in a period of time as a single output.” But, this mentions nothing about the exclusion of other print SMS messages during a particular time period. Therefore, we will sustain the rejection of claim 19 under this section.

35 U.S.C. § 102 (b) REJECTION

The Appellants argued claims 18 and 20 as a group, making claim 18 representative (Appeal Br. 11, 13), and the remaining independent claim standing or falling with claim 1. *See* 37 C.F.R. § 41.37(c)(1)(iv) (2015).

Appellants argue,

the Examiner admits on page 5 of the Office Action that portions of this limitation were ignored. This is a clearly erroneous Examination procedure that cannot possibly amount to a *prima facie* showing of anticipation. The Examiner contends that the limitation includes non-functional material. However, that contention is erroneous. For example, the order identifier has the clear function of identifying an order across a plurality of SMS message.

(Appeal Br. 12).

The Examiner found,

that the content of the SMS messages (i.e., "that each indicate a same order identifier and that collectively indicate a plurality of items that have been ordered by a user from a merchant") is non-functional descriptive material as it does not functionally affect the way in which the step of receiving the messages is performed and thus is given little to no patentable weight.

(Final Act. 5).

We begin by construing the scope of the claims. Claim 18 recites in pertinent part, "receive a plurality of SMS messages that each indicate a same order identifier and that collectively indicate a plurality of items that have been ordered by a user from a merchant." We thus construe the SMS messages to have two characteristics as follows: 1) each message indicates a same order identifier, and 2) the messages collectively indicate a plurality of

items that have been ordered by a user from a merchant. Thus, we construe the “that” in the claim phrase to refer to the message, and not the order identifier. As such, the order identifiers, other than being the same in the “plurality of SMS messages,” stands by itself without functionality, and the claimed indication “of a plurality of items” is merely a list without independent functionality. Accordingly, we find that claim 18 concludes only in the recitation of a desired effect, “print[ing] the plurality of SMS messages as a single output on paper without message breaks.” This phrase fails to tie the order identifier with the print[ing] of the plurality of SMS messages as a single output on paper without message breaks. We find that while Yannay is silent as to how consolidation occurs, it does explicitly disclose, “the SMS messages are combined at the point-of-sale terminal in order to form a single order.” (FF. 2). Therefore, to the extent that claim 18 fails to integrate the order identifier functionally within the context of the claimed result, we agree with the Examiner that this information, to that extent, is nonfunctional descriptive material. Non-functional descriptive material cannot render nonobvious an invention that would have otherwise been obvious. *In re Ngai*, 367 F.3d 1336, at 1339 (Fed. Cir. 2004).

Appellants next argue concerning Yannay, “[t]hese portions do not teach or mention either the treatment of message breaks or a plurality of SMS messages.” (Appeal Br. 13).

We disagree with Appellants. We find Yannay discloses “compressing the text messages employing a base 70 Latin character

Appeal 2016-007407
Application 13/437,195

alphanumeric code” in at least paragraph 39. Yannay also discloses “if a plurality of SMS messages are transmitted, the above steps are repeated and the SMS messages are combined at the point-of-sale terminal in order to form a single order. (FF. 2). Thus, Yanney clearly mentions “the treatment of message breaks or a plurality of SMS messages.”

35 U.S.C. § 103 REJECTION

Appellants’ argument to claim 19 simply state, “[t]hese portions do not teach or suggest SMS messages or any messages being separately received and printed during a particular time period.” (Appeal Br. 16). Against this backdrop, the Examiner finds that the combination of Yannay in view of Ferlitsch meets the limitations of claim19. (Final Act. 6). We are thus unpersuaded by Appellants’ argument based on the mere existence of differences between the prior art and the claim which does not establish nonobviousness. *See Dann v. Johnston*, 425 U.S. 219, 230 (1976). The issue is “whether the difference between the prior art and the subject matter in question ‘is a differen[ce] sufficient to render the claimed subject matter unobvious to one skilled in the applicable art.’” *Dann*, 425 U.S. at 228 (citation omitted).

35 U.S.C. § 101 REJECTION

We will sustain the rejection of claims 1–5 and 8–17 under 35 U.S.C. § 101.

We also enter a new ground of rejection against claims 18–20 under 35 U.S.C. § 101 pursuant to our authority under 37 C.F.R. § 41.50(b).

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

Appeal 2016-007407
Application 13/437,195

Specification provide enough information to inform one as to what they are directed to.

The steps in claims 1 and 17 result in, facilitating delivery of the order from the merchant in response to receiving an indication of the confirmation code from the merchant. The steps in claims 18 and 20 result in receiving the plurality of SMS messages, print the plurality of SMS messages as a single output on paper without message breaks. The Specification states,

It is recognized that in some embodiments, receiving technology and/or communication links may fail. Accordingly, in some implementations, a confirmation code may be included in a SMS message and/or any other indication of an order sent to a merchant. After sending such an indication, a merchant may be asked to call a number and enter the code into an automated system, enter the code into a website, through an email, and so on to confirm receipt of the order. In some embodiments, a phone call may be made to the merchant asking the merchant to enter the code.

Specification ¶120. The Specification describes,

[i]n some embodiments, SMS messages may include an indication that they should be combined with one another to form a single output. For example, a marker such as a message ID may be used by multiple SMS messages to indicate they are part of a same message and an SMS printer may be configured to print all messages with a same ID received in a period of time as a single output (e.g., in a same paper, with a same formatting, without a message break, etc.).

Specification ¶ 119. Thus, all this evidence shows that claims 1 and 17 are directed to confirming receipt of an order by a merchant, and claim 18 is directed to consolidating separated parts of a message into a single message.

Appeal 2016-007407
Application 13/437,195

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. Confirming receipt of an order is a fundamental economic practice of a transaction because it insures that the order was received. The patent-ineligible end of the 35 U.S.C. § 101 spectrum includes fundamental economic practices. *See Alice Corp. Pty. Ltd.*, 134 S. Ct. at 2355–1257. Consolidating separated parts of a message into a single message based on some type of identifier common to the separated messages constitutes physical acts by a human and/or “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). The Federal Circuit has also 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). Thus, confirming receipt of an order, or consolidating separated parts of a message into a single message are “abstract ideas” beyond the scope of § 101.

As in *Alice Corp. Pty. Ltd.*, we need not labor to delimit the precise contours of the “abstract ideas” category in this case. It is enough to

Appeal 2016-007407
Application 13/437,195

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 confirming receipt of an order, or consolidating separated parts of a message into a single message, 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 order messages, 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 “implemen[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 featur[e]” that provides any “practical assurance that the process is more than a drafting effort designed to monopolize the [abstract idea] itself.”

Alice Corp. Pty. Ltd., 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 Corp. Pty. Ltd.*, 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 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 confirming receipt of an order or consolidating separated parts of a message into a single message, at issue here. 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 confirm receipt of an order or to consolidate separated parts of a message into a single message, at issue here. Under our precedents, that is not enough to transform an abstract idea into a patent-eligible invention. *See Alice Corp. Pty. Ltd.*, 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 Corp. Pty. Ltd., 134 S. Ct. at 2360 (alterations in original).

We have reviewed all the arguments (Reply Br. 3–4) 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, “[t]he Examiner has provided no evidence or discussion that these limitations are not substantially more than ‘transmitting an order in a series of messages’. To make a findings [sic] of fact, the Examiner must present substantial evidence showing that such limitations are well-understood, routine and conventional activities previously known to the industry.” Reply Br. 4.

We disagree with Appellants. Appellants’ argument is not persuasive at least because there is no absolute requirement that an examiner provide evidentiary support in every case before a conclusion can be made that a

claim is directed to an abstract idea.² Although evidence may be helpful, e.g., where facts are in dispute, it is not always needed. *See Mortgage Grader, Inc. v. First Choice Loan Servs. Inc.*, 811 F.3d 1314, 1325–26 (Fed. Cir. 2016) (“[I]t is also possible, as numerous cases have recognized, that a § 101 analysis may sometimes be undertaken without resolving fact issues.”). Appellants’ bare assertion here that evidence is needed, without any supporting reasoning as to why, is insufficient to require the Examiner to provide evidentiary support.

Appellants also argue, “[t]o be novel and non-obvious, these claims must then add something significantly more than just “transmitting an order in a series of messages”. Otherwise, the Examiner would have been able to provide a prior art rejection.” (Reply Br. 4).

We disagree with Appellants. We are not persuaded by Appellants’ argument because the standard for patentability under 35 U.S.C. § 103(a) is obviousness and the standard for patentability under 35 U.S.C. § 102 is novelty. These are not the tests for patent eligibility under 35 U.S.C. § 101. *See, e.g., 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

² *See, e.g.,* MPEP 2106.07(a)(III) (2018) (“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. Thus, the court does not require ‘evidence’ that a claimed concept is a judicial exception, and generally decides the legal conclusion of eligibility without resolving any factual issues.” (Citations omitted.))

the § 101 categories of possibly patentable subject matter.”). Each of these standards is separately required to be met before patentability can be conferred on invention, which is not the case here based on the latter standard. The question in step two of the *Alice* framework is not whether an additional feature is novel, but whether the implementation of the abstract idea involves “more than the performance of ‘well-understood, routine, [and] conventional activities previously known to the industry.’” *Content Extraction and Transmission LLC v. Wells Fargo Bank, Nat. Ass’n*, 776 F.3d 1343, 1347–48 (quoting *Alice*, 134 S. Ct. at 2359). On the claims before us here, we see no evidence of such nonconventional activity.

35 U.S.C. § 101 DOUBLE PATENTING REJECTION

We summarily affirm the rejection of claims 18 and 20 under this section (Final Act. 3) because Appellants did not argue the rejection in the Appeal Brief or file a terminal disclaimer.

CONCLUSIONS OF LAW

We conclude the Examiner did err in rejecting claims 1–5 and 8–17 under 35 U.S.C. § 112(a), and did not err in rejecting claim 19 under 35 U.S.C. § 112(a).

We conclude the Examiner did not err in rejecting claims 18 and 20 under 35 U.S.C. § 102(b).

We conclude the Examiner did not err in rejecting claim 19 under 35 U.S.C. § 103(a).

Appeal 2016-007407
Application 13/437,195

We conclude the Examiner did not in rejecting claims 1-5 and 8-17 under 35 U.S.C. § 101.

We conclude the Examiner did not err in rejecting claims 18 and 20 on the ground of nonstatutory obviousness-type double patenting.

DECISION

The decision of the Examiner to reject claims 1–5 and 8–20 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; 37 C.F.R. § 41.50(b).

This decision contains a new ground of rejection pursuant to 37 C.F.R. § 41.50(b) (effective September 13, 2004, 69 Fed. Reg. 49960 (August 12, 2004), 1286 Off. Gaz. Pat. Office 21 (September 7, 2004)). 37 C.F.R. § 41.50(b) provides “[a] new ground of rejection pursuant to this paragraph shall not be considered final for judicial review.”

37 CFR § 41.50(b) also provides that the appellants, WITHIN TWO MONTHS FROM THE DATE OF THE DECISION, must exercise one of the following two options with respect to the new ground of rejection to avoid termination of the appeal as to the rejected claims:

- (1) Reopen prosecution. Submit an appropriate amendment of the claims so rejected or new evidence relating to the claims so rejected, or both, and have the matter reconsidered by the examiner, in which event the proceeding will be remanded to the examiner

Appeal 2016-007407
Application 13/437,195

- (2) Request rehearing. Request that the proceeding be reheard under § 41.52 by the Board upon the same record

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).