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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
12/646,419	12/23/2009	Charles Blewett	2009-1243 (40147/17201)	1071

83719                      7590                      02/27/2018  
AT & T Legal Department - FKM  
AT & T LEGAL DEPARTMENT,  
ATTN: PATENT DOCKETING ROOM 2A-207  
BEDMINSTER, NJ 07921

EXAMINER
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DEGA, MURALI K

ART UNIT	PAPER NUMBER
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3696

MAIL DATE	DELIVERY MODE
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02/27/2018

PAPER

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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*Ex parte* CHARLES BLEWETT, MEGAN BLEWETT, JUAN GARAY,  
ROBERT HAARDE, THOMAS KILLIAN, and SIMON URBANEK

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Appeal 2016-007509  
Application 12/646,419  
Technology Center 3600

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Before ROBERT E. NAPPI, CATHERINE SHIANG, and  
JASON M. REPKO, *Administrative Patent Judges*.

SHIANG, *Administrative Patent Judge*.

DECISION ON APPEAL

Appellants appeal under 35 U.S.C. § 134(a) from the Examiner's rejection of claims 1–19, which are all the claims pending and rejected in the application. We have jurisdiction under 35 U.S.C. § 6(b). We affirm.

STATEMENT OF THE CASE

*Introduction*

According to the Specification, the present invention relates to identity theft resistant transactions. *See generally* Spec. 1. Claim 1 is exemplary:

1. An authorization device, comprising:

an input module to receive, from a purchaser, a request to authorize a transaction between a mobile device and a merchant terminal;

a key generator to generate a key used for authorizing the transaction, the key relating uniquely to the transaction and having a time-out period wherein, the key becomes invalid once the time-out period lapses;

an output module to transmit the key to the purchaser; and

an authenticator to receive the key from a merchant terminal and to authenticate the key,

wherein the output module transmits a verification request for the transaction to the purchaser based on the authentication of the key by the authenticator,

wherein the authenticator receives a response to the verification request from the purchaser, and

wherein the output module transmits an authorization for the transaction to the merchant if the response indicates that the purchaser verifies the transaction.

### *References and Rejections*

Claims 1–19 are rejected under 35 U.S.C. §112, first paragraph, as failing to comply with the written description requirement.

Claims 1–19 are rejected under 35 U.S.C. § 101 because the claims are directed to patent-ineligible subject matter.

Claims 1–19 are rejected under 35 U.S.C. §103(a) as being unpatentable over Labrou (US 2004/0107170 A1, pub. June 3, 2004) and Sovio (US 2005/0187882 A1, pub. August 25, 2005).

## ANALYSIS

### *35 U.S.C. § 112, First Paragraph*

The Examiner asserts claims 1–19 fail to comply with the written description requirement with respect to “wherein the output module transmits *a verification request*,” as recited in independent claims 1 and 11 (emphasis added) and corresponding dependent claims. *See* Final Act. 5; Ans. 5.

We disagree. To satisfy the written description requirement, the disclosure must reasonably convey to skilled artisans that Appellants possessed the claimed invention as of the filing date. *See Ariad Pharms., Inc. v. Eli Lilly & Co.*, 598 F.3d 1336, 1351 (Fed. Cir. 2010) (en banc). Specifically, the description must “clearly allow persons of ordinary skill in the art to recognize that [the inventor] invented what is claimed” and

the test requires an objective inquiry into the four corners of the specification from the perspective of a person of ordinary skill in the art. Based on that inquiry, the specification must describe an invention understandable to that skilled artisan and show that the inventor actually invented the invention claimed.

*Id.* (internal quotations and citations omitted).

We have reviewed the Specification and concur with Appellants' assertion that paragraph 21 demonstrates Appellants possessed the claimed invention. *See* App. Br. 13–14. In particular, paragraph 21 discloses transmitting a prompt that solicits a verification response. Based on that disclosure, we find one skilled in the art would understand transmitting the prompt constitutes transmitting “a verification request.” Accordingly, we do not sustain the Examiner's rejection of claims 1–19 under 35 U.S.C. § 112, first paragraph.<sup>1</sup>

*35 U.S.C. § 101*

We disagree with Appellants' arguments, and agree with and adopt the Examiner's findings and conclusions in (i) the action from which this appeal is taken and (ii) the Answer to the extent they are consistent with our analysis below.<sup>2</sup>

The Examiner rejects the claims under 35 U.S.C. § 101 because they are directed to patent-ineligible subject matter. *See* Final Act. 2–4; Ans. 2–5. In particular, the Examiner finds the claims are directed to the abstract idea of receiving, transmitting, and generating information. *See* Ans. 2–4. The Examiner further finds the claims use generic computer components to

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<sup>1</sup> In the Response to Arguments, the Examiner appears to argue about the “output module.” (Ans. 5). We agree with Appellants that the Specification also discloses “the output module transmits a verification request.” *See* Reply Br. 5; Spec. ¶ 21, Fig. 2.

<sup>2</sup> To the extent Appellants advance new arguments in the Reply Brief without showing good cause, Appellants have waived such arguments. *See* 37 C.F.R. § 41.41(b)(2).

perform generic computer functions. *See* Ans. 4–5. Appellants argue the Examiner erred. *See* App. Br. 3–13; Reply Br. 2–5.<sup>3</sup>

Appellants have not persuaded us of error. Section 101 of the Patent Act provides “[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.” 35 U.S.C. § 101. That provision “contains an important implicit exception: Laws of nature, natural phenomena, and abstract ideas are not patentable.” *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2354 (2014) (quoting *Ass’n for Molecular Pathology v. Myriad Genetics, Inc.*, 133 S. Ct. 2107, 2116 (2013)). According to the Supreme Court:

[W]e 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, we 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, we 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. . . . We have 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.*, 134 S. Ct. at 2355.

The Federal Circuit has described the *Alice* step-one inquiry as

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<sup>3</sup> Appellants cite *In re Renald Poisson*, Appeal 2012-011084 (App. Br. 4–5), but that opinion is not precedential.

looking at the “focus” of the claims, their “character as a whole,” and the *Alice* step-two inquiry as looking more precisely at what the claim elements add—whether they identify an “inventive concept” in the application of the ineligible matter to which the claim is directed. *See Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1353 (Fed. Cir. 2016); *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1335–36 (Fed. Cir. 2016); *Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1346 (Fed. Cir. 2015).

The Federal Circuit has explained in determining whether claims are patent eligible, “the decisional mechanism courts now apply is to examine earlier cases in which a similar or parallel descriptive nature can be seen—what prior cases were about, and which way they were decided.” *Amdocs (Isr.) Ltd. v. Openet Telecom, Inc.*, 841 F.3d 1288, 1294 (Fed. Cir. 2016). Further, “examiners are to continue to determine if the claim recites (i.e., sets forth or describes) a concept that is similar to concepts previously found abstract by the courts.” *Amdocs*, 841 F.3d at 1294 n.2 (citation omitted).

Regarding *Alice* step one, the Federal Circuit has “treated *collecting information*, including when limited to particular content (which does not change its character as information), as within the realm of abstract ideas.” *Elec. Power*, 830 F.3d at 1353 (emphasis added); *see also Internet Patents*, 790 F.3d at 1348–49; *OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1363 (Fed. Cir. 2015); *Content Extraction & Transmission LLC v. Wells Fargo Bank, Nat’l Ass’n*, 776 F.3d 1343, 1347 (Fed. Cir. 2014). “In a similar vein, we have treated *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.” *Elec.*

*Power*, 830 F.3d at 1354 (emphasis added); *see also In re TLI Commc 'ns. LLC Patent Litig.*, 823 F.3d 607, 613 (Fed. Cir. 2016).

The rejected claims “fall into a familiar class of claims ‘directed to’ a patent-ineligible concept.” *Elec. Power*, 830 F.3d at 1353. Contrary to Appellants’ arguments (App. Br. 3–10; Reply Br. 2–4), the claims are similar to the claims of *Electric Power*, and are focused on the combination of abstract-idea processes or functions. *See Elec. Power*, 830 F.3d at 1354. For example, claim 1 is directed to collecting information (“receive . . .,” “transmit . . .,” “transmits . . .,” “receives . . .”), and analyzing (including generating) information (“generate a key . . . the key becomes invalid once the time-out period lapses,” “if the response indicates . . .”). Similarly, claim 11 is directed to collecting information (“receiving . . .,” “transmitting . . .”), and analyzing (including generating and authenticating) information (“generating . . .,” “authenticating . . .”). *See Elec. Power*, 830 F.3d at 1353; *see also Content Extraction & Transmission*, 776 F.3d at 1347. The dependent claims are directed to similar functions or processes, and Appellants have not shown such claims are directed to other non-abstract functions or processes. *See* claims 2–10 and 12–19.

Appellants’ assertion regarding pre-emption (App. Br. 7–8) is unpersuasive, because “[w]hile preemption may signal patent ineligible subject matter, the absence of complete preemption does not demonstrate patent eligibility . . . . Where 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 Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015); *see also OIP*, 788 F.3d at 1362–63 (“that 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”).

Regarding *Alice* step two, contrary to Appellants’ assertion (App. Br. 10–13; Reply Br. 4–5), Appellants have not shown the claims in this case require an arguably inventive set of components or methods, or invoke any assertedly inventive programming. *See Elec. Power*, 830 F.3d at 1355.

Further, contrary to Appellants’ arguments (App. Br. 10–13; Reply Br. 4–5), the claims are similar to the claims of *Electric Power*, because they do not require any nonconventional computer or mobile components, or even a “non-conventional and non-generic arrangement of known, conventional pieces,” but merely call for performance of the claimed information collection and analysis functions on generic computer and mobile components. *See Elec. Power*, 830 F.3d at 1355; *see also* Claim 1 (reciting “an input module . . . a mobile device and a merchant terminal;” “a key generator,” “an output module,” “an authenticator”); Claim 11 (reciting “a mobile device and a merchant terminal”). The dependent claims call for similar generic components and devices, and Appellants have not shown such claims require any non-conventional components or devices. *See* claims 2–10 and 12–19.

Appellants’ arguments about the U.S. Patent and Trademark Office’s Eligibility guidelines (App. Br. 10–13; Reply Br. 4–5) are unpersuasive. . Appendix 1 of the U.S. Patent and Trademark Office’s July 2015 Update explains “*hypothetical claims . . . are modeled after the technology in Google Inc. v. Simpleair, Inc., Covered Business Method Case No. CBM 2014-00170 (Jan. 22, 2015), but are revised to emphasize certain teaching points.*” July 25<sup>th</sup> Update, Appendix, p.1. Therefore, contrary to Appellants’

assertion (App. Br. 10–11), the guidelines are directed to *hypothetical claims*—not claims from a *court* opinion. In any event, the rejected claims are unlike the *hypothetical* claims in *Google* because they do not address any “Internet-centric challenge” (July 25<sup>th</sup> Update, Appendix, p.4). Instead, they are similar to the claims of *Electric Power*, because “the focus of the claims is not on such an improvement in computers as tools, but on certain independently abstract ideas that use computers as tools.” *Elec. Power*, 830 F.3d at 1354.

In short, Appellants have not shown the claims, read in light of the Specification, require anything other than conventional computer and mobile technology for collecting and analyzing the desired information. *See Elec. Power*, 830 F.3d at 1354. Such invocations of computers and mobile devices are “insufficient to pass the test of an inventive concept in the application” of an abstract idea. *See Elec. Power*, 830 F.3d at 1355.

Because Appellants have not persuaded us the Examiner erred, we sustain the Examiner’s rejection of claims 1–19 under 35 U.S.C. § 101.

*35 U.S.C. § 103*

We have reviewed the Examiner’s rejection in light of Appellants’ contentions and the evidence of record. We concur with Appellants’ contention that the Examiner erred in finding the cited portions of Labrou teach “a key generator to generate a key used for authorizing the transaction, the key relating uniquely to the transaction and having a time-out period wherein, *the key becomes invalid once the time-out period lapses,*” as recited

in independent claim 1 (emphasis added).<sup>4</sup> *See* App. Br. 14–17; Reply Br. 6–8.

In the Final Action, the Examiner cites Labrou’s paragraphs 187, 555, and 574 for teaching the above claim limitation, but does not specifically map the italicized claim limitation. *See* Final Act. 6. In response to Appellants’ arguments, the Examiner additionally cites paragraph 551, but still does not specifically map the italicized claim limitation. *See* Ans. 6, 8. We have reviewed the cited Labrou portions, and they do not teach “the key becomes invalid once the time-out period lapses,” as required by independent claim 1. Absent further explanation from the Examiner, we do not see how the cited Labrou portions teach the italicized claim limitation.

Because the Examiner fails to provide sufficient evidence or explanation to support the rejection, we are constrained by the record to reverse the Examiner’s rejection of claim 1 under 35 U.S.C. § 103.

Independent claim 11 recites a claim limitation that is substantively similar to the disputed limitation of claim 1. *See* claim 11. Therefore, for similar reasons, we reverse the Examiner’s rejection of independent claim 11 under 35 U.S.C. § 103.

We also reverse the Examiner’s rejection of corresponding dependent claims 2–10 and 12–19 under 35 U.S.C. § 103.

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<sup>4</sup> Appellants raise additional arguments with respect to the obviousness rejection. Because the identified issue is dispositive of the appeal with respect to the obviousness rejection, we do not reach the additional arguments.

DECISION

We reverse the Examiner's decision rejecting claims 1–19 under 35 U.S.C. § 112, first paragraph.

We affirm the Examiner's decision rejecting claims 1–19 under 35 U.S.C. § 101.

We reverse the Examiner's decision rejecting claims 1–19 under 35 U.S.C. § 103.

Because we affirm at least one ground of rejection with respect to each claim on appeal, we affirm the Examiner's decision rejecting claims 1–19. *See* 37 C.F.R. § 41.50(a)(1).

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