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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte MARK CARLSON and SHALINI MAYOR

Appeal 2016-007643
Application 12/763,957¹
Technology Center 3600

Before KEVIN F. TURNER, KENNETH G. SCHOPFER,
and SHEILA F. McSHANE, *Administrative Patent Judges*.

McSHANE, *Administrative Patent Judge*.

DECISION ON APPEAL

Appellants seek our review under 35 U.S.C. § 134(a) of the Examiner's final decision to reject claims 1–4, 6–14, 16–20, and 22–27. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

¹ According to Appellants, the real party in interest is Visa International Service Association. Appeal Brief filed January 4, 2016, hereafter "App. Br.," 3.

BACKGROUND

The invention is directed to providing a consumer with an alert regarding a payment transaction and, more specifically, to providing an alert or a message that can be used to determine a suitable tip or gratuity for the transaction. Specification, hereafter “Spec.,” ¶ 2.

Claims 1, 11, and 19 are the independent claims on appeal. Representative claim 1 is reproduced from pages 19 and 20 of the Claims Appendix of the Appeal Brief (Claims App.) as follows:

1. An apparatus for processing a payment transaction conducted by a consumer, comprising:
 - an electronic processor programmed to execute a set of instructions;
 - a data storage device coupled to the processor; and
 - the set of instructions contained in the data storage device, wherein when the set of instructions are executed by the processor, the apparatus processes the payment transaction by
 - receiving an authorization message for the payment transaction from a merchant computer, wherein the authorization message is provided to an issuer computer to approve or decline the payment transaction;
 - processing the authorization message to determine if data contained in the authorization message satisfies a condition specified by the consumer for generating a transaction alert message regarding a proposed gratuity for the payment transaction;
 - accessing transaction alert message data regarding the consumer’s desired content for the transaction alert message regarding the proposed gratuity for the payment transaction when the data contained in the authorization message satisfies the condition;
 - generating the transaction alert message containing information regarding the proposed gratuity for the payment transaction based on the accessed transaction alert message data

when the data contained in the authorization message satisfies the condition; and

providing the transaction alert message to a consumer communication device operated by the consumer participating in the payment transaction, wherein after providing the transaction alert message to the consumer participating in the payment transaction, the apparatus processes the payment transaction by

receiving, from the consumer communication device, an approval message that is separate from the authorization message and contains a total amount for the payment transaction that is approved by the consumer, the total amount including a gratuity approved by the consumer;

comparing the total amount for the payment transaction approved by the consumer to a total amount for the payment transaction provided by the merchant computer for the payment transaction;

determining that the total amount for the payment transaction is not substantially the same as the total amount for the payment transaction provided by the merchant computer;

generating a fraud alert message for the consumer indicating the possibility of fraud that the merchant computer provided a different gratuity amount than the gratuity approved by the consumer in the payment transaction after determining that the total amount for the payment transaction approved by the consumer is not substantially the same as the total amount for the payment transaction provided by the merchant computer for the payment transaction; and

sending the fraud alert message to the consumer communication device.

The Examiner rejects claims 1–4, 6–14, 16–20, and 22–27 under 35 U.S.C. § 101 as reciting a judicial exception without significantly more. Final Action mailed August 7, 2015, hereafter “Final Act.,” 3–4; *see also* Examiner’s Answer mailed June 7, 2016, hereinafter “Ans.,” 2–3.

DISCUSSION

Appellants argue the § 101 rejection using independent claim 1 as representative. *See* App. Br. 8. We will address the rejection in the same manner.

The Examiner determines that the claims, and more specifically, representative claim 1, are directed to non-statutory subject matter because they are directed to the abstract idea of a method of organizing human activities. Final Act. 4. The Examiner determines that the creation of a payment transaction conducted by a consumer is similar to methods of organizing human activity found by the courts to be abstract ideas. Ans. 3 (citing *Alice Corporation Pty, Ltd. v. CLS Bank International*, 134 S. Ct. 2347 (2014) (“*Alice*”). Additional claim elements are determined to not be significantly more than instructions to implement the idea on a computer and/or perform generic computer functions that are well-understood, routine, and conventional activities that were previously known. Final Act. 4. Additionally, the claim elements do not provide meaningful limitations to transform the abstract idea into a patent eligible application of the idea that amounts to significantly more than the abstract idea. *Id.* Further, the Examiner determines that:

The additional elements are an electronic processor, a data storage device coupled to the processor, a user interface, a database coupled to the processor, and a message delivery element. Individually, the elements are well-understood, routine, and conventional elements that amount to no more than implementing the abstract idea with a computerized system. Taken as combination, the elements add nothing more than what is present when the elements are considered individually. There is no indication that the combination provides any effect regarding the functioning of the computer or any improvement to another technology.

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Ans. 3–4.

Appellants argue that the rejection of claim 1 is flawed because the Examiner does not provide sufficient support for the identification of the abstract idea, does not address all the parts of the claim, nor is the claim directed to organizing human activity or another abstract idea. App. Br. 8–12; Reply Brief filed August 8, 2016, hereafter “Reply Br.,” 2–6. Appellants assert that the claims at issue are instead necessarily rooted in computer technology and are directed to a problem arising in the realm of computer technology, referring to *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014) (“*DDR*”). *Id.* at 14. Appellants also refer to *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327 (Fed. Cir. 2016) (“*Enfish*”), arguing that the Examiner fails to take improvements to a computer by the additional elements of the claim into account, as well as the technical improvements over conventional systems with the use of a specialized apparatus. Reply Br. 7–9.

Appellants additionally allege that, even if the claim is directed to an abstract idea, it recites meaningful limitations that do not monopolize the judicial exception such that others cannot practice all human activities. App. Br. 12–16. Appellants argue that the invention improves technology and computer functioning. *Id.* at 16. Appellants assert that conventional computer systems had no way of alerting consumers of potential fraud and the problem solved includes software on a communications device that allows consumers to send gratuity information to a central computer. *Id.* Appellants also allege that the claims add specific limitations that are not well-understood, routine, or conventional and “are patentable over the prior art, and the combination of limitations that make the claims patentable are clearly ‘outside’ of any alleged ‘abstract idea.’” *Id.* at 16–17.

Further, Appellants aver that the Examiner fails to explain why certain elements are well-understood, routine, and conventional. Reply Br. 10 (citing Ans. 4). Appellants assert similarities to *BASCOM Global Internet Servs. v. AT&T Mobility LLC*, 827 F.3d 1341 (Fed. Cir. 2016) (“*BASCOM*”), because the steps are alleged to represent specific, meaningful limitations that do not perform generic computer functions. *Id.* at 12.

To provide context, 35 U.S.C. § 101 provides that a new and useful “process, machine, manufacture, or composition of matter” is eligible for patent protection. The Supreme Court has made clear that the test for patent eligibility under Section 101 is not amenable to bright-line categorical rules. *See Bilski v. Kappos*, 561 U.S. 593, 609 (2010). There are, however, three limited, judicially created exceptions to the broad categories of patent-eligible subject matter in § 101: “[L]aws of nature; natural phenomena, and abstract ideas.” *See Mayo Collaborative Services v. Prometheus Labs., Inc.*, 566 U.S. 66, 70 (2012).

In *Alice*, the Supreme Court reiterated the framework set forth previously in *Mayo*, “for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts.” *Alice*, 134 S. Ct. at 2355 (citation omitted). Under *Alice*, the first step of such analysis is to “determine whether the claims at issue are directed to one of those patent-ineligible concepts.” *Id.* (citation omitted). If it is determined that the claims are directed to a patent-ineligible concept, the second step in the analysis is to consider the elements of the claims “individually and ‘as an ordered combination’” to “determine whether the additional elements ‘transform the nature of the claim’ into a patent-eligible application.” *Id.* (quoting *Mayo*, 566 U.S. at 79, 78). In other words, the second step is to “search for an ‘inventive concept’—*i.e.*, an

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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.’” *Id.* (alteration in original) (quoting *Mayo*, 566 U.S. at 72–73).

After considering Appellants’ arguments and the evidence presented in this Appeal for the § 101 rejection, we are not persuaded that Appellants identify reversible error. We add the following for emphasis.

We agree with the Examiner that all the elements of claim 1 are directed towards the abstract idea of payment transactions conducted by a consumer, which is a method of organizing human activity. The Federal Circuit has held certain fundamental economic and conventional business practices, like verifying credit card transactions (*see CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1370 (Fed. Cir. 2011)), and collecting and analyzing information to detect and notify of misuses (*see FairWarning IP, LLC v. Iatric Systems, Inc.*, 839 F.3d 1089, 1093–94 (Fed. Cir. 2016)), as being abstract ideas implemented on computers. The processing of payment transactions of claim 1 is similar to these abstract ideas, and, thus, claim 1 is directed to an abstract idea.

Appellants’ arguments based upon *DDR* also fail to persuade because claim 1 does not represent an improvement to technology. To contrast, in *DDR*, the Federal Circuit found the claims patent eligible because they claim a solution “necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks.” *DDR*, 773 F.3d at 1257. Further, Appellants’ arguments about alleged similarities to *Enfish* fail to persuade because its claims were deemed to be patent eligible because they were directed to improvements in the way computers and networks carry out their basic functions. *See Enfish*, 822 F.3d at 1335–

36. Instead, similar to the claims at issue in *Electric Power Grp, LLC v. Alstom S.A.*, 830 F.3d 1350, 1353–54 (Fed. Cir. 2016), the claimed invention here receives, manipulates, and presents information, but does not use any particular inventive technology for performing those functions. That the information pertains to processing payment transactions with fraud alerts is of little consequence because collecting, communicating, analyzing, and reporting such information does not make the collection and reporting non-abstract. *See SAP America, Inc. v. Investpic, LLC*, 2018 WL 3656048 at *1, *5 (Fed. Cir. 2018) (“*SAP*”) (“No matter how much of an advance in the finance field the claims recite, the advance lies entirely in the realm of abstract ideas, with no plausibly alleged innovation in the non-abstract application realm”). Here, the focus of the claims is not to improved computer operations or functions, but rather is directed to processing payment transactions—an abstract idea.

Turning to step 2 of *Alice*, Appellants characterize the invention as significantly more than an abstract idea because it improves technology and computer functioning, where conventional computer systems had no way of alerting consumers of potential fraud, and, additionally, that the claims add specific limitations that are not well-understood, routine, or conventional and are patentable over the prior art. App. Br. 16–17. We do not find these arguments to be persuasive.

Although Appellants allege that the invention improves technology, the Specification does not identify any of the elements of the claim, such as the processor, data storage device, and consumer communications device, or use of the Internet and/or communications functions, that are specialized, or indicates any specialized improvements thereto. *See Spec.* ¶¶ 23–30, 38–39,

42. Additionally, the claim here is distinguishable from *BASCOM*², because the alleged inventive feature is solving the problem of gratuity mistakes by allowing the consumer to enter and send the allowable gratuity information to a computer (App. Br. 16)—but there is no support in the Specification that this is anything but performing an abstract idea on a generic computer. And under the claim recitals we discern no specialized computer-based method as to how the fraud is detected—the claim is to a comparison of a consumer’s approved payment amount, including gratuity amount, sent from the consumer communication device which is compared with the merchant computer’s requested gratuity amount.

On this issue, the Federal Circuit’s analysis in *SAP* is instructive:

Some of the claims require various databases and processors, which are in the physical realm of things. But it is clear, from the claims themselves and the specification, that these limitations require no improved computer resources [patent owner] claims to have invented, just already available computers, with their already available basic functions, to use as tools in executing the claimed process.

SAP, 2018 WL 3656048 at *7.

There is a difference between improving computer functionality and use of existing computers to perform tasks, and here, there is no underlying change as to how the technology operates under claim 1. Here, the claim only implements the abstract idea and it is “clear that the basic character of a process claim drawn to an abstract idea is not changed by claiming only its

² In *BASCOM*, the claims did not merely recite the abstract idea and generic computer components. *BASCOM*, 827 F.3d at 1349–50 (“The claims do not merely recite the abstract idea of filtering content along with the requirement to perform it on the Internet, or to perform it on a set of generic computer components. Such claims would not contain an inventive concept.”).

performance by computers, or by claiming the process embodied in program instructions on a computer readable medium.” *CyberSource*, 654 F.3d at 1375. Moreover, the argument of whether the limitations are outside any abstract idea because they are patentable over the prior art (App. Br. 16–17), is related to whether a claim is novel or non-obvious, not whether the claim is significantly more than the judicial exception. *See Two-Way Media Ltd. v. Comcast Cable Commc’ns.*, 874 F.3d 1329, 1339–40 (Fed. Cir. 2017) (“Eligibility and novelty are separate inquiries.”).

Finally, we are not persuaded by Appellants’ allegation that the Examiner has not explained why certain elements are well-understood, routine, or conventional because Appellants’ argument is misdirected. Reply Br. 10 (citing Ans. 4). Although Appellants assert that the Examiner failed to provide findings on the conventionality of the steps themselves³, a review of the record indicates that the Appellants considered only a select portion of it. The Examiner’s determinations were not directed to the conventionality of the steps, but rather were directed to the computer components and the implementation of an abstract idea on these conventional elements, as well as whether there were any improvements to the functioning of a computer system. *See block quote supra* 4–5 (citing Ans. 3–4). As discussed above, on this record, we discern no error in the Examiner’s determinations related to implementation of abstract ideas on generic conventional computer systems under representative claim 1.

Therefore, we sustain the rejection of claims 1–4, 6–14, 16–20, and 22–27 under § 101.

³ “Whether something is well-understood, routine, and conventional to a skilled artisan at the time of the patent is a factual determination.” *Berkheimer v. HP Inc.*, 881 F.3d 1360, 1369 (Fed. Cir. 2018).

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SUMMARY

The rejection of claims 1–4, 6–14, 16–20, and 22–27 under 35 U.S.C. § 101 is sustained.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a).

AFFIRMED