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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte TIMOTHY P. BARBER

Appeal 2016-008031¹
Application 13/846,879²
Technology Center 3600

CYNTHIA L. MURPHY, TARA L. HUTCHINGS, and
SHEILA F. McSHANE, *Administrative Patent Judges.*

HUTCHINGS, *Administrative Patent Judge.*

DECISION ON APPEAL

STATEMENT OF THE CASE

Appellant appeals under 35 U.S.C. § 134(a) from the Examiner’s final rejection of claims 1–9 and 11–19. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

¹ Our decision references Appellant’s Appeal Brief (“App. Br.,” filed Jan. 6, 2016) and Reply Brief (“Reply Br.,” filed Aug. 22, 2016), and the Examiner’s Answer (“Ans.,” mailed July 1, 2016) and Final Office Action (“Final Act.,” mailed Aug. 7, 2015).

² Appellant identifies Kount Inc. as the real party in interest. App. Br. 2.

CLAIMED INVENTION

Appellant's claimed invention "relates generally to electronic mail (e-mail) sent via a network, such as the Internet. More particularly, the present invention relates to conveying via an e-mail a monetary value." Spec. ¶ 2.

Claims 1 and 11 are the independent claims on appeal. Claim 1, reproduced below with bracketed notations added, is illustrative of the claimed subject matter:

1. A method for electronic money transfer, the method comprising:
 - using a computer processor to perform steps comprising:
 - [(a)] receiving a request from a sender for an electronic stamp, the electronic stamp comprising a plurality of fields;
 - [(b)] generating the electronic stamp associated with the request based on the plurality of the fields of the electronic stamp, the electronic stamp being represented by a character string encoding the plurality of the fields of the electronic stamp;
 - [(c)] transmitting the generated electronic stamp to the sender electronically;
 - [(d)] receiving from a recipient a character string representing the electronic stamp, the recipient not identified in the electronic stamp;
 - [(e)] validating the electronic stamp received from the recipient based on analysis of the plurality of fields of the electronic stamp; and
 - [(f)] responsive to a determination that the electronic stamp is valid, facilitating electronic money transfer of an amount identified by a face value of the electronic stamp to an account associated with the recipient.

REJECTIONS

Claims 1–9 and 11–19 are rejected under 35 U.S.C. § 101 as directed to a judicial exception without significantly more.

Claims 1–9 and 11–19 are rejected under 35 U.S.C. § 103(a) as unpatentable over Kuzma (US 5,771,289, iss. June 23, 1998), Sundsted (US 5,999,967, iss. Dec. 7, 1999), and O’Mahony et al., *Electronic Payment Systems*, Artech House, Inc., 146–47, 153–55 (1997) (hereinafter “O’Mahony”).

ANALYSIS

Patent-Ineligible Subject Matter

Appellant argues claims 1–9 and 11–19 as a group. *See* Reply Br. 6–13. We select independent claim 1 as representative. The remaining claims stand or fall with claim 1. *See* 37 C.F.R. § 41.37(c)(1)(iv).

The Supreme Court identified a two-step framework for determining whether claimed subject matter is judicially-excepted from patent eligibility under 35 U.S.C. § 101. *See Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347 (2014). *Alice*, 134 S. Ct. at 2355. The first step in that analysis is to “determine whether the claims at issue are directed to one of those patent-ineligible concepts.” *Id.* at 2355. If the claims are not directed to a patent-ineligible concept, e.g., an abstract idea, the inquiry ends. Otherwise, the inquiry proceeds to the second step where the elements of the claims are considered “individually and ‘as an ordered combination’” to determine whether there are additional elements that “transform the nature of the

claim’ into a patent-eligible application.” *Id.* (quoting *Mayo*, 566 U.S. at 79, 78).

In rejecting the claims under 35 U.S.C. § 101, the Examiner applied this two-step framework. Applying step one of the framework, the Examiner determined that claim 1 is directed to the abstract idea of “transferring money.” Ans. 6. In particular, the Examiner explained that the steps of claim 1 (e.g., receiving, generating, transmitting, validating, facilitating) “can be performed mentally,” and do not meaningfully distinguish from the information-based category of abstract ideas. *See id.* at 7 (citing *Cyberfone Systems, LLC v. CNN Interactive Group, Inc.* 558 Fed. App’x 988 (Fed Cir. 2014); *SmartGene, Inc. v. Advanced Biological Labs, SA*, 555 Fed. Appx. 950 (Fed. Cir. 2014)). The Examiner also determined that the concept of claim 1 is not meaningfully different than fundamental economic concepts found by the courts to be abstract ideas. *Id.* In so doing, the Examiner has clearly articulated the reasons as to why claim 1 is directed to an abstract idea and has notified Appellant of the reasons for the rejection “together with such information and references as may be useful in judging of the propriety of continuing the prosecution of [the] application.” 35 U.S.C. § 132.

Turning to step two of the framework, the Examiner determined that the claim does not include additional elements that are sufficient to amount to significantly more than the judicial exception itself because “the additional computer elements, which are recited at a high level of generality, provide conventional computer functions that do not add meaningful limits to practicing the abstract idea.” Ans. 6; *see also id.* at 7–8.

At step one, we “look at the ‘focus of the claimed advance over the prior art to determine if the claims character as a whole is directed to excluded subject matter.’” *Affinity Labs of Texas v. DirectTV, LLC*, 838 F.3d 1253, 1257 (Fed. Cir. 2016) (quoting *Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1353 (Fed. Cir. 2016)). Here, the Background of the Specification describes that advertisers today can take advantage of e-mail to send advertisements. Spec. ¶ 3. Because advertisers pay “essentially nothing” to send e-mail, many have “used e-mail to send messages or advertising with little regard for the likelihood that the recipient of the e-mail would be interested in the e-mail message.” *Id.* As a result of such indiscriminate and unsolicited email (i.e., spam or junk e-mail), “many people decline to open and read unsolicited e-mail, in recognition of the simple fact that the sender did not . . . weigh the cost of sending the email [against] the likelihood that the e-mail would be somehow worthwhile.” *Id.*; *see also id.* ¶ 9. Appellant’s Specification describes a need in the prior art to persuade an e-mail recipient to open and read an e-mail from an advertiser. *Id.* ¶ 4. Appellant’s claimed invention solves this problem by attaching a digital stamp to an e-mail that can be redeemed by the recipient for the stamp’s indicated value. *Id.* ¶ 9. The inventor anticipates that the present invention will discourage spam, because, over time, promulgators of spam will understand that “many consumers will [] decline to open an e-mail unless it is stamped according to the present invention.” *Id.*

Appellant’s Specification further describes that a preferred embodiment encodes the e-mail addresses of a sender and recipient as part of the digital stamp, serving as an identifier tied to the e-mail. *Id.* ¶ 40. However, in an alternative embodiment, the sender could opt to notspecify

the recipient in advance, making the stamp a “wildcard stamp” that can be cashed in by the first redeemer. *Id.* ¶ 41. The wildcard stamp system “would[,] of course[,] be less secure than the preferred embodiment, but would likely be secure enough in cases where stamps have smaller values, such as less than \$0.05 USD.” *Id.*

Claim 1 recites a method for “electronic money transfer” comprising steps for: receiving a request from a sender; generating the electronic stamp associated with the request; transmitting the generated electronic stamp to the sender; receiving from a recipient a character string representing the electronic stamp, the recipient not identified in the electronic stamp; validating the electronic stamp; and responsive to a determination that the stamp is valid, facilitating electronic money transfer to an account associated with the recipient. The Specification does not provide details on how, technologically, the steps of claim 1 are performed. *See, e.g.*, Spec. ¶¶ 16 (describing the stamp as “a character string according to one or another algorithm”), 18, 19, 33, 37, and 41; *see also* App. Br. 2 (citing Spec. ¶¶ 16, 18, 19, 33, 37, and 41 as describing the subject matter of claim 1). Thus, when considered in light of the Specification, the focus of claim 1 is on achieving a business objective (i.e., encouraging recipients to open and read e-mail), and not on any claimed means for achieving that goal that improves technology. Claim 1’s purported inventive advance over the prior art is facilitating a money transfer to a recipient of an e-mail by use of an electronic stamp. As such, the Examiner’s determination that the claim 1 is directed to transferring money is supported by the Specification.

Appellant challenges the Examiner’s determination that the claim 1’s concept of “transferring money” is an abstract idea. *See* Reply Br. 6–10.

Specifically, Appellant asserts that the court cases cited by the Examiner are not applicable to claim 1. *Id.* at 7. With respect to *SmartGene*, Appellant asserts that the Examiner “completely ignores the underlying rationale of the court: that the decision making involved [in *SmartGene*] is specifically *mental* and *medical* in nature.” *Id.* at 9. With respect to *Cyberfone*, Appellant argues that “the present claims are completely dissimilar as evidenced by the fact that the claimed invention is categorized in the ‘insurance, banking and finance’ unit 3692 while the *Cyberfone* patent was classified under the ‘telegraphy’ unit 2618.” *Id.* at 9–10.

The flaw in the Appellant’s arguments is that transferring money is a longstanding economic practice, as noted by the Examiner. *See* Ans. 7. Further, the problem to which claim 1 is directed (i.e., encouraging recipients to open and read mailed advertisements) existed long before the advent of, and still exists outside of, electronic mail. Appellant cannot reasonably deny that encouraging (unidentified) recipients of a mass mailing to open and read the mail by indicating there is a value associated with the mailing, such as a “free gift inside,” coupon, voucher, or other offer, has been a longstanding economic practice.

In addition, Appellant does not persuade us that the concept of transferring money by performing steps (a)–(f), as recited in claim 1, is more than a method that can be performed by human thought alone, or by a human using pen and paper. *See, e.g., Cybersource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1370–73 (Fed Cir. 2011) (“[a] method for verifying the validity of a credit card transaction over the Internet” is directed to a mental process, i.e., an abstract idea); *Electric Power Grp., LLC v. Alstom*, 830 F.3d 1350, 1353 (Fed. Cir. 2016) (“we have treated analyzing information by

steps people go through in their minds . . . without more, as essentially mental processes within the abstract-idea category”); *Secured Mail Sols. LLC v. Universal Wilde, Inc.*, 873 F.3d 905, 911 (Fed. Cir. 2017) (“the claims embrace the abstract idea of using a marking affixed to the outside of a mail object to communicate information about the mail object”); *Intellectual Ventures I LLC v. Capital One Fin. Corp.*, 850 F.3d 1332, 1340 (Fed. Cir. 2015) (“at their core, [the claims are] directed to the abstract idea of collecting, displaying, and manipulating data”). Mental processes remain unpatentable even when performed by a computer. *CyberSource*, 654 F.3d at 1375 (“That purely mental processes can be unpatentable, even when performed by a computer, was precisely the holding of the Supreme Court in *Gottschalk v. Benson*, [409 U.S. 63 (1972)].”).

Turning to step two, Appellant argues that “claim 1 recites steps that are not routine, or conventional in the field, and provide a specific ‘inventive concept’ that is not found in the prior art.” Reply Br. 10. A finding of novelty or non-obviousness, however, does not automatically lead to the conclusion that the claimed subject matter is patent-eligible. A novel and non-obvious claim directed to a purely abstract idea is, nonetheless, patent-ineligible. *See Mayo*, 566 U.S. at 90.

Appellant argues that the step of generating and using an electronic stamp for “facilitating electronic money transfer” amounts to significantly more than the abstract idea. Reply Br. 11–12. Yet, the electronic stamp of claim 1 is “based on the plurality of the fields” requested from a sender, and is represented by a character string encoding the plurality of fields. Claim 1 does not so much as identify what pieces of data are combined in the plurality of the fields, much less any new or inventive form for an electronic

stamp. *See* Spec. ¶ 16 (the stamp “appears in an email as simply a concatenation of several fields separated by a delimiter”). Much like the situation in *Secured Mail*, claim 1 does not provide any specific showing of what is inventive about the electronic stamp or about the technology used to generate and process it. *See Secured Mail*, 873 F.3d at 912. For example, there is no description in the Specification providing specific details for generating the electronic stamp, encoding the plurality of fields, or describing how the plurality of fields comprises more than conventional information required to effect a funds transfer. No special rules or details of the computer processor are recited. Instead, claim 1 embraces the abstract idea of using an electronic stamp to communicate information via email to facilitate a funds transfer. *See Secured Mail Solutions*, 873 F.3d at 912 (“the sender-generated identifier is not a sufficiently inventive concept”); *see also id.* (“affixing information to mail is routine to persons that have mailed a letter”).

Appellant also argues that the claim limitation for not specifying the recipient in the electronic stamp, in combination with the use of an electronic stamp, amounts to significantly more than the abstract idea (*see* Reply Br. 11–12 (citing Spec. ¶ 41)), but we disagree. As an initial matter, Appellants’ argument is not persuasive at least because the feature that Appellant identifies as “significantly more” is merely part of the abstract idea, i.e., transferring funds, itself. Moreover, Appellant does not identify, and we do not find, anything in the Specification ascribing any particular

technical improvement or significant innovation in “not specifying the recipient.”³

Appellant analogizes claim 1 to *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014), because it addresses a problem specifically arising in the realm of computer networks. Reply Br. 12. Yet, the problem Appellant describes, i.e., persuading a recipient to open and read an advertisement (*see* Spec. ¶ 4), is not a problem specifically arising the realm of computer networks. Instead, it is a business challenge facing advertisers that is not peculiar to computer networks.

Further, the claims at issue in *DDR Holdings* modified the routine, conventional functioning of Internet hyperlink protocol to direct a user of a host website to a “store within a store” on the host website, rather than to an advertiser’s third-party website, when the user clicks an advertisement. *DDR Holdings*, 773 F.3d at 1257–58. Here, there is no indication here that a computer network is used other than in its normal, expected, and routine manner. Instead, claim 1 recites conventional ways to communicate information using generic computer technology.

We are not persuaded that the Examiner erred in rejecting claim 1 under 35 U.S.C. § 101. Therefore, we sustain the Examiner’s rejection of claim 1, and claims 2–9 and 11–19, which fall with claim 1.

³ Further to the discussion above, Appellant also could not deny that in previously known mass mailings, the coupons, vouchers, or other offers sent were often transferrable.

Obviousness

Independent Claim 1 and Dependent Claims 2–9

We are persuaded by Appellant’s argument that the Examiner erred in rejecting claim 1 under 35 U.S.C. § 103(a) because Kuzma and Sundsted do not disclose or suggest limitation (d), as recited in claim 1. App. Br. 4–7; *see also* Reply Br. 2–5. The Examiner cites Kuzma for disclosing “receiving from a recipient a character string representing the electronic stamp,” as recited in limitation (d). Final Act. 6 (citing Kuzma Figs. 4A–D, 5:48–56). However, the Examiner acknowledges that Kuzma fails to disclose that “the recipient is not identified in the electronic stamp,” as recited in limitation (d), and relies on Sundsted as suggesting this aspect of the claim language. *Id.* at 7 (citing Sundsted, 9:29–10:19, Figs. 4–5).

Figures 4 and 5 of Sundsted show an electronic embodiment according to two embodiments. The Examiner finds that Figure 5 of Sundsted suggests an alternative embodiment in which the recipient is not identified in the electronic stamp. Ans. 12. The Examiner reasons that token field 48 of Sundsted’s Figure 5 replaces serial field 40 of Sundsted’s Figure 4, and results in an electronic token being placed in the token field of the electronic stamp. *Id.* Yet, we agree with Appellant that Sundsted’s disclosure of placing an electronic token in a token field of the electronic stamp fails to teach or suggest that the recipient is not identified in the electronic stamp. *See* App. Br. 5–6.

Instead, Sundsted describes that the electronic stamp embodiment shown in Figure 5 differs from the electronic stamp embodiment shown in Figure 4 in only one way: the serial number field 40 is replaced with a token field 48. Sundsted 9:62–64. The electronic stamp of Figures 4 and 5 each

has a field for holding an address of the receiver of the electronic mail, i.e., receiver address field 44. *Id.* at 7:15–16, Figs. 4–5. As such, receiver address field 44 of the electronic stamp identifies the receiver, and fails to teach that the recipient is not identified in the electronic stamp, as required by limitation (d).

To elaborate further, Sundsted describes using the address contained in receiver address field 44 in an authentication process. Specifically, Sundsted describes that the receiver address field serves to bind the electronic stamp to a piece of electronic mail so that a malicious party cannot intercept the electronic mail, remove the electronic stamp, and place it on another email. *Id.* at 7:19–23. During processing at the receiver side (i.e., step (f)), an analysis module reads the address of the receiver from receiver address field 44 of the electronic stamp, and compares its value with the appropriate part of the electronic mail. *Id.* at 8: 8–12. A failed comparison indicates that the electronic mail has been corrupted or the stamp is no longer attached to the original piece of mail. *Id.* at 8:13–16. Stated differently, receiver address field 44 identifies the receiver's address, and this information is compared against the receiver address identified in the electronic mail.

Therefore, we do not sustain the rejection under 35 U.S.C. § 103(a) of independent claim 1 and dependent claims 2–9.

Independent Claim 11 and Dependent Claims 12–19

Independent claim 11 recites language substantially similar to claim 1, and is rejected based on the same erroneous findings. *See* Final Act. 5–7. Therefore, we do not sustain the Examiner's rejection under 35 U.S.C.

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§ 103(a) of claim 11, and dependent claims 12–19 for the same reasons described above with respect to independent claim 1.

DECISION

The Examiner’s rejection of claims 1–9 and 11–19 under 35 U.S.C. § 101 is affirmed.

The Examiner’s rejection of claims 1–9 and 11–19 under 35 U.S.C. § 103(a) is reversed.

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