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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte RAJEN S. PRABHU
and DAVID CHAN

Appeal 2017-000585¹
Application 13/533,005²
Technology Center 3600

Before JOSEPH A. FISCHETTI, MATTHEW S. MEYERS, and
ALYSSA A. FINAMORE, *Administrative Patent Judges*.

MEYERS, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Appellants appeal under 35 U.S.C. § 134(a) from the Examiner's Non-final Rejection of claims 7, 8, 14, and 16–27. We have jurisdiction under 35 U.S.C. § 6(b). We AFFIRM.

¹ Our decision references Appellants' Appeal Brief ("Appeal Br.," filed May 27, 2016) and Reply Brief ("Reply Br.," filed October 7, 2016), the Examiner's Answer ("Ans.," mailed September 16, 2016), and Non-Final Office Action ("Non-Final Act.," mailed December 18, 2015).

² Appellants identify MasterCard International Incorporated as the real party in interest (Appeal Br. 2).

CLAIMED INVENTION

Appellants' claims relate "to processing point-of-sale (POS) transactions," and more particularly, to "processing a POS transaction using a mobile card and a mobile phone" (Spec. ¶ 1).

Claims 7, 14, and 16 are the independent claims on appeal. Claim 7 reproduced below, with minor formatting changes and added bracketed notations, is illustrative of the subject matter on appeal:

7. A method for operating a processing system, comprising:

[a] providing a mobile card, the mobile card being a physical transaction card, the mobile card storing card information, the card information comprising a bank identification number (BIN) associated with a mobile network and a serial number associated with the mobile card, the mobile card having a front side that permanently displays a portion of the stored card information but not all of the stored card information, the displayed portion of the card information including the serial number; and the BIN being a portion of the card information that is not displayed on the front side of the mobile card;

[b] determining, by the processing system, that the mobile card has been presented as payment in a point-of-sale (POS) transaction, wherein said determining comprises using a POS device to retrieve the card information from the mobile card and receiving the card information and a transaction amount sent from the POS device;

[c] determining, by the processing system, that a mobile phone is associated with the mobile card;

[d] sending a transaction request to the mobile phone;

[e] receiving a transaction authorization from the mobile phone;

[f] authorizing the POS transaction; and

[g] causing the transaction amount to be paid using a mobile wallet account associated with the mobile phone and the mobile card.

REJECTIONS

Claims 7, 8, 14, and 16–27 are rejected under 35 U.S.C. § 101 as directed to non-statutory subject matter.

Claims 7, 8, 14, and 16–27 are rejected under 35 U.S.C. § 103(a) as unpatentable over Yoo (US 2012/0173348 A1, pub. July 5, 2012), Wong (US 2012/0143752 A1, pub. June 7, 2012), and Joubert (US 2010/0287085 A1, pub. Nov. 11, 2010).

ANALYSIS

Non-statutory subject matter

Appellants argue claims 7, 8, 14, and 16–27 as a group (*see* Appeal Br. 8–9). We select independent claim 7 as representative. Claims 8, 14, and 16–27 stand or fall with independent claim 7. *See* 37 C.F.R. § 41.37(c)(1)(iv).

Under 35 U.S.C. § 101, 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 an implicit exception: “[L]aws of nature, natural phenomena, and abstract ideas” are not patentable. *See, e.g., Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2354 (2014).

The Supreme Court, in *Alice*, reiterated the two-step framework previously set forth in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. 66 (2012), “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. The first step in that analysis is to “determine whether the claims at issue are

directed to one of those patent-ineligible concepts,” *id.*, e.g., to an abstract idea. If the claims are not directed to a patent-ineligible concept, 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.” *Alice*, 134 S. Ct. at 2355 (quoting *Mayo*, 566 U.S. at 79, 78).

The Court acknowledged in *Mayo*, that “all inventions at some level embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas.” *Mayo*, 566 U.S. at 71. We, therefore, look to whether the claims focus on a specific means or method that improves the relevant technology or are instead directed to a result or effect that itself is the abstract idea and merely invoke generic processes and machinery. *See Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1336 (Fed. Cir. 2016).

Here, in rejecting claims 7, 8, 14, and 16–27, the Examiner determines the claims are “directed to authorizing point of sale transaction using a mobile card” (Ans. 4; *see also* Non-Final Act. 3). The Examiner also determines that independent claim 7 is “considered to be [an] abstract idea because it [] amounts to nothing more than a business practice” which “can be performed using any generic computers that are used to perform generic computer functions” (Non-Final Act. 3; *see also* Ans. 3).

Appellants argue that the Examiner’s rejection is improper because [t]he Examiner has completely failed to provide such a reasoned rationale. He has merely asserted in conclusory terms that “the claims are directed to [an] abstract idea”, after listing a sequence of the method steps present in claim 7. The Examiner has not even stated *what* the alleged abstract idea is.

(Appeal Br. 8). Appellants’ argument is not persuasive.

By way of background, the Examiner determines the “claims are directed to system and method of providing a mobile card, determining that the mobile card has been presented as payment, sending a transaction request, [and] authorizing the POS transaction, which are considered to be [an] abstract idea because [they] amount[] to nothing more than a business practice” (Non-Final Act. 3). In the Answer, the Examiner further characterizes the claims as being “directed to authorizing [a] point of sale transaction using a mobile card” (Ans. 4). Thus, we determine initially the Examiner has adequately articulated what abstract idea the claims are directed to.

Appellants further argue that the Examiner fails to satisfy the first step of the *Alice* analysis, because the Examiner “does not clearly enunciate what the Examiner considers to be ‘abstract’ about claim 7, and does not compare any alleged ‘abstract idea’ with allegedly corresponding concepts that courts have identified” (Appeal Br. 9; *see also* Reply Br. 2). However, we agree with the Examiner that independent claim 7 is directed to “authorizing [a] point of sale transaction using a mobile card” (Ans. 4; *see also* Non-Final Act. 3), and is similar to certain fundamental economic and conventional business practices that our reviewing courts have found patent ineligible, like intermediated settlement (*see Alice*, 134 S. Ct. at 2356–57), creating a contractual relationship in guaranteeing performance of an online transaction (*see buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350, 1352, 1355 (Fed. Cir. 2014)), “verifying the validity of a credit card transaction over the Internet” (*CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1370 (Fed. Cir. 2011)), and using advertising as a currency on the Internet (*Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 716 (Fed. Cir. 2014)).

Furthermore, as in *Alice*, we need not labor to delimit the precise contours of the “abstract ideas” category in this case. It is enough to 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 authorizing a point of sale transaction using a mobile card at issue here. Both are squarely within the realm of “abstract ideas” as the Court has used that term. *See Alice*, 134 S. Ct. at 2357. Here, independent claim 7, unlike the claims found non-abstract in prior cases, uses generic computer technology (*see, e.g.*, Spec. ¶ 14 (describing that “[t]he system 100 includes a mobile card 102, a POS device 104, an acquirer system 106, a card issuer system 108, a mobile network system 110, a mobile phone 112, and a mobile wallet account 114); *see also id.* ¶¶ 13, 15–17) to “process[] a POS transaction using a mobile card and a mobile phone” (*see* Spec. ¶ 1), and does not recite an improvement to a particular computer technology. *See, e.g., McRO, Inc. v. Bandai Namco Games America Inc.*, 837 F.3d 1299, 1314–15 (Fed. Cir. 2016) (determining claims not abstract because they “focused on a specific asserted improvement in computer animation”). Thus, independent claim 7 is directed to a patent-ineligible abstract idea.

Appellants also argue that the Examiner fails to satisfy the second step of the *Alice* analysis, because the Examiner “fails to take the individual claim elements either individually (some are omitted) or in combination to explain why the ‘something more’ is not present” (Appeal Br. 9; *see also* Reply Br. 2). However, we agree with the Examiner that “[t]he additional elements taken alone or in combination do not perform anything more than conventional computer implementation” (Ans. 5). More particularly, we agree with the Examiner that the claims recite generic components and “[i]n

each instance, the functions performed by the computer components include communicating data, generating records data, [and] authorizing data” (*id.* at 4).

Appellants further argue that “at least based on the limitation of providing a mobile card, it is believed that claim 7 satisfies the requirement of ‘something more’ to achieve patent-eligibility, as called for in *Alice*” (Appeal Br. 9). However, Appellants do not point to a particular portion of the Specification to show where the Specification discloses how the step of “providing a mobile card” transforms the abstract idea into patent-eligible subject matter. Nor do Appellants provide adequate evidence or technical reasoning that independent claim 7 improves some existing technological process or solves some technological problem in conventional industry practice, such as in *Diamond v. Diehr*, 450 U.S. 175 (1981). *See Versata Dev. Grp., Inc. v. SAP Am., Inc.*, 793 F.3d 1306, 1334 (Fed. Cir. 2015) (determining that the “claims recit[ed] a commonplace business method aimed at processing business information despite being applied on a general purpose computer”), *cert. denied*, 136 S. Ct. 2510 (2016); *see also Alice*, 134 S. Ct. at 2359.

Here, we determine the steps of “providing a mobile card,” “determining . . . that the mobile card has been presented as payment in a point-of-sale (POS) transaction,” “determining . . . that a mobile phone is associated with the mobile card,” sending and receiving transaction information, authorizing, and “causing the transaction amount to be paid using” an associated account, amount to nothing more than mere instructions to implement the abstract idea on a computer—none of which add an inventive concept because they merely require the application of

conventional, well-known analytical steps. *See Ultramercial*, 772 F.3d at 716 (“[T]he claimed sequence of steps comprises only ‘conventional steps, specified at a high level of generality,’ which is insufficient to supply an ‘inventive concept.’” (citing *Alice*, 134 S. Ct. at 2357)). Thus, each limitation does no more than require a generic computer to perform generic computer functions.

And, considered as an ordered combination, the computer components of Appellants’ independent claim 7 add nothing that is not already present when the limitations are considered separately. Viewed as a whole, Appellants’ claims simply recite the concept of “authorizing [a] point of sale transaction using a mobile card” (Ans. 3). 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 an instruction to apply the abstract idea of “authorizing [a] point of sale transaction using a mobile card” (Ans. 3), which under our precedents, is not enough to transform an abstract idea into a patent-eligible invention. *See Alice*, 134 S. Ct. at 2360.

Appellants further argue that the Examiner’s rejection is improper because “[t]he Examiner does not even mention a point of novelty in the claims, i.e., a mobile card that stores but does not display a BIN (bank identification number)” (Appeal Br. 8; *see also* Reply Br. 2). However, Appellants do not adequately show how the claimed steps are technically done such that they are not routine, conventional functions of a generic computer. *See Intellectual Ventures I LLC v. Capital One Bank (USA)*, 792 F.3d 1363, 1370 (Fed. Cir. 2015) (“Rather, the ‘interactive interface’ simply

describes a generic web server with attendant software, tasked with providing web pages to and communicating with the user’s computer.”). In this regard, Appellants have not established that the claimed invention relates to a software-based invention that improves the performance of the computer system itself. And it is well-settled that “merely recit[ing] the abstract idea . . . with the requirement to perform it on the Internet, or to perform it on a set of generic computer components . . . would not contain an inventive concept.” *See Bascom Global Internet Servs., Inc. v. AT&T Mobility LLC*, 827 F.3d 1341, 1350 (Fed. Cir. 2016).

Appellants last argue that the present claims “hardly would preempt all manners of authorizing a card transaction at the point of sale” because “no transaction authorization technique would be barred by the claims on appeal unless the technique featured a mobile card that stores but does not display a BIN” (Reply Br. 2). However, Appellants’ preemption argument does not alter our § 101 analysis. Preemption concerns are fully addressed and made moot where a patent’s claims are deemed to disclose patent ineligible subject matter under the two-part framework described in *Mayo* and *Alice*. *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015). “While preemption may signal patent ineligible matter, the absence of complete preemption does not demonstrate patent eligibility.” *Id.*

In view of the foregoing, we sustain the Examiner’s rejection under 35 U.S.C. § 101 of independent claim 7, and claims 8, 14, and 16–27, which fall with independent claim 7.

Obviousness

Independent claim 7 and dependent claims 8 and 21–23

We are persuaded by Appellants’ argument that the Examiner erred in rejecting independent claim 7 under 35 U.S.C. § 103(a) because the combination of Yoo, Wong, and Joubert does not disclose or suggest “a mobile card . . . [configured to store] card information” as required by limitation [a] of independent claim 7 (*see* Appeal Br. 10–12). More particularly, Appellants argue that limitation [a] requires the mobile card store “a bank identification number (BIN)” and “a serial number,” but also requires that “the BIN is not displayed on the card, while the serial number is displayed on the card” (*id.* at 10). Thus, Appellants argue that the combination of Yoo, Wong, and Joubert fails to disclose or suggest “a mobile card that stores but does not display a BIN,” as required by limitation [a] of independent claim 7 (*id.* at 10).

The Examiner maintains the rejection is proper, and cites Joubert, at paragraphs 24–27, as disclosing the argued feature (*see* Non-Final Act. 7–9; *see also* Ans. 7).

Joubert is directed to a system “that allow[s] for personalized data to be embedded in a primary account number [(PAN)] associated with a consumer device” (Joubert ¶ 4). Joubert discloses that its PAN “includes a bank identification number and the bank identification number and the personalized data overlap. For example, an account number might include a BIN or bank identification number ‘23456’ and the number ‘6’ may start a data string associated with a consumer’s telephone number” (*id.* ¶ 5). More particularly, Joubert discloses

a PAN **803** for a consumer device such as a debit card includes several parts as shown in FIG. **8(b)**. The first few digits **803(a)** may be a BIN which can be four to six digits. The next digit **803(b)** may be a free or spare digit. The next two digits **803(c)** may be a product code. The next several digits **803(d)** may be a running serial number. The next few digits **803(e)** may be an add-on card. The final digit **801(f)** may be a check digit which is derived from the previous digits in the PAN

(*id.* ¶ 23). Joubert further discloses that “[t]he personalized PAN is associated with the body of the consumer device” and “the personalized PAN may be stored in a memory in the body, printed on the body, or embossed on the body” (*id.* ¶ 24).

We have reviewed the cited portions of Joubert, and agree with Appellants that none of the cited portions of Joubert discloses or suggests the argued features of limitation [a] of independent claim 7. In particular, we fail to see, and the Examiner does not adequately explain, how Joubert’s disclosure regarding its personalized PAN discloses or suggests limitation [a] of independent claim 7, which requires in part:

providing a mobile card, the mobile card being a physical transaction card, the mobile card storing card information, the card information comprising a bank identification number (BIN) associated with a mobile network and a serial number associated with the mobile card, the mobile card having a front side that permanently displays a portion of the stored card information but not all of the stored card information, the displayed portion of the card information including the serial number; and the BIN being a portion of the card information that is not displayed on the front side of the mobile card

(Appeal Br. 13; Claims App. (emphasis added)).

In response to Appellants’ argument, the Examiner points out that Joubert “discloses that the primary account number PAN which consists [of] serial number and Bank Identification Number (BIN), can be personalized

[in] that [it] may be stored in a memory in the body, printed on the body or embossed on the body of the card” (Ans. 5 (citing Joubert ¶¶ 24–27)).

Although we agree with the Examiner that Joubert discloses that “personalized PAN may be stored in a memory in the body” (Joubert ¶ 24), and as such, not displayed on the body of the card, we cannot agree with the Examiner that this disclosure satisfies or otherwise renders obvious the requirements of limitation [a] of independent claim 7. In making this determination, we note that Joubert discloses that its PAN “includes a bank identification number and the bank identification number and the personalized data overlap” (*id.* ¶ 5; *see also id.* ¶¶ 21–37). Consequently, if Joubert’s PAN were only to be stored in the body of the card, Joubert would fail to disclose or suggest “the displayed portion of the card information including the serial number,” as required by limitation [a] of independent claim 7. The Examiner does not rely on Yoo or Wong to address this deficiency.

In view of the foregoing, we do not sustain the Examiner’s rejection of independent claim 7 under 35 U.S.C. § 103(a). For the same reasons, we also do not sustain the Examiner’s rejection of claims 8 and 21–23 which depend from independent claim 7.

Independent claims 14 and 16, and dependent claims 16–20 and 24–27

Independent claims 14 and 16 include limitations substantially similar to the argued subject matter of independent claim 7 discussed above. Therefore, we do not sustain the Examiner’s rejection under 35 U.S.C. § 103(a) of independent claims 14 and 16, and claims 17–20 and 24–27 that

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depend therefrom, for the same reasons set forth above with respect to independent claim 7.

DECISION

The Examiner's rejection of claims 7, 8, 14, and 16–27 under 35 U.S.C. § 101 is affirmed.

The Examiner's rejection of claims 7, 8, 14, and 16–27 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