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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte ALBERTO RODRIGUEZ and HEIKO ROMMELMANN

Appeal 2017-000848
Application 14/052,261¹
Technology Center 3600

Before ST. JOHN COURTENAY III, LARRY J. HUME, and SCOTT E. BAIN, *Administrative Patent Judges*.

BAIN, *Administrative Patent Judge*.

DECISION ON APPEAL

Appellants appeal under 35 U.S.C. § 134(a) from the Examiner's Final Rejection of claims 1–4, 8, 10–13, and 17, which constitute all claims pending in the application. Claims 5–7, 9, 14–16, and 18–20 have been cancelled. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

¹ Appellants identify Xerox Corporation as the real party in interest. App. Br. 3.

STATEMENT OF THE CASE

The Claimed Invention

The claimed invention relates to credit card security, and more specifically, to the use of a “vendor-specific” PIN (personal identification number) for authorizing credit card purchases on the Internet. Spec. ¶¶ 1–4. Claims 1 and 10 are independent. Claim 1 is illustrative of the invention and the subject matter of the appeal, and reads as follows:

1. A method for authorizing a website transaction, comprising:

receiving, by a processor of a server at a bank, a request from an endpoint device of a user to select a vendor specific personal identification number (PIN) for a credit card account issued by the bank and associated with the user;

establishing, by the processor, the vendor specific PIN for one of a plurality of different vendors selected by the user, wherein the vendor specific PIN is different for each one of the plurality of different vendors, wherein the vendor specific PIN is associated with one or more parameters defined by the user comprising a plurality of authorized users for the vendor specific PIN for the each one of the plurality of different vendors of the credit card account and an authorized time range, wherein the vendor specific PIN for each one of the plurality of different vendors authorizes a different one or more of the plurality of authorized users;

receiving, by the processor, a request from a vendor to validate the website transaction with the vendor using the credit card account;

sending, by the processor, a request to the user of the credit card account for the vendor specific PIN associated with the credit card account, wherein the request is sent to the endpoint device of the user via at least one of: an email, a text message, a push notification or a telephone call;

receiving, by the processor, the vendor specific PIN via the endpoint device of the user;

determining, by the processor, that the vendor specific PIN received from the endpoint device of the user matches the vendor specific PIN that was established and associated with the credit card account, that the user is one of the plurality of authorized users and that the website transaction is within the authorized time range; and

authorizing, by the processor, the website transaction with the vendor using the credit card account.

App. Br. 18 (Claims App'x.) (emphasis added).

The Rejections on Appeal

Claims 1–4, 8, 10–13, and 17 are rejected under 35 U.S.C. § 101 as being directed to patent-ineligible subject matter. Final Act. 9–13.

Claims 1–4, 8, 10–13, and 17 stand rejected under pre-AIA 35 U.S.C. § 103(a) as being unpatentable over Varadarajan et al. (US 2011/0276495 A1; publ. Nov. 10, 2011) (“Varadarajan”), Risafi et al. (US 6,473,500 B1; iss. Oct. 29, 2002) (“Risafi”), and Madhok et al. (US 2006/0059110 A1; publ. March 16, 2006) (“Madhok”). Final Act. 13–17.

ANALYSIS

We have reviewed the Examiner’s rejections in light of Appellants’ arguments presented in this appeal. Arguments which Appellants could have made but did not make in the Briefs are deemed to be waived. *See* 37 C.F.R. § 41.37(c)(1)(iv). On the record before us, we are not persuaded the Examiner erred. We adopt as our own the findings and reasons set forth in the rejections from which the appeal is taken and in the Examiner’s Answer, and provide the following discussion for highlighting and emphasis.

Rejection Under 35 U.S.C. § 101

Appellants argue the Examiner erred in rejecting the claims as directed to ineligible subject matter, namely, the abstract idea of conducting an online credit card transaction authenticated with a vendor-specific PIN.² App. Br. 12–13; Final Act. 11. Appellants contend the claims are not abstract because they recite elements that “require authorization of a website transaction that requires interaction of hardware devices over the Internet,” and cannot be performed manually by a human. App. Br. 12; Reply Br. 2–3. Appellants further argue that, even if the claims recite an abstract idea, the claims also are rooted in computer technology and thus include “significantly more” than an abstract idea, thereby transforming the abstract idea into patent-eligible subject matter. App. Br. 12–13; Reply Br. 3. We are not persuaded.

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. The Supreme Court has long held that this provision contains an implicit exception: “[l]aws 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)). The Court has set forth a two-part inquiry to determine whether this exception applies. First, we must “determine whether the claims at issue are directed

² Appellants argue all pending claims as a group, and we choose claim 1 as representative of the group. See 37 C.F.R. § 41.37(c)(1)(iv).

to one of those patent-ineligible concepts.” *Alice*, 134 S. Ct. at 2355.

Second, if the claim is directed to one of those patent-ineligible concepts, 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.” *Alice*, 134 S. Ct. at 2355 (quoting *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 79, 78 (2012)). Put differently, we must search the claims for an “inventive concept,” that is, “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*, 134 S. Ct. at 2355 (quoting *Mayo*, 566 U.S. at 72–73).

Regarding step one of the *Alice* analysis, we discern no error in the Examiner’s finding that the claims are “directed to the concept of authorizing an online transaction using a personal identification number.” As the Examiner finds, the claims recite “obtaining and comparing” data such as PINs and credit card account numbers. Ans. 5. Data collection and analysis is well within the realm of abstract ideas. *See, e.g., Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1349 (Fed. Cir. 2015); *see also CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1370 (Fed. Cir. 2011) (holding “method for verifying the validity of a credit card transaction over the Internet” is an unpatentable abstract idea). Accordingly, we, like the Examiner, conclude the claims are directed to the abstract idea of data collection and analysis, and therefore proceed to the second step of the *Alice* analysis.

In step two of *Alice*,

we must examine the elements of the claim to determine whether it contains an “inventive concept” sufficient to “transform” the claimed abstract idea into a patent-eligible application. . . . A claim that recites an abstract idea must include “additional features” to ensure “that the [claim] is more than a drafting effort designed to monopolize the [abstract idea].”

Alice Corp., 134 S. Ct. at 2357 (internal citations omitted). As the Examiner finds, Appellants’ claims recite generic computing elements such as “a website,” “processor,” server,” user “device,” and utilize generic communication methods such as “text” and “instructions” to carry out the claimed limitations. Ans. 6. Appellants do not argue or demonstrate that the claimed invention improves the recited processor, server, or website by means of the invention. Ans. 7. Accordingly, we find the computing elements in the claims are insufficient to transform the claims into patent-eligible subject matter. *See Alice*, 134 S. Ct. at 2358–59 (holding “the mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention”); *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 715–16 (Fed. Cir. 2014) (claims merely reciting abstract idea of using advertising as currency as applied to particular technological environment of the Internet not patent eligible); *Accenture Global Servs., GmbH v. Guidewire Software, Inc.*, 728 F.3d 1336, 1344–45 (Fed. Cir. 2013) (claims reciting “generalized software components arranged to implement an abstract concept [of generating insurance-policy-related tasks based on rules to be completed upon the occurrence of an event] on a computer” not patent eligible).

Similarly, we are not persuaded by Appellants’ argument that the claims do not preempt the field of online website transaction authorization.

Reply Br. 2. Although “preemption may signal patent ineligible subject matter, the absence of complete preemption does not demonstrate patent eligibility.” *FairWarning IP, LLC v. Iatric Systems, Inc.*, 839 F.3d 1089, 1098 (Fed. Cir. 2016) (quoting *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015); see also *OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1362–63 (Fed. Cir. 2015), *cert denied*, 136 S. Ct. 701, 193 (2015) (“[T]hat 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”). Where, as here, “a patent’s claims are deemed only to disclose patent ineligible subject matter under the [*Alice*] framework . . . preemption concerns are fully addressed and made moot.” *Ariosa*, 788 F.3d at 1379.

Accordingly, we conclude each of Appellants’ claims 1–4, 8, 10–13, and 17 is directed to a patent-ineligible abstract concept, and does not recite something “significantly more” under the second step of the *Alice* analysis. We, therefore, sustain the rejection of claims 1–4, 8, 10–13, and 17 as directed to ineligible subject matter.

Rejections Under 35 U.S.C. § 103

Appellants argue the Examiner erred in finding the prior art teaches or suggests “establishing, by the processor, the vendor specific PIN for one of a plurality of different vendors selected by the user, wherein the vendor specific PIN is different for each one of the plurality of different vendors . . . ,” as recited in claim 1. App. Br. 14–16; Reply Br. 3–5.

As the Examiner finds, however, Varadarajan teaches a “one time password” (OTP) for use in authenticating online credit card transactions. Varadarajan Abstract, Fig. 1, ¶ 3; Ans. 11–13. Varadarajan further teaches

the OTP “*may take the form of a PIN,*” and can be “specific to . . . the *merchant*” (i.e., vendor) associated with the transaction or a “class of merchants.” *Id.* ¶¶ 32, 59 (emphasis added); Ans. 11–13.³ In light of this evidence, we discern no error in the Examiner’s finding that the foregoing passages in Varadarajan teach a “vendor specific PIN,” as recited in claim 1.

Appellants further argue Varadarajan fails to teach “different [PINs] can be created for different vendors,” and that “a different group of authorized users may be established for each vendor specific PIN.” App. Br. 14–15. Appellants contend Risafi and Madhok fail to cure these alleged deficiencies of Varadarajan. *Id.* at 15–16. We, however, are not persuaded by these arguments, which effectively are restatements of the same argument discussed above. Namely, Varadarajan’s teaching of a vendor “specific” PIN would be understood by one of ordinary skill in the art as meaning that different vendors may have different PINs. Ans. 13; Varadarajan ¶ 32; *see also* Risafi col. 6, ll. 66–67 (prepaid card is specific to “approved . . . merchants.”). Further, Appellants’ reference to “a different group of authorized users” (*id.* at 15), is not in the claim, which recites “*one or more* of the plurality of authorized users.” App. Br. 18 (emphasis added).

In the Reply Brief, Appellants also make the new argument that Varadarajan’s teaching of the OTP (i.e., PIN) involves a “different sequence of events” than claim 1, and specifically, does not include the “bank send[ing] a notification to an endpoint device of a user to request the vendor

³ As the Examiner further finds, Risafi also teaches a vendor specific PIN, i.e., a prepaid card having a user-selected PIN, which may be used at “approved establishments [or] merchants.” Risafi col. 3, ll. 65–66, col. 6, ll. 65–67.

specific PIN to verify the transaction.” Reply Br. 4. This newly raised argument (not responsive to any new findings in the Answer) is waived as untimely (37 C.F.R. § 41.41(b)(2)). Even if our reviewing court were to find it was timely raised, we find the argument to be unpersuasive because it fails to account for the Examiner’s combination of Madhok and Risafi with Varadarajan. As the Examiner finds, for example, Madhok teaches a payment processor (e.g., bank) “sending an SMS text message” to a user that summarizes the transaction and asks the user to confirm using the applicable PIN. Madhok ¶ 20. The user’s reply containing the PIN and other information will verify the transaction. *Id.*

Accordingly, we discern no error in the Examiner’s obviousness rejection of claim 1. Appellants do not argue the remaining claims separately. For the foregoing reasons, we sustain the obviousness rejection of claims 1–4, 8, 10–13, and 17.

DECISION

We affirm the Examiner’s decision rejecting claims 1–4, 8, 10–13, and 17.

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). *See* 37 C.F.R. § 41.50(f).

AFFIRMED