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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte BRIAN J. DUCHARME and SHAWN HAGMEIER

Appeal 2017-000945
Application 13/750,515
Technology Center 3600

Before JEREMY J. CURCURI, HUNG H. BUI, and
IRVIN E. BRANCH, *Administrative Patent Judges*.

CURCURI, *Administrative Patent Judge*.

DECISION ON APPEAL

Appellants appeal under 35 U.S.C. § 134(a) from the Examiner's Final rejection of claims 1–17. Final Act. 1. We have jurisdiction under 35 U.S.C. § 6(b).

Claims 1–17 are rejected under 35 U.S.C. § 101 as directed to non-statutory subject matter. Final Act. 10–11.

We AFFIRM.

STATEMENT OF THE CASE

Appellants' invention relates to "leveraging an open-loop payment card system to transfer funds to accounts which are not included in the open-loop payment card system." Spec. ¶ 1. Claim 1 is illustrative and reproduced below:

1. A method performed by one or more processors at an originating institution comprising:

preparing, using a first computer at the originating institution, a payment message including a primary account number identifying a wholesale payment card account and a non-payment card destination account identifier, with the non-payment card destination account identifier identifying a non-payment card destination account to which a payment is to be made from an account holder to a payee who is a different individual from the account holder, the payee being owner of the non-payment card destination account; the payment message including a payment amount; and

sending the payment message to a second computer at a receiving institution over an open-loop payment card network, using the first computer, with the open-loop payment card network configured to transfer a payment only to payment card accounts and with the non-payment card destination account identifier configured to facilitate transfer, at the receiving institution, of the payment from the wholesale payment card account to the non-payment card destination account identified by the non-payment card destination account identifier; system;

the open-loop payment card network including a global telecommunications network;

the non-payment card destination account being an account in a closed-loop payment system;

the first computer debiting an origination account maintained in the originating institution in a first country;

the wholesale payment card account maintained in the receiving institution in a second country different from the first country;

said first computer including a first processor, a first communication device, a first storage device, a first input device and a first output device;

said first storage device storing a database of wholesale payment card accounts, said identified wholesale payment card account stored in and retrieved from said database; and

the second computer including a second processor, a second communication device, a second storage device, a second input device and a second output device.

PRINCIPLES OF LAW

We review the appealed rejections for error based upon the issues identified by Appellants, and in light of the arguments and evidence produced thereon. *Ex parte Frye*, 94 USPQ2d 1072, 1075 (BPAI 2010) (precedential).

CONTENTIONS

The Examiner finds claims 1–17 are directed to a judicial exception without significantly more. *See* Final Act. 10–11; *see also* Ans. 2–13. In particular, the Examiner finds “[t]he claims are directed to the abstract idea of person to person funds transfer payment systems.” Final Act. 10. In particular, the Examiner finds “the claim recites comparing and formatting information for transmission. This is simply the organization and comparison can be performed mentally and is an abstract idea of itself.” Ans. 3.

Appellants contend that the claims are directed to significantly more than the abstract idea, or are not directed to an abstract idea at all. *See* App. Br. 12–16. For example, Appellants present the following principal arguments:

i. “[T]he inclusion of two destination account identifiers in a payment message improves the technological field of electronic-based payment systems by providing a technological solution to the problem of combining open-loop and closed-loop electronic payment systems.” App. Br. 13–14; *see also* App. Br. 14 (“Certainly the prior art of record does not support a finding that it is conventional or ‘generic’ to include two destination account identifiers in a payment message.”).

ii. “These [recited claim limitations] are unconventional features that extend the capabilities of the open-loop systems now in existence such that, with the features recited in the claims, open-loop systems are enabled to facilitate P2P payment transactions in which the destination account is a closed-loop system account.” App. Br. 15; *see also* App. Br. 15. (“[The invention] solve[s] a problem in electronic funds transfer systems with a claimed solution that is necessarily rooted in computer and communications technology, similar to the additional elements in the *DDR Holdings* case (*DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014)).”) and Reply Br. 3–4.

iii. “[T]he actual language of claim 1 (and the other independent claims) is directed to a specific process for data communication between two computers via an open-loop payment network.” App. Br. 16.

iv. “[C]laim 1 and the other independent claims contain sufficient limitations such that there is no danger that the broad concept of ‘funds transfer’ would be pre-empted by the claims.” App. Br. 16; *see also* Reply Br. 3.

v.

As [A]ppellants pointed out at pages 12–13 of their Appeal Brief, the claims recite a payment message that includes two destination account numbers, namely a “primary account number” which identifies an interim destination account, plus a “nonpayment card account destination account identifier,[”] which identifies the ultimate account that is to receive the payment. There is no evidence in the record of this application to contradict [A]ppellants’ assertion that these claim features constitute an “inventive concept.”

Supp. App. Br. 2–3¹ (citing *BASCOM Glob. Internet Servs., Inc. v. AT&T Mobility LLC*, 827 F.3d 1341, 1348 (Fed. Cir. 2016)); *see also* Reply Br. 2–3.

ANALYSIS

A patent may be obtained for “any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof.” 35 U.S.C. § 101. The Supreme Court has held that this 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); *Gottschalk v. Benson*, 409 U.S. 63, 67 (1972) (“Phenomena of nature, though just discovered, mental processes, and abstract intellectual concepts are not patentable, as they are the basic tools of scientific and technological work.”). Notwithstanding that a law of nature or an abstract idea, by itself, is not patentable, the application of these concepts may be deserving of patent protection. *Mayo Collaborative Services v. Prometheus Labs., Inc.*, 566 U.S. 66, 71–72 (2012). In *Mayo*, the Court stated that “to transform an unpatentable law of nature into a patent-eligible

¹ Supplemental Appeal Brief filed July 15, 2016.

application of such a law, one must do more than simply state the law of nature while adding the words ‘apply it.’” *Mayo*, 566 U.S. at 72 (citation omitted).

In *Alice*, the Supreme Court reaffirmed 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 these concepts.” *Alice*, 134 S.Ct. at 2355. The first step in the analysis is to “determine whether the claims at issue are directed to one of those patent-ineligible concepts.” *Id.* If the claims are directed to a patent-ineligible concept, then the second step in the analysis is to consider the elements of the claims “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 other words, the second step is to “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.’” *Id.* (quoting *Mayo*, 566 U.S. at 72–73). “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].’” *Id.* at 2357 (quoting *Mayo*, 566 U.S. at 77–78). The prohibition against patenting an abstract idea “cannot be circumvented by attempting to limit the use of the formula to a particular technological environment or adding ‘insignificant post[-]solution activity.’” *Bilski v. Kappos*, 561 U.S. 593, 610–11 (2010) (citation omitted). The Court in *Alice* noted that “[s]imply appending conventional steps, specified at a high level of generality, [was] not ‘enough’ [in *Mayo*] to supply the

‘inventive concept.’” *Alice*, 134 S.Ct. at 2357 (quoting *Mayo*, 566 U.S. at 82–83, 77–78, and 72–73).

Step one: Are the claims at issue directed to a patent-ineligible concept?

Claim 1 is representative. *See* App. Br. 11. Claim 1 is a method claim reciting method steps of preparing a payment message, and sending the payment message. The payment message includes a primary account number identifying a wholesale payment card account, a non-payment card destination account identifier, and a payment amount. The title of Appellants’ Specification is directed to “pay to any account service.” The Specification further provides embodiments of “payment systems” “to transfer money between accounts”, for example, “to transfer funds from an authorized account such as savings or checking account, to a payment card account.” Spec. ¶¶ 8–9, 12. Thus, we agree with the Examiner that “[t]he claims are directed to the abstract idea of person to person funds transfer payment systems,” i.e., “a series of steps for executing a person to person funds transfers.” Final Act. 10; Ans. 2. Such activities are squarely within the realm of abstract ideas. A person to person funds transfer is a fundamental business practice, long prevalent in our system of commerce, like the risk hedging in *Bilski* (*see Bilski v. Kappos*, 561 U.S. 593 (2010)), the intermediated settlement in *Alice* (*see Alice*, 134 S. Ct. at 2356–57), verifying credit card transactions in *CyberSource* (*see CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1370 (Fed. Cir. 2011)), collecting and analyzing information to detect and notify of misuses in *FairWarning* (*see FairWarning IP, LLC v. Iatric Sys., Inc.*, 839 F.3d 1089, 1093–94 (Fed. Cir. 2016)), and guaranteeing transactions (*see buySAFE, Inc. v. Google, Inc.*,

765 F.3d 1350, 1354 (Fed. Cir. 2014)). A person to person funds transfers is also a building block of a market economy. Thus, funds transfers, like risk hedging and intermediated settlement, is an “abstract idea” beyond the scope of § 101. *See Alice* 134 S. Ct. at 2356.

Step two: Is there something else in the claims that ensures they are directed to significantly more than a patent-ineligible concept?

Because claim 1 is directed to an abstract idea, the question to be settled next, according to *Alice*, is whether claim 1 recites an element, or combination of elements, that is enough to ensure that the claim is directed to significantly more than the abstract idea.

Claim 1 recites “using a first computer at the originating institution” to prepare the payment message, and sending the payment message “to a second computer at a receiving institution.” These claimed computers are generic, purely conventional elements. Additional limitations recited in the claim include, for example, sending the payment message “over an open-loop payment card network.” Thus, the claims do no more than require generic computer elements to perform generic computer functions, rather than improve computer capabilities. Put another way, looking beyond the abstract idea of preparing a payment message and sending it for person to person funds transfer, we do not see any inventive concept in the remaining claim limitations individually or in combination. Appending various combinations of conventional computers and networks is not enough to transform the idea into a patent-eligible invention. *See Alice*, 134 S.Ct. at 2358 (“[T]he mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention.”).

Regarding Appellants' argument (i), this argument does not show any error in the Examiner's findings and conclusions because preparing the payment message including the two destination account identifiers is encompassed within the abstract idea. Appellants argue that the two identifiers provide a technical solution. We disagree. In short, an instruction to transfer funds does not improve computer or network functionality; rather, the computer and network are operating as a generic computer and network, performing steps that would otherwise be performed with pen and paper. Thus, because all the method steps of claim 1 recite a fundamental economic practice, claim 1 is directed to a patent-ineligible abstract idea.

Regarding Appellants' argument (ii), this argument does not show any error in the Examiner's findings and conclusions because we see no parallel between the present claims and those in *DDR Holdings*. In *DDR Holdings*, the Federal Circuit determined that, although the patent claims at issue involved conventional computers and the Internet, the claims addressed the problem of retaining website visitors who, if adhering to the routine, conventional functioning of Internet hyperlink protocol, would be transported away from a host's website after "clicking" on an advertisement and activating a hyperlink. *DDR Holdings*, 773 F.3d at 1257. The Federal Circuit held that the claims were directed to patent-eligible subject matter because they claim a solution "necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks." *Id.*

No such technological advance is evident in the present invention. Unlike the situation in *DDR Holdings*, the method of claim 1 is not directed toward a problem rooted in computer technology; rather, claim 1 uses

computers to perform what could also be performed by a person writing in a ledger, for example, transferring funds from account A to account B and then to account C. *See also Bancorp Services, L.L.C. v. Sun Life Assurance Co. of Canada (U.S.)*, 687 F.3d 1266, 1278 (Fed. Cir. 2012) (“[T]he fact that the required calculations could be performed more efficiently via a computer does not materially alter the patent eligibility of the claimed subject matter.”).

Regarding Appellants’ argument (iii), this argument does not show any error in the Examiner’s findings and conclusions because, as discussed above, the claims are directed to the abstract idea of preparing and sending a payment (person to person funds transfer), without significantly more. The data communication between the two computers, recited as “sending the payment message to a second computer at a receiving institution over an open-loop payment card network” is entirely generic

Regarding Appellants’ argument (iv), this argument does not show any error in the Examiner’s findings and conclusions. We recognize as a threshold matter that the Supreme Court has described “the concern that drives this exclusionary principle [to statutory patentability] as one of preemption.” *See Alice Corp.*, 134 S.Ct. at 2354. Characterizing preemption as a driving concern for patent eligibility, however, is not the same as characterizing preemption as the sole test for patent eligibility. As our reviewing court has explained: “questions on preemption are inherent in and resolved by the [section] 101 analysis,” and, although “preemption may signal patent ineligible subject matter, the absence of complete preemption does not demonstrate patent eligibility.” *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015); *cf. OIP Techs., Inc. v.*

Amazon.com, Inc., 788 F.3d 1359, 1362–63 (Fed. Cir. 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.”).

Regarding Appellants’ argument (v), this argument does not show any error in the Examiner’s findings and conclusions because preparing the payment message including the two destination account identifiers is encompassed within the abstract idea. The claims do no more than require generic computer elements to perform generic computer functions, rather than improve computer capabilities. Put another way, “[t]he ‘novelty’ of any element or steps in a process, or even of the process itself, is of *no relevance* in determining whether the subject matter of a claim falls within the [section] 101 categories of possibly patentable subject matter.” *Intellectual Ventures I LLC v. Symantec Corp.*, 838 F.3d 1307, 1315 (Fed. Cir. 2016) (quoting *Diamond v. Diehr*, 450 U.S. 175, 188–89 (1981)).

Accordingly, we sustain the rejection of representative claim 1, and we also sustain the rejection of claims 2–17.

DECISION

The Examiner’s decision rejecting claims 1–17 is affirmed.

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).

AFFIRMED