



UNITED STATES PATENT AND TRADEMARK OFFICE

UNITED STATES DEPARTMENT OF COMMERCE
United States Patent and Trademark Office
Address: COMMISSIONER FOR PATENTS
P.O. Box 1450
Alexandria, Virginia 22313-1450
www.uspto.gov

Table with 5 columns: APPLICATION NO., FILING DATE, FIRST NAMED INVENTOR, ATTORNEY DOCKET NO., CONFIRMATION NO.
Row 1: 13/776,564, 02/25/2013, Whitney Hilton Stewart, 11360.0152-03000, 9249
Row 2: 96592, 7590, 05/11/2018, FIS/FINNEGAN, HENDERSON, FARABOW, GARRETT & DUNNER LLP, 901 NEW YORK AVENUE, WASHINGTON, DC 20001-4413, EXAMINER TRAN, HAI, ART UNIT 3697, PAPER NUMBER, NOTIFICATION DATE 05/11/2018, DELIVERY MODE ELECTRONIC

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Notice of the Office communication was sent electronically on above-indicated "Notification Date" to the following e-mail address(es):

- jeffrey.berkowitz@finnegan.com
regional-desk@finnegan.com
michael.wrobel@fisglobal.com

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte WHITNEY HILTON STEWART,
MATTHEW LACEY PETERSEN,
BRIAN JOHN GALLMEIER, TERESA MARIE CREWS,
MARK ANDREW NIPE, JAMES MICHAEL HAIRE,
ROBERT LAWRENCE HILL, and
MICHAEL RICHARD BATES

Appeal 2017-001236¹
Application 13/776,564
Technology Center 3600

Before MURRIEL E. CRAWFORD, MICHAEL W. KIM, and
PHILIP J. HOFFMANN, *Administrative Patent Judges*.

CRAWFORD, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

This is an appeal from the final rejection of claims 77–84, 86–94, and 96–98. We have jurisdiction to review the case under 35 U.S.C. § 6.

¹ The Appellants identify “EFUNDS CORPORATION” as the real party in interest. Appeal Br. 2.

The invention relates generally to “electronic payment systems.”

Spec. ¶ 1.² Claim 77 is illustrative:

77. A method, implemented by at least one processor, comprising:

receiving check data including at least one of raw MICR data and parsed MICR data,

the raw MICR data being gathered by physically scanning an image of a paper check, and

the parsed MICR data being gathered from a virtual check that is representative of the paper check, the virtual check having one or more dialog boxes for entry of the parsed MICR data;

processing, by at least one processor, the check data, consumer-entered transactional debit data, and merchant transactional debit data, to effect an electronic check transaction, the processing comprising:

sending the consumer-entered transactional debit data and the merchant transactional debit data to a server for determining whether to accept the check based on historical check activity information, the historical check activity information including information about at least one of closed accounts, stop payments, uncollected funds, deceased payees, frozen accounts, or high-risk consumers; and

receiving a response to the consumer-entered transactional data;

generating a response indicative of acceptance or declination of the electronic check transaction;

matching the response with the consumer-entered transactional debit data; and

logging the matched response and consumer-entered transactional debit data.

² Because the Specification as filed does not include either paragraph or line numbers, we will instead refer to the version of the Specification in Stewart, et al., US 2013/0173463 A1, published July 4, 2013.

Claims 77–84, 86–94, and 96–98 are rejected 35 U.S.C. § 112, second paragraph, as indefinite.

Claims 77–84, 86–94, and 96–98 are rejected under 35 U.S.C. § 101 as directed to ineligible subject matter in the form of an abstract idea.

Claims 77–84, 86–94, and 96–98 are rejected under 35 U.S.C. § 103(a) as unpatentable over Kitchen et al. (US 6,289,322 B1, iss. Sept. 11, 2001) (hereinafter “Kitchen”), Brown et al. (US 6,026,398, iss. Feb. 15, 2000) (hereinafter “Brown”), and Goeller et al. (US 2002/0178112 A1, pub. Nov. 28, 2002) (hereinafter “Goeller”).

We AFFIRM.

ANALYSIS

Rejection s under 35 U.S.C. § 112, Second Paragraph

We are persuaded by the Appellants’ argument that the “Appellant's specification provides adequate and clear support to the meanings of ‘raw MICR data’ and ‘parsed MICR data.’” Appeal Br. 9; *see also* Reply Br. 3.

The Examiner rejects “the limitation ‘MICR’ because the abbreviation is not spelled out[, and] since the claims are commenced on a separate sheet and a standalone document (see MPEP § 608.01 (m)).” Ans. 3.

Specifically, the Examiner rejects all claims as indefinite because of the claim term “MICR.” Ans. 21–22.

We determine the scope of the claims in patent applications “not solely on the basis of the claim language, but upon giving claims their broadest reasonable construction ‘in light of the specification as it would be interpreted by one of ordinary skill in the art.’” *Phillips v. AWH Corp.*, 415 F.3d 1303, 1316 (Fed. Cir. 2005) (*en banc*) (*quoting In re Am. Acad. of Sci.*

Tech. Ctr., 367 F.3d 1359, 1364 (Fed. Cir. 2004)). The test for definiteness under 35 U.S.C. § 112, second paragraph, is whether “those skilled in the art would understand what is claimed when the claim is read in light of the specification.” *Orthokinetics, Inc. v. Safety Travel Chairs, Inc.*, 806 F.2d 1565, 1576 (Fed. Cir. 1986) (citations omitted). “All words in a claim must be considered in judging the patentability of that claim against the prior art. If no reasonably definite meaning can be ascribed to certain terms in the claim, the subject matter does not become obvious - the claim becomes indefinite.” *In re Wilson*, 424 F.2d 1382, 1385 (CCPA 1970).

The invention, according to the Appellants, is directed to “electronic payment systems.” Spec. ¶ 1. We are persuaded that the term “MICR” would be instantly recognized by one skilled in the art of financial payment systems as magnetic ink character recognition, such as is used at the bottom of demand deposit checks, to identify the institution, account, and check numbers for automated clearing. In addition, the Specification defines the term exactly this way. *See Spec.* ¶ 20. There is, thus, no question the claim term “MICR” would have been easily recognized by the ordinary artisan as having a well-accepted, definite meaning.

Therefore, we do not sustain the indefiniteness rejection on the basis of the term “MICR.”

The Examiner also rejects all claims because, according to the Examiner, it “is unclear where and how the consumer-entered transactional debit data and merchant transactional debit data is received.” Ans. 22; *see also Id.* 4 (“there is no previous step(s) to show where and how the data are received”).

We are persuaded by the Appellants’ argument that:

those skilled in the art will understand that multiple computers and entities may receive the “consumer-entered transactional debit data” and “merchant transactional debit data” in various manners. Other than an apparent desire to insist that Appellant narrow the claims by expressly stating how data is received, the Examiner has provided no evidence that the claims are indefinite. Appeal Br. 11; *see also* Reply Br. 4 (“limitations **not** in the specification cannot be required to be read into or written into the claims”).

The Appellants, thus, argue the claims, by encompassing multiple methods for receiving data, are broad, not indefinite. *See* Appeal Br. 10 (“Appellant’s specification does not limit where or how the ‘consumer-entered transactional debit data’ and ‘merchant transactional debit data’ are received.”). We agree. “Breadth is not indefiniteness.” *In re Gardner*, 427 F.2d 786, 788 (1970).

Although it is not entirely clear, even after referring to paragraphs 38, 39, 53–58, and 113 (cited by the Appellants at Appeal Br. 4), whether “consumer-entered transactional debit data” includes “check data,”³ it is clear that “transactional debit data” is “consumer-entered,” thus, clearly reciting its source and means for being received. We accept the Appellants’ arguments that the “merchant transactional debit data” may broadly originate from multiple sources. *See* Appeal Br. 10–11.

Because the claim language is, thus, broad, and not indefinite, we do not sustain the indefiniteness rejection on the basis of the method of receiving the data.

³ Claim 77 recites “processing ... the check data, consumer-entered transactional debit data, and merchant transactional debit data,” but then recites this “processing” involves only sending the “consumer-entered transactional debit data and merchant transactional debit data,” without reciting the “check data” again.

For both of these reasons, we do not sustain the rejection of claims 77–84, 86–94, and 96–98 under 35 U.S.C. § 112, second paragraph, as indefinite.

Rejection under 35 U.S.C. § 101

The Appellant argues claims 77–84, 86–94, and 96–98 together as a group. We select claim 77 as representative. *See* 37 C.F.R. § 41.37(c)(1)(iv).

We interpret the rejection to mean that the Examiner finds the claim is directed to “receiving different sets of data . . . and comparing them to the stored data . . . to determine whether to effect an electronic check transaction.” Ans. 24.

Claim 77 receives “check data” as an input to the method, and also implicitly receives “transactional debit data.” The method sends the data, and receives a message whether to accept the check data (as a proxy for the paper check) for a payment transaction. After receiving the determination (which is made outside the scope of the method), the received response is used to generate data reflecting the determination, and that data is logged along with the consumer portion of the transactional debit data that corresponds to the determination data. The method is, thus, directed to sending and receiving data, matching data to other data, and storing data. No steps of the method fall outside the scope to which the claim is directed.

The Examiner finds the claim:

relates to a process of comparing new and stored information and using rules to identify options. As such, the claims are also directed to “an idea of itself” (i.e. an idea standing alone such as an uninstigated concept, plan or scheme, as well as a mental process that can be performed in a human mind, or by a human using a pen and paper), and is analogous to the SmartGene case

“comparing new and stored information and using rules to identify options” which the court has found to be patent ineligible.

Ans. 6; *see also* Final Act. 24 (“a process of comparing new and stored information and using rules to identify risks or options (an idea of itself”).

We are not persuaded by the Appellants’ argument that the claims are not similar to those in *SmartGene*, because claim 77 includes sending data to a server, and dependent claim 78 includes “scanning the image of the paper check to determine the raw MICR data associated with the paper check,” which “actions cannot be performed in the human mind or by a human using a pen and paper.”⁴ Reply Br. 9.

In claim 77 the data is sent to a server, but the step is not required to be done directly using any particular device or method, and, thus, could be conveyed by a human using pen and paper to another human who controls the server that makes a determination. That determination is made outside the scope of the claim, so what is being claimed is simply sending data, which is able to be performed by a human. Therefore, the Appellants’ argument that the claimed method cannot be performed by a human mind, because the claim calls for sending data to a server, is unpersuasive.

⁴ Claim 78’s language about scanning relates to an optional step in claim 77, in that data may be entered by scanning, or instead by direct data entry to the customer in a user interface form that resembles the visual layout of a paper check. Because this claim is not necessarily performed, the argument is unpersuasive, because the limitation is not necessarily part of the claimed method. *See Ex parte Schulhauser*, No. 2013-007847, 2016 WL 6277792, at *3–6 (PTAB April 28, 2016) (concluding the broadest reasonable interpretation of a claim encompassed situations in which conditional method steps “need not be reached”) (precedential).

SmartGene involves a method with steps as follows:

- (a) providing patient information to a computing device comprising:
 - a first knowledge base comprising a plurality of different therapeutic treatment regimens for said disease or medical condition;
 - a second knowledge base comprising a plurality of expert rules for evaluating and selecting a therapeutic treatment regimen for said disease or medical condition;
 - a third knowledge base comprising advisory information useful for the treatment of a patient with different constituents of said different therapeutic treatment regimens; and
- (b) generating in said computing device a ranked listing of available therapeutic treatment regimens for said patient; and
- (c) generating in said computing device advisory information for one or more therapeutic treatment regimens in said ranked listing based on said patient information and said expert rules.

See SmartGene, Inc. v. Advanced Biological Laboratories, SA, 852 F.Supp.2d 42 (D.D.C. 2012), *aff'd*, 555 F. App'x 950, 952 (Fed. Cir. 2014). The court held the claim involves no more than “the mental steps of comparing new and stored information and using rules to identify medical options.” *SmartGene*, 555 F. App'x at 955.

In claim 77, the receiving of data, both recited and implied, is mere data gathering, and is considered insignificant extra-solution activity, as the Examiner found. *Ans.25*; *see Bilski v. Kappos*, 545 F.3d 943, 963 (Fed. Cir. 2008) (*en banc*), *aff'd sub nom Bilski v. Kappos*, 561 U.S. 593 (2010) (characterizing data gathering steps as insignificant extra-solution activity). The remaining steps involve sending and receiving data, forming received data into a response, matching received data with stored data, and logging data, all of which can be performed mentally with the use of pen and paper. Logging data, for example, can be done by committing the data to human

memory. Therefore, we agree that claim 77 is similar to that of *SmartGene*, because it involves steps that manipulate data that can be performed in the human mind.

We also find claim 77 is similar to claim 17 in US 7,181,427 B1, which recites:

17. A computer aided method of managing a credit application, the method comprising the steps of:

receiving credit application data from a remote application entry and display device;

selectively forwarding the credit application data to remote funding source terminal devices;

forwarding funding decision data from at least one of the remote funding source terminal devices to the remote application entry and display device;

wherein the selectively forwarding the credit application data step further comprises:

sending at least a portion of a credit application to more than one of said remote funding sources substantially at the same time;

sending at least a portion of a credit application to more than one of said remote funding sources sequentially until a finding source returns a positive funding decision;

sending at least a portion of a credit application to a first one of said remote funding sources, and then, after a predetermined time, sending to at least one other remote funding source, until one of the finding sources returns a positive funding decision or until all funding sources have been exhausted; or;

sending the credit application from a first remote funding source to a second remote finding source if the first funding source declines to approve the credit application.

The Federal Circuit explained the claims involve “receiving data from one source (step A), selectively forwarding the data (step B, performed according to step D), and forwarding reply data to the first source (step C).” *Dealertrack, Inc. v. Huber*, 674 F.3d 1315, 1333 (Fed. Cir. 2012). The

Court held “[n]either Dealertrack nor any other entity is entitled to wholly preempt the clearinghouse concept.” *Id.* As in *Dealertrack*, the Appellants’ method acts as a clearinghouse to send and receive information to and from other sources.

Thus, because claim 77 is similar to other claims found abstract by our reviewing courts, we also agree with the Examiner that claim 77 is directed to an abstract idea. *See Amdocs (Israel) Limited v. Openet Telecom, Inc.*, 841 F.3d 1288, 1294 (Fed. Cir. 2016).

Turning to the second step of the analysis, we consider the claims as a whole and as an ordered combination of individual steps, looking for an “inventive concept” that transforms the claim into eligible subject matter. *See Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S.Ct. 2347, 2355 (2014).

We are not persuaded by the Appellants’ arguments that the claimed method is “rooted in the computer and Internet technology, and cannot be performed in the human mind or by a human using a pen and paper,” and is “inextricably tied to computer technology.” Appeal Br. 14; *see also Id.* 15 (“technical manner that is also unique to the Internet”), *Id.* 16 (“Appellant's claims also address a business challenge particular to the Internet”), *Id.* 17 (“a technically rooted solution to an Internet-centric problem”), Reply Br. 12 (“a technical solution to this technical problem that cannot exist outside of computer or Internet technology”).

Claim 77 receives data, sends data, receives data, generates data from the received data, matches data, and stores data. These steps do not depend on the Internet, as claimed. The method also utilizes, for computer technology, only a “processor” for the sending and subsequent receiving

steps. The Specification does not describe, define, or limit the “processor,” because all it describes is that:

the terms computer and server are not limited to a device with a single processor, but may encompass multiple computers linked in a system, computers with multiple processors, special purpose devices, computers or special purpose devices with various peripherals and input and output devices, software acting as a computer or server, and combinations of the above.

Spec. ¶ 37. The claimed “processor,” thus, encompasses a variety of computing platforms, including general-purpose computers. The claimed steps of sending, receiving, matching, and generating data are tasks well within the capabilities of general purpose computers.

Therefore, the claimed “processor” is not an “inventive concept.”

“[A]fter *Alice*, there can remain no doubt: recitation of generic computer limitations does not make an otherwise ineligible claim patent-eligible.

The bare fact that a computer exists in the physical rather than purely conceptual realm is beside the point.” *DDR Holdings, LLC v.*

Hotels.com, L.P., 773 F.3d 1245, 1256 (Fed. Cir. 2014) (internal citations and quotation marks omitted).

The Appellants cite several passages of the Specification as evidence that the claims recite “something more” than an abstract idea, such as that the “virtual check” format would “improve the computer’s ability to receive the MICR data accurately and quickly.” Appeal Br. 18. Such a data input form, which could be on paper, merely helps the user, not the computer, because the computer will receive whatever data is entered. The Appellants also quote portions of the Specification to indicate described “test and examinations” performed improves the computer’s ability to respond.

Id. 19. No such limitations, however, are recited in claim 77.

We are also unpersuaded that the claimed invention is patent-eligible because “the claims provide unconventional steps to realize a particular useful application.” Appeal Br. 19; *see also* Reply Br. 16:

computer-implemented processes may amount to significantly more than an abstract idea, when they perform, in combination, functions that are not merely generic. *July 2015 Update*, p. 7. The Examiner provides no evidence that the claims, **considered as an ordered combination**, describe functions that are well-understood, routine, and conventional in the field of providing electronic check authorization.

A finding of novelty or non-obviousness does not automatically lead to the conclusion that the claimed subject matter is patent-eligible. Although the second step in the *Mayo/Alice* framework is termed a search for an “inventive concept,” the analysis is not an evaluation of novelty or non-obviousness, but rather, a search for “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 Corp.*, 134 S. Ct. at 2355. “Groundbreaking, innovative, or even brilliant discovery does not by itself satisfy the § 101 inquiry.” *Ass’n. for Molecular Pathology v. Myriad Genetics, Inc.*, 569 U.S. 576, 591 (2013). A novel and non-obvious claim directed to a purely abstract idea is, nonetheless, patent-ineligible. *See Mayo*, 566 U.S. at 90. *See also Diamond v. Diehr*, 450 U.S. 175, 188–89 (1981) (“The ‘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 § 101 categories of possibly patentable subject matter.”).

Appellants also argue for the first time, in the Reply Brief, that “a claim cannot be found directed to an abstract idea if that claim focuses on a

specific means or method that improves the relevant technology. Thus, in order to be ‘directed to’ an abstract idea, the claim must preempt the result or effect of that abstract idea.” Reply Br. 10; *see also Id.* 12 (“Applicant’s claims are not directed to an abstract idea because they do not threaten to monopolize or ‘preempt’ any abstract idea.”). We find this this argument unpersuasive. While 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); *see also 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 ecommerce setting do not make them any less abstract.”). And, “[w]here a patent’s claims are deemed only to disclose patent ineligible subject matter under the *Mayo* framework, as they are in this case, preemption concerns are fully addressed and made moot.” *Ariosa*, 788 F.3d at 1379.

For these reasons, we sustain the rejection under 35 U.S.C. § 101.

Rejection under 35 U.S.C. § 103(a)

We are persuaded by the Appellants’ argument that the Examiner “has not provided any proper reasons for combining the references.” Appeal Br. 21.

The Examiner finds Kitchen discloses the majority of recited limitations of claim 77, and then finds:

Kitchen does not explicitly teach the MICR feature. However, Goeller teaches the MICR feature. Kitchen in view of Goeller does not explicitly teach the data parsing feature. However, [B]rown teaches the data parsing feature. Therefore, it would

have been obvious to one of ordinary skill in the art at the time of the invention to incorporate the features, as taught by Goeller and Brown, in the system of Kitchen since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in the art would have recognized that the results of the combination were predictable.

Ans. 32; *see also* Final Act. 14.

The Examiner, thus, cites the entire Goeller and Brown references, and says those references would have acted the same after combination as before. However, Kitchen is directed to the “electronic presentation of an aggregation of bills from different billers.” Kitchen col. 1 lines 4–6. Goeller is directed to “an online, real-time point-of-sale check authorization system.” Goeller ¶ 2. Brown is directed to “searching and matching input search data against a database of records.” Brown col. 6 lines 64–66.

A *prima facie* conclusion of obviousness may be supported by a showing that the claims are directed to a process, machine, manufacture, or composition of matter already known in the prior art that is altered by the mere substitution of one element for another known in the field, and such modification yields a predictable result. *KSR International Co. v. Teleflex Inc.*, 550 U.S. 398, 416 (2007) (*citing United States v. Adams*, 383 U.S. 39, 50–51 (1966)). The Court further stated that:

[I]f a technique has been used to improve one device, and a person of ordinary skill in the art would recognize that it would improve similar devices in the same way, using the technique is obvious unless its actual application is beyond his or her skill.

KSR, 550 U.S. at 417.

This is not what the Examiner has articulated here, however. Instead, the Examiner has combined all of Goeller and Brown with Kitchen.

Ans. 24. We are unable to discern how operating Goeller’s check authorization system alongside the bill presentation system of Kitchen, alongside a method to search and match records in a database from Brown, would lead to the claimed invention. Instead, we discern that these three separate, complete systems would operate independently without knowledge of each other, if they performed exactly as disclosed before combination, which does not meet the claim language.

If, instead, the Examiner meant to select only narrow features from Goeller and Brown for combination with, or substitution in, Kitchen’s system, then “there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness.” *In re Kahn*, 441 F.3d 977, 988 (Fed. Cir. 2006), cited with approval in *KSR*, 550 U.S. at 418.

We are also unclear on what the Examiner means by Kitchen not disclosing “the MICR feature,” since the term “MICR” appears five times in claim 77, and Figure 6 of Kitchen discloses the data fields the claimed invention relies upon for MICR data. *See Spec.* ¶ 44.

For these reasons, we do not sustain the rejection of claims 77 and 87, which were rejected with the same rationale. Ans. 27. We also do not sustain the rejection of dependent claims 78–84, 86, 88–94, and 96–98 rejected along with claims 77 and 87.

DECISION

We reverse the rejection of claims 77–84, 86–94, and 96–98 under 35 U.S.C. § 112, second paragraph, as indefinite.

Appeal 2017-001236
Application 13/776,564

We affirm the rejection of claims 77–84, 86–94, and 96–98 under 35 U.S.C. § 101 as directed to ineligible subject matter in the form of an abstract idea.

We reverse the rejection of claims 77–84, 86–94, and 96–98 under 35 U.S.C. § 103(a).

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