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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte GARRY LYONS, ORAN CUMMINS, and DONGHAO HUANG

Appeal 2017-001483¹
Application 14/205,122²
Technology Center 3600

Before NINA L. MEDLOCK, KENNETH G. SCHOPFER and
ROBERT J. SILVERMAN, *Administrative Patent Judges*.

MEDLOCK, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Appellants appeal under 35 U.S.C. § 134(a) from the Examiner's rejection of claims 1–30. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

¹ Our decision references Appellants' Appeal Brief ("App. Br.," filed February 17, 2016) and Reply Brief ("Reply Br.," filed October 28, 2016), and the Examiner's Answer ("Ans.," mailed September 1, 2016) and Non-Final Office Action ("Non-Final Act.," mailed November 17, 2015).

² Appellants identify MasterCard International Incorporated as the real party in interest. App. Br. 2.

CLAIMED INVENTION

Appellants' claimed invention relates to "providing virtual currency micropayments, particularly as applied in a financial transaction system" and, specifically to "utilizing a universal virtual currency in order to minimize processing fees and times while facilitating micropayments" (Spec. ¶ 1).

Claims 1, 9, 17, and 24 are the independent claims on appeal.

Claim 9, reproduced below, is illustrative of the claimed subject matter:

9. A method for processing financial accounts, comprising:

storing, in a database, of a processing device, a plurality of accounts, the plurality of accounts including a consumer account associated with a consumer and a transacting personal account associated with a person other than the consumer, wherein the consumer account and the transacting personal account each include an amount of virtual currency associated with the account;

receiving, by a receiving device, a transaction request for a financial transaction between the consumer and the merchant, the transaction request including the consumer account, the transacting personal account, and a transaction amount of virtual currency;

approving or denying, by the processing device, the transaction request based on at least the amount of virtual currency associated with the consumer account and the transaction amount of virtual currency;

transferring, by the processing device, the transaction amount of virtual currency from the consumer account to the transacting personal account upon approval of the transaction;

processing, by the processing device, the consumer account or the transacting personal account, wherein the processing includes converting at least part of the associated amount of virtual currency into a real currency when the account meets a predetermined criteria; and

transmitting, by the processing device, the approval or denial of the transaction request.

REJECTION

Claims 1–30 are rejected under 35 U.S.C. § 101 as directed to a judicial exception without significantly more.

ANALYSIS

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. 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 Corp.*, 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.* 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).

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. Therefore, the Federal Circuit has instructed that claims are to be considered in their entirety to determine “whether their character as a whole is directed to excluded subject matter.” *McRO, Inc. v. Bandai Namco Games Am., Inc.*, 837 F.3d 1299, 1312 (Fed. Cir. 2016) (quoting *Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1346 (Fed. Cir. 2015)).

In rejecting claims 1–30 under 35 U.S.C. § 101, the Examiner determined that the claims are directed to processing currencies or financial transactions, which the Examiner reasoned is a fundamental economic practice, and, therefore, an abstract idea (Non-Final Act. 5). The Examiner also determined that “[e]ach of the independent claims, as a whole, does not amount to significantly more than the abstract idea itself” because “each of the claims does not effect an improvement to another technology or technical field; . . . does not amount to an improvement to the functioning of a computer itself; and . . . does not move beyond a general link of the use of an abstract idea to a particular technological environment” (*id.* at 6). More particularly, the Examiner determined that the claims merely amount to “the application or instructions to apply the abstract idea (i.e., allowing consumers to shop for and optionally purchase merchandise) on a computer, and . . . amount to nothing more than requiring a generic computer system . . . to merely carry out the abstract idea itself” (*id.* at 6–7). Addressing the dependent claims, the Examiner determined that “the additional recited limitation(s) fail(s) to establish that the claim(s) is/are not directed to an abstract idea” (*id.* at 7).

We are not persuaded, as an initial matter, by Appellants’ argument that the claims are “eligible for patent protection” because “the use of virtual currency in conjunction with the other features and limitations set forth in the appealed claims appl[ies] the shopping for and optional purchasing of merchandise ‘to a new and useful end’” (App. Br. 6). The recitation of a practical application for an abstract idea is not sufficient to transform the abstract idea into a patent-eligible invention. *Cf. CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1371 (Fed. Cir. 2011) (“The Court [in *Parker v. Flook*, 437 U.S. 584 (1978)] rejected the notion that the recitation of a practical application for the calculation could alone make the invention patentable.”). Nor does a finding of novelty or non-obviousness 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; *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.”).

We also are not persuaded of Examiner error to the extent that Appellants argue that the claims are patent-eligible because the claims “do not tie up or pre-empt others from ‘allowing consumers to shop for and optionally purchase merchandise’” (App. Br. 7).

There is no dispute that the Supreme Court has described “the concern that drives [the exclusion of abstract ideas from patent eligible subject matter] as one of pre-emption.” *Alice Corp.*, 134 S. Ct. at 2354. But characterizing preemption as a driving concern for patent eligibility is not

the same as characterizing preemption as the sole test for patent eligibility. “The Supreme Court has made clear that the principle of preemption is the basis for the judicial exceptions to patentability” and “[f]or this reason, questions on preemption are inherent in and resolved by the § 101 analysis.” *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015) (citing *Alice Corp.*, 134 S. Ct. at 2354). “[P]reemption may signal patent ineligible subject matter, [but] the absence of complete preemption does not demonstrate patent eligibility.” *Id.*

Appellants’ further argument that the claims are patent-eligible because the claims “use computer technology in order to overcome a problem specifically arising in the realm of computer networks and transaction processing” is similarly unpersuasive (App. Br. 8).

Claim 9, for example, is directed to a method for processing financial accounts, and recites that the method comprises: (1) storing a plurality of accounts in a database; (2) receiving a transaction request for a financial transaction between a consumer and a merchant; (3) approving or denying the transaction request; (4) converting an amount of virtual currency into real currency when an account meets a predetermined criteria; and (5) transmitting the approval or denial of the transaction request. The Specification describes that consumers are increasingly entering into financial transactions with merchants, i.e., “micropayment” transactions, where the payment amount is less than the costs of processing the transaction, and explains that this can result in higher expense to the consumer, higher costs for the merchant, and loss of revenue to payment processors (Spec. ¶ 3). The claimed invention is ostensibly intended to address this problem by providing a method and system for facilitating

micropayments (while minimizing processing fees and times) using a universal virtual currency for processing financial transactions between a consumer and multiple merchants (*id.* ¶¶ 1, 5). The Specification, thus, describes that upon receipt and approval of a consumer request for a financial transaction between the consumer and a merchant, an amount of virtual currency equal to the amount of the transaction is transferred from the consumer account to the merchant account (*id.* ¶ 5). This virtual currency is then converted to real currency when the account meets a predetermined criteria, e.g., when the corresponding amount of real currency is at least the fee for processing the transaction (*id.* ¶ 44).

It appears clear, when considered in light of the Specification, that the problem, to which claim 9 is directed, is minimizing processing fees and times while facilitating transactions involving small payment amounts. We are not persuaded that this is a technical problem or one rooted in technology. This problem existed before, and still exists outside of computer technology and computer networks (*see* Spec. ¶ 2 (describing in the “Background” section that “[m]erchants might accumulate small charges over a period of time” to minimize transaction processing fees)).

We also cannot agree with Appellants that the present claims are analogous to claim 2 of the USPTO’s Example 21 in the “July 2015 Update Appendix 1: Examples”³ and, therefore, patent-eligible, because the claims

³ Exemplary claim 2, which appears at pages 2–3 of Appendix 1 of the July 2015 Update (available at <https://www.uspto.gov/sites/default/files/documents/ieg-july-2015-app1.pdf>), reads:

2. A method of distributing stock quotes over a network to a remote subscriber computer, the method comprising:

“recite specific ways to process a transaction that utilizes a virtual currency based on specific data that is stored, specific data that is recited, and specific processing that includes the conversion of virtual currency into real currency based on account data and predetermined criteria” (App. Br. 8).

Exemplary claim 2 was not found patent-eligible merely because it stored specific data or involved specific processing; nor would that alone have been sufficient for patent-eligibility. *Cf. Mayo*, 566 U.S. at 88–89 (“[O]ur cases have not distinguished among different laws of nature according to whether or not the principles they embody are sufficiently

providing a stock viewer application to a subscriber for installation on the remote subscriber computer;

receiving stock quotes at a transmission server sent from a data source over the Internet, the transmission server comprising a microprocessor and a memory that stores the remote subscriber’s preferences for information format, destination address, specified stock price values, and transmission schedule, wherein the microprocessor

filters the received stock quotes by comparing the received stock quotes to the specified stock price values;

generates a stock quote alert from the filtered stock quotes that contains a stock name, stock price and a universal resource locator (URL), which specifies the location of the data source;

formats the stock quote alert into data blocks according to said information format; and

transmits the formatted stock quote alert over a wireless communication channel to a wireless device associated with a subscriber based upon the destination address and transmission schedule,

wherein the alert activates the stock viewer application to cause the stock quote alert to display on the remote subscriber computer and to enable connection via the URL to the data source over the Internet when the wireless device is locally connected to the remote subscriber computer and the remote subscriber computer comes online.

narrow”). Instead, exemplary claim 2 was deemed patent-eligible because it addressed an Internet-centric challenge, i.e., alerting a subscriber with time sensitive information when the subscriber’s computer is offline. Appellants have not demonstrated that the present claims address any comparable Internet-centric challenge.

Responding to the Examiner’s Answer in their Reply Brief, Appellants argue that “Applicant’s claims result in the requirement of a computer system with *improved* functionality over an unspecified ‘generic’ computer” (Reply Br. 4). Appellants assert that “[b]ecause the recitations of independent claim 1 would require specific programming, the resulting computer would be a specific purpose computer, which is in contrast to the claims of *Alice*” (*id.*).

The difficulty with Appellants’ argument is that *In re Alappat*, 33 F.3d 1526, 1543 (Fed. Cir. 1994) — the case in which the court used this explanation to justify an expansive view of § 101 — “has been superseded by *Bilski* and *Alice Corp.*” *Eon Corp. v. AT&T Mobility LLC*, 785 F.3d 616, 623 (Fed. Cir. 2015) (citations omitted). And, it is clear from the Supreme Court decision in *Alice* that merely implementing an abstract idea on a general purpose computer is not patent-eligible. *See Alice Corp.*, 134 S. Ct. at 2358.

We also are not persuaded that there is any parallel between the present claims and those at issue in *Enfish, LLC v. Microsoft Corp.*, 822 F.3d. 1327 (Fed. Cir. 2016) (Reply Br. 4–6). Appellants argue that, analogous to *Enfish*, the pending claims are directed to “a technical solution for utilizing residual alternative currency by eliminating requirements for implementing specific software” and that this elimination of specific

software leads to “reducing hardware requirements, providing improvements of overall system efficiency, and saving bandwidth for communication network” (*id.* at 5–6). But, we can find nothing in the record, short of attorney argument, nor do Appellants direct us to anything in the record, which ascribes any reduction in hardware requirements, improvement in computer system efficiency, or savings in network bandwidth to the claimed invention.

Appellants provide a table at pages 6–8 of the Reply Brief of “claim features and [an] explanation as to how individually and/or in combination, the features of the claims are more than well-understood, routin[e], conventional activity” (Reply Br. 6). But, the only features that even arguably constitute more than the performance of generic computer functions (e.g., storing, comparing, and transferring and transmitting data) relate to the implementation of “particular protocols.” And none of the pending claims recites any “particular protocols” involved in the communication of transaction data.

We are not persuaded, on the present record, that the Examiner erred in rejecting claims 1–30 under 35 U.S.C. § 101. Therefore, we sustain the Examiner’s rejection.

DECISION

The Examiner’s rejection of claims 1–30 under 35 U.S.C. § 101 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)(iv).

AFFIRMED