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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte KAREN LAVERN BROWN and LISA KIM MANARKY

Appeal 2017-001777¹
Application 14/321,145²
Technology Center 3600

Before KENNETH G. SCHOPFER, TARA L. HUTCHINGS, and
AMEE A. SHAH, *Administrative Patent Judges*.

HUTCHINGS, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Appellants appeal under 35 U.S.C. § 134(a) from the Examiner’s final rejection of claims 63–65, 67–74, and 76–86. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

¹ Our decision references Appellants’ Appeal Brief (“App. Br.,” filed Feb. 16, 2016) and Reply Brief (“Reply Br.,” filed Nov. 11, 2016), and the Examiner’s Answer (“Ans.,” mailed Sept. 13, 2016) and Final Office Action (“Final Act.,” mailed Sept. 29, 2015).

² Appellants identify JPMorgan Chase Bank, N.A. as the real party in interest. App. Br. 1.

CLAIMED INVENTION

Appellants describe that the claimed invention “relates to the field of financial systems, and more particularly to enabling an individual consumer or other entity to pay bills on a network-based application using a credit account.” Spec. 1, ll. 12–14.

Claims 63, 72, and 79 are the independent claims on appeal.

Claim 63, reproduced below, is illustrative of the subject matter on appeal:

63. A computer implemented method performed by one or more data processing apparatus that enables a payor to make one or more online payments to one or more payees using a credit card account, of the payor, to payees who do not accept credit card payments, the method comprising:

providing the payor with access to an online payment system operated by a payment administrator, the online payment system operative to process payment to a payee regardless of whether the payee has agreed to use said online payment system;

displaying to the payor, by way of a user terminal, a bill owed to the payee who does not accept credit card payments for the bill;

receiving a bill payment instruction from the terminal, the bill payment instruction comprising information to identify a credit card account of the payor, wherein receiving the bill payment instruction comprises receiving identification of at least one secondary account to be used in the event that payor’s credit is not approved;

charging the credit card account of the payor an amount corresponding to the bill owed to the payee;

causing a payment to be made from the payment administrator to the payee by a payment mechanism not using the credit card account of the payor,

thereby allowing the payee to receive a non-credit card payment for the bill while the payor is charged against the payor’s credit card account.

REJECTION

Claims 63–65, 67–74, and 76–86³ are rejected under 35 U.S.C. § 101 as directed to a judicial exception without significantly more.

ANALYSIS

Patent-Ineligible Subject Matter

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. *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

³ We treat the Examiner’s identification of canceled claims 66 and 75 among the claims subject to rejection as inadvertent error. *See* Final Act. 2.

“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)).

Citing the USPTO’s July 2015 Update: Subject Matter Eligibility,⁴ Appellants argue that the Examiner has not met the burden of establishing a rejection under § 101. App. Br. 5–6 (“The Examiner did not compare the claimed concepts to prior court decisions, nor did the Examiner analyze the claimed features.”) Yet, in rejecting the claims under 35 U.S.C. § 101, the Examiner determines that the claims are directed to enabling a payor to make one or more online payments to one or more payees. Final Act. 2. The Examiner concludes that enabling a payor to make online payments is analogous to a category of abstract ideas identified by the courts as being directed to an abstract idea, namely, a fundamental economic practice. *See id.*; *see also* July 2015 Update 6 (describing a fundamental economic practice as a concept that the courts have held to be abstract). The Examiner further determines that the claims do not include additional limitations that are significantly more than the abstract idea, because they do not include an

⁴ Available at <https://www.uspto.gov/sites/default/files/documents/ieg-july-2015-update.pdf> (hereinafter “July 2015 Update”).

improvement to another technology or technical field, or an improvement to the functioning of the computer itself or meaningful limitations beyond generally linking the use of the abstract idea to a particular technological environment. *Id.* Instead, the Examiner concludes that the limitations require no more than a generic computer to perform generic computer functions. *Id.*

In doing so, the Examiner set forth the statutory basis of the rejection here in a sufficiently articulate and informative manner as to meet the notice requirement of § 132. Therefore, the Examiner set forth a proper rejection under § 101 such that the burden shifted to Appellants to demonstrate that the claims are patent-eligible. *See In re Jung*, 637 F.3d 1356, 1362 (Fed. Cir. 2011) (holding that the USPTO carries its procedural burden of establishing a prima facie case when its rejection satisfies the notice requirements of 35 U.S.C. § 132).

We also are not persuaded by Appellants' argument that "the present application does not claim 'the buiding blocks of human ingenuity.'" App. Br. 6 (quoting *Alice*, 134 S. Ct. at 2354); *see also* Reply Br. 4–5. There is no dispute that the Supreme Court has described "the concern that drives this exclusionary principle [i.e., the exclusion of abstract ideas from patent eligible subject matter] as one of pre-emption." *Alice*, 134 S. Ct. at 2354. But, characterizing pre-emption as a driving concern for patent eligibility is not the same as characterizing pre-emption 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*, 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.*

We are not persuaded by Appellants’ argument that the Examiner “has ignored the specific claim limitations which the Examiner previously found to be novel and nonobvious over the prior art.” App. Br. 7; *see also id.* at 9 (arguing that “the Examiner has acknowledged that the claims as a whole recite novel and non-obvious subject matter, thereby suggesting that the claims do not recite a ‘fundamental economic practice’”). 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 additional 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. A novel and non-obvious claim directed to a purely abstract idea is, nonetheless, patent-ineligible. *See Mayo*, 566 U.S. at 90.

Here, Appellants direct our attention to the following additional limitations that “represent advances over the conventional art”:

- providing the payor with access to an online payment system operated by a payment administrator, the online payment system *operative to process payment to a payee regardless of whether the payee has agreed to use said online payment system;*
- using a credit card account, of a payor, to payees *who do not accept credit card payments*

- the online payment system operative to process payment to a payee *regardless of whether the payee has agreed to use said online payment system*
- causing a payment to be made *from the payment administrator to the payee by a payment mechanism not using the credit card account of the payor*
- thereby allowing the *payee to receive a non-credit card payment for the bill while the payor is charged against the payor's credit card account[.]*

App. Br. 8. But the advances Appellants identify are merely part of the abstract idea of enabling a payor to make payments to a payee. The limitations, for example, involve no more than the creation and manipulation of legal obligations, such as contracts, involved in fundamental economic practices. *SAP Am., Inc. v. Investpic, LLC*, 2018 WL 3656048, *6 (Fed. Cir. Aug. 2, 2018). And “patent law does not protect claims to ‘an asserted advance in the realm of abstract ideas . . . no matter how groundbreaking the advance.’” *Berkheimer v. HP Inc.*, 890 F.3d 1369, 1373 (Fed. Cir. 2018) (citation omitted); *see also Synopsys, Inc. v. Mentor Graphics Corp.*, 839 F.3d 1138, 1151 (Fed. Cir. 2016) (“a claim for a *new* abstract idea is still an abstract idea”). Some of the limitations that Appellants identify involve an online payment system, which is in the physical realm of things. But it is clear from the Specification that these limitations require already available computers with already available functions to use as tools in executing the claimed method. *See, e.g.*, Spec. 3:17–6:15 (describing network architecture).

In the Reply Brief, Appellants argue that the present claims are analogous to the claims held patent-eligible in *Bascom Global Internet Services, Inc. v. AT&T Mobility LLC*, 827 F.3d 1341 (Fed. Cir. 2016).

Reply Br. 3–4. In particular, Appellants contend that “like the claims in *Bascom*, the claims here recite improvements to conventional systems and methods that enable a payor to make one or more online payments to one or more payees using a credit card account, of the payor, to payees who do not accept credit card payments.” *Id.* at 4. In *Bascom*, the court determined that “an inventive concept can be found in the non-conventional and non-generic arrangement of known, conventional pieces.” *Bascom*, 827 F.3d at 1350. In that case, the installation of a filtering tool at a specific location, remote from the end users, with customizable filtering features specific to each end user, provided an inventive concept in that it gave the filtering tool both the benefits of a filter on a local computer and the benefits of a filter on the ISP server. *Id.* We find no analogous non-conventional, non-generic arrangement of known, conventional pieces within a network or an achievement of a technical improvement. Instead, the claims recite results-focused limitations to “charge the credit card account of the payor” and “cause a payment to be made from the payment administrator to the payee by the payment mechanism not using the credit card account of the payor.”

Appellants argue that computer implementation is “necessary and integral for carrying out the claimed invention,” and that the claims do not “automate a well-known manual process.” Reply Br. 4 (citation and emphasis omitted). Appellants additionally argue that “an invention is not automatically ineligible just because it can run on a general-purpose computer.” *Id.* at 5 (citing *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1338 (Fed. Cir. 2016)). Yet, Appellants’ claimed invention is not ineligible simply because it can run on a general-purpose computer. Instead, Appellants’ claimed invention focuses on a process that qualifies as an

abstract idea for which computers are invoked merely as a tool. *See Enfish, LLC v. Microsoft Corp.*, 822 F.3d at 1336. Unlike the self-referential table for a computer database at issue in *Enfish*, the claims here do not focus on a specific asserted improvement in computer capabilities. Nor do they claim a solution “necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks” analogous to the situation in *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1257 (Fed. Cir. 2014), which involved modifying the conventional functioning of Internet hyperlink protocol. Moreover, the claims recite no additional elements alone or in combination that transforms the nature of the claim into a patent-eligible application.

We are not persuaded, on the present record, that the Examiner erred in rejecting claims 63–65, 67–74, and 76–86 under 35 U.S.C. § 101. Therefore, we sustain the Examiner’s rejection.

DECISION

The Examiner’s rejection of claims 63–65, 67–74, and 76–86 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