UNITED STATES PATENT AND TRADEMARK OFFICE

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
13/113,865	05/23/2011	Sharath Sahadevan	21652-00138	1411

75564   7590   05/11/2018
DANIEL M. FITZGERALD (21652)
ARMSTRONG TEASDALE LLP
7700 Forsyth Boulevard
Suite 1800
St. Louis, MO 63105

EXAMINER
CHAKRAVARTI, ARUNAVA

ART UNIT	PAPER NUMBER
3693	

NOTIFICATION DATE	DELIVERY MODE
05/11/2018	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):

USpatents@armstrongteasdale.com

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte SHARATH SAHADEVAN

Appeal 2017-002320
Application 13/113,865[1]
Technology Center 3600

Before HUNG H. BUI, NABEEL U. KHAN, and PHILLIP A. BENNETT, *Administrative Patent Judges.*

BUI, *Administrative Patent Judge.*

DECISION ON APPEAL

Appellant seeks our review under 35 U.S.C. § 134(a) of the Examiner's Final Office Action rejecting claims 1, 3, 5–7, 9–11, 13–15, 17–20, and 22–29, all of which are pending on appeal. Claims 2, 4, 8, 12, 16, and 21 are withdrawn from consideration. Final Act. 1. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.[2]

---

[1] According to Appellant, the real party in interest is MasterCard International Incorporated. App. Br. 4.
[2] Our Decision refers to Appellant's Appeal Brief filed April 18, 2016 ("App. Br."); Reply Brief filed November 22, 2016 ("Reply Br."); Examiner's Answer mailed September 22, 2016 ("Ans."); Final Office Action mailed September 10, 2015 ("Final Act."); and original Specification filed May 23, 2011 ("Spec.").

STATEMENT OF THE CASE

Appellant's invention relates to "methods and systems for verifying regulation compliance and, more particularly, to network-based methods and systems for verifying compliance of transaction data for a chargeback transaction with a set of regulations associated with an assigned reason code for processing the chargeback transaction." Spec. ¶ 1; Abstract.

Claims 1, 9, and 17 are independent. Claim 1 is illustrative of the claimed subject matter, as reproduced below with disputed limitations in *italics*:

> 1. A computer-based method for verifying compliance of transaction data for a chargeback transaction with a set of regulations using a computer device coupled to a database, said method comprising:
>
> storing, within the database, transaction data and a plurality of regulation sets, each regulation set associated with a reason code;
>
> receiving from an issuer, at the computer device, a chargeback message for a chargeback transaction requested by a cardholder, the requested chargeback transaction corresponding to a transaction made by the cardholder with a merchant using a transaction card issued to the cardholder by an issuer, the chargeback message including an assigned reason code assigned by the issuer for requesting the requested chargeback transaction and a transaction identifier for identifying transaction data associated with the requested chargeback transaction;
>
> retrieving, by the computer device, transaction data from the database based on the transaction identifier, wherein the computer device is associated with an interchange network used for processing transactions involving transaction cards assigned to cardholders, and wherein the database stores transaction data associated with the processed transactions;
>
> retrieving a regulation set of the plurality of regulation sets stored within the database, the retrieved regulation set corresponding to the assigned reason code included within

the received chargeback message;

verifying, by the computer device, the assigned reason code, by evaluating whether the transaction data complies with the regulation set;

determining, by the computer device, that the assigned reason code is not verified, including determining that the transaction data fails to comply with the regulation set;

generating, by the computer device, a reason code error notification, including the transaction data, the regulation set, and the assigned reason code; and

transmitting the reason code error notification to the issuer.

App. Br. 18–19 (Claims App'x.).

Examiner's Rejections and References

(1)   Claims 1, 3, 5–7, 9–11, 13–15, 17–20, and 22–29 stand rejected under 35 U.S.C. § 101 because the claimed invention is directed to a judicial exception to statutory subject matter. Final Act. 2–3.

(2)   Claims 1, 3, 5–7, 9–11, 13–15, 17–20, and 22–29 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over Dispute Rules Manual of the Discovery Network, Release 7.2 (published October 12, 2007) ("NPL-DRM"). Final Act. 3–11.

ANALYSIS

35 U.S.C. § 101: Claims 1, 3, 5–7, 9–11, 13–15, 17–20, and 22–29

In *Alice Corp. Pty. Ltd. v. CLS Bank International*, 134 S. Ct. 2347 (2014), the Supreme Court has set forth an analytical "framework for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts." *Alice*, 134 S. Ct. at 2355 (citing *Mayo Collaborative Servs. v.*

Prometheus Labs., Inc., 566 U.S. 66, 71–73 (2012)). In the first step of the *Alice/Mayo* analysis, we determine whether the claims at issue are "directed to" a judicial exception, such as an abstract idea. *Alice*, 134 S. Ct. at 2355. If not, the inquiry ends. *Thales Visionix Inc. v. U.S.*, 850 F.3d 1343, 1346 (Fed. Cir. 2017); *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1339 (Fed. Cir. 2016). If the claims are determined to be directed to an abstract idea, then we consider under the second step of the *Alice/Mayo* analysis 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." *Alice*, 134 S. Ct. at 2355 (citing *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.* (citing *Mayo*, 566 U.S. at 72–73).

In rejecting independent claims 1, 9, and 17 and dependent claims 3, 5–7, 10, 11, 13–15, 18–20, and 22–29, the Examiner determines (1) the claims are directed to the abstract idea of verifying whether a chargeback transaction is in compliance with regulations (i.e., a fundamental economic practice) and that (2) the additional elements in the claim do not provide meaningful limitations to transform the abstract idea into a patent eligible application of the abstract idea such that the claims amount to significantly more than the abstract idea itself. Final Act. 2–3.

Appellant argues the Examiner has failed to establish a prima facie case of patent-ineligibility under § 101 because there is no evidence to

support the Examiner's findings that the claims are directed to a patent-
ineligible abstract idea. App. Br. 6–7.

Appellant's argument is not persuasive because patent eligibility is a
question of law. *Dealertrack, Inc. v. Huber*, 674 F.3d 1315, 1333 (Fed. Cir.
2012). We are aware of no controlling authority that requires the Office to
provide factual evidence to support a finding that a claim is directed to an
abstract idea. The Federal Circuit has repeatedly noted that "the prima facie
case is merely a procedural device that enables an appropriate shift of the
burden of production." *Hyatt v. Dudas*, 492 F.3d 1365, 1369 (Fed. Cir.
2007) (citing *In re Oetiker*, 977 F.2d 1443, 1445 (Fed. Cir. 1992)). The
court has held that the USPTO carries its procedural burden of establishing a
prima facie case when its rejection satisfies the requirements of 35 U.S.C.
§ 132 by notifying the applicant of the reasons for rejection, "together with
such information and references as may be useful in judging of the propriety
of continuing the prosecution of [the] application." *See In re Jung*, 637 F.3d
1356, 1362 (Fed. Cir. 2011). Thus, all that is required of the Office is that it
set forth the statutory basis of the rejection in a sufficiently articulate and
informative manner as to meet the notice requirement of § 132. *Id., see also
Chester v. Miller*, 906 F.2d 1574, 1578 (Fed. Cir. 1990) (Section 132 "is
violated when the rejection is so uninformative that it prevents the applicant
from recognizing and seeking to counter the grounds for rejection.").

Alice/Mayo—Step 1

Turning now to the first step of the *Alice* inquiry, Appellant argues
"the claims do not contain the alleged 'abstract idea'" because the claims
recite "a specific method of data verification by applying rules to the data to

test or verify the data, and if the data fails, identifying the relevant rules that were violated." App. Br. 7–8.

Appellant's argument is not persuasive. The title of Appellant's Specification provides the invention is directed to "methods and systems for verifying regulation compliance." The Specification further provides embodiments for verifying compliance of a chargeback transaction with a set of regulations. Spec. ¶¶ 3–8. Thus, we agree with the Examiner (*see* Ans. 2–5) that the claim is directed to the abstract idea of processing a chargeback transaction, which is a fundamental economic practice. Such activities are squarely within the realm of abstract ideas. The use of chargeback transactions 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)). Verifying a chargeback transaction is also a building block of a market economy. Thus, verifying a chargeback transaction, like risk hedging, intermediated settlement, and verifying credit card transactions, is an "abstract idea" beyond the scope of § 101. *See Alice*, 134 S. Ct. at 2356.

Alice/Mayo—Step 2

In the second step of the *Alice* inquiry, Appellant argues the claims recite "significantly more" than the abstract idea "by effecting an

improvement in a technical field [of electronic data integrity verification between remote computing devices] and by reciting elements that are not routine, conventional, and ubiquitous in the field." App. Br. 8–14.

We are not persuaded by Appellant's argument. Rather, we agree with the Examiner (Ans. 6) that (1) "the steps of storing, receiving, retrieving, verifying, and generating" are "executed on generic computer devices"; (2) "[g]eneric devices . . . do not add significantly more than the abstract idea" and "[w]hen viewed either individually, or as an ordered combination, the additional limitations do not amount to a claim as a whole that is significantly more than the abstract idea"; and (3) "[t]here is no inventive concept recited." Ans. 5–6. Appellant has not directed our attention to anything in the record that shows specialized computer hardware is required, nor has Appellant shown how the claims are performed such that they are not routine, conventional functions of a generic computer. *See Alice*, 134 S. Ct. 2358 ("the mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention.")

Appellant also argues "the claims are drawn to a very specific method of electronic data integrity verification in the field of chargeback transaction processing" and "the improvements described by the claims are analogous to those in *DDR Holdings, LLC v. Hotels.com et al.*, 113 USPQ2d 1097 (Fed. Cir. 2014)" because "the claims address a problem in 'the realm of computer networks' wherein a wrong reason code causes payment processor computers to decline otherwise valid transactions" and recite "a solution 'necessarily rooted in computer technology.'" App. Br. 10–11; Reply Br. 3. In addition, Appellant argues, like *Enfish*, the claims are directed to "a solution to a problem in the software arts" and similarly, like *McRO, Inc. v.*

Bandai Namco Games Am. Inc., 837 F.3d 1299 (Fed. Cir. 2016), the claims "recite a method to automatically determine that an incorrect reason code was assigned (similar to the keyframes that were previously manually identified in *McRO*) by evaluating transaction data against the regulation set that corresponds to the assigned reason code (similar to the evaluating of sub-sequences in *McRO*) in order to 'automate a task previously performed by humans.'" Reply Br. 4–5.

We disagree. Contrary to Appellant's arguments, claims 1, 9, and 17 do not recite a specific improvement to the way computers operate, and Appellant does not present evidence to establish these claims recite a specific improvement to the computers. *See Enfish*, 822 F.3d at 1336, 1339. Appellant also has not demonstrated their claims "improve the way a computer stores and retrieves data in memory," as the claims in *Enfish* did via a "self-referential table for a computer database" (*see Enfish*, 822 F.3d at 1336, 1339).

In fact, none of the steps and elements recited in Appellant's claims provide, and nowhere in Appellant's Specification can we find, any description or explanation as to how the claimed processing a chargeback transaction and verifying compliance of the chargeback transaction with a set of regulations are intended to provide: (1) a "solution . . . necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks," as explained by the Federal Circuit in *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1257 (Fed. Cir. 2014); (2) "a specific improvement to the way computers operate," as explained in *Enfish*, 822 F.3d at 1336; or (3) an "unconventional technological solution . . . to a technological problem" that "improve[s] the

performance of the system itself," as explained in *Amdocs (Israel) Ltd. v. Openet Telecom, Inc.*, 841 F.3d 1288, 1300, 1302 (Fed. Cir. 2016).

Preemption

Lastly, Appellant argues "the claims overcome concerns . . . that patent application claims would carry a 'risk of pre-emption' that does not exist in the pending claims" and, as such, "the claims do not preempt all possible ways of performing electronic data integrity verification." App. Br. 10.

Appellant's argument is unpersuasive because, 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). Moreover, where, as here "a patent's claims are deemed only to disclose patent ineligible subject matter" under the *Alice/Mayo* framework, "preemption concerns are fully addressed and made moot." *Id.*

Because Appellant's claims 1, 3, 5–7, 9–11, 13–15, 17–20, and 22–29 are directed to a patent-ineligible abstract concept, and do not recite something "significantly more" under the second prong of the *Alice* analysis, we sustain the Examiner's rejection of these claims under 35 U.S.C. § 101 as being directed to non-statutory subject matter in light of *Alice* and its progeny.

35 U.S.C. § 103(a): Claims 1, 9, and 17

In support of the rejection of independent claim 1, and similarly, claims 9 and 17, the Examiner finds NPL-DRM teaches Appellant's claimed "method for verifying compliance of transaction data for a chargeback

transaction with a set of regulations using a computer device coupled to a database" including all the claim limitations, except for an express disclosure of "transmitting the reason code error notification to the issuer." Final Act. 4–6 (citing NPL-DRM pp. 28–30 ("Chargebacks"), p. 29, § 5.6.3 ("If Discover Network receives an incomplete Chargeback Request . . . will not process a Chargeback"), § 5.6.4 ("If Discover Network does not receive . . . a Chargeback Request that does not comply with the requirements . . . is not obligated to notify . . . or to process a Chargeback"), pp. 33–36 ("Reason codes for Service Disputes"), p. 60 ("TF Reason Code may be used by Discover Network to process a Chargeback"), p. 75 ("UA99 Reason Code may be used for a Chargeback Request when the Card Sale was not completed in compliance with . . . Operating Regulations").

The Examiner concludes, however, that "it would have been obvious to generate reason code error message to acquirer or issuer via the Dispute File Format (Page 92) established by Discover Network." Final Act. 6.

Appellant contends NPL-DRM does not teach or suggest the disputed limitations:

> (1) "verifying, by the computer device, the assigned reason code, by evaluating whether the transaction data complies with the regulation set";

> (2) "determining, by the computer device, that the assigned reason code is not verified, including determining that the transaction data fails to comply with the regulation set"; and

> (3) "generating, by the computer device, a reason code error notification, including the transaction data, the regulation set, and the assigned reason code"

as recited in claim 1, and similarly recited in claims 9 and 17. *See* App. Br. 15. In particular, Appellant acknowledges "<u>NPL-DRM describes reason codes, but not what happens when a wrong reason code is assigned</u>" and, as such, argue "does not describe or suggest verifying a reason code" as recited in claims 1, 9, and 17. App. Br. 15. Appellant also acknowledges "*NPL-DRM specifies what reason codes to use according to a situation, but does not describe or suggest determining that the assigned reason code is invalid.*" App. Br. 16.

We do not find Appellant's arguments persuasive. Instead, we find the Examiner has provided a comprehensive response to Appellant's arguments supported by a preponderance of evidence. Ans. 8–10. As such, we adopt the Examiner's findings and explanations provided therein. *Id.* For additional emphasis, we note claim terms are given their broadest reasonable interpretation consistent with the specification. *In re Am. Acad. of Sci. Tech Ctr.*, 367 F.3d 1359, 1364 (Fed. Cir. 2004). The disputed phrase "verifying . . . the assigned reason code, by evaluating whether the transaction data complies with the regulation set" is described in the context of Appellant's Specification as to whether transaction data associated with a chargeback transaction complies with a set of regulations for an assigned reason code. Spec. ¶¶ 61–64. In particular, Appellant's Specification describes that "[i]f transaction data [] complies with retrieved set of regulations [], then the assigned reason code becomes the verified reason code" and, likewise, if transaction data does not comply with the retrieved set of regulations, then "the assigned reason code is not verified and an error message [] is returned to issuing bank." Spec. ¶¶ 62, 64. Based on Appellant's Specification, "verification of reason code is defined by whether

a chargeback transaction, complies with regulations," as correctly recognized by the Examiner. Ans. 8–9 (citing Spec. ¶¶ 61–64). As such, the disputed limitation "verifying, by the computer device, the assigned reason code, by evaluating whether the transaction data complies with the regulation set" can be broadly but reasonably interpreted to encompass NPL-DRM's evaluation of whether transaction data complies with regulations. *See* NPL-DRM pp. 28–36, 60, 75.

Based on this record, we are not persuaded of Examiner error. Accordingly, we sustain the Examiner's obviousness rejection of independent claims 21, 28, and 34, as well as their respective dependent claims 23–25, 27, 29–33, 35–38, and 40, which Appellant does not argue separately. App. Br. 15.

CONCLUSION

On the record before us, we conclude Appellant has not demonstrated the Examiner erred in rejecting claims 1, 3, 5–7, 9–11, 13–15, 17–20, and 22–29 under 35 U.S.C. § 101 and § 103(a).

DECISION

As such, we AFFIRM the Examiner's final rejection of claims 1, 3, 5–7, 9–11, 13–15, 17–20, and 22–29.

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