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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte CHERYL L. NEOFYTIDES, AAMER ALI BAIG,
PETER M. KARAS, JAMES E. COWELL, JAMES R. YODER,
and MATT F. GOLUB

Appeal 2017-003304¹
Application 10/046,654²
Technology Center 3600

Before MICHAEL W. KIM, NINA L. MEDLOCK, and
BRUCE T. WIEDER, *Administrative Patent Judges*.

MEDLOCK, *Administrative Patent Judge*.

DECISION ON APPEAL

¹ Our decision references Appellants' Appeal Brief ("App. Br.," filed September 13, 2016) and Reply Brief ("Reply Br.," filed December 27, 2016), and the Examiner's Answer ("Ans.," mailed October 28, 2016) and Non-Final Office Action ("Non-Final Act.," mailed May 6, 2016).

² Appellants identify First Data Corporation as the real party in interest. App. Br. 3.

STATEMENT OF THE CASE

Appellants appeal under 35 U.S.C. § 134(a) from the Examiner's rejection of claims 25–37, 50, and 52–54. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

CLAIMED INVENTION

Appellants' claimed invention "relates generally to stored value fund transactions, and more particularly relates to transferring money between parties with a network-accessible stored value fund" (Spec. 1, ll. 6–8).

Claim 25, reproduced below, is the sole independent claim, and representative of the claimed subject matter:

25. A method for automatically transferring credit between a stored value fund maintained in a data base and a handler using a wide-area computer network, the method comprising:

establishing a stored value fund at the data base and associating the stored value fund with a user, and from which a desired amount is to be transferred from the user to a payee;

receiving, at a server computer system having a payment controller, automated transfer information from the wide-area computer network coupled to a user associated with the stored value fund, the automated transfer information comprising handler information on a plurality of handlers, including one of the handlers that is selected by a user for an automated transfer and one of the handlers that is selected by the user as a default handler;

determining at the payment controller the handler for an automated transfer;

determining at the payment controller the direction of the automated transfer with respect to the stored value fund;

determining at the payment controller an amount for the automated transfer;

automatically transferring the automated transfer amount between the stored value fund in the data base and the handler determined for use for the automated transfer;

after the automated transfer, determining if there are sufficient funds in the stored value fund to make the transfer of the desired transfer amount to the payee;

if there are not sufficient funds in the stored value fund to make the transfer of the desired transfer amount, transferring additional funds from the default handler to the stored value fund; and

after the automated transfer and any transfer of additional funds from the default handler, converting the funds in the stored value fund from one form of monetary value to a different form of monetary value, wherein the stored value fund has plural, different forms of monetary value as funds in the stored value fund, wherein the handlers each use different forms of monetary value, and wherein the different forms of monetary value are converted according to the handler used for the transfer of funds by querying such handler for an exchange rate to be used for the conversion.

REJECTION

Claims 25–37, 50, and 52–54 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. *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 the pending claims under 35 U.S.C. § 101, the Examiner determined that independent claim 25 is directed to an abstract idea, i.e., (1) “transferring credit between the stored value fund and handler,” which the Examiner reasoned is similar to a method of organizing human activity found abstract by the courts, and (2) “conversion of funds from one

monetary value to a different form of monetary value,” which the Examiner concluded is akin to “the concept of gathering and combining data by reciting steps of organizing information through mathematical since the conversion necessarily requires [a] mathematical algorithm” (Non-Final Act. 3). The Examiner further determined that claim 25 does not include additional elements or a combination of elements sufficient to transform the claim into a patent-eligible application of the abstract idea, and that dependent claims 26–37, 50, and 52–54 are patent-ineligible based on the same analysis (*id.* at 3–4).

Appellants assert that the claims are not directed to an abstract idea, and argue that the § 101 rejection cannot be sustained, because the Examiner has characterized the claims at an impermissibly high level of abstraction that does not properly reflect the concept recited in the claims (App. Br. 6). Appellants assert that the claims are properly characterized as directed to

[a] method, using a database, [a] server computer having a payment controller[,] and a wide-area computer network, for transferring funds from a handler (e.g., a credit/debit card, bank, promotion program, money transfer agent location) to a stored value fund or account of a user, in order to be transferred to a payee

(*id.* at 7). Appellants note that “[a]n automated transfer handler and a default handler are used to transfer value to the stored value fund”; “[t]he stored value fund has different forms of monetary value, and the handlers use different forms of monetary value”; and “[t]he conversion of monetary value in the stored value fund is accomplished with an exchange rate at the handler used in the transfer” (*id.*). And Appellants submit that the “above referenced inventive concept (properly ‘tethered’ to the actual language of

the claims and identified using a more appropriate level of abstraction) is patent-eligible subject matter under 35 U.S.C. §101” (*id.*).

Appellants’ argument is not persuasive at least because the Examiner’s formulation of the abstract idea need not copy the language recited in the claim. Instead, the Federal Circuit has explained that “the ‘directed to’ inquiry applies a stage-one filter to claims, considered in light of the [S]pecification, based on whether ‘their character as a whole is directed to excluded subject matter.’” *See Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1335 (Fed. Cir. 2016) (citing *Internet Patents Corp.*, 790 F.3d at 1346). It asks whether the focus of the claims is on a specific improvement in relevant technology or on a process that itself qualifies as an “abstract idea” for which computers are invoked merely as a tool. *See id.* at 1335–36.

The Examiner’s determination here that the claims are directed to “transferring credit between the stored value fund and handler” and “conversion of funds from one monetary value to a different form of monetary value” is fully consistent with the Specification, including the claim language (*see, e.g.*, Spec. 2, l. 31 – 3, l. 12; 6, l. 31 – 7, l. 5).

An abstract idea, moreover, can be expressed at various levels of abstraction. *See Apple, Inc. v. Ameranth, Inc.*, 842 F.3d 1229, 1240–41 (Fed. Cir. 2016) (“An abstract idea can generally be described at different levels of abstraction. As the Board has done, the claimed abstract idea could be described as generating menus on a computer, or generating a second menu from a first menu and sending the second menu to another location. It could be described in other ways, including, as indicated in the specification, taking orders from restaurant customers on a computer.”). That the claim

language includes more words than the phrase the Examiner used to articulate the abstract idea, and that the Examiner, thus, articulates the abstract idea at a higher level of abstraction than do Appellants is an insufficient basis, at least in this instance, for finding that the claims are not directed to an abstract idea.

Further referencing the USPTO’s “July 2015 Update: Subject Matter Eligibility,” Appellants ostensibly argue that the § 101 rejection cannot be sustained because the abstract ideas in *Planet Bingo, LLC v. VKGS, LLC*, 576 F. App’x 1005 (Fed. Cir. 2014) and *Accenture Global Services, GmbH v. Guidewire Software*, 728 F.3d 1336 (Fed. Cir. 2013), cited by the Examiner, are “not similar to the abstract idea in the present application, either as characterized by the Examiner . . . or . . . by Appellant[s]” (App. Br. 7–8; *see also* Reply Br. 3).³ Yet, even accepting Appellants’ argument, Appellants cannot reasonably deny that transferring money between parties is a long-standing practice, i.e., a fundamental economic practice, and, therefore, an abstract idea. In fact, Appellants ostensibly acknowledge as much in the “Background” section of the Specification (*see* Spec. 1, ll. 5–18).

Turning to the second step of the *Mayo/Alice* framework, Appellants argue that even if claim 25 is directed to an abstract idea, the claim recites

³ The July 2015 Update (available at <https://www.uspto.gov/sites/default/files/documents/ieg-july-2015-update.pdf>) instructs examiners to refer to the body of case law precedent in order to identify abstract ideas by way of comparison to concepts already found to be abstract (*id.* at 3), and explains that “[t]his discussion is meant to . . . ensure that a claimed concept is not identified as an abstract idea unless it is similar to at least one concept that the courts have identified as an abstract idea” (*id.*).

significantly more than the alleged abstract idea, i.e., “transferring credit between the stored value fund and handler” and “conversion of funds from one monetary value to a different form of monetary value” (App. Br. 8). Yet, to the extent Appellants maintain that the claimed invention is patent-eligible, i.e., that the claim amounts to “significantly more” than an abstract idea, and/or that the recited functions are not “well-understood, routine, and conventional activities,” because claim 25 is allegedly novel and/or non-obvious in view of the prior art (*see* App. Br. 9), Appellants misapprehend the controlling precedent.

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 (citation omitted). “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.”).

We also are not persuaded of Examiner error by Appellants' argument that the claims do not attempt to preempt every application of the abstract ideas as characterized by the Examiner (App. Br. 9; *see also* Reply Br. 3–4). 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 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 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.*

We are not persuaded, on the present record, that the Examiner erred in rejecting claim 25 under 35 U.S.C. § 101. Therefore, we sustain the Examiner's rejection. We also sustain the rejection of dependent claims 26–37, 50, and 52–54, which are not argued separately.

DECISION

The Examiner's rejection of claims 25–37, 50, and 52–54 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