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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte JEFFREY WINNER, GERAUD BOYER,
AMIT KUMAR, and ECKART WALTHER

Appeal 2017-004475
Application 13/211,262
Technology Center 3600

Before CARLA M. KRIVAK, HUNG H. BUI, and
DAVID J CUTITTA II, *Administrative Patent Judges*.

KRIVAK, *Administrative Patent Judge*.

DECISION ON APPEAL

Appellants¹ appeal under 35 U.S.C. § 134(a) from a final rejection of claims 32–51. We have jurisdiction under 35 U.S.C. § 6(b).

We affirm.

STATEMENT OF THE CASE

Appellants' invention is directed to “a system and method for monitoring for transactions” (Spec. ¶ 2).

¹ The real party in interest is Twitter Inc. (App. Br. 3).

Independent claim 32, reproduced below, is exemplary of the subject matter on appeal.

32. A method comprising:
- receiving, at an offer engine including a computer processor, a request to generate a merchant account for a merchant;
 - in response to the request to generate the merchant account, generating the merchant account;
 - receiving, the computer processor of the offer engine, a request to authorize a transaction involving a payment card configured for submitting a transaction request from the merchant in order to extract identifying information associated with the merchant wherein the request to authorize the transaction is transmitted from the merchant to the offer engine via a payment processor over a network, and wherein the offer engine is part of a computer system of an issuing entity of the payment card;
 - extracting, by the computer processor of the offer engine, a merchant identification code assigned to the merchant from the request to authorize the transaction;
 - associating, in a database, the merchant account with the extracted merchant identification code assigned to the merchant; and
 - monitoring transactions linked to the merchant via the merchant identification code to redeem offers associated with one or more customer payment cards.

REJECTION²

The Examiner rejected claims 32–51 under 35 U.S.C. § 101 as directed to non-statutory subject matter (Final Act. 3–4).

ANALYSIS

In *Alice*, the Supreme Court reiterates an analytical two-step framework previously set forth in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. 66, 79 (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. Pty. Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2355 (2014). The first step in the analysis is to “determine whether the claims at issue are directed to one of those patent-ineligible concepts,” such as an abstract idea. *Id.* If the claims are directed to eligible subject matter, the inquiry ends. *Thales Visionix Inc. v. United States*, 850 F.3d 1343, 1349 (Fed. Cir. 2017); *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1339 (Fed. Cir. 2016). If the claims are directed to a patent-ineligible concept, the second step in the analysis is to consider 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

² The Examiner withdrew the rejection of claims 32–51 under 35 U.S.C. § 112, second paragraph (pre-AIA), as being indefinite for failing to particularly point out and distinctly claim the subject matter which the inventors regard as the invention (Final Act. 2–3) and under 35 U.S.C. § 103 (Final Act. 3).

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).

The Examiner rejects claims 32–51 under 35 U.S.C. § 101 because the claimed invention is directed to non-statutory subject matter. Specifically, the Examiner finds (1) the claims as a whole are directed to an abstract idea of “authorization of financial transactions” which is a fundamental economic practice (Ans. 5), and (2) the additional claim elements, when considered both individually and in combination, do not amount to significantly more than an abstract idea of authorizing financial transactions—a fundamental economic practice (Final Act. 3–4). Further, the additional elements in the claims other than the abstract idea *per se* amount

to no more than recitation of generic computer structure that serves to perform generic computer functions that are well-understood, routine, and conventional activities previously known to the pertinent industry. Viewed as a whole, these additional claim element(s) do not provide meaningful limitation(s) to transform the abstract idea into a patent eligible application of the abstract idea such that the claim(s) amounts to significantly more than the abstract idea itself.

(Final Act. 4 citing “*Alice v. CLS Bank*, US Supreme Court, No. 13-298, 6/19/2014”).

Appellants contend the Examiner erred in finding Appellants’ claims are directed to non-statutory subject matter because the claims provide “a specific solution to a technical problem arising in systems that monitor electronic payment card transactions over a network, in real-time, to perform offline conversion tracking” (App. Br. 5, 8). Appellants’ arguments discuss

embodiments and elements in the Specification; however, the discussed embodiments and elements are not recited in the claims (App. Br. 5–8).

Appellants also argue the Examiner has not made a prima facie case under the first prong of the *Alice* test (.App. Br. 8–9). That is, Appellants contend, the Examiner did not perform a “thorough analysis” of the rejection by merely stating the claims are directed to the abstract idea of authorizing financial transactions (App. Br. 9). Thus, according to Appellants assert, there is insufficient notice and they are unable to effectively respond (App. Br. 8–9). We do not agree.

Patent eligibility is a question of law that is reviewable *de novo* (see *Dealertrack, Inc. v. Huber*, 674 F.3d 1315, 1333 (Fed. Cir. 2012)). 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.” *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.”). In the instant application, Appellants do not contend the Examiner’s rejection under § 101 is not understood or that the Examiner’s rejection, otherwise, fails to satisfy the notice requirements of § 132. Indeed, Appellants’ understanding of the rejection is clearly manifested by their response as set forth in the briefs.

Further, we find the Examiner has provided an adequate explanation to meet the notice requirement (*see* Final Act. 3–4; Ans. 5–6). Specifically, we find the Examiner met this burden by determining the claims, based on Appellants’ Specification, are directed to authorizing financial transactions—a fundamental economic practice (Final Act. 3–4; Ans. 6–8). Appellants provide no argument persuasively demonstrating the claims are not directed to a fundamental economic practice. As we find the first step of *Alice* results in a patent ineligible concept, we turn to step 2 to determine if there is some inventive concept of the abstract idea in the application.

Appellants argue the additional elements of the claims amount to “significantly more” than the “recitation of generic computer structure that serves to perform generic computer functions that are well-understood, routine, and conventional activities previously known to the pertinent industry” (App. Br. 9). Appellants assert there is no “novelty rejection under 35 U.S.C. § 102 or an obviousness rejection under 35 U.S.C. § 103” evidencing that the additional elements are not well understood or routine (App. Br. 10). Appellants also assert the Examiner has not demonstrated that implementing claim 32 would “preempt previously existing implementations of the alleged abstract idea” and claim 32 does not tie up the underlying financial transactions, therefore, claim 32 does not preempt the “alleged abstract idea” (*id.*). Further, Appellants argue the claims add

unconventional features not found in the prior art (App. Br. 10–11; “receiving . . . a request to authorize a transaction involving a payment card configured for submitting a transaction request from the merchant in order to extract identifying information associated with the merchant wherein the request to authorize the transaction is transmitted from the merchant to the offer engine via a payment processor over a network, and wherein the offer engine is part of a computer system of an issuing entity of the payment card”). We do not agree.

As to Appellants’ argument there is no novelty or obviousness rejection thus the claims recite “significantly more,” we agree with the Examiner that “the concept of inventiveness [under § 101] is distinct from that of novelty” (Ans. 9) and “[t]he inventiveness inquiry of § 101 should therefore not be confused with the separate novelty inquiry of § 102 or the obviousness inquiry of § 103.” *See Amdocs (Israel) Ltd. v. Openet Telecom, Inc.*, 841 F.3d 1288, 1312 (Fed. Cir. 2016).

As to Appellants’ preemption argument, we note “[w]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.” *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015); *see also McRO, Inc. v. Bandai Namco Games America Inc.*, 837 F.3d 1299, 1315 (Fed. Cir. 2016) “the absence of complete preemption does not demonstrate patent eligibility.” (quoting *Ariosa Diagnostics*, 788 F.3d at 1379).

As to Appellants’ argument that the claims add unconventional features not found in the art, we agree with the Examiner that using a computer to perform abstract steps like those claimed, is not enough under

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Alice (Ans. 11). Appellants' Specification states the invention is a system and method for monitoring transactions and their claim recites "the offer engine is part of a computer system," presenting no evidence as to how or why the claim limitations are unconventional, other than to state they are (App. Br. 11).

In light of the above, we conclude the Examiner did not err in finding Appellants' claimed invention is directed to patent ineligible subject matter. Thus, we sustain the Examiner's rejection of claims 32–51 under 35 U.S.C. § 101.

DECISION

The Examiner's decision rejecting claims 32–51 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