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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte KRISTINA WOLFF

Appeal 2017-004611
Application 13/856,966
Technology Center 3600

Before MEREDITH C. PETRAVICK, AMEE A. SHAH, and
ROBERT J. SILVERMAN, *Administrative Patent Judges*.

SHAH, *Administrative Patent Judge*.

DECISION ON APPEAL¹

The Appellant² appeals under 35 U.S.C. § 134(a) from the Examiner’s decision rejecting claims 7, 9–13, and 15–20. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

¹ Throughout this Decision, we refer to the Appellant’s Appeal Brief (“Appeal Br.,” filed Feb. 29, 2016), Reply Brief (“Reply Br.,” filed Jan. 17, 2017), and Specification (“Spec.,” filed Apr. 4, 2013), and to the Examiner’s Answer (“Ans.,” mailed Nov. 21, 2016) and Non-Final Office Action (“Office Act.,” mailed Oct. 16, 2015).

² According to the Appellant, the real party in interest is First Data Corporation. Appeal Br. 3.

STATEMENT OF THE CASE

The Appellant's invention provides "a network/system and method for allocating pay from a paycheck to accounts, such as a prepaid account for use in conducting transactions at a specified retailer." Spec. ¶ 2.

Claims 7 and 13 are the independent claims on appeal. Claim 7 (Appeal Br. 15 (Claims App.)) is illustrative of the subject matter on appeal, and is reproduced below:

7. A method of allocating a paycheck paid by an employer to an employee, comprising:

enrolling an employee at an enrollment system of an employer in a payroll program for allocating a paycheck amount between at least a first paycheck amount to be deposited to a financial account at a financial institution and a second, separate paycheck amount to be loaded into one or more prepaid card accounts separate from the financial account, each prepaid card account associated at least one retailer, each prepaid card account used for a transaction at the associated retailer for purchase of goods or services, and each prepaid card account maintained at a card management system;

receiving, at a payroll system from the employer, paycheck data representing the paycheck amount;

transmitting, from the payroll system to the financial institution, first allocation data representing the first paycheck amount that has been allocated to the financial account;

transmitting, from the payroll system to the card management system, second allocation data representing the separate second paycheck amount that has been allocated to the one or more prepaid card accounts;

issuing a prepaid card to the employee for transactions conducted against the one or more prepaid card accounts at the associated retailer;

loading, at the card management card system and into the one or more prepaid card accounts separate from the financial account, the second paycheck amount;

in response to using the issued prepaid card at the associated retailer, providing a predetermined discount on goods or services purchased at the associated retailer; and

providing a commission fee to the employer based on the enrollment of the employee in the allocation program at the enrollment system and based on the second paycheck amount loaded at the card management card system into the one or more prepaid card accounts.

REJECTIONS

Claims 7, 9–13, and 15–20 stand rejected under 35 U.S.C. § 101 as being directed to non-statutory subject matter.

Claims 7, 9–13, and 15–18 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over Dangott et al. (US 2012/0233074 A1, pub. Sept. 13, 2012) (“Dangott”) and McCormick (US 2002/0040352 A1, pub. Apr. 4, 2002).

Claims 19 and 20 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over Dangott, McCormick, and Lenahan et al. (US 2010/0076877 A1, pub. Mar. 25, 2010) (“Lenahan”).

ANALYSIS

35 U.S.C. § 101 — Non-Statutory Subject Matter

The Appellant argues the claims as a group for this rejection. *See* Appeal Br. 7, 11. We select claim 7 as representative of the group; claims 9–13 and 15–20 stand or fall therewith. *See* 37 C.F.R. § 41.37(c)(1)(iv).

The Supreme Court in *Alice* reiterated the two-step framework, set forth previously in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. 66, 78–79 (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 that analysis is to “determine whether the claims at issue are *directed to* one of those patent-ineligible concepts.” *Id.* (citing *Mayo*, 566 U.S. at 79) (emphasis added). If so, the second step is to consider the elements of the claims “individually and ‘as an ordered combination’” to determine whether the additional elements “‘transform the nature of the claim’ into a patent-eligible application.” *Id.* (quoting *Mayo*, 566 U.S. at 78, 79).

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.* (alteration in original) (quoting *Mayo*, 566 U.S. at 72–73). 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. We, therefore, look to whether the claims focus on a specific means or method that improves the relevant technology or are instead directed to a result or effect that itself is the abstract idea, and merely invoke generic processes and machinery. *See Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1336 (Fed. Cir. 2016).

The First Step

Under the first step of the *Mayo/Alice* framework, the Examiner determines that the claim is “directed to allocating funds to prepaid instrument[s],” “similar to the basic concept of comparing new and stored information and using rules to identify options and using categories to organize, and store and transmit information all of which have been found by the courts to be an abstract idea.” Office Act. 9. The Appellant does not ostensibly disagree that the claim is directed to allocating funds to prepaid instruments. Rather, the Appellant argues that the Examiner “has not identified an abstract idea in accordance with the first part of the analysis required under Interim Guidance” in not identifying that the concept is “similar to at least one concept that the courts have identified as an abstract idea” (Appeal Br. 7–8 (quoting the July 2015 Update: Subject Matter Eligibility, available at <https://www.uspto.gov/sites/default/files/documents/ieg-july-2015-update.pdf>) (“July 2015 Update”); *see also* Reply Br. 2–4), and has “characterized [what the claim is directed to] at an impermissibly a [sic] high level of abstraction [that] does not properly reflect the concept recited in the claims” (Reply Br. 3).

We disagree. Here, in rejecting claim 7 under § 101, the Examiner analyzes the claim using the *Mayo/Alice* two-step framework. Specifically, the Examiner looks to the intrinsic evidence of the claim language and the elements as factors in determining that the claim, as a whole, is directed to the abstract idea of allocating funds to a prepaid instrument. *See* Office Act. 9. The Examiner’s alleged characterization of the claim at too high a level of abstraction is not persuasive of error. *See Apple, Inc. v. Ameranth, Inc.*, 842 F.3d 1229, 1240 (Fed. Cir. 2016) (“An abstract idea can generally

be described at different levels of abstraction.”). We note for emphasis that the preamble of claim 7 provides for a method of “allocating a paycheck ” that comprises, inter alia, the steps of transmitting allocation data representing allocated amounts to financial and prepaid card accounts, (Appeal Br. 15, 16), and that the Title page provides for a “SYSTEM TO ALLOCATE PAYROLL FUNDS TO PREPAID INSTRUMENTS.”

Although the Examiner does not recite the precise cases wherein the court found similar ideas to be abstract (*id.*), the Examiner uses the phrasing of the judicial decisions as recited in the 2014 Interim Guidance on Patent Subject Matter Eligibility, 79 Fed. Reg. 74618, 74622 (Dec. 16, 2014) (“2014 Interim Guidelines”) (citing *SmartGene, Inc. v. Advanced Biological Labs. SA*, 555 F. App’x 950 (Fed. Cir. 2014), and *Cyberfone Sys. v. CNN Interactive Grp.*, 558 F. App’x 988 (Fed. Cir. 2014)). The Examiner further considers the claim’s limitations individually and as an ordered combination as factors in determining that the claim does not recite limitations that transformed the nature of the claim into a patent-eligible invention. *See* Office Act. 10.

Thus, the Examiner has clearly articulated the reasons why the claim is directed to an abstract idea and has notified the Appellant of the reasons for the rejection “together with such information and references as may be useful in judging of the propriety of continuing the prosecution of [the] application.” 35 U.S.C. § 132. In doing so, the Examiner has set forth a prima facie case of unpatentability. *See In re Jung*, 637 F.3d 1356, 1362 (Fed. Cir. 2011); *Chester v. Miller*, 906 F.2d 1574, 1578 (Fed. Cir. 1990) (Section 132 “is violated when a rejection is so uninformative that it prevents the applicant from recognizing and seeking to counter the grounds

for rejection”); 2015 July Update 6 (“the examiner’s burden is met by clearly articulating the reason(s) why the claimed invention is not eligible, for example by providing a reasoned rationale that identifies the judicial exception recited in the claim and why it is considered an exception, and that identifies the additional elements in the claim (if any) and explains why they do not amount to significantly more than the exception”).

Although we find that the Examiner has followed the Office’s guidelines, we note that the Guidelines are “not intended to create any right or benefit, substantive or procedural, enforceable by any party against the Office.” 2014 Interim Guidelines at 74619. The Appellant’s argument that the Examiner failed to follow Office guidelines is not directed to an appealable issue. “Failure of Office personnel to follow this Interim Eligibility Guidance is not, in itself, a proper basis for either an appeal or a petition.” *Id.* The Appellant’s recourse for addressing such an alleged impropriety in the examination procedure would be to either (1) request the Examiner’s SPE to exercise supervisory oversight or (2) file a petition to the Director to invoke supervisory authority under 37 C.F.R. § 1.181(a)(3).

Thus, we are not persuaded of error in the Examiner’s determination that claim 7 is directed to an abstract idea.

The Second Step

We agree with and find supported the Examiner’s determination that the elements of claim 7, individually or as an ordered combination, do not amount to significantly more than the abstract idea. *See* Office Act. 10; Ans. 13–14. We find unpersuasive the Appellant’s arguments to the contrary. *See* Appeal Br. 8–11; Reply Br. 4–6.

We are not persuaded by the Appellant’s argument that claim 7 “recite[s] significantly more than the Examiner’s characterized abstract idea of a [sic] ‘allocating funds to a pre-paid instrument.’” Appeal Br. 8. The Appellant recites the limitations of the claim and simply states that “[t]aken together, all of these foregoing features of claim 7 are significantly more than ‘allocating funds to a pre-paid instrument.’” *Id.* at 9. In response to the Appellant’s argument that “the Examiner has not identified prior art that discloses or suggests the recited features *as a whole* and in particular has not identified any prior art that discloses or suggests all of the individual claim features recited (see arguments below regarding rejections under 35 U.S.C. § 103)” (*id.*), we note that an abstract idea does not transform into an inventive concept just because the prior art does not disclose or suggest it. *See Mayo*, 566 U.S. at 89–90. “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). Indeed, “[t]he ‘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.” *Diamond v. Diehr*, 450 U.S. 175, 188–89 (1981); *see also Mayo*, 566 U.S. at 91 (rejecting “the Government’s invitation to substitute §§ 102, 103, and 112 inquiries for the better established inquiry under § 101”).

We are not persuaded by the Appellant’s arguments that the Examiner errs in “not provid[ing] any support for these conclusions” that “the computer components at each step of the process perform purely generic computer functions” (Appeal Br. 9 (citation omitted)) and “that the Examiner has not considered the claims as a whole, and as a consequence,

has misapplied the second part of the two-part analysis required under the Interim Guidance” (*id.* at 10; *see also* Reply Br. 5). As discussed above, the Examiner has set forth a prima facie case of unpatentability and has considered the claim as a whole.

We are also not persuaded by the Appellant’s arguments that the “specific arrangement of an enrollment system for payroll allocation program, a payroll system and a card management system that, taken together, recite a *specifically programmed and designed device* having features that are beyond ‘what is well understood, and conventional.’” Appeal Br. 10; *see also* Reply Br. 4–5. We find supported the Examiner’s determination that each step of the method is performed by a generic computer operating in its ordinary capacity to perform generic functions. The Specification supports this view in providing for a generic computer system to implement the steps of the method. *See* Spec. ¶¶ 41–46, Figs. 1, 5. There is no further technology for performing the steps of enrolling an employee, receiving data, transmitting data, issuing a card, loading an amount, providing a discount, and providing a commission. *See Affinity Labs of Texas, LLC v. DIRECTV, LLC*, 838 F.3d 1253, 1263 (Fed. Cir. 2016); *see also Enfish*, 822 F.3d at 1336 (focusing on whether the claim is “an improvement to [the] computer functionality itself, not on economic or other tasks for which a computer is used in its ordinary capacity”). “When claims like the Asserted Claims are ‘directed to an abstract idea’ and ‘merely requir[e] generic computer implementation,’ they ‘do[] not move into section 101 eligibility territory.’” *Smart Systems Innovations, LLC v. Chicago Transit Authority*, 873 F.3d 1364, 1374 (Fed. Cir. 2017) (alterations in original) (citation omitted). And, receiving, transmitting, issuing, loading,

and providing data are well-understood, routine, and conventional functions of a generic computer. *See id.* at 1373–75; *Electric Power Grp. LLC v. Alstom S.A.*, 830 F.3d 1350, 1354–55 (Fed. Cir. 2016). Moreover, a generic computer specially programmed to perform conventional functions does not amount to an inventive concept such that the claim is significantly more than the abstract idea. *See Alice*, 134 S. Ct. at 2357–60 (applying an abstract idea, such as an algorithm, on a general purpose computer is not enough to transform a patent-ineligible abstract idea into a patent-eligible invention); *EON Corp. IP Holdings LLC v. AT & T Mobility LLC*, 785 F.3d 616, 623 (Fed. Cir. 2015) (“A general purpose computer is flexible—it can do anything it is programmed to do.”).

We also find unpersuasive the Appellant’s arguments that “these operations reflect a clear improvement to the relevant technology or technical field of *payroll allocation systems*, separate from the improvement to the operation and functioning of the underlying computer systems involved” (Appeal Br. 10) and that the claim “when read as a whole, recite[s] numerous computing elements that are specifically selected and integrated in select ways to perform various particular claim functions” (*id.*). Allocating monetary amounts, such as for a payroll, is not a technical or technological field, but an economic one. Regardless of what label we apply, the Appellant provides no further argument such as why its particular arrangement and/or integration of elements is a technical improvement to the field of allocating funds. *See BASCOM Glob. Internet Servs., Inc. v. AT&T Mobility LLC*, 827 F.3d 1341, 1350 (Fed. Cir. 2016). As discussed above, there is no indication in the Specification that any novel technology or inventive hardware is used.

The Appellant further unpersuasively argues that the claim is patent eligible because it is analogous to those of *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014). See Appeal Br. 11; Reply Br. 5. In *DDR Holdings*, the Federal Circuit determined that the claims addressed the problem of retaining website visitors who, if adhering to the routine, conventional functioning of Internet hyperlink protocol, would be transported instantly away from a host’s website after clicking on an advertisement and activating a hyperlink. *DDR Holdings*, 773 F.3d at 1257. The Federal Circuit, thus, held that the claims were directed to statutory subject matter because they claim a solution “necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks.” *Id.* The court cautioned that “not all claims purporting to address Internet-centric challenges are eligible for patent.” *Id.* at 1258. And the court contrasted the claims to those at issue in *Ultramercial Inc. v. Hulu, LLC*, 772 F.3d 709 (Fed. Cir. 2014), in that, in *DDR Holdings*, the computer network was not operating in its “normal, expected manner” and the claims did not “recite an invention that is . . . merely the routine or conventional use of the Internet.” *Id.* at 1258–59.

In contrast, here,

the claimed invention addresses the problems and corresponding issues earlier noted, namely permitting an employee to enroll for various paycheck options and at the same time provide benefits to the employer, such as offsetting the cost to the employer of administering its payroll system (see, e.g., paragraphs 0001 and 0015 of the Specification).

Appeal Br. 11. Unlike *DDR Holdings*, these problems of permitting paycheck options and offsetting cost existed prior to the Internet. See, e.g., *Every Penny Counts, Inc. v. Wells Fargo Bank, N.A.*, 112 USPQ2d 1684,

1687–88 (M.D. Fla. 2014). Further, the purported solution is not necessarily rooted in computer technology as it requires the use of generic components operating in their routine and conventional way. Although the Appellant states that “[t]he use of computerized operations among an enrollment system, payroll system and card management system (in the unique manner claimed by Appellant) is not a ‘computer network operating in its normal, expected manner,’ as in *DDR Holdings*” (Appeal Br. 11), the Appellant does not direct attention to, and we do not see, where the claimed subject matter provides for an improvement in the technology or technical functioning of these systems. The claim recites an invention that is merely the routine or conventional use of a computer system to perform an abstract business/economic practice. *DDR Holdings*, 773 F.3d at 1258–59.

In response to the Appellant’s argument that “it is clear that the claims at issue do not attempt to preempt every application of the idea of ‘allocating funds to a pre-paid instrument’” (Appeal Br. 11; *see also* Reply Br. 5), we note that although 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 preemption” (*Alice*, 134 S. Ct. at 2354), 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*, 134 S. Ct. at 2354). Although “preemption may signal

patent ineligible subject matter, the absence of complete preemption does not demonstrate patent eligibility.” *Id.*

Thus, we are not persuaded of error in the Examiner’s determination that claim 7 does not contain an inventive concept under the second part of the *Alice/Mayo* framework.

Based on the foregoing, we sustain the Examiner’s rejection under 35 U.S.C. § 101, of claim 7 and of claims 9–13 and 15–20, which fall with claim 7.

35 U.S.C. § 103(a) — Obviousness

We agree with the Appellant’s contention that the Examiner’s rejection of independent claims 7 and 13 is in error because McCormick, upon which the Examiner relies, does not teach the limitation of providing “commission fees to an employer based on an employee enrolling at an enrollment system for allocating a paycheck amount to a prepaid card account loaded at a card management system,” as recited in the claims. Appeal Br. 12.

The Examiner finds, in relevant part, that “McCormick teaches an electronic commerce network that facilitates the exchange of goods and services is described that includes configurations for physically implementing the system and data structures for logically implementing the method” (Ans. 16) and relies on McCormick’s paragraph 883 for teaching the limitation of providing a commission fee (Office Act. 13). The cited paragraph discloses the logical data entity of “Party Role Financial Transaction [that] represents the relationship between a Party Role instance and a Financial Transaction instance.” The entity relates participants in

specific solutions to the financial transactions in which they are involved, can be used “for Solution-independent refunds to Customers (from service variances (assess late fee) on prepaid Solutions),” and can represent “fees such as yearly membership fees for network participants and Network Manager fees.” McCormick ¶ 883.

However, we do not see, and the Examiner does not explain, how these fees meet the claimed commissions. And, we agree with the Appellant that “while there is passing mention [in McCormick] of ‘commissions,’ such commissions are for ‘Customer Referral Providers 2035’ and ‘Solution Brokers 2030’ that assist customers in transactions in the business value network (see Figs. 12 and 13; paragraph 0116–0122; 0354; 0600).” Appeal Br. 12. We do not see, and the Examiner does not explain, how these commissions meet the claimed “commission fee to the employer based on the enrollment of the employee in the allocation program at the enrollment system and based on the second paycheck amount loaded at the card management card system into the one or more prepaid card accounts.” *Id.* at 15

Based on the foregoing, we do not sustain the Examiner’s rejections under 35 U.S.C. § 103(a) of independent claims 7 and 13, and dependent claims 9–12 and 15–18.

We also do not sustain the Examiner’s rejection under 35 U.S.C. § 103(a) of dependent claims 19 and 20 because the Examiner relies on the same unsupported finding.

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DECISION

The Examiner's rejection of claims 7, 9–13, and 15–20 under 35 U.S.C. § 101 is AFFIRMED.

The Examiner's rejections of claims 7, 9–13, and 15–20 under 35 U.S.C. § 103(a) are REVERSED.

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