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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte WILLIAM J. GRAY, WILLIAM G. HOHLE, CARL LARKIN and
LEE J. PEART¹

Appeal 2017-004761
Application 14/327,537
Technology Center 3600

Before CAROLYN D. THOMAS, ADAM J. PYONIN, and
KARA L. SZPONDOWSKI, *Administrative Patent Judges*.

THOMAS, *Administrative Patent Judge*.

DECISION ON APPEAL

Appellants seek our review under 35 U.S.C. § 134(a) of the Examiner's Final Rejection of claims 12–16 and 18. Claims 19–31 are withdrawn. *See* Claims Appendix. We have jurisdiction over the appeal under 35 U.S.C. § 6(b).

We AFFIRM.

The present invention relates generally to a virtual purchase with an on-line merchant. *See* Abstract.

¹ The Appellants name III Holdings 1, LLC as the real party in interest (App. Br. 2).

Claim 12 is illustrative:

12. A method, comprising:
 - a wallet server receiving a request to initiate payment to a merchant for a transaction, wherein the wallet server maintains personal information about a user of a smart card issued by an issuing entity;
 - in response to the request, the wallet server providing the personal information to a merchant server of the merchant, wherein the personal information is usable by the merchant server to request authorization of the transaction from the issuing entity;
 - the wallet server receiving, from the issuing entity, a data item for authorizing the transaction; and
 - the wallet server obtaining a digital signature of the data item from the smart card, wherein the digital signature is usable by the issuing entity to authorize the transaction.

Appellants appeal the following rejections:

Claims 12–16 and 18 are rejected under 35 U.S.C. § 101 because the claimed invention is directed to non-statutory subject matter (Final Act. 6–8).

Claims 12–16 and 18 are rejected under 35 U.S.C. 112, first paragraph, as failing to comply with the written description requirement (Final Act. 8–11).

We review the appealed rejections for error based upon the issues identified by Appellants, and in light of the arguments and evidence produced thereon. *Ex parte Frye*, 94 USPQ2d 1072, 1075 (BPAI 2010) (precedential).

ANALYSIS

Rejection under § 101

Issue 1: Did the Examiner err in rejecting the claims as being directed to non-statutory subject matter?

With respect to independent method claim 12, the Examiner determines that the claims are directed to an abstract idea, particularly, “an idea ‘of itself’ similar to concepts held by the courts to be abstract ideas, e.g., collecting and comparing known information or obtaining and comparing intangible data” (Final Act. 7). The Examiner adds that “the inclusion of ‘wallet server’ as performing the steps amounts to a generic computer structure performing conventional activity such as receiving/obtaining and requesting data” (*id.*). We agree with the Examiner for at least the reasons *infra*.

A patent may be obtained for “any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof.” 35 U.S.C. § 101. The Supreme Court has held that this provision contains an important implicit exception: laws of nature, natural phenomena, and abstract ideas are not patentable. *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2354 (2014); *Gottschalk v. Benson*, 409 U.S. 63, 67 (1972) (“Phenomena of nature, though just discovered, mental processes, and abstract intellectual concepts are not patentable, as they are the basic tools of scientific and technological work.”). Notwithstanding that a law of nature or an abstract idea, by itself, is not patentable, the application of these concepts may be deserving of patent protection. *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289, 1293–94 (2012). In *Mayo*, the Court stated that “to transform an unpatentable law of nature into a patent

eligible *application* of such a law, one must do more than simply state the law of nature while adding the words ‘apply it.’” *Id.* at 1294 (citation omitted).

In *Alice*, the Court reaffirmed the framework set forth previously in *Mayo* “for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of these concepts.” *Alice*, 134 S. Ct. at 2355. The first step in the analysis is to “determine whether the claims at issue are directed to one of those patent-ineligible concepts.” *Id.* If the claims are directed to a patent-ineligible concept, then 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.” *Id.* (quoting *Mayo*, 132 S. Ct. at 1298, 1297).

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.* (brackets in original) (quoting *Mayo*, 132 S. Ct. at 1294). The prohibition against patenting an abstract idea “cannot be circumvented by attempting to limit the use of the formula to a particular technological environment or adding insignificant post-solution activity.” *Bilski v. Kappos*, 561 U.S. 593, 610–11 (2010) (citation and internal quotation marks omitted). The Court in *Alice* noted that “[s]imply appending conventional steps, specified at a high level of generality,’ was not ‘enough’ [in *Mayo*] to supply an ‘inventive concept.’” *Alice*, 134 S.Ct. at 2357 (quoting *Mayo*, 132 S. Ct. at 1300, 1297, 1294).

Step one: Are the claims at issue directed to a patent-ineligible concept?

Appellants contend they fail “to see how an idea that recites interaction with a decidedly non-abstract item (a smart card) can be abstract” (App. Br. 7). Appellants further contend that “the proffered rationale for the claim being directed to an [idea of itself] is devoid of substance . . . [and] [t]his cannot be a valid test for subject matter eligibility” (*id.*).

We disagree with Appellants’ contentions. Instead, we find that the Examiner has provided a sufficient response supported by a preponderance of evidence (Final Act. 7–8; Ans. 3–6). As such, we refer to, rely on, and adopt the Examiner’s determinations and conclusions set forth in the Answer. Our discussions here will be limited to the following points of emphasis.

Here, in rejecting the claims under 35 U.S.C. § 101, the Examiner properly analyzed the claims using the *Mayo/Alice* two-step framework, consistent with the guidance set forth in the USPTO’s “2014 Interim Guidance on Patent Subject Matter Eligibility,” 79 Fed. Reg. 74618 (Dec. 16, 2014), in effect at the time the rejection was made, i.e., on November 2, 2015. For example, the Examiner notes concepts such as “collecting and comparing known information or obtaining and comparing intangible data” (Final Act. 7). Furthermore, the Examiner cites *Cyberfone* and finds that “[l]ike *Cyberfone*, Appellants’ ‘smart card’ is merely a conventional generic source of data that adds nothing of significance” (Ans. 3, *also citing* Appellants’ Spec. ¶ 11). *See also* Spec. ¶ 6 (“many have suggested the use of ‘smart cards’”).

Information collection and analysis, including when limited to particular content, is within the realm of abstract ideas. *See, e.g., Elec. Power Grp. LLC v. Alstom S.A.*, 830 F.3d 1350, 1353 (Fed. Cir. 2016) (holding that “collecting information, analyzing it, and displaying certain results of the collection and analysis” are “a familiar class of claims ‘directed to’ a patent-ineligible concept”); *FairWarning IP, LLC v. Iatric Sys., Inc.*, 839 F.3d 1089, 1093–94 (Fed. Cir. 2016); *Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1349 (Fed. Cir. 2015); *Digitech Image Techs., LLC v. Elecs. for Imaging, Inc.*, 758 F.3d 1344, 1351 (Fed. Cir. 2014); *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1370 (Fed. Cir. 2011).

In *Cyberfone*, the Court held that “using categories to organize, store, and transmit information is well-established,” and “the well-known concept of categorical data storage, i.e., the idea of collecting information in classified form, then separating and transmitting that information according to its classification, is an abstract idea that is not patent-eligible.” *Cyberfone Systems, LLC v. CNN Interactive Group, Inc.*, 558 Fed. Appx. 988, 992 (Fed. Cir. 2014).

Because the Examiner has shown that the claims are directed to collecting, comparing, and obtaining information, we agree with the Examiner that the claims are directed to an abstract idea.

Step two: Is there something else in the claims that ensures that they are directed to significantly more than a patent-ineligible concept?

To establish a *prima facie* case, the Examiner must next identify all of the additional elements in each claim and explain why these elements,

individually or collectively, do not add significantly more than the abstract idea. *Alice*, 134 S. Ct. at 2355. Here, the Examiner determines that “the inclusion of a ‘wallet server’ as performing the steps amounts to a generic computer structure performing conventional activity” (Final Act. 7, *citing* Blinn at al. US 7,155,411 B1). The Examiner further determines that Appellants’ specification, i.e., paragraphs [8] and [9], shows that the wallet server functionalities, e.g., receiving and obtaining, are routine and conventional (*see* Ans. 5). Again, we agree with the Examiner.

Appellants contend that the claims amount to significantly more because “[b]y relying on a wallet server to facilitate integration of smart card support, the present invention is able to overcome [certain] security deficiencies as an account number is not transmitted, but rather a digital signature” (App. Br. 8). Appellants further contend that, “[l]ike the claims in *DDR Holdings*, . . . ‘the claimed solution is necessarily rooted in computer technology’ . . . [because] [t]he claims [] are directed to a specific way of integrating smart-card functionality through a wallet server” (App. Br. 8–9), and “the Examiner is not addressing the actual claim language” (*id.*).

In *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1259 (Fed. Cir. 2014), the subject claim was held patent-eligible because it encompassed “an inventive concept” for resolving a “particular Internet-centric problem.” In contrast, we find Appellants’ method (claim 12) does not provide a solution “necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks.” *DDR*, 773 F.3d at 1257. Because we find all claims on appeal merely use a generic computer or processor, i.e., wallet server, as a tool which is used in

the way a computer normally functions, we conclude that the claims fail to impart any discernible improvement upon the computer or processor, nor do Appellants' claims solve "a challenge particular to the Internet" as considered by the court in *DDR*, 773 F.3d at 1256-57. Thus, we conclude Appellants' claims are not like the claim held patent-eligible by the court in *DDR*, in which the claimed invention was directed to the "challenge of retaining control over the attention of the customer in the context of the Internet," such that:

Instead of the computer network operating in its normal, expected manner by sending the website visitor to the third-party website that appears to be connected with the clicked advertisement, the claimed system generates and directs the visitor to the above-described hybrid web page that presents product information from the third-party and visual "look and feel" elements from the host website.

DDR, 773 F.3d at 1258-59. Here, Appellants have not shown that the claimed "wallet server" is operating in unexpected manner. Thus, we find unavailing Appellants' arguments that the claims are like *DDR Holdings* (App. Br. 8–9), given that no convincing "inventive concept" for resolving a "particular Internet-centric problem" is identified by Appellants.

Furthermore, it is plainly evident that the Examiner considered the limitations in the claims and the Examiner's analysis is tethered to the actual claim language (*see* Final Act. 7 and Ans. 5–6). As noted *supra*, the Examiner properly and reasonably determined that claim 1 is directed to collecting and comparing known information or obtaining and comparing intangible data (Final Act. 7), which is simply a higher level of abstraction. *Cf. Apple, Inc.*, 842 F.3d at 1240-1241 ("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.”)

Appellants also contend that “the Examiner has not provided any supporting evidence for asserting that all claimed functions ‘amount[] to a generic computer structure performing conventional activity’” (App. Br. 10) because “[a]lthough the Examiner has cited to Blinn . . . Blinn [] fails to constitute prior art as the priority date of the present disclosure antedates the filing data of Blinn” (*id.*).

Although we agree with Appellants that Blinn² may not antedate the priority date³ of the present disclosure, we highlight that even if Blinn is not proper evidence to illustrate the well-understood, routine, and conventional nature of the functionality of a “wallet server,” the Examiner *also cites* Appellants’ specification as evidence (*see* Ans. 5).

Specifically, the Examiner finds that “[t]he first two steps are routine and conventional wallet server functionality . . . The recited actions of ‘receiving’ and ‘obtaining’ are performed by a generic ‘wallet server,’ not any smart-card functionality” (Ans. 5, *citing* Appellants’ Spec. ¶¶ 8 and 9). Such an analysis is a factual determination. *See Berkheimer v. HP Inc.*, 881 F.3d 1360, 1369 (Fed. Cir. 2018) (“Whether something is well-understood, routine, and conventional to a skilled artisan at the time of the patent is a

² Blinn et al. (US 7,155,411 B1, issued December 26, 2006, filed September 28, 2000)

³ The pending application claims priority to US Provisional Application 60/174,564 (filed January 5, 2000), which states on page 7 that “EMV (Europay Mastercard Visa) is a standardized protocol to make credit and debit transactions using smart cards.”

factual determination.”). We find the Examiner’s noting the generic nature of the component parts recited in the claims provides sufficient evidence of a generic wallet server used to implement the abstraction. *See Credit Acceptance Corp. v. Westlake Services*, 859 F.3d 1044, 1057 (Fed. Cir. 2017) (“Significantly, the claims do not provide details as to any non-conventional software for enhancing the financing process.”). *See Intellectual Ventures I LLC v. Capital One Fin. Corp.*, 850 F.3d 1332, 1342 (Fed. Cir. 2017) (explaining that “[o]ur law demands more” than claim language that “provides only a result-oriented solution, with insufficient detail for how a computer accomplishes it”).

For example, Appellants’ specification states in the Background of the Invention section:

Additionally, existing digital wallet technology, such as the digital wallet technology . . . is being more frequently used to provide a means to users to utilize transaction card products (e.g., credit, charge, debit, smart cards, account numbers and the like) to pay for products and services on-line. In general, digital wallets are tools which store personal information . . . in order to facilitate electronic commerce or other network interactions. . . . Presently, the digital wallet general server is comprised of a Web server and a database server which centrally houses the user’s personal and credit card information, shopping preferences and profiles of on-line merchants.

Spec. ¶ 8; *see also* Spec. ¶ 9. In other words, Appellants’ specification notes that existing, i.e., conventional, digital wallet technology integrates with smart cards to pay for products on-line. In the Briefs, Appellants’ fail to rebut the aforementioned objective evidence. Thus, we find unavailing Appellants’ contention that that “the Examiner has not provided any supporting evidence for asserting that all claimed functions ‘amount[] to a

generic computer structure performing conventional activity” (App. Br. 10), given the unrebutted citations to Appellants’ specification.

As recognized by the Supreme Court, “the mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention.” *See Alice*, 134 S.Ct. at 2359 (concluding claims “simply instruct[ing] the practitioner to implement the abstract idea of intermediated settlement on a generic computer” not patent eligible); *see also Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 715–16 (Fed. Cir. 2014) (claims merely reciting abstract idea of using advertising as currency as applied to particular technological environment of the Internet not patent eligible); *Accenture Global Servs., GmbH v. Guidewire Software, Inc.*, 728 F.3d 1336, 1344–45 (Fed. Cir. 2013) (claims reciting “generalized software components arranged to implement an abstract concept [of generating insurance-policy-related tasks based on rules to be completed upon the occurrence of an event] on a computer” not patent eligible); and *Dealertrack, Inc. v. Huber*, 674 F.3d 1315, 1333–34 (Fed. Cir. 2012) (“[s]imply adding a ‘computer aided’ limitation to a claim covering an abstract concept, without more, is insufficient to render [a] claim patent eligible” (internal citation omitted)).

Because Appellants’ independent claim 12 is directed to a patent-ineligible abstract concept and does not recite “significantly more” under the second prong of the *Alice* analysis, we sustain the Examiner’s rejection of the claim as well as the respective dependent claims under 35 U.S.C. § 101 as being directed to non-statutory subject matter in light of *Alice* and its progeny.

For the foregoing reasons, Appellants' contentions are unpersuasive as to error in the rejection under 35 U.S.C. § 101.

Objection to Drawings and Specification

Ordinarily an objection is petitionable and a rejection is appealable to the Board. When the issue of new matter is the subject of both an objection and a rejection, the issue is appealable. *See* MPEP § 2163.06(II). Here, the Examiner has made a new matter objection to both the drawings and the Specification (*see* Final Act. 4–6). In this case, we find that the objection to the drawings/specification and the § 112, first paragraph rejection turn on the same issue of whether the “newly introduced” claimed subject matter finds adequate support in the original disclosure.

As such, we will decide both the objections and the rejection because the objections to the drawings/specification are sufficiently intertwined with the written description rejection before us, such that it necessitates our resolution of the drawings/specification objections as an appealable matter as part of this appeal.

*Rejection under § 112, first paragraph
Objections to Drawings and Specification*

Issue 2: Did the Examiner err in finding that amending a specification to add matter formerly contained in references incorporated by reference in the original Specification is new matter, i.e., not supported by the original specification?

The Examiner finds that “Applicants’ specification, drawings, claims, etc. does not describe the claimed invention [] in sufficient detail” (Final Act. 10).

Appellants contend that “the specification leverages content from multiple applications/patents, which are incorporated by reference . . . Fig. 4 and paragraph [0037.1] were added to the specification via amendment in order to incorporate subject matter from these [] references” (App. Br. 13), thus the claims are supported by the original disclosure. We agree with Appellants.

Appellants’ original specification contained a clear intent to incorporate by reference several references (*see* Spec. ¶ 32) and the Examiner has not shown that the material added by amendment is inconsistent with the material incorporated by reference. “Essential material,” which includes that necessary to provide a written description of the invention as required by the first paragraph of § 112, may be incorporated by reference to a United States patent. 37 C.F.R. § 1.57(c); Manual of Patent Examining Procedure (MPEP) § 608.01(p) (8th ed., Rev. 7, Jul. 2008). In this case, Appellants rely on several incorporated United States patents/applications, and may do so for written description support. The Examiner has not made specific findings directed to whether the disclosures of US Patents/Applications Nos. 6,581,830, 7,343,351,

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7,203,838, and 09/656,061, for example — including the material incorporated by reference — conveys to the ordinary artisan that Appellants had possession of the claimed subject matter as of the filing date of that application (July 9, 2014).

As such, we cannot sustain the rejection under § 112, first paragraph, nor the objections to the Drawings and Specification.

DECISION

We affirm the Examiner's § 101 rejection.

We reverse the Examiner's § 112, first paragraph, rejection and the intertwined objections to the Drawings and Specification.

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