UNITED STATES PATENT AND TRADEMARK OFFICE

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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte DARREN BEYER, LAURENCE DUNNE,
and MONICA TAN

Appeal 2017-005098
Application 11/503,417
Technology Center 3600

Before JASON V. MORGAN, KARA L. SZPONDOWSKI, and
SHARON FENICK, *Administrative Patent Judges*.

SZPONDOWSKI, *Administrative Patent Judge*.

DECISION ON APPEAL

Appellants appeal under 35 U.S.C. § 134(a) from the Examiner's
Final Rejection of claims 1–3, 5–14, 16–34, and 36–41, constituting all
claims pending in the current application. Claims 4, 15, and 25 have been
cancelled. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

STATEMENT OF THE CASE

Appellants' invention is directed to methods and systems for placing orders for stored value cards, such as personalized gift cards. Spec. ¶¶ 2, 3. Claim 1, reproduced below, is representative of the claimed subject matter:

1.   A method of processing an order for at least one card on a card processing system, implemented by at least one processor, comprising:

receiving, by the at least one processor, a first request for an order form file from a client computer, the requested order form file comprising at least one pre-programmed validation mechanism that causes the client computer to display a message indicating a total number of errors upon entry of data containing a set of errors;

transmitting, by the at least one processor, the requested order form file to the client computer;

receiving, by the at least one processor, a received order form file from the client computer, the received order form file comprising the requested order form file and data defining an order for at least one card;

validating, by the at least one processor, the defining data;

processing, by the at least one processor, the validated defining data to fulfill the order; and

after receiving the order form file from the client computer, receiving, by the at least one processor, a second request from the client computer to check the status of the order.

App. Br. 18 (Claims Appendix).

REJECTIONS

Claims 1–3, 5–14, 16–34, and 36–41 stand rejected under 35 U.S.C. § 101 as being directed to patent-ineligible subject matter.

Claims 1–3, 5–7, 10–14, 16–22, 25–29, 32–34, and 36– 41 stand rejected under pre-AIA 35 U.S.C. § 103(a) as being unpatentable over the combination of Morrison et al. (US 2005/0103841 A1; published May 19, 2005) ("Morrison") and Morscheck et al. (US 6,076,080; issued June 13, 2000) ("Morscheck").

Claims 8, 9, 23, 24, 30, and 31 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over the combination of Morrison, Morscheck, and Applicant's Admitted Prior Art.

ANALYSIS

35 U.S.C. § 101 Rejections

An invention is patent-eligible if it claims a "new and useful process, machine, manufacture, or composition of matter." 35 U.S.C. § 101. However, the Supreme Court has long interpreted 35 U.S.C. § 101 to include implicit exceptions: "[l]aws of nature, natural phenomena, and abstract ideas" are not patentable. *See, e.g., Alice Corp. v. CLS Bank Int'l*, 573 U.S. 208, 216 (2014).

In determining whether a claim falls within an excluded category, we are guided by the Supreme Court's two-step framework, described in *Mayo* and *Alice*. *Id.* at 217–18 (citing *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 75–77 (2012)). In accordance with that framework, we first determine what concept the claim is "directed to." *See Alice*, 573 U.S. at 219 ("On their face, the claims before us are drawn to the concept of

intermediated settlement, *i.e.,* the use of a third party to mitigate settlement risk."); *see also Bilski v. Kappos*, 561 U.S. 593, 611 (2010) ("Claims 1 and 4 in petitioners' application explain the basic concept of hedging, or protecting against risk.").

Concepts determined to be abstract ideas, and thus patent ineligible, include certain methods of organizing human activity, such as fundamental economic practices (*Alice*, 573 U.S. at 219–20; *Bilski*, 561 U.S. at 611); mathematical formulas (*Parker v. Flook*, 437 U.S. 584, 594–95 (1978)); and mental processes (*Gottschalk v. Benson*, 409 U.S. 63, 69 (1972)).

If the claim is "directed to" an abstract idea, we turn to the second step of the *Alice* and *Mayo* framework, where "we must examine the elements of the claim to determine whether it contains an 'inventive concept' sufficient to 'transform' the claimed abstract idea into a patent-eligible application." *Alice*, 573 U.S. at 221 (quotation marks omitted). "A claim that recites an abstract idea must include 'additional features' to ensure 'that the [claim] is more than a drafting effort designed to monopolize the [abstract idea].'" *Id.* (quoting *Mayo*, 566 U.S. at 77). "[M]erely requir[ing] generic computer implementation[] fail[s] to transform that abstract idea into a patent-eligible invention." *Id.*

The PTO recently published revised guidance on the application of § 101. USPTO's January 7, 2019 Memorandum, *2019 Revised Patent Subject Matter Eligibility Guidance*, 84 Fed. Reg. 55 ("Memorandum"). Under that guidance, we first look to whether the claim recites:

> (1) any judicial exceptions, including certain groupings of abstract
> ideas (i.e., mathematical concepts, certain methods of organizing

human activity such as a fundamental economic practice, or mental

processes); and

(2) additional elements that integrate the judicial exception into a

practical application (*see* MPEP § 2106.05(a)–(c), (e)–(h)).

Only if a claim (1) recites a judicial exception and (2) does not integrate that

exception into a practical application, do we then look to whether the claim:

(3) adds a specific limitation beyond the judicial exception that are not

"well-understood, routine, conventional" in the field (*see* MPEP

§ 2106.05(d)); or

(4) simply appends well-understood, routine, conventional activities

previously known to the industry, specified at a high level of

generality, to the judicial exception.

See Memorandum, 84 Fed. Reg. 50.

Under the first step of the *Alice/Mayo* framework, the Examiner

determines the claims are directed to the abstract idea of processing orders

for cards, which is similar to collecting and comparing known information

(an idea of itself) and creating a contractual relationship (a fundamental

economic practice). Final Act. 3, 4, and 9. The Examiner further

determines "the claims do not include an improvement to another

technology or technical field, an improvement to the functioning of the

computer itself, or meaningful limitations beyond generally linking the use

of an abstract idea to a particular technological environment." *Id.* at 10.

Specifically, the Examiner determines "the invention merely applies a

known technique in a conventional manner to solve a business problem in a

manner that is merely generally linked to a technological environment; in

other words, it is the abstract idea that is improved." *Id.* at 4–5.

Appellants argue "the Office has pointed to no court decision supporting the 'abstract idea' of 'processing orders for cards,'" and instead has "chosen a broad construction of the claimed combination of elements [and] deemed it an 'abstract idea' without any support." App. Br. 8.

Appellants do not persuasively argue why the claims are not directed to an abstract idea. The Title of the Specification is "METHODS AND SYSTEMS FOR PLACING CARD ORDERS." The Background of the Invention discusses problems with placing orders for one or more cards, for example, that manual work is required, which can result in a suboptimal system due to development costs, time delays, and the human manipulation involved. Spec. ¶ 4. Claim 1 provides for a method of processing an order for at least one card on a card processing system comprising the limitations of: (a) receiving a first request for an order form file; (b) transmitting the requested order form file to the client computer; (c) receiving a received order form file from the client computer; (d) validating the defining data; (e) processing the validated defining data to fulfill the order; and (f) after receiving the order form file from the client computer, receiving a second request from the client computer to check the status of the order. *See* Claims App. 18.

In light of the Specification's description of the problem and the claimed solution, the purported advance claimed is a way, using a generic computer, to facilitate order processing where data can be validated multiple times. Here, claim 1 involves nothing more than receiving and transmitting data, and processing that data to fulfill an order. In this context, we agree with the Examiner's characterization of the claims as directed to certain methods of organizing human activity, specifically, processing orders for

cards, which is a fundamental economic practice. *See* Ans. 21; Final Act. 3–
4, 9; *see* Memorandum, 84 Fed. Reg. 52. We agree that processing an order
is "a fundamental economic practice long prevalent in our system of
commerce." *Alice*, 573 U.S. at 219 (quoting *Bilski v. Kappos*, 561 U.S. 593,
611 (2010). If anything, processing an order is even more basic than the
"risk hedging" and "intermediated settlement" at issue in *Bilski* and *Alice*.

      We further agree with the Examiner that the claims are directed to the
abstract idea of a mental process. *See* Ans. 21–22; Final Act. 4, 9; *see*
Memorandum, 84 Fed. Reg. 52. Specifically, the series of steps covered by
the claims can be performed by humans without a computer. *Cf.*
CyberSource Corp. v. Retail Decisions, Inc., 654 F.3d 1366, 1373 (Fed. Cir.
2011); *see also Mortgage Grader, Inv. v. First Choice Loan Servs.*, 811 F.3d
1314, 1324 (Fed. Cir. 2015). Indeed, Appellants state in the Background of
the Invention that "[t]ypically, manual work is required, both at a card
processing system and by the client, in order to place an order for one or
more cards." Spec. ¶ 4. Thus, Appellants seek to automate a known manual
process. The mere mention of certain computer components in the claim
(e.g., "processor," "client computer") does not impose sufficiently
meaningful limitations on claim scope beyond these mental steps.
CyberSource, 654 F.3d at 1372–73, 1375; *Intellectual Ventures I LLC v.*
Symantec Corp., 838 F.3d 1307, 1318 (Fed. Cir. 2016).

      In determining whether they are "directed to" the identified abstract
ideas, we next consider whether the claims recite additional elements that
integrate the judicial exception into a practical application. We discern no
additional element (or combination of elements) recited in the claims that

integrates the judicial exception into a practical application. *See*
Memorandum, 84 Fed. Reg. at 54–55.

Appellants argue the claims are "inextricably tied to computer
technology" because they recite a "requested order form file" that includes a
"pre-programmed validation mechanism." *Id. at* 9–10. Appellants argue the
claims "'address a business challenge . . . that is particular to the Internet,'
namely, the business challenge presented by having electronic card order
data entered at a location that is physically removed from where the data is
validated." *Id.* at 10–11. Appellants contend "[t]he claimed 'pre-
programmed validation mechanism' is a *technical solution* . . . [that] has no
analogue in the 'pre-Internet world.'" *Id.* at 11.

We are not persuaded by Appellants' arguments. We agree with the
Examiner that Appellants' claims are not "inextricably tied to computer
technology" or address a challenge "particular to the Internet" because it is
"a solution to a real world business challenge which uses computer
technology (i.e. personal computers and Excel files and macros) as a tool to
address a real world problem." *See* Ans. 21–22. As the Examiner notes, the
business challenge of validating/invalidating errors on order forms is a real
world problem that is not confined to the Internet. *See id.* at 22. Moreover,
Appellants do not direct our attention to anything in the Specification that
discusses the "business challenge presented by having electronic card order
data entered at a location that is physically removed from where the data is
validated." *See* App. Br. 10–11.

Appellants also argue the claimed "pre-programmed validation
mechanism" improves the functioning of the card order system by providing
an 'order form file' in which errors may be immediately detected and

corrected." App. Br. 12. According to Appellants, this "'pre-programmed validation mechanism' permits detection and correction of errors *within the order form file*, without relying on an external computer system for validation." *Id.*; *see also* Reply Br. 7–8.

Appellants do not persuasively explain why the claims improve the functioning of *a computer*. Rather, the claims, including the pre-programmed validation mechanism, merely adapt the abstract idea of processing orders, previously performed mentally or manually, to an execution of steps performed by a computer. *See* Spec. ¶ 4; *Credit Acceptance Corp. v. Westlake Services*, 859 F.3d 1044, 1055 (Fed. Cir. 2017) ("Our prior cases have made clear that mere automation of manual processes using generic computers does not constitute a patentable improvement in computer technology."). Relying on a computer to perform routine tasks more quickly or more accurately is insufficient to render a claim patent eligible. *See Alice*, 573 U.S. at 224 ("use of a computer to create electronic records, track multiple transactions, and issue simultaneous instructions" is not an inventive concept); *Bancorp Servs., L.L.C. v. Sun Life Assur. Co. of Can. (U.S.)*, 687 F.3d 1266, 1278 (Fed. Cir. 2012) (a computer "employed only for its most basic function . . . does not impose meaningful limits on the scope of those claims").

Although Appellants focus their arguments on the "pre-programmed validation mechanism," Appellants do not provide persuasive argument that it is anything other than generic computer functionality. Appellants' Specification supports that this is merely generic computer functionality. For example, Appellants' Specification describes "order form 60 can include one or more validation mechanisms, such as *macros or preprogrammed*

scripts, for performing various validation mechanisms." Spec. ¶ 34 (emphasis added). The order form file may be an Excel spreadsheet file. Spec. ¶ 32. We agree with the Examiner "that error checks such as spelling, grammar, Alphabet vs numeric checks, format check, prevention of duplicates etc. are all routine, conventional and ubiquitous programming techniques/features for data validation in cells or tables." *See* Final Act. 4 (citing, e.g., "How to Excel" Mini-Tutorials by TheExcelAddict.com, 2003, available at https://www.theexceladdict.com/_t/t040818.htm, last accessed February 22, 2019); *see also* Ans. 20–22. Appellants' Specification also indicates that the claimed processor and client computer are nothing more than generic computer elements. Spec. ¶¶ 29, 32, Fig. 1A. Appellants do not direct our attention to anything in the Specification that indicates these claimed computer components are anything other than generic. "[T]he mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention. Stating an abstract idea 'while adding the words "apply it"' is not enough for patent eligibility." *Alice*, 573 U.S. at 223 (citation omitted). In other words, the claims are directed to the use of the computer merely as a tool to perform order processing and any improvement is to the process, not to the computer functionality. *See* Ans. 22. We also agree with the Examiner that moving a macro to another location (e.g., in the order form file versus in an external server) does not improve the functioning of a computer itself. *See* Ans. 23.

For these reasons, we are not persuaded of error in the Examiner's determination that the claims are directed to an abstract idea.

Turning to step 2 of the *Alice/Mayo* framework, we look to whether claim 1: (a) adds a specific limitation or combination of limitations that are

not well-understood, routine, conventional activity in the field, or (b) simply appends well-understood, routine, conventional activities previously known to the industry, specified at a high level of generality, to the judicial exception. Memorandum, 84 Fed. Reg. at 56.

The Examiner determines the claims do not include additional elements that are sufficient to amount to significantly more than the judicial exception; rather, the limitations are performed by generically recited computing devices and are merely instructions to implement the abstract idea on a computer. Final Act. 10.

As discussed above, the claims are directed to processing orders for cards. Thus, even when viewed as a whole, nothing in the claim adds significantly more (i.e., an inventive concept) to the abstract idea. Similarly, as set forth above, the additional elements in the claim amount to no more than mere instructions to apply the exception using generic computer components, which is insufficient to provide an inventive concept. Appellants do not direct our attention to anything in the Specification that indicates the processor, client computer, or pre-programmed validation mechanism perform anything other than well-understood, routine, and conventional functions, such as receiving, processing, and transmitting data. *See buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350, 1355 (Fed. Cir. 2015) ("That a computer receives and sends information over a network—with no further specification—is not even arguably inventive"); *Alice*, 573 U.S. at 224–26 (receiving, storing, sending information over networks insufficient to add an inventive concept); *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1370 (Fed. Cir. 2011) (use of Internet to verify credit-card

transaction does not add enough to abstract idea of verifying the transaction).

Accordingly, Appellants have not adequately explained how the claims are performed such that they are not routine, conventional functions of a generic computer. The claims at issue do not require any nonconventional computer components, or even a "non-conventional and non-generic arrangement of known, conventional pieces," but merely call for performance of the claimed information receiving, processing, and storing "on a set of generic computer components." *Bascom Global Internet Services, Inc. v. AT&T Mobility LLC*, 827 F.3d 1341, 1349–52 (Fed. Cir. 2016).

We, therefore, sustain the Examiner's 35 U.S.C. § 101 rejection of claims 1–3, 5–14, 16–34, and 36–41.

35 U.S.C. § 103 Rejections

Dispositive Issue: Did the Examiner err in finding the combination of Morrison and Morscheck teaches or suggests "receiving, by the at least one processor, a first request for an order form file from a client computer, the requested order form file comprising at least one pre-programmed validation mechanism that causes the client computer to display a message indicating a total number of errors upon entry of data containing a set of errors," as recited in independent claims 1, 17, and 27?

The Examiner relies on Morscheck to teach or suggest the disputed limitation. Final Act. 13 (citing Morscheck, Fig. 2, 3–6, Fig. 5, 208, Fig. 6, exceptions, col. 9:33–10:30, 24:44–25:64); Final Act. 14 (citing Morscheck 9:33–10:30, 12:67, 14:6–19). Specifically, the Examiner finds "Morscheck

teaches the entry and validation of orders using a pre-programmed mechanism (i.e. validation using validation rules) which is how the exceptions are identified and listing of exceptions wherein the list of exceptions is an indication of a total number of errors that have been entered." Final Act. 6; Ans. 24.

Appellants argue the references do not teach or suggest a "'pre-programmed validation mechanism' that is <u>included in</u> a requested order form file.'" App. Br. 13; Reply Br. 9. With respect to Morscheck, Appellants' contend the "validation engine" in Morscheck is included in the computer system, not in the "forms." App. Br. 14. Appellants further argue in Morscheck, order entry takes place through a user interface in a first computer system, while validation occurs in a second computer system, so, therefore validation cannot be said to occur "upon entry of data containing set of errors." App. Br. 14.

Morscheck generally describes a "forms order entry system." In one embodiment, Morscheck describes a first computer system with an order entry user interface that captures form design data and a second computer system remote from the first computer system that validates the form with a validation engine and transmits the validated and priced order. Morscheck Abstract, col. 1:4–12. The validation engine is described as being in communication with the user interface. Morscheck col. 3:2–3, col. 204:36–38. In another embodiment, Morscheck describes a forms order entry system with only a first computer system. Morscheck col. 206:5–26, 62–65; col. 3:51–4:15.

We are persuaded the Examiner has not sufficiently shown how Morscheck teaches or suggests the disputed limitation. Specifically, we fail

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to see how Morscheck teaches or suggests *"receiving*, by the at least one processor, *a first request for an order form file* from a client computer . . ." Rather, Morscheck teaches a first computer system with a user interface for order entry. *See* Morscheck Fig. 2. While this may indicate that Morscheck "teaches the entry and validation of orders . . ." as the Examiner finds (Final Act. 6; Ans. 24) we do not see, and the Examiner has not explained, how this disclosure teaches "receiving . . . a first request for an order form file from a client computer."

Accordingly, on this record, we are persuaded the Examiner erred. Because we agree with at least one of the arguments advanced by Appellants, we need not reach the merits of Appellants' other arguments. We, therefore, do not sustain the Examiner's 35 U.S.C. § 103(a) rejection of independent claims 1, 17, and 27, and, for the same reasons, dependent claims 2, 3, 5–14, 16, 18–26, 28–34, and 36–41.[1]

DECISION

We affirm the Examiner's 35 U.S.C. § 101 rejection of claims 1–3, 5–14, 16–34, and 36–41.

We reverse the Examiner's 35 U.S.C. § 103(a) rejection of claims 1–3, 5–14, 16–34, and 36–41.

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[1] In the event of further prosecution, the Examiner may wish to consider whether the claimed "the requested order form file comprising at least one pre-programmed validation mechanism that causes the client computer to display a message indicating a total number of errors upon entry of data containing set of errors" constitutes non-functional descriptive material.

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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).

<u>AFFIRMED</u>