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 ROSS M. CAVANAUGH, MICHAEL T. DUKE,
and DEAN PATRICK NOLAN

Appeal 2017-005113
Application 12/316,930[1]
Technology Center 3600

Before CAROLYN D. THOMAS, HUNG H. BUI, and
JON M. JURGOVAN, *Administrative Patent Judges.*

BUI, *Administrative Patent Judge.*

DECISION ON APPEAL

Appellants seek our review under 35 U.S.C. § 134(a) from the
Examiner's Final Rejection of claims 8, 12–18, 25, and 26, which are all the
claims pending in the application. Claims 1–7, 9–11, and 19–24 are
canceled. Final Act. 2. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.[2]

STATEMENT OF THE CASE

Appellants' invention relates to "a computer payment banking system" for "processing of an online web-based purchase or refund associated with [a] sourced bank account or holder of [a] sourced bank account." Spec. ¶ 8; *see also* Abstract.

Claim 12—the only independent claim on appeal—is illustrative of the claimed subject matter, as reproduced below:

12.   A method of using a computer payment banking system, the method comprising:

> establishing a sourced bank account of an account holder by a regulated bank or a regulated financial institution that holds physical monetary funds,
> providing the account holder of the sourced bank account with a revolving identification for use in making an online purchase,
> communicating online with the account holder of the sourced bank account to provide access to rewards, financial reports, budget tools, or spending information of the account holder of the sourced bank account by the bank or the financial institution to the account holder of the sourced bank account, and
> processing payments by the regulated bank or by the regulated financial institution in a computer-based payment system using the sourced bank account for purchases made that are associated with the sourced bank account.

App. Br. 10 (Claims App.).

EXAMINER'S REJECTIONS & REFERENCES

(1)   Claims 8, 12–18, 25, and 26 stand rejected under 35 U.S.C. § 101 because the claimed invention is directed to non-statutory subject matter. Final Act. 2–3.

(2)   Claims 8 and 12–18 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over Barbara et al. (US 2002/0016769 A1; published Feb. 7, 2002) ("Barbara"), Cohen et al. (US 2004/0139004 A1; published July 15, 2004) ("Cohen"), and Stoxen et al. (US 2002/0152106 A1; published Oct. 17, 2002) ("Stoxen"). Final Act. 3–7.

(3)   Claims 25 and 26 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over Barbara, Cohen, Stoxen, and Dickelman (US 2009/0150266 A1; published June 11, 2009). Final Act. 7.

DISCUSSION

35 U.S.C. § 101: Claims 8, 12–18, 25, and 26

In *Alice Corp. v. CLS Bank International*, 134 S.Ct. 2347 (2014), 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*, 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," 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

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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 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).

In rejecting claims 8, 12–18, 25, and 26 under 35 U.S.C. § 101, the Examiner determines: (1) these claims are directed to an abstract idea of "making a payment from a sourced bank account," which is a fundamental economic practice long prevent in commerce; and (2) the additional elements in the claims, whether taken separately or in an ordered combination, do not amount to significantly more than the abstract idea, because (i) "the claims make use of a computer system to implement the abstract idea," (ii) "[t]he computer recited in the claim is a generic computer with generic structural elements [that] performs routine and conventional functions," and (iii) the claims do not "improve the functioning of a computer itself or include improvements to another technology or technical field." Final Act. 2–3; *see also* Ans. 2–3.

At the outset, Appellants argue the Examiner has not established a prima facie case of patent ineligibility under 35 U.S.C. § 101 because the Examiner fails to provide "Appellant[s] with a sufficient claim construction or interpretation . . . so as to enable the Appellant[s] to effectively reply" and "specific findings [of patent-ineligibility]" as to why a claim is directed to an "abstract idea." App. Br. 3–4. This argument is not persuasive because: (1) 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)); and (2) we are aware of no controlling authority that requires the Office to provide

factual evidence to support a determination that a claim is directed to an abstract idea.[3] 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 35 U.S.C. § 132. *Id.*, *see also Chester v. Miller*, 906 F.2d 1574, 1578 (Fed. Cir. 1990) (Section 132 "is violated when [t]he rejection is so uninformative that it prevents the applicant from recognizing and seeking to counter the grounds for rejection.").

Appellants do not contend that the Examiner's rejection under 35 U.S.C. § 101 cannot be understood or that the Examiner's rejection, otherwise, fails to satisfy the notice requirements of 35 U.S.C. § 132.

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[3] *Berkheimer v. HP Inc.*, 881 F.3d 1360, 1366 (Fed. Cir. 2018) holds that the question of whether certain claim limitations represent well-understood, routine, conventional activity under *Alice* step 2 may raise a disputed factual issue. That question, however, is not at issue in this case. As in *Berkheimer*, in determining that the claims are directed to an abstract idea, the Examiner compared the claims to claims held to be abstract in prior judicial decisions. *Compare* Ans. 5 with *Berkheimer*, 881 F.3d at 1366–67.

Indeed, Appellants' understanding of the rejection is clearly manifested by their response as set forth in the briefs.

Alice/Mayo—Step 1 (Abstract Idea)

Turning to the first step of the *Alice* inquiry, Appellants argue claims 8, 12, 18, 25, and 26 are not directed to an abstract idea, citing two district court decisions in: (1) *SimpleAir, Inc. v. Google Inc.*, 2-14-cv-0011 (TXED 2015, Order); and (2) *Prism Technologies v. T-Mobile USA, Inc.*, 8-12-cv-00124 (NED 2015, Order). App. Br. 4–5. However, Appellants' argument is not persuasive. Likewise, Appellants' reliance on *SimpleAir* and *Prism Technologies* is misplaced because: (1) district court decisions are not binding legal authority on the Board; and (2) Appellants fail to explain why the claims in *SimpleAir* and *Prism Technologies* are helpful in determining whether Appellants' claims directed to "making a payment from a sourced bank account" — which is a fundamental economic practice — should be patent-eligible under 35 U.S.C. § 101.

Appellants' Specification is directed to "a computer payment banking system" for "processing of an online web-based purchase or refund associated with the sourced bank account or holder of the sourced bank account" and "processing purchases or refunds made using a credit or debit instrument associated with the sourced bank account." Spec. ¶¶ 8–9; *see also* Abstract, and Figures 4–5. Based on Appellants' Specification, we agree with the Examiner that independent claim 12 and its dependent claims 8, 13–18, and 25–26 are directed to an abstract idea of "making a payment from a sourced bank account." Ans. 3. Such activities are squarely within the realm of abstract ideas. Making a payment from a sourced bank account is a fundamental business practice, like: (1) risk hedging in *Bilski*; (2)

intermediated settlement in *Alice*, 134 S.Ct. at 2356–57; (3) verifying credit card transactions in *CyberSource*, 654 F.3d at 1370; (4) guaranteeing transactions in *buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350, 1354 (Fed. Cir. 2014); (5) distributing products over the Internet in *Ultramercial v. Hulu and WildTangent*, 2014 U.S. App. Lexis 21633 (Fed. Cir. 2015); (6) determining a price of a product offered to a purchasing organization in *Versata Dev. Grp., Inc. v. SAP Am., Inc.* 793 F.3d 1306 (Fed. Cir. 2015); (7) pricing a product for sale in *OIP Techs, Inc. v. Amazon.com, Inc.*, 788 F.3d 1359 (Fed. Cir. 2015); and (8) collecting and analyzing information to detect and notify of misuses in *FairWarning IP, LLC v. Iatric Sys., Inc.*, 839 F.3d 1089, 1093–94 (Fed. Cir. 2016). Making a payment from a sourced bank account is also a building block of a market economy. Thus, making a payment from a sourced bank account, like risk hedging, intermediated settlement, and verifying credit card transactions, is an "abstract idea" beyond the scope of 35 U.S.C. § 101. *See Alice*, 134 S.Ct. at 2356.

Moreover, all the steps recited in Appellants' claim 12 including, for example: (1) "establishing a sourced bank account of an account holder;" (2) "providing . . . a revolving identification for use in making an online purchase;" (3) "communicating online with the account holder of the sourced bank account to provide access to rewards, financial reports, budget tools, or spending information of the account holder;" and (4) "processing payments . . . using the sourced bank account for purchases made" are abstract processes of collecting, storing, and analyzing information of a specific content, i.e., catalog content. Information, as such, is intangible, and data analysis, comparisons, and algorithms are abstract ideas. *See, e.g., Microsoft Corp. v. AT & T Corp.*, 550 U.S. 437, 451 n.12 (2007); *Alice*, 134

S.Ct. at 2355; *Parker v. Flook*, 437 U.S. 584, 589, 594–95 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 71–72 (1972). Information collection and analysis, including when limited to particular content, is within the realm of abstract ideas. *See, e.g., Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1349 (Fed. Cir. 2015); *Digitech Image Technologies, LLC v. Electronics 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). That is, "[w]ithout additional limitations, a process that employs mathematical algorithms to manipulate existing information to generate additional information is not patent eligible." *Digitech*, 758 F.3d at 1349–51 ("Data in its ethereal, non-physical form is simply information that does not fall under any of the categories of eligible subject matter under section 101.").

In addition, we note all the steps of "making a payment from a sourced bank account" recited in Appellants' claim 12 can also be performed manually by an account holder visiting the bank with identification and making the payment of the purchase made, via pen and paper. *See CyberSource*, 654 F.3d at 1372–73 ("[A] method that can be performed by human thought alone is merely an abstract idea and is not patent-eligible under § 101."); *see also In re Comiskey*, 554 F.3d 967, 979 (Fed. Cir. 2009) ("[M]ental processes—or processes of human thinking—standing alone are not patentable even if they have practical application."); *Gottschalk v. Benson*, 409 U.S. 63, 67 (1972) ("Phenomena of nature[], *mental processes*, and abstract intellectual concepts are not patentable, as they are the basic tools of scientific and technological work.") (emphasis added). Additionally, mental processes remain unpatentable even when automated to reduce the burden

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on the user of what once could have been done with pen and paper. *CyberSource*, 654 F.3d at 1375 ("That purely mental processes can be unpatentable, even when performed by a computer, was precisely the holding of the Supreme Court in *Gottschalk v. Benson*.").

Furthermore, we note Appellants' claim 12 does not improve the performance of a computer or solve a problem specific to computers or computer networks. Appellants' Specification and arguments do not demonstrate the claims "improve the way a computer stores and retrieves data in memory," as the claims in *Enfish* did via a "self-referential table for a computer database." *See Enfish*, 822 F.3d at 1336.

In fact, none of the steps recited in Appellants' claim 12 provide, and nowhere in Appellants' Specification is there any description or explanation as to how these data processing steps are intended to provide: (1) a "solution . . . necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks," as explained by the Federal Circuit in *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1257 (Fed. Cir. 2014); (2) "a specific improvement to the way computers operate," as explained in *Enfish*, 822 F.3d at 1336; or (3) an "unconventional technological solution . . . to a technological problem" that "improve[s] the performance of the system itself," as explained in *Amdocs (Israel) Limited v. Openet Telecom, Inc.*, 841 F.3d 1288, 1302 (Fed. Cir. 2016).

Accordingly, we agree with the Examiner that claims 8, 12–18, 25, and 26 are directed to an abstract idea of "making a payment from a sourced bank account" which is a fundamental economic practice long prevalent in our system of commerce. As our reviewing court has held, combining

several abstract ideas does not render the combination any less abstract. *RecogniCorp, LLC v. Nintendo Co., Ltd.*, 855 F.3d 1322, 1327 (Fed. Cir. 2017) ("Adding one abstract idea . . . to another abstract idea . . . does not render the claim non-abstract."); *see also FairWarning IP, LLC v. Iatric Systems, Inc.*, 839 F.3d 1089, 1093–94 (Fed. Cir. 2016) (Patent-ineligible claims were directed to a combination of abstract ideas.).

Alice/Mayo—Step 2 (Inventive Concept)

In the second step of the *Alice* inquiry, Appellants argue "the claims have an inventive concept" because "the claimed invention is an improvement to electronic transaction processing systems by making them more secure payment systems." App. Br. 3–5.

We do not agree. The Federal Circuit cases on points include: (1) *DDR*; and (2) *Amdocs (Israel) Ltd. v. Openet Telecom, Inc.* 841 F.3d 1288 (Fed. Cir. 2016), both of which involve business-method inventions and are instructive here. For example, in *DDR* and *Amdocs,* the Federal Circuit opted to bypass *Alice* step 1 in favor of step 2. In particular, the Federal Circuit found *DDR's* claims contain an "inventive concept" under *Alice* step 2 because *DDR's* claims: (1) do not merely recite "the performance of some business practice known from the pre-Internet world" previously disclosed in *Bilski* and *Alice*, but instead; (2) provide a technical solution to a technical problem unique to the Internet, *i.e.*, 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. Likewise, the Federal Circuit also found *Amdocs'* claims contain a sufficient "inventive concept" because like *DDR, Amdocs'* claims "entail[] an unconventional technological solution (enhancing data in a distributed fashion) to a

technological problem (massive record flows which previously required massive databases)" and "improve the performance of the system itself." *Amdocs,* 841 F.3d at 1300, 1302.

Under current Federal Circuit precedent, an "inventive concept" under *Alice* step 2 can be established by showing, for example, that the patent claims: (1) provide a technical solution to a technical problem unique to the Internet, e.g., a "solution . . . necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks" (*see DDR,* 773 F.3d at 1257); (2) transform the abstract idea into "a particular, practical application of that abstract idea," e.g., "installation of a filtering tool at a specific location, remote from the end-users, with customizable filtering features specific to each end user" (*see Bascom Global Internet Servs., Inc. v. AT&T Mobility LLC,* 827 F.3d 1341, 1352, 1350 (Fed. Cir. 2016)); or (3) "entail[] an unconventional solution ([e.g.,] enhancing data in a distributed fashion) to a technological problem ([e.g.,] massive record flows [that] previously required massive databases)" and "improve the performance of the system itself" (*see Amdocs,* 841 F.3d at 1300, 1302).

In this case, however, we find no element or combination of elements recited in Appellants' claim 12 that contains any "inventive concept" or adds anything "significantly more" to transform the abstract concept (i.e., "making a payment from a sourced bank account") into a patent-eligible application. *Alice,* 134 S.Ct. at 2357. Instead, we agree with the Examiner that added computer elements, such as a computer payment banking system, cannot transform the abstract idea into a patent eligible invention. As our reviewing court has observed, "after *Alice,* there can remain no doubt:

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recitation of generic computer limitations does not make an otherwise ineligible claim patent-eligible." *DDR*, 773 F.3d at 1256 (citing *Alice*, 134 S.Ct. at 2358)).

Because Appellants' claim 12 is directed to a patent-ineligible abstract concept and do not recite something "significantly more" under the second prong of the *Alice* analysis, we sustain the Examiner's rejection of claims 8, 12–1 and 25–26 under 35 U.S.C. § 101.

35 U.S.C. § 103(a): Claims 8 and 12–18

In support of the obviousness rejection, the Examiner finds Barbara teaches most aspects of Appellants' claim 12, including:

> establish[ing] a sourced bank account of an account holder by a regulated bank or a regulated financial institution that holds physical monetary funds[, and]

> processing payments by the regulated bank or by the regulated financial institution in a computer-based payment system using the sourced bank account for purchases made that are associated with the sourced bank account.

Final Act. 3–4 (citing Barbara ¶¶ 5, 10–14, 16–21, 50, 52, 53, 56–60, 66–68, 71, 97, and 101).

To support the conclusion of obviousness, the Examiner additionally relies on (1) Cohen for teaching the use of "a revolving identification for use in making an online purchase" (Final Act. 4 (citing Cohen ¶¶ 1, 55); and (2) Stoxen for teaching "communicating online with the account holder of the sourced bank account to provide access to rewards, financial reports, budget tools, or spending information of the account holder of the sourced bank

account by the bank or the financial institution to the account holder of the sourced bank account." Final Act. 5 (citing Stoxen ¶¶ 3–5, and 12).

Appellants do not specifically dispute the Examiner's factual findings regarding Barbara and Stoxen. Instead, Appellants argue "Cohen and the other cited references do not teach or suggest a sourced bank account of an account holder being established by a regulated bank or a regulated financial institution and where a regulated bank or a regulated financial institution serves as a payment processor for the online web-based purchase or refund made from the merchant using the sourced bank account." App. Br. 5–6. Appellants also argue "Cohen teaches away from the present invention and is not properly combinable with the other cited reference because Cohen teaches a central server operates through a closed network link." App. Br. 6 (citing Cohen ¶ 29).

Appellants' arguments are not persuasive. As correctly recognized by the Examiner, Cohen is not relied upon for processing credit card transactions. Instead,

> Examiner relies on Cohen's teachings of using a revolving identification for use in making an online web-based purchase. Examiner relies on Barbara's teachings of processing of payment with the use of a credit card. So, the combination of Barbara and Cohen when taken together as a whole will utilize the revolving identification of Cohen along with the payment processing capability of Barbara in completing a financial transaction. Thus, the disclosure of Cohen in [0029] is not applicable to the relied upon paragraphs of Cohen.

Ans. 5.

For these reasons, we are not persuaded of Examiner error. Accordingly, we sustain the Examiner's obviousness rejection of

independent claim 12 and its dependent claims 8 and 13–18, which Appellants do not argue separately. For the same reasons discussed, we also sustain the Examiner's remaining obviousness rejection of claims 25 and 26 as being obvious over Barbara, Cohen, Stoxen, and Dickelman.

CONCLUSION

On the record before us, we conclude Appellants have not demonstrated the Examiner erred in rejecting claims 8, 12–18, 25, and 26 under 35 U.S.C. §§ 101 and 103.

DECISION

As such, we affirm the Examiner's rejection of claims 8, 12–18, 25, and 26 under 35 U.S.C. §§ 101 and 103.

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