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UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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*Ex parte* JUSTIN X. HOWE

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Appeal 2017-006104  
Application 14/519,737  
Technology Center 3600

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Before: CARL W. WHITEHEAD JR., BETH Z. SHAW, and  
JOSEPH P. LENTIVECH, *Administrative Patent Judges*.

SHAW, *Administrative Patent Judge*.

DECISION ON APPEAL

Appellant appeals under 35 U.S.C. § 134 from a rejection of claims 1–24. We have jurisdiction under 35 U.S.C. § 6(b).

We affirm.

The claims are directed to identifying merchant descriptors for declined transactions. Spec. ¶ 1. Claim 1, reproduced below, is illustrative of the claimed subject matter:

1. A method for identifying merchant descriptors for a declined transaction, comprising:

storing, in an authorization database, a plurality of authorization requests, wherein each authorization request corresponds to an approved payment transaction and includes at least one merchant descriptors and transaction data:

storing, in a clearing database, a plurality of clearing records, wherein each clearing record corresponds to a cleared payment transaction and includes at least two merchant descriptors and transaction data;

receiving, by a receiving device, a declined authorization request corresponding to a declined payment transaction, wherein the declined authorization request includes at least one merchant descriptor;

identifying, in the authorization database, an authorization request related to the at least one merchant descriptor where at least one of the included at least one merchant descriptors corresponds to the at least one merchant descriptor included in the received declined authorization request;

identifying, in the clearing database, a specific clearing record that corresponds to the identified related authorization request based on a correspondence between the transaction data included in the specific clearing record and the transaction data included in the identified related authorization request; and

transmitting, by a transmitting device, the declined authorization request and the at least two merchant descriptors included in the identified specific clearing record.

App. Br. 22–23 (Claims Appendix).

## REJECTION

The Examiner rejected claims 1–24 under 35 U.S.C. § 101.

## CONTENTIONS AND ANALYSIS

Appellant argues the pending claims as a group. As permitted by 37 C.F.R. § 41.37, we decide the appeal based on claim 1. *See* 37 C.F.R. § 41.37(c)(1)(iv).

Section 101 of the Patent Act provides that “any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof” is patent eligible. 35 U.S.C. § 101. But the Supreme Court has long recognized an implicit exception to this section: “Laws of nature, natural phenomena, and abstract ideas are not patentable.” *Alice Corp. v. CLS Bank Int’l*, 573 U.S. 208, 216 (2014) (quoting *Ass’n for Molecular Pathology v. Myriad Genetics, Inc.*, 569 U.S. 576, 589 (2013)). To determine whether a claim falls within one of these excluded categories, the Court has set out a two-part framework. The framework requires us first to consider whether the claim is “directed to one of those patent-ineligible concepts.” *Alice*, 573 U.S. at 217. If so, we then examine “the elements of each claim both individually and ‘as an ordered combination’ to determine whether the additional elements ‘transform the nature of the claim’ into a patent-eligible application.” *Alice*, 573 U.S. at 217 (quoting *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 78, 79 (2012)). That is, we examine the claims for an “inventive concept,” “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.” *Alice*, 573 U.S. at 217–18 (alteration in original) (quoting *Mayo*, 566 U.S. at 72–73).

The Patent Office recently issued guidance about this framework. *See* 2019 Revised Patent Subject Matter Eligibility Guidance, 84 Fed. Reg. 50 (Jan. 7, 2019) (“2019 Eligibility Guidance”). Under the guidance, to decide whether a claim is “directed to” an abstract idea, we evaluate whether the claim (1) recites an abstract idea grouping listed in the guidance *and* (2) fails to integrate the recited abstract idea into a practical application. *See* 2019 Eligibility Guidance 84 Fed. Reg. at 51. If the claim is “directed to” an abstract idea, as noted above, we then determine whether the claim recites an inventive concept. The guidance explains that when making this determination, we should consider whether the additional claim elements add “a specific limitation or combination of limitations that are not well-understood, routine, conventional activity in the field” or “simply append[] well-understood, routine, conventional activities previously known to the industry.” 2019 Eligibility Guidance 84 Fed. Reg. at 56.

With these principles in mind, we turn to the Examiner’s § 101 rejection.

#### *Abstract Idea*

The Examiner determines the claims are directed to a “method of associating authorization requests with approved authorization requests based on common merchant descriptors and updating a record of the denied authorization request with additional merchant descriptors from a more detailed clearing record related to the approved authorization request,” explaining that this was an abstract idea because it is merely “an idea of itself because conceptually, the claims are directed to mining a transaction

record database to augment an incomplete transaction record of a given merchant with information from [a] complete transaction record of the same merchant,” and alternately, a fundamental economic practice, “because it relates to storing, searching, matching, and updating records of commercial transactions.” Ans. 5; Final Act. 3–4.

We agree with the Examiner that claim 1 is directed to an abstract idea because the claim recites a method of organizing human activity, a fundamental economic practice, one of the abstract idea groupings listed in the 2019 Eligibility Guidance. *See* 2019 Eligibility Guidance 84 Fed. Reg. at 52, 53 (listing “Certain methods of organizing human activity—fundamental economic principles or practices” as one of the “enumerated groupings of abstract ideas”).

Claim 1 recites a method for “identifying merchant descriptors for a declined transaction.” App. Br. 22 (Claims App’x.). The system receives a declined authorization request, identifies merchant descriptors for the declined transaction, and identifies a clearing record that corresponds to the authorization request. Spec. ¶ 1; Claims App’x. Claim 1 is thus similar to claims that courts have concluded recite a fundamental economic practice. *See, e.g., Bilski v. Kappos*, 561 U.S. 593, 611 (2010) (determining that hedging risk is a “fundamental economic practice long prevalent in our system of commerce”); *Alice*, 573 U.S. at 219–20 (determining that intermediated settlement is a fundamental economic practice); *see also* 2019 Eligibility Guidance 84 Fed. Reg. at 52 n.13. Accordingly, claim 1 is directed to a fundamental economic practice.

The remaining elements recited in claim 1 do not integrate the abstract idea into a practical application. In addition to the steps discussed above,

claim 1 recites storing requests in an “an authorization database,” storing records in “a clearing database,” and transmitting information (i.e., the declined authorization request and two merchant descriptors in the identified specific clearing record) by a “transmitting device.” The written description discloses that the recited databases and devices encompass generic components such as a general-purpose computer. *See, e.g.*, Spec. ¶ 74 (“a general purpose processor device.”). Simply programming a general-purpose computer to perform abstract ideas does not integrate those ideas into a practical application. *See* 2019 Eligibility Guidance 84 Fed. Reg. at 55 (identifying “merely includ[ing] instructions to implement an abstract idea on a computer” as an example of when an abstract idea has not been integrated into a practical application).

Appellant’s arguments do not persuade us claim 1 is “directed to” a patent-eligible concept.

#### *Inventive Concept*

Because we determine claim 1 is “directed to” an abstract idea, we consider whether claim 1 recites an “inventive concept.” The Examiner determined claim 1 does not recite an inventive concept because the additional elements in the claim do not amount to “significantly more” than an abstract idea. *See* Final Act. 4, 5.

We agree. The additional elements recited in the claim include “an authorization database,” “a clearing database,” and a “transmitting device.” The claim recites these elements at a high level of generality, and the written description indicates that these elements are generic computer components. *See, e.g.*, Spec. ¶ 74. Using generic computer components to perform abstract ideas does not provide the necessary inventive concept. *See Alice*,

573 U.S. at 223 (“[T]he mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention.”). Thus, these elements, taken individually or together, do not amount to “significantly more” than the abstract ideas themselves.

Appellant contends various elements recited in the claim provide the necessary “inventive concept.” *See* App. Br. 18–20. For example, Appellant contends “the present claims improve upon existing technologies by providing a technical solution to identify suspicious merchants according to declined authorization requests.” *Id.* at 19. But these elements form part of the recited abstract idea and thus are not “additional elements” that “transform the nature of the claim’ into a patent-eligible application.” *Alice*, 573 U.S. at 217 (quoting *Mayo*, 566 U.S. at 78); *see also* 2019 Eligibility Guidance 84 Fed. Reg. at 55 n.24 (“USPTO guidance uses the term ‘additional elements’ to refer to claim features, limitations, and/or steps that are recited in the claim *beyond the identified judicial exception.*” (emphasis added)).

#### DECISION

For the above reasons, the Examiner’s rejection of claims 1–24 is affirmed.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a)(1)(iv) (2009).

AFFIRMED