UNITED STATES PATENT AND TRADEMARK OFFICE

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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 ELLEN BARBARA and ANTONY JENKINS[1]

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Appeal 2017-006234
Application 10/234,609
Technology Center 3600

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Before MICHAEL J. STRAUSS, RAMA G. ELLURU, and
JON M. JURGOVAN, *Administrative Patent Judges.*

STRAUSS, *Administrative Patent Judge.*

DECISION ON APPEAL

STATEMENT OF THE CASE

Appellants appeal under 35 U.S.C. § 134(a) from a rejection of claims 1, 3, 5–16, 20, 22, and 24–35. Claims 2, 4, 17–19, 21, 23, and 36–38 are canceled. We have jurisdiction under 35 U.S.C. § 6(b).

We affirm.

THE INVENTION

The claims are directed to a method and system for on-line payments. Spec., Title. In particular, at a high level, the invention is a way of giving someone quick access to a limited line of credit based on a preexisting business relationship and only requiring further information if some threshold (e.g., credit limit) is to be exceeded. Claim 1, reproduced below, is illustrative of the claimed subject matter:

> 1. A method of performing an on-line transaction, comprising:
> automatically qualifying, using a computer of a financial institution, a plurality of customers for an on-line payments service provided by the financial institution based on whether the customers are customers of a pre-selected third party on-line service provider and the customers make payment of the third party on-line service provider's charges using a credit card account, and said third party on-line service provider is an Internet Service Provider, and where the customers are automatically qualified without requiring the customers to submit an application for qualification;
> receiving, by the computer, customer information about at least one customer of the third party on-line service provider qualified for the on-line payments service provided by the financial institution, wherein the customer information is received from the third party on-line service provider pursuant to an indication of agreement entered by said at least one customer at a terminal in response to a prompt;
> receiving, by the computer, via the terminal in response to a prompt confirmation by said at least one customer of the customer information on a review information page prefilled

with the customer information received from the third party
on-line service provider;

receiving, by the computer, via the terminal in response to a
prompt information entered by said at least one customer
specifically pertaining to a proposed transaction account to be
provided by the financial institution for said at least one
customer and for thereafter accessing the account;

establishing, by the computer, the proposed transaction account
upon a first verification and generating a threshold amount
associated with the proposed transaction account, wherein the
proposed transaction account is enabled for a temporary
period of time until a full approval by the financial institution;

determining, by the computer, when the proposed transaction
account has reached a total transaction amount satisfying the
threshold amount, and upon satisfying the threshold amount,
assigning the proposed transaction account to a queue,
whereby a request is generated for each account in the queue
to request customer information required by a second
verification for full approval;

receiving, by the computer, instructions entered by said at least
one customer via the terminal to link a source account with
said approved transaction account; and

receiving, by the computer, instructions entered by said at least
one customer via the terminal to use said approved transaction
account for a transaction according to predetermined
transaction parameters established for the pre-defined service
level and subject to the pre-determined transaction threshold;

wherein receiving, by the computer, instructions entered by said
at least one customer to use said approved transaction account
further comprises:

receiving, by the computer, instructions entered by said at
least one customer at the terminal to transfer funds via
selection of a self-fund mechanism;

prompting, by the computer, said at least one customer at the
terminal to enroll a source of funds account, if the self-
fund selection is made for said at least one customer
without an account enrolled as a source account; and

providing, by the computer, said at least one customer at the
terminal an instant availability of funds, if said at least one

customer enrolls a credit card account verified as an account of said at least one customer as the source account.

REJECTION[2]

The Examiner rejected claims 1, 3, 5–16, 20, 22, and 24–35 under 35 U.S.C. § 101 as unpatentable because these claims are directed to a judicial exception, i.e., an abstract idea, that does not amount to significantly more than a patent on the abstract idea itself. Final Act. 2–4.

RECORD

Rather than repeat the arguments here, we refer to the Briefs ("App. Br." filed Feb. 1, 2016; "Reply Br." filed Mar. 6, 2017) for Appellants' positions; the Final Office Action ("Final Act." mailed May 26, 2015), Advisory Action (Advisory Act. mailed Oct. 6, 2015), and Examiner's Answer ("Ans." mailed Jan. 4, 2017) for the reasoning, findings, and conclusions of the Examiner; and the Specification ("Spec." filed Sept. 4, 2002). Only those arguments actually made by Appellants have been considered in this decision. Arguments that Appellants did not make in the Briefs have not been considered and are deemed to be waived. *See* 37 C.F.R. § 41.37(c)(1)(iv) (2016).

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[2] The rejection of claim 1, 3, 5–16, 20, 22, and 24–35 under 35 U.S.C. § 103(a) has been withdrawn. Advisory Act. 4.

ISSUE

The issue presented by Appellants' arguments is whether the
Examiner errs in concluding that claims 1, 3, 5–16, 20, 22, and 24–35 are
directed to ineligible subject matter under 35 U.S.C. § 101.

ANALYSIS

Patent eligibility is a question of law that is reviewable *de novo*.
Dealertrack, Inc. v. Huber, 674 F.3d 1315, 1333 (Fed. Cir. 2012). To be
statutorily eligible, the subject matter of an invention must be a "new and
useful process, machine, manufacture, or composition of matter, or [a] new
and useful improvement thereof." 35 U.S.C. § 101. We initially note that
claims 1, 3, and 5–16 are directed to a "method," and claims 20, 22, and 24–
35 are directed to a "machine." Thus, each of the claims is directed to one
of the four statutory categories of patentable subject matter.

The Supreme Court, however, has held there are implicit exceptions to
the categories of patentable subject matter identified in § 101, including
(1) laws of nature, (2) natural phenomena, and (3) abstract ideas. *Alice
Corp. Pty. Ltd. v. CLS Bank Int'l*, 134 S. Ct. 2347, 2355 (2014). To
determine whether claims are patent eligible under § 101, we apply the
Supreme Court's two-step test as articulated in *Alice*. First, we determine
whether the claims are directed to a patent-ineligible concept: laws of nature,
natural phenomena, and abstract ideas. *Id.* at 2354–55. If so, we then
proceed to the second step and examine the claim's elements—both
individually and as an ordered combination—to determine whether the
claims contain an "inventive concept" sufficient to transform the claimed
abstract idea into a patent-eligible application. *Id.* at 2357.

Alice Step One

Appellants rely on the arguments made for claim 1 to argue the patentability of the remaining pending claims. *See generally* App. Br. 6–10. We, therefore, select independent claim 1 as the representative claim for this group, and the remaining claims 3, 5–16, 20, 22, and 24–35 stand or fall with claim 1. 37 C.F.R. § 41.37(c)(1)(iv).

Claim 1 recites several key functions—(a) qualifying financial institutions customers for an on-line payment service without requiring submission of an application, (b) (i) receiving and (ii) confirming on-line payment service customer information, (c) receiving proposed transaction account information from the customer, (d) temporarily establishing the proposed transaction account including a threshold amount (e.g., maximum credit limit associated with the temporary account), (e) determining when the threshold amount is reached and, in response, sending a request for further customer information required by a second verification for a full approval (e.g., an increase in the customer's credit limit), (f) receiving source account information from the customer, (g) receiving customer instructions approving use of the transaction account including (i) the transfer of funds from a self-funded mechanism , (ii) conditionally prompting the customer to enroll a source of funds account, and (iii) conditionally making funds available to the customer. At a high level of abstraction claim 1, as a whole, is directed to collecting, analyzing data, and providing results of comparisons (e.g., making funds available if the customer qualifies) albeit described more narrowly by limiting its practical application to qualifying a customer for an on-line payments service

provided by a financial institution. Final Act. 3, 16 (finding claim 1 is directed to the abstract idea of "comparing customer information stored with online service provider and new customer information and using rules to automatically qualify a customer for on-line transactions").

"An abstract idea can generally be described at different levels of abstraction." *Apple, Inc. v. Ameranth, Inc.*, 842 F.3d 1229, 1240–41 (Fed. Cir. 2016). There is no definitive rule to determine what constitutes an "abstract idea." Rather, our reviewing court has explained that "both [it] and the Supreme Court have found it sufficient to compare claims at issue to those claims already found to be directed to an abstract idea in previous cases." *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1334 (Fed. Cir. 2016). In that regard, we agree with the Examiner in finding little difference between claim 1, directed to receiving and comparing information in accordance with rules and/or categorizing or organizing information through mathematical correlations, and those in, for example, *Electric Power Group, LLC v. Alstom S.A.*, 830 F.3d 1350 (Fed. Cir. 2016), as cited by the Examiner. Ans. 5–6. Similar to the claims in *Electric Power*,

> the claims do not go beyond requiring the collection, analysis, and display of available information in a particular field, stating those functions in general terms, without limiting them to technical means for performing the functions that are arguably an advance over conventional computer and network technology. The claims, defining a desirable information-based result and not limited to inventive means of achieving the result, fail under § 101.

Elec. Power, 830 F.3d at 1351. And just as in *Electric Power*, we find that "collecting information, including when limited to particular content (which

does not change its character as information), as within the realm of abstract ideas." *Id.* at 1353.

Nor do Appellants persuasively rebut the Examiner's conclusion that claim 1 is similar to other abstract ideas our reviewing court has found abstract including *Digitech Image Techs., LLC v. Elecs. for Imaging, Inc.*, 758 F.3d 1344 (Fed. Cir. 2014). *See* Ans. 6. Furthermore, we are not persuaded either "that the claims are directed to 'on-line payments'" or if so directed would be "evidence that the claims are in fact *rooted* in computer technology." App. Br. 7. Instead, claim 1 is directed to *qualifying* a customer for an on-line payments service provided by a financial institution but falls short of making any payment. Furthermore, even if otherwise, claim 1 is similar to a method for verifying the validity of a credit card transaction over the Internet found to be an abstract idea in *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1370 (Fed. Cir. 2011).

Regarding Appellants' argument that the subject matter of the claims is similar to claims found patentable that are "necessarily rooted in computer technology," Appellants' reliance on *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014) (App. Br. 7) is misplaced. *See* Ans. 4–6. For example, in *DDR Holdings*, the claims at issue involved, *inter alia*, "web pages displays [with] at least one active link associated with a commerce object associated with a buying opportunity of a selected one of a plurality of merchants" (claim 1, US 7,818,399). In determining the *DDR* claims not abstract, the court noted "these claims stand apart because they do not merely recite the performance of some business practice known from the pre-Internet world along with the requirement to perform it on the Internet. Instead, the claimed solution is necessarily rooted in computer technology in

order to overcome a problem specifically arising in the realm of computer networks." *Id.* at 1247. There is no such web page with an active link, or anything meaningfully analogous, in the claims here before us. Instead, the Specification discloses implementations using a personal computer (Spec. 12, l. 5), which supports the view that the computer related elements of the claims are generic and do not constitute an inventive concept.

We are also unpersuaded claim 1 is not abstract because, according to Appellants, on-line payments did not exist in the pre-Internet world. App. Br. 9. Appellants argue the "'on-line payments' occur only in a particular technological environment involving connectivity between network connected computers [and such a] technological environment cannot be 'abstract.'" *Id.* at 8. We disagree. We instead agree with the Examiner "the problem that the claimed invention is directed to solving is concerned with *managing payments*, which is old and well known in the pre-Internet world and not rooted in the realm of computing." Ans. 7.

Although directed to performing an "on-line transaction,"[3] the claims do not require the argued Internet and, therefore, may be directed to using other means of communications such as, for example, a private computer network. Furthermore, the claims do not positively recite using the Internet. Still further, Appellants fail to persuade us that the invention is directed to addressing a technological problem of the Internet rather than addressing a

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[3] Appellants' Specification does not provide a definition for "on-line," only describing a non-limiting example wherein "the user goes on-line via the Internet." Spec. 23, ll. 22–23. Therefore, a reasonable interpretation of "on-line" or "online" includes "[i]n reference to one or more computers, connected to a network" and "[i]n reference to a user, currently connected to the Internet, an online service, or a BBS or using a modem to connect to another modem." MICROSOFT COMPUTER DICTIONARY 376 (5th ed. 2002).

business issue of managing payments, including issuing an initial line of credit to a customer and requiring further information and payment means before allowing a purchase that would exhaust an initial credit limit. Thus, rather than address a technological problem, the claims utilize conventional technology that is insufficient to transform the abstract idea into patentable subject matter. *See Alice*, 134 S. Ct. at 2358 ("[L]imiting the use of an abstract idea 'to a particular technological environment'" is "not enough for patent eligibility." (citation omitted)); *Bilski v. Kappos*, 561 U.S. 593, 610–11 (2010); *Elec. Power*, 830 F.3d at 1354 ("[L]imiting the claims to the particular technological environment of power-grid monitoring is, without more, insufficient to transform them into patent-eligible applications of the abstract idea at their core."); *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 716 (Fed. Cir. 2014) ("Narrowing the abstract idea of using advertising as a currency to the Internet is an 'attempt[] to limit the use' of the abstract idea 'to a particular technological environment,' which is insufficient to save a claim." (alteration in original) (quoting *Alice*, 134 S. Ct. at 2358)).

For the reasons discussed above, Appellants provide insufficient argument or evidence to persuade us the claims are not directed to an abstract idea. Thus, we agree with the Examiner in concluding the claims are directed to an abstract idea.

Alice Step Two

Turning to the second step of the *Alice* analysis, because we find that claim 1 is directed to an abstract idea, we "consider 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*, 134 S. Ct. at 2355 (quoting *Mayo*

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Collaborative Servs. v. Prometheus Labs., Inc., 566 U.S. 66, 79, 78 (2012)).
In this regard, "the mere recitation of a generic computer cannot transform a
patent-ineligible abstract idea into a patent-eligible invention." *Id.* at 2358.
Furthermore, the "computer functions [must be more than] 'well-understood,
routine, conventional activit[ies]' previously known to the industry." *Id.* at
2359 (second alteration in original) (quoting *Mayo*, 566 U.S. at 73).

We find unavailing Appellants' argument that claim 1 recites a
specific technical solution for performing transactions. App. Br. 9.
Contrary to Appellants' argument we find insufficient support for and
disagree that "[a] generic computer is not capable of performing [the
required] functionality" of the claims. *Id.* Instead, Appellants disclose use
of a personal computer or PC (Spec. 12), i.e., a general purpose rather than
the argued special-purpose computer (App. Br. 9). *See also* Ans. 11–12
(finding "the computer components being used are general purpose
computer components"). Furthermore, Appellants fail to persuade us that
the functions performed by the computer of claim 1 are anything other than
well-understood, routine, and conventional functions. Nor is the recited use
of generic computer hardware enough to confer subject matter eligibility.
See Alice, 134 S. Ct. at 2358 ("[I]f a patent's recitation of a computer
amounts to a mere instruction to 'implemen[t]' an abstract idea 'on . . . a
computer,' that addition cannot impart patent eligibility." (second alteration
in original) (citation omitted)).

We are also unpersuaded by Appellants' argument that, in view of the
withdrawal of the rejection under 35 U.S.C. § 103, "the recited features are
not merely related to a 'generic computer, performing generic, well-
understood and routine computer functions' because if they were, the

Examiner should have been able to provide numerous prior art references disclosing the claimed features." App. Br. 10. Instead, as explained by the Examiner, novelty and statutory patentability involve different considerations. Ans. 10–11 (citing *Ultramercial*, 772 F.3d at 715).

We are also unpersuaded by Appellants' arguments that the instant appeal is analogous to *Amdocs (Israel) Limited v. Openet Telecom, Inc.*, 841 F.3d 1288 (Fed. Cir. 2016), and *Bascom Global Internet Services, Inc. v. AT&T Mobility LLC*, 827 F.3d 1341 (Fed. Cir. 2016). Reply Br. 5. In contrast to this case, in *Amdocs*, the court found that the claims at issue contained an inventive concept because they provided "an unconventional technological solution (enhancing data in a distributed fashion) to a technological problem." *Amdocs*, 841 F.3d at 1300. There, the "inventive concept"—correlating information from two sources "to enhance" an accounting record—was "dependent upon the invention's distributed architecture." *Id.* In turn, the "distributed architecture . . . minimize[d] the impact on network and system resources" and "reduc[ed] congestion in network bottlenecks, while still allowing data to be accessible from a central location." *Id.* at 1291–92. "[T]his distributed enhancement was a critical advancement over the prior art," in which "all the network information flow[ed] to one location, making it very difficult to keep up with the massive record flows from the network devices and requiring huge databases." *Id.* at 1300. In other words, the claims at issue in *Amdocs* "[did] not merely combine the components in a generic manner, but instead purposefully arrange[d] the components in a distributed architecture to achieve a technological solution to a technological problem specific to computer networks." *Id.* at 1301. Such is not the case here.

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In *Bascom*, the Federal Circuit found that including a filter for Internet content, in a unique location, was not a conventional or generic use of that previously known component. 827 F.3d at 1350. The inventive location of a single filter provided the benefits of what previously required two filters, one on the local computer, and one on the server. *Id.*

Neither *Bascom* nor *Amdocs* merely relies "on generic computer components using conventional computer activities." *Bascom*, 827 F.3d at 1351. Rather, they include "'something more' than the performance of 'well-understood, routine, [and] conventional activities previously known to the industry.'" *Amdocs*, 841 F.3d at 1301 (alteration in original) (quoting *Content Extraction & Transmission LLC v. Wells Fargo Bank, Nat'l Ass'n*, 776 F.3d 1343, 1347–48 (Fed. Cir. 2014)). In contrast, the subject claims are "not tied to any particularized structure" and "merely involve[] combining data in an ordinary manner without any inventive concept." *Id.* Although the particular on-line payment method may be allegedly novel, the presentation, data collection, and act of performing calculations are all conventional computer activities. These conventional activities, even to perform an allegedly novel method, are insufficient to transform the abstract idea of managing payment into patent-eligible subject matter.

Thus, for the reasons discussed above, "the claims at issue amount to 'nothing significantly more' than an instruction to apply the abstract idea . . . using some unspecified, generic computer." *Alice*, 134 S. Ct. at 2360 (quoting *Mayo*, 566 U.S. at 79). Accordingly, we are not persuaded the Examiner erred in rejecting the claims as directed to ineligible subject matter under 35 U.S.C. § 101.

DECISION

We affirm the Examiner's decision to reject claims 1, 3, 5–16, 20, 22, and 24–35 under 35 U.S.C. § 101.

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). *See* 37 C.F.R. §§ 41.50(f), 41.52(b).

AFFIRMED