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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte SETH PRIEBATSCH

Appeal 2017-006373
Application 13/899,760¹
Technology Center 3600

Before JAMES R. HUGHES, JENNIFER S. BISK, and
MATTHEW J. McNEILL, *Administrative Patent Judges*.

BISK, *Administrative Patent Judge*.

DECISION ON APPEAL²

Appellant seeks our review under 35 U.S.C. § 134(a) of the Examiner's rejection of claims 1–15. We have jurisdiction under 25 U.S.C. § 6(b). We affirm

STATEMENT OF THE CASE

Appellant's invention relates to secure electronic payments for consumers purchasing at a point-of-service through a third party. Spec. ¶ 3.

¹ Appellant identifies the real party in interest as SCVNGR, Inc. App. Br. 2.

² Throughout this Decision we have considered the Specification filed May 22, 2013 ("Spec."), the Final Rejection mailed June 16, 2016 ("Final Act."), the Appeal Brief filed November 3, 2016 ("App. Br."), the Examiner's Answer mailed December 15, 2016 ("Ans."), and the Reply Brief filed February 14, 2017 ("Reply Br.").

Claim 1 is illustrative:

1. A method of authorizing a payment transaction among a consumer, a merchant, and a registered consumer device by a transaction server, the method comprising:

transmitting, by a merchant system to the transaction server over a first communication channel, a transaction-authorization request containing a consumer identifier but not including secure information of the consumer;

subsequent to the communication from the merchant system and without initiation by the consumer, transmitting the transaction authorization request to the registered consumer device over a second communication channel different from the first communication channel; and

upon receiving over the second communication channel a transaction authorization, which does not include secure consumer information, granted by the consumer via the registered device, transmitting the transaction authorization to the merchant system over the first communication channel.

THE REJECTIONS

1. The Examiner rejected claims 1–15 under U.S.C. § 101 as directed to ineligible subject matter. Final Act. 2–3.

2. The Examiner rejected claims 1–3, 5–7, 9–13, and 15 under § 103(a) as being obvious over Laracey (US 2013/0246203 A1; published Sept. 19, 2013) and Jimenez (US 2012/0197801; published Aug. 2, 2012). Final Act. 4–7.

3. The Examiner rejected claims 4, 8, and 14 under § 103(a) as being obvious over Laracey, Jimenez, and Lanc (US 8,423,466 B2; Apr. 16, 2013). Final Act. 7–8.

ANALYSIS

THE § 101 REJECTION

For purposes of the § 101 rejection, Appellant argues all the claims as a group, focusing on the limitations of claims 1 and 11 only. *See* Appeal Br. 6–14. We select claim 1 as representative. Claims 2–15 stand or fall with claim 1. *See* 37 C.F.R. § 41.37(c)(1)(iv).

Legal Framework

To determine whether claims are patent eligible under § 101, we apply the Supreme Court’s two-step test articulated in *Alice Corp. Proprietary Ltd. v. CLS Bank International*, 134 S. Ct. 2347 (2014). 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 claim contains an “inventive concept” sufficient to transform the claimed abstract idea into a patent-eligible application. *Id.* at 2357.

The Federal Circuit has described the *Alice* step-one inquiry as looking at the “focus” of the claims, their “character as a whole,” and the *Alice* step-two inquiry as looking more precisely at what the claim elements add—whether they identify an “inventive concept” in the application of the ineligible matter to which the claim is directed. *See Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1353 (Fed. Cir. 2016); *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1335–36 (Fed. Cir. 2016); *Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1346 (Fed. Cir. 2015).

Alice Step One

The Examiner concludes that the claimed invention is directed to “authorizing a payment transaction,” an abstract idea. Final Act. 2. The Examiner compares the claims to those at issue in *Alice* and *Dealertrack*, stating that the claims are similar to the concepts of mitigating settlement risk and processing loan information. *Id.* at 2–3 (citing *Dealertrack, Inc. v. Huber*, 674 F.3d 1315 (Fed. Cir. 2012)); Ans. 9.

Appellant contends that the Examiner has not explained how the claimed subject matter is similar to the concepts of mitigating settlement risk and processing load information. App. Br. 7. According to Appellant, “the claims recite a technical solution to a technical problem that arises specifically in the domain of electronic commerce, and which – unlike mitigating settlement risk and processing loan information – has no antecedent in traditional economic practice.” *Id.* Appellant compares the claims to those at issue in *Enfish* and contends they solve the technical problem of “reliably concluding a transaction without transmission of secure consumer information that could be vulnerable to theft” using the technical solution of “using multiple communication channels in a specified order.” *Id.* at 8–9 (citing Spec ¶ 2).

We agree with the Examiner (Final Act. 2) that claims 1–15 are directed to an abstract idea. Specifically, the claims are directed to authorizing payments using a third party with which the consumer is already registered such that no secure information need be transmitted during the transaction. Instead, a non-secure consumer identifier is transmitted over one channel and non-secure authorization is transmitted back over another channel. We agree with the Examiner that the claims are limited to

“transmitting a transaction-authorization request to a registered consumer device, and transmitting the transaction authorization to the merchant via the registered device,” adding that those functions are claimed “in general terms” without limitation to “inventive means of achieving the transmission.” Ans. 9. Our reviewing court has found similar methods to be abstract ideas. In particular, we find the claims similar to those found to be directed to an abstract idea in *buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350 (Fed. Cir. 2014). The claims in *buySAFE* were directed to “methods and machine-readable media encoded to perform steps for guaranteeing a party’s performance of its online transaction,” which the Federal Circuit held were “squarely about treating a contractual relationship—a ‘transaction performance guaranty’—that is beyond question of ancient lineage.” *Id.* at 1351–55.

The claimed subject matter is also similar to the subject matter at issue in *Electric Power*, which claims did “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.” *Elec. Power*, 830 F.3d at 1351. “[W]e have treated collecting information, including when limited to particular content (which does not change its character as information), as within the realm of abstract ideas.” *Elec. Power*, 830 F.3d at 1353 (citations omitted); *see also In re TLI Commc’ns LLC Patent Litigation*, 823 F.3d 607, 1337–38 (Fed. Cir. 2016) (concluding claims directed to taking, transmitting, and organizing digital images were “not directed to a specific improvement to computer functionality” or “a solution to a ‘technological problem’”).

Moreover, like the claimed subject matter found to be abstract in *Affinity Labs*, here the claims recite the broad concept of performing secure transaction authorization without using secure consumer information using two communication channels with no other implementation detail. *Affinity Labs of Texas, LLC v. DIRECTV, LLC*, 838 F.3d 612–14 (Fed. Cir. 2014) (concluding that claims directed to “wirelessly communicating regional broadcast content to an out-of-region recipient” to be an abstract idea, noting that the claimed subject matter “is a broad and familiar concept concerning information distribution that is untethered to any specific or concrete way of implementing it”).

For purposes of this step in the *Alice* analysis, the claimed communication channels, similar to the scanner in *Content Extraction* and the telephone unit and server in *TLI Communications*, merely provide a generic environment in which to carry out the abstract idea. *Content Extraction and Transmission LLC v. Wells Fargo Bank, Nat’l Ass’n*, 776 F.3d 1343, 1347 (Fed. Cir. 2014); *In re TLI*, 823 F.3d at 613; *see* Final Act. 3. Similarly, the claims do not purport to improve the functionality of the claimed communication channels or the transmission of data between devices. Instead, the benefits of the claims flow from performing the abstract idea in conjunction with well-known computer components and in using the generic features provided by computer devices and networks to transmit information. *See BSG Tech LLC v. Buyseasons, Inc.*, 899 F.3d 1281, 1288 (Fed. Cir. 2018) (holding unpatentable claims directed to indexing information stored in databases and explaining that the claimed benefits of the claims “are not to improvement to database functionality,”

but instead “flow from performing an abstract idea in conjunction with a well-known database structure”).

Alice Step Two

Because the claims are directed to an abstract idea, we proceed to step two to determine whether the claims include additional limitations that individually, or as an ordered combination, ensure the claims amount to “significantly more” than the abstract idea. *Alice*, 134 S. Ct. at 2357. For example, we look at whether the claims focus on a specific means or method that improves the relevant technology or instead are directed to a result or effect that, itself, is the abstract idea and merely invoke generic processes and machinery. *See Enfish*, 822 F.3d at 1336.

The Examiner concludes the claimed elements, either individually or as an ordered combination, do not add significantly more to the abstract idea such that the claimed invention is rendered patent-eligible. Final Act. 3. According to the Examiner, the merchant system and registered consumer device are “recited at a high level of generality and [their] broadest reasonable interpretation comprises only a microprocessor, memory and transmitter to simply perform the generic computer functions of receiving, processing and transmitting information.” *Id.* The Examiner adds that the two communication channels do not add significantly more. *Id.*

Appellant argues the claims are patent-eligible under Alice’s step two because they are “limited to a specific arrangement and ordered interactions of devices, resulting in a meaningfully limited and novel system and method for authorizing a payment transaction.” App. Br. 10–14; Reply Br. 3–5. According to Appellant, like *DDR*, the claims solve a problem that is network-centric in nature and “[i]n assigning specific elements of the

transaction to different communication channels, the claims clearly recited a ‘solution that is necessarily rooted in’” the electronic communication medium. App. Br. 12 (citing *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2017)). Appellant adds that “the claims contemplate use of ‘known, conventional pieces’—a merchant system, a transaction server, and a consumer device—in a non-conventional manner” and, therefore, when viewed “as a whole,” the claims “clearly solve a ‘problem in a particular, technical way’” similar to those found patent-eligible in *BASCOM*. *Id.* at 12–13 (citing *BASCOM Global Internet Servs., Inc. v. AT&T Mobility LLC*, 827 F.3d 1341, 1348 (Fed. Cir. 2016)). Appellant also argues that the references relied upon by the Examiner in the obviousness rejection “teach different approaches to secure payment transactions,” thereby showing the claimed subject matter does not pre-empt all ways of solving the problem at issue. *Id.* at 13.

We agree with the Examiner that the claims encompass “any way of effectively transmitting [the] authorization request” over the two communication channels. Ans. 9–10. We do not find Appellant’s reliance on *DDR Holdings* persuasive. Instead, we find Appellant’s claims are similar to those in *Electric Power*. The claims in *Electric Power* were directed to “detecting events on an interconnected electric power grid in real time over a wide area and automatically analyzing the events on the interconnected electric power grid.” *Elec. Power*, 830 F.3d at 1351. Although the *Electric Power* claims received and analyzed data from various devices, including “EMS/SCADA systems,” the Federal Circuit determined that “the focus of the claims is not on such an improvement in computers as tools, but on certain independently abstract ideas that use computers as

tools.” *Id.* at 1354. Like the claims in *Electric Power*, the claims here do not “require a new source or type of information, or new techniques for analyzing it” or “require an arguably inventive set of components or methods, such as measurement devices or techniques, that would generate new data.” *Id.* at 1355. Instead of invoking “any assertedly inventive programming,” the claims here “[m]erely require[e] the selection and manipulation of information” to make certain services more efficient. *Id.* As in *Electric Power*, this manipulation of data “by itself does not transform the otherwise-abstract processes of information collection and analysis.” *Id.*

Moreover, notwithstanding Appellant’s contention that “[t]he claims are limited to a specific arrangement and ordered interactions of device, resulting in a meaningfully limited and novel system and method for authorizing a payment transaction” (App. Br. 14), the analysis of *Alice*’s step two is not an evaluation of novelty or nonobviousness, but rather, a search for “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*, 134 S. Ct. at 2355 (quoting *Mayo Collaborative Servs. v. Prometheus Lab.*, 132 S. Ct. 1289, 1294 (2012)). The question in the second step is not whether the claimed invention is novel, but rather whether the implementation of the abstract idea involves “more than performance of ‘well-understood, routine, [and] conventional activities previously known to the industry.’” *Content*, 776 F.3d at 1347–48 (quoting *Alice*, 134 S. Ct. at 2359).

Consequently, even if we were to agree with Appellant that the claim recites a particularly novel and useful method for securely authorizing a payment transaction, never before implemented on computers, the Examiner

determines, and Appellant does not persuasively refute, that the computer implementation of the claimed methodology requires only computer equipment and functions that are well-understood, routine, and conventional, such as storing, receiving, processing, and displaying data. Final Act. 16–17; Ans. 3–5; *see, e.g., Intellectual Ventures I LLC v. Capital One Fin. Corp.*, 850 F.3d 1332, 1341 (Fed. Cir. 2017) (“Rather, the claims recite both a generic computer element—a processor—and a series of generic computer ‘components’ that merely restate their individual functions—i.e., organizing, mapping, identifying, defining, detecting, and modifying.”); *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 716 (Fed. Cir. 2014) (quoting *Alice*, 134 S. Ct. at 2357) (“Instead, the claimed sequence of steps comprises only ‘conventional steps, specified at a high level of generality,’ which is insufficient to supply an ‘inventive concept.’”); *buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350, 1352, 1355 (Fed. Cir. 2014) (finding computer-implemented system for guaranteeing performance of an online transaction to be ineligible).

That the Specification emphasizes integrating available systems and using standard equipment to implement the claimed invention only bolsters the notion that the claimed invention does not focus on an improvement in computer technology itself, but rather focuses on an abstract idea that is implemented using standard computer equipment and functionality as tools. *See, e.g.,* Spec. ¶ 9 (“[T]he transaction server includes a first interface for communicating over a first communication channel . . . a second interface for communicating over a second communication channel; and a processor”), ¶ 11 (listing various existing mobile devices) ¶¶ 22–26 (describing the use of “conventional component[s],” including

communication module 232 and communication interfaces A and B). The claims do not, for example, purport to improve the process of transmitting or receiving data over the two communication channels. Nor do they effect an improvement in any other technology or technical field. “At best, the claims describe the automation of the [abstract idea] through the use of generic-computer functions.” *OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1363 (Fed. Cir. 2015). That is not enough to transform an abstract idea into a patent-eligible invention. *See Alice*, 134 S. Ct. at 2360.

We do not find Appellant’s reliance on *Bascom* persuasive. Reply Br. 12–13. In *BASCOM*, the claims were generally directed to filtering content. 827 F.3d at 1348. Although the Court determined the claims recited generic computer, network, and Internet components that were not inventive by themselves, the Court found the ordered combination of the limitations provided the requisite inventive concept. *Id.* at 1349–1350 (“[A]n inventive concept can be found in the non-conventional and non-generic arrangement of known, conventional pieces”). There, the patent extensively claimed and explained how a particular arrangement of elements was “a technical improvement over prior art ways of filtering such content.” *Id.* at 1350 (“According to *BASCOM*, the inventive concept harnesses this technical feature of network technology in a filtering system by associating individual accounts with their own filtering scheme and elements while locating the filtering system on an ISP server.”). Here, other than providing general conclusory statements, Appellant does not persuasively explain how the claims are similar to those in *BASCOM*.

Lastly, we find unavailing Appellant’s contention that the claims are patentable because they do “not pre-empt other ways to verify payments.”

App. Br. 13. Where, as here, the claims cover a patent-ineligible concept, preemption concerns “are fully addressed and made moot” by an analysis under the *Alice* framework. *See Ariosa*, 788 F.3d 1371, 1379 (Fed. Cir. 2015).

Conclusion

For the foregoing reasons, then, the recited elements—considered both individually and as an ordered combination—do not contain an “inventive concept” sufficient to transform the claimed abstract idea into a patent-eligible application. Therefore, we are not persuaded that the Examiner erred in rejecting claims 1–15 under § 101.

THE § 103 REJECTIONS

For purposes of the § 103 rejection, Appellant argues all the claims as a group, focusing on the limitations of claims 1 and 11 only. *See* Appeal Br. 14–16. We select claim 1 as representative. Claims 2–15 stand or fall with claim 1. *See* 37 C.F.R. § 41.37(c)(1)(iv).

Appellant argues that Jimenez does not teach the claimed “communication of a consumer identifier from the merchant to the transaction server nor transmission, without any action by the consumer, of an authorization request over a second channel to a consumer device.” App. Br. 14. According to Appellant, Jimenez does not send requests through the transaction server, but directly from the merchant system to the customer’s device. App. Br. 14–15 (citing Jimenez Fig. 2, ¶ 14).

In response, the Examiner points to paragraph 40 of Jimenez, which states that “the POS terminal [merchant] sends the authorization request . . . to the Acquirer network 104,” which, in turn, “identifies the request and

routes (5) the message (customer’s mobile phone number, amount, merchant tPago mobile identifier) to the tPago Mobile Payments System 120.” Ans. 17 (quoting Jimenez ¶ 40).

We agree that Jimenez’s tPago Mobile Payments System qualifies as the claimed transaction server. *See* Jimenez Fig. 1 (showing “a schematic representation of the tPago Mobile Payments System” as including transaction server 106), ¶ 18. Appellant does not address the tPago Mobile Payments System. *See* App. Br. 14–17; Reply Br. 5–6. We conclude that Jimenez teaches “transmitting, by a merchant system to the transaction server [the tPago Mobile Payments System] over a first communication channel, a transaction-authorization request containing a consumer identifier [customer’s mobile phone number] but not including secure information of the consumer.” In addition, Jimenez states that subsequently, the information is transmitted to the customer’s phone. *Id.* ¶¶ 41–42.

Appellant also argues that Jimenez is “irrelevant to the present claims.” App. Br. 16. According to Appellant, Jimenez’s system requires the customer to send the request to a funding source, including an account number and a PIN, which qualify as sensitive information. *Id.* (citing Jimenez ¶ 17); *see also* Reply 5 (“Both Laracey and Jimenez operate in a manner fundamentally different from that claimed.”). Appellant adds that “only one leg of Jimenez’s communication flow proceeds over a different channel.”

Appellant’s arguments do not persuade us of Examiner error because they attack the references individually, while the Examiner relies on the combined disclosures in the references to reject the independent claims. *See* Final Act. 4–6. Where a rejection rests on the combined disclosures in the

Appeal 2017-006373
Application 13/899,760

references, an appellant cannot establish nonobviousness by attacking the references individually. *See In re Merck & Co.*, 800 F.2d 1091, 1097 (Fed. Cir. 1986). Here, the Examiner relies on Laracey for the second channel communication and does not rely on the portions of Jimenez that require the consumer to send sensitive account and PIN information. *See* Final Act. 4–6; Ans. 16–18.

For these reasons, we are not persuaded of any error in the Examiner’s rejection of claims 1–15.

DECISION

We affirm the Examiner’s decision to reject claims 1–15.

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). *See* 37 C.F.R. § 41.50(f).

AFFIRMED