UNITED STATES PATENT AND TRADEMARK OFFICE

UNITED STATES DEPARTMENT OF COMMERCE
United States Patent and Trademark Office
Address: COMMISSIONER FOR PATENTS
P.O. Box 1450
Alexandria, Virginia 22313-1450
www.uspto.gov

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
11/979,244	10/31/2007	Jeffrey P. Leventhal	123579.0128	6229

27557 7590 12/13/2018
BLANK ROME LLP
1825 Eye Street NW
WASHINGTON, DC 20006-5403
UNITED STATES OF AMERICA

EXAMINER	
AMSDELL, DANA	

ART UNIT	PAPER NUMBER
3627	

NOTIFICATION DATE	DELIVERY MODE
12/13/2018	ELECTRONIC

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Notice of the Office communication was sent electronically on above-indicated "Notification Date" to the following e-mail address(es):

WashingtonDocketing@blankrome.com

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte JEFFREY P. LEVENTHAL

Appeal 2017-006445[1]
Application 11/979,244[2]
Technology Center 3600

Before JOSEPH A. FISCHETTI, NINA L. MEDLOCK, and PHILIP J. HOFFMANN, *Administrative Patent Judges*.

MEDLOCK, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Appellant appeals under 35 U.S.C. § 134(a) from the Examiner's final rejection of claims 6, 7, 9, 12–14, 24, 45, and 47–67. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM

[1] Our decision references Appellant's Appeal Brief ("App. Br.," filed October 26, 2016) and Reply Brief ("Reply Br.," filed March 13, 2017), and the Examiner's Answer ("Ans.," mailed January 13, 2017) and Final Office Action ("Final Act.," mailed January 22, 2016).
[2] Appellant identifies Onforce, Inc. as the real party in interest. App. Br. 3.

CLAIMED INVENTION

Appellant's claimed invention "relates generally to a system and method for managing accounts payable and accounts receivable" (Spec. 1, ll. 13–14).

Claims 45 and 54 are the independent claims on appeal. Claim 45, reproduced below, is illustrative of the claimed subject matter:

> 45. A method for managing accounts payable, comprising:
>
> receiving at a third party system a request for a service from a customer, the request for the service specifying a spend limit for the requested service;
>
> receiving from a vendor acceptance of the request for the service at the specified spend limit;
>
> sending by the vendor a request to the customer to increase the spend limit for the requested service through message exchanges via the third party system after the vendor has begun performing the requested service:
>
> increasing, by the customer, the spend limit for the requested service via the third party system in response to the request sent by the vendor to the customer to increase the spend limit;
>
> receiving, at the third party system, an invoice from the vendor, the invoice including an invoiced dollar amount corresponding to the increased spend limit for the requested service and at least a portion of the requested service performed by the vendor;
>
> routing the invoice from the third party system to the customer for authorization of the portion of the requested service performed by the vendor;
>
> receiving, at the third party system, an authorization from the customer to initiate payment of at least a portion of the invoiced dollar amount from a deposit account maintained by the third party system; and

using a computer at the third party system to initiate an electronic transfer of the authorized portion of the invoiced dollar amount from the deposit account maintained by the third party system to a real account owned by the vendor.

REJECTIONS[3]

Claims 6, 7, 9, 12–14, 24, 45, and 47–67 are rejected under 35 U.S.C. § 101 as directed to a judicial exception without significantly more.

Claims 6, 7, 9, 12–14, 24, 45, and 47–67 are rejected under 35 U.S.C. § 103(a) as unpatentable over Levchin et al. (US 7,089,208 B1, iss. Aug. 8, 2006) ("Levchin") and Official Notice.

ANALYSIS

Patent-Ineligible Subject Matter

Appellant argues the claims as a group (App. Br. 6–11). We select independent claim 45 as representative. The remaining claims stand or fall with claim 45. 37 C.F.R. § 41.37(c)(1)(iv).

Under 35 U.S.C. § 101, an invention is patent-eligible if it claims a "new and useful process, machine, manufacture, or composition of matter." 35 U.S.C. § 101. The Supreme Court, however, has long interpreted § 101 to include an implicit exception: "[l]aws of nature, natural phenomena, and abstract ideas" are not patentable. *Alice Corp. v. CLS Bank Int'l*, 134 S. Ct. 2347, 2354 (2014).

The Supreme Court, in *Alice*, reiterated the two-step framework previously set forth in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. 66 (2012), "for distinguishing patents that claim

[3] We treat, as inadvertent error, the Examiner's identification of canceled claim 46 as among the claims subject to rejection.

laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts." *Alice Corp.*, 134 S. Ct. at 2355. The first step in that analysis is to "determine whether the claims at issue are directed to one of those patent-ineligible concepts." *Id.* If the claims are not directed to a patent-ineligible concept, e.g., an abstract idea, the inquiry ends. Otherwise, the inquiry proceeds to the second step where the elements of the claims are considered "individually and 'as an ordered combination'" to determine whether there are additional elements that "'transform the nature of the claim' into a patent-eligible application." *Id.* (quoting *Mayo*, 566 U.S. at 79, 78).

The Court acknowledged in *Mayo*, that "all inventions at some level embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas." *Mayo*, 566 U.S. at 71. Therefore, the Federal Circuit has instructed that claims are to be considered in their entirety to determine "whether their character as a whole is directed to excluded subject matter." *McRO, Inc. v. Bandai Namco Games Am., Inc.*, 837 F.3d 1299, 1312 (Fed. Cir. 2016) (quoting *Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1346 (Fed. Cir. 2015)).

Here, in rejecting the pending claims under § 101, the Examiner determined that the claims are directed to "managing accounts payable using a third party system," i.e., to a fundamental economic practice and, therefore, to an abstract idea (Final Act. 7). The Examiner also determined that the claims do not include additional elements that are sufficient to amount to significantly more than the identified judicial exception (*id.*).

As an initial matter, we are not persuaded of Examiner error by Appellant's argument that that the claims are patent-eligible because they are "specific enough to preclude the risk of pre-emption" (App. Br. 7; *see also* Reply Br. 3–4). There is no dispute that the Supreme Court has described "the concern that drives [the exclusion of abstract ideas from patent eligible subject matter] as one of pre-emption." *Alice Corp.*, 134 S. Ct. at 2354. But, characterizing pre-emption as a driving concern for patent eligibility is not the same as characterizing pre-emption as the sole test for patent eligibility. "The Supreme Court has made clear that the principle of preemption is the basis for the judicial exceptions to patentability" and "[f]or this reason, questions on preemption are inherent in and resolved by the § 101 analysis." *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015) (citing *Alice Corp.*, 134 S. Ct. at 2354). "[P]reemption may signal patent ineligible subject matter, [but] the absence of complete preemption does not demonstrate patent eligibility." *Id.*

We also are not persuaded that the Examiner erred in determining that independent claim 45 is directed to an abstract idea (App. Br. 7–10). Claim 45 is directed to a method of managing accounts payable, and recites that the method comprises (1) receiving, from a customer, a request for service, specifying a spend limit; (2) receiving, from a vendor, an acceptance of the service request; (3) sending, from the vendor to the customer, a request to increase the spend limit; (4) increasing, by the customer, the spend limit; (5) receiving an invoice from the vendor; (6) routing the invoice to the customer for authorization; and (7) receiving authorization from the customer. Claim 45, thus, broadly recites communicating information between a customer and a vendor. Claim 45 recites that the claimed steps, i.e., the exchange of information, are performed "through message exchanges via the third party system." Yet, the underlying processes recited in claim 45 are all acts that could be performed by a human, e.g., via oral or written communication, without the use of a computer. For example, a person, using pen and paper, could communicate a request for service to a vendor, and the vendor, in turn, could communicate an acceptance of the service request orally or via a written communication.

The Federal Circuit has held that if a method can be performed by human thought alone, or by a human using pen and paper, it is merely an abstract idea and is not patent-eligible under § 101. *See CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1372–73 (Fed. Cir. 2011) ("[A] method that can be performed by human thought alone is merely an abstract idea and is not patent-eligible under § 101."); *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."). And, mental processes remain unpatentable even when automated to reduce the burden 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*.").

Claim 45 also recites "using a computer at the third party system to initiate an electronic transfer of the authorized portion of the invoiced dollar amount from the deposit account maintained by the third party system to a real account owned by the vendor." But, like the risk hedging in *Bilski*[4] and

[4] *Bilski v. Kappos*, 561 U.S. 593 (2010).

the intermediated settlement in *Alice*, funds transfers are "a fundamental economic practice long prevalent in our system of commerce," *Alice Corp.*, 134 S. Ct. at 2356 (citing *Bilski*, 561 U.S. at 611), and are "an 'abstract idea' beyond the scope of § 101." *Id.*

Clam 45 combines the abstract idea of collecting and analyzing information with the abstract idea of fund transfers. However, merely combining two abstract ideas does not make the combination any less abstract. *RecogniCorp, LLC v. Nintendo Co.*, 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 Sys., Inc.*, 839 F.3d 1089, 1094 (Fed. Cir. 2016) (determining the pending claims were directed to a combination of abstract ideas).

Turning to step two of the *Mayo*/*Alice* framework, Appellant argues that the Office has provided no evidence that "courts have recognized, or those in the relevant field of art would recognize, that using a third party system to perform the specific features recited in the claims was . . . so well-known and widely used as to be considered 'well-understood, routine, [and] conventional activities previously known' — on the effective filing date of the application" (Reply Br. 4–5 (alteration in original); *see also* App. Br. 11). "But the relevant inquiry is not whether the claimed invention as a whole is unconventional or non-routine." *BSG Tech. LLC v. BuySeasons, Inc.*, 899 F.3d 1281, 1290 (Fed. Cir. 2018). Instead, the question is whether the claim includes additional elements, i.e., elements *other* than the abstract idea itself, that "'transform the nature of the claim' into a patent-eligible application." *Alice Corp.*, 134 S. Ct. at 2355 (quoting *Mayo*, 566 U.S. at 79, 78). These transformative elements must supply an "inventive concept" that ensures the patent amounts to "significantly more than a patent upon the [ineligible concept] itself." *Id.* (alteration in original) (quoting *Mayo*, 566 U.S. at 72–73). Claim limitations that recite "conventional, routine and well-understood applications in the art" are insufficient to "supply an inventive concept." *Ariosa Diagnostics*, 788 F.3d at 1378.

The Examiner determined here, and we agree, that the only elements beyond the abstract idea are the claimed third party system (including the computer at the third party system), i.e., generically-recited computer components used to perform generic computer functions, i.e., receiving, processing, and storing data (*see* Ans. 7–8) — a determination amply supported by, and fully consistent with the Specification (*see, e.g.*, Spec. 5, ll. 8–19).

Appellant cannot reasonably contend that there is a genuine issue of material fact (i.e., requiring the presentation of evidence) regarding whether operation of the claimed third party system is well-understood, routine, or conventional, where, as here, there is nothing in the Specification to indicate that the operations recited in the claim require any specialized hardware or inventive computer components, invoke any assertedly inventive programming, or that the claimed invention is implemented using other than generic computer components. Indeed, the Federal Circuit, in accordance with *Alice*, has "repeatedly recognized the absence of a genuine dispute as to eligibility" where claims have been defended as involving an inventive concept based "merely on the idea of using existing computers or the Internet to carry out conventional processes, with no alteration of computer functionality." *Berkheimer v. HP, Inc.*, 890 F.3d 1369, 1373 (Fed. Cir. 2018) (Moore, J., concurring) (citations omitted).

Finally, to the extent Appellant maintains that the claimed invention is patent-eligible, i.e., that claim 45 amounts to "significantly more" than an abstract idea, because the claim is allegedly non-obvious in view of the prior art (App. Br. 11), Appellant misapprehends the controlling precedent.

Neither a finding of novelty nor a non-obviousness determination automatically leads to the conclusion that the claimed subject matter is patent-eligible. Although the second step in the *Mayo/Alice* framework is termed a search for an "inventive concept," the analysis is not an evaluation of novelty or non-obviousness, 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 Corp.*, 134 S. Ct. at 2355 (alteration in original) (citation omitted). "Groundbreaking, innovative, or even brilliant discovery does not by itself satisfy the § 101 inquiry." *Ass'n for Molecular Pathology v. Myriad Genetics, Inc.*, 569 U.S. 576, 591 (2013). A novel and non-obvious claim directed to a purely abstract idea is, nonetheless, patent-ineligible. *See Mayo*, 566 U.S. at 90; *see also Diamond v. Diehr*, 450 U.S. 175, 188–89 (1981) ("The 'novelty' of any element or steps in a process, or even of the process itself, is of no relevance in determining whether the subject matter of a claim falls within the § 101 categories of possibly patentable subject matter.").

We are not persuaded, on the present record, that the Examiner erred in rejecting claim 45 under 35 U.S.C. § 101. Therefore, we sustain the Examiner's rejection of claim 45, and claims 6, 7, 9, 12–14, 24, and 47–67, which fall with claim 45.

Obviousness

Independent Claim 45 and Dependent Claims 6, 7, 9, 12–14, and 47–53

First, by way of background, Levchin is directed to a system and method for conducting a value exchange between two or more persons using a distributed value exchange system (Levchin, col. 1, ll. 44–46). In one embodiment, when a user registers with the system, an account is created for the user and system software is downloaded to the user client device; the user may then conduct transactions on the client whether he/she is connected to the system or not (*id.* at col. 2, ll. 12–16). When not connected, the client stores transaction details and, when later connected to the system for synchronization purposes, uploads the user's transactions to the system and may receive transactions initiated by other users (*id.* at col. 2, ll. 16–20). When the system receives a new transaction initiated by a user, it attempts to contact the other party or parties using identifier(s), e.g., e-mail addresses, telephone numbers, social security numbers, etc., provided by the initiating user (*id.* at col. 2, ll. 20–31). Users may introduce value into their system accounts via credit card, check, cash, electronic funds transfer, direct deposit, etc., and value may be withdrawn from the system using the same or similar processes (*id.* at col. 2, ll. 36–40). The value that is exchanged between transaction parties may be monetary (e.g., U.S. dollars or other currency) or take some other form, e.g., credits, affinity points, frequent flier miles, vouchers, barter points, etc. (*id.* at col. 2, ll. 40–44).

In rejecting independent claim 45 under 35 U.S.C. § 103(a), the Examiner cites Levchin as disclosing substantially all of the limitations of claim 45 (Final Act. 9–10). The Examiner also cites Levchin at column 5, lines 37–53 and column 9, lines 15–20 as disclosing "payment arrangements for augmenting transaction value" (*id.* at 10).[5] But, the Examiner acknowledges that Levchin does not explicitly disclose "sending by the vendor a request to the customer to increase the spend limit for the requested service through message exchanges via the third party system after the vendor has begun performing the requested service" and "increasing, by the customer, the spend limit for the requested service via the third party system in response to the request sent by the vendor to the customer to increase the spend limit" (*id.*).

The Examiner asserts that "it is old and well-known in the art of providing services, to experience escalating costs due to undisclosed/unknown conditions affecting performance at agreed upon terms once a service is underway" (*id.* at 11). And the Examiner takes Official Notice that one of ordinary skill in the art at the time of Appellant's invention would find "modifying the payment escrow method and system of . . . Levchin . . . to include flexible negotiation features, such as inclusion and performance of an escalation clause . . . to be obvious when one is initiating and concluding transactions that are variable over time, quantity, or quality parameters" (*id.*).

---

[5] Levchin discloses that a user may connect to a synchronization server to upload and download details of value exchanges, and that during a synchronization session, a user's client may authorize the system to charge additional funds to the user, e.g., by charging a credit card or transferring funds from a bank account (Levchin, col. 5, ll. 37–53). The amount of value that a user can transfer may be limited to user's system account balance except that if the user has provided other payment arrangements, e.g., through a credit card, electronic funds transfer, the user may be able to exceed the account balance (*id.* at col. 9, ll. 10–20).

The difficulty with the Examiner's analysis is that, even if the Levchin method and system could be appropriately modified to include an escalation clause, we fail to see why, and the Examiner has adequately explained why, a person of ordinary skill in the art would have had an apparent reason to modify Levchin to include functionality for a vendor to request an increase in a spend limit after the vendor has begun performing a requested service, as recited in claim 45. The Examiner has failed to establish a prima facie case of obviousness. *See KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 418 (2007) (holding that a prima facie case of obviousness requires showing that one of ordinary skill in the art would have had both an apparent reason to modify the prior art and predictability or a reasonable expectation of success in doing so). Therefore, we do not sustain the Examiner's rejection of independent claim 45 under 35 U.S.C. § 103(a). For the same reasons, we also do not sustain the rejection of dependent claims 6, 7, 9, 12–14, and 47–53. *Cf. In re Fritch*, 972 F.2d 1260, 1266 (Fed. Cir. 1992) ("dependent claims are nonobvious if the independent claims from which they depend are nonobvious").

Independent Claim 54 and Dependent Claims 55–67

Independent claim 54 includes language substantially identical to the language of claim 1, and stand rejected based on the same rationale applied with respect to claim 1 (Final Act. 9–11). Therefore, we do not sustain the rejection under 35 U.S.C. § 103(a) of independent claim 54, and claims 55–67, which depend therefrom, for the same reasons set forth above with respect to claim 1.

DECISION

The Examiner's rejection of claims 6, 7, 9, 12–14, 24, 45, and 47–67 under 35 U.S.C. § 101 is affirmed.

The Examiner's rejection of claims 6, 7, 9, 12–14, 24, 45, and 47–67 under 35 U.S.C. § 103(a) is reversed.

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