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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte CHANDRAMOHAN MARIYAL and KRISHNA MOHAN PAI

Appeal 2017-006559
Application 14/278,567
Technology Center 3600

Before MURRIEL E. CRAWFORD, JOSEPH A. FISCHETTI, and
AMEE A. SHAH, *Administrative Patent Judges*

SHAH, *Administrative Patent Judge*.

DECISION ON APPEAL¹

The Appellants² appeal under 35 U.S.C. § 134(a) from the Examiner's final decision rejecting claims 1–4 and 6–21, which are all of the pending claims. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM and ENTER a NEW GROUND OF REJECTION pursuant to our authority under 37 C.F.R. § 41.50(b).

¹ Throughout this decision, we refer to the Appellants' Appeal Brief ("Appeal Br.," filed Sept. 1, 2016), Reply Brief ("Reply Br.," filed Mar. 13, 2017), and Specification ("Spec.," filed May 15, 2014), and to the Examiner's Answer ("Ans.," mailed Jan. 13, 2017) and Final Office Action ("Final Act.," mailed Apr. 5, 2016).

² According to the Appellants, the real party in interest is Invenger Technologies Inc. Appeal Br. 2.

STATEMENT OF THE CASE

The Appellants' invention "relate[s] generally to insurance coverage plan management and, more particularly, to a method, apparatus, and computer program product for obtaining payment authorization for a coverage request from multiple payees." Spec. ¶ 2.

Claims 1, 9, and 15 are the independent claims on appeal. Claim 1 (Appeal Br. 27–28 (Claims App.)) is illustrative of the subject matter on appeal, and is reproduced below (with added bracketing for reference):

1. A method comprising:

[(a)] receiving, by a request module, a multiple payee coverage request from a coverage provider to generate a coverage payment in accordance with a coverage plan, wherein the multiple payee coverage request is a result of a claim submitted by a policyholder;

[(b)] verifying, by the request module, a validity of the multiple payee coverage request;

[(c)] identifying, by the request module, two or more payees based on the multiple payee coverage request;

[(d)] transmitting, by the request module, a request for transaction data to the identified two or more payees in an instance in which the validity of the multiple payee coverage request is verified;

[(e)] receiving, by the request module, transaction data comprising account data from at least one of the two or more payees;

[(f)] associating, by the request module, the received transaction data with the multiple payee coverage request;

[(g)] selecting, by a distribution module in communication with the request module, a distribution vehicle for each payee of the two or more payees based on the received transaction data;

[(h)] receiving by the distribution module, from each payee of the two or more payees, an authorization to distribute the coverage payment;

[(i)] receiving, by the distribution module and from a lender, an authorization to distribute the coverage payment; and

[(j)] causing, by the distribution module, the coverage payment to be distributed to the two or more payees, wherein a portion of the coverage payment is distributed to each payee of the two or more payees according to the respective distribution vehicles selected for each payee of the two or more payees and in response to receiving the authorizations from each payee and from the lender.

REJECTIONS

Claims 1–4 and 6–21 stand rejected under 35 U.S.C. § 101 as directed to a judicial exception without significantly more.

Claims 1–4 and 6–21 stand rejected under pre-AIA 35 U.S.C. § 112, first paragraph, as failing to comply with the written description requirement.

Claims 1–4 and 6–21 stand rejected under pre-AIA 35 U.S.C. § 103 as being unpatentable over Aquila et al. (US 2002/0035488 A1, pub. Mar. 21, 2002) (“Aquila”), “Lien Holder & Payee Law in Texas,” eHow.com, Oct. 21, 2011 (available at <http://web.archive.org>, last visited July 8, 2014) (“eHow”), and Doran et al. (US 2012/0143761 A1, pub. June 7, 2012) (“Doran”).

ANALYSIS

35 U.S.C. § 101 – Non-statutory Subject Matter

The Appellants argue the claims as a group. *See* Appeal Br. 9, 17. We select claim 1 as representative of the group; claims 2–4 and 6–21 stand or fall therewith. *See* 37 C.F.R. § 41.37(c)(1)(iv).

Under 35 U.S.C. § 101, a patent may be obtained for “any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof.” The Supreme Court has “long held that this provision contains an important implicit exception: Laws of nature, natural phenomena, and abstract ideas are not patentable.” *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2354 (2014) (quoting *Ass’n for Molecular Pathology v. Myriad Genetics, Inc.*, 569 U.S. 576, 589 (2013)).

The Supreme Court in *Alice* reiterated the two-step framework, set forth previously in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. 66, 75–77 (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 that analysis is to “determine whether the claims at issue are *directed to* one of those patent-ineligible concepts.” *Id.* (emphasis added) (citing *Mayo*, 566 U.S. at 76–79). If so, the second step is to consider the elements of the claims “individually and ‘as an ordered combination’” to determine whether the additional elements “‘transform the nature of the claim’ into a patent-eligible application.” *Id.* (quoting *Mayo*, 566 U.S. at 78–79).

The First Step

The step-one analysis requires us to consider the claims “in their entirety to ascertain whether their character as a whole is directed to excluded subject matter.” *Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1346 (Fed. Cir. 2015). 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. The question is whether the claim as a whole “focus[es] on a specific means or method that improves the relevant technology” or is “directed to a result or effect that itself is the abstract idea and merely invoke generic processes and machinery.” *McRO, Inc. v. Bandai Namco Games Am. Inc.*, 837 F.3d 1299, 1314 (Fed. Cir. 2016). We, therefore, look to “whether the focus of the claims is on [a] specific asserted improvement in computer capabilities . . . or, instead, on a process that qualifies as an ‘abstract idea’ for which computers are invoked merely as a tool.” *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1335–36 (Fed. Cir. 2016).

Under the first step of the *Mayo/Alice* framework, the Examiner looks to the language of claim 1 and determines that the claim is “directed to processing coverage payment requests[, which] . . . is a fundamental economic activity/ an organizing human activity and thus, the claims include an abstract idea.” Final Act. 2; *see also* Ans. 2–5 (citing to July 2015 Update on Subject Matter Eligibility, 80 Fed. Reg. 45429 (July 30, 2015) (“2015 July Update”), May 2016 Subject Matter Eligibility Update, 81 Fed. Reg. 27381 (May 6, 2016) (“2016 May Update”), provided after the mailing of the Final Action). The Appellants do not state to what they consider the claim directed. Rather, the Appellants contend that the Examiner’s

characterization of the claim is too broad and is “removed several times from the language of the claims.” Appeal Br. 10; *see also id.* at 12.

The Specification provides evidence as to what the claimed invention is directed. Here, the Specification is titled “METHOD, APPARATUS, AND COMPUTER PROGRAM PRODUCT FOR OBTAINING COVERAGE REQUEST AUTHORIZATIONS,” and the Field of the Invention section provides that the invention relates particularly to “obtaining payment authorization for a coverage request from multiple payees.” Spec. ¶ 2. The Specification discusses that the problems with “existing methods and systems for coverage plan management” (Spec. ¶ 6) regarding coverage payments include: (1) “costs incurred by a coverage provider associated with cutting and mailing a check” (*id.* ¶ 35); (2) when multiple payees are listed on a check, “the payees must first come to an agreement about who will deposit the check (e.g., into which account) and then obtain endorsements on the check from each payee,” and “alternative methods of disbursing the coverage payment, such as by using a prepaid card or debit card, by electronic direct deposit, etc., which may be preferred by the payees, are typically unavailable in a multiple payee situation” (*id.*); (3) when there is a loss of an insured vehicle, “providers of coverage plans are generally unable to electronically pay off loans or make electronic payments to these financial institutions [that issued the loan]” (*id.* ¶ 36), and (4) “[i]n a mortgage scenario . . . [the] processes require time, result in expensive check printing and distribution costs, limit the payee’s distribution options, and are susceptible to fraud and loss of the check” (*id.* ¶ 37). The invention solves these problems by “provid[ing] mechanisms for managing and/or otherwise ascertaining multiple authorizations for a multiple payee

coverage request to facilitate the distribution of claim funds to payees.” *Id.*
¶ 38.

Claim 1 provides for a method comprising the steps of: (a) receiving, by a request module, multiple payee coverage request data; (b) verifying, by the request module, a validity of the multiple payee coverage request; (c) identifying, by the request module, payees based on the coverage request; (d) conditionally transmitting, by the request module, a request for transaction data when the coverage request is verified; (e) receiving, by the request module, transaction data; (f) associating, by the request module, the received transaction data with the coverage request; (g) selecting, by a distribution module, a distribution vehicle for each payee based on the received transaction data; (h) receiving by the distribution module, from each payee, an authorization to distribute the coverage payment, (i) receiving, by the distribution module and from a lender, an authorization to distribute the coverage payment; and (j) causing, by the distribution module, the coverage payment to be distributed to the payees according to the selected distribution vehicles and in response to receiving the authorizations. *See* Appeal Br. 27–28 (Claims App.). The Specification defines the term “module” as “includ[ing] hardware, software and/or firmware configured to perform one or more particular functions,” i.e., a generic computer. Spec. ¶ 86; *see also* Fig. 6. There is no further specification of particular technology for performing the steps.

Although there is no requirement that claim construction must be performed before a § 101 analysis, in some cases, claim construction can be desirable and helpful. *See Bancorp Servs., LLC. v. Sun Life Assur. Co. of Canada (U.S.)*, 687 F.3d 1266, 1273–74 (Fed. Cir. 2012). Here, the claim

does not recite details on how, i.e., by what algorithm or technical means, the verifying, identifying, associating, selecting, or causing steps of limitations (b), (c), (f), (g), and (j) are performed. The Appellants direct attention to the Specification at paragraph 75 and Figure 4, element 320, for step (b) of verifying (Appeal Br. 3), which provides for a block to “Verify a validity of the multiple payee coverage request” (*id.* Fig. 4, “320”) and that verifying the validity “may be achieved in part by, for example, accessing coverage provider data” and comparing that with data in the coverage request (Spec. ¶ 75), i.e., accessing and comparing data.

Paragraph 77 and Figure 4, element 340, upon which the Appellants rely for limitation (c) of identifying payees (Appeal Br. 3), provide a block to “Determine two or more payees based on the multiple payee coverage request” (Spec. Fig. 4, “340”) and a module, processor, or database “for determining two payees based on a multiple payee coverage request,” such as by accessing databases to determine payees who may authorize distribution of the payment (*id.* ¶ 77). No further details are provided on how the determination is achieved or in what way the request is used to determine payees. Similarly, paragraphs 44, 48, 50, 71, 79, and Figures 3, 5, elements 240, 410, upon which the Appellants rely for limitation (g) of selecting a distribution vehicle based on the received data (Appeal Br. 4), provide that such a determination is made, provide examples of such determinations, and provide that the determination is made based on transaction data, but do not provide further details on how the determination or selection is achieved or in what way the data are used to select a vehicle.

The Appellants direct attention to the Specification at paragraphs 78 and 83, Figure 4, element 350, and Figure 7, element 720, for step (f) of

associating data. Appeal Br. 3–4. Element 350 provides a block to “associate the transaction data with the multiple payee coverage request” (Spec. Fig. 4), and element 720 provides a block in a flow chart where “Payees Authorize and Provide Payment Method Details” (*id.* Fig. 7). Paragraph 78 provides that “transaction data may then be associated with the multiple payee coverage request,” and paragraph 83 describes step 720 as payees authorizing the payment and providing payment details. The ordinary and customary meaning of “associate” in this context is to connect. *See* Merriam Webster online dictionary, available at <https://www.merriam-webster.com/dictionary/associate>, last visited Nov. 14, 2018.

For limitation (j) of causing a distribution, the Appellants direct attention to paragraphs 72 and 84 and Figures 3 and 8, elements 250 and 790. Appeal Br. 4. These cited portions provide that payments are caused to be distributed, that the distribution comprises receiving funds and transmitting funds, and payments are authorized. But, they do not provide any details on how the module causes funds to be distributed. At best, the causing comprises receiving and transmitting funds data.

In light of the Specification’s description of the problem and solution, the purported advance over the prior art by the claimed invention is a way to process payment requests by distributing authorized payments via a selected distribution vehicle. This is the heart of the invention and the “character as a whole” of the claims. *See Enfish*, 822 F.3d at 1335. In that context, the Examiner’s determination that the claims are directed to “processing

coverage payment requests” (Final Act. 2) is supported.³ The claims are akin to the ones our reviewing court has deemed abstract in *Smart Systems Innovation, Inc. v. Chicago Transit Authority*, 873 F.3d 1364, 1371–72 (Fed. Cir. 2017) (“acquiring identification data from a bankcard and funding a transit ride from one of multiple balances associated with that bankcard” was directed to the abstract idea of “the collection, storage, and recognition of data”); *Alice*, 134 S. Ct. at 2356 (using a third party to mitigate settlement risk), *buySAFE, Inc. v. Google, Inc.*, 765 F. 3d 1350, 1355 (Fed. Cir. 2014) (guaranteeing transactions), and *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1372–73 (Fed. Cir. 2011) (verifying the validity of credit card transactions over the Internet). Here, the claim involves nothing more than receiving, comparing, determining, transmitting, and selecting data and distributing funds/data based on the analyses, without any particular inventive technology — a financial transaction and method of organizing information that comprises an abstract idea. *See Smart Systems*, 873 F.3d at 1372; *see also Electric Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1354 (Fed. Cir. 2016).

As such, we find unpersuasive the Appellants’ arguments that “[a] plain reading of the claims would not lead one to conclude that these claims are directed to the broad concept of ‘processing coverage payment requests’” (Appeal Br. 10 (emphasis omitted), the Examiner oversimplifies the claim (*see id.* at 11; *see also* Reply Br. 2–3), and the Examiner’s

³ We note that “[a]n abstract idea can generally be described at different levels of abstraction.” *Apple, Inc. v. Ameranth, Inc.*, 842 F.3d 1229, 1240 (Fed. Cir. 2016). The Board’s “slight revision of its abstract idea analysis does not impact the patentability analysis.” *Id.* at 1241.

determination “fails to account for many claim elements recited” (Appeal Br. 12; *see also* Reply Br. 2–3). We disagree with the Appellants’ contention that the USPTO’s guidance has been misapplied because “*no* basis in the current record that could support the conclusion that ‘processing coverage payment requests’ is similar to a concept that has been identified as abstract by the courts.” Appeal Br. 13.

We are also not persuaded by the Appellants’ argument that “because the Final Rejection has failed to compare the identified concept to any concept previously found to be abstract by a court, the Final Rejection has not met this minimum threshold set forth by the Patent Office.” *Id.* (citing 2015 July Update and 2016 May Update). The Examiner compares the concept to examples provided in the 2015 July Update. Ans. 4. There is no such requirement that the Examiner *must* compare the claim to specific judicial decisions.

To the extent the Appellants argue that the Examiner’s rejection is in error because the Examiner fails to follow Office Guidelines, the Office Guidelines are “not intended to create any right or benefit, substantive or procedural, enforceable by any party against the Office.” 2014 Interim Guidance on Patent Subject Matter Eligibility, 79 Fed. Reg. 74618, 74622, (Dec. 16, 2014) (“2014 Interim Guidelines”). The Appellants’ argument that the Examiner failed to follow Office guidelines is not directed to an appealable issue. “Failure of Office personnel to follow this Interim Eligibility Guidance is not, in itself, a proper basis for either an appeal or a petition.” *Id.* at 74619. The Appellants’ recourse for addressing such an alleged impropriety in the examination procedure would be to either (1) request the Examiner’s SPE to exercise supervisory oversight or (2) file a

petition to the Director to invoke supervisory authority under 37 C.F.R. § 1.181(a)(3).

Thus, we are not persuaded of error in the Examiner's determination that claim 1 is directed to an abstract idea.

The Second Step

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.’” *Alice Corp.*, 134 S. Ct. at 2355 (alteration in original) (quoting *Mayo*, 566 U.S. at 72–73). 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. We, therefore, look to whether the claims focus on a specific means or method that improves the relevant technology or are instead 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.

Under the second step of the *Mayo/Alice* framework, we find supported the Examiner's determination that the elements of claim 1 do not include elements that are sufficient to amount to significantly more than the abstract idea. *See* Final Act. 2–3; Ans. 5–6. We are not persuaded of Examiner error by the Appellants' arguments that assert the opposite. *See* Appeal Br. 14–17; Reply Br. 4–6.

We find unpersuasive of Examiner error the Appellants' arguments that “[b]ecause the rejection fails to explain *what* the additional elements are and then fails to explain *why* that those additional elements do not amount to significantly more than ‘processing coverage payment requests,’ the

conclusory statements regarding the ‘significantly more’ analysis are deficient” (Appeal Br. 14) and that the Examiner fails to consider and ignores numerous claim elements that “would demonstrate that the claim recites more than merely ‘processing coverage payment requests’ itself.” *Id.* at 16. The Examiner analyzes the claim under the two-step *Mayo/Alice* framework, looks to and considers the limitations, and determines that the claim elements do not amount to significantly more than the abstract idea because they are not “an improvement to another technology or technical field, an improvement to the functioning of the computer itself, or meaningful limitations beyond generally linking the use of an abstract idea to a particular technological environment.” Final Act. 2–3; Ans. 3–6. The Examiner also explains that “the limitations, in the instant claims, are done by the generically recited processor and computer readable medium.” Final Act. 3. And the Examiner further explains why the limitations do not amount to significantly more because they “are merely instructions to implement the abstract idea on a computer and require no more than a generic computer to perform generic computer functions that are well-understood, routine and conventional activities previously known to the industry.” *Id.* The Examiner, thus, has notified the Appellants of the reasons for the rejection in a sufficiently articulate and informative manner as to meet the notice requirement of 35 U.S.C. § 132. *See In re Jung*, 637 F.3d 1356, 1362 (Fed. Cir. 2011) (all that is required of the Office to meet the notice requirement of § 132 is that it sets forth the statutory basis of the rejection in a sufficiently articulate and informative manner).

We also find unpersuasive the Appellants’ argument that “[t]hrough the combination of unconsidered claim elements, the pending claims recite

an unconventional way of accomplishing its goals.” Appeal Br. 16 (emphasis omitted). The Appellants contend that because the claim provides a “novel and unobvious” solution to the problem of “making insurance payments to multiple parties[,] . . . [i]t naturally follows that these claims recite *unconventional* ways of achieving its goals and that the combinations of claim limitations are *not* well-understood, routine, or conventional.” *Id.* at 16–17 (citing *Internet Patents*, 790 F. 3d at 1347).

To the extent the Appellants argue that the claims are significantly more than an abstract idea because they are not taught by the prior art, an abstract idea does not transform into an inventive concept just because the prior art does not disclose or suggest it. *See Mayo*, 566 U.S. at 91. “Groundbreaking, innovative, or even brilliant discovery does not by itself satisfy the § 101 inquiry.” *Myriad*, 569 U.S. at 591. Indeed, “[t]he ‘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.” *Diamond v. Diehr*, 450 U.S. 175, 188–89 (1981); *see also Mayo*, 566 U.S. at 91 (rejecting “the Government’s invitation to substitute §§ 102, 103, and 112 inquiries for the better established inquiry under § 101”).

Regarding *Internet Patents*, there the court held that the claimed invention was directed to “an abstract idea: the idea of retaining information in the navigation of online forms” with “well-understood, routine, and conventional activities previously known” and “no restriction on how the result is accomplished.” 790 F.3d at 1348. Similarly, here, the claim recites steps of receiving and transmitting data, of verifying data by comparing information, of the results of identifying, associating, and selecting data with

no restriction or description of how those functions are accomplished, and of the result of causing a payment to be distributed by, at best, receiving and transmitting funds. *See Affinity Labs of Tex., LLC v. DIRECTV, LLC*, 838 F.3d 1253, 1263 (Fed. Cir. 2016).

To the extent the Appellants argue that the claimed functions are not well-understood, routine, and conventional, we disagree. The claim merely employs a generic computer (*see* Spec. ¶¶ 39, 40, and Fig. 1) instructed to perform generic computer functions, without any particular inventive technology, to implement the abstract idea. *See Alice*, 134 S. Ct. at 2360. “When claims like the Asserted Claims are ‘directed to an abstract idea’ and ‘merely requir[e] generic computer implementation,’ they ‘do[] not move into section 101 eligibility territory.’” *Smart Systems*, 873 F.3d at 1374 (alterations in original) (citation omitted). And, receiving, transmitting, comparing, identifying, associating, and selecting data, are well-understood, routine, and conventional functions of a generic computer. *See id.* at 1373–75; *Electric Power*, 830 F.3d at 1354–55. The Appellants provide no further argument such as why the claims’ particular arrangement and/or integration of elements is a technical improvement or is a “non-conventional and non-generic arrangement of known, conventional pieces.” *BASCOM Glob. Internet Servs., Inc. v. AT&T Mobility LLC*, 827 F.3d 1341, 1350 (Fed. Cir. 2016); *cf.* Appeal Br. 16; Reply Br. 5.

To the extent the Appellants argue that claim 1 is significantly more than the abstract idea because it claims a solution to a problem (Appeal Br. 16), claim 1 does not claim a solution “necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks.” *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d

1245, 125757 (Fed. Cir. 2015). The problem of “making insurance payments to multiple parties” (Appeal Br. 16) existed prior to the Internet; the Appellants acknowledge it is a “historical problem” (*id.*). And, the purported solution comprises the use of servers and devices operating in their normal and ordinary capacities. *See* Spec. ¶ 40; *see also supra*.

The Appellants further argue that the claim passes the machine or transformation test, suggesting that the claim is patent-eligible. Appeal Br. 18–19. “While the Supreme Court has held that the machine-or-transformation test is not the sole test governing § 101 analyses, *Bilski*, 561 U.S. at 604, that test can provide a ‘useful clue’ in the second step of the *Alice* framework” if the claims process “is tied to a particular machine or apparatus” or “transforms a particular article into a different state or thing.” *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 716–17 (Fed. Cir. 2014). Here, however, the claim is only tied to a general purpose computer system with generic computer components. *See supra*. “That is not enough to find that the Asserted Claims contain an inventive concept.” *Ultramercial*, 772 F.3d at 716 (holding that a claim does not pass the machine-or-transformation test if it is “not tied to any particular novel machine or apparatus, only a general purpose computer”); *see also Smart Systems*, 873 F.3d at 1375.

Thus, we are not persuaded of error in the Examiner’s determination that claim 1 is directed to an abstract idea.

Based on the foregoing, we sustain the Examiner’s rejection under 35 U.S.C. § 101 of claim 1 and of claims 2–4 and 6–21, which fall with claim 1.

NEW GROUND OF REJECTION UNDER 35 U.S.C. § 112

Claims 1–4 and 6–21 are rejected under AIA 35 U.S.C. § 112(b)/pre-AIA 35 U.S.C. § 112, second paragraph.

The text of AIA 35 U.S.C. § 112(b) and pre-AIA 35 U.S.C. § 112, second paragraph requires “[t]he specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the [Appellants] regard[] as the invention.” “As the statutory language of ‘particular[ity]’ and ‘distinct[ness]’ indicates, claims are required to be cast in clear — as opposed to ambiguous, vague, indefinite-terms.” *In re Packard*, 751 F.3d 1307, 1313 (Fed. Cir. 2014). Claims are in compliance with 35 U.S.C. § 112(b)/second paragraph if “the claims, read in light of the specification, reasonably apprise those skilled in the art both of the utilization and scope of the invention, and if the language is as precise as the subject matter permits.” *Hybritech Inc. v. Monoclonal Antibodies, Inc.*, 802 F.2d 1367, 1385 (Fed. Cir. 1986) (citing *Shatterproof Glass Corp. v. Libbey-Owens Ford Co.*, 758 F.2d 613, 624 (Fed. Cir. 1985)). Thus, the test for determining the question of indefiniteness may be formulated as whether the claims “set out and circumscribe a particular area with a reasonable degree of precision and particularity.” *In re Moore*, 439 F.2d 1232, 1235 (CCPA 1971). With regard to the reasonableness standard, one must consider the language in the context of the circumstances. *Packard*, 751 F.3d at 1313. Language is an imprecise method of drawing boundaries delineating patent rights, thus unreasonable precision cannot be demanded. *Id.* On the other hand, the claims must notify the public of what they are excluded from making and using. *Id.* For this reason, while exact precision

is not required, an applicant is required to use language as precise as the subject matter reasonably permits. *Id.*

The subject matter of the claims encompasses a step for receiving authorizations from each payee, a step for receiving an authorization from a lender, and a step that causes the payment to be distributed to payees in response to receiving authorization from each payee and the lender, as recited in limitations (h), (i), and (j) of independent claim 1 and similarly recited in independent claims 9 and 15. *See* Appeal Br. 27–28, 30, 33 (Claims App.). This subject matter is indefinite because it can be interpreted in two different and conflicting ways.

One interpretation of the claims is that the lender is separate from and not one of the payees. This is viable because the claims have separate authorization steps for the payees and the lender and require authorization from both. Otherwise, step (i) of receiving authorization from the lender would be redundant with step (h) of receiving authorization from each payee and the requirement to have both authorizations would be unnecessary. For the rejection under 35 U.S.C § 112(a)/first paragraph, the Examiner interprets the claims this way. *See* Final Act. 5. And, the Appellants cite to paragraph 84 of the Specification as support for this interpretation. *See* Appeal Br. 20; Reply Br. 6.

However, dependent claims 2, 3, 10, and 16 each require that at least one of the payees is a lender. Appeal Br. 28, 30, 33 (Claims App.). Thus, another viable interpretation is that the lender is not separate from but can be one of the payees. Otherwise, claims 2, 3, 10, and 16 would be in conflict with the independent claims. For the rejection under 35 U.S.C § 103(a), the Examiner interprets the claims this way. *See* Final Act. 9. And, the

Specification supports this interpretation in discussing embodiments wherein the lender is a payee. *See* Spec. ¶¶ 5, 9, 10, 64.

As such, one of ordinary skill in the art would not understand the metes and bounds of the claimed invention in that one would not understand whether the lender is separate from and excluded from the payees, or can be one of the payees.

Therefore, independent claims 1, 9, and 15, and also dependent claims 2–4, 6–8, 10–14, and 16–21, have ambiguities such that they are unclear, and are thus indefinite. *See Packard*, 751 at 1314.

35 U.S.C. § 112 – Written Description

The Appellants contend that the Examiner’s rejection is in error because the Specification provides support for the lender being separate from and not included as a payee. *See* Appeal Br. 20; Reply Br. 6. Where claims do not particularly point out and distinctly claim the invention as required by the second paragraph of 35 U.S.C. § 112, a rejection of the claims must be reversed as impermissibly involving speculative assumptions as to the meaning of the claims. *See In re Steele*, 305 F.2d 859, 862–63 (C.C.P.A. 1962).

Because we are unable to determine the metes and bounds of that limitation, any analysis regarding this rejection would involve considerable speculation. As such, we are unable to ascertain whether these indefinite claims recite fail to satisfy the written description requirements under 35 U.S.C. § 112(a)/ first paragraph.

Therefore, the rejection under 35 U.S.C. § 112 of claims 1–4 and 6–21 is not sustained, *pro forma*. We emphasize that this is a technical reversal of

the rejection under 35 U.S.C. § 112, and not a reversal based upon the merits of the rejections.

35 U.S.C. § 103(a) - Obviousness

The Appellants contend that the Examiner does not adequately show that the prior art discloses receiving an authorization from a lender and distributing payment based on that authorization, as recited in limitations (i) and (j) of claim 1 and similarly recited in claims 9 and 15. Appeal Br. 21. Conversely, the Examiner determines that these limitations are met because Aquila in view eHow teaches a lender as one of the payees and Doran teaches receiving authorization from each of the payee. *See* Appeal Br. 9; Ans. 21–23.

Having determined that this subject matter of the claims is indefinite, we are unable to determine the propriety of the prior art rejection of claims 1–4 and 6–21. The review of the rejection of these claims under 35 U.S.C. § 103(a) would require considerable speculation as to the scope of the claims. Such speculation would not be appropriate. *In re Steele*, 305 F.2d at 862.

We, therefore, reverse *pro forma* the prior art rejection of claims 1–4 and 6–21 under 35 U.S.C. § 103(a). We emphasize that this is a technical reversal of the rejections under 35 U.S.C. § 103, and not a reversal based upon the merits of the rejections.

DECISION

The Examiner's rejection of claims 1–4 and 6–21 under 35 U.S.C. § 101 is AFFIRMED.

The Examiner's rejection of claims 1–4 and 6–21 under 35 U.S.C. § 112 is REVERSED, *pro forma*.

The Examiner's rejection of claims 1–4 and 6–21 under 35 U.S.C. § 103 is REVERSED, *pro forma*.

A NEW GROUND OF REJECTION has been entered for claims 1–4 and 6–21 under AIA 35 U.S.C. § 112(b), pre-AIA 35 U.S.C. § 112, second paragraph, as indefinite.

In addition to affirming the Examiner's rejection of one or more claims, this decision contains a new ground of rejection pursuant to 37 C.F.R. § 41.50(b). 37 C.F.R. § 41.50(b) provides “[a] new ground of rejection pursuant to this paragraph shall not be considered final for judicial review.” 37 C.F.R. § 41.50(b) also provides that Appellant, WITHIN TWO MONTHS FROM THE DATE OF THE DECISION, must exercise one of the following two options with respect to the new grounds of rejection to avoid termination of the appeal as to the rejected claims:

(1) Reopen prosecution. Submit an appropriate amendment of the claims so rejected or new Evidence relating to the claims so rejected, or both, and have the matter reconsidered by the Examiner, in which event the proceeding will be remanded to the Examiner. . . .

(2) Request rehearing. Request that the proceeding be reheard under § 41.52 by the Board upon the same Record. . . .

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; 37 C.F.R. § 41.50(b)