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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte RON HIRSON, ERICH L. RINGEWALD, and DAVID YOO

Appeal 2017-007777
Application 12/772,937¹
Technology Center 3600

Before HUNG H. BUI, KARA SZPONDOWSKI, and MICHAEL ENGLE,
Administrative Patent Judges.

BUI, *Administrative Patent Judge.*

DECISION ON APPEAL

Appellants seek our review under 35 U.S.C. § 134(a) from the Examiner's Final Rejection of claims 1–3, 5–11, and 21–24. Claims 4 and 12–20 have been canceled. Claims App'x. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.²

¹ According to Appellants, the real party in interest is Boku, Inc. App. Br. 3.

² Our Decision refers to Appellants' Appeal Brief ("App. Br.") filed November 9, 2016; Examiner's Answer ("Ans.") mailed March 2, 2017; Final Office Action ("Final Act.") mailed May 6, 2016; and original Specification ("Spec.") filed May 3, 2010.

STATEMENT OF THE CASE

Appellants' invention relates to "systems and methods [] provided to facilitate online transactions via mobile communications." Spec. ¶ 11; Abstract.

Claim 1—the sole independent claim pending on appeal—is illustrative of Appellants' invention, as reproduced below:

1. A method comprising:

receiving, with an interchange computing device, a price point request over the network interface device including a phone number;

identifying, with the interchange computing device, a mobile carrier of a phone number in response to the price point request;

determining, with the interchange computing device, a set of discrete price points supported by the mobile carrier, wherein the user of the phone number is chargeable via the mobile carrier at the set of discrete price points; and

providing, with the interchange computing device, the set of discrete price points as a response to the price point request over the network interface device;

receiving, with the interchange computing device, a charge request having an identification, an identification of a merchant, and an amount according to a selected one of the discrete price points through an application programming interface of an interchange computing device over a network interface device;

associating, with the interchange computer system, a unique request identifier with the charge request, the unique request identifier assigned to represent the charge request;

and

charging, with the interchange computing device, the user of the phone number according to the amount specified in the charge request by transmitting at least one message according the selected one of the discrete price points to a server of the mobile carrier identified for the phone number;

initiating, with the interchange computing device, charging the user of the phone number according to the amount specified in the charge request, wherein there is a delay between the initiating of the charging and completion of the charging, the delay being associated with the unique request identifier and being represented by a status associated with the unique request identifier;

transmitting, with the interchange computing device, a response to the charge request over the network interface device, the response to the charge request including the request identifier and being transmitted before the completion of the charging;

receiving, with the interchange computing device, a status request including the request identifier through the application programming interface of an interchange computing device over the network interface device;

determining, with the interchange computer system, the status associated with request identifier of the status request; and

providing, with the interchange computing device, the status of the charge request in response to the status request, wherein the status indicates whether the charging is currently pending or has been completed.

App. Br. 20–21 (Claims App’x).

EXAMINER’S REJECTION

Claims 1–3, 5–11, and 21–24 stand rejected under 35 U.S.C. § 101 because the claimed invention is directed to an abstract idea without significantly more. Final Act. 2–4.

DISCUSSION

In *Alice Corp. v. CLS Bank International*, 134 S. Ct. 2347 (2014), the Supreme Court reiterates an analytical two-step framework previously set forth in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. 66, 79 (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 the analysis is to “determine whether the claims at issue are directed to one of those patent-ineligible concepts,” such as an abstract idea. *Id.* If the claims are directed to eligible subject matter, the inquiry ends. *Thales Visionix Inc. v. United States*, 850 F.3d 1343, 1349 (Fed. Cir. 2017); *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1339 (Fed. Cir. 2016).

If the claims are directed to a patent-ineligible concept, the second step in the analysis is to consider the elements of the claims “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.” *Alice*, 134 S. Ct. at 2355 (quoting *Mayo*, 566 U.S. at 79, 78). In other words, 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.’” *Id.* (citing *Mayo*, 566 U.S. at 72–73).

In rejecting claims 1–3, 5–11, and 21–24 under 35 U.S.C. § 101, the Examiner determines these claims are directed to an abstract idea of “charging a user of a phone number a determined amount” which is considered as “a fundamental economic practice” similar to fundamental economic and transactional practices identified in *Alice* and *Bilski v. Kappos*, 561 U.S. 593 (2010)— concepts that courts have characterized as abstract ideas.³ Final Act. 2–3; Ans. 3. According to the Examiner, “the

³ See (1) “*The 2014 Interim Guidance on Patent Subject Matter Eligibility*,” published on Dec. 16, 2014 (79 Fed. Reg. 74618); (2) “*July 2015 Update: Subject Matter Eligibility*” (July 2015 Update); (3) “*May 2016 Subject*

claim recites a process in which price points are determined, and a user is charged in response to a charge request, the charge request being used to automate [online] transactions via mobile communications” and “such a process is a fundamental economic practice inasmuch as it is foundational and basic in the realm of commerce to charge a user that is a part of a transaction.” Final Act. 3.

The Examiner also determines

the claims do not include additional elements that are sufficient to amount to significantly more than the judicial exception because [i] the claims do not amount to an improvement to another technology or technical field; [ii] the claims do not amount to an improvement to the functioning of a computer itself; [iii] the claims . . . nothing more than requiring a genetic computer to perform computer functions that are well-understood, routine and conventional activities previously known to the industry.

Final Act. 2–3.

Alice/Mayo—Step 1 (Abstract Idea)

Turning to the first step of the *Alice* inquiry, Appellants argue the claims are not directed to an abstract idea within the meaning of *Alice* because (1) “the plain focus of the claims is on an improvement to computer functionality itself, not on economic or other tasks for which a computer is used in its ordinary capacity” and (2) the claims “are directed to a specific

Matter Update” (May 4, 2016 Memorandum) at <https://www.uspto.gov/patent/laws-and-regulations/examination-policy/subject-matter-eligibility>; (4) USPTO June 2017: *Interim Eligibility Guidance Quick Reference Sheet* (identifying abstract idea examples of “certain methods of organizing human activity”). See also *Bilski*, 561 U.S. 593; *Alice*, 134 S. Ct. 2361 (concurrence from Justice Sonia Sotomayor joined by Justices Ruth Bader Ginsburg and Stephen G. Breyer).

improvement to the way computers operate, embodied in **carrier-specific price point set determination and communication of the entire set followed by receiving a charge request for a selected charge point of the set**” similar to the claims in *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1339 (Fed. Cir. 2016). App. Br. 11–12. According to Appellants,

carrier-specific price point set determination and communication of the entire set followed by receiving a charge request for a selected charge point of the set recited in the claims is a specific type of process designed to improve the way a computer functions and as such **the ability to query for a set of discrete price points supported by the mobile carrier and to receive a charge for one of the price points. See paragraphs 00198 and 00211 [of the Specification].**

App. Br. 17.

Appellants’ arguments are not persuasive. Instead, we find the Examiner has provided a comprehensive response to Appellants’ arguments. Ans. 2–6. As such, we adopt the Examiner’s findings and explanations provided therein. *Id.* At the outset, we note Appellants’ reliance on *Enfish* is misplaced. In *Enfish*, the claims were directed to an improved database architecture, i.e., a self-referential table — “a specific type of data structure designed to improve the way a computer stores and retrieves data in memory.” *Enfish*, 822 F.3d at 1339. Such a data structure has several distinct advantages over conventional relational databases, including: (1) faster searching of data than would be possible with the conventional relational model (*see* US 6,151,604 “*Enfish* ’604 patent,” 1:55–59, 2:66–3:6); (2) more effective storage of data other than structured text, such as storage of images and unstructured text (*Enfish* ’604 patent, 2:16–22, 2:46–

52); and (3) more flexibility in configuring the database (*Enfish* '604 patent, 2:27–29).

In *Enfish*, the Federal Circuit characterized the “directed to” inquiry as a stage-one filter to the claims, “considered in light of the specification, based on whether ‘their character as a whole is directed to excluded subject matter.’” *Enfish*, 822 F.3d at 1335 (quoting *Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1346 (Fed. Cir. 2015)). In particular, the Federal Circuit interpreted the “directed to” inquiry as asking “whether the claims are directed to an *improvement to computer functionality* versus being directed to an abstract idea.” *Enfish*, 822 F.3d at 1335 (emphasis added). “[T]he focus of the claims is on the specific asserted improvement in computer capabilities (i.e., the self-referential table for a computer database).” *Id.* Based on the “plain focus of the claims,” the Federal Circuit reached the conclusion that *Enfish*’s claims were directed to “a specific improvement to the way computers operate, embodied in the self-referential table,” and, as such, were more than a mere abstract idea. *Id.* at 1336. Because the Federal Circuit determined step 1 of the *Alice* two-step analysis was satisfied, *Alice* step 2 was not required. *Id.*

In contrast to *Enfish*, Appellants’ claim 1 is directed to an abstract idea of “charging a user of a phone number a determined amount” which is considered as a “fundamental economic practice.” Final Act. 2. As correctly recognized by the Examiner, “determining price points and charging a user” to facilitate online transactions via mobile communications is “foundational and basic in the realm of commerce” (Final Act. 5), like: (1) the risk hedging in *Bilski*, 561 U.S. 593, (2) the intermediated settlement in *Alice*, 134 S. Ct. at 2356–57, (3) verifying credit card transactions in

CyberSource Corp. v. Retail Decisions, Inc., 654 F.3d 1366, 1370 (Fed. Cir. 2011), (4) guaranteeing transactions in *buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350, 1354 (Fed. Cir. 2014); (5) distributing products over the Internet in *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709 (Fed. Cir. 2014); (6) determining a price of a product offered to a purchasing organization in *Versata Dev. Grp., Inc. v. SAP Am., Inc.*, 793 F.3d 1306 (Fed. Cir. 2015); and (7) pricing a product for sale in *OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359 (Fed. Cir. 2015). Determining price points and charging a user during online transactions via mobile communications is also a building block of a market economy and, as such, is an “abstract idea” beyond the scope of § 101. *See Alice*, 134 S. Ct. at 2356.

Separately, we note Appellants’ claim 1 does not improve the performance of a computer or solve a problem specific to computers or computer networks. Appellants’ Specification and arguments do not demonstrate the claims “improve the way a computer stores and retrieves data in memory,” as the claims in *Enfish* did via a “self-referential table for a computer database.” *See Enfish*, 822 F.3d at 1336, 1339. Instead, as correctly recognized by the Examiner, (1) “the claims . . . are merely directed to economic or other tasks for which a computer is used in its ordinary capacity” and (2) “such capacities are commercial in nature, and amount to improvement to business aspects, rather than technical aspects of the invention,” i.e., “the purported improvement is directed to a commercial improvement and not a technical improvement.” Ans. 4.

In fact, neither the steps recited in Appellants’ claim 1 nor the rest of Appellants’ Specification supply any description or explanation as to how these data processing steps are intended to provide: (1) a “solution . . .

necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks,” as explained by the Federal Circuit in *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1257 (Fed. Cir. 2014); (2) “a specific improvement to the way computers operate,” as explained in *Enfish*, 822 F.3d at 1336; or (3) an “unconventional technological solution . . . to a technological problem” that “improve[s] the performance of the system itself,” as explained in *Amdocs (Israel) Ltd. v. Openet Telecom, Inc.*, 841 F.3d 1288, 1300 (Fed. Cir. 2016).

Accordingly, we agree with the Examiner that claims 1–3, 5–11, and 21–24 are directed to an abstract idea of “determining price points and charging a user” to facilitate online transactions via mobile communications which is “a fundamental economic practice” similar to fundamental economic and transactional practices identified in *Alice*, *Bilski*, *buySAFE*, and *Ultramercial*.

Alice/Mayo—Step 2 (Inventive Concept)

Appellants do not present arguments against the second step of the *Alice* inquiry. Instead, Appellants argue “[b]ecause the claims are not directed to an abstract idea under step one of the *Alice* analysis, we do not need to proceed to step two of that analysis.” App. Br. 18. We disagree with Appellants for the reasons discussed above. According to the Supreme Court in *Alice*, 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*, 134 S. Ct. at 2355 (quoting *Mayo*, 566 U.S. at 72–73). Under current Federal Circuit precedent, an “inventive

concept” under *Alice* step 2 can be established by showing, for example, that the patent claims:

(1) provide a technical solution to a technical problem unique to the Internet, e.g., a “solution . . . necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks” (*see DDR*, 773 F.3d at 1257);

(2) transform the abstract idea into “a particular, practical application of that abstract idea,” e.g., “installation of a filtering tool at a specific location, remote from the end-users, with customizable filtering features specific to each end user” (*see BASCOM Glob. Internet Servs., Inc. v. AT&T Mobility LLC*, 827 F.3d 1341, 1352, 1350 (Fed. Cir. 2016)); or

(3) “entail[] an unconventional technological solution ([e.g.,] enhancing data in a distributed fashion) to a technological problem ([e.g.,] massive record flows [that] previously required massive databases)” and “improve the performance of the system itself” (*see Amdocs*, 841 F.3d at 1300, 1302).

In this case, however, we find no element or combination of elements recited in Appellants’ claim 1 that contains any “inventive concept” or adds anything “significantly more” to transform the abstract concept (i.e., “charging a user of a phone number a determined amount”) into a patent-eligible application. *Alice*, 134 S. Ct. at 2357. We agree with the Examiner that added computer elements (such as a computing device and network interface device) cannot transform the abstract idea into a patent eligible invention. As our reviewing court has observed, “after *Alice*, there can remain no doubt: recitation of generic computer limitations does not make an otherwise ineligible claim patent-eligible.” *DDR*, 773 F.3d at 1256 (citing *Alice*, 134 S. Ct. at 2358)).

Because Appellants' claim 1 is directed to a patent-ineligible abstract concept and does not recite something "significantly more" under the second prong of the *Alice* analysis, we sustain the Examiner's rejection of claims 1–3, 5–11, and 21–24 under 35 U.S.C. § 101.

CONCLUSION

On the record before us, we conclude Appellants have not demonstrated the Examiner erred in rejecting claims 1–3, 5–11, and 21–24 under 35 U.S.C. § 101.

DECISION

As such, we AFFIRM the Examiner's Final Rejection of claims 1–3, 5–11, and 21–24 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)(iv).

AFFIRMED