UNITED STATES PATENT AND TRADEMARK OFFICE

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UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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Ex parte HANS E. MYKLEBUST, DUSHYANT SHARMA,
TIMOTHY J. PATNEAUDE, MICHAEL J. KAMINSKI,
JOHN L. WATRY, MURALI CHIRALA, and
SHANKAR SRINIVASAN

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Appeal 2017-008028
Application 14/264,690
Technology Center 3600

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Before BRADLEY W. BAUMEISTER, ERIC B. CHEN, and
PHILLIP A. BENNETT, *Administrative Patent Judges.*

Opinion for the Board filed by *Administrative Patent Judge* CHEN.

Opinion Concurring filed by *Administrative Patent Judge* BAUMEISTER.

CHEN, *Administrative Patent Judge.*

DECISION ON APPEAL

This is an appeal under 35 U.S.C. § 134(a) from the non-final rejection of claims 63 and 65–72. Claims 1–62 and 64 have been cancelled. We have jurisdiction under 35 U.S.C. § 6(b). We reverse.

STATEMENT OF THE CASE

Appellants' invention relates to an integrated bill presentment and payment system that can accomplish the entire process of bill presentment and payment directly with billers, customers, and financial institutions. (Abstract.)

Claim 63 is exemplary:

> 63. An integrated system for the presentation and payment of bills, comprising:
>
> a scanning device;
>
> at least one processor; and
>
> a memory coupled to the at least one processor and storing:
>
> > a first module which, when executed by the processor:
> >
> > > [i] receives billing information from billers, from biller service providers, and from biller-side consolidators, the billing information comprising first billing information in paper format, and second billing information in digital format;
> > >
> > > [ii] controls the scanning device to scan the first billing information;
> > >
> > > [iii] extracts data from the first billing information, the data comprising information which identifies at least one business, information which identifies data associated with at least one customer, and information which identifies data for the at least one customer;
> > >
> > > [iv] converts the extracted data to first billing information in a digital format;

          [v] converts the converted first billing information
and the second billing information to a database format;
and

          [vi] stores the converted first billing information
and the converted second billing information in a
database;

          a second module which, when executed by the processor,
[vii] communicates billing and payment information with
customers, to customer service providers, and customer-side
consolidators, based on the first and second billing information
stored in the database;

          a third module which, when executed by the processor,
initiates payment in response to received payment instructions,
the third module configured to select a payment type based on
payment type preference criteria maintained by the system; and

          a connection logic module which facilitates
communication between said first, second, and third modules,
the connection logic module configured to, when executed by
the processor, initiate provision of service from each module,
and to:

          receive a request from a customer to pay a biller; and

          initiate paying the biller.

Claims 63 and 65–72 stand rejected under 35 U.S.C. § 101 as directed
to patent-ineligible subject matter.

The Examiner has withdrawn the rejection of claims 63 and 65–68
under the judicially created doctrine of obviousness-type double patenting.
(Ans. 3.)

ANALYSIS

We are persuaded by Appellants' arguments (App. Br. 17–18) that the Examiner has not satisfied the proper burden for making a prima facie case for patent ineligibility under 35 U.S.C. § 101.

The Examiner determined that independent claims 63 and 69 "are directed to the abstract idea of receiving first billing information" (Non-Final Act. 4), which is "similar to concepts that have been identified as abstract by the courts, such as using categories to organize, store, and transmit information in *Cyberfone* [*Sys. v. CNN Interactive Grp.*, 558 Fed. Appx. 988, 993 (Fed. Cir. 2014)]" (*id.* at 3). The Examiner further determined that the claims "do not include additional elements that are sufficient to amount to significantly more than the judicial exception because the additional limitations of a scanning device, at least one processor, and a memory coupled to the at least one processor is an attempt to limit the use of the abstract idea to a particular technological environment." (Ans. 2.) We do not agree with the Examiner's ultimate conclusion that the claims are directed to patent-ineligible subject matter.

An invention is patent-eligible if it claims a "new and useful process, machine, manufacture, or composition of matter." 35 U.S.C. § 101. However, the Supreme Court has long interpreted 35 U.S.C. § 101 to include implicit exceptions: "[l]aws of nature, natural phenomena, and abstract ideas" are not patentable. *E.g., Alice Corp. v. CLS Bank Int'l*, 573 U.S. 208, 216 (2014).

In determining whether a claim falls within an excluded category, we are guided by the Supreme Court's two-step framework, described in *Mayo* and *Alice*. *Id.* at 217–18 (citing *Mayo Collaborative Servs. v. Prometheus*

Labs., Inc., 566 U.S. 66, 75–77 (2012)). In accordance with that framework, we first determine what concept the claim is "directed to." *See Alice,* 573 U.S. at 219 ("On their face, the claims before us are drawn to the concept of intermediated settlement, *i.e.,* the use of a third party to mitigate settlement risk."); *see also Bilski v. Kappos,* 561 U.S. 593, 611 (2010) ("Claims 1 and 4 in petitioners' application explain the basic concept of hedging, or protecting against risk.").

Concepts determined to be abstract ideas, and thus patent ineligible, include certain methods of organizing human activity, such as fundamental economic practices (*Alice,* 573 U.S. at 219–20; *Bilski,* 561 U.S. at 611); mathematical formulas (*Parker v. Flook,* 437 U.S. 584, 594–95 (1978)); and mental processes (*Gottschalk v. Benson,* 409 U.S. 63, 67 (1972)). Concepts determined to be patent eligible include physical and chemical processes, such as "molding rubber products" (*Diamond v. Diehr,* 450 U.S. 175, 191 (1981)); "tanning, dyeing, making water-proof cloth, vulcanizing India rubber, smelting ores" (*id.* at 182 n.7 (quoting *Corning v. Burden,* 56 U.S. 252, 267–68 (1854))); and manufacturing flour (*Benson,* 409 U.S. at 69 (citing *Cochrane v. Deener,* 94 U.S. 780, 785 (1876))).

In *Diehr,* the claim at issue recited a mathematical formula, but the Supreme Court held that "[a] claim drawn to subject matter otherwise statutory does not become nonstatutory simply because it uses a mathematical formula." *Diehr,* 450 U.S. at 176; *see also id.* at 191 ("We view respondents' claims as nothing more than a process for molding rubber products and not as an attempt to patent a mathematical formula."). Having said that, the Supreme Court also indicated that a claim "seeking patent protection for that formula in the abstract . . . is not accorded the protection

of our patent laws, . . . and this principle cannot be circumvented by attempting to limit the use of the formula to a particular technological environment." *Id.* (citing *Benson* and *Flook*); *see, e.g., id.* at 187 ("It is now commonplace that an *application* of a law of nature or mathematical formula to a known structure or process may well be deserving of patent protection.").

If the claim is "directed to" an abstract idea, we turn to the second step of the *Alice* and *Mayo* framework, where "we must examine the elements of the claim to determine whether it contains an 'inventive concept' sufficient to 'transform' the claimed abstract idea into a patent-eligible application." *Alice*, 573 U.S. at 221 (citation omitted). "A claim that recites an abstract idea must include 'additional features' to ensure 'that the [claim] is more than a drafting effort designed to monopolize the [abstract idea].'" *Id.* (quoting *Mayo*, 566 U.S. at 77). "[M]erely requir[ing] generic computer implementation[] fail[s] to transform that abstract idea into a patent-eligible invention." *Id.*

The PTO recently published revised guidance on the application of § 101. USPTO's 2019 Revised Patent Subject Matter Eligibility Guidance, 84 Fed. Reg. 50 (Jan. 7, 2019). Under that guidance, we first look to whether the claim recites:

> (1) any judicial exceptions, including certain groupings of abstract ideas (i.e., mathematical concepts, certain methods of organizing human activity such as a fundamental economic practice, or mental processes); and

> (2) additional elements that integrate the judicial exception into a practical application (*see* MPEP § 2106.05(a)–(c), (e)–(h) (9th ed. 2019).

See 84 Fed. Reg. at 52–55.

Only if a claim (1) recites a judicial exception and (2) does not integrate that exception into a practical application, do we then look to whether the claim:

> (3) adds a specific limitation beyond the judicial exception that are not "well-understood, routine, conventional" in the field (*see* MPEP § 2106.05(d)); or

> (4) simply appends well-understood, routine, conventional activities previously known to the industry, specified at a high level of generality, to the judicial exception.

See 84 Fed. Reg. at 56.

*Are the claims at issue directed
to a patent-ineligible concept?*

Step One

Claim 63 is a system claim, which falls within the "manufacture" category of 35 U.S.C. § 101. Likewise, claim 69 is a method claim having several steps, which falls within the "process" category of 35 U.S.C. § 101. Although claims 63 and 69 fall within the statutory categories, we must still determine whether the claims are directed to a judicial exception, namely an abstract idea. *See Alice*, 573 U.S. at 217–18. Thus, we must determine whether the claims recite a judicial exception, and fail to integrate the exception into a practical application. *See* 84 Fed. Reg. at 54–55. If both elements are satisfied, the claims are is directed to a judicial exception under the first step of the *Alice/Mayo* test. *See id.*

Step 2A—Prong One

Independent claim 63 is a system claim, which includes a processor for executing the following limitations: "[i] receives billing information

7

from billers, from biller service providers, and from biller-side
consolidators," "[iii] extracts data from the first billing information," "[iv]
converts the extracted data to first billing information in a digital format,"
"[v] converts the converted first billing information and the second billing
information to a database format," "[vi] stores the converted first billing
information and the converted second billing information in a database,"
and "[vii] communicates billing and payment information with customers."
Such limitations of claim 63 are directed to a patent-ineligible abstract idea
of commercial or legal interactions, which includes obtaining, separating,
and sending information. *See, e.g., Cyberfone*, 558 Fed. Appx. at 993
("[n]or does the particular configuration of steps—obtaining, separating, and
then sending information—confer patentability"); *see also Content
Extraction and Transmission LLC v. Wells Fargo Bank, National Ass'n*, 776
F.3d 1343, 1347 (Fed. Cir. 2014) ("collecting data, . . . recognizing certain
data within the collected data set, and . . . storing that recognized data in a
memory" is an abstract idea). Accordingly, claim 63 recites a patent-
ineligible abstract idea of certain methods of organizing human activity,
such as a obtaining, separating, and sending information.

Claim 69 recites limitations similar to those discussed with respect to
claim 63. Thus, claim 69 is directed to a judicial exception.

Step 2A—Prong Two

Because claims 63 and 69 recite an abstract idea, we next determine if
they recite additional elements that integrate the judicial exception into a
practical application. *See* 84 Fed. Reg. at 56.

8

System claim 63 further recites "a connection logic module which facilitates communication between said first, second, and third modules, the connection logic module configured to, when executed by the processor, initiate provision of service from each module, and to: receive a request from a customer to pay a biller; and initiate paying the biller." Method claim 69 recites similar limitations.

In the "Background of the Invention" section, Appellants' Specification discloses certain "significant drawbacks" with respect to prior art electronic bill payment models, as follows:

> At the present time, four different electronic presentment and payment models are being used: the direct model, the biller service provider ("BSP") direct model, the service provider model (which uses a customer service provider ("CSP")), and the "cafeteria" model (which introduces consolidators). . . . For various reasons, none of these systems have succeeded, since each suffers from significant drawbacks.

(Spec. ¶ 7.) In particular, Appellants' Specification discloses the following drawbacks:

> Of the four models mentioned herein, the direct model [(i.e., first electronic bill presentment and payment model)] presents the most obstacles to its success, with consumers being required to navigate many different websites each month to pay the bills.

(*Id.* ¶ 8.)

> The second electronic bill presentment and payment model is the biller service provider direct model, a modification of the direct model . . . . The biller service provider model requires customers to log into a different web address for each of the billers serviced, and thus does not allow a single logon to review and pay all the bills hosted by the biller service provider.

(*Id.* ¶ 9.)

9

> The third electronic bill presentment and payment model is the service provider model, in which customers enroll with a third party customer service provider, which then delivers electronic bills obtained from billers or biller service providers to the customers. . . . Unfortunately, like the biller service provider direct model described above, the service provider model is only as good as the number of billers it obtains bills from.

(*Id.* ¶¶ 12–13.)

> The fourth electronic bill presentment and payment model is the "cafeteria" model, which combines aspects of the three previous models and cobbles these pieces together in a sort of electronic jigsaw puzzle using yet another service provider referred to as a consolidator. The function of the consolidator is to route and distribute bills from BSP's to CSP's . . . . In the cafeteria model, each of the service providers has a cost, and the ultimate cost (which is borne by the biller and passed on to its customers) is the sum of these costs.

(*Id.* ¶ 14.)

Moreover, Appellants' Specification discloses the following deficiency:

> In addition, while the number of bills which can be accessed by a consumer at a single customer service provider is certainly increased by the cafeteria model, there are a number of "non-collaborative" networks which to date have prevented consumers from reaching all of their bills on a single service provider.

(*Id.* ¶ 15.) Accordingly, Appellants' Specification discloses the following needs:

> It is accordingly the primary objective of the present invention that it provide an open, integrated, end-to-end bill presentment and payment system which interfaces with both billers and customers to electronically present bills to the customers and to allow the customers to electronically pay the bills. As such, it is an objective of the integrated bill presentment

10

and payment system that it present all of the advantages of a biller service provider in its interface with billers, as well as all of the advantages of a customer service provider in its interface with customers.

(*Id.* ¶ 17.)

In reference to Figure 7, Appellants' Specification discloses the following:

> There are four essential components within the open EPP integrator 230: a biller service provider (BSP) module 300, a customer service provider (CSP) module 302, a bill payment module 304, and a connection logic module 306. *The biller service provider module 300, the customer service provider module 302, and the bill payment module 304 are each connected to the connection logic module 306, which integrates them and first serves to detect how much of the electronic bill presentment and payment service that the open EPP integrator 230 may provide in each instance, and then acts to initiate the provision of that service.*

(*Id.* ¶ 83 (emphasis added).) Moreover, Appellants' Specification further discloses:

> All connections to customers which are made through external customer service providers or consolidators are made with the connection logic module 306. *Accordingly, a connection 328 to the first customer service provider, a connection 330 to the second customer service provider, a connection 332 to the second consolidator, and a connection 334 to the third consolidator are made with the connection logic module 306.*

(*Id.* ¶ 86 (emphasis added).)

Thus, the limitation "a connection logic module which facilitates communication between said first, second, and third modules, the connection logic module configured to, when executed by the processor, initiate provision of service from each module, and to: receive a request

from a customer to pay a biller; and initiate paying the biller," as recited in independent claim 63, integrates the recited abstract idea into a practical application by solving the problem presented in the prior art of multiple "non-collaborative" networks for on-line bill presentment and payment model. Because the claimed "connection logic module" overcomes a problem in the context of on-line bill presentment and payment, "the claimed solution is necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks," and accordingly, claim 63 is not directed to an abstract idea. *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1258–59 (Fed. Cir. 2014).

Therefore, we are persuaded by Appellants' arguments that:

> The Specification explains that, at the time of filing, there were four models for Internet-based bill payment services – the "direct model," the "biller service provider (BSP) direct model," the "service provider model," and the "cafeteria" model. Each of these models provides Internet-based bill presentment and payment abilities. However, each of these models has technical flaws that make them inconvenient or unusable . . . . The claims provide for an improvement upon the technical problems listed above by providing for a single point that can receive bills, present bills, and pay bills.

(App. Br. 17–18 (footnotes omitted).)

Accordingly, claims 63 and 69 recite additional elements that integrate the judicial exception into a practical application.

Thus, we do not sustain the rejection of independent claims 63 and 69 under 35 U.S.C. § 101. Claims 65–68 and 70–72 depend from independent claims 63 and 69. We do not sustain the rejection of claims 65–68 and 70–72 under 35 U.S.C. § 101 for the same reasons discussed with respect to independent claims 63 and 69.

DECISION

The Examiner's decision rejecting claims 63 and 65–72 is reversed.

REVERSED

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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Ex parte HANS E. MYKLEBUST, DUSHYANT SHARMA,
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———————

Appeal 2017-008028
Application 14/264,690
Technology Center 3600

———————

Before BRADLEY W. BAUMEISTER, ERIC B. CHEN, and
PHILLIP A. BENNETT, *Administrative Patent Judges*.

BAUMEISTER, *Administrative Patent Judge*, concurring.

I generally agree with the Majority's disposition of the appeal. I write separately to note some minor disagreements in the reasoning that underlies the disposition.

I.

The Majority characterizes all of claim limitations [i] and [iii]–[vii] as being directed to "a patent-ineligible abstract idea of commercial or legal interactions, which includes obtaining, separating, and sending information." Maj. Op. 7–8. Limitations [i] and [vii] read as follows: "[i] receives billing information from billers, from biller service providers, and from biller-side consolidators" and "[vii] communicates billing and payment information

with customers." I agree that these limitations reasonably can be characterized as reciting certain methods of organizing human activity. More specifically, these limitations recite obtaining and sending information, which reasonably may be characterized as commercial or legal interactions.

In contrast, limitations [iii]–[vi] of claim 63 recite the following limitations: "a first module which . . . [iii] extracts data from the first billing information," "[iv] converts the extracted data to first billing information in a digital format," "[v] converts the converted first billing information and the second billing information to a database format," and "[vi] stores the converted first billing information and the converted second billing information in a database." In my view, these limitations do not recite methods of organizing human activity. These limitations more reasonably are characterized as reciting abstract ideas that include mental processes. More specifically, extracting received data, converting the format of data, and storing data in a database constitute concepts that were carried out in the pre-Internet world either mentally or with the aid of pen and paper.

I agree, though, with the Majority's ultimate conclusion that limitations [i] and [iii]–[vii] reasonably are characterized as reciting abstract ideas.

II.

The Majority also determines that the claims are directed to patent-ineligible subject matter. Maj. Op. 4 ("We do not agree with the Examiner's ultimate conclusion that the claims are directed to patent-ineligible subject matter"); *id.* at 12 ("claims 63 and 69 recite additional elements that integrate the judicial exception into a practical application").

The Majority's reasoning for reaching this conclusion is as follows:

> the limitation "a connection logic module which facilitates communication between said first, second, and third modules, the connection logic module configured to, when executed by the processor, initiate provision of service from each module, and to: receive a request from a customer to pay a biller; and initiate paying the biller," as recited in independent claim 63, integrates the recited abstract idea into a practical application by solving the problem presented in the prior art of multiple "non-collaborative" networks for on-line bill presentment and payment model. Because the claimed "connection logic module" overcomes a problem in the context of on-line bill presentment and payment, "the claimed solution is necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks," and accordingly, claim 63 is not directed to an abstract idea. *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1258–59 (Fed. Cir. 2014).

Maj. Op. 11–12.

I would not reach a determination on whether the claims, in fact, integrate the abstract ideas into a practical application. In my opinion, it would be more prudent for the Panel to restrict itself to determining that the Examiner has provided insufficient evidence to support the conclusion that the claims fail to integrate the claimed abstract idea into a practical application. My reasoning is as follows:

The limitation "a connection logic module which facilitates communication between said first, second, and third modules, the connection logic module configured to, when executed by the processor, initiate provision of service from each module, and to: receive a request from a customer to pay a biller; and initiate paying the biller," as recited in independent claim 63, addresses the problem presented in the prior art of multiple "non-collaborative" networks for on-line bill presentment and

3

payment model. The question to be answered, then, is whether Appellants

address the problem of non-collaborative bill-presentment-and-payment

networks by providing a concrete improvement to the computer

technology—that is, by integrating the abstract idea into a practical

application—, or alternatively, whether they address the problem by merely

relying upon a routine or conventional use of the Internet. *Bascom Global*

Internet Serv., Inc. v. AT&T Mobility LLC, 827 F.3d 1341, 1348 (Fed.

Cir. 2016). This inquiry is a factual determination. *Berkheimer v. HP Inc.*,

881 F.3d 1360, 1369 (Fed. Cir. 2018).

      The present record indicates that the Examiner did not provide

evidence to support this factual inquiry, instead relying on unsupported

conclusions and treating this inquiry as a question of law:

> In the field of data processing, it has long been routine to scan
> data from different sources, combine said data, and present the
> data to a user. *The finding of patent-eligible subject matter is a*
> *finding of law, not a finding of fact, so there is no evidentiary*
> *requirement to support Examiner's findings* (see July 2015
> Update: Subject Matter Eligibility, page 6 and 7). No existing
> technology has been improved, including the operation of any
> combined system.

Final Act. 4.

      The reasoning provided in the Examiner's Answer is equally

unsupported:

> Unlike the content filtering system of BASCOM, the claimed
> invention does not improve upon a combination of components
> by providing additional functionality. The combination
> presented by the claimed invention performs in a standard
> fashion and does not present any additional functionality to the
> claimed combination of a scanner and a computer.

Ans. 5.

Because the Examiner has not undertaken a factual inquiry to determine whether the claimed "connection logic module" overcomes a technical problem in the context of on-line bill presentment and payment, the Examiner has not established that independent claims 63 and 69 fail to integrate the recited abstract idea into a practical application, as required by Step 2A, Prong 2, of the 2019 Guidance. The fact that the Examiner has failed to establish a prima facie of patent ineligibility is a sufficient basis to reverse the rejection. As stated above, I reach no conclusions and express no opinion as to whether the claims, in fact, integrate the abstract idea into a practical application or whether the claims are, in fact, patent eligible.