



# 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.
14/195,773	03/03/2014	Lorraine Meere	521921 (P17756US1)	9775
77970	7590	09/30/2019	EXAMINER	
Polsinelli -- Apple Inc. c/o Polsinelli PC 1661 Page Mill Road Suite A Palo Alto, CA 94304			IWARERE, OLUSEYE	
			ART UNIT	PAPER NUMBER
			3687	
			NOTIFICATION DATE	DELIVERY MODE
			09/30/2019	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):

Apple@Polsinelli.com  
patentdocketing@polsinelli.com

UNITED STATES PATENT AND TRADEMARK OFFICE

---

BEFORE THE PATENT TRIAL AND APPEAL BOARD

---

*Ex parte* LORRAINE MEERE and GLENN D. EPIS

---

Appeal 2017-009894  
Application 14/195,773  
Technology Center 3600

---

Before BETH Z. SHAW, MICHAEL J. ENGLE, and  
PHILLIP A. BENNETT, *Administrative Patent Judges*.

BENNETT, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Pursuant to 35 U.S.C. § 134(a), Appellant,<sup>1</sup> Apple Inc., appeals from the Examiner's decision to reject claims 1–16 and 18–22. Final Act. 1. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

---

<sup>1</sup> We use the word “Appellant” to refer to “Applicant” as defined in 37 C.F.R. § 1.42(a). Appellant identifies the real party in interest as Apple Inc. App. Br. 3.

### CLAIMED SUBJECT MATTER

The claims are directed to processing payments for an online marketplace. Spec. ¶ 1. Claim 1, reproduced below, is illustrative of the claimed subject matter:

1. A method comprising:
  - receiving, from a user device and at an authentication server of an online marketplace, an enrollment request, wherein the enrollment request identifies a user account with the online marketplace, the user account existing prior to the enrollment request;
  - in response to the enrollment request, generating a unique serial number and associating the unique serial number with the user account;
  - transmitting the unique serial number to the user device for identifying the user account;
  - receiving, from a point of sale terminal, transaction data including the unique serial number and a fund value, wherein the unique serial number was provided to the point of sale terminal via a machine readable code generated by the user device, the user device having first determined a current location of the client device, and then generated the machine readable code in a specified format based on the current location; and
  - identifying the user account based on the unique serial number and incrementing an available fund amount of the user account based on the fund value.

App. Br. 27 (Claims Appendix).

### REJECTIONS

Claims 1–16 and 18–22 are rejected under 35 U.S.C. § 101 as being directed to a judicial exception without significantly more. Final Act. 3–4.

Claims 1, 3, 6, 18, and 20 stand rejected under 35 U.S.C. § 103 as being unpatentable over Wong (US 2010/0138344 A1, published June 3,

2010), Sahuguet (US 2009/0303036 A1, published Dec. 10, 2009), and Messina (US 2005/0131829 A1, published June 16, 2005). Final Act. 6–8.

Claims 7, 8, 10, and 12–16 stand rejected under 35 U.S.C. § 103 as being unpatentable over Wong, Sahuguet, Messina, and Garcia (US 2009/0177578 A1, published July 9, 2009). Final Act. 8– 11.

Claim 21 stands rejected under 35 U.S.C. § 103 as being unpatentable over Wong, Sahuguet, Messina, and Cooley (US 2012/0158581 A1, published June 21, 2012). Final Act. 11–12.

Claim 2 stands rejected under 35 U.S.C. § 103 as being unpatentable over Wong, Sahuguet, Messina, and Ali (US 2014/0067677 A1, published Mar. 6, 2014). Final Act. 12–13.

Claim 9 stands rejected under 35 U.S.C. § 103 as being unpatentable over Wong, Sahuguet, Messina, and Nair (US 5,466,920, issued Nov. 14, 1995). Final Act. 13.

Claim 11 stands rejected under 35 U.S.C. § 103 as being unpatentable over Wong, Sahuguet, Messina, Garcia, and Krishnan (US 2011/0244826 A1, published Oct. 6, 2011). Final Act. 14.

Claims 4, 5, 19, and 22 stand rejected under 35 U.S.C. § 103 as being unpatentable over Wong, Sahuguet, Messina, and Apple Passbook. Final Act. 15–16.

## REJECTION UNDER 35 U.S.C. § 101

### *Legal Standard*

In issues involving subject matter eligibility, our inquiry focuses on whether the claims satisfy the two-step test set forth by the Supreme Court in *Alice Corp. v. CLS Bank Int’l*, 573 U.S. 208 (2014). The Supreme Court

instructs us to “[f]irst . . . determine whether the claims at issue are directed to [a] . . . patent-ineligible concept[.]” (*id.* at 217), and, in this case, the inquiry centers on whether the claims are directed to an abstract idea. If the initial threshold is met, we then move to the second step, in which we “consider the elements of each claim both 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 Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 79, 78 (2012)). The Supreme Court describes the second step as a 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*, 573 U.S. at 217–18 (quoting *Mayo*, 566 U.S. at 72–73).

The USPTO has published revised guidance on the application of § 101. USPTO’s *2019 Revised Patent Subject Matter Eligibility Guidance*, 84 Fed. Reg. 50 (Jan. 7, 2019) (“Guidance”). Under the 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) (Guidance, Step 2A, prong 1); and
- (2) additional elements that integrate the judicial exception into a practical application (*see* MANUAL OF PATENT EXAMINING PROCEDURE (MPEP) § 2106.05(a)–(c), (e)–(h) (9th Ed., Rev. 08.2017, 2018)) (Guidance, Step 2A, prong 2).

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 is 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.

Guidance (Step 2B).

*Examiner’s Findings and Conclusion*

Applying the first step of the *Alice* inquiry, the Examiner determines the claims are directed to an abstract idea of “adding value to an account as evidenced by the purpose and end result of the claims.” Final Act. 3. At *Alice* step 2, the Examiner determines the claims do not recite elements sufficient to amount to significantly more than the abstract idea because:

The additional hardware elements or combination of hardware elements in the claims other than the abstract idea per se amounts to no more than: mere instructions to implement the idea on a computer, and recitation of generic computer structure that serves to perform generic computer functions that are well-understood, routine, and conventional activities previously known to the pertinent industry. Viewed as a whole, these additional claim elements do not provide meaningful limitations to transform the abstract idea into a patent eligible application of the abstract idea such that the claim(s) amounts to significantly more than the abstract idea itself.

Final Act. 4.

*Appellant's Contentions*

Appellant presents several arguments in favor of eligibility. First, Appellant argues the rejection oversimplifies claim 1 in the abstract idea determination. App. Br. 16–17. Appellant further argues claim 1 does not preempt all systems of “adding value to an account,” and therefore cannot be properly found abstract. App. Br. 17–18. Citing *Amdocs (Isr.) Ltd. v. Openet Telecom, Inc.*, 841 F.3d 1288 (Fed. Cir. 2016), Appellant further contends claim 1 is not abstract because it solves a technological problem with a technological solution limited to a particular technological environment. App. Br. 19–20.

Under *Alice* step 2, Appellant asserts claim 1 recites significantly more than the abstract idea because it is “an improvement to generating bar codes in the specific format required by the POS terminal based on the location.” App. Br. 24. Appellant further asserts that

when considered as an ordered combination, [claim 1] recite[s] a specific method and system which utilizes the location of the user device, along with a unique serial number associated with the user account to generate a bar code specific to the POS terminal in order to process transaction requirements of the POS terminal.

App. Br. 24.

*Guidance, Step 2A, Prong One<sup>2</sup>*  
*The Judicial Exception*

Applying the Guidance, we are not persuaded of Examiner error. The Guidance instructs us first to determine whether any judicial exception to

---

<sup>2</sup> Throughout this opinion, we give the claim limitations the broadest reasonable interpretation consistent with the Specification. *See In re Morris*, 127 F.3d 1048, 1054 (Fed. Cir. 1997).

patent eligibility is recited in the claim. The guidance identifies three judicially-expected groupings: (1) mathematical concepts, (2) certain methods of organizing human activity such as fundamental economic practices, fundamental economic principles or practices, commercial or legal interactions, and managing personal behavior or relationships or interactions between people, and (3) mental processes. We focus here on the second grouping—certain methods of organizing human activity such as fundamental economic practices and commercial interactions.

Claim 1 recites the following limitations: (1) “receiving . . . at . . . an online marketplace, an enrollment request, wherein the enrollment request identifies a user account with the online marketplace, the user account existing prior to the enrollment request,” (2) “in response to the enrollment request, generating a unique serial number and associating the unique serial number with the user account,” (3) “transmitting the unique serial number to the user . . . for identifying the user account,” (4) “receiving . . . transaction data including the unique serial number and a fund value,” and (5) “identifying the user account based on the unique serial number and incrementing an available fund amount of the user account based on the fund value.” App. Br. 27 (Claims Appendix).

These limitations, under their broadest reasonable interpretation, recite a commercial interaction and fundamental economic practice of adding value to a customer account—which are certain methods of organizing human activity under the Guidance. These limitations each encompass operations that would typically be part of such an account replenishment transaction and process. For example, limitation (1) recites the customary practice of requesting enrollment in a promotion offered by a

business, and limitation (2) recites assigning a unique identifier to the account for purposes of the promotion. Similarly, limitation (2) recites that these identifiers are stored, which is consistent with the notion of keeping a record of what a particular barcode or UPC value represents. Limitation (3) recites the familiar practice of providing account details to a user so they can identify their account. Limitations (4) and (5), which recite receiving transaction data including the unique serial number and a fund value, reflects the typical practice of the customer providing their account information and funds to add to their account, and the account being updated accordingly to reflect the added funds.

Appellant asserts that claim 1 is similar to the eligible claim in *McRO, Inc. v. Bandai Namco Games Am. Inc.*, 837 F.3d 1299 (Fed. Cir. 2016) because it “does not preempt all systems and methods of ‘adding value to an account.’” App. Br. 17. However, Appellant’s argument essentially is that because the claims are very specific, there is no risk of preemption. However, this argument is not persuasive because our reviewing court has held that lack of preemption is not dispositive of the abstract idea inquiry. *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015) (“While preemption may signal patent ineligible subject matter, the absence of complete preemption does not demonstrate patent eligibility.”).

Appellant also argues claim 1 provides a technological solution similar to the claim in *Amdocs*. App. Br. 19–20. The claims found eligible in *Amdocs* were found eligible because the “claim entails an unconventional technological solution (enhancing data in a distributed fashion) to a technological problem (massive record flows which previously required massive databases).” *Amdocs*, 841 F.3d at 1300 (Fed. Cir. 2016). Here, the

problems purported to be addressed by Appellant’s claims relate to the “managerial and financial costs” such as inefficient use of shelf space and complicated inventory tracking imposed by using physical gift cards to add value to a user account. Spec. ¶ 3. We agree with the Examiner that these problems are not technological problems, but instead are business problems. Ans. 11–12. We view the claimed subject matter as being more similar to claims at issue in other court decisions concerning similar commercial practices implementing automated technology. *See, e.g., Smart Sys. Innovations, LLC v. Chi. Transit Auth.*, 873 F.3d 1364, 1371 (Fed. Cir. 2017) (claims which “involve acquiring identification data from a bankcard, using the data to verify the validity of the bankcard, and denying access to a transit system if the bankcard is invalid” are abstract); *see also Inventor Holdings, LLC v. Bed Bath & Beyond, Inc.*, 876 F.3d 1372, 1378–79 (Fed. Cir. 2017) (holding that concept of “local processing of payments for remotely purchased goods” is a “fundamental economic practice, which *Alice* made clear is, without more, outside the patent system”). Accordingly, we conclude the claims recite a judicial exception of fundamental economic practice and a commercial interaction.

*Revised Guidance, Step 2A, Prong Two*  
*Integration of the Judicial Exception into a Practical Application*

Having determined that the claims recite a judicial exception, our analysis under the Guidance turns now to determining whether there are “additional elements that integrate the judicial exception into a practical application.” *See* Guidance (citing MPEP § 2106.05(a)–(c), (e)–(h)). Under the Guidance, limitations that **are** indicative of “integration into a practical application” include:

1. Improvements to the functioning of a computer, or to any other technology or technical field — *see* MPEP § 2106.05(a);
2. Applying the judicial exception with, or by use of, a particular machine — *see* MPEP § 2106.05(b);
3. Effecting a transformation or reduction of a particular article to a different state or thing — *see* MPEP § 2106.05(c); and
4. Applying or using the judicial exception in some other meaningful way beyond generally linking the use of the judicial exception to a particular technological environment, such that the claim as a whole is more than a drafting effort designed to monopolize the exception — *see* MPEP § 2106.05(e).

In contrast, limitations that are **not** indicative of “integration into a practical application” include:

1. Adding the words “apply it” (or an equivalent) with the judicial exception, or merely including instructions to implement an abstract idea on a computer, or merely using a computer as a tool to perform an abstract idea – *see* MPEP § 2106.05(f);
2. Adding insignificant extra-solution activity to the judicial exception — *see* MPEP § 2106.05(g); and
3. Generally linking the use of the judicial exception to a particular technological environment or field of use — *see* MPEP § 2106.05(h).

*See* 2019 Revised Guidance, 84 Fed. Reg. at 54–55 (“Prong Two”).

Appellant’s claim 1 recites various computer hardware limitations. These include (1) “a user device,” (2) “an authentication server of an online marketplace,” and (3) “point of sale terminal.” We do not find these generic

devices sufficient to integrate the judicial exception into a practical application.

The claimed “user device” is described as a conventional mobile phone. Spec. ¶ 15 (“the user 102 can present an iPhone as the mobile device”). The “authentication server” is mentioned only twice in the Specification, with no details about its structure or operations. Spec. ¶ 27. The “point of sale terminal” is also described generically, with the only detail about its structure being that it is capable of scanning a barcode. These generic computer components are included in the claim as “tool[s] to perform an abstract idea.” MPEP § 2106.05(f). As such, we do not find the computer hardware limitations are sufficient to integrate the judicial exception into a practical application.

Claim 1 recites further limitations which relate to determining the use of a machine readable code and a user’s location to determine the format of the code. Specifically, claim 1 recites: (a) “wherein the unique serial number was provided to the point of sale terminal via a machine readable code generated by the user device,” and (b) “the user device having first determined a current location of the client device, and then generated the machine readable code in a specified format based on the current location.” App. Br. 27 (Claims Appendix).

We conclude that these further limitations are insufficient to integrate the recited judicial exception of adding value to a customer account into a practical application. These additional elements recite the use of a machine readable code to provide a unique serial number to a point of sale terminal. The use of a machine readable code to provide information to a point of sale terminal does not improve the functioning of a computer or any

improvement to any other technology or technological field. MPEP § 2106.05(a). Rather, it merely amounts to the use of the point of sale terminal, the client device, and the machine readable code as tools to implement the abstract idea. MPEP § 2106.05(f). The location determination function of the client device is not described in detail, but instead at a high level of generality. *See* Spec. ¶ 25 (“mobile device 104 can determine location data based on GPS signals and latitude and longitude coordinates”). Nor do these limitations demonstrate the abstract idea is applied with the use of a particular machine, as the point of sale terminal and the mobile device are conventional hardware devices. MPEP § 2106.05(b) (“[A] general purpose computer that applies a judicial exception, such as an abstract idea, by use of conventional computer functions does not qualify as a particular machine.”).

These additional limitations also are not fairly considered to be “effect[ing] a transformation or reduction of a particular article to a different state or thing” (MPEP § 2106.05(c)), as these limitations merely recite transferring information and not modifying any physical items. Thus, the additional elements recited in claim 1 are not sufficient to integrate the recited abstract idea into a practical application. Accordingly, we conclude claim 1 is *directed to* a judicial exception.

*The Inventive Concept – Step 2B*

Having determined the claim is directed to a judicial exception, we proceed to evaluating whether the claim adds a specific limitation beyond the judicial exception that is not “well-understood, routine, conventional” in the field (*see* MPEP § 2106.05(d)) or simply appends well-understood, routine, conventional activities previously known to the industry, specified

at a high level of generality, to the judicial exception. *See* Guidance. We agree with the Examiner that the claim does not add specific limitations beyond what is well-understood, routine, and conventional.

Appellant argues the steps of claim 1 amount to significantly more than the abstract idea “by generating a machine-readable code in a format that is readable by the POS terminal.” Reply Br. 7. However, we addressed this argument in connection with Step 2A, prong 2 above, and we reiterate that to the extent the location-specific format of the code provides an improvement, it constitutes an improvement to the account replenishment process (i.e., the abstract idea) itself, and not to the underlying technology. We note that Appellant does not challenge the evidentiary basis of the Examiner’s finding in step 2B of the Guidance (*Alice* step 2). We find the Examiner’s determination well-supported in this record. *See, e.g.*, Spec. ¶¶ 19–25 (describing rendering of barcode and location determination using conventional hardware at high level of generality). Accordingly, we do not discern in claim 1 any specific limitation beyond the judicial exception that is not “well-understood, routine, conventional,” and instead agree with the Examiner that the claims do not provide an inventive concept sufficient to transform the judicial exception into patent-eligible subject matter.

Because the Examiner correctly concluded claim 1 is directed to a judicial exception, and because Appellant does not identify any error in the Examiner’s determination under step 2B of the Guidance, we sustain the rejection of claim 1 under 35 U.S.C. § 101. Appellant does not present arguments pertaining to any other claim. Accordingly, we treat claim 1 as

representative, and we sustain the rejection of the pending claims under 35 U.S.C. § 101.

#### REJECTIONS UNDER 35 U.S.C. § 103(a)

In rejecting claim 1 under § 103, the Examiner relies on the combined teaching of Wong, Sahuguet, and Messina to teach the limitation:

receiving, from a point of sale terminal, transaction data including the unique serial number and a fund value, wherein the unique serial number was provided to the point of sale terminal via a machine readable code generated by the user device, the user device having first determined a current location of the client device, and then generated the machine readable code in a specified format based on the current location.

Final Act. 6–7 (citing Wong ¶¶ 20–21, 33; Sahuguet ¶ 4; Messina ¶¶ 32–35) (emphasis omitted). More specifically, the Examiner finds that “Wong teaches information to generate a barcode, and Sahuguet was brought to teach generating location information” and that “Messina was brought in to teach determining the format.” Ans. 3 (emphasis omitted).

Appellant argues the Examiner errs because the teachings of the cited references, even when combined, do not teach “the user device having first determined a current location of the client device, and then generated the machine readable code in a specific format based on the current location.” App. Br. 9–11; Reply Br. 4–5. Appellant asserts the barcodes taught by Sahuguet are not displayed on a mobile device, but instead are displayed on physical landmarks and scanned by mobile devices to determine locations. App. Br. 10. Appellant further argues Messina does not teach barcode formats based on a current location of a device, but instead teaches determining a format for a barcode on a driver’s license based on the

jurisdiction from which the license was issued. App. Br. 11. We agree with Appellant.

The Examiner finds that because it was generally known that different jurisdictions could use different barcode formats, it would have been obvious to use a mobile device to generate a barcode based on its current location. We disagree because there is no suggestion in the cited portions of the prior art of record of a mobile device generating a barcode specific to its current location. Sahuguet, which the Examiner relies on as teaching barcodes encoded with location information, does not suggest that the location information encoded into the barcode should be based on the location of a mobile device. Rather, the location information associated with Sahuguet's barcode is the location of a physical landmark. *See* Sahuguet ¶ 4 (“This document discusses systems and techniques by which information representing a geographic location may be encoded in a machine-readable representation, and that representation may be printed and displayed at the geographic location.”). In fact, Sahuguet discourages the use of a mobile device to determine a specific location. Sahuguet ¶ 3 (“[P]eople [may] have privacy concerns with GPS technology, and may not wish to carry a device that may permit precise tracking without their consent.”). As such, we agree with Appellant that the cited portions of the prior art of record do not teach or suggest “the user device having first determined a current location of the client device, and then generated the machine readable code in a specific format based on the current location.” Because we find Appellant's arguments persuasive of Examiner error, on this record, we do not sustain the rejection of claim 1 under 35 U.S.C. § 103(a), as well as of independent

claims 7 and 12 which recite similar limitations, and the remaining claims which dependent variously therefrom.

### DECISION

We affirm the Examiner's rejection of claims 1–16 and 18–22 under 35 U.S.C. § 101.

We reverse the Examiner's rejection of claims 1–16 and 18–22 under 35 U.S.C. § 103(a).

Because we affirm at least one ground of rejection for each claim on appeal, we affirm the Examiner's decision to reject the claims. *See* 37 C.F.R. § 41.50(a)(1).

### DECISION SUMMARY

<b>Claims Rejected</b>	<b>Basis</b>	<b>Affirmed</b>	<b>Reversed</b>
1–16, 18–22	§ 101	1–16, 18–22	None
1–16, 18–22	§ 103	None	1–16, 18–22

### FINALITY AND RESPONSE

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a). *See* 37 C.F.R. § 1.136(a)(1)(iv).

**AFFIRMED**