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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte RICHARD JACKMAN,
MARK HERRINGTON, and MARK V. PUTMAN

Appeal 2017-010012¹
Application 14/303,755²
Technology Center 3600

Before JASON V. MORGAN, JAMES B. ARPIN, and NABEEL U. KHAN,
Administrative Patent Judges.

ARPIN, *Administrative Patent Judge.*

I. DECISION ON APPEAL

Appellants appeal under 35 U.S.C. § 134(a), the Examiner’s decision rejecting claims 2–21. App. Br. 5. Claim 1 is cancelled. App. Br. 11 (Claims Appx.). We have jurisdiction under 35 U.S.C. § 6(b).

We affirm.

¹ In this Decision, we refer to Appellants’ Appeal Brief (“App. Br.,” filed February 13, 2017) and Reply Brief (“Reply Br.,” filed July 18, 2017); the Final Office Action (“Final Act.,” mailed October 12, 2016); the Examiner’s Answer (“Ans.,” mailed June 15, 2017); and the originally filed Specification (“Spec.,” filed June 13, 2014).

² According to Appellants, First Data Corporation is the real party-in-interest. App. Br. 3.

II. STATEMENT OF THE CASE

Appellants explain that:

By some estimates, tens of millions of workers in the United States do not have a traditional banking relationship. This fact is driving increasing numbers of employers to assist their “unbanked” employees by establishing accounts into which employers may deposit funds and through which employees may access funds using presentation instruments (e.g., debit cards, stored value cards, ATM cards, smart cards or other storage mediums utilizing card numbers (e.g., RFID chips, and FOBS), etc., herein “cards”) and other means.

Spec. ¶ 4. This problem has caused employers to establish accounts for their unbanked employees, but such accounts established in the employer’s or employee’s name have disadvantages. *Id.* ¶ 5. Appellants’ recited systems, methods, and non-transitory memory devices relate to activating a trust account by an employee with the assistance of the employer, providing funds by the employer to the trust account for the benefit of the employee, distributing funds by a third party holder of the trust account pursuant to an employee’s instructions, and printing personalized checks for the employee. *Id.* ¶¶ 6, 7; *see id.* ¶ 25 (describing a “trust account”).

As noted above, claims 2–21 are pending. Claim 2, reciting payroll receiving and accessing systems for providing payroll funds from an employer to an employee by a third party; claim 8, reciting methods for providing payroll funds from an employer to an employee; and claim 14, reciting non-transitory memory devices having executable instructions for causing one or more processors to provide payroll funds from an employer to an employee by a third party, are independent. *See* App. Br. 11–16 (Claims Appx.). Claims 3–7 depend directly or indirectly from claim 2,

claims 9–13 depend directly or indirectly from claim 8, and claims 15–21 depend directly or indirectly from claim 14. *Id.*

Claim 2, reproduced below, is representative.

2. A payroll receiving and accessing system for providing payroll funds from an employer to an employee by a third party, comprising:

an account activation system, comprising a host computer system, wherein the host computer system:

receives an activation request over a network, wherein:

the activation request is initiated by the employee;

the activation request comprises an account identifier;

the activation request comprises a temporary password;

the employee received the account identifier and the temporary password from the employer; and

the activation request is received by the third party;

authenticates the activation request, wherein:

the activation request is authenticated using the account identifier and the temporary password received from the employee; and

the activation request is authenticated by the third party; and

activates an account for use by the employee, wherein the account is a trust account; and

a disbursement system, wherein:

the disbursement system is operated by the third party with the host computer system; and

the disbursement system is configured to:

receive the payroll funds from the employer;

credit the payroll funds to the account;

receive a selection from the employee of one or more options for distributing the payroll funds;

disburse at least a portion of the payroll funds according to the one or more options selected by the employee for distributing the payroll funds; and

print personalized checks for the employee.

Id.

III. THE REJECTION

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 U.S. 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. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2354 (2014) (emphasis added; quoting *Ass’n for Molecular Pathology v. Myriad Genetics, Inc.*, 569 U.S. 576, 589 (2013)). The Court in *Alice* reiterated the two-step framework previously set forth in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. 66, 82–83 (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,” such as an abstract idea. *Id.*

The Court acknowledged in *Mayo* “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 method or means 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, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1335–36 (Fed. Cir. 2016). If the claims are not directed to an abstract idea, the inquiry ends. *Id.* at 1339; *see Ancora Techs., Inc. v. HTC America, Inc.*, 2018 WL 6005021, *4–*5 (Fed. Cir. Nov. 16, 2018) (“It therefore passes muster under *Alice* step one, as it is not directed to patent-ineligible subject matter. We need not and do not apply step two of the *Alice* analysis.”). Otherwise, the inquiry proceeds to the second step where the elements of the claims are considered “individually and ‘as an ordered combination’ to determine whether the additional elements ‘transform the nature of the claim’ into a patent-eligible application.” *Alice*, 134 S. Ct. at 2355 (quoting *Mayo*, 566 U.S. at 78). That is whether the claims recite elements making the claims significantly more than the judicially excepted subject matter.

A. Alice Step One

With regard to the first step of the *Alice* analysis, the Examiner determines that:

Claims 2–21 stand rejected under 35 U.S.C. § 101 because they are directed to the abstract idea of *payroll account activation and disbursement*.

...

This is a certain method of organizing human activity, similar to “processing loan information”, “managing an insurance policy” and “generating rule-based tasks for processing an insurance claim”. The claim is also directed to concepts relating to interpersonal activities such as managing relationships or transactions between people.

Final Act. 2–4 (emphasis added, citations omitted).

Appellants disagree for three reasons. First, Appellants contend that the Examiner overgeneralizes the claims in order to find an abstract idea. App. Br. 5; Reply Br. 2–3. In particular, Appellants contend that the pending claims are “directed to solving a problem of providing funds to an unbanked employee and a personalized presentation instrument that enables them to access funds from a third-party” and that the identified abstract idea is not properly tethered to the actual language of the claims. App. Br. 5; Reply Br. 2–3.

As the Examiner notes, the Specification states “[e]mbodiments of the present invention relate generally to payroll distribution systems. More specifically, embodiments of the present invention relate to systems and methods for distributing payroll to employees using a trust account that provides receipt options for the employee.” Ans. 3 (quoting Spec. ¶ 1). The claims recite account activation and funds distribution systems, steps, and instructions. *Id.* The claims also refer only to an “employee,” and, thus, are not limited to problems associated with “unbanked” employees, as Appellants contend. App. Br. 5; *see* Reply Br. 2 (“[T]he specific features referenced above are those necessary in carrying out the purpose of the invention, namely setting up secure accounts (not subject to the business risk of the employer) and providing ready access to the funds.”).

We are not persuaded that the Examiner overgeneralized when identifying the abstract idea under the first step of the *Alice* analysis. Moreover, the level of abstraction at which the Examiner describes the recited device does not change the accuracy of the Examiner’s determination. *Apple Inc. v. Ameranth Inc.*, 842 F.3d 1229, 1240 (Fed. Cir.

2016) (“An abstract idea can generally be described at different levels of abstraction.”).

Second, Appellants contend that, like the claims at issue in *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014), the pending claims are not directed to an abstract idea, but instead recite a solution “necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks.” App. Br. 6 (quoting *DDR Holdings*, 773 F.3d at 1257); see Reply Br. 4. Specifically, noting that the Examiner did not reject the claims based on prior art (see Final Act. 2), Appellants contend that, like the claims at issue in *DDR Holdings*, the pending claims “are not some business practice from the pre-internet world with a requirement to perform it on the internet” (App. Br. 6).

In response, “the Examiner notes that payroll account activation and disbursement is a concept that existed before the advent of computers and existed in the pre-internet world.” Ans. 3. The Specification makes clear that persons of ordinary skill in the art were aware of the problems associated with paying unbanked employees (see Spec. ¶¶ 4 (defining “unbanked” employees), 5 (describing “the ongoing business risk of the employer”)), as well as of the tools recited in the claims for addressing these problems, including “trust accounts.” See Spec. ¶¶ 6 (“trustee account”), 18 (“well-known circuits, structures and techniques”), 25 (“trust account”), 45 (“well-known processes and elements”). Thus, the claims do not recite improvements rooted in computer technology, but, instead, recite a solution to a business problem employing computer technology.

Third, Appellants contend that, even accepting the Examiner’s identification of the abstract idea, the claims “do not tie up any judicial

exception such that others cannot practice it.” App. Br. 6; *see* Reply Br. 4. We recognize that the U.S. Supreme Court has described “the concern that drives this exclusionary principle [i.e., the exclusion of abstract ideas from patent eligible subject matter] as one of pre-emption.” *See Alice*, 134 S. Ct. at 2354. However, characterizing preemption as a driving concern for patent eligibility is not the same as characterizing preemption as the sole test for patent eligibility. As our reviewing court has explained, “[t]he Supreme Court has made clear that the principle of preemption is the basis for the judicial exceptions to patentability” and “[f]or this reason, questions on preemption are inherent in and resolved by the § 101 analysis.” *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015) (citing *Alice Corp.*, 134 S. Ct. at 2354). “While preemption may signal patent ineligible subject matter, the absence of complete preemption does not demonstrate patent eligibility.” *Ariosa*, 788 F.3d at 1379. As the Examiner correctly notes, “although preemption is one of the considerations, it is not alone dispositive of what is an abstract idea.” Ans. 4. A potential lack of complete preemption is not dispositive here.

We are not persuaded that the Examiner erred in identifying the abstract idea to which the pending claims are directed.

B. Alice Step Two

Further, the Examiner finds that “[t]he claims do not include additional elements (individually or in combination) that are sufficient to amount *to significantly more* than the judicial exception because the account activation system, computer, network and disbursement system are

performing routine machine and computer functions.” *Id.* at 4–5 (emphasis added).³ We agree.

Appellants contend, however, that the pending claims (1) describe a computer programed to perform a specific purpose, i.e., a special-purpose computer, rather than a generic computer performing conventional functions, and (2) add unconventional steps that confine the claim to a particular useful application. App. Br. 7; Reply Br. 3. For the reasons set forth below, we disagree.

First, Appellants contend that “it is clear the claimed system performs unique functions, as evidenced by the Examiner not finding any prior art that discloses or suggests the claimed invention.” Reply Br. 3. Having considered Paragraphs 35 and 38–43 of the Specification cited by Appellants (App. Br. 8), the Examiner finds that the Specification discloses generic computers performing Appellants’ methods, rather than specially-purposed computers (Ans. 6). As noted above, we agree that the Specification states that the disclosed systems, methods, and non-transitory memory devices employ “*well-known* circuits, structures and *techniques*,” as well as “*well-known processes* and elements.” Spec. ¶¶ 18, 45 (emphases added). Moreover, we find nothing in the claims requiring special programming, such that a generic computer using known techniques and processes would not perform the recited functionality.

³ The Examiner states that “Claims 2 - 21 are allowable over the prior art, however they are still not in condition for allowance because they are subject to the rejection under 35 U.S.C. § 101.” Final. Act. 2. Thus, no prior art based rejections remain.

Second, Appellants contend that the claims recite *unconventional* steps that confine the claim to a particular useful application. In particular, Appellants assert that

because the claims do not stand rejected under 35 U.S.C. §§ 102, 103 the claims have been found novel and non-obvious. By definition novel and non-obvious claims, must include limitations other than what is well understood, routine, and conventional in the field, or else the claims would not be novel and non-obvious.

App. Br. 8–9. “[T]he [U.S.] Supreme Court recognized that in making the § 101 determination, the inquiry ‘might sometimes overlap’ with other fact-intensive inquiries like novelty under § 102.” *Berkheimer v. HP Inc.*, 881 F.3d 1360, 1368 (Fed. Cir. 2018) (quoting *Mayo*, 566 U.S. at 90). The eligibility requirements of Section 101 and the patentability requirements of Sections 102 and 103, however, may not properly be conflated. Ans. 7. As the Examiner notes,

A claim can be ineligible under section 101, but be specific enough that it is not found in the prior art. The Examiner takes the position that while the claims are specific enough to not be anticipated or found obvious over the prior art, it is still ineligible for being an abstract idea and not containing significantly more than the abstract idea for the previously given reasons.

Id. at 7–8. We agree.

Finally, Appellants contend “independent claims 2, 8, and 14 generally recite printing/print **personalized** checks for the employee. In other words, independent claims 2, 8, and 14 disclose transforming an unmodified object (i.e., a generic check) into a different state (i.e., a personalized check) that only a specific person can use.” App. Br. 9. The Examiner finds that this “printing” step does not add significantly more to the identified abstract idea. Final Act. 5; Ans. 4. We further view this

additional step as insignificant extra-solution activity. *See* MPEP 2106.05(g). The claims recite disbursing at least a portion of the trust account funds based on an option selected by the employee. *E.g.*, App. Br. 11 (Claim Appx. (Claim 2: “receive a selection from the employee of one or more options for distributing the payroll funds; disburse at least a portion of the payroll funds according to the one or more options selected by the employee”)). The recited account activation, option selection, and funds disbursement are not dependent on the use of printed checks. “The term ‘extra-solution activity’ can be understood as activities incidental to the primary process or product that are merely a nominal or tangential addition to the claim.” *Id.* In the context of the recited systems, methods, and non-transitory memory devices, this step is well known and is not significantly more than the abstract idea. Therefore, the printing of personalized checks is not sufficient to render these claims patent eligible.

We are not persuaded the Examiner erred in finding that the claims do not recite limitations amounting to “significantly more” than the identified abstract idea. Consequently, we are not persuaded that the Examiner erred in rejecting claims 2–21, and we sustain the rejections thereof.

IV. DECISION

For the above reasons, we affirm the Examiner’s decision rejecting claims 2–21.

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