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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* MICHAEL CHITTARO<sup>1</sup>

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Appeal 2017-010733  
Application 14/156,259  
Technology Center 3600

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Before ROBERT E. NAPPI, ERIC S. FRAHM, and MICHAEL T. CYGAN  
*Administrative Patent Judges.*

NAPPI, *Administrative Patent Judge.*

DECISION ON APPEAL

This is a decision on appeal under 35 U.S.C. § 134(a) of the Final Rejection of claims 1, 2, 4, 7 through 10, 12, 15 through 18, and 20 through 23.

We AFFIRM.

INVENTION

The invention is directed to a system and method for providing multinational prepaid services in a plurality of countries. Abstract. Claim 1 is illustrative of the invention and is reproduced below:

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<sup>1</sup> According to Appellant, the real party in interest is Visa International Service Association. App. Br. 3.

1. A method of processing multinational prepaid funding transactions via one or more communication networks, the method comprising:

receiving, by a server computer via the one or more communication networks, a device file uploaded from an originating issuer in an originating country, the device file comprising recipient information for a plurality of fund recipients and device file information including a total number of fund recipients, an originating currency, a destination currency, a foreign exchange rate, a total disbursement amount, and a destination issuer for each of a plurality of destination countries, and wherein a representative of the originating issuer uploads the device file via a funding program generation user interface;

providing to the representative of the originating issuer, via the funding program generation user interface, the device file information including the total number of fund recipients, the originating currency, the destination currency, the foreign exchange rate, and the destination issuer for each of the plurality of destination countries for confirmation;

splitting, by the server computer, the device file into a plurality of destination device files upon receiving confirmation from the representative of the originating issuer, each of the destination device files including one or more of the plurality of fund recipients, wherein the plurality of destination device files correspond to the plurality of destination countries;

generating, by the server computer, a prepaid funding file including exchange information for each of the plurality of destination device files;

distributing the plurality of destination device files to a plurality of destination issuers via the one or more communication networks; and

transferring a plurality of funds to the plurality of destination issuers from the originating issuer using the prepaid funding file by transmitting the prepaid funding file to a funds transfer system configured to transfer funds from the originating issuer to the plurality of destination issuers, wherein the funds transfer system is configured to use the prepaid funding file to initiate a plurality of fund transfers, each of the

plurality of fund transfers associated with one of the plurality of destination issuers, wherein each of the plurality of funds are transferred in a local currency of one of the plurality of destination countries, and wherein the plurality of destination issuers provide a portion of the transferred funds to each of the plurality of fund recipients associated with the received destination device file of the plurality of destination device files as prepaid funds.

#### REJECTION AT ISSUE

The Examiner rejected claims 1, 2, 4, 7 through 10, 12, 15 through 18, and 20 through 23 under 35 U.S.C. § 101 for being directed to patent-ineligible subject matter. Final Act. 4–6.<sup>2</sup>

#### PRINCIPLES OF LAW

Patent-eligible subject matter is defined in 35 U.S.C. § 101 of the Patent Act, which recites:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

There are, however, three judicially created exceptions to the broad categories of patent-eligible subject matter in 35 U.S.C. § 101: “[l]aws of nature, natural phenomena, and abstract ideas.” *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 573 U.S. 208, 216 (2014); *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 70 (2012).

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<sup>2</sup> Throughout this Opinion, we refer to the Appeal Brief, filed March 6, 2017 (“App. Br.”), the Reply Brief, filed August 11, 2017 (“Reply Br.”), the Examiner’s Answer, mailed June 12, 2017 (“Answer”), and the Final Office Action, mailed October 6, 2016 (“Final Act.”).

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*. *Alice*, 573 U.S. at 217–18 (citing *Mayo*, 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, 192 (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 192 (“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 (internal quotation marks 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 January 7, 2019 Memorandum, *2019 Revised Patent Subject Matter Eligibility Guidance*, 84 Fed. Reg. 50 (Jan. 7, 2019) (“Memorandum”). Under that guidance, we first look to whether the claim is directed to a judicial exception because:

- (1) the claim recites a judicial exception, including certain groupings of abstract ideas (i.e., mathematical concepts, certain methods of

organizing human interactions such as a fundamental economic practice, or mental processes); and

(2) the claim as a whole fails to recite additional elements that integrate the judicial exception into a practical application (*see* MPEP § 2106.05(a)–(c), (e)–(h)).

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* Memorandum.

## ANALYSIS

### Abstract Idea.

The Examiner finds that the claims are not patent eligible as they are directed to a judicial exception without reciting significantly more. Final Act. 4–6. Specifically, the Examiner finds that the claims are directed to an abstract idea; in particular, to organizing interpersonal human activities such as satisfying legal obligations via the fundamental economic practice of transferring funds. Final Act. 4–6; Answer 3.

Appellant argues the Examiner’s rejection is in error as:

[T]he present application is unrelated to any “fundamental economic practices” or “certain methods of organizing human activity” listed in the Interim Guidance, as the examples of

“fundamental economic practices” and “certain methods of organizing human activity,” found by the courts, or “fundamental economic practices” and “certain methods of organizing human activity” in general. For example, the appealed claims are directed to providing a multinational prepaid system that splits a device file that includes data structures identifying information associated with issuance of a plurality of funds to a plurality of fund recipients into a plurality of destination devices files that identify a destination issuer for each of a plurality of destination countries.

App Br. 13 (emphasis omitted). Further, Appellant argues that the Examiner has not met the burden of proof in establishing the claims are directed to an abstract idea. App Br. 14–15; Reply Br. 3–4.

Appellant’s arguments have not persuaded us of error in the Examiner’s conclusion that the claims are directed to an abstract idea. We concur with the Examiner that claim 1 is directed to a method of organizing human activity (an abstract idea). Claim 1 recites limitations setting forth steps relating to managing commercial transactions between people, including the fundamental economic practice of transferring funds between people. Specifically, claim 1 recites . . . “receiving” recipient financial information, “providing” that financial information to an originating issuer, subdividing (“splitting”) that financial information by destination, “generating” additional destination-based financial information, “distributing” the financial information to destination issuers, and “transferring . . . funds” according to the financial information.

The Examiner identifies the recited concept as being similar to those at issue in prior Federal Circuit decisions, citing *buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350, 1355 (Fed. Cir. 2014) (finding an abstract idea where the claims recited a “transaction performance guaranty,” described as a

commercial contractual relationship between parties), and *Accenture Glob. Servs., GmbH v. Guidewire Software, Inc.*, 728 F.3d 1336, 1339, 1342 (Fed. Cir. 2013) (finding an abstract idea where the claims recited “tasks to be performed in an insurance organization”). *See* Answer 3. Our reviewing court has further stated, “claims directed to the performance of certain financial transactions . . . must be categorized as involving abstract ideas.” *Smart Sys. Innovations, LLC v. Chicago Transit Auth.*, 873 F.3d 1364, 1371 (Fed. Cir. 2017) (claims relating to methods of paying subway fare via bankcard).

We concur with the conclusion of the Examiner. While the cases cited by the Examiner do not identically identify that transferring funds as part of a prepaid funding transactions are an abstract idea, the Examiner has nonetheless presented evidence and reasoning sufficient to support a conclusion that the claims recite an abstract idea. Accordingly, Appellant’s arguments have not persuaded us the Examiner erred in finding the claims recite an abstract idea.

Appellant further argues that the claims are not like court-identified abstract ideas because they include features such as “a multinational prepaid system.” App. Br. 13; Reply Br. 2, 4. The Examiner found, to the contrary, that such features did not distinguish the claims from being similar to, nor prevent the claims from being directed to, abstract ideas that have been identified by the courts. Answer 3.

We concur with the conclusion of the Examiner. To the extent that the claims are narrowed to a particular type of transaction; e.g., being “multinational,” “prepaid,” and involving subdivision by destination country, multiple currencies and foreign exchange rate, such “narrowing of

such long-familiar commercial transactions does not make the idea non-abstract for section 101 purposes.” *buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350, 1355 (Fed. Cir. 2014).

Practical Application/Significantly more than Abstract Idea

The Examiner finds that

the claims do not include additional elements that are sufficient to amount to significantly more than the judicial exception, such as:

- Improvement to another technology or technical field.
- Improvements to the functioning of the computer itself.
- Applying the judicial exception with, or by use of, a particular machine.
- Effecting a transformation or reduction of a particular article to a different state or thing.
- Adding a specific limitation other than what is well-understood, routine and conventional in the field, or adding unconventional steps that confine the claim to a particular useful application.
- Other meaningful limitations beyond generally linking the use of an abstract idea to a particular technological environment.

Final Act. 5.

Appellant argues that the independent claims are rooted in computer technology and as such are patent eligible. App. Br. 15–20. Appellant argues that the claims are analogous to the patent eligible claims in *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014) and *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1335 (Fed. Cir. 2016) as the claims overcome a problem arising in the realm of computer technology and have no pre-computer analog. App. Br. 16–17; Reply Br 5–6. Specifically, Appellant argues:

The unique combination of claimed subject matter here, including the multinational prepaid system that utilizes a data

structure that includes information associated with issuance of a plurality of funds to a plurality of fund recipients and communication between various computers and user interfaces over communication networks of a computer and computer network, did not exist in the pre-computer world.

App. Br. 17 (emphasis omitted).

Appellant further argues the claims “are instead directed to a specific improvement to the way computers receive and process requests to receive and process a device file from an originating issuer for use in identifying destination issuers in other countries for transferring of funds.” App. Br. 18; Reply Br. 6–8 (citing *Enfish*). Appellant also asserts that paragraphs 2 and 3 of the originally filed Specification discuss the problems with conventional systems and demonstrate the invention is an improvement to the way computers operate. App. Br. 19–20 (citing *Enfish*).

We are not persuaded of error in the Examiner’s rejection by these arguments. The data structure of *Enfish* was “not simply directed to *any* form of storing tabular data,” but instead, included a very specifically defined means for configuring a logical data table that required a four-step algorithm to render the table self-referential. *Enfish*, 822 F.3d at 1336. We do not consider representative claim 1 to recite a particular data structure as per *Enfish*. While the claim identifies files which contain certain information, e.g., recipient, currency, destination country, the claim does not require the data to be in any specified structure. Neither claim 1 nor Appellant’s Specification recites that the files are in a particular structure that changes the manner in which the computer operates; instead, the claim merely recites the nature of the information that forms the essentials of the claimed financial transaction.

Further, the *Enfish* court found “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.” *Enfish*, 822 F.3d at 1336. Paragraphs 2 and 3 of Appellant’s Specification fail to demonstrate that the invention is directed to an improvement in computer operation rather than an improvement to an economic task. These cited paragraphs of Appellant’s Specification identify a desire to transfer funds and that it is a costly endeavor as it requires multiple transfers between middle men, currency exchanges, and requires a large administrative structure to provide oversight and enforcement (i.e. an economic problem). Thus, Appellant’s Specification does not identify the problem to be solved is a computer related problem under the rubric of *Enfish*.

Instead, the computer is merely an intermediary, as was the situation in *Alice*. *Alice*, 574 U.S. at 224. The Supreme Court characterized the claims in *Alice* as “the use of a computer to create electronic records, track multiple transactions, and issue simultaneous instructions.” *Id.* Each of these steps was found to do “no more than require a generic computer to perform generic computer functions,” and were found to merely amount to “an instruction to apply the abstract idea of intermediated settlement using some unspecified, generic computer.” *Id.* Thus, we are not persuaded by Appellant’s arguments that the claims are rooted in computer technology, rather, the claims merely recite use of a computer as a tool to implement a method of organizing human activity involving a fundamental economic principle (an abstract idea). *See, e.g., RecogniCorp LLC v. Nintendo Co., Ltd.*, 855 F.3d 1322, 1327 (Fed. Cir. 2017) (“Unlike *Enfish*, [the claim] does not claim a method that improves the functioning of a computer . . . [but]

claims a ‘process that qualifies as an “abstract idea” for which computers are invoked merely as a tool’’).

Appellant additionally argues that the claims are patent eligible as they perform an ordered combination of claimed steps and are an improvement in computer related technology. App. Br. 21–23 (citing *McRO, Inc. v. Bandai Namco Games Am. Inc.*, 837 F.3d 1299 (Fed. Cir. 2016)).

The Examiner responds to Appellant’s arguments stating that the claims in the current application differ from those at issue in *McRO*. Answer 4. In *McRO*, the combination of steps were directed to a technological solution to affect lip synchronization and manipulation of facial expressions, whereas the argued steps of Appellant’s claims are directed to the abstract idea itself and not a technical problem. Answer 4. We concur. The court in *McRO* stated “[i]t is the incorporation of the claimed rules, not the use of the computer that ‘improved the existing technological process.’” *McRO*, 837 F.3d at 1314 (citing *Alice*). As discussed above, we do not find that the claims are directed to improving a technological process, and as such, we are not persuaded by Appellant’s arguments citing *McRO*.

Appellant argues that the claims do not seek to tie up the abstract idea so that others cannot practice it. App. Br. 24–25. Further, Appellant argues the claims are more specific and focused in scope than the alleged abstract idea and as such granting the claim would not create a monopoly and preempt every application of multinational prepaid funding transactions via computer networks. App. Br. 26–28 and 31 (citing *BASCOM Glob. Internet*

*Servs., Inc. v. AT&T Mobility LLC*, 827 F.3d 1341 (Fed. Cir. 2016)); Reply Br. 8–10.

We are not persuaded of error by Appellant’s preemption argument. A lack of complete preemption does not make the claims any less abstract. *See buySAFE, Inc.*, 765 F.3d at 1355; *see also 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.”); *see also OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1362–1363 (“[T]hat the claims do not preempt all price optimization or may be limited to price optimization in the e-commerce setting do not make them any less abstract.”).

Appellant additionally argues the Examiner has not provided evidence that the features of claim 1 are well-understood, routine, and conventional activities. App. Br. 28–29 (citing *Ultramerical, Inc. v. Hulu, LLC*, 772 F.3d 709 (Fed. Cir. 2014)).

The Examiner has found that the claim limitations other than the abstract idea merely recite well-understood, routine, and conventional activities. Final Act. 6. We concur. Appellant’s Specification in paragraphs 2 and 3 identifies that it is known and conventional for financial institutions to issue prepaid cards and transfer funds. Further, paragraphs 92 through 96 of Appellant’s Specification identify that the computers implement the system generically and identify that they can be “any of a variety of computing structures, arrangements, and compilations for servicing the requests from one or more client computers,” thus, showing that the use of computers to implement the abstract idea is merely using known computers. Further, as discussed above, the use of records or files to create and maintain

financial information, such as ledgers and invoices, has been found to be “electronic recordkeeping – one of the most basic functions of a computer.” *Alice*, 573 U.S. at 225. Thus, we find ample evidence to support the Examiner’s finding the claims are directed to well-understood and conventional activities.

Finally, Appellant additionally argues that even if the claims are directed to an abstract idea, the features of claim 1, when viewed as an ordered combination, amount to “significantly more” than the recited abstract idea. App. Br. 30–32. Appellant argues that the claim involves novel and nonobvious techniques that do not preempt all ways of processing multinational prepaid funding transactions and that improve the function of a computer or other technology. *Id.* Appellant’s arguments grounded in preemption and improvement to a computer or other technology are not persuasive as discussed, *supra*. Appellant’s further argument grounded in novelty and nonobviousness was not found persuasive by the Examiner because the Examiner found improvements only to the abstract idea itself. Answer 3. We concur with the conclusion of the Examiner. Issues of novelty and nonobviousness under 35 U.S.C. §§ 102 and 103 may not be substituted for the issue of subject matter eligibility under 35 U.S.C. § 101. *Mayo*, 566 U.S. at 91.

In summary, Appellant’s arguments have not persuaded us of error in the Examiner’s determination that the claims are directed to an abstract idea, a fundamental economic principle of transferring funds. Further, Appellant’s arguments have not persuaded us that the Examiner erred in finding that the claims are not: directed to an improvement in the functioning of the computer or to other technology or other technical field;

directed to a particular machine; directed to performing or affecting a transformation of an article to a different state or thing; directed to using a judicial exception in some meaningful way beyond linking the exception to a particular technological environment such that the claim as a whole is more than a drafting effort to monopolize the judicial exception. Nor have Appellant's arguments persuaded us the Examiner erred in finding the additional limitations of the claims are directed to well-understood and conventional activities. Accordingly, we sustain the Examiner's rejection of claims 1, 2, 4, 7 through 10, 12, 15 through 18, and 20 through 23 under 35 U.S.C. § 101 as being directed to patent ineligible subject matter.

#### DECISION

The decision of the Examiner to reject claims 1, 2, 4, 7 through 10, 12, 15 through 18, and 20 through 23 is affirmed.

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