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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte SCOTT R. STATLAND, KEVIN P. CARROLL,
MICHAEL R. ADAMSKI, and ALEX I. INOVENKOV

Appeal 2017-010788¹
Application 13/078,374
Technology Center 3600

Before ADAM J. PYONIN, MICHAEL M. BARRY, and
DAVID J. CUTITTA II, *Administrative Patent Judges*.

PYONIN, *Administrative Patent Judge*.

DECISION ON APPEAL

This is a decision on appeal under 35 U.S.C. § 134(a) from the Examiner's decision to reject all pending claims. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

¹ "MasterCard International Incorporated is the real party in interest and is the assignee of the present application." App. Br. 2.

STATEMENT OF THE CASE

Introduction

The Application is directed “to the determination of a proper and/or desired financial network for routing electronic transactions for processing.” Spec. ¶ 1. Claims 1–20 are pending; of these, claims 1, 12, and 20 are independent. App. Br. 23–28. Claim 1 is reproduced below for reference:

1. A method for determining a financial network, in a financial processing system, for routing an electronic transaction, the method comprising:

providing a network bank identification number (BIN) database, in a memory device of the financial processing system, including a plurality of acquirer routing profiles created by entities that acquire transactions, wherein each acquirer routing profile includes at least a BIN and a prioritized list of acquirer preferred financial networks;

providing a BIN file, in said memory device, including a plurality of BIN records received from card issuers, each BIN record including information that indicates at least one financial network, selected by a corresponding card issuer, that claims priority over any BIN from a plurality of BINs;

receiving via a communication interface device, from an acquirer, transaction information pertaining to a financial transaction;

based on said transaction information received from said acquirer, retrieving, by a processing device of the financial processing system, a routing profile of said acquirer from said network BIN database;

determining, by the processing device of the financial processing system, from the retrieved acquirer routing profile, a financial network from the prioritized list of acquirer preferred financial networks for routing said electronic transaction;

determining, by said processing device, from a particular BIN file, if at least one network, as selected by a corresponding card issuer, claims priority over said BIN identified in said particular acquirer routing profile; and

selecting, by said processing device, a financial network based on at least one of said BIN file information and said retrieved acquirer routing profile.

The Examiner's Rejection

Claims 1–20 stand rejected under 35 U.S.C. § 101 as being patent ineligible. Final Act. 2–6.²

ANALYSIS

We have reviewed the Examiner's rejections in light of Appellants' arguments. Arguments Appellants could have made but chose not to make are deemed to be waived. *See* 37 C.F.R. § 41.37(c)(1)(iv). We adopt the Examiner's findings and conclusions as our own, and we add the following primarily for emphasis.

The Examiner determines the claims are patent ineligible under 35 U.S.C. § 101, because the claims are directed to an abstract idea comprising a fundamental economic practice or organizing human activity, and do not include additional elements that are sufficient to amount to significantly more than the abstract idea. Final Act. 4–5; Ans. 8–9; *see also Alice Corp. Pty. Ltd. v. CLS Bank Int'l*, 134 S. Ct. 2347, 2355 (2014) (Describing the two-step framework “for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts.”). Appellants argue the Examiner errs, because “independent claim 1 of the present application constitutes patent-eligible subject matter because it is (1) not directed toward an abstract idea and, (2) even if it is misconstrued as such, it includes additional recitations

² We refer to the Final Office Action mailed March 26, 2015.

that are significantly more than an abstract idea.” App. Br. 19 (quotations and emphasis omitted).

We are not persuaded the Examiner’s patent eligibility rejection is in error. We address each step of the *Alice* inquiry, below.

A. Alice Step One

Appellants argue the Examiner’s proffered “alleged abstract idea is a mischaracterization, and a gross overgeneralization, of the claimed subject matter,” such that the “Examiner has not established that the claims of the present application are *directed towards* an abstract idea, as meant in the relevant case law.” App. Br. 7 (bolding and quotations omitted). Instead, Appellants contend that, “[a]t best, claim 1 merely *involves* the alleged abstract idea, as the claim . . . is directed to a technological improvement, as any claim is if viewed at a sufficient distance.” App. Br. 10.

We are not persuaded the Examiner errs in determining “[c]laim 1 (exemplary) is directed to an abstract idea of determining a financial network for routing a financial transaction.” Ans. 8. Claim 1 recites a “method for determining a financial network” by performing steps such as providing information including a list of preferred networks, receiving/retrieving transaction related information, determining network prioritizations, and selecting a particular network for routing. This method enables a more profitable network (for the acquiring entity) to be selected, as opposed to prior systems that selected a network based on profitability for the credit/debit processor. *See, e.g.,* Spec. ¶ 3; Fig. 3. We agree with the Examiner that the claim is directed to an abstract concept, as the claimed steps are performed to choose the (financially beneficial) network. *See, e.g.,*

Spec. ¶ 46 (“FIG. 7 illustrates a workflow diagram for determining a network to send/route a financial transaction (debit, credit, ATM, etc.) according to an embodiment and implementing either the acquirer routing method or the priority routing method as indicated in the transaction acquirer's routing profile.”).³

We are unpersuaded by Appellants’ arguments that “[l]ike the representative claim in *DDR Holdings*, Appellants’ claim 1 is necessarily rooted in computer technology” (App. Br. 13, quotations omitted)⁴ and like the claims in *McRO*, “the appealed claims are directed to more than a mere application of rules” (Reply Br. 4). *See DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1257 (Fed. Cir. 2014); *McRO, Inc. v. Bandai Namco Games Am. Inc.*, 837 F.3d 1299 (Fed. Cir. 2016). The claimed method of determining a network for routing a financial transaction is analogous to claims that have been determined to be abstract.⁵ Unlike the claims in

³ Separately, we note the claimed method may cover steps performed mentally or with pen and paper. *See* <https://en.wikipedia.org/wiki/Hawala> (describing a financial transaction system conducted verbally such as by telephone).

⁴ We note Appellants appear to cite *DDR* in context of step one of the *Alice* framework; thus we include our relevant analysis under step one as well. *See* App. Br 12–13.

⁵ *See, e.g., Inventor Holdings, LLC v. Bed Bath & Beyond, Inc.*, 876 F.3d 1372, 1378 (Fed. Cir. 2017) (“the claims of the ‘582 patent are manifestly directed to an abstract idea, which the district court accurately described as local processing of payments for remotely purchased goods”) (quotations omitted); *Credit Acceptance Corp. v. Westlake Servs.*, 859 F.3d 1044, 1054 (Fed. Cir. 2017) (“the claims [are] directed to the abstract idea of processing an application for financing a purchase”); *buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350, 1355 (Fed. Cir. 2014) (claims that “are squarely about creating a contractual relationship—a ‘transaction performance guaranty’” held as “directed to an abstract idea”); *Dealertrack, Inc. v. Huber*, 674 F.3d 1315,

McRO and *DDR*, the present claims do not provide a concrete technical improvement or address a problem unique to the internet; here, the specific claim limitations select a middleman (the network) for transferring money based on financial—rather than any technical—benefits. *See McRO*, 837 F.3d at 1314 (stating the claims “focused on a specific asserted improvement in computer animation”); *DDR*, 773 F.3d at 1258 (stating “not all claims purporting to address Internet-centric challenges are eligible for patent”); *see also* Spec. ¶¶ 2–4, 22. Thus, we agree with the Examiner the claims are directed to an abstract idea under step one of the *Alice* framework. *See* Ans. 7.

We find similarly unpersuasive Appellants’ argument that “the pending claims do not monopolize the alleged abstract idea of determining a financial network for routing an electronic transaction.” App. Br. 11 (quotations omitted). Preemption is not the sole test for patent eligibility, and any questions on preemption in the instant case have been resolved by the Examiner’s analysis and our decision herein. As our reviewing court has explained: “questions on preemption are inherent in and resolved by the § 101 analysis,” and, although “preemption may signal patent ineligible subject matter, the absence of complete preemption does not demonstrate patent eligibility.” *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d

1333 (Fed. Cir. 2012) (determining “processing information through a clearinghouse” is abstract); *Bilski v. Kappos*, 561 U.S. 593, 611, (2010) (“The concept of hedging, described in claim 1 and reduced to a mathematical formula in claim 4, is an unpatentable abstract idea.”); *Alice*, 134 S. Ct. at 2356 (“the claims at issue here are directed to an abstract idea . . . [which] involve[s] a method of exchanging financial obligations between two parties using a third-party intermediary to mitigate settlement risk”).

1371, 1379 (Fed. Cir. 2015); *cf. OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1362–63 (Fed. Cir. 2015) (“[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.”).

B. Alice Step Two

Appellants argue “[c]laim 1 . . . differs significantly from the claims of *Alice* as the claimed method (i) requires implementation via specifically configured computer components and (ii) improves upon existing technologies,” and “a generic computer is not capable of performing the functional features recited in claim 1.” App. Br. 16. Appellants further argue “claim 1 solves a technological problem” by providing components that function “*in a very specific manner in a hardware-based system that has not been done before in the industry, which results in the enablement of, e.g., transaction acquirers (e.g., merchants) to identify (and/or prioritize) desired financial networks for the routing of electronic transactions.*” App. Br. 18.

We are unpersuaded the Examiner errs in determining “[t]he claim does not include additional elements that are sufficient to amount to significantly more than the judicial exception.” Ans. 9. As discussed above—even assuming claim 1 requires a hardware-based system—the specific claimed functions are part of the abstract idea, itself. *See* Ans. 10 (“The recitation of the claimed limitations amounts to mere instructions to implement the abstract idea on a computer.”). Based on our review of the record, we agree with the Examiner that “[t]he claimed invention does not indicate that specialized computer hardware is necessary to implement the

claimed systems,” as the claims, read in light of the Specification, only require “generic computer components claimed to perform their basic functions.” Ans. 9; Figs. 1, 3, Spec. ¶¶ 3, 6, 20, 22; *see also* page 3 of the USPTO Memorandum on Changes in Examination Procedure Pertaining to Subject Matter Eligibility, Recent Subject Matter Eligibility Decision (*Berkheimer v. HP, Inc.*), April 19, 2018 (“A specification demonstrates the well-understood, routine, conventional nature of additional element(s) . . . in a manner that indicates that the additional elements are sufficiently well-known that the specification does not need to describe the particulars of such additional elements to satisfy 35 U.S.C. § 112(a).”). Such well-known and routine elements are not enough to transform the claim into a patent-eligible application. *See Alice*, 134 S. Ct. at 2359 (“[W]hat petitioner characterizes as specific hardware . . . is purely functional and generic,” as “[n]early every computer . . . [is] capable of performing the basic calculation, storage, and transmission functions required by the method claims.”).

Appellants’ arguments focus on the *specificity* of the claim limitations. *See, e.g.*, App. Br. 17 (“the recitations of claim 1 would require specific programming”). Specificity alone, however, does not confer patent eligibility. The Supreme Court has “rejected the argument that ‘implement[ing] a principle in some specific fashion’ will ‘automatically fal[l] within the patentable subject matter of § 101.’” *Alice*, 134 S. Ct. at 2358 (quoting *Parker v. Flook*, 437 U.S. 584, 593(1978)). Here, Appellants quote and generalize the claims (*see, e.g.*, App. Br. 14–15), but do not identify any inventive concept that imparts significantly more than the abstract idea of determining a financial network. Unlike claims found to be patent eligible for providing a technical benefit, Appellants’ “specific”

limitations are for generic computing functionality directed to solving a business/financial problem. *See* Final Act. 4; Ans. 9; Spec. ¶ 2–4; *cf.* *Bascom Glob. Internet Servs., Inc. v. AT&T Mobility LLC*, 827 F.3d 1341, 1351 (Fed. Cir. 2016); *Diamond v. Diehr*, 450 U.S. 175, 177–78 (1981).

Thus, we are not persuaded the Examiner errs in determining claim 1 is not patent eligible. *See* Final Act. 4–5. Appellants do not provide additional substantive arguments for remaining independent claims 12 and 20. *See* App. Br. 19–21. Accordingly, we sustain the Examiner’s patent eligibility rejection of these claims for the same reasons.

C. Dependent Claims

Appellants argue “the Examiner does not establish a *prima facie* case of patent ineligibility” for claims 2–11 and 13–19 because “the Examiner has failed to analyze each claim individually, as required.” Reply Br. 13. Appellants, however, raise this issue for the first time in the Reply Brief. *See* App. Br. 21. This argument could have been raised in the opening brief and is therefore waived. *See* 37 C.F.R. § 41.41(b)(2) (“Any argument raised in the reply brief which was not raised in the appeal brief, or is not responsive to an argument raised in the examiner’s answer, . . . will not be considered by the Board for purposes of the present appeal, unless good cause is shown.”). Accordingly, we sustain the Examiner’s rejection of the dependent claims.

DECISION

The Examiner’s decision rejecting claims 1–20 is affirmed.

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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