



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.
12/943.611	11/10/2010	David Walker	0014.002001	4008
123077	7590	04/29/2019	EXAMINER	
Grable Martin Fulton PLLC 1914 Skillman Street, Ste. 110-144 Dallas, TX 75206			MADAMBA, CLIFFORD B	
			ART UNIT	PAPER NUMBER
			3692	
			NOTIFICATION DATE	DELIVERY MODE
			04/29/2019	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):

spatterson@GCHub.com  
dwilson@gchub.com

UNITED STATES PATENT AND TRADEMARK OFFICE

---

BEFORE THE PATENT TRIAL AND APPEAL BOARD

---

*Ex parte* DAVID WALKER

---

Appeal 2017-011490  
Application 12/943,611  
Technology Center 3600

---

Before HUNG H. BUI, JOSEPH P. LENTIVECH, and  
JOHN R. KENNY, *Administrative Patent Judges*.

LENTIVECH, *Administrative Patent Judge*.

DECISION ON APPEAL

Pursuant to 35 U.S.C. § 134(a), Appellant<sup>1</sup> appeals from the Examiner's decision to reject claims 1–5, 7–11, 14–17, 19–21, 23, 24, 26, and 28–33. Claims 6, 12, 13, 18, 22, 25, and 27 have been canceled. *See* App. Br. 15–24 (Claims Appendix). We have jurisdiction over the pending claims under 35 U.S.C. § 6(b).

We affirm.

---

<sup>1</sup> According to Appellant, the real party in interest is Electronic Check Clearing House Organization. App. Br. 1.

STATEMENT OF THE CASE

*Appellant's Invention*

Appellant's invention relates to "electronic payment orders for authorizing and instructing the payment from a payor to a payee without the use of paper checks." Spec. ¶ 1.

Claim 1, which is illustrative, reads as follows:

1. A method performed by data processing apparatus, the method comprising:

generating, at a user device, an electronic payment order payable on a payor account at a payor institution, wherein the electronic payment order includes an order to pay specified funds to a payee;

transmitting a notice of the electronic payment order from the user device to a server at the payor institution;

determining, using a server at the payor institution, whether the account at the payor institution has sufficient funds based on the notice of the electronic payment order received from the user device and before the electronic payment order is presented to the payor institution for payment after being transmitted to an entity authorized to receive payment based on the electronic payment order, wherein the determination of whether the account has sufficient funds is used to determine whether to send a message to the user device regarding sufficiency of funds in the account;

transmitting the electronic payment order from the user device to a server at an entity authorized to receive payment based on the electronic payment order;

generating a file containing the electronic payment order;

sending the file containing the electronic payment order through a check image exchange channel from a second financial institution authorized to collect the funds on behalf of the payee, wherein the check image exchange channel is used to exchange captured images of physical paper checks that can be

printed to produce substitute checks, the electronic payment order is not eligible to be printed as a substitute check, and the file containing the electronic payment order includes data distinguishing the electronic payment order from a captured image of a physical check at least when the electronic payment order is sent through the check image exchange channel;

receiving the file through the check image exchange channel at a server of the payor institution;

identifying the electronic payment order at the payor institution as being distinguished from a captured image of a physical check based on the data distinguishing the electronic payment order from a captured image of a physical check; and

processing the electronic payment order at the payor institution to authorize payment to the second financial institution and to post a corresponding debit on the payor account at the payor institution.

### *Rejection*

Claims 1–5, 7–11, 14–17, 19–21, 23, 24, 26, and 28–33 stand rejected under 35 U.S.C. § 101 because the claimed subject matter is judicially-excepted from patent eligibility under § 101. Final Act. 9–17.

### *Issue on Appeal*

Did the Examiner err in finding that claims 1–5, 7–11, 14–17, 19–21, 23, 24, 26, and 28–33 are directed to subject matter that is judicially-excepted from patent eligibility under § 101?

### ANALYSIS

Regarding the rejection of claims 1–5, 7–11, 14–17, 19–21, 23, 24, 26, and 28–33 under 35 U.S.C. § 101, Appellant does not substantively

argue the claims separately, but rely on the same arguments for all the claims. App. Br. 13. In accordance with 37 C.F.R. § 41.37(c)(1)(iv), we select independent claim 1 as the representative claim. Remaining claims 2–5, 7–11, 14–17, 19–21, 23, 24, 26, and 28–33 stand or fall together with claim 1.

*35 U.S.C. § 101*

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. Pty. Ltd. v. CLS Bank Int’l*, 573 U.S. 208, 216 (2014) (internal quotation marks and citation omitted).

In determining whether a claim falls within an excluded category, we are guided by the Supreme Court’s two-step framework, described in *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66 (2012) and *Alice*. *Alice*, 573 U.S. at 217–18 (citing *Mayo*, 566 U.S. at 75–77). 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, 69 (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 184 n.7 (quoting *Corning v. Burden*, 56 U.S. 252, 267–68 (1853))); 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 (internal 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. 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 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* MANUAL OF PATENT EXAMINING PROCEDURE (MPEP) § 2106.05(a)–(c), (e)–(h) (9<sup>th</sup> Ed., Rev. 08.2017, Jan. 2018)).

*See* Memorandum, 84 Fed. Reg. at 52, 54–55. 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 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.

*See* Memorandum, 84 Fed. Reg. at 56.

STEP 1

Under “Step 1” of the analysis, we determine whether the claimed subject matter falls within the four categories of patentable subject matter identified by 35 U.S.C. § 101. *Id.* at 53–54. Claim 1 is directed to a method and, therefore, falls within the four categories of patentable subject matter—a process.

STEP 2A, PRONG ONE

Under “Step 2A, Prong One” of the analysis, we determine whether the claim recites a judicial exception. *Id.* at 54. The limitations recited in claim 1 are reproduced below with certain limitations emphasized in italics:

*generating, at a user device, an electronic payment order payable on a payor account at a payor institution, wherein the electronic payment order includes an order to pay specified funds to a payee;*

*transmitting a notice of the electronic payment order from the user device to a server at the payor institution;*

*determining, using a server at the payor institution, whether the account at the payor institution has sufficient funds based on the notice of the electronic payment order received from the user device and before the electronic payment order is presented to the payor institution for payment after being transmitted to an entity authorized to receive payment based on the electronic payment order, wherein the determination of whether the account has sufficient funds is used to determine whether to send a message to the user device regarding sufficiency of funds in the account;*

*transmitting the electronic payment order from the user device to a server at an entity authorized to receive payment based on the electronic payment order;*

*generating a file containing the electronic payment order;*

*sending the file containing the electronic payment order through a check image exchange channel from a second financial institution authorized to collect the funds on behalf of the payee, wherein the check image exchange channel is used to exchange captured images of physical paper checks that can be printed to produce substitute checks, the electronic payment order is not eligible to be printed as a substitute check, and the file containing the electronic payment order includes data distinguishing the electronic payment order from a captured image of a physical check at least when the electronic payment order is sent through the check image exchange channel;*

*receiving the file through the check image exchange channel at a server of the payor institution;*

*identifying the electronic payment order at the payor institution as being distinguished from a captured image of a physical check based on the data distinguishing the electronic payment order from a captured image of a physical check; and*

*processing the electronic payment order at the payor institution to authorize payment to the second financial institution and to post a corresponding debit on the payor account at the payor institution.*

The italicized limitations, as drafted, are processes that, under their broadest reasonable interpretation, recite using an electronic authorization for payment (e.g., an electronic payment order) to transfer funds from an account of a payor to an account of a payee because the limitations all recite the operations that would ordinarily take place in using an electronic authorization for payment (e.g., an electronic payment order) to transfer funds from an account of a payor to an account of a payee. Like the concept of intermediated settlement in *Alice*, and the concept of hedging in *Bilski*, the concepts of generating and presenting an electronic authorization for

payment recited in Appellant’s claims “is a fundamental economic practice long prevalent in our system of commerce.” *Alice*, 573 U.S. at 216 (citations and internal quotation marks omitted). Accordingly, we conclude the claim recites a fundamental economic practice, which is one of the certain methods of organizing human activity identified in the Revised Guidance, and thus an abstract idea. *See* Memorandum, 84 Fed. Reg. at 52.

#### STEP 2A, PRONG TWO

Under “Step 2A, Prong Two,” we determine whether the claim as a whole integrates the recited judicial exception into a practical application of the exception. Memorandum, 84 Fed. Reg. at 54. The additional elements recited in claim 1 include those elements not highlighted in italics above.

We find these additional limitations fail to integrate the judicial exception into a practical application. For example, the claims do not (1) improve the functioning of a computer or other technology, (2) are not applied with any particular machine (except for a generic computer), (3) do not effect a transformation of a particular article to a different state, and (4) are not applied in any 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* Memorandum, 84 Fed. Reg. at 54–55; MPEP §§ 2106.05(a)–(c), (e)–(h).

We are not persuaded by Appellant’s argument that “these features allow ‘electronic payment orders to be cleared using existing image exchange networks without requiring that the electronic payment orders be capable of being printed to generate substitute checks that comply with the

Check Clearing for the 21st Century Act (Check 21).” App. Br. 8 (citing Spec. ¶ 8). A claimed invention must embody a concrete solution to a problem having “the specificity required to transform a claim from one claiming only a result to one claiming a way of achieving it.” *SAP Am., Inc. v. InvestPic, LLC*, 890 F.3d 1016, 1021–22 (Fed. Cir. 2018) (collecting cases). Appellant’s claims do not go beyond generic functions, and there are no technical means for performing the claimed steps that are arguably an advance over conventional computer technology. *See Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1351 (Fed. Cir. 2016). The additional elements recited in claim 1 are described and claimed generically rather than with the specificity necessary to show how those components provide a concrete solution to the problem addressed by the claims.

We are also not persuaded by Appellant’s argument that the claim is similar to the claims in *Bascom Global Internet Services, Inc., v. AT&T Mobility LLC*, 827 F.3d 1341, 1349 (Fed. Cir. 2016). App. Br. 10–13. Appellant’s claims do not go beyond generic functions, and Appellant does not adequately identify technical means for performing the claimed steps that are arguably an advance over conventional computer technology. *See Elec. Power Grp.*, 830 F.3d at 1351. The claim does not require any non-conventional computer components, or even a “non-conventional and non-generic arrangement of known, conventional pieces,” rather, the claim merely calls for performance of the claimed processes “on a set of generic computer components.” *Bascom*, 827 F.3d at 1349–52.

For the foregoing reasons, claim 1 is directed to certain methods of organizing human activity determined to be abstract ideas—e.g., a

fundamental economic practice—and does not integrate the judicial exception into a practical application.

#### STEP 2B

We next evaluate the claim under “Step 2B” to determine whether the claim provides an “inventive concept” (e.g., recites significantly more than the abstract idea). Memorandum, 84 Fed. Reg. at 56.

As recognized by the Memorandum, an “inventive concept” under *Alice* step 2 can be evaluated based on whether an additional element or combination of elements:

- (1) adds a specific limitation or combination of limitations that is not well-understood, routine, conventional activity in the field, which is indicative that an inventive concept may be present (*see* MPEP § 2106.05(d)); or
- (2) simply appends well-understood, routine, conventional activities previously known to the industry, specified at a high level of generality, to the judicial exception, which is indicative that an inventive concept may not be present.

*See* Memorandum, 84 Fed. Reg. at 56.

In this case, however, we find no element or combination of elements recited in Appellant’s claim that adds a specific limitation or combination of limitations that are not well-understood, routine, conventional activity in the field. *See id.* Regarding the claimed user device, server, and check image exchange channel, we note that the Specification fails to distinguish such hardware from generic computer components, performing generic computer functions that are routine and conventional. Accordingly, Appellant has not

adequately explained how claim 1 is performed such that it is not a routine and conventional function of a generic computer.

As recognized by the Supreme Court, “the mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention.” *See Alice*, 573 U.S. at 223 (concluding claims “simply instruct[ing] the practitioner to implement the abstract idea of intermediated settlement on a generic computer” not patent eligible (*id.* at 225)); *Accenture Global Servs., GmbH v. Guidewire Software, Inc.*, 728 F.3d 1336, 1344–45 (Fed. Cir. 2013) (claims reciting “generalized software components arranged to implement an abstract concept [of generating insurance-policy-related tasks based on rules to be completed upon the occurrence of an event] on a computer” not patent eligible); and *Dealertrack, Inc. v. Huber*, 674 F.3d 1315, 1333–34 (Fed. Cir. 2012) (“[s]imply adding a ‘computer aided’ limitation to a claim covering an abstract concept, without more, is insufficient to render [a] claim patent eligible” (internal citation omitted)).

#### CONCLUSION

For the foregoing reasons, we find claims 1–5, 7–11, 14–17, 19–21, 23, 24, 26, and 28–33 are directed to a patent-ineligible abstract concept, and do not recite something “significantly more” under the second prong of the *Alice* analysis. Accordingly, we sustain the Examiner’s rejection of these claims under 35 U.S.C. § 101.

#### DECISION

We affirm the Examiner’s rejection of claims 1–5, 7–11, 14–17, 19–21, 23, 24, 26, and 28–33 under 35 U.S.C. § 101.

Appeal 2017-011490  
Application 12/943,611

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