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Mailstop: IP Docketing - 22
1100 Peachtree Street
Suite 2800
Atlanta, GA 30309

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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte AAMER ALI BAIG, JAMES E. COWELL, PETER M. KARAS,
CHERYL L. NEOFYTIDES, MATTHEW F. GOLUB,
JAMES R. YODER, SUSAN M. MILBERGER, JEFF D. SHERRARD,
AMY M. DUNKER, JACKIE M. MACFARLANE,
ERIC L. PLATTE AND SUSAN F. ABRAHAMS

Appeal 2018-000893
Application 13/774,568¹
Technology Center 3600

Before ST. JOHN COURTENAY III, LARRY J. HUME, and
JOYCE CRAIG, *Administrative Patent Judges*.

LARRY J. HUME, *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 66–74 and 77–85, which are all claims pending in the application. Appellants have canceled claims 1–65, 75, and 76. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

¹ According to Appellants, the real party in interest is Western Union Co. Br. 2.

STATEMENT OF THE CASE²

The Invention

Appellants' disclosed embodiments and claimed invention relate to "computer-implemented financial transactions, and more particularly relate[] to processing person-to-person payments and money requests using a computer network." Spec. ¶ 1.

Exemplary Claim

Claim 66, reproduced below, is representative of the subject matter on appeal:

66. A method for transferring funds, the method comprising:

receiving at a payment enabler computer system that transmits and receives data over a network a communication from a requestor computer device, wherein the communication comprises a request to receive funds from one or more payors, wherein the request includes identification information for the one or more payors, and wherein the request includes data entered using an electronically displayed form provided on the requestor computer device;

sending by the money handler computer system an invitation to a wireless payor computer device of the one or more payors giving a notification of the request from the requestor computer device;

² Our decision relies upon Appellants' Appeal Brief ("Br.," filed July 3, 2017); Examiner's Answer ("Ans.," mailed Aug. 18, 2017); Final Office Action ("Final Act.," mailed Jan. 30, 2017); and the original Specification ("Spec.," filed Feb. 22, 2013). Appellants did not file a Reply Brief in response to the factual findings and legal conclusions in the Examiner's Answer.

receiving from the payor computer device an affirmative response to the request, wherein the response includes data entered using an electronically displayed form provided on the payor computer device;

arranging by the payment enabler computer system for the funds to be provided to a requestor from the payor.

*Rejections on Appeal*³

R1. Claims 66–74 and 77–85 stand rejected under 35 U.S.C. § 112, first paragraph, as failing to comply with the written description requirement. Final Act. 7.

R2. Claims 66–74 and 77–85 stand rejected under 35 U.S.C. § 112, second paragraph, as being indefinite. Final Act. 10.⁴

R3. Claims 66–74 and 77–85 stand rejected under 35 U.S.C. § 101 as being directed to patent-ineligible subject matter. Final Act. 11.

CLAIM GROUPING

Based on Appellants’ arguments (Br. 4–5) and our discretion under 37 C.F.R. § 41.37(c)(1)(iv), we decide the appeal of patent-ineligible subject matter Rejection R3 of claims on the basis of representative claim 66.

³ The Examiner has withdrawn the 35 U.S.C. § 103(a) rejections. Ans. 2.

⁴ We herein reverse Rejection R2 of claims 66–74 and 77–85 for indefiniteness as currently formulated. However, in the event of further prosecution, we invite the Examiner’s attention to the recitation of “*the* money handler computer system” in the second limitation of claim 66 to ensure proper antecedent basis has been provided. Although the Board is authorized to reject claims under 37 C.F.R. § 41.50(b), no inference should be drawn when the Board elects not to do so. *See* Manual of Patent Examining Procedure (MPEP) § 1213.02.

ISSUES AND ANALYSIS

In reaching this decision, we consider all evidence presented and all arguments actually made by Appellants. To the extent Appellants have not advanced separate, substantive arguments for particular claims, or other issues, such arguments are waived. 37 C.F.R. § 41.37(c)(1)(iv).

1. § 112, first paragraph, Rejection R1 of Claims 66–74 and 77–85

Issue 1

Appellants argue (Br. 3) the Examiner’s rejection of claim 66 under 35 U.S.C. § 112, first paragraph, as lacking written description support is in error. These contentions present us with the following issue:

Did the Examiner err in rejecting claim 66 under § 112, first paragraph, as lacking written description support?

Analysis

Appellants argue the Examiner does not allege any particular claim term in claim 66 as lacking written description support, in the rejection. Br. 3.

We are persuaded by Appellants’ arguments. We do not sustain the Examiner’s rejection because the Examiner fails to set forth a prima facie case for the rejection of claim 66 (Final Act. 7–9) pursuant to the requirements of 35 U.S.C. § 132(a). See *In re Warner*, 379 F.2d 1011, 1017 (CCPA 1967). We are left to speculate as to which claim term(s) in claim 66 the Examiner finds lacks written description support.

Accordingly due to the failure to set forth a prima facie case, we reverse the Examiner's written description Rejection R1 of claims 66–74 and 77–85 rejected under this rejection.

2. § 112, second paragraph, Rejection R2 of Claims 66–74 and 77–85

Issue 2

Appellants argue (Br. 4) the Examiner's rejection of claims 66, 79 and 85 under 35 U.S.C. § 112, second paragraph, is in error. These contentions present us with the following issue:

Did the Examiner err in interpreting the limitation in claim 66 of “requestor” under 35 U.S.C. § 112, second paragraph, as being indefinite?

Analysis

The Examiner concludes the term “requestor” recited in independent claims 66, 79, and 85 is unclear and renders the claim indefinite. Final Act. 10.

Appellants argue “no person of any skill in the art would read the claims alone, much less in light of the specification, and not immediately understand that a ‘requestor’ is a person requesting a transaction.” Br. 4.

We conclude the Examiner erred in concluding claim 66 is indefinite because the Examiner contrarily interprets the claim term “requestor” to be synonymous with payee. *See* Ans. 4. The Specification further describes a payee as *requesting* money from a payor which, in our view, provides additional support for the definiteness of the claim term “requestor.” Spec. 5.

Therefore, based upon the findings above regarding the Specification, on this record, we are persuaded of error in the Examiner's conclusion the term "requestor" is indefinite such that we do not sustain the Examiner's indefiniteness rejection of independent claims 66, 79, and 85 and dependent claims 67–74, 77, 78 and 80–84, which depend therefrom.

3. § 101, Rejection R3 of Claims 66–74 and 77–85

Issue 3

Under the USPTO's Revised Guidance, informed by our governing case law concerning 35 U.S.C. § 101, is claim 66 patent-ineligible under § 101?

Analysis

The Examiner concludes the claims are drawn to abstract ideas, i.e., as fundamental economic practices, certain methods of organizing human activities, an idea of itself, and mathematical relationships/formulas. Final Act. 11. Appellants traverse the Examiner's rejection and argue at least step two of the Alice framework is satisfied by the claims. Br. 4. We review the rejection *de novo* under the USPTO's Revised Guidance:

PRINCIPLES OF LAW

A. 35 U.S.C. § 101

"Whether a claim is drawn to patent-eligible subject matter is an issue of law that we review *de novo*." *SiRF Tech., Inc. v. Int'l Trade Comm'n*, 601 F.3d 1319, 1331 (Fed. Cir. 2010).

An invention is patent-eligible if it claims a “new and useful process, machine, manufacture, or composition of matter.” 35 U.S.C. § 101.⁵ 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. *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 70 (2012) (brackets in original) (citing *Diamond v. Diehr*, 450 U.S. 175, 185 (1981)).

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 Corp. v. CLS Bank Int’l*, 573 U.S. 208, 217–18 (2014) (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*, 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

⁵ This threshold analysis of whether a claim is directed to one of the four statutory categories of invention, *i.e.*, a process, machine, manufacture, or composition of matter, is referred to as “*Step 1*” in the patent-eligibility inquiry under § 101.

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 182 n.7 (quoting *Corning v. Burden*, 56 U.S. (15 How.) 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 “[a] claim drawn to subject matter otherwise statutory does not become nonstatutory simply because it uses a mathematical formula.” *Diehr*, 450 U.S. at 187; *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.”).

However, the Federal Circuit has held claims ineligible as directed to an abstract idea when they merely collect electronic information, display information, or embody mental processes that could be performed by humans. *Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1353–54 (Fed. Cir. 2016) (collecting cases). At the same time, “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. Abstract ideas may include, but are not limited to, fundamental economic practices, methods of organizing human activities, and mathematical formulas or relationships. *Alice*, 573 U.S. at 217–221. Under this guidance, we must therefore ensure at step one that we articulate what the claims are directed to with enough specificity to ensure the step one inquiry is meaningful. *Id.* at 217 (“[W]e tread carefully in construing this exclusionary principle lest it swallow all of patent law.”).

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 (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.*

B. USPTO Revised Guidance

The PTO recently published revised guidance in the Federal Register concerning the application of § 101. *2019 Revised Patent Subject Matter Eligibility Guidance*, 84 Fed. Reg. 50 (January 7, 2019) (hereinafter “Revised Guidance”) (<https://www.govinfo.gov/content/pkg/FR-2019-01-07/pdf/2018-28282.pdf>).

Under the Revised 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);⁶ and

(2) additional elements that integrate the judicial exception into a practical application (*see* MPEP §§ 2106.05(a)–(c), (e)–(h)).⁷

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.⁸

See Revised Guidance.

Step 2A(i) – Abstract Idea

Informed by our judicial precedent, the recent Revised Guidance extracts and synthesizes key concepts identified by the courts as abstract

⁶ Referred to as “*Revised Step 2A, Prong 1*” in the Guidance (hereinafter “*Step 2A(i)*”).

⁷ Referred to as “*Revised Step 2A, Prong 2*” in the Guidance (hereinafter “*Step 2A(ii)*”).

⁸ Items (3) and (4) continue to be collectively referred to as “*Step 2B*” of the Supreme Court’s two-step framework, described in *Mayo* and *Alice*.

ideas to explain that the abstract idea exception includes the following groupings of subject matter, when recited as such in a claim limitation:

(a) Mathematical concepts—mathematical relationships, mathematical formulas or equations, mathematical calculations;

(b) Certain methods of organizing human activity — fundamental economic principles or practices (including hedging, insurance, mitigating risk); commercial or legal interactions (including agreements in the form of contracts; legal obligations; advertising, marketing or sales activities or behaviors; business relations); managing personal behavior or relationships or interactions between people (including social activities, teaching, and following rules or instructions); and

(c) Mental processes—concepts performed in the human mind (including an observation, evaluation, judgment, opinion).

Under the Revised Guidance, if the claim does not recite a judicial exception (a law of nature, natural phenomenon, or subject matter within the enumerated groupings of abstract ideas above), then the claim is patent-eligible at *Step 2A(i)*. This determination concludes the eligibility analysis, except in situations identified in the Revised Guidance.⁹

However, if the claim recites a judicial exception (i.e., an abstract idea enumerated above, a law of nature, or a natural phenomenon), the claim requires further analysis for a practical application of the judicial exception in *Step 2A(ii)*.

⁹ In the rare circumstance in which an examiner believes a claim limitation that does not fall within the enumerated groupings of abstract ideas should nonetheless be treated as reciting an abstract idea, the procedure described in of the Guidance for analyzing the claim should be followed. *See* Guidance, Section III.C.

Step 2A(ii) – Practical Application

If a claim recites a judicial exception in *Step 2A(i)*, we determine whether the recited judicial exception is integrated into a practical application of that exception in *Step 2A(ii)* by: (a) identifying whether there are any additional elements recited in the claim beyond the judicial exception(s); and (b) evaluating those additional elements individually and in combination to determine whether they integrate the exception into a practical application.

The seven identified “practical application” sections of the MPEP,¹⁰ cited in the Revised Guidance under *Step 2A(ii)*, are:

- (1) MPEP § 2106.05(a) Improvements to the Functioning of a Computer or To Any Other Technology or Technical Field
- (2) MPEP § 2106.05(b) Particular Machine
- (3) MPEP § 2106.05(c) Particular Transformation
- (4) MPEP § 2106.05(e) Other Meaningful Limitations
- (5) MPEP § 2106.05(f) Mere Instructions To Apply An Exception
- (6) MPEP § 2106.05(g) Insignificant Extra-Solution Activity
- (7) MPEP § 2106.05(h) Field of Use and Technological Environment

If the recited judicial exception is integrated into a practical application as determined under one or more of the MPEP sections cited above, then the claim is not directed to the judicial exception, and the patent-eligibility inquiry ends. If not, then analysis proceeds to *Step 2B*.

¹⁰ See MPEP §§ 2106.05(a)–(c), (e)–(h). Citations to the MPEP herein refer to revision [R-08.2017].

Step 2B – “Inventive Concept” or “Significantly More”

Under the Revised Guidance, it is possible that a claim that does not “integrate” a recited judicial exception into a practical application under *Step 2A(ii)* is nonetheless patent eligible. For example, the claim may recite additional elements that render the claim patent eligible even though a judicial exception is recited in a separate claim element.¹¹ The Federal Circuit has held claims eligible at the second step of the *Alice/Mayo* test (USPTO *Step 2B*) because the additional elements recited in the claims provided “significantly more” than the recited judicial exception (e.g., because the additional elements were unconventional in combination).¹² Therefore, if a claim has been determined to be directed to a judicial exception under *Revised Step 2A*, we must evaluate the additional elements individually and in combination under *Step 2B* to determine whether they provide an inventive concept (i.e., whether the additional elements amount to significantly more than the exception itself).¹³

Under the Revised Guidance, we must consider in *Step 2B* whether an additional element or combination of elements: (1) “Adds a specific

¹¹ See, e.g., *Diehr*, 450 U.S. at 187.

¹² See, e.g., *Amdocs (Israel), Ltd. v. Openet Telecom, Inc.*, 841 F.3d 1288, 1300, 1304 (Fed. Cir. 2016); *BASCOM Global Internet Services, Inc. v. AT&T Mobility LLC*, 827 F.3d 1341, 1349–52 (Fed. Cir. 2016); *DDR Holdings v. Hotels.com*, 773 F.3d 1245, 1257-59 (Fed. Cir. 2014).

¹³ The patent eligibility inquiry may contain underlying issues of fact. *Mortg. Grader, Inc. v. First Choice Loan Servs. Inc.*, 811 F.3d 1314, 1325 (Fed. Cir. 2016). In particular, “[t]he question of whether a claim element or combination of elements is well-understood, routine and conventional to a skilled artisan in the relevant field is a question of fact.” *Berkheimer v. HP Inc.*, 881 F.3d 1360, 1368 (Fed. Cir. 2018).

limitation or combination of limitations that are not well-understood, routine, conventional activity in the field, which is indicative that an inventive concept may be present;” 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 Revised Guidance, III.B.*¹⁴

In the *Step 2B* analysis, an additional element (or combination of elements) is not well-understood, routine or conventional unless the examiner finds an evidentiary basis, and expressly supports a rejection in writing with, one or more of the following:

1. A citation to an express statement in the specification or to a statement made by an applicant during prosecution that demonstrates the well-understood, routine, conventional nature of the additional element(s).
2. A citation to one or more of the court decisions discussed in MPEP § 2106.05(d)(II) as noting the well-understood, routine, conventional nature of the additional element(s).

¹⁴ In accordance with existing *Step 2B* guidance, an Examiner’s conclusion that an additional element (or combination of elements) is well understood, routine, conventional activity must be supported with a factual determination. For more information concerning evaluation of well-understood, routine, conventional activity, *see* MPEP § 2106.05(d), as modified by the USPTO *Berkheimer* Memorandum (USPTO Commissioner for Patents Memorandum dated Apr. 9, 2018, “Changes in Examination Procedure Pertaining to Subject Matter Eligibility, Recent Subject Matter Eligibility Decision (*Berkheimer v. HP, Inc.*)” (hereinafter “*Berkheimer Memo*”).

3. A citation to a publication that demonstrates the well-understood, routine, conventional nature of the additional element(s).

4. A statement that the examiner is taking official notice of the well-understood, routine, conventional nature of the additional element(s).

See Berkheimer Memo.

The analysis in *Step 2B* further determines whether an additional element or combination of elements:

(a) Adds a specific limitation or combination of limitations that are not well-understood, routine, conventional activity in the field, which is indicative that an inventive concept may be present; or

(b) 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.

Revised Guidance, *and see Berkheimer Memo.*

If the Examiner or the Board determines under *Step 2B* that the element (or combination of elements) amounts to significantly more than the exception itself, the claim is eligible, thereby concluding the eligibility analysis.

However, if a determination is made that the element and combination of elements does not amount to significantly more than the exception itself, the claim is ineligible under *Step 2B*, and the claim should be rejected for lack of subject matter eligibility.

ANALYSIS

Step 1

Claim 66, as a method (process) claim, recites one of the enumerated categories of eligible subject matter in 35 U.S.C. § 101. Therefore, the issue before us is whether it is directed to a judicial exception without significantly more.

Step 2A(i): Does the Claim Recite a Judicial Exception?

The Examiner determined that claim 66 is directed to “fundamental economic practices; certain methods of organizing human activities; an idea of itself; and mathematical relationships/formulas.” Final Act. 11.

We conclude claim 66 does not recite the judicial exceptions of either natural phenomena or laws of nature. We evaluate whether claim 66 recites an abstract idea based upon the Revised Guidance. We conduct our review for abstractness *de novo*.

The Specification provides context as to what the claimed invention is directed to. In this case, the Specification discloses that the invention “relates generally to computer-implemented financial transactions, and more particularly *relates to processing person-to-person payments and money requests using a computer network.*” Spec. ¶ 1 (emphasis added).

Appellants’ Abstract describes the invention as:

According to the invention, transferring money using a computer network is disclosed. In one step, information is saved on credit received for a first user (110) in a stored value account on a server computer system (170). At the server computer system (170), a request from the first user (110) to send money to a second user (130) based on the stored value

account is received. An electronic notification is sent from the server computer (170) to the second user (130) to notify the second user (130) of the request. A debit in the stored value account of the first user (110) is created. The requested money is sent to the second user (130) upon a receipt of a request at the server computer (170) from the second user (130).

Spec. 38.

Claim 66 recites, in pertinent part, “[a] method for transferring funds,” that includes the steps of:

- (1) “receiving . . . a communication from a requestor . . . [that] comprises a request to receive funds from one or more payors.”
- (2) “sending . . . an invitation to a . . . payor . . . giving a notification of the request.”
- (3) “receiving . . . an affirmative response to the request.”
- (4) “arranging . . . for the funds to be provided to a requestor from the payor.”

Claims App’x.

We also determine that claim 66 recites a fundamental economic practice as a certain method of organizing human activity that may also be performed by pen and paper. This type of activity, i.e., requesting and affirming the request for funds transfer and arranging for the funds transfer as recited in each of limitations (1) through (4), for example, includes longstanding conduct that existed well before the advent of computers and the Internet, and could be carried out by a human with pen and paper. *See CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1375 (Fed. Cir. 2011) (“That purely mental processes can be unpatentable, even when

performed by a computer, was precisely the holding of the Supreme Court in *Gottschalk v. Benson.*)¹⁵

Under the broadest reasonable interpretation standard,¹⁶ we conclude limitations (1) through (4) recite steps that would ordinarily occur when requesting that funds be transferred from a payor to a payee. *See* Final Act. 7. For example, communicating a request or invitation for payment to a payor from a requestor or payee is an operation that generally occurs before any transfer of funds is initiated. Further, affirming the request by the payor and subsequently arranging for the funds to be provided to the requestor or payee by the payor would typically conclude the funds transfer operation, whether initiated person-to-person, on paper, or using a computer.

Thus, under *Step 2A(i)*, we agree with the Examiner that claim 66’s *method for transferring funds* is a fundamental economic practice. We conclude claim 66, as a whole, under our Revised Guidance, recites a

¹⁵ Our reviewing court recognizes that “[a]n abstract idea can generally be described at different levels of abstraction.” *Apple, Inc. v. Ameranth, Inc.*, 842 F.3d 1229, 1240 (Fed. Cir. 2016). That need not and, in this case does not, “impact the patentability analysis.” *Id.* at 1241.

¹⁶ During prosecution, claims must be given their broadest reasonable interpretation when reading claim language in light of the specification as it would be interpreted by one of ordinary skill in the art. *In re Am. Acad. of Sci. Tech. Ctr.*, 367 F.3d 1359, 1364 (Fed. Cir. 2004). Under this standard, we interpret claim terms using “the broadest reasonable meaning of the words in their ordinary usage as they would be understood by one of ordinary skill in the art, taking into account whatever enlightenment by way of definitions or otherwise that may be afforded by the written description contained in the applicant’s specification.” *In re Morris*, 127 F.3d 1048, 1054 (Fed. Cir. 1997).

judicial exception of certain methods of organizing human activity, i.e., a fundamental economic principle or practice, and thus is an abstract idea.

Step 2A(ii): Judicial Exception Integrated into a Practical Application?

If the claims are directed to a patent-ineligible concept, as we conclude above, we proceed to the “practical application” *Step 2A(ii)* in which we determine whether the recited judicial exception is integrated into a practical application of that exception by: (a) identifying whether there are any additional elements recited in the claim beyond the judicial exception(s); and (b) evaluating those additional elements individually and in combination to determine whether they integrate the exception into a practical application.

We find each of the limitations of claim 66 recite abstract ideas as identified in *Step 2A(i)*, *supra*, and none of the limitations integrate the fundamental economic practice of requesting and providing funds transfer into a practical application as determined under one or more of the MPEP sections cited above. The claim as a whole merely uses instructions to implement the abstract idea on a computer or, alternatively, merely uses a computer as a tool to perform the abstract idea. Thus, on this record, Appellants have not shown under the guidance of Manual of Patent Examining Procedure section 2106.05(a) (“Improvements to the Functioning of a Computer or to Any Other Technology or Technical Field”) or section 2106.05(e) (“Other Meaningful Limitations”). Nor do Appellants advance any arguments in the Brief(s) that are directed to the *Bilski* machine-or-transformation test, which would only be applicable to the method (process)

claims on appeal. *See* MPEP §§ 2106.05(b) (Particular Machine) and 2106.05(c) (Particular Transformation).

Therefore, we conclude the abstract idea is not integrated into a practical application, and thus the claim is directed to the judicial exception.

Step 2B – “Inventive Concept” or “Significantly More”

If the claims are directed to a patent-ineligible concept, as we conclude above, we proceed to the “inventive concept” step. For *Step 2B* we must “look with more specificity at what the claim elements add, in order to determine ‘whether they identify an “inventive concept” in the application of the ineligible subject matter’ to which the claim is directed.” *Affinity Labs of Texas, LLC v. DIRECTV, LLC*, 838 F.3d 1253, 1258 (Fed. Cir. 2016) (quoting *Elec. Power Grp.*, 830 F.3d at 1353).

In applying step two of the *Alice* analysis, our reviewing court guides we must “determine whether the claims do significantly more than simply describe [the] abstract method” and thus transform the abstract idea into patentable subject matter. *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 715 (Fed. Cir. 2014). We look to see whether there are any “additional features” in the claims that constitute an “inventive concept,” thereby rendering the claims eligible for patenting even if they are directed to an abstract idea. *Alice*, 573 U.S. at 221. Those “additional features” must be more than “well-understood, routine, conventional activity.” *Mayo*, 566 U.S. at 79.

Limitations referenced in *Alice* that are not enough to qualify as “significantly more” when recited in a claim with an abstract idea include, as non-limiting or non-exclusive examples: adding the words “apply it” (or an

equivalent) with an abstract idea¹⁷; mere instructions to implement an abstract idea on a computer¹⁸; or requiring no more than a generic computer to perform generic computer functions that are well-understood, routine and conventional activities previously known to the industry.¹⁹

Evaluating representative claim 66 under step 2 of the *Alice* analysis, we conclude it lacks an inventive concept that transforms the abstract idea of transferring funds into a patent-eligible application of that abstract idea.

The patent eligibility inquiry may contain underlying issues of fact. *Mortg. Grader*, 811 F.3d at 1325. In particular, “[t]he question of whether a claim element or combination of elements is well-understood, routine and conventional to a skilled artisan in the relevant field is a question of fact.” *Berkheimer*, 881 F.3d at 1368.

As evidence of the conventional nature of the recited “payment enabler computer system,” “network,” “money handler computer system,” and “wireless payor computer device” in method claim 66; and “payment enabler computer system,” “network,” “wireless requestor computer device,” and “payor computer device” in system claim 79, the Specification discloses:

The payor computer 120, the payee computer 140, and the server hosting the payment enabler 170 may each have typical features of a computer system, such as a processing unit,

¹⁷ *Alice*, 573 U.S. at 221–23.

¹⁸ *Alice*, 573 U.S. at 221, *e.g.*, simply implementing a mathematical principle on a physical machine, namely a computer (citing *Mayo*, 566 U.S. at 84–85).

¹⁹ *Alice*, 573 U.S. at 225, *e.g.*, using a computer to obtain data, adjust account balances, and issue automated instructions.

a system memory containing random access memory (RAM) and read only memory (ROM), and a system bus that couples the system memory to the processing unit. The computer may also include various memory storage devices, such as a hard disk drive, a magnetic disk drive (e.g., to read from or write to a removable magnetic disk), and an optical disk drive (e.g., to read from or write to optical media such as a CD-ROM). The payor computer 120 and the payee computer 140 may also comprise devices capable of wireless access to the Internet 150. Further, the payment enabler 170 may be implemented with a number of such computers interconnected by a network as is well known in the art.

Spec. ¶ 51.

Thus, because the Specification describes the additional elements in general terms, without describing the particulars, we conclude the claim limitations may be broadly but reasonably construed as reciting conventional computer components and techniques, particularly in light of Appellants' Specification, as quoted above.²⁰

Appellants argue:

Second, the claims also include specific limitations other than what is well understood, routine, and conventional in the field which confine the claims to particular useful applications, another factor established by the USPTO *Alice* Revised Guidance as constituting "significantly more." Specifically, "sending by the money handler computer system an invitation to a wireless payor computer device of the one or more payors giving a notification of the request from the requestor computer device[,]" has not been demonstrated as being well understood, routine, and conventional in the field. Indeed, in the separate

²⁰ Claim terms are to be given their broadest reasonable interpretation, as understood by those of ordinary skill in the art and taking into account whatever enlightenment may be had from the Specification. *In re Morris*, 127 F.3d 1048, 1054 (Fed. Cir. 1997).

and distinct § 103 analysis of the claims, the Office has not successfully demonstrated such recitations were known at all, much less well-understood, routine, and conventional (which terms by their very nature would seem to indicate an abundance of easily applicable prior art references would be available).

Br. 5.

In response, we note the Supreme Court emphasizes, “[t]he ‘novelty’ of any element or steps in a process, or even of the process itself, is of **no relevance** in determining whether the subject matter of a claim falls within the § 101 categories of possibly patentable subject matter.” *Diamond v. Diehr*, 450 U.S. 175, 188–89 (1981) (emphasis added). Our reviewing court further guides that “[e]ligibility and novelty are separate inquiries.” *Two-Way Media Ltd. v. Comcast Cable Commc’ns, LLC*, 874 F.3d 1329, 1340 (Fed. Cir. 2017); see also *Affinity Labs of Tex., LLC v. DIRECTV, LLC*, 838 F.3d 1253, 1263 (Fed. Cir. 2016) (holding that “[e]ven assuming” that a particular claimed feature was novel does not “avoid the problem of abstractness”).

The Manual of Patent Examining Procedure, based upon our precedential guidance, provides additional considerations with respect to analysis of the well-understood, routine, and conventional nature of the claimed computer-related components.

Another consideration when determining whether a claim recites significantly more than a judicial exception is whether the additional elements amount to more than a recitation of the words “apply it” (or an equivalent) or are more than mere instructions to implement an abstract idea or other exception on a computer. As explained by the Supreme Court, in order to transform a judicial exception into a patent-eligible application, the additional element or combination of elements must do

“more than simply stat[e] the [judicial exception] while adding the words ‘apply it’”. *Alice Corp. v. CLS Bank*, 573 U.S. ___, 134 S. Ct. 2347, 2357, 110 USPQ2d 1976, 1982-83 (2014) (quoting *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 72, 101 USPQ2d 1961, 1965). Thus, for example, claims that amount to nothing more than an instruction to apply the abstract idea using a generic computer do not render an abstract idea eligible. *Alice Corp.*, 134 S. Ct. at 2358, 110 USPQ2d at 1983. *See also* 134 S. Ct. at 2389, 110 USPQ2d at 1984 (warning against a § 101 analysis that turns on “the draftsman’s art”)

In *Alice Corp.*, the claim recited the concept of intermediated settlement as performed by a generic computer. The Court found that the recitation of the computer in the claim amounted to mere instructions to apply the abstract idea on a generic computer. 134 S. Ct. at 2359-60, 110 USPQ2d at 1984. The Supreme Court also discussed this concept in an earlier case, *Gottschalk v. Benson*, 409 U.S. 63, 70, 175 USPQ 673, 676 (1972), where the claim recited a process for converting binary-coded decimal (BCD) numerals into pure binary numbers. The Court found that the claimed process had no substantial practical application except in connection with a computer. *Benson*, 409 U.S. at 71-72, 175 USPQ at 676. The claim simply stated a judicial exception (e.g., law of nature or abstract idea) while effectively adding words that “apply it” in a computer. *Id.*

MPEP § 2106.05(f) (“Mere Instructions To Apply An Exception”).

With respect to the *Step 2B* analysis, we conclude, similar to *Alice*, the recitation of a method for transferring funds that includes “a payment enabler computer system,” a “money handler computer system,” a “wireless payor computer device,” and “an electronically displayed form provided on the payor computer device,” and which includes the recited “sending” limitation (claim 66) as argued by Appellants, and similarly for claim 79, is simply not enough to transform the patent-ineligible abstract idea here into a

patent-eligible invention under *Step 2B*. See *Alice*, 573 U.S. at 221 (“[C]laims, which merely require generic computer implementation, fail to transform [an] abstract idea into a patent-eligible invention.”).

We conclude the claims fail the *Step 2B* analysis because claim 66, in essence, merely recites various computer-based elements along with no more than mere instructions to implement the identified abstract idea using the computer-based elements.

Therefore, because the claims fail under both the *Step 2A* and *Step 2B* analyses, we sustain the Examiner’s § 101 rejection of independent claims 66, 79 and 85, and grouped claims 67–74, 77, 78, 80–84, not argued separately, and which fall therewith. See *Claim Grouping, supra*.

CONCLUSIONS

(1) The Examiner erred with respect to the §112, first paragraph, Rejection R1 of claims 66–74 and 77–85, and we do not sustain the rejection.

(2) The Examiner erred with respect to the §112, second paragraph, Rejection R2 of claims 66–74 and 77–85, and we do not sustain the rejection.

(3) Claims 66–74 and 77–85 in Rejection R3 under 35 U.S.C. § 101 are directed to patent-ineligible subject matter, and we sustain the rejection.

Because we have affirmed at least one ground of rejection with respect to each claim on appeal, we affirm the Examiner’s decision. See 37 C.F.R. § 41.50(a)(1).

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DECISION

We affirm the Examiner's decision rejecting claims 66–74 and 77–85.

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). *See* 37 C.F.R. § 41.50(f).

AFFIRMED