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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte HOSSEIN MOHSENZADEH¹

Appeal 2018-001265
Application 13/440,973
Technology Center 3600

Before CAROLYN D. THOMAS, JOSEPH P. LENTIVECH, and
SCOTT RAEVSKY, *Administrative Patent Judges*.

THOMAS, *Administrative Patent Judge*.

DECISION ON APPEAL

Appellant seeks our review under 35 U.S.C. § 134(a) from the Examiner's Non-Final Rejection of claims 1, 3–9, 11, 13–16, 19–22, 25–34, 36–40, 43, 45–55, and 57–64, all the pending claims in the present application. Claims 2, 10, 12, 17, 18, 23, 24, 35, 41, 42, 44, and 56 are canceled (*see* Claims Appendix). We have jurisdiction over the appeal under 35 U.S.C. § 6(b).

We REVERSE.

¹Appellant names Hossein Mohsenzadeh as the real party in interest (App. Br. 1).

The present invention relates generally to automating bill presentment and payment (*see* Abstract).

Claim 1 is illustrative:

1. A method for provisioning bill presentment and payment using an electronic bill presentment and payment (EBPP) system, the method comprising:

(a) configuring, by a biller provisioning engine module, the EBPP system, the EBPP system includes:

(i) a computer server having:

(1) one or more processors,

(2) a routing engine module coupled to one or more payment processing gateways and one or more communication interfaces,

(3) one or more storage devices coupled to the one or more processors, the one or more storage devices storing a database, wherein one or more bill presentment and payment capabilities are stored in the database, and

(4) one or more modules, including the biller provisioning engine module, a data mapping module, and a services module, implemented by the one or more processors; and

(b) receiving over one or more communication interfaces one or more instructions from a user interface that is coupled to the EBPP system;

(c) selecting, by the biller provisioning engine module, one or more of the stored bill presentment and payment capabilities based on the received one or more instructions, wherein selecting comprises accessing configuration parameters for a channel and routing payment instructions, by the routing module, to the payment processing gateway based on the configuration parameters;

(d) loading input bill data, by the data mapping engine module, wherein the data mapping engine module reformats the input bill data into an EBPP format;

(e) provisioning, by the biller provisioning engine module, a biller on the EBPP system based on the selected bill

presentment and payment capabilities wherein the provisioning is configured by at least one of the channel, a facilitator, a biller aggregator, and a biller;

(f) deploying, by the biller provisioning engine module, a test site to verify the bill presentment and payment capabilities including making test payments, wherein deploying the test site includes:

(i) generating a test environment for the EBPP system; and

(ii) rendering and validating test payment for the biller;

(g) upon verifying, activating, by the services module, live operation of the EBPP system to perform the selected bill presentment and payment capabilities on the computer server; and

(h) processing payments for the biller through the one or more payment processing gateways.

Appellant appeals the following rejection:²

Claims 1, 3–9, 11, 13–16, 19–22, 25–34, 36–40, 43, 45–55, and 57–64³ are rejected under 35 U.S.C. § 101 because the claimed invention is directed to patent-ineligible subject matter (Non-Final Act. 16–19).

We review the appealed rejections for error based upon the issues identified by Appellant, and in light of the arguments and evidence produced thereon. *Ex parte Frye*, 94 USPQ2d 1072, 1075 (BPAI 2010) (precedential).

² The Non-Final Rejection fails to clearly identify a rejection under 35 U.S.C. § 112 under an appropriate heading (*see* Non-Final Act. 19). As such, we shall treat the Non-Final Office Action as only including a rejection under § 101.

³ Although the preamble to the rejection only lists claims 1, 3–9, 11, 13–16, 19–22, 25, 40, 43, 45–55, and 57–64, the body of the rejection indicates that all claims are included (*see* Non-Final Act. 16–18). Therefore, we shall treat this rejection as applying to each of the pending claims.

ANALYSIS

Issue: Did the Examiner err in finding that the claims are directed to patent-ineligible subject matter?

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. v. CLS Bank Int’l*, 573 U.S. 208, 216 (2014).

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*. *Id.* at 217–18 (citing *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 75–77 (2012)). In accordance with the 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.”). For example, concepts determined to be abstract ideas, and thus patent ineligible, include certain methods of organizing human activity, such as fundamental economic practices (*e.g.*, *Alice*, 573 U.S. at 219–20; *Bilski*, 561 U.S. at 611); mathematical formulas (*e.g.*, *Parker v. Flook*, 437 U.S. 584, 594–95 (1978)); and mental processes (*e.g.*, *Gottschalk v. Benson*, 409 U.S. 63, 69 (1972)).

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 (quotations 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 require[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, *2019 Revised Patent Subject Matter Eligibility Guidance*, 84 Fed. Red. 50 (January 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 interactions such as a fundamental economic practice, or mental processes); and
- (2) 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 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 id.

With respect to independent method claim 1, and similarly, system claims 11, 21, 34, and 59, the Examiner determines, and we agree, that the claims are at least directed to the abstract idea of “billing presentment” (Non-Final Act. 4) which is similar to “organization and comparison of information . . . [which] is a mental process that could be performed in the human mind” (*id.* at 17–18 (citing *SmartGene*; *CyberSource*)). Specifically, claim 1 recites, *inter alia*, “selecting . . . bill presentment and payment capabilities,” “loading input bill data,” and “processing payments” (*see* claim 1). These limitations, under their broadest reasonable interpretation, recite the mental process of selecting a bill and payment type and completing a payment transaction because all such steps are familiar actions sales personnel can performed in their heads or using a pen and paper.

Similarly, in *SmartGene*, the Federal Circuit concluded that claims reciting methods and systems of selecting a therapeutic treatment regimen for a patient with a known disease were directed to an abstract idea. *SmartGene, Inc. v. Advanced Biological Labs., SA*, 555 F. App’x 950 (Fed. Cir. 2014) (Nonprecedential). The court concluded the claims at issue were abstract because the claims did “no more than call on a ‘computing device,’ with basic functionality for comparing stored and input data and rules, to do what doctors do routinely.” *Id.* at 954. The court explained that “every [claimed] step is a familiar part of the conscious process that doctors can and do perform in their heads.” *Id.* at 955. Similarly, we conclude that in the claimed invention the EBPP system uses a computer server to do what human billers and human payers do routinely in their heads, i.e., present bills and collect payments.

Thus, we agree with the Examiner that method claim 1 is at least directed to “mental processes,” particularly because claim 1 recites the steps of receiving instructions, selecting one or more stored bill presentment and payment capabilities based on the instructions, loading bill data, provisioning a biller, and processing payments, which are mental processes that can be performed in the human mind. *See also CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1373 (Fed. Cir. 2011) (Noting, in the context of the claims in that case, that “a method that can be performed by human thought alone is merely an abstract idea and is not patent-eligible under § 101.”).

The Examiner also determines that the claims are directed to “using categories to organize, store, and transmit information (*Cyberfone*)” (Non-Final Act. 4), which we conclude are certain methods of organizing human activity, i.e., managing interactions between people, e.g., a biller and a payor. Specifically, claim 1 recites, *inter alia*, “receiving . . . instructions from a user interface,” and “provisioning . . . a biller” (*see* claim 1). These limitations, under their broadest reasonable interpretation, recite interactions between a biller and a payor because these steps are familiar actions between individuals during a sales transaction.

Similarly, in *Cyberfone*, the Court held that “using categories to organize, store, and transmit information is well-established,” and “the well-known concept of categorical data storage, i.e., the idea of collecting information in classified form, then separating and transmitting that information according to its classification, is an abstract idea that is not patent-eligible.” *Cyberfone Sys., LLC v. CNN Interactive Grp., Inc.*, 558 Fed. App’x. 988, 992 (Fed. Cir. 2014).

Additional cases from the Federal Circuit also have “applied the ‘abstract idea’ exception to encompass inventions pertaining to methods of organizing human activity.” *In re TLI Commc’ns LLC Patent Litig.*, 823 F.3d 607, 613 (Fed. Cir. 2016) (Finding the claimed method of classifying and storing images in an organized manner was a well-established basic concept analogous to methods of organizing human activity.); *see Intellectual Ventures I LLC v. Capital One Bank (USA)*, 792 F.3d 1363, 1367 (Fed. Cir. 2015) (Finding the claim at issue was directed to the abstract idea of budgeting, which was “not meaningfully different from the ideas found to be abstract in other cases before the Supreme Court and our court involving methods of organizing human activity.”); *see, e.g., Content Extraction & Transmission LLC v. Wells Fargo Bank, Nat’l Ass’n*, 776 F.3d 1343, 1347 (Fed. Cir. 2014) (Finding claims directed to collecting data, recognizing certain data within the collected data set, and storing the recognized data drawn to an abstract idea and noting that “humans have always performed these functions.”).

Appellant challenges the Examiner’s aforementioned determinations on the ground that the present application “is not similar to the facts at issue in *SmartGene*” (App. Br. 8) and “[E]xaminers should avoid relying upon or citing non-precedential decisions . . . unless the facts of the application under examination uniquely match the facts at issue in the non-precedential decision” (*id.*).

Here, the Examiner followed the requisite *Alice* analysis and cited *SmartGene*, even if non-precedential, as being one of many exemplary cases in USPTO Guidelines that provide a useful tool for determining patent eligibility. We recognize that there are differences in the claims, but the

differences do not distinguish claim 1 from the *SmartGene* claims for patent eligibility purposes.

Furthermore, Federal Circuit Rule 32.1(d) states: “The court may refer to a nonprecedential disposition in an opinion or order and may look to a nonprecedential disposition for guidance or persuasive reasoning” Appellant does not persuasively argue why we, also, may not look to a nonprecedential opinion of the Federal Circuit for guidance or persuasive reasoning. In view of the above, we do not find persuasive Appellant’s argument that *SmartGene* (or *Cyberfone*) is non-precedential and, therefore, should be avoided.

Therefore, for at least the aforementioned reasons, we agree with the Examiner that the claims are directed to an abstract idea, which we conclude is at least a mental process and/or method of organizing human activity.

However, for the reasons which follow, we conclude that Appellant’s claims do integrate the judicial exception into a practical application. *See* MPEP § 2106.05(a)–(c), (e)–(h)).

MPEP § 2106.05(a), entitled “Improvements to the Functioning of a Computer or To Any Other Technology or Technical Field,” states, “In determining patent eligibility, examiners should consider whether the claim ‘purport(s) to improve the functioning of the computer itself’” or “‘any other technology or technical field.’” MPEP § 2106.05(a).

With respect to improving a technical field, Appellant contends that the claimed techniques go well beyond simply using a computer to make traditional decisions, but instead are related to a specific process which is able to test and verify the bill presentment and payment capabilities prior to activating them on the system . . . significant and non-routine actions performed by one or more processors

(App. Br. 10), “e.g., provide proof of concept functionality” (*id.*). Appellant further contends that the claimed invention “is clearly [an] improvement to . . . electronic bill present systems” (*id.* at 12; *see also id.* at 14), because Appellant’s “claimed invention provides an EBPP system that is self-provisioning or automated without a need for custom programming and/or software development” (*id.* at 16), i.e., “a solution to a technical problem” (*id.*). We agree with Appellant.

According to Appellant’s Specification, “[w]hen a commercial enterprise would like to use an electronic billing and payment system, the enterprise may have a software development team generate a custom software solution to interface and interact with the accounting systems utilized by the enterprise” (Spec. 1:11–13), “the developed billing system is often ‘hard coded’ or static into a particular billing paradigm” (*id.* at 1:16–17). In the present invention, “the system may be configured by the user or biller without a need for custom programming and/or software development” (*id.* at 2:36–38), and “[o]nce the look and feel is configured, a test payment site may be implemented via the billing software to enable [test] payments to be made to, e.g., provide proof of concept functionality” (*id.* at 2:42–44), prior to activating the system. In other words, the present invention allows billers to self-configure a bill presentment and payment website, and test the same, without the need to design a customized software solution.

Therefore, we find that Appellant’s Specification sufficiently explains how the claimed method enables the automation of bill presentment, payment reception, and system verification, tasks that previously were “hard coded” by custom development software. As such, we agree with Appellant that the claimed invention is an “improvement” to the functioning of

electronic bill presentment systems (*see* App. Br. 12) and, thus, “provides a solution to a technical problem with existing EBPP systems” (*id.* at 16).

Here, the Examiner merely determines that “the claims do no more than implement the abstract idea of bill presentment” (Ans. 6), which “is no more than electronic data processing, which is one of the most basic functions of a computer . . . mere data gathering” (*id.*). The Examiner then admits that the claimed invention “may be an improvement to a business process of bill presentment” (*id.* at 5), but broadly adds it “does not amount to a technological solution to a technological problem” (*id.*), without adequately explaining why it does not amount to a technical solution. However, we find that the Examiner’s conclusory statement is contrary to the description in Appellant’s Specification, e.g., describing automating the provision of a bill presentment and payment system and verifying the same prior to activation, without the need for custom software development. Therefore, we conclude that Appellant’s Specification has adequately shown an improvement to a technical field, i.e., provisioning a bill presentment and payment system.

Appellant further contends that they “strongly disagree that this combination of actions amounts to a ‘merely insignificant extra-solution activity’” (App. Br. 10). *See* MPEP § 2106.05(g) Insignificant Extra-Solution Activity. We agree with Appellant.

The prohibition against patenting an abstract idea “cannot be circumvented by attempting to limit the use of the formula to a particular technological environment or adding insignificant post-solution activity.” *Bilski*, 561 U.S. at 610–11 (citation and internal quotation marks omitted). Here, the central purpose of the claimed invention is to automate

development of a bill presentment and payment method, wherein the deploying of a test site does not constitute “insignificant post-solution activity” because only upon testing/verification of the bill presentment and payment capabilities does activation of the presentment method occur, i.e., build and test/verify bill presentment and payment capabilities prior to activating it. Therefore, we find that the recited “deploying [a] test site” is not insignificant post-solution activity given that it is integral to activating the system.

Thus, under *Memorandum* prong (2), the Examiner has not properly consider the elements of the claims, both individually and “as an ordered combination,” to determine whether the additional elements integrate the judicial exception into a practical application.

For at least the above reasons, the Examiner’s rejection of claims 1, 3–9, 11, 13–16, 19–22, 25–34, 36–40, 43, 45–55, and 57–64 under 35 U.S.C. § 101 is reversed.

DECISION

We reverse the Examiner’s § 101 rejection.

REVERSED