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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte TIM THORSON, HARVEY SIMS, and
STARK MEISSNER

Appeal 2018-001325
Application 12/541,342¹
Technology Center 3600

Before JENNIFER S. BISK, LARRY J. HUME, and
JULIET MITCHELL DIRBA, *Administrative Patent Judges*.

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 1, 2, and 4–6, which are all claims pending in the application. Appellants have canceled claims 3 and 7. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

¹ According to Appellants, the real party in interest is Regions Financial Corp. App. Br. 3.

STATEMENT OF THE CASE²

The Invention

Appellants' disclosed embodiments and claimed invention "relate[] to a system and method of transferring funds from one payment mechanism to another." Spec. 1, ll. 6–7.

Exemplary Claim

Claim 1, reproduced below, is representative of the subject matter on appeal (*emphases* added to contested prior-art limitations):

1. A computer-based system for electronically transferring data related to a funds transfer comprising:
 - a computer and memory, the memory having:
 - a computer database including *an ACH transfer file package including two or more ACH transfer files with two or more associated routing numbers*, wherein each ACH transfer file includes information about a routing number including ACH transfer information and wire transfer information;
 - a conversion module that
 - electronically receives an ACH transfer file package including at least two ACH transfer files and their associated routing numbers from an employer,

² Our decision relies upon Appellants' Appeal Brief and Corrected Appeal Brief (providing a corrected "Summary of Claimed Subject Matter") (collectively, "Br.," filed June 19, 2017); Examiner's Answer ("Ans.," mailed Sept. 29, 2017); Final Office Action ("Final Act.," mailed Oct. 19, 2016); and the original Specification ("Spec.," filed Aug. 14, 2009) (claiming benefit of US 61/089,342, filed Aug. 15, 2008). We note Appellants did not file a Reply Brief in response to the factual findings and legal conclusions in the Examiner's Answer.

after receiving the ACH transfer file package, queries the database using the associated routing numbers, retrieves wire transfer information from the database,

after retrieving wire transfer information, *converts each ACH transfer file to a wire transfer file with wire instructions*, and

after converting each ACH transfer file, releases the wire transfer file as a same day batch wire transfer; and

an implementation module in a financial institute that performs a wire transfer to transfer the fund using the wire transfer file electronically created by the conversion module.

5. A computer-based method of electronically transferring funds comprising:

electronically receiving with a conversion module, an ACH file package including at least two ACH transfer files and their associated routing numbers from an employer wherein each ACH transfer file includes information about a routing number including ACH transfer information and wire transfer information;

after receiving the ACH transfer file package, querying a computer database in memory of a computer using the associated routing numbers;

retrieving wire transfer information from the database for the routing numbers;

after retrieving the wire transfer information, converting each ACH file to a wire transfer file with wire instructions using the information about an ACH transfer and information about wire transfers for the associated routing number as input;

after converting each ACH file, releasing the wire transfer file electronically created by the conversion module as a same day batch wire transfer, and

automatically transferring funds, with an implementation module, using the wire transfer file in a financial institute.

Prior Art

The Examiner relies upon the following prior art as evidence in rejecting the claims on appeal:

Bogosian et al. (“Bogosian”) US 2004/0236690 A1 Nov. 25, 2004
Gavin et al. (“Gavin”) US 2005/0004872 A1 Jan. 6, 2005

Rejections on Appeal

R1. Claim 1 stands rejected under 35 U.S.C. § 112, first paragraph, as lacking written description support. Final Act. 24.

R2. Claims 1, 2, and 4–6 stand rejected under 35 U.S.C. § 112, second paragraph, as being indefinite. Final Act. 25.

R3. Claims 1, 2, and 4–6 stand rejected under 35 U.S.C. § 101 as being directed to patent-ineligible subject matter. Final Act. 28.

R4. Claims 1, 2, and 4–6 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over the combination of Gavin and Bogosian. Final Act. 30.

CLAIM GROUPING

Based on Appellants’ arguments (Br. 5–10) 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 1, 2, and 4–6 on the basis of representative claim 5; we decide the appeal of obviousness Rejection R4 of claims 1, 2, and 4–6 on the basis of representative claim 1; and we decide the appeal of

indefiniteness Rejection R2 of claims 1, 2, and 4–6 on the basis of claim 1.³
We address written description Rejection R1 of claim 1, *infra*.

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).

Based upon our review of the record, we find a preponderance of the evidence supports particular arguments advanced by Appellants with respect to Rejections R1 and R2 of claims 1, 2, and 4 for the specific reasons discussed below.

However, we disagree with Appellants' arguments with respect to Rejections R3 and R4 of claims 1, 2, and 4–6 and, unless otherwise noted, we incorporate by reference herein and adopt as our own: (1) the findings and reasons set forth by the Examiner in the action from which this appeal is taken, and (2) the reasons and rebuttals set forth in the Examiner's Answer in response to Appellants' arguments.

We highlight and address specific findings and arguments regarding claim 1 for emphasis as follows.

³ “Notwithstanding any other provision of this paragraph, the failure of appellant to separately argue claims which appellant has grouped together shall constitute a waiver of any argument that the Board must consider the patentability of any grouped claim separately.” 37 C.F.R. § 41.37(c)(1)(iv). In addition, when Appellants do not separately argue the patentability of dependent claims, the claims stand or fall with the claims from which they depend. *In re King*, 801 F.2d 1324, 1325 (Fed. Cir. 1986).

1. § 112, ¶ 1, Written Description Rejection R1 of Claim 1

Issue 1

Appellants argue (Br. 9–10) the Examiner’s rejection of claim 1 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 finding there is no support in the Specification and drawings for a *computer-based* system or method, as recited in claim 1?⁴

Analysis

The Examiner finds, “[a]lthough the specification discloses storage of data in a database and receipt of some of that data by a conversion module, and **also refers to a series of boxes without more in Fig. 1, absent is any support for a computer based system or method.**” Final Act. 25. The Examiner appears to take the position that the disclosure lacks support for the preamble of claim 1, i.e., “[a] *computer-based* system,” and the recitation in claim 1 of “a conversion module *configured to electronically receive* an ACH transfer file package.” The Examiner further finds:

Absent is specific support in the specification [sic] **for a computer based system or method** or that the modules are not software per se. Although a system is also referred to in several instances as well as modules, absent is any support in the specification that requires a computer.

⁴ We note the Examiner only rejected independent system claim 1 under Rejection R1, but it would appear that dependent system claims 2 and 4, and independent method claim 5, and dependent method claim 6 would also warrant the same rejection, assuming the written description rejection were determined to be warranted.

Further, the originally filed claims were amended to recite a “computer based . . .” (**see claims filed 6/6/14**). The addition of computer and memory and file electronically created by the conversion module to the claim language appears **to be new matter because absent is any mention of a computer in the original written disclosure including claims and drawings.**

Ans. 12.

In response, Appellants contend:

[T]he claimed features including a computer based system or would be understood by a skilled person reviewing the specification as filed. See, e.g., para. [0003] (discussing electronic process of direct deposit); see *id* (discussing same day wire transfer and contrasting ACH with “slower and more cumbersome paper-based system of checks and other forms of money transfers”); see also para. [0005] (discussing a “database” which in the ACH context, requires a computer and memory).

The term “database” when viewed in the context of the specification, is clear that it refers to a computer-based database as the application sought to distinguish its subject matter from older conventional paper-based systems. See, e.g., para. [0003] (stating the need to obviate “cumbersome paper-based” systems).

Br. 10.

The test for compliance with the written description requirement is “whether the disclosure of the application relied upon reasonably conveys to those skilled in the art that the inventor had possession of the claimed subject matter as of the filing date.” *Ariad Pharm., Inc. v. Eli Lilly & Co.*, 598 F.3d 1336, 1351 (Fed. Cir. 2010) (*en banc*). “[T]he level of detail required to satisfy the written description requirement varies depending on the nature and scope of the claims and on the complexity and predictability

of the relevant technology.” *Id.*; see also *PowerOasis, Inc. v. T-Mobile USA, Inc.*, 522 F.3d 1299, 1306-07 (Fed. Cir. 2008) (explaining that § 112, first paragraph “requires that the written description actually or inherently disclose the claim element”). An applicant’s specification “need not describe the claimed subject matter in exactly the same terms as used in the claims.” *Eiselstein v. Frank*, 52 F.3d 1035, 1038 (Fed. Cir. 1995). “If . . . the specification contains a description of the claimed invention, albeit not *in ipsius verbis* (in the identical words), then the examiner . . . must provide reasons why one of ordinary skill in the art would not consider the description sufficient.” *In re Alton*, 76 F.3d 1168, 1175 (Fed. Cir. 1996).

We are persuaded by Appellants’ argument and disagree with the Examiner because, as in *PowerOasis*, cited above, the Specification at least *inherently* discloses a computer-based system and method given the context of electronic funds transfer and the use of a database to overcome deficiencies with conventional paper-based systems. See Spec. 1, ll. 9–17.

Therefore, based upon the findings above, on this record, we are persuaded of error in the Examiner’s finding that claim 1 lacks written description support for the claimed “computer-based system,” and we do not affirm the rejection.

2. § 112, ¶ 2, Indefiniteness Rejection R2 of Claims 1, 2, and 4

Issue 2

Appellants argue (Br. 10) the Examiner’s rejection of claim 1 under 35 U.S.C. § 112, second paragraph, as being indefinite is in error. These contentions present us with the following issue:

Did the Examiner err in concluding it is unclear what structure is represented by the recitation of a “database” in claim 1, thus rendering the claim indefinite?

Analysis

The Examiner concludes claim 1 is rejected as being indefinite because it recites

“a database including information . . . a conversion module configured to electronically receive an ACH transfer file package including at least two ACH transfer files and their associated routing numbers from an employer, query the database using the associated routing numbers . . . convert with a computer each ACH transfer file to a wire transfer file with wire instructions, and release the wire transfer; . . . an implementation module configured to *automatically* perform a wire transfer”

Final Act. 25–26. The Examiner further concludes, “it is unclear what structure is represented in the claim by those phrases and therefore the metes and bounds of the claims are unclear.”

The Examiner further determined:

Claim 1 recites in the preamble that the claim is directed toward the statutory category of a system. However, the body of claim . . . comprises of a group of “database” that is so broad as to be interpreted as record files, and various “modules” and thus is directed towards functional descriptive material. Therefore, it is not clear how a group of “database” [records] and various “modules” (or functional descriptive material) constitutes a system.

Claims 1 and 5 recite “*automatically* transferring funds using the wire transfer file in a financial institute.” However, this language (or term) is unclear. In accordance with the standard definition, the term “automatic” is so broad so as to

include, inter alia, as “largely or wholly involuntary, . . . acting or done spontaneously or unconsciously” and is not limited to an act of a machine such as a computer Thus, it is noted that the claims are not limited to steps that are performed by a computer, and accordingly the term “automatically” is inclusive of a mental step.

Id. 26–27 (underlining added).⁵

We are persuaded that the Examiner’s rejection is in error. It appears the Examiner has conflated claim breadth with indefiniteness. Under the guidance of the Manual of Patent Examining Procedure (MPEP) and our precedential guidance:

Breadth of a claim is not to be equated with indefiniteness. *In re Miller*, 441 F.2d 689 . . . (CCPA 1971); *In re Gardner*, 427 F.2d 786, 788 . . . (CCPA 1970) (“Breadth is not indefiniteness.”). A broad claim is not indefinite merely because it encompasses a wide scope of subject matter provided the scope is clearly defined.

MPEP § 2173.04 (“Breadth Is Not Indefiniteness”).

Therefore, based upon Appellants’ arguments and the guidance above, we are persuaded of error in the Examiner’s conclusion that the claims are rendered indefinite by reciting a “database,” such that we do not sustain indefiniteness Rejection R2 of claim 1, and grouped claims 2 and 4 which stand therewith. *See Claim Grouping, supra.*

⁵ We note claim 1 does not recite “automatically” transferring funds. Claim 1.

3. § 101 Rejection R1 of Claims 1, 2, and 4–6

Issue 3

Appellants argue (Br. 5–7) the Examiner’s rejection of claim 5 under 35 U.S.C. § 101 as being directed to patent-ineligible subject matter is in error. These contentions present us with the following issue:

Under our governing case law concerning 35 U.S.C. § 101, did the Examiner err in concluding claim 1 is directed to a judicial exception, i.e., an abstract idea, without significantly more, and thus is patent-ineligible under § 101?

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. § 101.⁶ 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)).

⁶ 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.

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*, 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” (*Diehr*, 450 U.S. at 191); “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.* (citation omitted) (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.”).

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 217–21. 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 (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.* (alterations in original) (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);⁷ and

(2) additional elements that integrate the judicial exception into a practical application (*see* Manual for Patent Examining Procedure (“MPEP”) §§ 2106.05(a)–(c), (e)–(h)).⁸

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

⁷ Referred to as “*Revised Step 2A, Prong 1*” in the Revised Guidance (hereinafter “*Step 2A(i)*”).

⁸ Referred to as “*Revised Step 2A, Prong 2*” in the Revised Guidance (hereinafter “*Step 2A(ii)*”).

(4) simply appends well-understood, routine, conventional activities previously known to the industry, specified at a high level of generality, to the judicial exception.⁹

See Revised Guidance.

Step 2A(i) – Abstract Idea

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

⁹ 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*.

eligible at *Step 2A(i)*. This determination concludes the eligibility analysis, except in situations identified in the Revised Guidance.¹⁰

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)*.

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,¹¹ cited in the Revised Guidance under *Step 2A(ii)*, are:

¹⁰ 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* Revised Guidance, Section III.C.

¹¹ *See* MPEP § 2106.05(a)–(c), (e)–(h). Citations to the MPEP herein refer to revision [R-08.2017]. Sections 2106.05(a), (b), (c), and (e) are indicative of integration into a practical application, while sections 2106.05(f), (g), and (h) relate to limitations that are not indicative of integration into a practical application.

- (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*.

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

Under our precedent, it is possible that a claim that does not “integrate” a recited judicial exception 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.¹² 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).¹³ Therefore, if a claim has been

¹² See, e.g., *Diehr*, 450 U.S. at 187.

¹³ 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.*

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).¹⁴

Under the Revised Guidance, we must consider in *Step 2B* whether an additional element or combination of elements: (1) “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 (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.¹⁵

AT&T Mobility LLC, 827 F.3d 1341, 1349–52 (Fed. Cir. 2016); *DDR Holdings v. Hotels.com, L.P.*, 773 F.3d 1245, 1257–59 (Fed. Cir. 2014).

¹⁴ 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).

¹⁵ In accordance with existing *Step 2B* guidance, an Examiner’s finding that an additional element (or combination of elements) is well understood, routine, conventional activity must be supported with at least one of the four specific types of evidence required by the USPTO *Berkheimer* Memorandum, as shown above. 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. 19, 2018, “Changes in

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).
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,

Examination Procedure Pertaining to Subject Matter Eligibility, Recent Subject Matter Eligibility Decision (*Berkheimer v. HP, Inc.*)” (hereinafter “*Berkheimer Memo*”).

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 – Statutory Category

Claim 5, 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 the claims are directed to “an abstract idea of funds transfer processing, a fundamental economic practice in which there is a retrieval of wire transfer information associated with a routing number of the ACH file.” Ans. 3.

We conclude representative claim 5 does not recite the judicial exceptions of either natural phenomena or laws of nature. We evaluate, *de*

novo, whether claim 5 recites an abstract idea based upon the Revised Guidance.

Claim 5 recites “[a] computer-based method of electronically transferring funds,” that includes the steps of:

(1) “[E]lectronically receiving with a conversion module, an ACH file package including at least two ACH transfer files and their associated routing numbers from an employer wherein each ACH transfer file includes information about a routing number including ACH transfer information and wire transfer information.”

(2) “[A]fter receiving the ACH transfer file package, querying a computer database in memory of a computer using the associated routing numbers.”

(3) “[R]etrieving wire transfer information from the database for the routing numbers.”

(4) “[A]fter retrieving the wire transfer information, converting each ACH file to a wire transfer file with wire instructions using the information about an ACH transfer and information about wire transfers for the associated routing number as input.”

(5) “[A]fter converting each ACH file, releasing the wire transfer file electronically created by the conversion module as a same day batch wire transfer.”

(6) “[A]utomatically transferring funds, with an implementation module, using the wire transfer file in a financial institute.”

Claims App’x.

The Specification provides context as to what the claimed invention is directed to. In this case, the Specification discloses that the invention “relates to a system and *method of transferring funds* from one payment mechanism to another.” Spec. 1, ll. 6–7 (emphasis added).

Appellants' Abstract describes the invention as:

A system for transferring funds can include a database with information about a routing number including ACH transfer information and wire transfer information. The system can include a conversion module configured to receive an ACH transfer file including an associated routing number, access the database to retrieve wire transfer information, and convert the ACH transfer file to a wire transfer file. The system can include an implementation module configured to perform a wire transfer using the wire transfer file. The wire transfer can be a batch wire transfer. The conversion module can use the associated routing number from the ACH transfer file to retrieve wire transfer information for the associated routing number from the database.

Spec. 6.

Similar to the Examiner, we also determine that claim 5, as a whole, recites certain methods of organizing human activity as a fundamental economic practice. This type of activity, i.e., funds transfer, as recited in each of limitations (2) through (6), for example, and aside from the recitation of the method being “computer-based,” 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.*”).¹⁶

¹⁶ 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. Further, “[t]he Board’s

Under the broadest reasonable interpretation standard,¹⁷ we conclude limitations (2) through (6) recite steps that would ordinarily occur when transferring funds from one payment mechanism to another, *i.e.*, using “the abstract idea of funds transfer through the conversion of ACH transfer instructions to wire transfer instructions.” *See* Final Act. 28. For example, querying a database, retrieving wire transfer information from the database, converting each ACH file to a wire transfer file with wire instructions, releasing the wire transfer file, and transferring funds are operations that generally occur when initiating wire transfers between payment system types, *i.e.*, transferring funds between systems using different file formats.¹⁸

slight revision of its abstract idea analysis does not impact the patentability analysis.” *Id.* Moreover, merely combining several abstract ideas does not render the combination any less abstract. *RecogniCorp, LLC v. Nintendo Co.*, 855 F.3d 1322, 1327 (Fed. Cir. 2017) (“Adding one abstract idea (math) to another abstract idea . . . does not render the claim non-abstract.”); *see also FairWarning IP, LLC v. Iatric Sys., Inc.*, 839 F.3d 1089, 1093–94 (Fed. Cir. 2016) (determining the pending claims were directed to a combination of abstract ideas).

¹⁷ 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).

¹⁸ We further note that conversion of data from one form to another, *e.g.*, “converting each ACH file to a wire transfer file,” is an abstract idea. *See generally, Gottschalk v. Benson*, 409 U.S. 63, 67 (1972).

Further, steps (2) through (6) represent abstract ideas relating to funds transfer, whether initiated person-to-person, on paper, or using a computer.

Thus, under *Step 2A(i)*, we agree with the Examiner that claim 5’s computer-based method of electronically transferring funds recites a fundamental economic practice of funds transfer. We conclude claim 1, as a whole, under our Revised Guidance, recites a judicial exception of a certain method of organizing human activity, i.e., a fundamental 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.

As to the specific limitations, we find limitation (1) (“receiving . . . an ACH file package”) recites insignificant data gathering. *See* MPEP § 2106.05(g). Data gathering, as performed by the steps or function in Appellants’ claims, is a classic example of insignificant extra-solution activity. *See, e.g., In re Bilski*, 545 F.3d 943, 963 (Fed. Cir. 2008) (en banc), *aff’d sub nom, Bilski v. Kappas*, 561 U.S. 593 (2010).

We conclude each of limitations (2) through (6) of claim 5 recite abstract ideas as identified in *Step 2A(i)*, *supra*, and none of the limitations

integrate the judicial exception of 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 technical improvements 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. *Ultramarical, 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 idea¹⁹; mere instructions to implement an abstract idea on a computer²⁰; 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.²¹

Evaluating representative claim 5 under step 2 of the *Alice* analysis, we conclude it lacks an inventive concept that transforms the abstract idea of

¹⁹ *Alice*, 573 U.S. at 221–23.

²⁰ *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).

²¹ *Alice*, 573 U.S. at 225, *e.g.*, using a computer to obtain data, adjust account balances, and issue automated instructions.

the fundamental economic practice of funds transfer 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 “computer-based method of electronically transferring funds” in method claim 5; and “computer-based system for electronically transferring data related to a funds transfer” in system claim 1, the Specification discloses:

Referring to FIG. 1, in a system 100, a database 110 includes all data available for specific payment instructions, e.g., ACH and wire transfer, for each routing number. The database 110 can be a database provided and updated by Accuity, the Registrar of routing numbers for the American Bankers Association. The database 110 can be a database developed by the financial institution or by a vendor that includes routing number information and specific payment information for each routing number. An ACH transfer file 120 includes information about an ACH transfer, including a routing number. In certain circumstances, the ACH transfer file 120 can include two or more ACH transfer files with two or more associated routing numbers. A conversion module 130 receives the ACH transfer file 120 and uses the associated routing number or numbers to query the database 110. The conversion module 130 receives specific wire transfer information from the database 110 for the associated routing number or numbers and converts the ACH transfer file 110 to a wire transfer file 140. The wire transfer file 140 is then released as a batch wire transfer 150.

Spec. 3, ll. 10–23. Further,

Referring to FIG. 2, a method 200 for the above-described system 100 is depicted. In step 210, the financial institution such as a bank receives an ACH file with information about an ACH transfer. The ACH file includes an associated routing number. Then, in step 220, the ACH file is converted to a wire transfer file, such as by using the conversion module 130 described above. The conversion module 130 uses the database 15110 to retrieve specific wire transfer information for the associated routing number, and converts the ACH file to the wire transfer file. In step 230, the wire transfer file, which may be a batch wire transfer file with several or many wire instructions, is released.

Spec. 4, ll. 10–17.

Thus, because the Specification describes the additional elements in general terms, without describing the particulars, to the extent that there is *any* description provided, we conclude the claim limitations may be broadly but reasonably construed as reciting conventional computer components and techniques.²²

With respect to this step of the analysis, Appellants contend each of the four situations of “(1) an improvement to a technology, (2) improvement to the computer functionality itself, (3) additional limitations that are beyond what is routine and conventional, and (4) other ‘meaningful limitations’ beyond mere linking of a judicial exception to a particular technological environment” are met in the pending claims. Br. 6. Appellants further argue:

²² 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).

Prior to Applicants' invention, ACH transfers and wire transfers had been handled using separate systems, and changing a transfer from an ACH transfer to a wire transfer was conventionally tedious and had to be done manually. Conventional systems did not provide a process that allows a simple and automatic transition of payment (and hence data) from one method of transfer to another.

Id. Appellants further assert, “[h]ere, the claims recite elements that result in a transformation of data, e.g., by the claimed conversion module, and which is subsequently processed by the claimed implementation module. These improvements enhance the functioning of the computer itself.” Br. 7.

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 of electronically transferring funds that includes a step of “converting each ACH file to a wire transfer file with wire instructions” using a “conversion module” (claim 5) as argued by Appellants, and similarly for system claim 1, 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.”).²³

We conclude the claims fail the *Step 2B* analysis because claim 5, in essence, merely recites various computer-based elements along with no

²³ Merely automating previously manual processing by using computers does not qualify as an eligibility-rejection-defeating improvement. *Credit Acceptance Corp. v. Westlake Servs.*, 859 F.3d 1044 (Fed. Cir. 2017).

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 1 and 5, and grouped claims 2, 4, and 6, not argued separately, and which fall therewith. *See Claim Grouping, supra.*

4. § 103 Rejection R4 of Claims 1, 2, and 4–6

Issue 2

Appellants argue (Br. 7–9) the Examiner's rejection of claim 1 under 35 U.S.C. § 103(a) as being obvious over the combination of Gavin and Bogosian is in error. These contentions present us with the following issue:

Did the Examiner err in finding the cited prior art combination teaches or suggests a “computer-based system for electronically transferring data related to a funds transfer” that includes, *inter alia*, the limitations of “a computer database including *an ACH transfer file package including two or more ACH transfer files with two or more associated routing numbers,*” wherein, “after retrieving wire transfer information, [a conversion module] *converts each ACH transfer file to a wire transfer file with wire instructions,*” as recited in claim 1 (emphasis added)?

Analysis

The test for obviousness is what the combined teachings of the prior art would have suggested to the hypothetical person of ordinary skill in the art. *In re Keller*, 642 F.2d 413, 425 (CCPA 1981).

The Examiner finds Gavin paragraph 10 discloses a conversion process that teaches or suggests the claimed conversion module of claim 1, (Final Act. 30), and cites Bogosian as teaching or suggesting the recited “ACH transfer file package including two or more ACH transfer files with two or more associated routing numbers.” Final Act. 31.

Appellants argue:

The Examiner contends that Bogosian supplies Gavin’s omissions, but Gavin does not teach or [sic] electronically receiving an ACH package, including at least two ACH files, let alone converting each ACH transfer file to a wire transfer file thereby creating a wire transfer file. Rather, it is directed to a check information extraction tool (Bogosian at para. 33), determining a seller's bank account information (Bogosian at para. 36), and a process of generating a "single candidate routing number" and filtering candidate numbers (Bogosian at paras. 51-52) — the conventional methods that the inventors sought to improve upon and distinguish.

Br. 8. We disagree with Appellants’ argument.

We disagree because “one cannot show non-obviousness by attacking references individually where . . . the rejections are based on combinations of references.” *Keller*, 642 F.2d at 426. “The test for obviousness is not whether the features of a secondary reference may be bodily incorporated into the structure of the primary reference Rather, the test is what the combined teachings of those references would have suggested to those of ordinary skill in the art.” *Id.* at 425.

Appellants further present a “non-analogous art” argument with respect to Gavin, i.e., “Gavin's teachings are not reasonably pertinent to the field of this application, and it is not a proper reference under 103.” Br. 8.

Our reviewing court holds, “[t]wo separate tests define the scope of analogous prior art: (1) whether the art is from the same field of endeavor, regardless of the problem addressed and, (2) if the reference is not within the field of the inventor’s endeavor, whether the reference still is reasonably pertinent to the particular problem with which the inventor is involved.” *In re Klein*, 647 F.3d 1343, 1348 (Fed. Cir. 2011).

We disagree with Appellants’ non-analogous art argument because Gavin “relates to international electronic financial transactions and more specifically to a method and system for accomplishing electronic financial transactions between financial systems that use different electronic file formats” (Gavin ¶ 2), and Bogosian “relates to the field of electronic commerce. More specifically, the invention relates to techniques for facilitating the transfer of electronic funds.” Bogosian ¶ 2. We find both references satisfy both prongs of the test delineated in *Klein*, as stated above, and are both reasonable pertinent to Appellants’ stated problem, i.e., “[p]ast methods and systems have not provided a process that allows a simple and automatic transition of payment from one method of transfer to another.” Spec. 1, ll. 21–22.

The Examiner makes further findings and conclusions consistent with the rejection under § 103, which we incorporate herein by reference, and which we note are un rebutted by Appellants. *See* Ans. 16–19.²⁴

Therefore, based upon the findings above, on this record, we are not persuaded of error in the Examiner’s reliance on the cited prior art

²⁴ We note Appellants do not file a Reply Brief to rebut the Examiner’s findings and legal conclusions in the Answer.

combination to teach or suggest the disputed limitations of claim 1, nor do we find error in the Examiner's resulting legal conclusion of obviousness. Therefore, we sustain the Examiner's obviousness rejection of independent claim 1, and grouped claims 2 and 4–6 which fall therewith. *See Claim Grouping, supra.*

CONCLUSIONS

(1) The Examiner erred with respect to written description Rejection R1 of claim 1 under 35 U.S.C. § 112, first paragraph, and we do not sustain the rejection.

(2) The Examiner erred with respect to indefiniteness Rejection R2 of claims 1, 2, and 4 under 35 U.S.C. § 112, second paragraph, and we do not sustain the rejection.

(3) Under our Revised Guidance, governed by relevant case law, we conclude claims 1, 2, and 4–6 in Rejection R3 under 35 U.S.C. § 101 are directed to patent-ineligible subject matter, and we sustain the rejection.

(4) The Examiner did not err with respect to obviousness Rejection R4 of claims 1, 2, and 4–6 under 35 U.S.C. § 103(a) over the cited prior art combination of record, 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 1, 2, and 4–6.

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