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Table with 5 columns: APPLICATION NO., FILING DATE, FIRST NAMED INVENTOR, ATTORNEY DOCKET NO., CONFIRMATION NO.
13/758,431 02/04/2013 Sekhar Nadella 21652-00236 1029

75564 7590 05/24/2019
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EXAMINER

AN, IG TAI

ART UNIT PAPER NUMBER

4142

NOTIFICATION DATE DELIVERY MODE

05/24/2019

ELECTRONIC

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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte SEKHAR NADELLA and RAVI AVULA¹

Appeal 2018-001831
Application 13/758,431
Technology Center 4100

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

BISK, *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, 4–22, 24, and 25, which are all claims pending in the application. Appellants have canceled claims 3 and 23. We have jurisdiction under 35 U.S.C. § 6(b).

We affirm.

¹ Appellants identify the real party in interest as MasterCard International Incorporated. Appeal Br. 1.

BACKGROUND²

Appellants' disclosed embodiments and claimed invention relate to "an automated system for intelligently recommending a payment card for a payment transaction." Spec. ¶ 4. Claim 1, reproduced below, is illustrative of the subject matter on appeal:

1. An intelligent wallet (IW) computer device for recommending a payment card from a plurality of payment cards to a cardholder for use in a payment transaction with a merchant, wherein said IW computer device is a mobile computing device associated with the cardholder, said IW computer device comprising:

[(1)] a memory device for storing data;

[(2)] a processor in communication with said memory device and in communication with an enhanced point-of-sale (POS) computer device configured to communicate with said IW computer device wirelessly, wherein the enhanced POS computer device is further configured to provide a first merchant category code (MCC) selected from a group of merchant category codes and identifying a business category associated with the merchant, said processor programmed to:

[(3)] wirelessly receive, from the enhanced point-of-sale computer device, event data including at least a time and a location associated with the payment transaction;

[(4)] wirelessly receive, from the enhanced POS computer device, transaction data associated with the payment transaction, the transaction data including

² Throughout this Decision we have considered the Specification filed February 4, 2013 ("Spec."), the Final Rejection mailed October 20, 2016 ("Final Act."), the Appeal Brief filed May 25, 2017 ("Appeal Br."), the Examiner's Answer mailed October 13, 2017 ("Ans."), and the Reply Brief filed December 12, 2017 ("Reply Br.")

product identifier data, the first MCC, and purchase amount data;

[(5)] receive payment card rules and cardholder preferences for each of the plurality of payment cards associated with the cardholder from said memory device;

[(6)] retrieve a current rewards program status associated with each of a plurality of payment cards;

[(7)] determine a potential rewards program impact on each current rewards program status when each payment card is used to perform the payment transaction, wherein each potential rewards program impact is determined based on the current rewards program status, the transaction data, and the payment card rules associated with each payment card;

[(8)] recommend, based on the determined potential rewards program impact associated with each payment card, a single candidate payment card from the plurality of payment cards by processing the event data and the transaction data with the payment card rules and the cardholder preferences such that the single recommended candidate payment card has the highest potential rewards program impact of the plurality of payment cards; and

[(9)] display the recommended candidate payment said IW computer device without displaying any of the other payment cards of the plurality of payment cards, wherein the recommended candidate payment card is displayed with a prompt allowing the cardholder to approve the use of the candidate payment card in the payment transaction.

Appeal Br. 14–15 (Claims App’x) (bracketed limitation numbering added).

REJECTION

Claims 1, 2, 4–22, 24, and 25 stand rejected under 35 U.S.C. § 101 as being directed to patent-ineligible subject matter. Final Act. 3–6.

ANALYSIS

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

We have considered all of Appellants’ arguments and any evidence presented. We highlight and address specific findings and arguments for emphasis in our analysis below.

Appellants argue claims 1, 2, 4–22, 24, and 25 together as a group. *See* Appeal Br. 7–13; Reply Br. 1–5. Therefore, consistent with the provisions of 37 C.F.R. § 41.37(c)(1)(iv), we limit our discussion to independent claim 1. Independent claims 10, 16, and 21 and dependent claims 2, 4–9, 11–15, 17–20, 22, 24, and 25 stand or fall with independent claim 1.

Rejection of Claims 1–20 under 35 U.S.C. § 101

Section 101 of the Patent Act provides that “any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof” is patent eligible. 35 U.S.C. § 101. But the Supreme Court has long recognized an implicit exception to this section: “Laws of nature, natural phenomena, and abstract ideas are not

patentable.” *Alice Corp. v. CLS Bank Int’l*, 573 U.S. 208, 216 (2014) (quoting *Ass’n for Molecular Pathology v. Myriad Genetics, Inc.*, 569 U.S. 576, 589 (2013)). To determine whether a claim falls within one of these excluded categories, the Court has set out a two-part framework. The framework requires us first to consider whether the claim is “directed to one of those patent-ineligible concepts.” *Alice*, 573 U.S. at 217. If so, we then examine “the elements of each claim both individually and ‘as an ordered combination’ to determine whether the additional elements ‘transform the nature of the claim’ into a patent-eligible application.” *Alice*, 573 U.S. at 217 (quoting *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 78, 79 (2012)). That is, we examine the claims for an “inventive concept,” “an element or combination of elements that is ‘sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the [ineligible concept] itself.’” *Alice*, 573 U.S. at 217–18 (alteration in original) (quoting *Mayo*, 566 U.S. at 72–73).

The Patent Office recently issued guidance regarding this framework. *See* USPTO, *2019 Revised Patent Subject Matter Eligibility Guidance*, 84 Fed. Reg. 50 (Jan. 7, 2019) (“Revised Guidance”). Under the Revised Guidance, to decide whether a claim is “directed to” an abstract idea, we evaluate whether the claim (1) recites subject matter falling within an abstract idea grouping listed in the Revised Guidance and (2) fails to integrate the recited abstract idea into a practical application. *See* Revised Guidance, 84 Fed. Reg. at 51. If the claim is “directed to” an abstract idea, as noted above, we then determine whether the claim recites an inventive concept. The Revised Guidance explains that when making this determination, we should consider whether the additional claim elements

add “a specific limitation or combination of limitations that are not well-understood, routine, conventional activity in the field” or “simply append[] well-understood, routine, conventional activities previously known to the industry.” Revised Guidance, 84 Fed. Reg. at 56.

With these principles in mind, we turn to the Examiner’s § 101 rejection.

The Judicial Exception—Abstract Idea

The Examiner determined the claims are directed to the abstract idea of “displaying and processing preferred payment method chosen by the user for the payment transaction wherein the payment method is recommended to a user based on the current reward program status and choosing a payment method that has highest impact on the purchase transaction”—“a fundamental economic practice, a method or organizing human activities, or an idea of itself.” Final Act. 4. For the reasons explained below, we agree that the claims recite an abstract idea.

Limitations (2)–(9) of claim 1, quoted above, under their broadest reasonable interpretation, recite a method for using payment card rules to determine the potential impact of a particular transaction on the rewards programs of relevant payment cards and recommend a single candidate payment card to use in order to reap the highest potential rewards program impact. *See, e.g.*, Appeal Br. 9 (“[T]he present claims recite specific rules for electronically processing payment transactions (e.g., wirelessly receiving event data and transaction data, retrieving a current rewards program status associated with each of a plurality of payment cards, determining a potential rewards program impact on each current rewards program status, recommending a single candidate payment card, and displaying the

recommended candidate payment card).”). Specifically, limitation (2)–(6) involve receiving information used to determine the recommended payment card, including a first merchant category code (MCC) (limitation (2)), event data (limitation (3)), transaction data (limitation (4)), payment card rules and cardholder preferences for each of the relevant payment cards (limitation (5)), a current rewards program status associated with each of the relevant payment cards (limitation (6)). Limitation (7) involves determining the rewards program impact of the current transaction on each of the relevant payment card’s rewards program using the received data. Limitation (8) recommends the candidate payment card with the highest potential rewards program impact using the received payment card rules. And limitation (9) displays the recommended payment card with a prompt requesting approval of that card’s use in a payment transaction.

Many of the claimed limitations, including at least limitations 2–7 involve gathering, analyzing, and manipulating data. When claimed in a manner similar to the claims here, gathering and analyzing information using conventional techniques has been determined to be an abstract idea. *In re TLI Commc’ns LLC Pat. Litig.*, 823 F.3d 607, 612–13 (Fed. Cir. 2016). Also, more recently, our reviewing court has also concluded that some acts of collecting, analyzing, manipulating, and displaying data are patent ineligible. *Univ. of Fla. Research Found., Inc. v. General Elec. Co.*, 916 F.3d 1363 (Fed. Cir. 2019) (citing *Intellectual Ventures I LLC v. Capital One Fin. Corp.*, 850 F.3d 1332, 1340 (Fed. Cir. 2017); *Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1353–54 (Fed. Cir. 2016)).

In addition, these limitations, under their broadest reasonable interpretation, cover steps that, but for the recitation of the computer

components could be performed in the mind. In fact, the Specification explains that the claimed process simply automates a process people already do using their mind and perhaps pencil and paper. Spec. ¶ 3 (“Lack of automation makes choosing the right payment card difficult when a cardholder has many payment cards to choose from.”), ¶¶ 2, 4. And the Federal Circuit continues to “treat[] analyzing information by steps people go through in their minds, . . . without more, as essentially mental processes within the abstract-idea category.” *Synopsys, Inc. v. Mentor Graphics Corp.*, 839 F.3d 1138, 1146–47 (Fed. Cir. 2016) (quoting *Elec. Power*, 830 F.3d at 1354).

Moreover, Appellants do not argue that validating a payment request is not a method of organizing human activity. And the claims clearly incorporate methods related to electronic payment requests, which can be categorized as a “commercial interaction.” *See, e.g., buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350, 1355 (Fed. Cir. 2014) (holding unpatentable claims “squarely about creating a contractual relationship—a ‘transaction performance guaranty’—that is beyond question of ancient lineage”).

Accordingly, we conclude the claims recite a certain method of organizing human activity (commercial interaction) or concepts performed in the human mind, and thus, an abstract idea.³ Revised Guidance, 84 Fed.

³ 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. 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.*

Reg. at 52, 53 (listing “[c]ertain methods of organizing human activity . . . —“commercial or legal interactions” and “[m]ental processes—concepts performed in the human mind (including an observation, evaluation, judgment, opinion) each as one of the “enumerated groupings of abstract ideas”).

Integration of the Judicial Exception into a Practical Application

If a claim recites a judicial exception, 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. If the recited judicial exception is integrated into a practical application, the claim is not directed to the judicial exception.

Here, claim 1 recites the additional elements of “a mobile computing device,” “a memory device for storing data,” and “a processor in communication with said memory device and in communication with an enhanced point-of-sale (POS) computer device configured to communicate with said IW computer device wirelessly.” Appeal Br. 14–15 (Claims App’x). Considering claim 1 as a whole, the additional elements do not apply or use the abstract idea in a meaningful way such that the claim as a whole is more than a drafting effort designed to monopolize the exception. The Supreme Court guides that the “prohibition against patenting abstract ideas ‘cannot be circumvented by attempting to limit the use of the formula

Iatric Sys., Inc., 839 F.3d 1089, 1093–94 (Fed. Cir. 2016) (determining the pending claims were directed to a combination of abstract ideas).

to a particular technological environment’ or [by] adding ‘insignificant postsolution activity.’” *Bilski*, 561 U.S. at 610–11 (quoting *Diamond v. Diehr*, 450 U.S. 175, 191–92 (1981)).

The Specification describes each of these elements as generic components. For example, the Specification states that “[c]ardholder computing device 118 may be any device capable of interconnecting to the Internet including a web-based phone, smartphone, PDA, iPhone[®] . . . , Android[®] device . . . , and/or any device capable of executing stored computer readable instructions.” Spec. ¶ 41. In addition, the Specification describes memory devices generically. *See, e.g., id.* ¶ 51 (“Memory area 210 is any device allowing information such as executable instructions and/or written works to be stored and retrieved.”), ¶ 60 (“Memory area 285 may include, but are not limited to random access memory (RAM) The above memory types are exemplary only, and are thus not limiting as to the types of memory usable for storage of a computer program.”). Finally, the Specification states “the term processor refers to central processing units, microprocessors, microcontrollers, reduced instruction set circuits (RISC), application specific integrated circuits (ASIC), logic circuits, and any other circuit or processor capable of executing the functions described herein.” *Id.* ¶ 28.

Appellants’ arguments have not persuaded us claim 1 is “directed to” a patent-eligible concept. For example, Appellants argue that the claims “clearly ‘focus on a specific means or method that improves relevant technology.’” Appeal Br. 7 (quoting *McRO, Inc. v. Bandai Namco Games Am., Inc.*, 837 F.3d 1299 (Fed. Cir. 2016); Reply Br. 1–3. According to Appellants, “the technical improvement is applying stored rules in a unique

and specific matter to electronically process payment transactions using wireless communication between mobile devices and point-of-sale (POS) devices,” which is “[s]imilar to the specific rules for defining keyframes in *McRO*.” *Id.* at 9.

We do not agree with Appellants’ analogy to *McRO*. Here, the recited “payment card rules” are not ever specified. In fact, the only description of the content of these rules in the Specification is that they “are defined by at least one of an issuer, a merchant, and a third party.” Spec ¶ 20; *see also id.* ¶ 2 (“The issuer will establish rules that govern the use of these promotional offers and/or rewards programs. Merchants and/or third party payment processors may also have rules that apply to the use of payment cards.”), ¶ 42 (“Rules are defined by the payment card issuer.”). Moreover, contrary to Appellants’ contention that the claims apply these rules “in a unique and specific” manner, the claims simply state, without any implementation details, that the rules are “wirelessly receive[d]” and recommendations are made based on “processing the event data and the transaction data with the payment card rules.” Appeal Br. 14–15 (Claims App’x). We see no further elaboration on how the rules are applied in the Specification. *See, e.g.*, Spec Fig. 7, ¶ 26 (“applying payment card rules . . . to event data and transaction data using the intelligent wallet module”), ¶ 37 (“intelligent wallet module 119 is configured to automatically recommend a payment card to a cardholder for performing a payment transaction based at least in part on payment card rules”), ¶ 42 (“Intelligent wallet module 119 allows cardholder computing device 118 to automatically recommend a payment card to a cardholder based on collected data, payment card rules”), ¶ 66 (“apply payment card rules”), ¶ 70 (“Payment card rules and cardholder preference

are then processed 430 with event data . . . the recommended candidate payment card is selected such that [it] adheres to the payment card rules.”), ¶ 74 (“The intelligent wallet module determine whether a different payment card is recommend for the transaction based on the received MCC by processing 430 the event data, transaction data, payment card rules, and cardholder preferences with the received MCC.”), ¶ 81 (“The third-party server processes the event data and the transaction data with the payment card rules and cardholder preferences to generate a recommended candidate payment card.”).

Thus, unlike *McRO* where the claimed process uses particular information and techniques to improve manual three-dimensional animation techniques, we see nothing in the Specification that describes the details of the payment rules or how they are applied to relevant data. *McRO*, 837 F.3d at 1316. Moreover, the “technological improvements” referred to by Appellants are not tied to payment rules, but instead are attributed to automation of the process of choosing a particular card. Spec. ¶¶ 3–4 (“Lack of automation makes choosing the right payment card difficult when a cardholder has many payment cards to choose from. Accordingly, an automated system for intelligently recommending a payment card for a payment transaction is needed.”). This improvement is a typical improvement expected by automating a manual process using a computer. There is no indication that any resulting increase in efficiency or accuracy comes from the recited process itself. *See FairWarning*, 839 F.3d at 1095 (citing *Bancorp Services, LLC v. Sun Life Assurance Co.*, 687 F.3d 1266, 1278 (Fed. Cir. 2012) (“[T]he fact that the required calculations could be performed more efficiently via a computer does not materially alter the

patent eligibility of the claimed subject matter.”)); *see also Intellectual Ventures I LLC v. Erie Indemnity Co.*, 711 F. App’x 1012, 1017 (Fed. Cir. 2017) (unpublished) (“Though the claims purport to accelerate the process of finding errant files and to reduce error, we have held that speed and accuracy increases stemming from the ordinary capabilities of a general-purpose computer ‘do[] not materially alter the patent eligibility of the claimed subject matter.’” (alteration in original) (citation omitted)).

Appellants also contend the claims “clearly prevent preemption of all processes for electronically processing payment transactions between mobile devices and POS devices.” Appeal Br. 9 (internal quotation marks and brackets omitted). This argument does not alter our § 101 analysis. Rather than preemption, the Federal Circuit instructs that the Alice two-step analysis is the test for whether claims are statutory. “While preemption may signal patent ineligible subject matter, the absence of complete preemption does not demonstrate patent eligibility.” *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015). “Where a patent’s claims are deemed only to disclose patent ineligible subject matter under the *Mayo* framework, as they are in this case, preemption concerns are fully addressed and made moot.” *Id.*

Finally, Appellants argue “the present claims include a *combination* of limitations that operate in a non-conventional and non-generic way.” Appeal Br. 11–12; *see also* Reply 3 (“[T]he Examiner has not set forth any Section 102 or Section 103 rejections identifying prior art that allegedly describes or suggests the limitations of the present claims. As such, the Examiner’s position that that claimed invention is conventional is entirely without merit.”). However, “[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.” *Intellectual Ventures I LLC v. Symantec Corp.*, 838 F.3d 1307, 1315 (Fed. Cir. 2016) (emphasis omitted) (quoting *Diehr*, 450 U.S. at 188–89).

Accordingly, even in combination with all the other recited elements, the addition of “a mobile computing device,” “a memory device for storing data,” and “a processor in communication with said memory device and in communication with an enhanced point-of-sale (POS) computer device configured to communicate with said IW computer device wirelessly” does not integrate the abstract idea into a practical application because it does not impose any meaningful limits on practicing the abstract idea. For these reasons, we determine that claim 1 does not integrate the recited abstract idea into a practical application.

Inventive Concept

Because we agree with the Examiner that claim 1 is “directed to” an abstract idea, we consider whether an additional element (or combination of elements) adds a limitation that is not well-understood, routine, conventional (“WURC”) activity in the field or whether the additional elements simply append WURC activities previously known to the industry, specified at a high level of generality, to the judicial exception. Revised Guidance, 84 Fed. Reg. at 23. The Examiner’s finding that an additional element (or combination of elements) is WURC activity must be supported with a

factual determination. *Id.* (citing MPEP § 2106.05(d), as modified by the *Berkheimer* Memorandum⁴).

Whether the additional elements (“a mobile computing device,” “a memory device for storing data,” and “a processor in communication with said memory device and in communication with an enhanced point-of-sale (POS) computer device configured to communicate with said IW computer device wirelessly”) are WURC activity is a question of fact. *See Berkheimer v. HP Inc.*, 881 F.3d 1360, 1369 (Fed. Cir. 2018) (“Whether something is well-understood, routine, and conventional to a skilled artisan . . . is a factual determination.”).

On the record before us, Appellants have not shown that the claims on appeal add a specific limitation beyond the judicial exception that is not “well-understood, routine, and conventional” in the field (*see* MPEP § 2106.05(d)). Other than asserting that the entirety of the claimed subject matter is unconventional, Appellants do not point to any particular claimed element that does not qualify as WURC. Appeal Br. 11–12; Reply Br. 3–4.

In fact, Appellants’ Specification demonstrates the WURC nature of the additional limitations, as discussed above, because it indicates they may be implemented with generic devices. Spec. ¶¶ 27–30, 41, 51, 60. In addition, courts have recognized that receiving or transmitting data over a network, in a manner similar to that recited in the claims, is WURC. *OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1363 (Fed. Cir. 2015)

⁴ Robert W. Bahr, *Changes in Examination Procedure Pertaining to Subject Matter Eligibility, Recent Subject Matter Eligibility Decision* (*Berkheimer v. HP, Inc.*) (2018) (hereinafter “*Berkheimer* Memorandum”).

Appeal 2018-001831
Application 13/758,431

(sending messages over a network); *buySAFE*, 765 F.3d at 1355 (computer receives and sends information over a network).

For these reasons, we conclude that claim 1, considered as a whole, does not include an inventive concept.

Therefore, we sustain the Examiner's § 101 rejection of independent claim 1. We also sustain the Examiner's § 101 rejection of claims 2, 4–22, 24, and 25, for which Appellants rely on the same arguments made with respect to claim 1. Appeal Br. 7–13; Reply Br. 1–5.

CONCLUSION

We conclude Appellants have *not* demonstrated the Examiner erred in rejecting claims 1, 2, 4–22, 24, and 25 under 35 U.S.C. § 101.

DECISION

We affirm the Examiner's rejection of claims 1, 2, 4–22, 24, and 25.

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