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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte COLIN TANNER, CHRISTINA E. SHEPPARD,
and GERMAN BLANCO

Appeal 2018-001882¹
Application 14/050,474²
Technology Center 3600

Before ANTON W. FETTING, JOSEPH A. FISCHETTI, and
NINA L. MEDLOCK, *Administrative Patent Judges*.

MEDLOCK, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Appellants appeal under 35 U.S.C. § 134(a) from the Examiner’s final rejection of claims 1, 2, 4, 6–11, 13, 14, 17, and 18. We have jurisdiction under 35 U.S.C. § 6(b).

We REVERSE.

¹ Our decision references Appellants’ Appeal Brief (“App. Br.,” filed September 15, 2017) and Reply Brief (“Reply Br.,” filed December 12, 2017), and the Examiner’s Answer (“Ans.,” mailed November 8, 2017) and Final Office Action (“Final Act.,” mailed May 16, 2017).

² Appellants identify Mastercard International, Inc. as the real party in interest. App. Br. 2.

CLAIMED INVENTION

Appellants' claimed invention relates to "a point of sale ('POS')-centric personalization process for provisioning a payment account on a mobile device, such as a mobile telephone" (Spec. 3, ll. 3-4).

Claims 1, 10, and 13 are the independent claims on appeal. Claim 1, reproduced below with bracketed notations added, is illustrative of the claimed subject matter:

1. A method for provisioning a consumer mobile device comprising:

[(a)] receiving, by a personalization server computer from a merchant device, payment account information of a consumer and a mobile payment account information request message, wherein the mobile payment account information request message comprises information identifying a make and model of a mobile device purchased by the consumer and a mobile network operator (MNO) identifier;

[(b)] determining, by the personalization server computer based on at least a portion of the payment account information, an issuer financial institution (FI) holding a payment account of the consumer;

[(c)] transmitting, by the personalization server computer to the issuer FI, a verification request comprising the payment account information;

[(d)] receiving, by the personalization server computer from the issuer FI, a positive verification response that indicates participation by the issuer FI in a mobile provisioning service;

[(e)] identifying, by the personalization server computer based on the payment account information and the MNO identifier, mobile device provisioning option information by searching in at least two of an issuer FI database, a mobile device type database, a contactless payment application database, a MNO database, and a business rules database;

[(f)] assembling, by the personalization server computer based on the mobile device provisioning option information, a provisioning response message comprising information identifying at least one provisioning option for the mobile device; and

[(g)] transmitting, by the personalization server computer to the merchant device, the assembled provisioning response message for presentation to the consumer.

REJECTION

Claims 1, 2, 4, 6–11, 13, 14, 17, and 18 are rejected under 35 U.S.C. § 101 as directed to a judicial exception without significantly more.

ANALYSIS

Under 35 U.S.C. § 101, an invention is patent-eligible if it claims a “new and useful process, machine, manufacture, or composition of matter.” 35 U.S.C. § 101. The Supreme Court, however, has long interpreted § 101 to include an implicit exception: “[l]aws of nature, natural phenomena, and abstract ideas” are not patentable. *Alice Corp. v. CLS Bank Int’l*, 573 U.S. 208, 216 (2014).

The Supreme Court, in *Alice*, reiterated the two-step framework previously set forth in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. 66 (2012), “for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts.” *Alice Corp.*, 573 U.S. at 217. The first step in that analysis is to “determine whether the claims at issue are directed to one of those patent-ineligible concepts.” *Id.* If the claims are not directed to a patent-ineligible concept, e.g., an abstract idea, the inquiry ends. Otherwise, the inquiry proceeds to the second step where the elements

of the claims are considered “individually and ‘as an ordered combination’” to determine whether there are additional elements that “‘transform the nature of the claim’ into a patent-eligible application.” *Id.* (quoting *Mayo*, 566 U.S. at 79, 78).

The Court acknowledged in *Mayo*, that “all inventions at some level embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas.” *Mayo*, 566 U.S. at 71. Therefore, the Federal Circuit has instructed that claims are to be considered in their entirety to determine “whether their character as a whole is directed to excluded subject matter.” *McRO, Inc. v. Bandai Namco Games Am., Inc.*, 837 F.3d 1299, 1312 (Fed. Cir. 2016) (quoting *Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1346 (Fed. Cir. 2015)).

The USPTO recently published revised guidance on the application of § 101; that guidance “extracts and synthesizes key concepts identified by the courts as abstract ideas to explain that abstract idea exception includes” the following three groupings: (1) mathematical concepts; (2) certain methods of organizing human activity, e.g., fundamental economic principles or practices, commercial or legal interactions; and (3) mental processes.

2019 REVISED PATENT SUBJECT MATTER ELIGIBILITY GUIDANCE, 84 Fed. Reg. 50, 52 (Jan. 7, 2019) (“Revised Guidance”).³ The Revised Guidance instructs that “[c]laims that do not recite [subject matter] that falls within these enumerated groupings of abstract ideas should not be treated as reciting abstract ideas” except in rare circumstances, Revised Guidance,

³ The Revised Guidance, by its terms, applies to all applications, and to all patents resulting from applications, filed before, on, or after January 7, 2019. 84 Fed. Reg. 50.

84 Fed. Reg. at 53, and further instructs that even if a claim recites one of these three groupings of abstract ideas, the claim is still not “directed to” a judicial exception, e.g., an abstract idea, “if the claim as a whole integrates the recited judicial exception into a practical application of that [judicial] exception.” *Id.* The Revised Guidance references MANUAL OF PATENT EXAMINING PROCEDURE (“MPEP”) §§ 2106.05(a)–(c) and (e)–(h) in describing the considerations that are indicative that an additional element or combination of elements integrates the judicial exception, e.g., the abstract idea, into a practical application. *Id.* at 55. If the recited judicial exception is integrated into a practical application, as determined under one or more of these MPEP sections, the claim is not “directed to” the judicial exception.

In rejecting the pending claims under 35 U.S.C. § 101, the Examiner determined that the claims are directed to “transmitting verification request, receiving positive verification response, identifying option, assembling provisioning response message and transmitting provisioning response message to consumer,” which the Examiner concluded is an abstract idea similar to other concepts that the courts have identified as abstract (Final Act. 2–3). The Examiner also determined that the claims do not include additional elements that are sufficient to amount to significantly more than the judicial exception because the additional elements (i.e., the “personalized server computer,” “merchant device,” and “issuer financial institution”), when considered both individually and as an ordered combination, do not amount to significantly more than the abstract idea itself (*id.* at 4).

Appellants argue that the Examiner erred in determining that the claims are directed to an abstract idea, and that the claims instead are directed to “a specific implementation of a technological solution to the

particular technological problem of how to facilitate consumer provisioning of a purchased mobile device (App. Br. 17). Appellants thus, maintain that, similar to the claims at issue in *Trading Technologies Int'l, Inc. v. CQG, Inc.*, 675 F. App'x 1001 (Fed. Cir. 2017), the pending claims require a specific structure paired with a prescribed functionality that is directly related to the structure, and that the claims solve the “specifically-identified problem of how to quickly and easily provide mobile device provisioning options to a consumer who just purchased the mobile device without the need to conduct a typical OTA provisioning process, which problem existed in the prior state of the art” (*id.*).

The Specification is entitled “SYSTEM AND METHODS FOR ISSUANCE OF A MOBILE PAYMENT ACCOUNT,” and discloses, in the Background section, that payment cards, e.g., credit and debit cards are ubiquitous and have, for decades, included a magnetic stripe on which the relevant account number is stored (Spec. 1, ll. 7–8). To consummate a purchase transaction, the card is swiped through a magnetic stripe reader that is part of a point of sale (POS) terminal; the reader reads the account number from the magnetic strip, and the account number is then used to route a transaction authorization request that is initiated by the POS terminal (*id.* at 1, ll. 7–12). The Specification describes that payment cards have more recently been developed that allow the account number to be automatically read from the card by radio frequency communication between the card and a proximity reader, incorporated with the POS terminal (*id.* at 1, ll. 13–16), and that it has been proposed to incorporate the capabilities of a contactless payment card into mobile devices, e.g., a mobile telephone, thereby turning the mobile device into a contactless payment device (*id.* at 2, ll. 1–3). One

such approach involves personalizing the mobile telephone (i.e., loading a payment card account number and other account-specific or device-specific information onto the telephone) while the device is in the user's possession via "over the air" (OTA) data communication, i.e., data communication via the mobile telephone network in which the phone operates (*id.* at 2, ll. 10-13).

The Specification details the difficulties associated with this OTA personalization process (i.e., that it can be time-consuming and inconvenient and that despite efforts to simplify the personalization process, many consumers find the process awkward and/or confusing) and calls for "a personalized process for mobile telephones/contactless payment devices that is quick, convenient and secure" (*id.* at 2, ll. 14–20). The Specification, thus, describes that the claimed invention provides a personalization process that allows a mobile device to be provisioned at a retail store or point-of-sale in conjunction with the purchase of the mobile device, thereby allowing consumers to avoid the complexity and time commitment involved in conducting a typical OTA provisioning process (*id.* at 3, ll. 2–24).

We are persuaded by Appellants' arguments that the Examiner erred in determining that the claims are directed to an abstract idea. Applying the Revised Guidance, and putting aside whether the claims recite subject matter that falls within one of the enumerated groupings of abstract ideas, we are persuaded that the claims integrate any alleged abstract idea into a practical application — the claims provide an improvement in a technical field, i.e., the provisioning of contactless payment devices, by enabling a mobile device to be provisioned at a point-of-sale in conjunction with the purchase of the mobile device, thereby avoiding the complexity and time commitment

involved in existing OTA provisioning processes. *See* MPEP § 2106.05(a) (“Improvements to the Functioning of a Computer or to Any Other Technology or Technical Field”); *see also, e.g., McRO*, 837 F.3d at 1316 (holding that the claim is directed to a technological improvement over existing 3-D animation techniques and, therefore, not directed to an abstract idea); *BASCOM Global Internet Servs., Inc. v. AT&T Mobility LLC*, 827 F.3d 1341, 1351 (Fed. Cir. 2016) (holding that the ‘606 patent is claiming a technology-based solution (not an abstract idea based solution) to filter content on the Internet that overcomes existing problems with other Internet filtering systems). On the present record, Examiner has not sufficiently explained why, in view the express claim language read in light of the above-referenced portions of the Specification, the claimed invention would not be considered an improvement in technology or a technical field.

We conclude that the claims are not directed to a judicial exception and, thus, are patent-eligible. Accordingly, we do not sustain the Examiner’s rejection of claims 1, 2, 4, 6–11, 13, 14, 17, and 18 under 35 U.S.C. § 101.

DECISION

The Examiner’s rejection of claims 1, 2, 4, 6–11, 13, 14, 17, and 18 under 35 U.S.C. § 101 is reversed.

REVERSED