UNITED STATES PATENT AND TRADEMARK OFFICE

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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte GARRY LYONS, DAVID BROWN,
MICHAEL CLAY ATKINS, ORAN CUMMINS, and
DANIEL MARTIN

Appeal 2018-002356[1]
Application 13/739,465
Technology Center 3600

Before MURRIEL E. CRAWFORD, MICHAEL W. KIM, and
PHILIP J. HOFFMANN, *Administrative Patent Judges.*

KIM, *Administrative Patent Judge.*

DECISION ON APPEAL

STATEMENT OF THE CASE

This is an appeal from the final rejection of claims 1–41. We have
jurisdiction to review the case under 35 U.S.C. §§ 134 and 6.

The invention relates generally to electronic financial transactions
through the use of a portable device. Spec. ¶ 1.

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[1] The Appellants identify MasterCard International Inc. as the real party in
interest. Appeal Br. 2.

Claim 1 is illustrative:

1. An electronic financial transaction method, comprising:

 reading, in a payer device, a machine-readable pay code in which transaction details for a specific transaction are encoded;

 requesting, by the payer device and from a pay code server, additional transaction details for the specific transaction, by transmitting the read transaction details to the pay code server;

 receiving, from the pay code server and by a receiver of the payer device, the additional transaction details, wherein the additional transaction details are based upon the transmitted read transaction details and were stored at the pay code server prior to the request ;

 displaying, on a display of the payer device, an interactive display, the interactive display including the additional transaction details;

 receiving, by a receiver of the payer device and in response to the interactive display, indications of payer selected transaction options from an input of the payer device;

 transmitting, by a transmitter of the payer device, the indications to the pay code server, for conveyance to a payee device; and

 receiving, by a receiver of the payer device, a notification that completion of the transaction has been initiated by initiating payment from the payer to the payee, displaying, on the display of the payer device, the notification that completion of the transaction has been initiated;

 wherein the payer device is a communications device enabled to read machine-readable code and specifically programmed to electronically carry out the above reading, requesting, displaying, transmitting, and receiving actions.

The Examiner rejected claims 1–41 under 35 U.S.C. § 101 as directed to ineligible subject matter in the form of abstract ideas.

The Examiner rejected claims 1–41 under 35 U.S.C. § 103 as unpatentable over Das et al., (US 2005/0197968 A1, pub. Sept. 8, 2005) ("Das"), Dimmick (US 2011/0251910 A1, pub. Oct. 13, 2011), and Dessert et al., (US 2012/0296725 A1, pub. Nov. 22, 2012) ("Dessert").

We AFFIRM.

ANALYSIS

Patentable Subject Matter Rejection

An invention is patent-eligible if it claims a "new and useful process, machine, manufacture, or composition of matter." 35 U.S.C. § 101. However, the Supreme Court has long interpreted 35 U.S.C. § 101 to include implicit exceptions: "[l]aws of nature, natural phenomena, and abstract ideas" are not patentable. *E.g.*, *Alice Corp. v. CLS Bank Int'l*, 573 U.S. 208, 216 (2014).

In determining whether a claim falls within an excluded category, we are guided by the Supreme Court's two-step framework, described in *Mayo* and *Alice*. *Id.* at 217–18 (citing *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 75–77 (2012)). In accordance with 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,

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such as "molding rubber products" (*Diamond v. Diehr*, 450 U.S. 175, 192 (1981)); "tanning, dyeing, making waterproof cloth, vulcanizing India rubber, smelting ores" (*id.* at 184 n.7 (quoting *Corning v. Burden*, 56 U.S. 252, 267–68 (1853))); 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 that "[a] claim drawn to subject matter otherwise statutory does not become nonstatutory simply because it uses a mathematical formula." *Diehr*, 450 U.S. at 176; *see also id.* at 192 ("We view respondents' claims as nothing more than a process for molding rubber products and not as an attempt to patent a mathematical formula."). Having said that, the Supreme Court also indicated that a claim "seeking patent protection for that formula in the abstract . . . is not accorded the protection of our patent laws, . . . and this principle cannot be circumvented by attempting to limit the use of the formula to a particular technological environment." *Id.* (citing *Benson* and *Flook*); *see, e.g., id.* at 187 ("It is now commonplace that an *application* of a law of nature or mathematical formula to a known structure or process may well be deserving of patent protection.").

If the claim is "directed to" an abstract idea, we turn to the second step of the *Alice* and *Mayo* framework, where "we must examine the elements of the claim to determine whether it contains an 'inventive concept' sufficient to 'transform' the claimed abstract idea into a patent-eligible application." *Alice*, 573 U.S. at 221 (quotation marks omitted). "A claim that recites an abstract idea must include 'additional features' to ensure 'that the [claim] is more than a drafting effort designed to

monopolize the [abstract idea].'" *Id.* (quoting *Mayo*, 566 U.S. at 77).
"[M]erely requir[ing] generic computer implementation[] fail[s] to transform
that abstract idea into a patent-eligible invention." *Id.*

The PTO recently published revised guidance on the application of
§ 101. *2019 Revised Patent Subject Matter Eligibility Guidance*, 84 Fed.
Reg. 50 (Jan. 7, 2019) ("Guidance"). Under the 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); and

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

Only if a claim (1) recites a judicial exception and (2) does not integrate that
exception into a practical application, do we then look to whether the claim:

> (3) adds a specific limitation beyond the judicial exception
> that is not "well-understood, routine, conventional" in the field
> (*see* MPEP § 2106.05(d)); or

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

See Guidance.

The Examiner finds the claims are directed to financial transactions,
which are fundamental economic practices. Answer 3; *see also* Final Act. 3.
We agree with the Examiner, because independent method claim 1 recites,
among other steps, "requesting . . . additional transaction details for the
specific transaction, by transmitting the read transaction details . . . ;
receiving . . . the additional transaction details, wherein the additional
transaction details are based upon the transmitted read transaction

details . . . ; displaying . . . the additional transaction details; receiving . . .
indications of payer selected transaction options . . . ; transmitting . . . the
indications . . . ; and receiving . . . a notification that completion of the
transaction has been initiated by initiating payment from the payer to the
payee, displaying . . . the notification that completion of the transaction has
been initiated," as part of a process to cause a payment transaction.
Independent claim 10 recites similar claim limitations. The processes use a
machine-readable code to make data input easier. Spec. ¶¶ 2–3. The
Appellants describe the claims as "directed to detailed electronic financial
transaction methods." Appeal Br. 11.

 Because independent claims 1 and 10 each recite steps, as set forth
above, on how to perform financial transactions, we find preliminarily that it
is directed to a fundamental economic practice, which is a method of
organizing human activity, and an abstract idea. *See* MANUAL OF PATENT
EXAMINING PROCEDURE ("MPEP") § 2106.04(a)(2)(I)(A); *Alice*, 573 U.S. at
219–20 ("intermediated settlement" is a fundamental economic practice, and
thus an abstract idea; *Bilski*, 561 U.S. at 611 ("hedging" is a fundamental
economic practice, and this an abstract idea)). Other than using a "payor
device," "machine-readable pay code," and "pay code server," the method
merely requests, receives, transmits, and displays information. *See* MPEP
§ 2106.04(a)(2)(III)(A)–(B).

 The claims do not integrate the abstract idea into a practical
application. For example, the method does not improve the underlying
computer by performing the above steps, because any processor can be used
to execute those steps. *See* Spec. ¶¶ 44, 52. In addition, the method is
directed to payment transactions, which is not an improvement to

technology. *See* MPEP § 2106.05(a). Because a particular computer is not required, the claim also does not define or rely on a "particular machine." *See* MPEP § 2106.05 (b). Further, the method does not transform matter; at best it transforms information. *See* MPEP § 2106.05 (c); *Gottschalk*, 409 U.S. at 71–72 (holding that a computer based algorithm that merely transforms data from one form to another is not patent-eligible). Instead, the claim merely requests, receives, transmits, and displays data. As such, the method has no other meaningful limitations (*see* MPEP § 2106.05 (e)), and thus merely recites instructions to execute the abstract idea on a computer (*see* MPEP § 2106.05 (f)). Although the method calls for receiving a "machine-readable code" at a payer device to begin the process, this is merely a data gathering step, and represents insignificant extra-solution activity, as does the displaying of data. *See* MPEP § 2106.05 (g).

The only elements, beyond the abstract idea of requesting, receiving, transmitting, and displaying data within the processing of a payment transaction, are various computing devices (a payer device with display and a server), using general-purpose programmable computer devices and any communications network. Spec. ¶¶ 44, 52, 128, 139, 144, 165. The operations of storing, analyzing, receiving, and writing data are primitive computer operations found in any computer system. *See In re Katz Interactive Call Processing Patent Litig.*, 639 F.3d 1303, 1316 (Fed. Cir. 2011). Thus, the only additional elements beyond the abstract idea are well-understood, routine, and conventional. *See* MPEP ¶ 2106.05(d).

"[A]fter *Alice*, there can remain no doubt: recitation of generic computer limitations does not make an otherwise ineligible claim patent-eligible. The bare fact that a computer exists in the physical rather than

purely conceptual realm is beside the point." *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1256 (Fed. Cir. 2014) (internal citations and quotation marks omitted). Here, independent device claims 18, 27, and 36 merely recite devices that execute instructions that correspond to the steps of the methods claims. Independent claims 18, 27, and 36 thus also are directed to abstract ideas. The Examiner finds the dependent claims are also directed to abstract ideas. Answer 8–9; *see also* Final Act. 3.

Thus, claims 1–41 are directed to a fundamental economic practice, and hence an abstract idea, and do not recite limitations that transform the abstract ideas into eligible subject matter.

We are unpersuaded by the Appellants' argument that the claims are not directed to abstract ideas, because they are "not directed to the mere collection, comparison, storage, organization or transmission of information; instead, Appellant's claims employ technical processes to process an electronic financial transaction." Appeal Br. 14. The claims request, receive, transmit, and display information so that a payment can be made; the performance of the payment transaction itself is outside the scope of the claim. The claimed methods send data to a pay code server "for conveyance," and displays that the transaction was initiated. The claimed methods do not recite the performance of the payment transaction, but instead handle data to permit a server to initiate a payment transaction. A process that merely handles data as part of a financial transaction, even if handled by a technical system, is still be an abstract idea. And even if the claim did handle the payment transaction itself, even an electronic one, that is still a fundamental economic practice. *See Priceplay.com, Inc. v. AOL Advert., Inc.*, 83 F. Supp. 3d 577 (D. Del. 2015), aff'd, 627 F. App'x 925

(Fed. Cir. 2016) ("Performing a sales transaction over the Internet, or in conjunction with an auction and a competitive activity, does not make the concept any more 'concrete.' Therefore, the patent claims are directed to patent-ineligible subject matter.").

We are unpersuaded by the Appellants' argument that claims recite steps that transform the abstract idea into eligible subject matter, because, according to the Appellants, the "appealed claims do not have a 'real world' equivalent. That is, there is no 'abstract business practice' to which Appellant's claims can be fairly analogized." Appeal Br. 16. The claims are directed to requesting, receiving, transmitting, and displaying data as part of a payment transaction, which is an abstract idea because it is a financial transaction, and thus a fundamental economic practice.

We are not persuaded by the Appellants' argument that the methods provide "something more," because the claimed methods "address technical problems inextricably tied to the technical field of electronic transaction processing." *Id.* In support of this assertion, the Appellants articulate benefits of the claimed method, which bypass the merchant's point-of-sale device when the buyer supplies payment information that is instead sent to a "pay code server." *Id.* at 16–17. Although the data may be send via a different path that does not go through the merchant's device, this does not change the basic nature of the claims as being directed to an abstract idea that requests, receives, transmits, and displays data as part of a payment transaction.

Although the Appellants assert "both the payer device and pay code server of Appellants' claims are *specialized* devices (i.e., <u>not</u> 'generic

computer systems')," (Appeal Br. 17), the Specification only describes the devices in general terms. Spec. ¶¶ 44, 52.

The Appellants also argue the claims "harness technical features" that "offer concrete technical solutions to technical problems" and offer "technical advantages." Appeal Br. 18; *see also* Reply Br. 3–5. No matter how "technical" the claims may be, they are directed to abstract fundamental economic practices that use technology in only an ancillary manner, and do not recite additional elements that transform the abstract ideas into eligible subject matter for the reasons set forth above.

Because the Appellants have not shown error in the Examiner's rejection, we sustain the rejection of claims 1–41 under 35 U.S.C. § 101 as directed to abstract ideas.

Obviousness Rejection

We are persuaded by the Appellants' arguments that the Examiner has failed to demonstrate that the cited references disclose "requesting, by the payer device and from a pay code server, additional transaction details for the specific transaction, by transmitting the read transaction details to the pay code server" of independent claims 1 and 10, because, according to the Appellants, Dimmick does not disclose the payer device requesting additional transaction details for the transaction in the received pay code, as asserted by the Examiner. Appeal Br. 19–22.

The Examiner finds the request in Dimmick at Figures 1, 5, and 7A, and paragraphs 121 and 136–42. Appeal Br. 6; *see also* Reply Br. 9.

However, Dimmick's Figures 1 and 7A merely show block diagrams of system components, including potential communication paths. Paragraph 121 discloses the merchant computer communicating transaction

details to the payer device, but does not disclose a request for those details made from the payer device based on the pay code received at the payer device, as required by each of independent claims 1 and 10. Similarly, paragraphs 136–42 disclose a transaction details server that communicates with a user's payer device, but does not disclose a request for details after receiving a pay code.

The Examiner has thus failed to support adequately that Dimmick discloses the "requesting" claim language, found in independent method claims 1 and 10. Because independent device claims 18, 27, and 36 each require a payer device configured to request information on the transaction read in the pay code, we sustain the rejection of neither independent claims 1, 10, 18, 27, and 36, nor the claims that depend from these independent claims and were rejected along with the independent claims.

DECISION

We AFFIRM the rejection of claims 1–41 under 35 U.S.C. § 101.

We REVERSE the rejection of claims 1–41 under 35 U.S.C. § 103(a).

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).

AFFIRMED

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