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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte ANH VAZQUEZ, PREET CHHOKAR,
and ANDREW WAYMAN

Appeal 2018-002969
Application 13/572,191
Technology Center 3600

Before ALLEN R. MacDONALD, CAROLYN D. THOMAS, and
DAVID J. CUTITTA II, *Administrative Patent Judges*.

CUTITTA, *Administrative Patent Judge*.

DECISION ON APPEAL

Pursuant to 35 U.S.C. § 134(a), Appellant¹ appeals from the
Examiner's decision to reject claims 1–27. We have jurisdiction under
35 U.S.C. § 6(b).

We AFFIRM.

¹ We use the word “Appellant” to refer to “Applicant” as defined in 37
C.F.R. § 1.42(a). Appellant identifies the real party in interest as NetSpend
Corporation. Appeal Br. 3.

STATEMENT OF THE CASE

Invention

Appellant's recited claims relate to aggregating the value of a cash source and a non-cash source, such as frequent flyer miles, and presenting the combined value for payment. *See* Spec. 6:5–7 (“Provide[s] instant payments from a user associated with an account to a payee, wherein the payments are derived from accounts with currency and non-currency components.”).²

Exemplary Claim

Claims 1, 10, and 19 are independent. Independent claim 1 is exemplary of the claimed subject matter and is reproduced below with claim element labels added in brackets:

1. A method for unified payment, comprising:

[a] identifying, with a server including a processor executing on an electronic device, a unified account;

[b] determining, through the server, a cash source of the unified account;

[c] determining, through the server, a non-cash source of the unified account different from the cash source of the unified account;

[d] presenting, through the server, a combined value of the cash source and the non-cash source, wherein:

² We refer to: the originally filed Specification filed August 10, 2012 (“Spec.”); the Non-Final Office Action mailed February 13, 2017 (“Non-Final Act.”); Appellant’s Appeal Brief filed July 10, 2017 (“Appeal Br.”); and the Examiner’s Answer mailed October 13, 2017 (“Ans.”).

the combined value is expressed in terms of cash;
and

the combined value is greater than a single one of
either the cash source or the non-cash source.

Appeal Br. 12 (Claims Appendix).

REJECTION

The Examiner rejects claims 1–27 under 35 U.S.C. § 101 as reciting patent-ineligible subject matter. Non-Final Act. 2–5.

ANALYSIS

We review the appealed rejection for error based upon the issues identified by Appellant and in light of Appellant’s arguments and evidence. *Ex parte Frye*, 94 USPQ2d 1072, 1075 (BPAI 2010) (precedential). Arguments not made are waived. *See* 37 C.F.R. § 41.37(c)(1)(iv).

I. Principles of Law

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 US 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. *See, 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 Court’s two-step framework, described in *Alice* and *Mayo*. *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 recites. *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.”).

If the claim recites an abstract idea, we turn to the second step of the *Alice* and *Mayo* framework, in which “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 Office recently published revised guidance on the application of § 101. *2019 Revised Patent Subject Matter Eligibility Guidance*, 84 Fed. Reg. 50 (Jan. 7, 2019) (hereinafter “Guidance”).³ Under the Guidance, in determining whether a claim falls within an excluded category, we first look to whether the claim recites:

- (1) Step 2A — Prong One: any judicial exceptions, including certain groupings of abstract ideas (*i.e.*, mathematical concepts, certain

³ This Guidance supersedes previous guidance memoranda. *Guidance*, 84 Fed. Reg. 51 (“All USPTO personnel are, as a matter of internal agency management, expected to follow the guidance.”).

methods of organizing human activity, such as a fundamental economic practice, or mental processes); and

(2) Step 2A — Prong Two: additional elements that integrate the judicial exception into a practical application (*see* MPEP⁴ § 2106.05(a)–(c), (e)–(h)).

See Guidance, 84 Fed. Reg. 54–55 (“Revised Step 2A”). 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 (Step 2B):

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

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

See id. at 56 (“*Step 2B: If the Claim Is Directed to a Judicial Exception, Evaluate Whether the Claim Provides an Inventive Concept.*”).

II. The Examiner’s § 101 Rejection

The Examiner determines that exemplary⁵ claim 1 is directed to a judicial exception: an abstract idea. Non-Final Act. 2–3; Ans. 3–4. According to the Examiner, claim 1 is “directed to an abstract idea of managing a transaction and a contractual relationship,” which “is interpreted as managing certain human activities.” Non-Final Act. 4. The Examiner also determines that considering the limitations individually “[t]he additional

⁴ All Manual of Patent Examining Procedure (“MPEP”) citations herein are to MPEP, Rev. 08.2017, January 2018.

⁵ Appellant argues claims 1–27 as a group with respect to the § 101 rejection. Appeal Br. 6. We, thus, select independent claim 1 as representative of claims 2–27. *See* 37 C.F.R. § 41.37(c)(1)(iv).

elements of the processor, an electronic device and the sever [sic] do not perform steps that are significantly more” and “[v]iewing the limitations as an ordered combination does not add anything further than looking at the limitations individually.” *Id.*

III. Appellant’s Arguments

We summarize Appellant’s arguments in favor of eligibility as follows: (1) claim 1 is unlike the claims in *buySAFE*⁶ because “Applicants’ invention does not relate to a contractual relationship but instead relates to a method and system for a unified payment account (Br. 7); (2) “unlike *Electric Power Group*⁷, “Applicants’ claims do recite a particular tool for presentation,” e.g., “Claim 1 recites ‘presenting, on an electronic device, a combined value of the cash value source and the non-cash value source.’” (*id.*); (3) “the Office Action fails to ‘explain why the courts have recognized, or those in the relevant field of art would recognize, those claim limitations as being well-understood, routine, conventional activities.’” (Appeal Br. 8); (4) “the Office Action fails to meaningfully consider the combination of the elements recited in Applicants’ claims” (*id.*) and (5) “there is no evidence at all that Applicants’ claims — with its specific limitations — create any risk of tying up any building block of human ingenuity.” (Appeal Br. 10).

⁶ Appellant cites *buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350, 1355 (Fed. Cir. 2014)

⁷ Appellant cites *Elec. Power Group, LLC v. Alstom S.A.*, 830 F.3d 1350, 1353 (Fed. Cir. 2016).

IV. Our Review, Guidance, Step 1

We analyze the exemplary claim and the Examiner’s rejection in view of the Guidance, and we adopt the nomenclature for the steps used in the Guidance. As an initial matter, the claims must recite at least one of four recognized statutory categories, namely, machine, process, article of manufacture, or composition of matter. MPEP § 2106(I); *see* 35 U.S.C. § 101. Appellant’s independent claims 1, 10, and 19 recite a method (i.e., a “process”), a non-transitory computer readable medium (i.e., an “article of manufacture”), and an apparatus (i.e., a “machine”). Thus, the pending claims recite a recognized statutory category of § 101 and we turn to the two-step *Alice/Mayo* analysis applied in accordance with the Office Guidance.

*V. Step 2A, Prong 1 in the Guidance (Alice/Mayo–Step 1)
(Judicial Exceptions)*

Next, we determine whether claim 1, being directed to a statutory class of invention, nonetheless falls within a judicial exception. Guidance, 84 Fed. Reg. 51.

Apart from additional elements discussed separately below, claim 1 recites “a method for unified payment” including the steps of: [a] “identifying a unified account”; [b] “determining . . . a cash source of the unified account”; [c] “determining . . . a non-cash source of the unified account different from the cash source of the unified account” ; and [d] “presenting . . . a combined value of the cash source and the non-cash source.”

At a high level, we agree with the Examiner that these claimed steps describe the concept of “managing a transaction” by “combining accounts to generate a payment amount.” Non-Final Act. 4. Aside from the computer components, the claimed invention is analogous to pre-Internet commercial transactions between humans in which a buyer attempts to barter by aggregating cash and non-cash resources. We therefore agree with the Examiner that these limitations recite certain methods of organizing human activity (*id.*), and more specifically a fundamental economic practice. Appellant’s argument that claim 1 is not abstract because it “does not relate to a contractual relationship” is unpersuasive because a claim need not relate to a contractual relationship to be determined as reciting a fundamental economic practice. *See* Guidance, 84 Fed. Reg. 52. Claim 1, therefore, recites a judicial exception, i.e., an abstract idea.

*VI. Step 2A, Prong Two in the Guidance
(Integration into a Practical Application)*

Because claim 1 recites an abstract idea, we now determine whether the claim is directed to the abstract idea itself or whether it is instead directed to some technological implementation or application of, or improvement to, this idea, i.e., is integrated into a practical application. *See, e.g., Alice*, 573 U.S. at 223, discussing *Diehr*, 450 U.S. at 175. 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 or exceptions; and (b) evaluating those additional elements individually and in combination to determine whether they integrate the exception into a practical application.

The Examiner determines claim 1's additional elements include a processor executing on an electronic device and a server. Non-Final Act. 4.

Appellant argues that, unlike the claims in *Electric Power*, “Applicants’ claims do recite a particular tool for presentation,” i.e., “presenting, *on an electronic device*, a combined value of the cash value source and the non-cash value source, wherein the combined value is expressed in terms of cash.” Appeal Br. 7.

As an initial matter we note Appellant’s argument mischaracterizes claim 1 because the claim does not recite “presenting, *on an electronic device*” as argued by Appellant. Appeal Br. 12. Rather, claim 1 recites “presenting, through the server, a combined value.” *Id.* Regardless, we are unpersuaded, because claim 1 merely recites presenting a combined value through the “server” but fails to recite any details regarding how the server is configured to operate as a particular tool in presenting the combined value. Moreover, Appellant’s Specification discloses that the method only requires a server with generic hardware such as processors capable of performing basic functions. Spec. 10:13–15, 6:8–9. Thus, similar to the claims in *Electric Power*, Appellant’s claim 1 merely presents the results of abstract processes of collecting and analyzing information, without more. *SAP America, Inc. v. InvestPic, LLC*, 898 F.3d 1161, 1163 (Fed. Cir. 2018) (citing *Electric Power*, 830 F.3d at 1353 (“claims focused on ‘collecting information, analyzing it, and displaying certain results of the collection and analysis’ are directed to an abstract idea”)).

We are not persuaded that the claimed abstract idea is integrated into a practical application. Aside from the abstract idea, claim 1 additionally recites “a server including a processor executing on an electronic device.”

Appeal Br. 12. An additional element may integrate a judicial exception into a practical application when, for example, the “additional element implements a judicial exception with, or uses a judicial exception in conjunction with, a particular machine or manufacture that is integral to the claim.” Guidance, 84 Fed. Reg. 55; *see* MPEP § 2106.05(b) (“determin[ing] whether the judicial exception is applied with, or by use of, a particular machine”). In this case, as discussed in the preceding paragraph, claim 1 lacks such a machine. At best, the claimed server simply executes the abstract idea described above. Notably, the recited server includes a general-purpose processor. Spec. 10:3–6 (“Processor 144 may comprise, for example a microprocessor, microcontroller, digital signal processor (DSP), application specific integrated circuit (ASIC), or any other digital or analog circuitry configured to interpret and/or execute program instructions and/or process data.”). But a general-purpose processor that merely executes the judicial exception is not a particular machine. *Ulramercial Inc. v. Hulu, LLC*, 772 F.3d 709, 716–17 (Fed. Cir. 2014), *cited in* MPEP § 2106.05(b)(I); *see also* MPEP § 2106.05(a)(II) (instructing examiners that a “commonplace business method being applied on a general purpose computer” may not be sufficient to show an improvement). For these reasons, the claimed method does not use the processor in a way that indicates that the judicial exception has been integrated into a practical application.

Alternatively, a claim may integrate the judicial exception into a practical application when, for example, it reflects an improvement to technology or a technical field. Appeal Br. 10. Here, the described improvement is to provide “a unified payment service.” Spec 1:9. In this way, claim 1 relates to a fundamental economic process. Appellant fails to

establish claim 1 is like the other technology-based integrations cited by Appellant. Considering the claim as a whole, Appellant's invention lacks a technical solution to a technical problem.

That is, rather than addressing a problem unique to the technology in which the solution is implemented, Appellant's claim 1 merely facilitates, using generic hardware, an economic process of providing "a unified payment service." Spec 1:9. The mere presence of a server with a processor here does not necessarily indicate a technical solution.

In addition, Appellant's claim 1 does not transform matter; but at best, transforms *information*. That is, the claim simply manipulates and outputs data such as by determining a cash and non-cash source and "presenting, through the server, a combined value of the cash source and the non-cash source." Appeal Br. 12; *see* MPEP § 2106.05(c); *see also* *Gottschalk v. Benson*, 409 U.S. 63, 71–72 (1972) (holding that a computer based algorithm that merely transforms data from one form to another is not patent-eligible). As such, the claim has no other meaningful limitations (*see* MPEP § 2106.05(e)), and merely recites instructions to execute an abstract idea on generic hardware (*see* MPEP § 2106.05(f)).

We, therefore, determine claim 1 is not directed to a specific asserted improvement in computer technology or otherwise integrated into a practical application and thus is *directed to* a judicial exception.

VII. Step 2B in the Guidance (Alice/Mayo, Step 2) (Inventive Concept)

Next, we determine whether the claim includes additional elements that provide significantly more than the recited judicial exception, thereby providing an inventive concept. *Alice*, 573 U.S. at 221 (quoting *Mayo*, 566

U.S. at 72–73). To determine whether the claim provides an inventive concept, the additional elements are considered—individually and in combination—to determine whether they (1) add a specific limitation beyond the judicial exception that is not “well-understood, routine, conventional” in the field or (2) simply append well-understood, routine, conventional activities previously known to the industry, specified at a high level of generality, to the judicial exception. Guidance, 84 Fed. Reg. 56.

The Examiner determines that considering the limitations individually, “[t]he additional elements of the processor, an electronic device and the sever [sic] do not perform steps that are significantly more” and “[v]iewing the limitations as an ordered combination does not add anything further than looking at the limitations individually.” Non-Final Act. 4.

Appellant argues “the Office Action fails to ‘explain why the courts have recognized, or those in the relevant field of art would recognize, those claim limitations as being well-understood, routine, conventional activities.’” Appeal Br. 8.

We find this argument unpersuasive. Claim 1’s method uses a server including a processor executing on an electronic device, for determining a cash and non-cash source and “presenting, through the server, a combined value of the cash source and the non-cash source.” Appeal Br. 12. The Examiner, citing *Flook*⁸ and *Bancorp*⁹, finds that the processor is well-understood, routine, and conventional in the field. Non-Final Act. 4; Ans. 4.

⁸ See *Parker v. Flook*, 437 U.S. 584 (1978).

⁹ See *Bancorp Servs. v. Sun Life Assurance Co. of Can. (U.S.)*, 687 F.3d 1266, 1278 (Fed. Cir. 2012)(Using a processor “only for its most basic function, the performance of repetitive calculations,” may not impose meaningful limits on the claim’s scope.).

Thus, the Examiner cites relevant case law to determine that “[a] processor used for performing the steps of determining and computing values has been found routine and conventional by the courts.” Non-Final Act.4; Ans. 4. Moreover, as noted above in Section VI, Appellant’s Specification discloses that the claimed server with processor is well-understood, routine, and conventional in the field. Spec. 10:13–15, 6:8–9. We, therefore, agree with the Examiner that, apart from the abstract idea, the claimed server including a processor executing on an electronic device recites generic components configured to perform well-understood, routine, and conventional activities previously known in the field. Non-Final Act. 4.

The Examiner further determines that “[v]iewing the limitations as an ordered combination does not add anything further than looking at the limitations individually” because “[a]s a combination the claims do not impose a meaningful limit than what they do individually. The claims recite elements of identifying, collecting information, determining a value, a combined value and presenting it.” Ans. 6 (citing *Electric Power*, 830 F.3d at 1353).

Appellant argues “the Office Action fails to meaningfully consider the **combination** of the elements recited in Applicants’ claims.” Appeal Br. 8.

Appellant’s argument is unpersuasive, however, because Appellant fails to specifically address the Examiner’s determination that exemplary claim 1 is similar to the claims in *Electric Power*. Moreover, Appellant does not direct our attention to anything in the Specification that indicates the claimed components, as an ordered combination, perform anything other than well-understood, routine, and conventional processing functions, such as manipulating and generating data for display. See *Inventor Holdings*,

LLC v. Bed Bath & Beyond, Inc., 876 F.3d 1372, 1378 (Fed. Cir. 2017) (holding that considering claims reciting data retrieval, analysis, modification, generation, display, and transmission as an “‘ordered combination’” reveals that they “‘amount to ‘nothing significantly more’ than an instruction to apply [an] abstract idea” using generic computer technology) (internal citation omitted); *Fair Warning IP, LLC v. Iatric Sys., Inc.*, 839 F.3d 1089, 1096 (Fed. Cir. 2016) (noting that using generic computing components like a microprocessor or user interface does not transform an otherwise abstract idea into eligible subject matter). In short, as previously noted, claim 1 does no more than use generic hardware to implement the claimed abstract idea.

Appellant next argues that “there is no evidence at all that Applicants’ claims — with its specific limitations — create any risk of tying up any building block of human ingenuity, much less disproportionately doing so.” Appeal Br. 10.

“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). “[Q]uestions on preemption are inherent in and resolved by the § 101 analysis,” which has been applied here. *Id.* Claim 1 simply appends well-understood, routine, conventional components previously known to the industry, specified at a high level of generality, to the claimed abstract idea.

We, thus, conclude that claim 1 does not provide an inventive concept because the additional elements recited in claim 1 do not provide significantly more than the recited judicial exception. Accordingly, claim 1 does not recite patent-eligible subject matter. Because claim 1 is argued as

representative of the other claims, we also conclude that independent claims 10 and 19 and dependent claims 2–9, 11–18, and 20–27, do not recite patent-eligible subject matter. Therefore, we sustain the rejection of claims 1–27 under 35 U.S.C. § 101 as being directed to patent-ineligible subject matter.

DECISION SUMMARY

In summary:

Claims Rejected	35 U.S.C. §	Basis	Affirmed	Reversed
1–27	101		1–27	

TIME PERIOD FOR RESPONSE

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a). *See* 37 C.F.R. § 1.136(a)(1)(iv).

AFFIRMED