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UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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*Ex parte* MARY HOCKRIDGE, DINO D'AGOSTINO, and  
LAUREN VAN HEERDEN

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Appeal 2018-003648  
Application 14/246,932<sup>1</sup>  
Technology Center 3600

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Before THU A. DANG, LARRY J. HUME, and JOHN D. HAMANN,  
*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 1–15, which are all claims pending in the application. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

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<sup>1</sup> According to Appellants, the real party in interest is The Toronto-Dominion Bank. App. Br. 3.

STATEMENT OF THE CASE<sup>2</sup>

*The Invention*

Appellants' disclosed embodiments and claimed invention "relate[] to a computer-based method and network for clearing cheque payments." Spec. ¶ 1.

*Exemplary Claims*

Claims 1 and 7, reproduced below, are representative of the subject matter on appeal (*emphases* added to contested prior-art limitations):

1. A method of cheque payment clearing, the method comprising:

a payment terminal generating an electronic representation of a paper cheque, and providing a payee financial institution server with the electronic cheque representation, the electronic cheque representation identifying at least a payment amount, a payor financial institution and a payor account with the payor financial institution, the payment amount being payable from the payor account in a first financial currency, the payee financial institution server being associated with a payee financial institution;

the payment terminal displaying thereon an indication of an applicable service charge and an equivalent amount comprising the payment amount converted to a second financial currency, and providing the payee financial institution server with confirmation of acceptance of the service charge and the equivalent amount, the second financial currency being different from the first financial currency;

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<sup>2</sup> Our decision relies upon Appellants' Appeal Brief ("App. Br.," filed Nov. 13, 2017); Reply Brief ("Reply Br.," filed Feb. 20, 2018); Examiner's Answer ("Ans.," mailed Dec. 18, 2017); Final Office Action ("Final Act.," mailed July 7, 2017); and the original Specification ("Spec.," filed Apr. 7, 2014).

after receiving the electronic cheque representation and the confirmation of acceptance, the payee financial institution server electronically transmitting to a payor financial institution server via a cheque clearing network a transaction origination message including the payor account with the payor financial institution, the payment amount, and the equivalent amount, the transaction origination message requesting payment in the equivalent amount, the payor financial institution server being associated with the payor financial institution;

the payee financial institution server electronically receiving from the payor financial institution server via the cheque clearing network, in response to the transaction origination message, a transaction response message confirming the payor financial institution server posting to the payor account a debit entry in the payment amount, and posting to a payee account of the payee financial institution a credit entry in the equivalent amount, the equivalent amount being payable from the payee account in the second financial currency; and

the payment terminal receiving from the payee financial institution server a confirmation of the posting of the credit entry to the payee account.

7. A cheque processor comprising:

a network interface;

a database comprising a plurality of records each associated with a respective payee account;

a computer processing system coupled to the network interface and the database and being configured to:

(i) receive from a payment terminal an electronic representation of a paper cheque, the electronic cheque representation identifying at least a payment amount, a payor financial institution and a payor account with the payor financial institution, the payment amount being payable from the payor account in a first financial currency;

(ii) receive from the payment terminal confirmation of acceptance of an applicable service charge and an equivalent amount comprising the payment amount converted to a second financial currency, the second financial currency being different from the first financial currency;

(iii) *electronically transmit to a payor financial institution server, over a cheque clearing network, via the network interface a transaction origination message including the payor account with the payor financial institution, the payment amount, and the equivalent amount, the transaction origination message requesting payment in the equivalent amount, the payor financial institution server being associated with the payor financial institution;*

(iv) *electronically receive from the payor financial institution server, over the cheque clearing network, via the network interface, in response to the transaction origination message, a transaction response message confirming the payor financial institution server posting to the payor account a debit entry in the payment amount and, in response to the transaction response message, post to a payee account defined in the database a credit entry in the equivalent amount, the equivalent amount being payable from the payee account in the second financial currency; and*

(v) provide the payment terminal with a confirmation of the posting of the credit entry to the payee account.

*Prior Art*

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

Fredrickson et al. ("Fredrickson")	US 2004/0143621 A1	July 22, 2004
Travis et al. ("Travis")	US 2009/0063316 A1	Mar. 5, 2009
Lin et al. ("Lin")	US 2010/0078471 A1	Apr. 1, 2010
Gilder et al. ("Gilder")	US 7,702,588 B2	Apr. 20, 2010

*Rejections on Appeal*

R1. Claims 1–15 stand rejected under 35 U.S.C. § 101 as being directed to patent-ineligible subject matter. Final Act. 7.

R2. Claims 1–4, 7–10, and 13–15 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over the combination of Fredrickson, Travis, and Lin. Final Act. 11.

R3. Claims 5, 6, 11, and 12 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over the combination of Fredrickson, Travis, Lin, and Gilder. Final Act. 34.

CLAIM GROUPING

Based on Appellants' arguments (App. Br. 22–46) and our discretion under 37 C.F.R. 41.37(c)(iv), we decide the appeal of patent-ineligible subject matter Rejection R1 of claims 1–15 on the basis of representative claim 1.

Based on Appellants' arguments (App. Br. 8–22), we decide the appeal of obviousness Rejection R2 of claims 1–4, 7–10, and 13–15 on the basis of representative claim 7.

Remaining claims 5, 6, 11, and 12 in Rejection R3, not argued separately or substantively, stand or fall with the respective independent claim from which they depend.<sup>3</sup>

#### ISSUES AND ANALYSIS<sup>4</sup>

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 Rejection R1 of claims 1–15 under § 101 for the specific reasons discussed below.

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<sup>3</sup> "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).

<sup>4</sup> We note this application was filed under a "Petition to Make Special Under Accelerated Examination Program." In that Petition, subsection 1.b. states "**Applicant hereby agrees not to separately argue the patentability of any dependent claim during any appeal** in the application. Specifically, the applicant agrees that the dependent claims will be grouped together with and not argued separately from the independent claim from which they depend in any appeal brief filed in the application (37 CFR 41.37(c)(1)(vii))." Contrary to this agreement, we further note Appellants present arguments at least with respect to dependent claims 4 and 10. *See* App. Br. 19–22.

However, we disagree with Appellants' arguments with respect to Rejections R2 and R3 of claims 1–15 under § 103 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 claims 1 and 7 for emphases as follows.

1. § 101 Rejection R1 of Claims 1–15

Issue 1

Appellants argue (App. Br. 22–46; Reply Br. 10–12) the Examiner's rejection of claim 1 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:

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?

Analysis

*Alice Framework*

Section 101 provides that anyone who "invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof" may obtain a patent. 35 U.S.C. § 101. The Supreme Court has repeatedly emphasized that patent protection should not extend to claims that monopolize "the basic tools of scientific and

technological work." *Gottschalk v. Benson*, 409 U.S. 63, 67 (1972); *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 71 (2012); *Alice Corp. Pty. Ltd. v. CLS Bank Int'l*, 134 S. Ct. 2347, 2354 (2014).

Accordingly, laws of nature, natural phenomena, and abstract ideas are not patent-eligible subject matter. *Id.*

The Supreme Court's two-part *Mayo/Alice* framework guides us in distinguishing between patent claims that impermissibly claim the "building blocks of human ingenuity" and those that "integrate the building blocks into something more." *Id.* (internal quotation marks, citation, and bracketing omitted). First, we "determine whether the claims at issue are directed to [a] patent-ineligible concept[]." *Id.* at 2355. If so, we "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." *Id.* at 2357 (quoting *Mayo*, 566 U.S. at 72, 79). While the two steps of the *Alice* framework are related, the "Supreme Court's formulation makes clear that the first-stage filter is a meaningful one, sometimes ending the § 101 inquiry." *Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1353 (Fed. Cir. 2016). We note the Supreme Court "has not established a definitive rule to determine what constitutes an 'abstract idea'" for the purposes of step one. *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1334 (Fed. Cir. 2016) (citing *Alice*, 134 S. Ct at 2357).

However, our reviewing court has held claims ineligible as directed to an abstract idea when they merely collect electronic information, display information, or embody mental processes that could be performed by humans. *Elec. Power Grp.*, 830 F.3d at 1353–54 (collecting cases). At the same time, "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. Abstract ideas may include, but are not limited to, fundamental economic practices, methods of organizing human activities, an idea of itself, and mathematical formulas or relationships. *Alice*, 134 S. Ct. at 2355–57. 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 2354 ("[W]e tread carefully in construing this exclusionary principle lest it swallow all of patent law.").

Under the "abstract idea" step we must evaluate "the 'focus of the claimed advance over the prior art' to determine if the claim's 'character as a whole' is directed to excluded subject matter." *Affinity Labs of Texas, LLC v. DIRECTV, LLC*, 838 F.3d 1253, 1257 (Fed. Cir. 2016) (internal citation omitted). If the claims are not directed to a patent-ineligible concept, the inquiry ends. *See Visual Memory LLC v. NVIDIA Corp.*, 867 F.3d 1253, 1262 (Fed. Cir. 2017). If the concept is directed to a patent-ineligible concept, we proceed to the "inventive concept" step. For that second step 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*, 838 F.3d at 1258 (quoting *Elec. Power Grp.*, 830 F.3d at 1353).

#### *Alice Step 1 — Abstract Idea*

Our reviewing court has held claims ineligible as being directed to an abstract idea when they merely collect electronic information, display information, or embody mental processes that could be performed by humans. *Elec. Power Grp.*, 830 F.3d at 1353–54 (collecting cases). At the same time, "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. 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. *Alice*, 134 S. Ct. at 2354 ("[W]e tread carefully in construing this exclusionary principle lest it swallow all of patent law.").

The Examiner concludes, "[c]laims 1–15 are directed to the abstract idea of cheque payment clearing." Final Act. 7. The Examiner further concludes:

[The claim] steps describe the concept of cheque payment clearing, which corresponds to concepts identified as abstract ideas by the courts, such as intermediate settlement in *Alice*, risk hedging in *Bilski*. All of these concepts relate to fundamental economic practices in which monetary transactions between people are managed. The concept described in claim 1 is not meaningfully different than fundamental economic concepts found by the courts to be abstract ideas. As such, the description in claims 1, 7, and 13 of cheque payment clearing is an abstract idea.

Final Act. 8.

Appellants argue, "the Final Office Action fails to include sufficient analysis or evidence to demonstrate that the invention of independent claims 1, 7 and 13 is directed to the 'fundamental economic practice of cheque payment clearing.'" App. Br. 25. Along these lines, Appellants further argue, "the Final Office Action oversimplifies each of the pending claims and ignores both the elements of the claims and the sequence performed by those claim elements." *Id.*

In addition, Appellants also contend:

[T]he Final Office Action is devoid of any analysis explaining why, when all the claim limitations of each claim are considered in light of the specification, each claim as a whole is still directed to a "fundamental economic practice of cheque payment clearing". The Final Office Action also fails to identify any of the steps that are allegedly involved in the alleged "fundamental economic practice of cheque payment clearing" or explain why when all the claim elements are considered as an ordered combination, each claim corresponds to the alleged "fundamental economic practice of cheque payment clearing". Therefore, the limited "analysis" presented in the Final Office Action is insufficient to demonstrate that the invention of independent claim[s] 1, 7, and 13 is directed to the "fundamental economic practice of cheque payment clearing".

App. Br. 26.

In response, the Examiner states:

[T]he claims were directed to the concept of cheque payment clearing. Examiner explained that the claimed steps of "generating", "providing", "displaying" . . . and "receiving" describe the concept of cheque payment clearing. Examiner determined Appellant's claims describe a fundamental economic practice and compared this concept to those in Alice and Bilski. By being directed to a fundamental economic practice, Appellant's claims are directed to an abstract idea and thus are a judicial exception.

Ans. 9.

Under the "abstract idea" step we must evaluate "the 'focus of the claimed advance over the prior art' to determine if the claim's 'character as a whole' is directed to excluded subject matter." *Affinity Labs*, 838 F.3d at 1257 (citation omitted).

Turning to the claimed invention, claim 1 recites: "A method of cheque payment clearing." Claim 1 (preamble). Method claim 1's limitations also require, *inter alia*, the steps of:

a payment terminal generating an electronic representation of a paper cheque, and providing a payee financial institution server with the electronic cheque representation, the electronic cheque representation identifying at least a payment amount, a payor financial institution and a payor account with the payor financial institution, the payment amount being payable from the payor account in a first financial currency, the payee financial institution server being associated with a payee financial institution

and

after receiving the electronic cheque representation and the confirmation of acceptance, the payee financial institution server electronically transmitting to a payor financial institution server via a cheque clearing network a transaction origination message including the payor account with the payor financial institution, the payment amount, and the equivalent amount, the transaction origination message requesting payment in the equivalent amount, the payor financial institution server being associated with the payor financial institution.

Appellants argue the "machine-or-transformation test" of *Bilski*<sup>5</sup> is satisfied by the claims. App. Br. 29–31.

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<sup>5</sup> The Examiner and the Appellants both refer to the "machine-or-transformation" test associated with *In re Bilski*, 545 F.3d 943, 959–960 (Fed. Cir. 2008) (en banc). App. Br. 29–31; Reply Br. 11; Ans. 12. The Supreme Court clarified in *Bilski v. Kappos* that the machine-or-transformation test "is not the sole test for deciding whether an invention is a patent-eligible 'process' under § 101;" however, it remains a "useful and important clue or investigative tool." *Bilski v. Kappos*, 130 S. Ct. 3218, 3221 (2010); *see also Mayo*, 566 U.S. at 76–77.

We agree with Appellants' arguments and analysis that the claimed subject matter of claim 1 satisfies both prongs of the machine-or-transformation test, such that claim 1 is not directed to a judicial exception, i.e., an abstract idea.

With respect to the first prong or "machine" portion of the *Bilski* test, we agree with Appellants because claim 1 at least implicates use of "a payment terminal" and a "cheque clearing network." *See* App. Br. 30–31. More importantly, we agree with Appellants on the second prong, i.e., "transformation" portion of the *Bilski* test because "the sequence recited in independent claim[s 1 and] 7 operates on a paper cheque and transforms the paper cheque into an electronic representation of the paper cheque, and subsequently into a transaction origination message." App. Br. 31.

In support of this determination, and as the Specification discloses, "[t]his document discloses a cheque payment clearing network, cheque processor and associated cheque payment clearing method that can post debit transactions in a first financial currency from cheques made payable in a second financial currency different from the first financial currency." Spec. ¶ 6.

While conventional check [cheque] clearing arguably might appear to be a fundamental economic practice, we conclude the claimed type of activity is *not* an abstract idea based upon our analysis of the claim as a whole and Appellants' arguments, in light of the Examiner's determinations cited above.

Accordingly, on this record, and under step one of *Alice*, we disagree with the Examiner's conclusion the claims are directed to an abstract idea.

Because we determine the claims are not directed to a patent-ineligible concept, we need not proceed to the "inventive concept" step.

Therefore, for essentially the same reasons argued by Appellants as cited above, we reverse the Examiner's rejection of independent claim 1, and also the rejection of independent claims 7 and 13. For the same reasons, we also reverse the rejections of all claims 2–6, 8–12, 14, and 15 that variously depend therefrom. *See Claim Grouping, supra.*

2. § 103 Rejection R2 of Claims 1–4, 7–10, and 13–15

Issue 2

Appellants argue (App. Br. 9–19; Reply Br. 2–9) the Examiner's rejection of claim 7 under 35 U.S.C. § 103(a) as being obvious over the combination of Fredrickson, Travis, and Lin 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 "cheque processor" that includes "a computer processing system coupled to the network interface and the database and being configured to," *inter alia*,

(iii) electronically transmit to a payor financial institution server, over a cheque clearing network, via the network interface *a transaction origination message including the payor account with the payor financial institution, the payment amount, and the equivalent amount, the transaction origination message requesting payment in the equivalent amount,*  
and

(iv) electronically receive from the payor financial institution server, over the cheque clearing network, via the network interface, in response to the transaction origination

*message, a transaction response message confirming the payor financial institution server posting to the payor account a debit entry in the payment amount and, in response to the transaction response message, post to a payee account defined in the database a credit entry in the equivalent amount,"*

as recited in claim 7?

Analysis

*Transaction Origination Message is Taught or Suggested*

Appellants contend, "the Examiner provides neither an articulated reasoning nor a rational underpinning explaining how the aforementioned claim element is taught by the cited references, much less by the combination of Frederickson, Travis, and Lin." App. Br. 10–11.

Appellants further assert the Examiner merely reproduced text from cited portions of Frederickson, but "does not identify the features identified in the reproduced text passage allegedly correspond to this claim element, or otherwise explain how the reproduced text corresponds to the aforementioned claim element." App. Br. 11. "Although Frederickson discloses that the system 100 sends a cash letter to request payment from the endpoint institution (*see, e.g., Frederickson*, para. [0157]), the cash letter does not identify the account upon which each check is drawn, the payment amount of each check, or an equivalent amount of the payment amount converted to the financial currency of the depositing financial institution." App. Br. 12.

Appellants also argue:

[T]he system of Frederickson does not request a payment from a payor financial institution server but instead, initiates a payment on collection items, the second embodiment of Frederickson

does not teach a computer processing system configured to "electronically transmit to a payor financial institution server, over a cheque clearing network, via the network interface a transaction origination message including the payor account with the payor financial institution, the payment amount, and the equivalent amount, the transaction origination message requesting payment in the equivalent amount," as recited by independent claim 7 (emphasis added).

App. Br. 13. "Therefore, the Final Office Action is deficient since it does not include, among other things, any articulated reasoning explaining why it would be reasonable in light of the specification for the claim element 'transaction origination message . . . requesting payment in the equivalent amount' to include a SWIFT, fax or paper notification that initiates a payment." *Id.*<sup>6</sup>

Moreover, nothing in the specification remotely suggests that the claim element "transaction origination message . . . requesting payment" should encompass a message that performs the complete opposite function of initiating a payment. Therefore, the claim construction advanced by the Examiner is clearly contrary to the teachings of the specification, and Frederickson fails to teach or suggest the aforementioned claim element recited by independent claim 7.

App. Br. 14.

We first note, the test for obviousness is what the combined teachings of the prior art would have suggested to the hypothetical person of ordinary

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<sup>6</sup> Appellants' argument is not persuasive of Examiner error because it is not responsive to the rejection as articulated by the Examiner. Non-obviousness cannot be established by attacking references individually where, as here, the ground of unpatentability is based upon the teachings of a combination of references. *Keller*, 642 F.2d at 426. Further, limitations not appearing in the claims cannot be relied upon for patentability. *See In re Self*, 671 F.2d 1344, 1348 (CCPA 1982).

skill in the art. *In re Keller*, 642 F.2d 413, 425 (CCPA 1981). Appellant has not challenged the combinability of the teachings of Fredrickson, Travis, and Lin.

As our reviewing court has held with respect to the combination of references in an obviousness rejection, the relevant inquiry is whether the Examiner has set forth "some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness." *In re Kahn*, 441 F.3d 977, 988 (Fed. Cir. 2006) (cited with approval in *KSR Int'l Co. v. Teleflex, Inc.*, 550 U.S. 398, 418 (2007)).

The Examiner finds:

It would have been obvious to one of ordinary skill in the art at the time of filing to modify the payment processing of the Fredrickson to include not charging processing fees as taught by Travis (which would result in the posted amount being the equivalent amount), since the claimed invention is merely a combination of old elements and in the combination each element would have performed the same function as it did separately, and one of ordinary skill in the art would have recognized that the results of the combination were predictable. Additional financial motivation includes not charging processing fees allows a user to save money/not spend money on processing payments.

Final Act. 25–26.

In support of the Examiner's finding, we note the Court stated in *KSR*, "[t]he combination of familiar elements according to known methods is likely to be obvious when it does no more than yield predictable results." *KSR*, 550 U.S. at 416.

When a work is available in one field of endeavor, design incentives and other market forces can prompt variations of it,

either in the same field or a different one. If a person of ordinary skill can implement a predictable variation, § 103 likely bars its patentability. For the same reason, if a technique has been used to improve one device, and a person of ordinary skill in the art would recognize that it would improve similar devices in the same way, using the technique is obvious unless its actual application is beyond his or her skill . . . . [A] court must ask whether the improvement is more than the predictable use of prior art elements according to their established functions.

*Id.* at 417.

With respect to the combination including Lin, the Examiner further finds:

It would have been obvious to one of ordinary skill in the art at the time of filing to modify the payment processing of the combined references to include confirmation message that a check has been processed as taught by Lin, since the claimed invention is merely a combination of old elements and in the combination each element would have performed the same function as it did separately, and one of ordinary skill in the art would have recognized that the results of the combination were predictable. Additional financial motivation includes providing a confirmation message will alert a payee when funds have been deposited in their account.

Final Act. 27. We determine these findings of motivation meet the articulated reasoning and rational underpinning requirements of *KSR*, cited above.

Additionally, the Examiner finds, under the broadest reasonable interpretation of this contested limitation, Frederickson teaches or suggests this limitation because "any electronic communication (containing the specified information) to a payor financial institution that requests payment would read on the transaction origination message." Ans. 4–5.

Moreover, Appellants have not demonstrated that the Examiner's proffered combination of references would have been "uniquely challenging or difficult for one of ordinary skill in the art." *See Leapfrog Enters., Inc. v. Fisher-Price, Inc.*, 485 F.3d 1157, 1162 (Fed. Cir. 2007) (citing *KSR*, 550 U.S. at 418). Nor have Appellants provided objective evidence of secondary considerations which our reviewing court guides "operates as a beneficial check on hindsight." *Cheese Sys., Inc. v. Tetra Pak Cheese and Powder Sys.*, 725 F.3d 1341, 1352 (Fed. Cir. 2013).

*Transaction Response Message is Taught or Suggested*

Appellants contend (App. Br. 17–18) Lin does not teach or suggest the second contested limitation of claim 7, i.e.,

(iv) electronically receive from the payor financial institution server, over the cheque clearing network, via the network interface, in response to the transaction origination message, a transaction response message confirming the payor financial institution server posting to the payor account a debit entry in the payment amount and, in response to the transaction response message, post to a payee account defined in the database a credit entry in the equivalent amount . . . .

In response, the Examiner finds the combination of Frederickson and Lin teaches this limitation, because "Frederickson teaches the actions of crediting the payee account in the equivalent amount and debiting the payor account in the payment amount." Ans. 6 (citing Frederickson ¶¶ 176, 181). And,

Lin teaches the act of sending a confirmation message that a transaction has been processed. This confirmation message would read on a transaction response message (that confirms that a particular transaction occurred). When the two references are combined, the result is a transaction where a payor account

is debited, a confirmation message/transaction response message would be sent confirming that the debiting, and a payee account is credited.

Ans. 6. The Examiner further determined:

While Lin teaches the confirmation of a different underlying transaction, it is the ability to confirm that a transaction occurred which is being incorporated into Frederickson. Whatever the underlying transaction is (e.g., deposit, withdrawal, balance transfer, debiting an account in one currency, crediting an equivalent amount, in a second currency, into a second account) Lin teaches the ability to send a confirmation message that the transaction was completed.

Ans. 7.

Thus, we agree with the Examiner's finding that the combination of Frederickson and Lin teaches or suggests contested limitation (iv), as recited in claim 7.

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 combination to teach or suggest the disputed limitation of claim 7, 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 7, and grouped claims 1–4, 8–10, and 13–15 which fall therewith. *See* Claim Grouping, *supra*.

3. Rejection R3 of Claims 5, 6, 11, and 12

In view of the lack of any substantive or separate arguments directed to obviousness Rejection R3 of claims 5, 6, 11, and 12 under § 103 (*see*

App. Br. 22), we sustain the Examiner's rejection of these claims.  
Arguments not made are waived.<sup>7</sup>

### REPLY BRIEF

To the extent Appellants *may* advance new arguments in the Reply Brief (Reply Br. 2–12) not in response to a shift in the Examiner's position in the Answer, we note arguments raised in a Reply Brief that were not raised in the Appeal Brief or are not responsive to arguments raised in the Examiner's Answer will not be considered except for good cause (*see* 37 C.F.R. § 41.41(b)(2)), which Appellants have not shown.

### CONCLUSIONS

(1) The Examiner erred with respect to patent-ineligible subject matter Rejection R1 of claims 1–15 under 35 U.S.C. § 101, and we do not sustain the rejection.

(2) The Examiner did not err with respect to obviousness Rejections R2 and R3 of claims 1–15 under 35 U.S.C. § 103(a) over the cited prior art combinations of record, and we sustain the rejections.

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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<sup>7</sup> Appellants merely argue, "claims 5, 6, 11, and 12 also depend from respective ones of independent claims 1 and 7, and as such, include all elements recited by their respective independent claims. As described above, Frederickson, Travis, and Lin collectively fail to teach or suggest each element recited by independent claim[s] 1, 7, and 13." App. Br. 22.

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DECISION

We affirm the Examiner's decision rejecting claims 1–15.

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