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BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte MONDO JACOBS, RICHARD EASTLEY, DAVID MEANEY, VAISHALI RAO, and DAVID TSESLSKY

Appeal 2018-004354
Application 13/826,121
Technology Center 3600

Before ERIC B. CHEN, IRVIN E. BRANCH, and MICHAEL M. BARRY, *Administrative Patent Judges.*

BRANCH, *Administrative Patent Judge.*

DECISION ON APPEAL

STATEMENT OF THE CASE[1]

Pursuant to 35 U.S.C. § 134(a), Appellant[2] appeals from the Examiner's decision to reject claims 1–20. *See* Final Act. 1. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

CLAIMED SUBJECT MATTER

The claims are directed to "automated accounts payable systems that incorporate automated controls on payment account (e.g., payment card account) processing." Spec. ¶ 8. Claim 1, reproduced below with annotations to identify specific limitations, is illustrative of the claimed subject matter:

> 1. A method comprising:
>
> [a] receiving, by a payables processor system, a payment instruction file from a buyer, wherein the payment instruction file contains one or more payment instructions to pay one or more suppliers, and conditional control data associated with the one or more payment instructions such that the conditional control data is received from the buyer concurrently with the one or more payment instructions, the conditional control data controlling execution of the payment instructions;
>
> [b] sending, by the payables processor system, the conditional control data associated with the one or more payment instructions to a conditional control system;

[1] We refer to the Specification, filed May 22, 2013 ("Spec."); Final Office Action, mailed May 17, 2017 ("Final Act."); Appeal Brief, filed November 22, 2017 ("Appeal Br."); Examiner's Answer, mailed January 18, 2018 ("Ans."); and Reply Brief, filed March 19, 2018 ("Reply Br.").

[2] We use the word Appellant to refer to "applicant" as defined in 37 C.F.R. § 1.42. Appellant identifies the real party in interest as Visa International Service Association. Appeal Br. 2.

[c] storing, by the conditional control system, the conditional control data associated with the one or more payment instructions;

[d] sending, by the payables processor system, one or more remittance notifications corresponding to the one or more payment instructions to the one or more suppliers;

[e] receiving, by a payment processing server computer, one or more transaction messages from the one or more suppliers, the one or more transaction messages corresponding to the one or more remittance notifications, respectively, wherein each transaction message in the one or more transaction messages is associated with a transaction conducted using one or more payment accounts, the one or more payment accounts held by one or more issuers;

[f] interfacing, by the payment processing server computer, with the conditional control system upon receiving the one or more transaction messages, the interfacing including:

[f1] retrieving, by the payment processing server computer from the conditional control system, the conditional control data associated with the one or more payment instructions corresponding to the one or more transaction messages from the conditional control system;

[g] determining, by the payment processing server computer, whether transaction data in a transaction message among the one or more transaction messages satisfies the conditional control data associated with the payment instruction corresponding to the transaction message;

[h] if the transaction data in the transaction message among the one or more transaction messages does not satisfy the conditional control data associated with the payment instruction corresponding to the transaction message, then:

[h1] declining, by the payment processing server computer, the transaction associated with the transaction message, and

[h2] transmitting, by the payment processing server computer, a transaction response message declining the transaction to at least one of the one or more suppliers;

[i] if the transaction data in the transaction message among the one or more transaction messages satisfies the conditional

control data associated with the payment instruction corresponding to the transaction message, then:

[i1] processing, by the payment processing server computer, the transaction message by authorizing the transaction associated with the transaction message,

[i2] transmitting, by the payment processing server computer, the transaction message to the issuer, and

[i3] removing, by the payment processing server computer, from the conditional control system, the conditional control data associated with the payment instruction corresponding to the transaction message based on the authorized transaction;

[j] determining, by the payment processing server computer, that at least one of the one or more payment instructions in the payment instruction file is expired; and

[k] removing from the conditional control system, by the payment processing server computer, the conditional control data associated with expired payment instruction.

REJECTION

Claims 1–20 stand rejected under 35 U.S.C. § 101 as being directed to patent-ineligible subject matter. Ans. 3–6.

We review the appealed rejections for error based upon the issues identified by Appellant, and in light of the arguments and evidence produced thereon. *Ex parte Frye*, 94 USPQ2d 1072, 1075 (BPAI 2010) (precedential). We have only those arguments Appellant actually raised in the Briefs. Any other arguments Appellant could have made but chose not to make in the Briefs are deemed to be waived. *See* 37 C.F.R. § 41.37(c)(1)(iv).

ANALYSIS[3]

We have reviewed the Examiner's rejection in light of Appellant's arguments. To the extent consistent with our analysis herein, we adopt as our own the findings and reasons set forth by the Examiner in (1) the action from which this appeal is taken (Final Act. 3–6) and (2) the Examiner's Answer in response to Appellant's Appeal Brief (Ans. 3–9) and concur with the conclusions reached by the Examiner. We highlight the following for emphasis.

35 U.S.C. § 101

Section 101 defines patentable subject matter: "Whoever 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 therefor, subject to the conditions and requirements of this title." 35 U.S.C. § 101. The U.S. Supreme Court, however, has "long held that this provision contains an important implicit exception" that "[l]aws of nature, natural phenomena, and abstract ideas are not patentable." *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 70 (2012) (quotation omitted). "Eligibility under 35 U.S.C. § 101 is a question of law, based on underlying facts." *SAP Am., Inc. v. InvestPic, LLC*, 898 F.3d 1161, 1166 (Fed. Cir. 2018).

To determine patentable subject matter, we undertake a two-part test. "First, we determine whether the claims at issue are directed to one of those patent-ineligible concepts" of "laws of nature, natural phenomena, and

[3] Because Appellant argues all claims collectively, we analyze claim 1 and, except for our ultimate decision, we do not further address the remaining claims,

abstract ideas." *Alice Corp. v. CLS Bank Int'l*, 573 U.S. 208, 217 (2014). "The inquiry often is whether the claims are directed to 'a specific means or method' for improving technology or whether they are simply directed to an abstract end-result." *RecogniCorp, LLC v. Nintendo Co.*, 855 F.3d 1322, 1326 (Fed. Cir. 2017) (citation omitted). A court must be cognizant 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), and "describing the claims at . . . a high level of abstraction and untethered from the language of the claims all but ensures that the exceptions to § 101 swallow the rule." *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1337 (Fed. Cir. 2016). Instead, "the claims are considered in their entirety to ascertain whether their character as a whole is directed to excluded subject matter." *Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1346 (Fed. Cir. 2015).

If the claims are directed to an abstract idea or other ineligible concept, then we continue to the second step and "consider 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*, 566 U.S. at 79, 78). The Court describes the second step as a search for "an 'inventive concept'—*i.e.*, 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.'" *Id.* (quoting *Mayo*, 566 U.S. at 72–73).

In 2019, the Office published revised guidance on the application of § 101. USPTO, *2019 Revised Patent Subject Matter Eligibility Guidance*, 84 Fed. Reg. 50 (Jan. 7, 2019) ("Revised Guidance" or "Guidance"); *see*

also USPTO, *October 2019 Update: Subject Matter Eligibility*, available at https://www.uspto.gov/sites/default/files/documents/peg_oct_2019_update.pdf (Oct. 17, 2019) ("Update"). Under the Revised Guidance, we look to whether the claim recites

(1) a judicial exception, such as a law of nature or any of the following groupings of abstract ideas:
    (a) mathematical concepts, such as mathematical formulas;
    (b) certain methods of organizing human activity, such as a fundamental economic practice; or
    (c) mental processes, such as an observation or evaluation performed in the human mind;
(2) any additional limitations that integrate the judicial exception into a practical application (*see* MPEP § 2106.05(a)–(c), (e)–(h)); and
(3) any additional limitations beyond the judicial exception that, alone or in combination, were not "well-understood, routine, conventional" in the field (*see* MPEP § 2106.05(d)).

See Guidance, 84 Fed. Reg. at 52, 55, 56. Under the Revised Guidance, if the claim does not recite a judicial exception, then it is eligible under § 101, and no further analysis is necessary. *Id.* at 54. Similarly, under the guidance, "if the claim as a whole integrates the recited judicial exception into a practical application of that exception," then no further analysis is necessary. *Id.* at 53, 54.

USPTO Step 2A, Prong 1

We agree with the Examiner's determination that claim 1 is directed to an abstract idea, a judicial exception under the Guidance. Ans. 4–6.

Claim 1 recites various steps. *See supra* (limitations [a]–[k] ("receiving," "sending," "storing," "retrieving," "processing," etc.)). Other than the use of the claimed "payables processor system," "conditional control system," and "payment processing server computer," these limitations set forth a process of accounts payable processing. *See* Spec. ¶ 8. These limitations recite collecting, analyzing, and outputting data, and they reasonably can be characterized as "[m]ental processes" that entail steps of "observation, evaluation, judgment, opinion." Memorandum 84 Fed Reg. at 52; *see also* Update at 7; Ans. 7; *Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1353 (Fed. Cir. 2016) ("The focus of the asserted claims . . . is on collecting information, analyzing it, and displaying certain results of the collection and analysis"); *FairWarning IP, LLC v. Iatric Sys., Inc.*, 839 F.3d 1089, 1094 (Fed. Cir. 2016) (Determining as abstract the claims which "are directed to collecting and analyzing information"); *see also* Update at 8 ("The courts have found claims requiring a generic computer or nominally reciting a generic computer may still recite a mental process even though the claim limitations are not performed entirely in the human mind.").

Moreover, limitations [a]–[k] describe a method to address the problem that, "during [an] accounts payable process, [a] supplier . . . may inadvertently . . . charge an amount . . . different than the amount authorized by [a] buyer," which "can cause reconciliation problems." Spec. ¶ 6. Thus, these limitations reasonably can be characterized as reciting "mitigating risk," "agreements in the form of contracts; legal obligations; . . . business relations," and "following rules or instructions." Memorandum, 84 Fed Reg.

at 52. The claim thus recites "fundamental economic principles or practices," "managing personal behavior or relationships or interactions between people," and "commercial or legal interactions," which are "[c]ertain methods of organizing human activity." Memorandum, 84 Fed Reg. at 52; Update at 5; *see also Accenture Glob. Servs., GmbH v. Guidewire Software, Inc*., 728 F.3d 1336, 1344 (Fed. Cir. 2013) ("The abstract idea at the heart of system claim 1 . . . is "generating tasks [based on] rules . . . to be completed upon the occurrence of an event") (internal quotations and citation omitted).

Appellant argues that "[t]he sheer length of the claim language quoted by the Examiner and the concepts encompassed [] therein suggest that the claims are 'concrete,' and are not 'abstract.'" Appeal Br. 8. Appellant also argues that "the Examiner's improper abstraction of what the present claims actually recite is much more egregious than the improper abstraction that occurred in *Enfish*. *Id.* at 11. Appellant, however, does not point to any specific limitation in claim 1 that amounts to an "improper abstraction." *See id*. at 12 (quoting the entirety of claim 1).

Accordingly, we conclude the claims recite a judicial exception under Prong One of the Guidance. *See* Memorandum, 84 Fed Reg. at 54.

USPTO Step 2A, Prong 2

Appellant argues error "because the claims address a problem arising in the realm of computer networks and provide a solution entirely rooted in computer technology." Appeal Br. 13 (citing *Bascom Global Internet v. AT&T Mobility LLC* (2015-1763) (Fed. Cir. 2016)). Appellants contend that "embodiments of the invention provide for technical improvements over conventional accounts payable computer systems by reducing the likelihood

that erroneous payments will be made, thereby reducing or eliminating reconciliation problems," and that "[t]he technical solution provided by embodiments of the invention is also implemented using a distributed computer system." *Id.* at 14.

We are not persuaded the Examiner's rejection is in error under Prong Two of Step 2A of the Guidance. Guidance 13. The embodiments and features upon which Appellant relies are solutions to a business problem and do not comprise additional elements, individually or in combination, that integrate the exception into a practical application. *See* Memorandum, 84 Fed. Reg. at 54, 55. That is, even considering the use of the claimed "payables processor system," "conditional control system," and "payment processing server computer," these additional elements do not remove the claims from the realm of ineligible subject matter because they amount to "merely include[ing] instructions to implement an abstract idea on a computer, or merely using a computer as a tool to perform an abstract idea." Memorandum, 84 Fed. Reg. at 55; *see also* Spec. Fig. 2; ¶¶ 47–48, 52–54, 84–88.

Accordingly, the claims do not include additional elements that integrate the judicial exception into a practical application because the additional elements: (1) do not improve the functioning of a computer or other technology; (2) are not applied with any particular machine (except for a generic computer); (3) do not effect a transformation of a particular article to a different state; and (4) are not applied in any meaningful way beyond generally linking the use of the judicial exception to a particular technological environment, such that the claim as a whole is more than a drafting effort designed to monopolize the exception. *See* MPEP § 2106.05(a)–(c), (e)–(h). Instead, any improvement is to the underlying

idea of accounts payable processing by collecting information, analyzing it, and displaying certain results of the collection and analysis. Thus, claim 1 does not integrate the judicial exception into a practical application.

USPTO Step 2B

Because claim 1 recites a judicial exception and does not integrate that exception into a practical application, we reach the issue of whether the claim adds a specific limitation beyond the judicial exception that is not "well-understood, routine, conventional" in the field. Guidance, 84 Fed. Reg. at 56.

Appellant contends that "there is no conventional system or method that is similar to what is claimed and no prior art rejection remains." Appeal Br. 14. Appellant quotes various limitations of claim 1, contending that the claim is "unconventional and solves a problem not contemplated by conventional systems." *Id.* at 15. Appellant further contends that "[t]he present claims actually include more data manipulation and data processing than the claims at issue in the *McRO* case." *Id.* at 16–17 (quoting *McRO, Inc. v. Bandai Namco Games America, Inc.*, 837 F.3d 1299 (Fed. Cir. 2016).

We are not persuaded that the claims include any additional limitations beyond the judicial exception that, alone or in combination, were not "well-understood, routine, and conventional" in the field. *Id.* at 16. Appellant's invention amounts to improving the efficiency of solving a business problem, namely complications arising from processing accounts payable transactions. *See* Spec. ¶¶ 2–7. Appellant does not persuasively argue that the problem was previously unsolved outside the realm of technology. That is, Appellant does not argue that, prior to Appellant's invention, business failed to reconcile erroneous accounts payable

transactions.

Further, Appellant has not identified any specific limitation or combination of limitations that were not "well-understood, routine, and conventional" in the field as per MPEP § 2106.05(d). Instead, Appellant describes the invention in a manner consistent with its being "well-understood, routine, [and] conventional," such that the claimed server, processors, and memory of claim 1 requires no more than a general-purpose computer processor and generic memory executing computer program instructions on information in a generic memory. *See* Spec. ¶¶ 47–48, 52–54, 84–88. Consistent with the Specification, the "payables processor system," "conditional control system," and "payment processing server computer," fails to go beyond that which is well-understood, routine, and conventional. This is indicative of the absence of an inventive concept where the claims 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. at 56. Furthermore, the functionalities recited by claim 1 are recited at a high level of generality that do not set forth limited rules for implementing the functionalities sufficient to confer patent eligibility.

Therefore, we conclude claim 1, viewed "both individually and as an ordered combination," does not recite significantly more than the judicial exception to transform the claim into patent-eligible subject matter. *See Alice*, 573 U.S. at 217 (internal quotations omitted) (quoting *Mayo*, 566 U.S. at 79).

Accordingly, for the reasons discussed, claim 1 is directed to an abstract ideas. Furthermore, the claims do not recite limitations that amount

to significantly more than the abstract idea itself. We, therefore, sustain the rejection of independent claim 1.

DECISION SUMMARY

We affirm the Examiner's rejection of claims 1–20 as follows:

Claims Rejected	35 U.S.C. §	Reference(s)/Basis	Affirmed	Reversed
1–20	101	Eligibility	1–20	

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