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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* ROBERT D. REANY, DENNIS J. HILL,  
SARA E. FIEBIGER, SUSAN E. RISKOVSKY,  
and SANDEEP MALHOTRA

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Appeal 2018-005395<sup>1</sup>  
Application 12/813,766<sup>2</sup>  
Technology Center 3600

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Before HUBERT C. LORIN, AMEE A. SHAH, and  
MATTHEW S. MEYERS, *Administrative Patent Judges*.

MEYERS, *Administrative Patent Judge*.

DECISION ON REQUEST FOR REHEARING

Appellant filed a Request for Rehearing (“Request” or “Req. Reh’g”) pursuant to 37 C.F.R. § 41.52 on April 27, 2020, seeking reconsideration of our Decision on Appeal, mailed February 25, 2020 (“Decision” or “Dec.”), in which we affirmed the Examiner’s rejection of claims 1–5 and 7–21 under 35 U.S.C. § 101 as directed to patent ineligible subject matter.

We have jurisdiction over the Request under 35 U.S.C. § 6(b).

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<sup>1</sup> Our decision references Appellant’s Appeal Brief, filed November 20, 2017 (“Appeal Br.”) and Reply Brief, filed May 1, 2018 (“Reply Br.”), and the Examiner’s Answer, mailed March 1, 2018 (“Ans.”) and the Final Office Action, mailed May 3, 2017 (“Final Act.”).

<sup>2</sup> We use the word “Appellant” to refer to “applicant” as defined in 37 C.F.R. § 1.42. Appellant identifies MasterCard International Incorporated as the real party in interest. Appeal Br. 3.

## DISCUSSION

Appellant asserts that the Board misapprehended the subject matter of exemplary independent claim 1 by overgeneralizing and oversimplifying the claim as reciting the abstract idea of “placing and releasing a hold on an account involved in a pending transaction.” Req. Reh’g 4 (quoting Dec. 8).

More particularly, Appellant argues that the Board’s determination

specifically abstracts away at least one of basis of novelty in the claim, i.e., the claimed “releasing any portion of said hold amount which exceeds said amount of said transaction, reducing said hold amount to said amount of said transaction,” and therefore evidences a misapprehension of the claimed subject matter.

Req. Reh’g 4. According to Appellant, “[t]he claims are clearly directed to the specific technological advancement . . . of ‘releasing any portion of said hold amount which exceeds said amount of said transaction, **reducing said hold amount** to said amount of said transaction,’” and thus, simply “[r]eleasing a hold is not commensurate in scope with the claimed ‘reducing said hold amount.’” *Id.*

We disagree with Appellant that the Board overgeneralized and oversimplified the subject matter of exemplary independent claim 1 in “agree[ing] with the Examiner that independent claim 1 broadly recites ‘placing and releasing a hold on an account involved in a pending transaction.’” Dec. 8. Even if we were to accept Appellant’s position that “[r]eleasing a hold is not commensurate in scope with the claimed ‘reducing said hold amount’” (Req. Reh’g 4), and characterize exemplary independent claim 1 anew as reciting the abstract idea of “placing and [reducing] a hold on an account involved in a pending transaction” (*cf.* Dec. 8; Final Act. 3), that does not make the claim any less directed to an abstract idea.

Under the first step of the *Alice* framework, “[w]e must first determine whether the claims at issue are directed to a patent-ineligible concept,” such as an abstract idea. *Alice Corp. Pty. Ltd. v. CLS Bank International*, 134 S. Ct. 2347, 2355 (2014). That claim 1 includes more words than the phrase the Examiner used to articulate the abstract idea or that the Examiner articulates the abstract idea at a higher level of abstraction than would Appellant is an insufficient basis to argue persuasively that the claim language has been overgeneralized or oversimplified. *See Apple, Inc. v. Ameranth, Inc.*, 842 F.3d 1229, 1240 (Fed. Cir. 2016); *see also Solutran, Inc. v. Ela-von, Inc.*, 931 F.3d 1161, 1166 (Fed. Cir. 2019).

Equally unpersuasive is Appellant’s argument that our determination “specifically abstracts away at least one of basis of novelty in the claim.” Req. Reh’g 4. In this regard, Appellant’s argument is not determinative here because a novel and non-obvious claim directed to a purely abstract idea is, nonetheless, patent-ineligible. *See Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 90 (2012); *see also Diamond v. Diehr*, 450 U.S. 175, 188-89 (1981) (“The ‘novelty’ of any element or steps in a process, or even of the process itself, is of no relevance in determining whether the subject matter of a claim falls within the § 101 categories of possibly patentable subject matter.”).

Appellant further argues that the Board improperly agrees with the Examiner by determining “that ‘[t]his is a concept involving human activity related to commercial practices and managing relationships or transactions between people.’” Req. Reh’g 5 (quoting Dec. 8). According to Appellant, “the Decision includes no explanation for ‘why a specific limitation(s)

recited in the claim falls within one of the enumerated groupings of abstract ideas.” Req. Reh’g 6. We cannot agree.

Instead, we maintain that the Decision adequately explains that claim 1 recites a certain method of organizing human activity after considering each of the individual limitations recited in the claim. *See* Dec. 7–8.<sup>3</sup> And, after analyzing each of the limitations of independent claim 1, the Decision stated that

[u]nderstood in light of the Specification, we agree with the Examiner that independent claim 1 broadly recites “placing and releasing a hold on an account involved in a pending transaction, which is an abstract idea.” Final Act. 3. We also agree with the Examiner that “[t]his is a concept involving human activity related to commercial practices and managing relationships or transactions between people.” *Id.* at 5; *see also Smart Sys. Innovations, LLC v. Chicago Transit Auth.*, 873 F.3d 1364, 1372 (Fed. Cir. 2017) (holding claims to verifying (authenticating) payment information directed to an abstract idea under *Alice* step one); *Smartflash LLC v. Apple LLC*, 680 F. Appx. 977, 982-83 (Fed. Cir. 2017) (holding claims to controlling access to content data based on verification of payment information patent ineligible); *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1370-73 (Fed. Cir. 2011) (holding claims to a computer-implemented system for “verifying the validity of a credit card transaction over the Internet” patent ineligible); and *Inventor Holdings, LLC v. Bed Bath & Beyond Inc.*, 876 F.3d 1372 (Fed. Cir. 2017) (claims directed to the use of a POS terminal to transmit transaction-related information and to process payments held invalid under 35 U.S.C. § 101).

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<sup>3</sup> Although the Decision does not cite the October 2019 Update to the Revised Guidance, the Update was considered. In addition, the October 2019 Update did not substantively change the analysis prescribed by the Revised Guidance, so the lack of a citation to the October 2019 Update does not reflect any error in the analysis presented in the Decision.

Dec. 8–9. Other than simply asserting that claim 1 “cannot be considered one of the limited ‘certain methods of organizing human activity’” (Req. Reh’g. 5), Appellant’s Request for Rehearing fails to provide any argument or explanation as to how independent claim 1 is not a certain method of organizing human activity or otherwise distinct from the similar concepts that the courts have held to be abstract in the cases cited in the Decision .

Equally unpersuasive is Appellant’s argument that “neither the Examiner nor the Board has established a human analog for ‘releasing any portion of said hold amount which exceeds said amount of said transaction, reducing said hold amount to said amount of said transaction.’” Req. Reh’g 5. To the extent Appellant argues that our determination requires evidence regarding “a human analog for ‘releasing any portion of said hold amount which exceeds said amount of said transaction, reducing said hold amount to said amount of said transaction’” (Req. Reh’g 5), Appellant’s argument is misplaced. *See Amdocs (Israel) Ltd. v. Openet Telecom, Inc.*, 841 F.3d 1288, 1294 (Fed. Cir. 2016) (“Instead of a definition [for what an ‘abstract idea’ encompasses], then, the decisional mechanism courts now apply is to examine earlier cases in which a similar or parallel descriptive nature can be seen—what prior cases were about, and which way they were decided.”); *see also* Dec. 8–9.

However, even accepting Appellant’s premise that a human being could not perform the task of releasing a portion of the amount held which exceeds the amount of the transaction, this would not be dispositive of patent eligibility because “the inability for the human mind to perform each claim step does not alone confer patentability.” *FairWarning IP, LLC v. Iatric Sys. Inc.*, 839 F.3d 1089, 1098 (Fed. Cir. 2016). As our reviewing court has

explained, “the fact that the required calculations could be performed more efficiently via a computer does not materially alter the patent eligibility of the claimed subject matter.” *Bancorp Servs., L.L.C. v. Sun Life Assur. Co. of Can. (U.S.)*, 687 F.3d 1266, 1278 (Fed. Cir. 2012). Thus, the fact that releasing a portion of the amount held could be performed more quickly or efficiently via a computer does not materially alter the patent eligibility of independent claim 1.

Appellant further argues that “the Decision does not address or consider the impact of the claimed ‘facilitating . . . placement of a hold amount against a payment card account of a customer, in response to said customer presenting a payment device, associated with said payment card account, in connection with **a non-PIN, signature-based, dual-message transaction with a merchant.**’” Req. Reh’g 6–7. More particularly, Appellant argues that “the additional steps performed in the context of the claimed ‘non-PIN, signature-based, dual-message transaction’ provide ‘a specific solution to a technical problem’ (i.e., an excessive hold amount being in place in non-PIN, signature-based, dual-message transactions until a later clearing and settlement), similar to the claims in *Enfish[, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1335–36 (Fed. Cir. 2016).]” Req. Reh’g 8. We disagree with Appellant’s argument.

Unlike *Enfish*, and as we discussed in the Decision (pages 12–13), this is not a situation where the steps recited by independent claim 1 “are directed to a specific improvement to the way computers operate” and therefore not directed to an abstract idea. Instead, we maintain that

claim 1, viewed as a whole and in light of the Specification, amounts to nothing significantly more than an instruction to apply the abstract idea of “placing and releasing a hold on an

account involved in a pending transaction” according to ISO standards using conventional and generic components, which under our precedents, is not enough to transform an abstract idea into a patent-eligible invention.

*Id.* (citations omitted); *see also id.* at 16 (“[I]ndependent claim 1 operates in a manner that ‘conform[s] to the International Organization for Standardization (ISO) Standard 8583 . . . which is the ISO standard for systems that exchange electronic transactions made by cardholders using payment cards.’ Spec. 11:12–16.”). And, in contrast to Appellant’s assertion, the Decision did in fact consider the fact that the step of “facilitating . . . placement of a hold amount” occurred “in connection with a non-PIN, signature-based, dual-message transaction with a merchant,” as recited by independent claim 1. *See, e.g.,* Dec. 11–13, 15–16.

Appellant last asserts that the Examiner’s suggestion in the Answer “that ‘[t]he claimed invention . . . is also not necessarily rooted in computer technology’” represents a new ground of rejection. Req. Reh’g 8–9. More particularly, Appellant argues

the idea that the claimed invention was “not necessarily rooted in computer technology” was new to prosecution (i.e., not found in the Final Rejection). The Examiner did not previously communicate this position. Accordingly, Appellants have not been afforded a “fair opportunity to react to the thrust of the rejection” (*see [In re Kronig, 539 F.2d 1300, 1302–03 (CCPA 1976)]*) and the rejection should be identified as a new ground of rejection with the all the associated protections afforded to the Appellant.”

Req. Reh’g 9.

However, Appellant’s assertion does not identify any points that were misapprehended or overlooked by the Decision that resulted in error.

Instead, Appellant’s proper recourse would have been file a petition under

37 CFR § 1.181 (a) within two months from the mailing date of the Answer. Appellant does not appear to have done so. Even so, the basic thrust of the Examiner’s rejection of claims 1–5 and 7–21 under 35 U.S.C. § 101 has not changed. The legal basis and rationale provided for this rejection in each of the Final Office Action, the Examiner’s Answer, and the Decision follow judicial precedent.<sup>4</sup>

We also cannot agree with Appellant that they “have not been afforded a ‘fair opportunity to react to the thrust of the rejection.’” Req. Reh’g 9 (quoting *In re Kronig*, 539 F.2d at 1303). In this regard, Appellant did have an opportunity to address and provide arguments in response to the Examiner’s purported new “position” in its Reply Brief. *See, e.g.*, Reply Br. 13. And, Appellant’s arguments were addressed in the Decision at pages 11 through 13. Here, other than asserting that “the rejection should be identified as a new ground of rejection” (Req. Reh’g 9), Appellant’s Request does not identify points that were misapprehended or overlooked by the original Decision that resulted in error.

In summary, Appellant’s Request has been granted only to the extent that we have reconsidered our Decision in light of Appellant’s Request, but is denied in all substantive respects. Accordingly, we decline to modify our original Decision.<sup>5</sup>

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<sup>4</sup> See *Alice*, 573 U.S. at 217–18; *Mayo*, 566 U.S. at 75–77; *see also, e.g., In re Smith*, 815 F.3d 816, 818 (Fed. Cir. 2016) (to determine whether an invention claims ineligible subject matter, one applies “the now-familiar two-step test introduced in *Mayo*, and further explained in *Alice*”) (citation omitted).

<sup>5</sup> We acknowledge Appellant’s references to various decisions by other panels of the Board. Req. 6, 8. However, we note that we are not, in any event, bound by a non-precedential decision of another panel of the Board.

CONCLUSION

Outcome of Decision on Rehearing:

<b>Claims Rejected</b>	<b>35 U.S.C. §</b>	<b>Reference(s)/Basis</b>	<b>Denied</b>	<b>Granted</b>
1-5, 7-21	101	Eligibility	1-5, 7-21	
<b>Overall Outcome</b>			<b>1-5, 7-21</b>	

Final Outcome of Appeal after Rehearing:

<b>Claims Rejected</b>	<b>35 U.S.C. §</b>	<b>Reference(s)/Basis</b>	<b>Affirmed</b>	<b>Reversed</b>
1-5, 7-21	101	Eligibility	1-5, 7-21	
<b>Overall Outcome</b>			<b>1-5, 7-21</b>	

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).

DENIED