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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte PATRICK KILLIAN, SANDEEP MALHOTRA,
ANDREW D. CAMPBELL, SHOON PING WONG,
DANA LORBERG, and CARL JANSSON

Appeal 2018-005614¹
Application 14/299,213
Technology Center 3600

Before CARL W. WHITEHEAD JR., GREGG I. ANDERSON, and
ADAM J. PYONIN, *Administrative Patent Judges*.

PYONIN, *Administrative Patent Judge*.

DECISION ON APPEAL

This is a decision on appeal under 35 U.S.C. § 134(a). We have
jurisdiction under 35 U.S.C. § 6(b).

We affirm.

¹ MASTERCARD INTERNATIONAL INCORPORATED is listed as the
real party in interest. App. Br. 2.

STATEMENT OF THE CASE

Introduction

The application is directed to “a payment card system payment transaction initiated from a customer’s device (such as a mobile telephone) [that] is utilized to consummate a purchase of goods or services.” Spec. 5:2–4. Claims 1–18 are pending; claims 1, 9, and 17 are independent. *See App. Br. 24–29.* Claim 1 is reproduced below for reference (emphases added²):

1. A method for protecting a customer in a payment card account transaction comprising:

receiving, by a mobile device processor of a customer mobile device from a payment services provider computer, transaction information including a transaction amount and a merchant identification code;

generating, by the mobile device processor, a request for a payment transaction including a customer identification code identifying the customer’s payment card account, the transaction amount, and instructions to transfer funds from the customer’s payment card account to a merchant payment card account associated with the merchant identification code;

transmitting, by the mobile device processor, the payment transaction request to the payment services provider computer;

receiving, by the mobile device processor from the payment services provider computer, a challenge to the customer to provide at least one item of security information;

transmitting, by the mobile device processor, the at least one item of security information to the payment services provider to authenticate the customer;

receiving, by the mobile device processor from the payment services provider computer, an offer message to extend one of a credit facility or an overdraft facility when a credit limit of the customer’s payment card account has been exceeded;

² The emphasized limitations referred to herein as the “*italicized elements*.”

transmitting, by the mobile device processor to the payment services provider computer, an acceptance indication to the offer message; and
receiving, by the mobile device processor from the payment services provider computer, a confirmation message indicating execution of the payment transaction.

References and Rejections

Claims 1–18 stand rejected under 35 U.S.C. § 101 as being patent ineligible. Final Act. 10.

ANALYSIS

We have reviewed the Examiner’s rejections in light of Appellants’ arguments. Arguments Appellants could have made but chose not to make are deemed to be waived. *See* 37 C.F.R. § 41.37(c)(1)(iv). Appellants do not separately argue the claims. We select claim 1 as representative. *See* 37 C.F.R. § 41.37(c)(1)(iv).

The Examiner determines claim 1 is patent ineligible under 35 U.S.C. § 101, because “the claimed invention is directed to a judicial exception (i.e., an abstract idea) without significantly more.” Final Act. 10 (quotation marks omitted); *see also Alice Corp. v. CLS Bank Int’l*, 573 U.S. 208, 217 (2014) (describing the two-step framework “for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts”).

After the docketing of this Appeal, the USPTO published revised guidance on the application of § 101 (“Guidance”). *See* USPTO’s 2019 *Revised Patent Subject Matter Eligibility Guidance*, 84 Fed. Reg. 50 (Jan. 7,

2019) (“Memorandum”). Pursuant to the Guidance “Step 2A,” the Office first looks to whether the claim recites:

(1) Prong One: any judicial exceptions, including certain groupings of abstract ideas (i.e., mathematical concepts, certain methods of organizing human activity such as a fundamental economic practice, or mental processes); and

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

Only if a claim (1) recites a judicial exception under Prong One and (2) does not integrate that exception into a practical application under Prong Two, does the Office then (pursuant to the Guidance “Step 2B”) look to whether the claim:

(3) adds a specific limitation beyond the judicial exception that are 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 Memorandum.

We are not persuaded the Examiner’s rejection is in error. We adopt the Examiner’s findings and conclusions as our own, and we add the following primarily for emphasis and clarification with respect to the Guidance.

A. Step 2A

Appellants contend “the pending claims are not directed to an abstract idea and therefore are patent-eligible.” Reply Br. 2. Particularly, Appellants argue the “claimed process solves the technical problem of how to protect

customers from dealing with an imposter during a payment card system payment transaction, while at the same time permitting completion of the payment transaction when the customer has exceeded her credit limit, or has depleted her debit card account.” App. Br. 16.

We are not persuaded the Examiner errs in determining claim 1 is directed to an abstract idea. *See* Final Act. 10. Particularly, we determine the claim “recites a judicial exception” (Guidance Prong One) and does not “integrate the exception into a practical application of that exception” (Guidance Prong Two). Memorandum at 54.

Prong One

Pursuant to Step 2A, Prong One of the Guidance, we are not persuaded the Examiner errs in determining claim 1 recites an abstract idea. *See* Final Act. 2–3; Memorandum at 54. Claim 1 recites a “method for protecting a customer in a payment card account transaction,” with the system configured to perform the *italicized elements* of claim 1. These are elements of conducting a payment transaction, because the claimed method results in the recited “execution of the payment transaction.” *See* Final Act. 10–11; Spec. 2:23–30 (“a ‘payment transaction’[] may be utilized to provide more convenient and flexible handling of purchases of goods and other exchanges of value.”). The *italicized elements* are classified by the Guidance as steps of “mitigating risk[,] . . . sales activities or behaviors[,] business relations[,] . . . and following rules or instructions,” which are “fundamental economic principles or practices,” “commercial or legal interactions,” and “managing personal behavior or relationships or interactions between people.” Memorandum at 52. Pursuant to the

Guidance, such limitations are the abstract concept of “[c]ertain methods of organizing human activity.” *Id.*; *see* Spec. 5:10–13.

Accordingly, we conclude the claims recite an abstract idea under Prong One of the Guidance. Memorandum at 52, 54.

Prong Two

We are also not persuaded the Examiner’s rejection is in error pursuant to Step 2A, Prong Two of the Guidance. That claim 1 may “require a specific structure” and use a “specific implementation” is insufficient to establish patent eligibility. *Contra* App. Br. 18; *see Alice*, 573 U.S. at 222, (quoting *Parker v. Flook*, 437 U.S. 584, 593 (1978)) (“In holding that the process was patent ineligible, we rejected the argument that ‘implement[ing] a principle in some specific fashion’ will ‘automatically fal[l] within the patentable subject matter of § 101.’”). Specifically, the claim recites a mobile device processor of a mobile device (e.g., a mobile phone, *see* Spec. 7:25) and a computer, in addition to the limitations reciting the judicial exception. These “additional element[s] merely recite[] the words ‘apply it’ (or an equivalent) with the judicial exception, or merely includes instructions to implement an abstract idea on a computer, or merely uses a computer as a tool to perform an abstract idea.” Memorandum at 55; *see also* Spec. 5:14–15 (“The vehicle for the funds transfer may be a conventional payment transaction of the type now supported by at least one payment card system.”).

Appellants’ arguments focus on “the technical problem of how to protect customers from dealing with an imposter during a payment card system payment transaction, while at the same time permitting completion of

the payment transaction when the customer has exceeded her credit limit, or has depleted her debit card account.” App. Br. 19. These features, however, are part of the judicial exception discussed above in Prong One, and do not comprise additional elements, individually or in combination, that integrate the exception into a practical application. *See* Memorandum at 54–55.³ In any event, we disagree with Appellants that the limitations are “a technological solution to a particular technological problem” (App. Br. 18), because “[t]hese are the same questions (though perhaps phrased with different words) that humans in analogous situations detecting fraud have asked for decades, if not centuries” (*FairWarning IP, LLC v. Iatric Systems, Inc.*, 839 F.3d 1089, 1095 (Fed. Cir. 2016)). *See* Spec. ¶¶ 4–5; *see also* *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1370 (Fed. Cir. 2011); *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 716 (Fed. Cir. 2014); *Smart Sys. Innovations, LLC v. Chicago Transit Auth.*, 873 F.3d 1364, 1372–73 (Fed. Cir. 2017); *Inventor Holdings, LLC v. Bed Bath & Beyond, Inc.*, 876 F.3d 1372, 1378 (Fed. Cir. 2017).

³ Separately, we note claim 1 makes no reference to dealing with an imposter. Nor do Appellants identify which particular limitations relate to a step in which the “payment services provider may be able to vouch for the merchant” in order “to protect the customer from dealing with an impostor.” Spec. 20:23–24 (emphasis added); *see* App. Br. 3–4 and 17 (citing this portion of the Specification without reference to the claim limitations). Such unclaimed features cannot remove the claim from the ambit of patent ineligibility. *See Two-Way Media Ltd. v. Comcast Cable Commc’ns, LLC*, 874 F.3d 1329, 1339 (Fed. Cir. 2017) (“Neither the protocol nor the selection signals are claimed, precluding their contribution to the inventive concept determination.”).

Further, Appellants’ argument regarding preemption does not show Examiner error (*see* App. Br. 21–22). Any questions on preemption in the instant case have been resolved by the analysis herein, the Final Action, and the Examiner’s Answer. *See* Ans. 10–11; *Two-Way Media Ltd. v. Comcast Cable Commc’ns, LLC*, 874 F.3d 1329, 1339 (Fed. Cir. 2017) (“[W]here a patent’s claims are deemed only to disclose patent ineligible subject matter under the *Alice* framework, as they are in this case, preemption concerns are fully addressed and made moot.”).

Accordingly, we determine claim 1 does not integrate the judicial exception into a practical application. *See* Memorandum at 54. As the “claim recites a judicial exception and fails to integrate the exception into a practical application” (*id.* at 51), “the claim is directed to the [] judicial exception” (*id.* at 54).

B. Step 2B

Appellants argue the following:

an inventive concept can be found in the present claims due to the non-conventional and non-generic arrangement of known, conventional pieces, which here include interactions between a mobile device processor of a customer mobile device and a payment services provider computer that are manipulated in a manner that is different from conventional processes.

App. Br. 20. Further, Appellants argue “the Office failed to provide the required factual analysis to support a conclusion that the claims 1, 9 and 17 recite ineligible subject matter under part 2B of the *Alice* test.” Reply Br. 6–7.

We are not persuaded the Examiner errs in determining claim 1 does not include “any additional features in the claims that constitute an inventive concept, thereby rendering the claims eligible for patenting.” Final Act. 6 (quotation marks omitted). As discussed above, Appellants refer to the “processing steps of claim[] 1” (Reply Br. 5) that recite the identified judicial exception; thus, these steps are not “additional elements individually and in combination” that may “provide an inventive concept” amounting to “significantly more than the exception itself.” Memorandum at 55–56; *see also* Memorandum fn. 24. Outside of the identified judicial exception, the claim recites hardware limitations which the Examiner determines are “generically-recited computer elements and their associated functions, which are considered to be routine, conventional, and well-understood.” Ans. 9. We find the Examiner’s determination to be reasonable, in view of the record before us. *See* Spec. 10:11–12 (“In its hardware aspects the mobile telephone 204 may be entirely conventional”); 12:15 (“The PSP computer 502 may be conventional in its hardware aspects”); *see also* Spec. 6:14–13:14; *Alice*, 573 U.S. at 226; *Smart Sys. Innovations*, 873 F.3d at 1375.

Accordingly, we agree with the Examiner that claim 1 is patent ineligible.

DECISION

The Examiner’s decision rejecting claims 1–18 is affirmed.

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

AFFIRMED