## UNITED STATES PATENT AND TRADEMARK OFFICE

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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* LESLIE J. SMITH, MICHAEL C. MORGAN,
MARCUS A. HOLT, ERIC T. HORNE, ERIC T. HOLLINSHEAD,
HARRIET A. HENDERSON, GREGORY D. YENNEY and
MATTHEW M. THOMAS

_____

Appeal 2018-006777
Application 12/433,853
Technology Center 3600

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Before KARA L. SZPONDOWSKI, SCOTT B. HOWARD, and
STEVEN M. AMUNDSON, *Administrative Patent Judges*.

HOWARD, *Administrative Patent Judge*.


DECISION ON APPEAL


Appellant[1] appeals under 35 U.S.C. § 134(a) from the Examiner's

Final Rejection of claims 1–42, which constitute all of the claims pending in

this application. We have jurisdiction under 35 U.S.C. § 6(b).

We REVERSE.

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[1] 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 Intuit Inc.
Appeal Br. 2.

THE INVENTION

The disclosed and claimed invention is directed "to activation of software products in applications including on-line or Internet banking." Spec. ¶ 1.[2]

Claim 1, reproduced below, is illustrative of the claimed subject matter:

> 1.    A computer-implemented method for activating a software product for use by a customer of a financial institution, the method comprising:
>
> before the software product is activated and made available to a computer of the customer, an interface computing element receiving a first request from a computer of the financial institution through a first network to activate the software product for use by the customer computer, wherein the interface computing element is accessible by the financial institution computer but not the customer computer, and the software product to be activated is to be used with or supplement an on-line banking product utilized by the customer computer and that provides the customer computer with online access to an account the customer has with the financial institution, the on-line banking product being hosted by an on-line banking server of a third party host;
>
> before the software product is activated and made available to the customer computer, the interface computing element transmitting a second request through a second network to an activation server, the activation server being in communication with the on-line banking server through a third network; and
>
> the activation server executing one or more instructions to modify a configuration element of the on-line banking server

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[2] We refer to the Specification filed Apr. 30, 2009 ("Spec."); Final Office Action mailed June 26, 2017 ("Final Act."); Appeal Brief filed Jan. 26, 2018 ("Appeal Br."); Examiner's Answer mailed Apr. 18, 2018 ("Ans."); and the Reply Brief filed June 18, 2018 ("Reply Br.").

and to automatically activate the software product based at least in part upon the second request such that the activated software product is then available for use by the customer computer when the customer computer accesses the on-line banking server.

## REFERENCES

The prior art relied upon by the Examiner as evidence in rejecting the claims on appeal is:

| | | |
|---|---|---|
| Saliba et al. ("Saliba") | US 2002/0065772 A1 | May 30, 2002 |
| Al-Ali | US 2006/0112011 A1 | May 25, 2006 |
| Celli et al. ("Celli") | US 2007/0130073 A1 | June 7, 2007 |
| Yen et al. ("Yen") | US 2008/0255952 A1 | Oct. 16, 2008 |
| Saltzman et al. ("Saltzman") | US 8,458,051 B1 | June 4, 2013 |
| Oakes, III et al. ("Oakes") | US 8,708,227 B1 | Apr. 29, 2014 |

## REJECTIONS

Claims 1–42 stand rejected under 35 U.S.C. § 101 as directed to patent-ineligible subject matter. Final Act. 2–5.

Claims 1–9, 14–21, 25, 32, 33, 39, and 40 stand rejected under pre-AIA 35 U.S.C. § 103(a) as unpatentable over Saltzman and Al-Ali. Final Act. 6–10.

Claims 10, 11, 22, and 26 stand rejected under pre-AIA 35 U.S.C. § 103(a) as unpatentable over Saltzman, Al-Ali, and Saliba. Final Act. 10–12.

Claims 29 and 30 stand rejected under pre-AIA 35 U.S.C. § 103(a) as unpatentable over Saltzman, Al-Ali, and Yen. Final Act. 12.

Claims 12, 13, 23, 24, 31, 34–37, 41, and 42 stand rejected under pre-AIA 35 U.S.C. § 103(a) as unpatentable over Saltzman, Al-Ali, and Celli. Final Act. 12–19.

Claim 38 stands rejected under pre-AIA 35 U.S.C. § 103(a) as unpatentable over Saltzman, Al-Ali, and Appellant's Admitted Prior Art (Specification) ("AAPA"). Final Act. 18–19.

Claims 27 and 28 stand rejected under pre-AIA 35 U.S.C. § 103(a) as unpatentable over Saltzman, Al-Ali, and Oakes. Final Act. 19–20.


ANALYSIS

*Section 101 Rejection*

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 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. *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 Supreme Court's two-step framework, described in *Mayo* and *Alice*. *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 is "directed to." *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.").

Concepts determined to be abstract ideas, and thus patent ineligible,
include certain methods of organizing human activity, such as fundamental
economic practices (*Alice*, 573 U.S. at 219–20; *Bilski v. Kappos*, 561 U.S. at
611); mathematical formulas (*Parker v. Flook*, 437 U.S. 584, 594–95
(1978)); and mental processes (*Gottschalk v. Benson*, 409 U.S. 63, 69
(1972)). Concepts determined to be patent eligible include physical and
chemical processes, such as "molding rubber products" (*Diamond v. Diehr*,
450 U.S. 175, 191 (1981)); "tanning, dyeing, making water-proof cloth,
vulcanizing India rubber, smelting ores" (*id.* at 182 n.7 (quoting *Corning v.
Burden*, 56 U.S. 252, 267–68 (1854))); and manufacturing flour (*Benson*,
409 U.S. at 69 (citing *Cochrane v. Deener*, 94 U.S. 780, 785 (1876))).

In *Diehr*, the claim at issue recited a mathematical formula, but the
Supreme Court held that "a claim drawn to subject matter otherwise
statutory does not become nonstatutory simply because it uses a
mathematical formula." *Diehr*, 450 U.S. at 187; *see also id.* at 191 ("We
view respondents' claims as nothing more than a process for molding rubber
products and not as an attempt to patent a mathematical formula."). Having
said that, the Supreme Court also indicated that a claim "seeking patent
protection for that formula in the abstract . . . is not accorded the protection
of our patent laws, . . . and this principle cannot be circumvented by

attempting to limit the use of the formula to a particular technological environment." *Id.* (citing *Benson* and *Flook*); *see, e.g., id.* at 187 ("It is now commonplace that an *application* of a law of nature or mathematical formula to a known structure or process may well be deserving of patent protection.").

If the claim is "directed to" an abstract idea, we turn to the second step of the *Alice* and *Mayo* framework, where "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 (internal 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.* (alterations in original) (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 PTO recently published revised guidance on the application of § 101. 2019 Revised Patent Subject Matter Eligibility Guidance, 84 Fed. Reg. 50 (Jan. 7, 2019) ("Memorandum"). Under that guidance, we first look to whether the claim recites:

> (1) 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) additional elements that integrate the judicial exception into a practical application (*see* Manual of Patent Examining Procedure ("MPEP") §§ 2106.05(a)–(c), (e)–(h) (9th ed. rev. 08.2017 Jan. 2018)).

*See* Memorandum, 84 Fed. Reg. at 52, 54–55. 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:

> (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.

Furthermore, the Memorandum "extracts and synthesizes key

concepts identified by the courts as abstract ideas to explain that the abstract

idea exception includes the following groupings of subject matter, when

recited as such in a claim limitation(s) (that is, when recited on their own or

per se)":

> (a)  Mathematical concepts—mathematical
> relationships, mathematical formulas or equations,
> mathematical calculations;
>
> (b)  Certain methods of organizing human activity—
> fundamental economic principles or practices (including
> hedging, insurance, mitigating risk); commercial or legal
> interactions (including agreements in the form of contracts;
> legal obligations; advertising, marketing or sales activities or
> behaviors; business relations); managing personal behavior or
> relationships or interactions between people (including social
> activities, teaching, and following rules or instructions); and
>
> (c)  Mental processes—concepts performed in the
> human mind (including an observation, evaluation, judgment,
> opinion).

*Id.* at 52 (footnotes omitted).

*USPTO Step 2A, Prong 1*

Under the first step of the *Alice/Mayo* framework, the Examiner concludes that the claimed invention is "directed towards the abstract idea of activating a software product for use by a customer of a financial institution that accesses an online banking product on an online banking server." Ans. 3. The Examiner compares the claims to "managing a contractual relationship, managing a transaction arrangement between two people or parties but also a certain method of organizing human activity." *Id.* According to the Examiner, the "claims recite a method [of] organizing a human activity that could be performed by a human analog." *Id.* at 6. The Examiner also compares the claims to the abstract idea of "comparing and organizing information for transmission," which "can be performed mentally." *Id.* at 3.

Appellant contends that the Examiner's analysis is "untethered from what is actually claimed." Appeal Br. 18, 23; *see also* Reply Br. 4–5. Appellant argues that the Examiner's analysis is "at a very high level of abstraction [that] is clearly based [on] over-simplification of what is claimed." Appeal Br. 23. Specifically, Appellant argues that the claims are directed to activating a software product, without any mention of "managing a contractual relationship" or "managing a transactional arrangement between two people or parties." *Id.* at 20–21. Appellant further argues that the claims "do not recite any such 'human activity'" and instead "recite execution of specific computing tasks by specific computing components and activation of a software product for use by a customer computer." *Id.* at 22. According to Appellant, "human operation of machines is not covered by 'certain' methods of organizing human activity." *Id.* Appellant also

argues that the claims cannot be performed mentally. *Id.* at 23–24. According to Appellant, the claims do not recite "'comparing,' 'organizing,' their equivalents, or variants thereof." *Id.* at 23.

We are persuaded by Appellant's arguments. The Examiner's conclusion that claimed invention recites activating a software product for use by a customer of a financial institution does not sufficiently identify how the claimed invention recites an abstract idea under the guidelines established in the Memorandum. *See* Memorandum, 84 Fed. Reg. at 52.

The claimed invention recites:

- "receiving a first request . . . to activate the software product . . . to be used with or supplement an on-line banking product . . . and that provides the customer computer with on-line access to an account";

- "transmitting a second request";

- and "modify[ing] a configuration element of the on-line banking server and . . . automatically activat[ing] the software product based at least in part upon the second request."

*See* Appeal Br. 78, 80–81, 83.

As argued by Appellant, the claimed invention does not manage a contractual relationship or a transactional arrangement between parties. Appeal Br. 20–21. Moreover, the claimed invention is not directed to a fundamental economic principle or practice; advertising, marketing or sales activities or behaviors; or managing personal behavior or relationships or interactions between people. Although the claimed invention touches on financial products—financial software products—the claims are directed to activating the products, not how the financial products function. As such, the Examiner has not sufficiently explained, nor is it readily apparent, how the claims are directed to a method of organizing human activity.

As also argued by Appellant, the claimed steps are not performable in the human mind. Appeal Br. 23–24. Moreover, the claimed steps do not include observation, evaluation, judgment, or opinion. As such, even assuming the "idea of itself" identified by the Examiner incorporates a human activity, the Examiner has not sufficiently explained, nor is it readily apparent, how the claims are directed to a mental process.

Furthermore, the claims do not involve mathematical relationships, mathematical formulas or equations, or mathematical calculations. As such, it is not readily apparent how the claims would be directed to a mathematical concept.

Accordingly, we find the Examiner has not sufficiently established that the claims recite an abstract idea.

*Conclusion on Section 101 Rejection*

Accordingly, we do not sustain the Examiner's rejection of claim 1 as being directed to patent-ineligible subject matter, as well as independent claims 14 and 25 with commensurate limitations, and dependent claims 2–13, 15–24, and 26–42.

*Section 103 Rejections*

Claim 1 recites "an interface computing element receiving a first request from a computer of the financial institution through a first network to activate the software product for use by the customer computer, wherein the interface computing element is accessible by the financial institution computer but not the customer computer," "the interface computing element transmitting a second request . . . to an activation server," and "the activation server . . . automatically activat[ing] the software product based at least in part upon the second request."

The Examiner finds that Saltzman teaches the interface computing element being accessible by the financial institution computer but not the customer computer, receiving a first request. Ans. 7–8 (citing Saltzman col. 2, l. 14, col. 3, l. 53, col. 7, ll. 34–38, col. 20, ll. 54–59, col. 17, ll. 55–67). The Examiner further finds that Saltzman teaches transmitting a second request to the activation server. *Id.* at 8 (citing Saltzman col. 2, l. 45, col. 17, ll. 49–67). The Examiner further finds that Saltzman teaches the activation server automatically activating the software product based upon the second request. *Id.* (citing Saltzman col. 6, ll. 58–64, col. 7, ll. 34–38, col. 14, ll. 36–47, col. 17, ll. 51–53).

Appellant argues that "Saltzman's approach merely involves a subscription service management system that receives a request from a consumer and then activates a subscription service according to a subscription service plan for the consumer," but does not teach the claimed "'first request,' 'second request,' the 'interface computing element' that is 'accessible by the financial institution computer but not the customer computer,' modifying the 'configuration element,' etc." Appeal Br. 50. Specifically, Appellant argues that "Saltzman merely describes a <u>single request</u> for activating a subscription service for a consumer," but "fails to disclose or suggest at least the claimed 'first request' and 'second request.'" *Id.* at 50–51; *see id.* at 54–57. Appellant also argues that "Saltzman's service management system activates after receiving the request <u>from the consumer</u>," and "fails to disclose the claimed '*interface computing element*' that '*is accessible by the financial institution computer but not the customer computer.*'" *Id.* at 51–52; *see also id.* at 53, 54.

We are persuaded by Appellant's argument as the Examiner has not identified sufficient evidence or provided sufficient explanation as to how the combination of Saltzman and Al-Ali teaches multiple requests (e.g., a "first request . . . to activate the software product" and a "second request"), activating the software product based on the second request, and that the interface computing element (e.g., "interface computing element receiving a first request" and "interface computing element transmitting a second request") "is accessible by the financial institution computer but not the customer computer."

The cited sections of Saltzman teach "the subscription service management system receives a *request from a consumer* to receive a service corresponding to the subscription-based service plan available via the online site" and then "*the subscription service management system activates the service with respect to the consumer*, where the consumer receives the subscription-based service during a subscription period that may be selected by the consumer." Col. 17, ll. 55–67 (emphases added). In other words, the sections of Saltzman cited by the Examiner and on the record before us do *not* teach: *a first request* and *a second request* to activate the software product; the first request *received by the interface computing element*, and the second request transmitted *from the interface computing element to the activation server*, resulting in the *activation server automatically activating the software product*; and the *interface computing element is not accessible by the customer computer*. Instead, Saltzman teaches a subscription service management system, *acting as both the interface computing element and the activation server*, receiving *a single request* directly *from the customer* and then activating the service.

Therefore, we agree with Appellant that the Examiner's finding that the combination of Saltzman and Al-Ali teaches the disputed limitation is in error because it is not supported by a preponderance of the evidence. *See In re Caveney*, 761 F.2d 671, 674 (Fed. Cir. 1985) (The Examiner's burden of proving non-patentability is by a preponderance of the evidence.); *see also In re Warner*, 379 F.2d 1011, 1017 (CCPA 1967) ("The Patent Office has the initial duty of supplying the factual basis for its rejection. It may not, because it may doubt that the invention is patentable, resort to speculation, unfounded assumptions or hindsight reconstruction to supply deficiencies in its factual basis.").

Accordingly, we are constrained on the record before us to reverse the Examiner's § 103 rejection of independent claim 1, along with the § 103 rejection of independent claims 14 and 25, which recite limitations commensurate in scope to the disputed limitations discussed above, and dependent claims 2–9, 15–21, 32, 33, 39, and 40.

Moreover, because the Examiner has not shown that the additional references cure the foregoing deficiency regarding the rejection of the independent claims 1, 14, and 25, we will not sustain the obviousness rejections of dependent claims 10–13, 22–24, 26–31, 34–38, 41, and 42.

## CONCLUSION

We reverse the Examiner's § 101 rejection of claims 1–42.

We reverse the Examiner's § 103 rejections of claims 1–42.

DECISION SUMMARY

In summary:

| Claims Rejected | 35 U.S.C. § | Basis | Affirmed | Reversed |
|---|---|---|---|---|
| 1–42 | 101 | | | 1–42 |
| 1–9, 14–21, 25, 32, 33, 39, 40 | 103(a) | Saltzman, Al-Ali | | 1–9, 14–21, 25, 32, 33, 39, 40 |
| 10, 11, 22, 26 | 103(a) | Saltzman, Al-Ali, Saliba | | 10, 11, 22, 26 |
| 29, 30 | 103(a) | Saltzman, Al-Ali, Yen | | 29, 30 |
| 12, 13, 23, 24, 31, 34–37, 41, 42 | 103(a) | Saltzman, Al-Ali, Celli | | 12, 13, 23, 24, 31, 34–37, 41, 42 |
| 38 | 103(a) | Saltzman, Al-Ali, AAPA | | 38 |
| 27, 28 | 103(a) | Saltzman, Al-Ali, Oakes | | 27, 28 |
| **Overall Outcome** | | | | 1–42 |

REVERSED