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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 ERNEST JOHN FIORE, GARY JOURA, and
TIMOTHY J. HAMILTON[1]
_____

Appeal 2018-007631
Application 14/064,794
Technology Center 3600
_____

Before ROBERT E. NAPPI, KRISTEN L. DROESCH, and
MICHAEL T. CYGAN, *Administrative Patent Judges*.

NAPPI, *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, 3 through 6, and 8 through 14.[2] We have jurisdiction
under 35 U.S.C. § 6(b).

We AFFIRM.

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[1] According to Appellant, the real party in interest is, JPMorgan Chase
Bank, N.A. App. Br. 2.
[2] We note that the Examiner entered an after final amendment canceling
claims 2 and 7 and incorporating the limitations from claims 2 and 7 into
independent claims 1 and 13. *See* Subsequent Examiner's Answer mailed
June 25, 2018.

INVENTION

The invention is directed to a system to detect non-compliance with travel rules put in place by multiple countries throughout the world for payment requests or payment orders. Abstract. Claim 1 is illustrative of the invention and is reproduced below:

1. A computer-implemented method for capturing non-compliant payment orders, the method comprising:

compiling, into an electronic database at a payment processing entity, a plurality of travel rules governing requisite information of payments to at least one foreign jurisdiction, the step of compiling further comprising parsing said plurality of travel rules and sorting at least one expected or required format or template of payment orders into a data construct in the electronic database;

preparing one or more preset tools for examining payment compliance by generating business logic in or for the electronic database or by predefining screening filters based on the plurality of travel rules;

receiving, by at least one computer processor of the payment processing entity, payment data concerning a payment order submitted by an ordering party, the payment order requesting a payment from said ordering party to a beneficiary;

automatically determining, by the at least one computer processor and with the one or more preset tools, whether the payment data comply with the plurality of travel rules, the step of automatically determining further comprising at least one of:

automatically determining, in the payment data, a presence or absence of one or more data elements required by at least one of the plurality of travel rules, and

automatically determining whether a data element in the payment data meets a content or formatting requirement of at least one of the plurality of travel rules;

2

> generating an output based on the step of
> determining whether the payment data comply
> with the plurality of travel rules;
>
> generating the output if the payment data
> fail to comply with at least one of the plurality of
> travel rules; and
>
> automatically revising, by the at least one
> computer processor, at least some of the non-
> compliant payment data.

REJECTIONS AT ISSUE

The Examiner has rejected claims 1, 3 through 6, and 8 through 14 under 35 U.S.C. § 101 for being directed to patent-ineligible subject matter. Final Act. 11–15.[3]

The Examiner has rejected claims 1, 3 through 6, 8, 9, 11, 13, and 14 under 35 U.S.C. § 103(a) as being unpatentable over Henry (US 2012/0074216 A1, pub. March 29, 2012) and Reich (US 7,873,560 B2, issued January 18, 2011). Final Act. 15–19.

The Examiner has rejected claims 10 and 12 under 35 U.S.C. § 103(a) as being unpatentable over Henry, Reich, and Venzon (US 2006/0282276 A1, pub. December 14, 2006). Final Act 19–20.

ANALYSIS

We have reviewed Appellant's arguments in the Briefs, the Examiner's rejections, and the Examiner's response to Appellant's arguments. Appellant's arguments have not persuaded us of error in the

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[3] Throughout this Opinion, we refer to the Appeal Brief, filed January 8, 2018 ("App. Br."), the Examiner's Answer, mailed April 5, 2018 ("Answer"), and the Final Office Action, mailed August 8, 2017 ("Final Act.").

Examiner's rejections of claims 1, 3 through 6, and 8 through 14 under

35 U.S.C. § 101 and under 35 U.S.C. § 103(a).

Rejection 35 U.S.C. § 101

PRINCIPLES OF LAW

Patent-eligible subject matter is defined in 35 U.S.C. § 101 of the

Patent Act, which recites:

> 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.

There are, however, three judicially created exceptions to the broad

categories of patent-eligible subject matter in 35 U.S.C. § 101: "[l]aws of

nature, natural phenomena, and abstract ideas." *Alice Corp. Pty. Ltd. v. CLS

Bank Int'l*, 573 U.S. 208, 216 (2014); *Mayo Collaborative Servs. v.

Prometheus Labs., Inc.*, 566 U.S. 66, 70 (2012).

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*. *Alice*, 573 U.S. at 217–18 (citing *Mayo*, 566 U.S. 66, 75–77). 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*, 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, 67 (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 (1853))); 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 176; *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 (citation 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.* (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. USPTO's 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 is directed to a judicial exception because:

> (1) the claim recites a judicial exception, 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) the claim as a whole fails to recite additional elements that integrate the judicial exception into a practical application (*see* MPEP § 2106.05(a)–(c), (e)–(h) (9th ed. 2018).

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 are not "well-understood, routine, conventional" in the field (*see* MPEP § 2106.05(d)); or

6

(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.

ANALYSIS

Abstract Idea.

The Examiner finds that the claims are not patent eligible as they are directed to a judicial exception without reciting significantly more. Final Act. 11–15. Specifically, the Examiner provides an analysis of Appellant's claims finding that they recite limitations directed to a fundamental economic practice and a mental process. Final Act. 13–14. Further, the Examiner concludes that the claims, in addition to the abstract idea merely recite generic components of a general-purpose computer and that the claims do not provide an improvement to the functioning of the computer. Final Act. 14. Thus, the Examiner concludes:

> The recitation of the computer elements amounts to mere instruction to implement the abstract idea on a computer. Taking the additional elements individually and in combination, the computer components at each step of the capturing process perform purely generic computer functions. Therefore the claims do not amount to significantly more than the abstract idea itself. Accordingly, the claims are not patent eligible.

Final Act. 14–15.

Appellant argues the Examiner oversimplified the claimed invention and "the invention does much more than merely implementing a mental

process of compliance checking with general-purpose computers." App. Br. 16–17. Appellant argues the claim requires:

> parsing and compilation of travel rules into database structures and preparation of preset tools such as business logic and/or screening filters require peculiar functions and tools in an electronic database and therefore cannot be completed mentally within human brains. Such method steps are anything like a simple automation of a human process. Similarly, the receipt of electronic payment data and automatic determination of their compliance with the numerous travel rules with the preset tools are much more than the simplistic imitation of a manual compliance check as the Examiner alleges.

App. Br. 17.

Further, Appellant argues that the Examiner's analysis does not consider the terms or the claims but rather just concludes, without evidence, that the claimed invention recites a fundamental economic practice. App. Br. 20–22.

The Examiner has provided a detailed and comprehensive response to Appellant's arguments on pages 4 through 12 of the Answer. In this response the Examiner identified that Appellant's claims are unlike claims found patent eligible in *Enfish, LLC v Microsoft Corp*., 822 F.3d 1327 (Fed. Cir. 2016), where the court found the claimed data structures provided advances in existing computer capabilities (they improved the operation of the computer). Answer 5. The Examiner identified that Appellant's claims are unlike the claims found patent eligible in *McRO, Inc. v. Bandai Namco Games Am. Inc*., 837 F.3d 1299 (Fed. Cir. 2016) where the claims were not merely the automation of a manual process but rather an improvement in computer technology. Answer 6–7. We have reviewed the Examiner's

rejection, and response to Appellant's arguments and we concur with the Examiner's conclusion that the claims are directed to an abstract idea.

Additionally, the Examiner provides an analysis of claim 1 finding it recites steps of: compiling rules in a database (analogous to a human studying rules); automatically determining whether the data complies with the rules (analogous to human comparing payment data to requirements of the rules); generating an output (analogous to a human generating a report); and automatically revising some of the non-compliant payment data (analogous to human revising the payment data). Answer 7–8. Based upon this analysis the Examiner concludes that the claimed process essentially mimics human processing and is unlike the process at issue in *McRO*. Answer 8. Further, the Examiner finds that these claimed steps, are essentially mental processes that people can go through in their mind are abstract. Answer 8 (citing *Elec. Power Grp., LLC v. Alstom S.A*., 830 F.3d 1350 (Fed. Cir. 2016).

We concur with the Examiner that representative claim 1 recites collecting/gathering information and analyzing it (a mental process). Claim 1 recites "compiling . . . plurality of travel rules" (a data gathering or observation element); "preparing one or more preset tools . . . by generating business logic," (a data analysis or evaluation element); "receiving . . . payment data" (a data gathering or observation element); and "automatically determining . . . whether the payment data compl[ies] with the plurality of travel rules" (a data analysis or evaluation element). We consider these limitations to recite an abstract mental process.

The claims at issue in *Electric Power Group* recite several steps of receiving data from various sources, detecting and analyzing the data and

displaying the data. *Elec. Power Grp.*, 830 F.3d at 1351–52. The court stated "we have treated collecting information, including when limited to particular content (which does not change its character as information), as within the realm of abstract ideas." *Id.* at 1353. We note that while the claims in *Electric Power Group* recite displaying data, the claims in *Content Extraction*, cited in support of the decision in *Electric Power Group* dealt with a step of storing, and identified it to be abstract, a mental process. "The concept of data collection, recognition, and storage is undisputedly well-known. Indeed humans have always performed these functions." *Content Extraction & Transmission LLC v. Wells Fargo Bank, Nat, Ass'n*, 776 F.3d 1343, 1347 (Fed. Cir. 2014). Thus, Appellant's arguments have not persuaded us the Examiner erred in finding the claims recite a mental process, an abstract idea.

Appellant's arguments that the Examiner erred in concluding the claims recite a fundamental economic process are also unpersuasive of error. The Examiner in response to this argument states:

> comparing payment information to laws and regulations to determine and capture non-compliant payment orders is a longstanding economic practice. In the U.S., large amount transactions typically require compliance check, whether by computer or by manual processing. For example, USA PATRIOT Act of 2001 places restrictions on foreign accounts to prevent money laundering. Financial institutions are required to check payment orders against the rules to ensure compliance. The claimed invention is essentially performing such compliance check on computers and displaying result.

Answer 11. We concur with the Examiner that comparing a list of rules, and logic to apply the rules, concerning payments relates to a financial transaction and, as such, is a fundamental economic principle. Further, we

note that Appellant's Specification identifies "[t]he present invention relates generally to financial processing" and that the invention is to "overcome one or more . . . limitations of existing systems and methods for payment processing" and is "to reduce reputational risk with correspondent banks and regulators." Specification paras. 1, 8, and 9. Thus, Appellant's Specification provides evidence that the claims are directed to financial processing, a fundamental economic process. As such, we are not persuaded by Appellant's arguments that the Examiner erred in concluding, without evidence, that the claimed invention recites a fundamental economic practice.

As a result, Appellant's arguments have not persuaded us the Examiner erred in concluding the claims recite an abstract idea, both a mental process and a fundamental economic practice.

Practical Application of the Abstract Idea

The Examiner finds that the additional claimed elements recite a computer processor, storage medium and communication interface, which are generic computer components and do not amount to significantly more than the abstract idea. Final Act. 14–15 (citing paragraph 60 of Appellant's Specification).

Appellant argues that the claims are directed to a practical application as:

It is indisputable that "using existing computer technologies as tools to implement an abstract concept" is a practical application of the concept. The automation reduces human efforts, improves efficiency and therefore could facilitate the processing of large batches of payment transactions, which is

11

> undoubtedly useful. Not only is it useful, the invention is new
> and non-obvious, as explained in the sections below.

App. Br. 19.

We are not persuaded by Appellant's arguments that the claims are directed to a practical application of the abstract idea. The Examiner finds and we concur that the additional limitations of representative claim 1, which recite an electronic database, a computer processor are merely generic computer elements and that paragraph 60 of Appellant's Specification identifies that invention can be implemented on a general purpose computer. Further, the Examiner finds that the claims do not represent an improvement to a computer. Answer 8. We concur with the Examiner and do not find that Appellant's Specification identify an improvement to the operation of the computer, but rather as discussed above an improvement to an abstract idea, which is implemented using the computer as a tool. Appellant's argument that use of a computer is indicative of the claims reciting a practical application is not well taken. The Supreme Court has stated "merely requir[ing] generic computer implementation[] fail[s] to transform that abstract idea into a patent-eligible invention." *Alice*, 573 U.S. at 221. Thus, we do not consider representative claim 1 to be directed to practical application of the abstract idea.

Significantly more than the Abstract Idea

Appellant argues that "the claimed invention is closely tied to computing and communication equipment and no generic computer is readily capable of performing the recited steps or functions. A special purpose computer (e.g., a payment or compliance-checking processor) has to

be specifically programmed for the novel non-compliance capture functions recited herein." App. Br. 22. Further, Appellant argues that the current claims pose no risk of preemption. App. Br. 23–24.

We are not persuaded the Examiner erred in not considering the claims to recite significantly more by these arguments. As discussed above, Appellant's Specification, in paragraph 60, identifies that the invention may be implemented on a general-purpose computer, which appears to undermine Appellant's argument that "no generic computer is readily capable of performing the recited steps or functions." Further, with regard to Appellant's preemption argument, our reviewing court has said "[w]here a patent's claims are deemed only to disclose patent ineligible subject matter under the *Mayo* framework, . . ., preemption concerns are fully addressed and made moot." *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015). Thus, Appellant's arguments are not persuasive of error in the Examiner's determination that the claims do not recite significantly more that the abstract idea.

In summary, Appellant's arguments have not persuaded us of error in the Examiner's determination that the claims are directed to an abstract idea; both a mental processes and a fundamental economic activity. Further, Appellant's arguments have not persuaded us that the Examiner erred in finding that the claims are not: directed to an improvement in the functioning of the computer or to other technology or other technical field; directed to a particular machine; directed to performing or affecting a transformation of an article to a different state or thing; directed to using a judicial exception in some meaningful way beyond linking the exception to a

particular technological environment such that the claim as a whole is more than a drafting effort to monopolize the judicial exception.

Accordingly, we sustain the Examiner's rejection of representative claim 1 and claims 3 through 6 and 8 through 14, grouped with claim 1, under 35 U.S.C. § 101 as being directed to patent-ineligible subject matter.

Rejections 35 U.S.C. § 103

Appellant argues the Examiner's rejection of representative independent claim 1 is in error as the Examiner did not show the combination of the references teaches the claim 1 limitation of automatically revising at least some of the non-compliant data. App. Br. 24–25. Specifically, Appellant argues that Henry, which the Examiner relies upon to teach this limitation, teaches a human agent can revise non-compliant payment data. App. Br. 25. However, Appellant argues that the reference does not teach the automated agent revising the non-compliant payment data. *Id.*

The Examiner provides a detailed explanation of how Henry teaches human agent can change a parameter of a transaction. Answer 14 (citing Henry para. 40). Further, the Examiner finds that Henry teaches that the agent may be a person or an automated terminal to perform the functions which suggests automating the manual activities. Answer 14 (citing Henry para. 48).

Initially, we note that representative claim 1, recites "automatically determining . . . whether the payment data comply with the plurality of travel rules, the step of automatically determine further comprising at least one of:" and then lists five different steps (one of which is the limitation

14

disputed by Appellant). Thus, the claim is reciting five alternative steps; if any one of them is taught by the reference, the claim is met. The Examiner in the Final rejection found that Henry teaches all five of the steps. Final Act. 16–18. Appellant has only contested the Examiner's findings with respect to one of these steps. Thus, even if, as Appellant argues, the Examiner erred in finding Henry teaches the disputed limitation, it would not show error in the rejection as only one of the five alternatively recited limitations (all of which the Examiner finds are taught) needs to be met for the rejection to be proper. Nonetheless, we concur with the Examiner's finding that Henry suggests the disputed limitation, while Henry does not explicitly teach automatically revising non-compliant payment data, we consider the teachings of it being done by a human agent and that the agent may be automated, to provide the suggestion to automatically revising non-compliant payment data. Accordingly, Appellant's arguments have not persuaded us of error in the Examiner's obviousness rejection of independent claim 1 and claims 3 through 6, 8, 9, 11, 13, and 14 grouped with claim 1.

Appellant has not presented arguments with respect to the Examiner's obviousness rejection of dependent claims 10 and 12. Accordingly, we sustain the Examiner's rejection of dependent claims 10 and 12 for the same reasons as discussed with respect to claim 1.

DECISION

The Examiner's decision rejecting claims 1, 3 through 6, and 8 through 14 is affirmed.

Claims Rejected	Basis	Affirmed	Reversed
1, 3–6, and 8–14	§ 101	1, 3–6, and 8–14	
1, 3–6, 8, 9, 11, 13, and 14	§ 103 Henry and Reich	1, 3–6, 8, 9, 11, 13, and 14	
10 and 12	§ 103 Henry, Reich, and Venzon	10 and 12	
Outcome		1, 3–6, and 8–14	

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