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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte JOHN CLERKIN

Appeal 2018-008457
Application 14/753,440
Technology Center 3600

Before MICHAEL J. STRAUSS, JEREMY J. CURCURI, and
MICHAEL M. BARRY, *Administrative Patent Judges*.

CURCURI, *Administrative Patent Judge*.

DECISION ON APPEAL

Appellant appeals under 35 U.S.C. § 134(a) from the Examiner's rejection of claims 1–20. Final Act. 1. We have jurisdiction under 35 U.S.C. § 6(b).

Claims 1–20 are rejected under 35 U.S.C. § 101 as a judicial exception without significantly more. Final Act. 2–6.

Claims 1–20 are rejected under 35 U.S.C. § 103 as obvious over Hammad (US 2010/0274688 A1; Oct. 28, 2010) and Tannenbaum (US 2009/0234766 A1; Sep. 17, 2009). Final Act. 6–12.

We affirm.

STATEMENT OF THE CASE

Appellant's invention relates to "the use of multiple computing devices where a payment transaction that exceeds a threshold initiated using a first computing device is supervised and controlled via a second computing device." Spec. ¶ 1. Claim 1 is illustrative and reproduced below:

1. A computer implemented method facilitating supervisory control of payment transactions initiated using a computing device, comprising:

storing, in an account database of a processing server, a plurality of account profiles, wherein each account profile includes data related to a consumer account including at least a first identifier directing electronic communications to a first computing device associated with the related consumer account, a second identifier directing electronic communications to a second computing device associated with the related consumer account, and one or more consumer designated transaction controls;

receiving, by a receiving device of the processing server, transaction details from a second computing device for a payment transaction via a communication network using one or more associated communication protocols, wherein the transaction details include at least a specific second identifier and one or more transaction data values;

identifying, by a processing device of the processing server, a specific account profile stored in the account database where the included second identifier corresponds to the specific second identifier included in the received transaction details;

determining, by the processing device of the processing server, that the payment transaction does not satisfy the one or more consumer designated transaction controls included in the identified specific account profile based on a correspondence between the one or more consumer designated transaction controls and the one or more transaction data values included in the received transaction details;

transmitting, by a transmitting device of the processing server, a confirmation request to the first computing device associated with the first identifier included in the identified specific account profile via a communication network using one or more associated communication protocols, wherein the confirmation request includes at least the one or more transaction data values;

receiving, by the receiving device of the processing server, a confirmation message from the first computing device associated with the first identifier included in the identified specific account profile via a communication network using one or more associated communication protocols, wherein the confirmation message includes an indication of approval or denial of the payment transaction; and

transmitting, by the transmitting device of the processing server, a message to at least one of: the second computing device associated with the specific second identifier, a payment network, and a merchant involved in the payment transaction based on the indication of approval or denial of the payment transaction, wherein

when the processing device determines that the payment transaction satisfies the one or more consumer designated transaction controls, the transmitting device is configured to transmit the message without

transmission of the confirmation request and receipt of the confirmation message.

PRINCIPLES OF LAW

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).

ANALYSIS

THE JUDICIAL EXCEPTION REJECTION OF CLAIMS 1–20

With respect to claim 1, the Examiner determines “the independent claims are directed to determining whether a payment transaction does or does not satisfy certain conditions. Examiner notes this constitutes [a] fundamental economic practice and a method of organizing human activities and [is] hence abstract.” Final Act. 4; *see also* Final Act. 4–6 (discussing “significantly more”), Ans. 3–11.

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 U.S. 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. Pty. Ltd. v. CLS Bank Int’l*, 573 U.S. 208, 216 (2014) (quotation marks and citation omitted).

In determining whether a claim falls within an excluded category, we are guided by the 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*, 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 (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 (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 USPTO 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 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* 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 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 Memorandum, 84 Fed. Reg. at 56.

*Are the claims at issue directed
to a patent-ineligible concept?*

Step One

Claim 1 is a method claim, which falls within the “process” category of 35 U.S.C. § 101. Claim 11 is a system, which falls within the “machine” category of 35 U.S.C. § 101.

Although these claims fall within the statutory categories, we still must determine whether the claim is directed to a judicial exception, namely an abstract idea. *See Alice*, 573 U.S. at 217–18. Thus, we must determine whether the claim recites a judicial exception, and fails to integrate the exception into a practical application. *See* Memorandum, 84 Fed. Reg. at 54–55. If both elements are satisfied, the claim is directed to a judicial exception under the first step of the *Alice/Mayo* test. *See id.*

Step 2A, Prong One

Independent claim 1 is a method claim, and recites the following limitations:

[i] storing, in an account database of a processing server, a plurality of account profiles, wherein each account profile includes data related to a consumer account including at least a first identifier directing electronic communications to a first computing device associated with the related consumer account, a second identifier directing electronic communications to a second computing device associated with the related consumer account, and one or more consumer designated transaction controls;

[ii] receiving, by a receiving device of the processing server, transaction details from a second computing device for a payment transaction via a communication network using one or more associated communication protocols, wherein the transaction details include at least a specific second identifier and one or more transaction data values;

[iii] transmitting, by a transmitting device of the processing server, a confirmation request to the first computing device associated with the first identifier included in the identified specific account profile via a communication network using one or more associated communication protocols, wherein the confirmation request includes at least the one or more transaction data values;

[iv] receiving, by the receiving device of the processing server, a confirmation message from the first computing device associated with the first identifier included in the identified specific account profile via a communication network using one or more associated communication protocols, wherein the confirmation message includes an indication of approval or denial of the payment transaction; and

[v] transmitting, by the transmitting device of the processing server, a message to at least one of: the second computing device associated with the specific second identifier, a payment network, and a merchant involved in the payment transaction based on the indication of approval or denial of the payment transaction, wherein

These overall steps [i]–[v] describe an authorization to extend credit. In particular, credit is extended to the user of the second computing device

upon authorization by the user of the first computing device. An authorization to extend credit is a way of “mitigating risk,” and is thus a “fundamental economic principle[] or practice[].” Memorandum, 84 Fed. Reg. at 52. Thus, these steps recite the abstract concept of “[c]ertain methods of organizing human activity.” *Id.*

Claim 1 further recites the following limitation: “identifying, by a processing device of the processing server, a specific account profile stored in the account database where the included second identifier corresponds to the specific second identifier included in the received transaction details.” This step describes determining the account for the transaction by making a comparison. Such a comparison is one or more of “observation, evaluation, judgment, opinion.” Memorandum, 84 Fed. Reg. at 52. Thus, this step recites the abstract concept of “[m]ental processes.” *Id.*

Claim 1 further recites the following limitation:

determining, by the processing device of the processing server, that the payment transaction does not satisfy the one or more consumer designated transaction controls included in the identified specific account profile based on a correspondence between the one or more consumer designated transaction controls and the one or more transaction data values included in the received transaction details;

This step describes determining whether or not a transaction control is appropriate by making a comparison. Such a comparison is one or more of “observation, evaluation, judgment, opinion.” Memorandum, 84 Fed. Reg. at 52. Thus, this step recites the abstract concept of “[m]ental processes.” *Id.*

Claim 1 further recites the following limitation: “when the processing device determines that the payment transaction satisfies the one or more consumer designated transaction controls, the transmitting device is

configured to transmit the message without transmission of the confirmation request and receipt of the confirmation message.” This step describes transmitting a message based on the previous determination with respect to the transaction control. Such a transmission is the providing of information. Providing information is an “observation.” Memorandum, 84 Fed. Reg. at 52. Thus, this step recites the abstract concept of “[m]ental processes.” *Id.*

Independent claim 11 recites limitations similar to those discussed with respect to claim 1. Thus, claim 11 also recites an abstract idea.

Step 2A, Prong Two

Because claims 1 and 11 recite a judicial exception, we next determine if the claims recite additional elements that integrate the judicial exception into a practical application.

In addition to the limitations of claim 1 discussed above that recite abstract concepts, claim 1 further recites “an account database,” “a processing server,” “a first computing device,” “a second computing device,” “a receiving device,” and “a communication network.” The Specification does not provide additional details that would distinguish the additional limitations from generic implementation. *See Spec.* ¶¶ 21–34.

We do not find the recited computer-related limitations are sufficient to integrate the judicial exception into a practical application. Specifically, the “account database,” “processing server,” “first computing device,” “second computing device,” “receiving device,” and “communication network” are not improved in their functioning, but, instead, merely perform the abstract idea. In this case, we do not see any particular machine or manufacture that is integral to the claim; nor do we see any transformation. We do not see any recited elements applying or using the judicial exception

in any meaningful way beyond generally linking the judicial exception to the recited elements. *See* Memorandum, Section III(A)(2).

Accordingly, we determine that claim 1 is directed to a judicial exception because it does not recite additional elements that integrate the recited judicial exception into a practical application. Claim 11 recites similar limitations to those discussed with respect to claim 1, and therefore also is directed to a judicial exception.

*Is there something else in the claims
that ensures that they are directed to significantly
more than a patent ineligible concept?*

Step 2B

Because claims 1 and 11 are directed to a judicial exception, we next determine, according to *Alice*, whether these claims recite an element, or combination of elements, that is enough to ensure that the claim is directed to significantly more than a judicial exception.

The Specification does not provide additional details about the “account database,” “processing server,” “first computing device,” “second computing device,” “receiving device,” and “communication network” recited in the claims, that would distinguish the recited hardware components from generic implementation. *See* Spec. ¶¶ 21–34.

The conventional or generalized functional terms by which the computer components are described reasonably indicate that Appellant’s Specification discloses conventional components. *See* Spec. ¶¶ 21–34.

In view of Appellant’s Specification, the claimed hardware components, including the “account database,” “processing server,” “first computing device,” “second computing device,” “receiving device,” and “communication network” reasonably may be determined to be generic,

purely conventional computer elements. Thus, the claims do no more than require generic computer elements to perform generic computer functions, rather than improve computer capabilities.

Accordingly, we determine that claims 1 and 11 are not directed to significantly more than a patent ineligible concept.

Appellant's principal arguments

Appellant argues the rejection fails to provide sufficient analysis, and fails to respond to Appellant's previously presented arguments. *See* App. Br. 8–10; *see also* Reply Br. 2.

These arguments do not show any error because, as we explain above, the elements of claims 1 and 11 are the abstract concepts of “[c]ertain methods of organizing human activity” and “[m]ental processes.” Memorandum, 84 Fed. Reg. at 52. We also explain that the claims do not recite additional elements that integrate the recited judicial exception into a practical application, and are not directed to significantly more than a patent ineligible concept.

Appellant further argues the claimed invention “solves the technical problems existing in the industry and the cited prior art, as *only* the transactions that the subordinate feels the need to explicitly authorize (because they go beyond the desired controls) are brought to their attention.” App. Br. 12. Appellant further argues the claimed invention requires specially configured computing devices. *See* App. Br. 12–13; *see also* Reply Br. 3.

We disagree. Although we do not dispute that the various hardware components include specific logic for performing the recited steps, Appellant does not persuasively explain why the claimed steps improve

technology as a whole. See MPEP § 2106.05(a). Rather, the claims merely adapt the method of facilitating supervisory control of payment transactions to an execution of steps performed by generic computing devices linked together in a network. See *Credit Acceptance Corp. v. Westlake Services*, 859 F.3d 1044, 1055 (Fed. Cir. 2017) (“Our prior cases have made clear that mere automation of manual processes using generic computers does not constitute a patentable improvement in computer technology.”); see also *Bancorp Services, L.L.C. v. Sun Life Assurance Co. of Canada (U.S.)*, 687 F.3d 1266, 1278 (Fed. Cir. 2012) (A computer “employed only for its most basic function . . . does not impose meaningful limits on the scope of those claims.”).

Further, Appellant’s identified improvements are improvements to the abstract idea, not improvements to a technology or computer functionality. Thus, on the record before us, the claim limitations do not improve the functionality of the various hardware components, nor do they achieve an improved technological result in conventional industry practice. *McRO, Inc. v. Bandai Namco Games Am., Inc.*, 837 F.3d 1299, 1316 (Fed. Cir. 2016). More particularly, we do not agree that facilitating supervisory control of payment transactions improves the *technology* as a whole.

THE OBVIOUSNESS REJECTION OF CLAIMS 1–20 OVER HAMMAD AND
TANNENBAUM

The Examiner finds Hammad and Tannenbaum teach all limitations of claim 1. Final Act. 6–9 (citing Hammad ¶¶ 6, 20–21, 38, 50, 54–60, 66; Tannenbaum ¶¶ 23–26, 30–33, 46).

In particular, the Examiner finds Tannenbaum teaches

determining, by the processing device of the processing server, that the payment transaction does not satisfy the one or more consumer designated transaction controls included in the identified specific account profile based on a correspondence between the one or more consumer designated transaction controls and the one or more transaction data values included in the received transaction details,

as recited in claim 1. Final Act. 8 (citing Tannenbaum ¶¶ 23–26, 30–33).

In particular, the Examiner finds Tannenbaum teaches “when the processing device determines that the payment transaction satisfies the one or more consumer designated transaction controls, the transmitting device is configured to transmit the message without transmission of the confirmation request and receipt of the confirmation message,” as recited in claim 1. Final Act. 8 (citing Tannenbaum ¶ 46).

The Examiner reasons

it would have been obvious to a person having ordinary skills in the art at the time of the invention to modify the above noted disclosure of Hammad as it relates to transaction approval system to include the above noted disclosure of Tannenbaum as it relates to administration of financial accounts. The motivation for combining the references would have been to enrol[I] account holders to transaction alert program.

Final Act. 9.

Appellant contends Tannenbaum does not teach

determining, by the processing device of the processing server, that the payment transaction does not satisfy the one or more consumer designated transaction controls included in the identified specific account profile based on a correspondence between the one or more consumer designated transaction controls and the one or more transaction data values included in the received transaction details,

and “when the processing device determines that the payment transaction satisfies the one or more consumer designated transaction controls, the transmitting device is configured to transmit the message without transmission of the confirmation request and receipt of the confirmation message,” as recited in claim 1. *See* App. Br. 15; *see also* Reply Br. 4–5. In support of this contention, Appellant presents the following principal arguments:

i.

First, Tannenbaum discloses determining whether or not to gather additional data at a point of sale, whereas the appealed claims determine whether or not approval has to be received for a payment transaction. Second, Tannenbaum performs this determination without any regard for transaction controls, as recited in the appealed claims, instead making its determination based on profile data irrespective of the transaction taking place.

App. Br. 16.

ii.

Hammad discloses that all transactions conducted by a specific, portable device enrolled in a transaction alert program require approval. Tannenbaum, as described in paragraph [0046], performs any special actions, such as the gathering of authentication data, at a point of sale prior to any attempt to process the transaction. A combination of Hammad and Tannenbaum would result in *all transactions still requiring approval*, with modification only being that the point of sale would first gather additional information, if applicable. The resulting combination fails to disclose or suggest the claimed invention, where requiring approval is conditional based on transaction controls.

App. Br. 16.

In response, the Examiner finds “Hammad teaches transaction

controls whereby an approving entity (e.g., employer, parent, or administrator) sets up alerts for transactions that exceed a specified amount to determine whether to approve or not approve such transactions.” Ans. 12 (citing Hammad ¶¶ 20, 51, 63); *see also* Ans. 14–15 (citing Hammand ¶ 63). Furthermore, the Examiner finds “Tannenbaum teaches a third party transmitting a message where it determines that the payment transaction satisfies consumer designated controls (e.g., they do not exceed a certain amount). If a transaction were to exceed a certain threshold amount, it would require specific approval for authorization.” Ans. 13 (citing Tannenbaum ¶¶ 25, 26); *see also* Ans. 14–15 (citing Tannenbaum ¶ 25).

We do not see any error in the contested findings of the Examiner. Nor do we see any error in the Examiner’s conclusion of obviousness.

Tannenbaum discloses

[t]he system can be designed, if desired, such that if the amounts in a category (or if the total outstanding balance at that time) were to exceed a certain amount, user 100, or a third party as identified in the user’s profile, would be required to give specific approval for a particular purchase.

Tannenbaum ¶ 25.

Thus, we find Tannenbaum teaches or suggests “determining, by the processing device of the processing server, that the payment transaction does not satisfy the one or more consumer designated transaction controls” (Tannenbaum’s “certain amount”) “included in the identified specific account profile based on a correspondence between the one or more consumer designated transaction controls and the one or more transaction data values included in the received transaction details,” as recited in claim 1. *See* Tannenbaum ¶ 25.

We further find Tannenbaum teaches or suggests “when the processing device determines that the payment transaction satisfies the one or more consumer designated transaction controls” (Tannenbaum’s “certain amount”), “the transmitting device is configured to transmit the message without transmission of the confirmation request and receipt of the confirmation message,” as recited in claim 1. *See* Tannenbaum ¶ 25.

Regarding Appellant’s argument (i), this argument is solely directed to the disclosure in Tannenbaum ¶ 46, and does not address the disclosure in Tannenbaum ¶ 25, which teaches the argued limitations for reasons explained above.

Regarding Appellant’s argument (ii), this argument is also directed to the disclosure in Tannenbaum ¶ 46, and for reasons explained above, we do not agree that all transactions in Tannenbaum still require approval. *See* Tannenbaum ¶ 25.

We, therefore, sustain the Examiner’s rejection of claim 1. We also sustain the Examiner’s rejection of claims 2–20, which are not separately argued with particularity.

ORDER

The Examiner’s decision rejecting claims 1–20 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).

AFFIRMED