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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
12/540,932	08/13/2009	J. Houston Cook	15548.0210	2297
27890	7590	12/26/2019	EXAMINER	
STEPTOE & JOHNSON LLP 1330 CONNECTICUT AVENUE, N.W. WASHINGTON, DC 20036			SCHMUCKER, MICHAEL W	
			ART UNIT	PAPER NUMBER
			3681	
			NOTIFICATION DATE	DELIVERY MODE
			12/26/2019	ELECTRONIC

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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte J. HOUSTON COOK, SCOTT M. PETERS, and
TRAVIS C. VANLANDINGHAM

Appeal 2018-008764
Application 12/540,932
Technology Center 3600

Before PHILIP J. HOFFMANN, BRUCE T. WIEDER, and
KENNETH G. SCHOPFER, *Administrative Patent Judges*.

WIEDER, *Administrative Patent Judge*.

DECISION ON APPEAL

Appellant¹ seeks review under 35 U.S.C. § 134 from the Examiner's final rejection of claims 1–18 and 20–25. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM and enter a NEW GROUND OF REJECTION pursuant to our authority under 37 C.F.R. § 41.50(b).

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 Regions Financial Corporation. (Appeal Br. 3.)

CLAIMED SUBJECT MATTER

Appellant's invention relates to "[a] method and system for incentivizing savings . . . by awarding a bonus upon receiving a number of recurring transfers during a period of time." (Spec. Abstract.)

Claims 1, 8, and 12 are the independent claims on appeal. Claim 1 is illustrative. It recites (bracketed matter and emphasis added):

1. A computer-implemented method for incentivizing saving comprising:

[(a)] directing a programmed recurring electronic transfer from a first account to a second account through a computer program containing instructions directing the transfer,

[(b)] receiving data representing the programmed recurring electronic transfer from the first account to the second account, the second account being a savings account,

[(c)] initiating and controlling the programmed recurring electronic transfer through *a computer-based calculation module* in communication with both the first account and the second account via a communication device,

[(d)] determining, by a processor, a number of programmed recurring electronic transfers received by *a computer-based calculation module, the calculation module* recording only the transfers controlled by another process,

[(e)] transmitting the data over a communications data channel through a server,

[(f)] adding, by a processor, a bonus to the second account when the number of recurring transfers received is above a threshold during a period of time, thereby generating a loyalty reward, the bonus calculated by *the calculation module*, and

[(g)] displaying data regarding the programmed recurring electronic transfer on a client display screen.

REJECTIONS²

Claims 1–18 and 20–25 are rejected under 35 U.S.C. § 101 as directed to a judicial exception without significantly more.

Claims 1, 3, 4, 7, 8, 10, and 11 are rejected under 35 U.S.C. § 102(e) as anticipated by Tucker (US 2015/0081411 A1, pub. Mar. 19, 2015).

Claims 2, 5, 6, 9, 12–18, and 20–25 are rejected under 35 U.S.C. § 103(a) as unpatentable over Tucker.

ANALYSIS

The § 101 rejection

Appellant does not separately argue the claims. We select claim 1 as representative. Claims 2–18 and 20–25 will stand or fall with claim 1. *See* 37 C.F.R. § 41.37(c)(1)(iv).

“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.” 35 U.S.C. § 101. Section 101, however, “contains an important implicit exception: Laws of nature, natural phenomena, and abstract ideas are not patentable.” *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 573 U.S. 208, 216 (2014) (quoting *Assoc. for Molecular Pathology v. Myriad Genetics, Inc.*, 569 U.S. 576, 589 (2013)).

Alice applies a two-step framework, earlier set out in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. 66 (2012), “for distinguishing patents that claim laws of nature, natural

² The rejection of claims 1–11 under 35 U.S.C. § 112, second paragraph, was withdrawn. (*See* Answer 4.)

phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts.” *Alice*, 573 U.S. at 217.

Under the two-step framework, it must first be determined if “the claims at issue are directed to a patent-ineligible concept.” *Id.* at 218. If the claims are determined to be directed to a patent-ineligible concept, e.g., an abstract idea, then the second step of the framework is applied to determine if “the elements of the claim . . . contain[] an ‘inventive concept’ sufficient to ‘transform’ the claimed abstract idea into a patent-eligible application.” *Id.* at 221 (citing *Mayo*, 566 U.S. at 72–73, 79).

With regard to step one of the *Alice* framework, we apply a “directed to” two-prong test to: 1) evaluate whether the claim recites a judicial exception, and 2) if the claim recites a judicial exception, evaluate whether the claim “appl[ies], rel[ies] on, or use[s] the judicial exception in a manner that imposes a meaningful limit on the judicial exception, such that the claim is more than a drafting effort designed to monopolize the judicial exception.” *See* USPTO, 2019 Revised Patent Subject Matter Eligibility Guidance, 84 Fed. Reg. 50, 54 (Jan. 7, 2019) (hereinafter “2019 Guidance”).

Here, the Examiner determines that claim 1 is directed to “a ledger system that could be performed with pen and paper.” (Advisory Action mailed Feb. 9, 2018.) The Examiner also determines that claim 1 “as a whole [is] directed to Loyalty systems to incentivize user actions. A Loyalty System is a Targeted Advertising System to specific users and advertising falls under ‘Certain Methods of Organizing Human Activity.’” (Final Action 5.)

Appellant argues that “[t]he claimed subject matter do [sic] not recite a general use of loyalty awards, but are [sic] directed to specific interactions

with a processor and a communications data channel in a computerized system.” (Appeal Br. 8.)

Under step one of the *Alice* framework, we “look at the ‘focus of the claimed advance over the prior art’ to determine if the claim’s ‘character as a whole’ is directed to excluded subject matter.” *Affinity Labs of Texas, LLC v. DIRECTV, LLC*, 838 F.3d 1253, 1257 (Fed. Cir. 2016) (quoting *Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1353 (Fed. Cir. 2016).

The ‘directed to’ inquiry . . . cannot simply ask whether the claims *involve* a patent-ineligible concept, because essentially every routinely patent-eligible claim involving physical products and actions *involves* a law of nature and/or natural phenomenon Rather, the ‘directed to’ inquiry applies a stage-one filter to claims, considered in light of the specification, based on whether ‘their character as a whole is directed to excluded subject matter.’ *Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1346 (Fed. Cir. 2015).

Enfish, LLC v. Microsoft Corp., 822 F.3d 1327, 1335 (Fed. Cir. 2016). In other words, the first step of the *Alice* framework “asks whether the focus of the claims is on the specific asserted improvement in [the relevant technology] or, instead, on a process that qualifies as an ‘abstract idea’ for which computers are invoked merely as a tool.” *Id.* at 1335–36; *see also* 2019 Guidance at 54–55.

The Specification provides evidence as to what the claimed invention is directed. In this case, the Specification discloses that “[t]he invention relates to a method for incentivizing savings.” (Spec. 1, l. 7.) Claim 1 provides further evidence. Claim 1 recites a “method for incentivizing saving comprising: directing a . . . recurring electronic transfer from a first account to a second account,” “receiving data representing the . . . recurring electronic transfer,” “initiating and controlling the . . . recurring electronic

transfer,” “determining . . . a number of . . . recurring electronic transfers received,” “transmitting the data,” “adding . . . a bonus to the second account when the number of recurring transfers is above a threshold during a period of time,” “and displaying data regarding the . . . recurring electronic transfer on a client display screen.”

In short, claim 1 recites a recurring transfer from a first account to a second account, determining the number of such transfers, and adding a bonus (i.e., “a loyalty reward”) to the second account when the number of transfers exceeds a threshold. Courts have found claims directed to similar subject matter to be directed to abstract ideas. *See, e.g., Bancorp Servs., L.L.C. v. Sun Life Assur. Co. of Canada*, 687 F.3d 1266, 1280 (Fed. Cir. 2012) (managing an account by performing calculations and manipulating the results determined to be directed to an abstract idea); *see also Alice*, 573 U.S. at 224 (“creat[ing] electronic records, track[ing] multiple transactions, and issu[ing] simultaneous instructions” identified as within the realm of abstract ideas).

The steps recited in claim 1 are performed by directing an electronic transfer, receiving data, initiating and controlling the transfer, determining a number of transfers, transmitting data, modifying data in an account (adding a bonus when the number of transfers is above a threshold), and displaying data. Claim 1 performs these steps using a generic “computer-based calculation module,” a generic “processor,” a generic “communications data channel . . . [and] server,” and a generic “display screen.” (*See, e.g., Spec. 6, l. 8 – 8, l. 4; see also Answer 5.*)

The claim limitations do not recite technological implementation details for any of the steps. Nor does claim 1 recite “a particular way of

programming or designing the software . . . , but instead merely claim[s] the resulting [method].” *Apple, Inc. v. Ameranth, Inc.*, 842 F.3d 1229, 1241 (Fed. Cir. 2016). Claim 1 merely recites functional results to be achieved by any means. Additionally, Appellant’s Specification makes clear that the computing components and systems were well known. (*See, e.g.*, Spec. 6, l. 8 – 8, l. 4.) In short, claim 1 does not recite a specific asserted improvement to computer technology.

In view of the above evidence, we determine that claim 1 is directed to a method for incentivizing savings, i.e., “advertising, marketing or sales activities or behaviors” and “managing personal behavior.” (*See* 2019 Guidance at 52.) Thus, claim 1 is directed to the abstract idea of certain methods of organizing human activity. (*See id.*) This is in accord with the Examiner’s determination. (*See* Final Action 5.) Also, we agree with the Examiner that the method recited in claim 1 could be performed with a pen and paper. (*See* Advisory Action mailed Feb. 9, 2018.) Thus, claim 1 is also directed to the abstract idea of mental processes. (*See* 2019 Guidance at 52.)

Moreover, we do not see how the recitation of a generic “computer-based calculation module,” a generic “processor,” a generic “communications data channel . . . [and] server,” and a generic “display screen,” even in conjunction with the recited functions, “ensure[s] ‘that the [claim] is more than a drafting effort designed to monopolize the [abstract idea].’” *See Alice*, 573 U.S. at 221 (brackets in original) (quoting *Mayo*, 566 U.S. at 77.)

Nonetheless, Appellant argues that the “computer initiated and controlled methods reflect improvement to computer software functionality

that are significantly more than routine and conventional methods.” (Appeal Br. 9.) We do not find this argument persuasive.

Claim 1 does not recite *how* the initiating and controlling step is performed. Claim 1 simply recites “initiating and controlling the programmed recurring electronic transfer through a computer-based calculation module in communication with both the first account and the second account via a communication device.” In other words, claim 1 recites initiating and controlling through the calculation module by any means. Claim 1 is similarly deficient in reciting, e.g., how the directing, determining, and adding steps are performed. *See, e.g., BSG Tech LLC v. BuySeasons, Inc.*, 899 F.3d 1281, 1288 (Fed. Cir. 2018) (“[A]n improvement to the information stored by a database is not equivalent to an improvement in the database’s functionality.”).

In cases involving software innovations, such as we have here, the inquiry as to whether the claims are directed to an abstract idea “often turns on whether the claims focus on ‘the specific asserted improvement in computer capabilities . . . or, instead on a process that qualifies as an “abstract idea” for which computers are invoked merely as a tool.’” *Finjan, Inc. v. Blue Coat Sys., Inc.*, 879 F.3d 1299, 1303 (Fed. Cir. 2018) (quoting *Enfish LLC*, 822 F.3d at 1335–36). Even if we consider claim 1 to be limited to a particular technological environment, “limiting the claims to [a] particular technological environment . . . is, without more, insufficient to transform them into patent-eligible applications of the abstract idea at their core.” *Elec. Power Grp.*, 830 F.3d at 1354. Moreover, “[n]o matter how much of an advance in the finance field the claims recite, the advance lies entirely in the realm of abstract ideas, with no plausibly alleged innovation

in the non-abstract application realm.” *SAP America, Inc. v. InvestPic, LLC*, 898 F.3d 1161, 1163 (Fed. Cir. 2018).

Appellant seeks to analogize the pending claims to the claims in *BASCOM Global Internet Services, Inc. v. AT&T Mobility LLC*, 827 F.3d 1341 (Fed. Cir. 2016). (Reply Br. 4.) Specifically, Appellant argues that “[t]he calculation module with customizable features to initiate and control the transfer is analogous to the custom filter of BASCOM.” (*Id.*) We disagree.

In *BASCOM*, the court determined that “an inventive concept can be found in the non-conventional and non-generic arrangement of known, conventional pieces.” *BASCOM*, 827 F.3d at 1350. Specifically, *BASCOM*’s content filter could be “installed remotely in a single location” and this “particular arrangement of elements is a technical improvement over the prior art ways of filtering.” *Id.* Here, however, it is unclear how the calculation module is arranged in the system. Moreover, claim 1 does not recite “customizable features to initiate and control the transfer.” Thus, Appellant’s argument is not commensurate with the scope of the claim.

Appellant also seeks to analogize claim 1 to the claims in *Core Wireless Licensing S.A.R.L. v. LG Electronics, Inc.*, 880 F.3d 1356 (Fed. Cir. 2018). (Reply Br. 6.) Appellant argues that “the claimed subject matter represents a significant improvement by saving the user from manually initiating or controlling transfers.” (Reply Br. 5.) We do not find this argument persuasive.

Unlike claim 1 here, the claims in *Core Wireless* were directed to improved functionality in a user interface. *Core Wireless*, 880 F.3d at 1362. Moreover, “relying on a computer to perform routine tasks more quickly or

more accurately is insufficient to render a claim patent eligible.” *See OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1363 (Fed. Cir. 2015).

Thus, under prong one of the two prong test in the 2019 Guidance, claim 1 recites an abstract idea; and, under prong two, additional elements in claim 1 do not “apply, rely on, or use the judicial exception in a manner that imposes a meaningful limit on the judicial exception, such that the claim is more than a drafting effort designed to monopolize the judicial exception.” (*See* 2019 Guidance at 54.) As such, under step one of the *Alice* framework, claim 1 is directed to an abstract idea, and we move to step two.

Step two of the *Alice* framework has been described “as a search for an ‘“inventive concept” ’ –*i.e.*, an element or combination of elements that is ‘sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the [ineligible concept] itself.’” *Alice*, 573 U.S. at 217–18 (quoting *Mayo*, 566 U.S. at 72–73).

Taking the claim elements separately, the functions performed by the generic “computer-based calculation module,” generic “processor,” generic “communications data channel . . . [and] server,” and generic “display screen” are purely conventional. (*See, e.g.*, Spec. 6, l. 8 – 8, l. 4.) Directing the adjustment of account data, receiving data, determining a number of transfers, transmitting data, modifying data in an account, and displaying data are well-understood, routine, and conventional functions previously known to the industry. *See Elec. Power Grp.*, 830 F.3d at 1356 (The claims “do not include any requirement for performing the claimed functions of gathering, analyzing, and displaying in real time by use of anything but entirely conventional, generic technology. The claims therefore do not state an arguably inventive concept”); *see also In re Katz Interactive Call*

Processing Patent Litig., 639 F.3d 1303, 1316 (Fed. Cir. 2011) (“Absent a possible narrower construction of the terms ‘processing,’ ‘receiving,’ and ‘storing,’ . . . those functions can be achieved by any general purpose computer without special programming.”).

Considered as an ordered combination, the generic computing components of Appellant’s claimed invention add nothing that is not already present when the limitations are considered separately. (*See e.g.*, Spec., Fig. 1.) For example, claim 1 does not, as discussed above, purport to improve the functioning of the computing components themselves. Nor does it effect an improvement in any other technology or technical field. Instead, claim 1 amounts to nothing significantly more than an instruction to apply the abstract idea using generic computing components performing routine computer functions. That is not enough to transform an abstract idea into a patent-eligible invention. *See Alice*, 573 U.S. at 225–26.

In view of the above, we are not persuaded that the Examiner erred in rejecting claim 1. Claims 2–18 and 20–25 are not separately argued and fall with claim 1. *See* 37 C.F.R. § 41.37(c)(1)(iv).

The §§ 102(b) and 103(a) rejections and new ground of rejection

Tucker teaches a system and method for “processing a financial transaction that includes determining an automatic savings amount and rewards amount payments. The system may comprises [sic] a checking account, a savings account, an account of a merchant, and one or more computer systems.” (Tucker ¶ 11.)

With regard to limitations (c) and (d) of claim 1, the Examiner finds that

Tucker details counting a recurring transfer from one account to another via a recurring auto-transfer in at least paragraph 0067 and Tucker discloses recording the transfers via standard banking [procedures] where transfers in and out of an account are noted in the statements in at least paragraph 0064 and since the payments are for auto payments the transfer is controlled by the biller who request [sic] payment of the amount of the bill and is paid. Hence the creditor (“another process”) controls the transfer.

(Final Action 11.)

Appellant disagrees and argues that “the biller in Tucker is not using another process, but the same automatic payment. Moreover, there is nothing in Tucker that shows the calculation module recording only the transfers controlled by another process.” (Appeal Br. 9–10.)

Appellant’s Specification discloses that “[t]he calculation module 105 monitors the transfers from the first account 101 to the second account 103. The calculation module 105 may initiate or control the transfers, or may only record transfers that are initiated and controlled by another process.”

(Spec. 5, ll. 19–21.)

In relevant part, claim 1 recites (bracketed matter and emphasis added):

[(c)] initiating and controlling the programmed recurring electronic transfer through *a computer-based calculation module* in communication with both the first account and the second account via a communication device,

[(d)] determining, by a processor, a number of programmed recurring electronic transfers received by *a computer-based calculation module, the calculation module* recording only the transfers controlled by another process,

...

[(f)] adding, by a processor, a bonus to the second account when the number of recurring transfers received is above a

threshold during a period of time, thereby generating a loyalty reward, the bonus calculated by *the calculation module*.

It is unclear from claim 1 if the computer-based calculation module recited in limitation (c) is the same or different from the computer based calculation module recited in limitation (d). It is also unclear to which computer-based calculation module the phrase “the calculation module” (in limitations (d) and (f)) refers. If “a computer-based calculation module” in limitation (c) is separate from “a computer-based calculation module” in limitation (d), then the computer-based calculation module in limitation (c) may represent “another process” as that term is used in limitation (d). If not, then the computer-based calculation module in limitation (c) may not represent “another process” as that term is used in limitation (d). We note that independent claims 8 and 12 suffer a similar infirmity. Indeed, claim 12 recites, in relevant part (and emphasis added):

a computer-based calculation module in communication with both the first account and the second account; and
a communication device connecting the first account, the second account and *the calculation module*;
the computer-based calculation module configured to:
determine a number of programmed recurring electronic transfers received via a processor;
initiate and control the transfer through *a computer-based calculation module* in communication with both the first account and the second account via a communication device and record only the transfers controlled by another process; and
add a bonus calculated by *the calculation module* to the second account when the number of recurring transfers received is above a threshold during a period of time to generate a loyalty reward, the second account being a savings account.

“We employ a lower threshold of ambiguity when reviewing a pending claim for indefiniteness than those used by post-issuance reviewing courts.” *Ex parte Miyazaki*, 89 USPQ2d 1207, 1211 (BPAI 2008) (precedential). Specifically, “if a claim is amenable to two or more plausible claim constructions, the USPTO is justified in requiring the applicant to more precisely define the metes and bounds of the claimed invention by holding the claim unpatentable under 35 U.S.C. § 112, second paragraph, as indefinite.” *Id.*; *see also In re Packard*, 751 F.3d 1307, 1311 (Fed. Cir. 2014).

In view of the above, we do not sustain the rejection under § 102(b) of independent claims 1, 8, and 12, and dependent claims 3, 4, 7, 8, 10, and 11, because this rejection is necessarily based on speculative assumptions as to the meaning of the claim. *See In re Steele*, 305 F.2d 859, 862–63 (CCPA 1962). For the same reason, we do not sustain the rejection of dependent claims 2, 5, 6, 9, 12–18, and 20–25 under § 103(a).

It must be understood, however, that our decision regarding these rejections is based solely on the ambiguity of the claims and does not reflect in any manner on the adequacy of the prior art evidence relied on in the Examiner’s rejection.

Further in view of the above, and pursuant to our authority under 37 C.F.R. § 41.50(b), we enter a NEW GROUND OF REJECTION against claims 1–18 and 20–25 under 35 U.S.C § 112, second paragraph, as indefinite with regard to the recitation of the term “computer-based calculation module.”

CONCLUSION

The Examiner's rejection of claims 1–18 and 20–25 under 35 U.S.C. § 101 is affirmed.

The Examiner's rejection of claims 1, 3, 4, 7, 8, 10, and 11 under 35 U.S.C. § 102(e) is reversed.

The Examiner's rejection of claims 2, 5, 6, 9, 12–18, and 20–25 under 35 U.S.C. § 103(a) is reversed.

Pursuant to our authority under 37 C.F.R. § 41.50(b), we enter a NEW GROUND OF REJECTION against claims 1–18 and 20–25 under 35 U.S.C. § 112, second paragraph, as indefinite.

This decision contains a new ground of rejection pursuant to 37 C.F.R. § 41.50(b). Section 41.50(b) provides that, “[a] new ground of rejection pursuant to this paragraph shall not be considered final for judicial review.” Section 41.50(b) further provides that Appellant, WITHIN TWO MONTHS FROM THE DATE OF THIS DECISION, must exercise one of the following two options with respect to the new ground of rejection to avoid termination of the appeal as to the rejected claims:

(1) *Reopen prosecution.* Submit an appropriate amendment of the claims so rejected or new evidence relating to the claims so rejected, or both, and have the matter reconsidered by the Examiner, in which event the proceeding will be remanded to the Examiner.

(2) *Request rehearing.* Request that the proceeding be reheard under § 41.52 by the Board upon the same record.

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Specifically:

Claims Rejected	35 U.S.C. §	Reference(s)/Basis	Affirmed	Reversed	New Ground
1-18, 20-25	101	eligibility	1-18, 20-25		
1, 3, 4, 7, 8, 10, 11	102(e)	Tucker		1, 3, 4, 7, 8, 10, 11	
2, 5, 6, 9, 12-18, 20-25	103(a)	Tucker		2, 5, 6, 9, 12-18, 20-25	
1-18, 20-25	112, second paragraph	indefiniteness			1-18, 20-25
Overall Outcome			1-18, 20-25		1-18, 20-25

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).

AFFIRMED; 37 C.F.R. § 41.50(b)