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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte ALAN MATTHEW

Appeal 2018-008889¹
Application 10/918,127
Technology Center 3600

Before MAHSHID D. SAADAT, ST. JOHN COURTENAY III, and
JOYCE CRAIG, *Administrative Patent Judges*.

COURTENAY, *Administrative Patent Judge*.

DECISION ON APPEAL

Appellant² appeals under 35 U.S.C. § 134(a) from a final rejection of claims 1–18 and 21–68, which are all the claims pending in this application. Claims 19 and 20 are cancelled. We have jurisdiction over the pending claims under 35 U.S.C. § 6(b).

We affirm.

¹ Review of this appeal has been expedited in response to a petition to make special under 37 C.F.R. § 1.102(c)(1) that was GRANTED on January 5, 2018.

² According to Appellant, the real party in interest is the named inventor, Alan Matthew. App. Br. 2.

STATEMENT OF THE CASE

Introduction

Embodiments of Appellant's invention relate to a "[m]achine for, and method of, collecting consumer accessible transaction data." (Abstract).

Exemplary Claim

1. A method of using an apparatus comprising a computer system to produce updated profile data which is provided so that the updated profile data can be viewed by a customer member of a member system including customer members and retail members, the method including the steps of:

receiving, by a computer system, a customer identifier of a customer member of a member system associated with a sale transaction with a retail member among different companies of a member system;

receiving, by the computer system, transaction data from the sale transaction and a retailer identifier of the retail member carrying out the sale transaction, wherein the customer identifier and the retail identifier are not used to carry out the sale transaction;

using, by the computer system, the customer identifier to identify a profile of the customer member in a database;

inserting, by the computer system, the transaction data into the profile in the database to produce updated profile data;

providing, by the computer system to a data sales, storage, and marketing component of the computer system, the updated data so that the updated profile data can be viewed by the customer member; and

providing, by the computer system, revenue for the member system by mining, by the data sales, storage, and marketing component, the sale transaction data and the updated profile data which produces data that is sold while providing the updated profile data to the retail member either without charge or at a rate that is discounted with respect to other entities that receive the sold data.

App. Br. 112.

Rejection

Claims 1–18 and 21–68 are rejected under 35 U.S.C. § 101 as being directed to a judicial exception, without significantly more. Final Act. 3.

Issue on Appeal

Did the Examiner err in rejecting claims 1–18 and 21–68 under 35 U.S.C. § 101, as being directed to a judicial exception, without significantly more?

ANALYSIS

We have considered all of Appellant’s arguments and any evidence presented. To the extent Appellant has not advanced separate, substantive arguments for particular claims, or other issues, such arguments are waived. *See* 37 C.F.R. § 41.37(c)(1)(iv). We highlight and address specific findings and arguments for emphasis in our analysis below.

Mayo/Alice Analysis under 35 U.S.C. § 101

Under 35 U.S.C. § 101, a patent may be obtained for “any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof.” The Supreme Court has “long held that this provision 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*, 134 S. Ct. 2347, 2354 (2014) (quoting *Ass’n for Molecular Pathology v. Myriad Genetics, Inc.*, 569 U.S. 576, 589 (2013)). The Supreme Court in *Alice* reiterated the two-step framework previously set forth in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. 66, 82–84 (2012), “for distinguishing patents that claim laws of

nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts.” *Alice*, 134 S. Ct. at 2355.

The first step in that analysis is to determine whether the claims at issue are directed to one of those patent-ineligible concepts, such as an *abstract idea*. Abstract ideas may include, but are not limited to, fundamental economic practices, methods of organizing human activities, an idea of itself, and mathematical formulas or relationships. *Id.* at 2355–57.

If the claims are *not directed* to a patent-ineligible concept, *the inquiry ends*. See *Visual Memory LLC v. NVIDIA Corp.*, 867 F.3d 1253, 1262 (Fed. Cir. 2017). Otherwise, the inquiry proceeds to the second step in which the elements of the claims are considered “individually and ‘as an ordered combination’ to determine whether the additional elements ‘transform the nature of the claim’ into a patent-eligible application.” *Alice*, 134 S. Ct. at 2355 (quoting *Mayo*, 566 U.S. at 79, 78). We consider the question of whether the claims are directed to a *specific improvement* in the capabilities of the computing devices, or, instead, “a process that qualifies as an ‘abstract idea’ for which computers are invoked merely as a tool.” *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1336 (Fed. Cir. 2016).

We, therefore, decide under step two whether the claims: (a) set forth an *inventive concept* that provides a specific means or method that *improves* the relevant technology, or (b) are directed to a result or effect that itself is the abstract idea, in which the claims merely invoke generic processes and machinery. See *Enfish*, 822 F.3d at 1336.

Prosecution History in light of Berkheimer v. HP Inc.

At the outset, we note *Berkheimer v. HP Inc.*, 881 F.3d 1360 (Fed. Cir. 2018) was decided on February 8, 2018, and is cited by Appellant in the Appeal Brief (p. 86, *et seq.*), and the Reply Brief. The *Berkheimer* court held: “Whether something is *well-understood, routine, and conventional* to a skilled artisan at the time of the patent is a factual determination.” *Id.* at 1369 (emphasis added).

As additional guidance, Appellant cites to the new mandatory examination procedure issued by the USPTO on April 19, 2018, entitled “Changes in Examination Procedure Pertaining to Subject Matter Eligibility, Recent Subject Matter Eligibility Decision (*Berkheimer v. HP, Inc.*).” (hereinafter “USPTO *Berkheimer* Memorandum”). See App. Br. 86.

We note the Examiner’s Final Action was mailed on March, 23, 2017, almost eleven months before the *Berkheimer* decision, and over a year before the USPTO *Berkheimer* Memorandum was issued on April 19, 2018.

However, Appellant’s Appeal Brief was filed on May 17, 2018, more than three months *after* the *Berkheimer* decision, and almost a month after the USPTO *Berkheimer* Memorandum was published (April 19, 2018). Therefore, Appellant had constructive notice of both the *Berkheimer* decision and the USPTO *Berkheimer* Memorandum when the Appeal Brief and subsequent Reply Brief were filed.

The USPTO *Berkheimer* Memorandum requires a Patent Examiner to support with factual evidence any allegation that *claim elements* (or a *combination of elements*) were *well-understood, routine, or conventional*, at the time the invention was filed. Four specific types of acceptable factual

evidence are enumerated in the Memorandum. For convenience, we reproduce below the substantive changes to prior examination practice, as set forth in the USPTO *Berkheimer* Memorandum (3–4):

A. *Formulating Rejections:* In a step 2B analysis, an additional element (or combination of elements) is not well-understood, routine or conventional unless the examiner finds, and expressly supports a rejection in writing with, one or more of the following:

1. A citation to an express statement in the specification or to a statement made by an applicant during prosecution that demonstrates the well-understood, routine, conventional nature of the additional element(s). A specification demonstrates the well-understood, routine, conventional nature of additional elements when it describes the additional elements as well-understood or routine or conventional (or an equivalent term), as a commercially available product, or in a manner that indicates that the additional elements are sufficiently well-known that the specification does not need to describe the particulars of such additional elements to satisfy 35 U.S.C. § 112(a). A finding that an element is well-understood, routine, or conventional cannot be based only on the fact that the specification is silent with respect to describing such element.
2. A citation to one or more of the court decisions discussed in MPEP § 2106.05(d)(II) as noting the well-understood, routine, conventional nature of the additional element(s).
3. A citation to a publication that demonstrates the well-understood, routine, conventional nature of the additional element(s). An appropriate publication could include a book, manual, review article, or other source that describes the state of the art and discusses what is well-known and in common use in the relevant industry. It does not include all items that might otherwise qualify as a “printed publication” as used in 35 U.S.C. § 102.[]

Whether something is disclosed in a document that is considered a “printed publication” under 35 U.S.C. § 102 is a distinct inquiry from whether something is well-known, routine, conventional activity. A document may be a printed publication but still fail to establish that something it describes is well-understood, routine, conventional activity. *See Exergen Corp.*, 2018 WL 1193529, at *4 (the single copy of a thesis written in German and located in a German university library considered to be a “printed publication” in *Hall* “would not suffice to establish that something is ‘well-understood, routine, and conventional activity previously engaged in by scientists who work in the field’”). The nature of the publication and the description of the additional elements in the publication would need to demonstrate that the additional elements are widely prevalent or in common use in the relevant field, comparable to the types of activity or elements that are so well-known that they do not need to be described in detail in a patent application to satisfy 35 U.S.C. § 112(a). For example, while U.S. patents and published applications are publications, merely finding the additional element in a single patent or published application would not be sufficient to demonstrate that the additional element is well-understood, routine, conventional, unless the patent or published application demonstrates that the additional element are widely prevalent or in common use in the relevant field.

4. A statement that the examiner is taking official notice of the well-understood, routine, conventional nature of the additional element(s). This option should be used **only** when the examiner is certain, based upon his or her personal knowledge, that the additional element(s) represents well-understood, routine, conventional activity engaged in by those in the relevant art, in that the additional elements are widely prevalent or in common use in the relevant field, comparable to the types of activity or elements that are so well-known that they do

not need to be described in detail in a patent application to satisfy 35 U.S.C. § 112(a). Procedures for taking official notice and addressing an applicant's challenge to official notice are discussed in MPEP § 2144.03.

In reviewing the prosecution history, we note the Examiner did not have the benefit of the guidance of the *Berkheimer* decision and the USPTO *Berkheimer* Memorandum until the Examiner's Answer was mailed on July 16, 2018. Therefore, we focus our analysis *infra* on the Examiner's responsive explanations in the Answer, and Appellant's corresponding rebuttals in the Reply Brief, to the extent such rebuttals are timely in response to a change in the Examiner's legal reasoning and/or findings, as a result of the *Berkheimer* decision and the USPTO *Berkheimer* Memorandum. *See* 37 C.F.R. §41.41(b)(2).

The Examiner's Rejection A under 35 U.S.C. § 101

Regarding the first step of the *Alice/Mayo* analysis, the Examiner concludes claims 1–18 and 21–68 are directed to an abstract idea:

The claims recite a contractual arrangement or relationship that sells mined transaction data. This is similar to managing a transaction between two people or creating a contractual relationship (buySAFE)^[3]; Collecting information, analyzing it, and displaying certain results of the collection and analysis (*Electric Power Group*); and arranging, storing, retrieving, sorting, eliminating, and determining information with a computer (*Versata*).^[4] The claim recites steps that are broadly

³ The Examiner is referring to *buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350 (Fed. Cir. 2014) (A guaranty service for online transactions is abstract).

⁴ The Examiner is referring to *Versata Dev. Group, Inc v. SAP*

interpreted as receiving, storing, comparing the stored information (to identify); formatting information for display, transmission (providing) data that can be viewed. This is simply the reception, storage, organization, comparison (analysis) and transmission of data to manage a transaction or agreement. Therefore, the claim is directed to an abstract idea.

Final Act. 7.⁵

Regarding the second step of the *Mayo/Alice* analysis, the Examiner finds:

The claims do not recite any additional limitations besides using the apparatus comprising a computer system, to transmit i.e. receive and send information over a network. The generically recited computer system is generically applied to the abstract idea to implement it on a computer. The computer system performs the generic functions of receiving, storing, inserting data, updating data and information and mining transaction and customer data details at a high level of generality. The apparatus is recited at a high level of generality (comprising a computer system) and its broadest reasonable interpretation comprises only a processor, a memory, and at least one database to store and to simply perform the generic computer functions of receiving, storing, processing and transmitting information.

The steps of receiving data, inserting data, updating the data and mining the updated data are interpreted as routine and conventional, and thus not significantly more (*Ultramercial*,^[6] *Flook*). Mining data is interpreted as *routine, and conventional*.

Am., Inc., 793 F.3d 1306, 1331 (Fed. Cir. 2015).

⁵ “Patent eligibility under § 101 presents an issue of law.” *Accenture Glob. Servs., GmbH v. Guidewire Software, Inc.*, 728 F.3d 1336, 1340 (Fed. Cir. 2013).

⁶ The Examiner is referring to *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 714–715 (Fed. Cir. 2014) (An online method of ad serving is abstract).

Generic computers performing generic computer functions, alone, do not amount to significantly more than the abstract idea. The courts have found the functions of arranging, storing, retrieving, sorting, eliminating, and determining information with a computer to be *well understood, routine and conventional* functions of a computer system (*Versata*).^[7]

...

Instructing one to “apply” an abstract idea and reciting no more than generic computer elements performing generic computer tasks does not make an abstract idea patent eligible. *See Alice*, 134 S. Ct. at 2359–60 (holding patent ineligible claims that “amount to nothing significantly more than an instruction to apply the abstract idea . . . using some unspecified, generic computer” and in which “each step does no more than require a generic computer to perform generic computer functions” (internal quotation marks, citation omitted)); *Ultramercial*, 772 F.3d at 716 (“Adding routine[,] additional steps . . . does not transform an otherwise abstract idea into patent eligible subject matter.”); *Bancorp*, 687 F.3d at 1274, 1278 (appending generic computer components does not “salvage an otherwise patent-ineligible process”); *CyberSource*, 654 F.3d at 1375 (“[T]he incidental use of a computer to perform the [claimed process] does not impose a sufficiently meaningful limitation on the claim’s *3-4 (Fed. Cir. June 11, 2015).

There is no recitation of any limitation that is interpreted as significantly more in the dependent claims. While these claims may have a narrower scope than the representative claims, *no dependent claim contains an “inventive concept” that transforms the corresponding claim into a patent-eligible application of the otherwise ineligible abstract idea.* For example describing what the transmitted message comprises, or

⁷ The patent eligibility inquiry may contain underlying issues of fact. *Mortg. Grader, Inc. v. First Choice Loan Servs. Inc.*, 811 F.3d 1314, 1325 (Fed. Cir. 2016). In particular, “[t]he question of whether a claim element or combination of elements is well-understood, routine and conventional to a skilled artisan in the relevant field is a question of fact.” *Berkheimer*, 881 F.3d at 1368.

the destination of where the transmission is sent or using the data to generate a report does not render the claim statutory.

Final Act. 7–9 (emphasis added).

Thus, the Examiner finds the claims do not include additional elements that are significantly more than the judicial exception. Final Act. 9.

For the aforementioned reasons, the Examiner concludes that all claims 1–18 and 21–68 on appeal are not patent eligible under 35 U.S.C. § 101.

Claims 1–18 and 21–68

Mayo/Alice Analysis — Step 1

We disagree with Appellant’s arguments, and agree with and adopt the Examiner’s underlying *Berkheimer* factual findings (under step 2) and the Examiner’s ultimate legal conclusion that all claims 1–18 and 21–68 on appeal are directed to a judicial exception, (i.e., the abstract idea of a fundamental economic practice under step 1), without significantly more.

Regarding *Alice* Step 1, Appellant notes that “[t]he Final Rejection states at P. 6 for the *Mayo* step 1 that ‘The claims are directed to a method and a trade system.’ This is not a proper articulation of an abstract idea. A ‘method’ is of course a statutory category, and thus claims drawn to the statutory category can never *per se* be an abstract idea.” App. Br. 87. Appellant further contends: “A trade system is not *per se* an abstract idea either - thus the Final Rejection commences with an erroneous contention under *Mayo* step 1.” *Id.*

We emphasize that the issue of whether a claim is directed to a judicial exception, such as an abstract idea, is separate and independent from whether a claim is directed to statutory subject matter (i.e., “any new and

useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof” — 35 U.S.C. § 101). Claims that fall within one of the four subject matter categories may nevertheless be ineligible if they encompass laws of nature, physical phenomena, or abstract ideas. *See Diamond v. Chakrabarty*, 447 U.S. 303, 309 (1980).

Here, Appellant’s claim 1 positively recites steps of “receiving” that we conclude gather or collect information:

receiving, by a computer system, a customer identifier of a customer member of a member system associated with a sale transaction with a retail member among different companies of a member system;

receiving, by the computer system, transaction data from the sale transaction and a retailer identifier of the retail member carrying out the sale transaction, wherein the customer identifier and the retail identifier are not used to carry out the sale transaction;

Our reviewing court has held that claims directed to data collection, analysis, and display are directed to an abstract idea. *Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1353 (Fed. Cir. 2016) (holding that “collecting information, analyzing it, and displaying certain results of the collection and analysis” are “a familiar class of claims ‘directed to’ a patent-ineligible concept”); *see also In re TLI Commc’ns LLC Patent Litig.*, 823 F.3d 607, 611 (Fed. Cir. 2016); *FairWarning IP, LLC v. Iatric Sys., Inc.*, 839 F.3d 1089, 1093–94 (Fed. Cir. 2016).

Data gathering is a classic example of insignificant extra-solution activity. *See, e.g., In re Bilski*, 545 F.3d 943, 963 (Fed. Cir. 2008) (en banc), *aff’d sub nom, Bilski v. Kappos*, 561 U.S. 593 (2010). The Federal Circuit has concluded that abstract ideas include the concepts of collecting data,

recognizing certain data within the collected data set, and storing the data in memory. *Content Extraction & Transmission LLC v. Wells Fargo Bank, N.A.*, 776 F.3d 1343, 1347 (Fed. Cir. 2014); *see also Smart Sys. Innovations, LLC v. Chi. Transit Auth.*, 873 F.3d 1364, 1372 (Fed. Cir. 2017) (concluding “claims directed to the collection, storage, and recognition of data are directed to an abstract idea”).

Moreover, Appellant’s claims are directed to the results of: (1) “providing . . . updated profile data [that] can be viewed by the customer member, and (2) “providing . . . revenue for the member system by mining . . . the sale transaction data and the updated profile data.” Claim 1.

However, *McRO, Inc. v. Bandai Namco Games America Inc.*, (837 F.3d 1299, 1312 (Fed. Cir. 2016)) guides that “[t]he abstract idea exception prevents patenting a result where ‘it matters not by what process or machinery the result is accomplished.’” (quoting *O’Reilly v. Morse*, 56 U.S. 62, 113 (1854)) (emphasis added).

Here, Appellant merely claims a generic *computer system* and *database*. (Independent claims 1, 21, 40, and 55). Our claim interpretation is consistent with Appellant’s Specification (p. 17, l. 21), which expressly describes the use of generic databases and computers: “The database 220 can utilize *conventional* database software.” (Emphasis added). *See also* Spec. 14, ll. 8–12: “as used herein, the term ‘computer’ generally refers to hardware or hardware in combination with one or more program(s), such as can be implemented in software. Computer aspects can be implemented on

general purpose computers or specialized devices, and can operate electrically, optically, or in any other fashion.” (emphasis added).⁸

Therefore, on this record, we are not persuaded the Examiner erred in concluding that claims 1–18 and 21–68 are directed to an abstract idea. Accordingly, we proceed to *Alice* Step 2.

Mayo/Alice Analysis – Step 2

Because we conclude claims 1–18 and 21–68 are directed to an abstract idea for essentially the same reasons articulated by the Examiner (Final Act. 7), we turn to the second part of the *Alice/Mayo* analysis. We analyze the claims to determine if there are additional limitations that individually, or as an ordered combination, ensure the claims amount to “significantly more” than the abstract idea. *Alice*, 134 S. Ct. at 2357.

Regarding *Alice* Step 2, Appellant urges:

there are no pending novelty or obviousness rejections, and in this regard, the distinguishing limitations in the claims are not generally known, are not routine and conventional, are not found in the cited references previously relied upon in prior art rejections on this record, and are not found in the alleged abstract idea. The distinguishing limitations constitute the “significantly more” than the abstract idea and constitute the “significantly more” than the instruction to implement the abstract idea on a generic computer.

Reply Br. 3.

Appellant further contends the Examiner has not demonstrated “the additional element[s] [are] *well-understood, routine, and conventional* because the Examiner *has not shown a lack of novelty or obviousness* in the

⁸ We give the claims their broadest reasonable interpretation consistent with the Specification. See *In re Morris*, 127 F.3d 1048, 1054 (Fed. Cir. 1997).

claim requirements individually, and more so the ordered combination of the claims each as a whole. See Claims 1-18, 21-39, 40-54, and 55-68.” Reply Br. 9 (emphasis added).

However, the Supreme Court guides: “The ‘novelty’ of any element or steps in a process, or even of the process itself, is of *no relevance* in determining whether the subject matter of a claim falls within the § 101 categories of possibly patentable subject matter.” *Diamond v. Diehr*, 450 U.S. 175, 188–89 (1981) (emphasis added). Our reviewing court further emphasizes that “[e]ligibility and novelty are separate inquiries.” *Two-Way Media Ltd. v. Comcast Cable Commc’ns, LLC*, 874 F.3d 1329, 1340 (Fed. Cir. 2017); *see also Affinity Labs of Tex., LLC v. DIRECTV, LLC*, 838 F.3d 1253, 1263 (Fed. Cir. 2016) (holding that “even assuming” that a particular claimed feature was novel does not “avoid the problem of abstractness”).

In the Reply Brief (4), Appellant contends the Examiner erred because “in the Federal Circuit *Berkheimer* decision, as in this appeal, there is an underlying question of fact for which the Examiner provided no evidence.” *See also* Reply Br. 9 (“The *Berkheimer* Memorandum lists 4 kinds of acceptable evidence: . . . [of which there is] [n]one in this appeal.”).

However, Appellant’s contention ignores the Examiner’s Answer (5), in which the Examiner further explained the basis for the rejection:

The *Appellant’s background* admits that the problem the Appellants [sic] are solving is one of *economic convenience*. The background describes that the [A]ppellant is addressing the issue of keeping track of plurality of cards and related points and incentives earned from using the cards being burdensome. The examiner does not interpret this as a technical problem being addressed by a well-described solution either in the specification or in the claims.

The problem of keeping track of incentives is not a technical problem but a problem related to *organizing a human activity and a fundamental economic practice* of tracking, registering cash and other transactions for the benefit of merchants and incentive programs.

Ans. 5.

We find Appellant’s “Background of the Invention” describes the existing known problem of having too many cards to carry and keep track of regarding points and incentives:

People simply have too many cards to carry: charge cards, bank cards, debt cards, store cards, etc. Because of the abundance of cards, keeping track of points and incentives from using the cards becomes burdensome. Because people have too many cards, they can sometimes miss out on discounts or rebates, for example, where they do not have a particular card with them. Another problem is the tracking and registering of cash and other transactions for the benefit of merchants and incentive programs.

Spec. 4, ll. 1–7.

Appellant’s Specification further describes an improved card system for unifying data from *independent financial events*:

To improve over prior approaches, there can be a card system specifically for unifying data from independent financial events, for example, the card system can unify transactions comprising cash, an American Express or Visa/Mastercard/Discover/ etc. charge card, and/a debt card usage. In this regard it is for card in connection with, but not to carry out, a point of sale-type transaction. However, embodiments may not be limited as regards a point-of-sale, e.g., in the situation of an Internet purchase, and embodiments need not be limited to purchase of goods and/ or services, e.g., in the case of an ATM or other financial transaction - or even a financial transaction whatsoever, where other data is being acquired for unification as discussed hereinafter. This “non-

credit card” card system, which for the sake of convenience herein, is named the “PASS” ‘non-credit card’ card, can (in some embodiments) have the look and feel of a credit or debit card, but the PASS can instead be utilized in registering transaction information and thus habits of the card holder. Unlike a comp card for gambling, a PASS handles multiple types of transactions and multiple merchants, etc. PASS is not a limited to one facility or entity or type of transaction.

Spec. 6, ll. 6–19.

We find the aforementioned statement by Appellant evidences at least that well known, routine, and conventional *financial transactions* comprising cash, an American Express or Visa/Mastercard/Discover are directed to a *fundamental economic practice* (i.e., an abstract idea) that is also addressed by Appellant’s PASS card that registers the same financial transactions, albeit for the different purpose of recording the “habits of the card holder.” *Id.*

Thus, we find the Examiner provided “[a] citation to an express statement in the specification or to a statement made by an [A]pplicant during prosecution that demonstrates the well-understood, routine, conventional nature of the additional element(s).” (USPTO *Berkheimer* Memorandum (3)).

In determining whether claims are patent-eligible under Section 101, our reviewing court provides applicable guidance: “the decisional mechanism courts now apply is to examine earlier cases in which a similar or parallel descriptive nature can be seen—what prior cases were about, and which way they were decided.” *Amdocs (Isr.) Ltd. v. Openet Telecom, Inc.*, 841 F.3d 1288, 1294 (Fed. Cir. 2016). The Federal Circuit also guides that “[E]xaminers are to continue to determine if the claim recites (i.e., sets forth

or describes) a concept that is similar to concepts previously found abstract by the courts.” *Id.* at 1294 n.2.

Regarding the second step of the *Mayo/Alice* analysis, the Examiner cites case law in support, *inter alia*, and finds:

The claims do not recite any additional limitations besides using the apparatus comprising a computer system, to transmit i.e. receive and send information over a network. The generically recited computer system is generically applied to the abstract idea to implement it on a computer. The computer system performs the generic functions of receiving, storing, inserting data, updating data and information and mining transaction and customer data details at a high level of generality. The apparatus is recited at a high level of generality (comprising a computer system) and its broadest reasonable interpretation comprises only a processor, a memory, and at least one database to store and to simply perform the generic computer functions of receiving, storing, processing and transmitting information.

The steps of receiving data, inserting data, updating the data and mining the updated data are interpreted as routine and conventional, and thus not significantly more (*Ulramercial, Flook*). Mining data is interpreted as routine, and conventional. Generic computers performing generic computer functions, alone, do not amount to significantly more than the abstract idea. The courts have found the functions of arranging, storing, retrieving, sorting, eliminating, and determining information with a computer to be well understood, routine and conventional functions of a computer system (*Versata*).^[9]

...

Instructing one to “apply” an abstract idea and reciting no more than generic computer elements performing generic computer tasks does not make an abstract idea patent eligible. *See Alice*, 134 S. Ct. at 2359-60 (holding patent ineligible claims that “amount to nothing significantly more than an instruction to apply the abstract idea . . . using some unspecified, generic

⁹ *See supra*, n.7.

computer” and in which “each step does no more than require a generic computer to perform generic computer functions” (internal quotation marks, citation omitted)); *Ultramercial*, 772 F.3d at 716 (“Adding routine[,] additional steps . . . does not transform an otherwise abstract idea into patent eligible subject matter.”); *Bancorp*, 687 F.3d at 1274, 1278 (appending generic computer components does not “salvage an otherwise patent-ineligible process”); *CyberSource*, 654 F.3d at 1375 (“[T]he incidental use of a computer to perform the [claimed process] does not impose a sufficiently meaningful limitation on the claim’s *3-4 (Fed. Cir. June 11, 2015).

There is no recitation of any limitation that is interpreted as significantly more in the dependent claims. While these claims may have a narrower scope than the representative claims, no dependent claim contains an “inventive concept” that transforms the corresponding claim into a patent-eligible application of the otherwise ineligible abstract idea. For example describing what the transmitted message comprises, or the destination of where the transmission is sent or using the data to generate a report does not render the claim statutory.

Final Act. 7–9 (emphasis added regarding the cases cited by the Examiner).

Thus, the Examiner provided citations (*id.*) to one or more of the court decisions that collectively provide the second type of permissible fact finding enumerated in the USPTO *Berkheimer* Memorandum (4): “A citation to one or more of the court decisions discussed in MPEP § 2106.05(d)(II) as noting the well-understood, routine, conventional nature of the additional element(s).” In the Answer (5–11), the Examiner provides further citations to one or more court decisions that provide the second type of permissible fact finding enumerated in the USPTO *Berkheimer* Memorandum.

Although Appellant reproduces much of the Examiner’s responses of record in the Reply Brief, Appellant fails to traverse the Examiner’s specific

findings regarding the Federal Circuit cases relied upon as factual *Berkheimer* evidence by the Examiner, by substantively and persuasively distinguishing the instant claims on appeal from the subject claims considered by the court in the cases cited by the Examiner. *See* Ans. 5–11. Therefore, we conclude Appellant’s arguments for *Alice* step 2 of claims 1–18 and 21–68, as advanced in the Reply Brief, are essentially conclusory.

We find claims 1–18 and 21–68 on appeal are *silent* regarding specific limitations directed to an *improved* computer system, processor, memory, network, database, or Internet. We emphasize again that Appellant’s Specification (p. 17, l. 21) expressly describes: “The database 220 can utilize *conventional* database software.” (Emphasis added). *See also* Spec. 17, ll. 2–3: “Client computer 200 can handle POS [(Point of Sale)] functionality, shown singularly with the understanding that it is representative of a plurality of such computers.” *See also* Spec. 14, ll. 10–11: “Computer aspects can be implemented on *general purpose computers*.” (emphasis added).

Regarding the use of the recited generic “computer system” and “database” (claim 1), the Supreme Court held “the mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention.” *Alice*, 134 S. Ct. at 2358; *see also Bascom Glob. Internet Servs., Inc. v. AT&T Mobility LLC*, 827 F.3d 1341, 1348 (Fed. Cir. 2016) (“An abstract idea on ‘an Internet computer network’ or on a generic computer is still an abstract idea.”).

Given the supporting description in Appellant’s Specification (pages 14 and 17) of a generic computer and conventional database, we find Appellant’s claims 1–18 and 21–68 do not provide a solution “necessarily

rooted in *computer technology* in order to overcome a problem specifically arising in the realm of computer networks,” as considered by the court in *DDR Holdings, LLC v. Hotels.com L.P.*, 773 F.3d 1245, 1257 (Fed. Cir. 2014). (Emphasis added).

Our reviewing court has “repeatedly held that such invocations of computers and networks that are not even arguably inventive are ‘insufficient to pass the test of an inventive concept in the application’ of an abstract idea.” *Elec. Power Grp.*, 830 F.3d at 1355 (internal citations omitted); *see also Intellectual Ventures I LLC v. Capital One Fin. Corp.*, 850 F.3d 1332, 1341 (Fed. Cir. 2017) (“Rather, the claims recite both a generic computer element—a processor—and a series of generic computer ‘components’ that merely restate their individual functions That is to say, they merely describe the functions of the abstract idea itself, without particularity. This is simply not enough under step two.”).

Because none of Appellant’s claims 1–18 and 21–68 is directed to an *improvement* in a processor, database, or other computer/network component, we conclude that none of the claim limitations, viewed both individually and as an ordered combination, amounts to significantly more than the judicial exception in order to sufficiently transform the nature of the claims into patent-eligible subject matter.

Applying the aforementioned guidance from our reviewing courts to the claims before us on appeal, we conclude, in our *Mayo/Alice* analysis, that each of Appellant’s claims 1–18 and 21–68, *considered as a whole*, is directed to (under step one), *a patent-ineligible abstract idea*, and under step two, does not recite something “*significantly more*” (*Alice*, 134 S. Ct. at

2357 (internal citation and quotations omitted)) to transform the nature of the claim into a patent-eligible application.

Contrary to Appellant's contentions (Reply Br. 18–19), we additionally find the Examiner has met the notice requirement for a prima facie case, pursuant to 35 U.S.C. § 132(a). The Federal Circuit has held, “the prima facie case is merely a procedural device that enables an appropriate shift of the burden of production.” *Hyatt v. Dudas*, 492 F.3d 1365, 1369 (Fed. Cir. 2007).

[A]ll that is required of the office to meet its prima facie burden of production is to set forth the statutory basis of the rejection and the reference or references relied upon in a sufficiently articulate and informative manner as to meet the notice requirement of [35 U.S.C.] § 132. As the statute itself instructs, the examiner must “notify the applicant,” “stating the reasons for such rejection,” “together with such information and references as may be useful in judging the propriety of continuing prosecution of his application.”

In re Jung, 637 F.3d 1356, 1363 (Fed. Cir. 2011).

This burden is met by “adequately explain[ing] the shortcomings it perceives so that the applicant is properly notified and able to respond.” *Hyatt*, 492 F.3d at 1370. It is only “when a rejection is so uninformative that it prevents the applicant from recognizing and seeking to counter the grounds for rejection” that the prima facie burden has not been met and the rejection violates the minimal requirements of 35 U.S.C. § 132. *Chester v. Miller*, 906 F.2d 1574, 1578 (Fed. Cir. 1990).

Nor do we find the factual bases for the Examiner's rejection are contrary to the Administrative Procedures Act (5 U.S.C. § 706), due to the purported absence of substantial evidence and factual determinations, as argued by Appellant. (Reply Br. 20). The Examiner provides factual

evidence referring to Appellant’s Specification and also to various Federal Circuit cases, in accordance with the first two enumerated types of factual evidence required by the USPTO *Berkheimer* Memorandum. Moreover, judicial review of alleged agency violations of the APA falls under the subject matter jurisdiction of the Federal Circuit.

Accordingly, for at least these reasons, we sustain the Examiner’s rejection under 35 U.S.C. § 101 of claims 1–18 and 21–68, as being directed to patent-ineligible subject matter in light of *Alice* and its progeny.^{10 11}

¹⁰ To the extent Appellant has not advanced separate, substantive arguments for particular claims, or other issues, such arguments are waived. *See* 37 C.F.R. § 41.37(c)(1)(iv).

¹¹ We note independent claim 40 recites in pertinent part: “Method of using an apparatus configured to produce updated profile data which is provided so that the updated profile data can be viewed by a customer member of a member system including customer members and retail members, the method including the steps of:” Regarding independent claim 40, and the claims which depend therefrom, “[a] single claim which claims both an apparatus and the method steps of using the apparatus is indefinite under 35 U.S.C. 112, second paragraph.” MPEP § 2173.05(p)(II) (citing *In re Katz Interactive Call Processing Patent Litigation*, 639 F.3d 1303, 1318 (Fed. Cir. 2011) (citing *IPXL Holdings v. Amazon.com, Inc.*, 430 F.3d 1377, 1384 (Fed. Cir. 2005))).

Therefore, in the event of further prosecution, we leave it to the Examiner to consider a rejection under pre-AIA 35 U.S.C. § 112, second paragraph, of claims 40–54. Although the Board is authorized to reject claims under 37 C.F.R. § 41.50(b), no inference should be drawn when the Board elects not to do so. *See* Manual of Patent Examining Procedure (MPEP) § 1213.02 (9th Ed., Rev. 08.2017, last revised January 2018).

Conclusion

The Examiner did not err in rejecting claims 1–18 and 21–68 under 35 U.S.C. § 101, as being directed to a judicial exception, without significantly more.

DECISION

We affirm the Examiner’s decision rejecting claims 1–18 and 21–68 under 35 U.S.C. § 101.

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). *See* 37 C.F.R. § 41.50(f).

AFFIRMED