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UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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*Ex parte* THERESA ALTMAN, GIDGET HALL, and  
EDWARD McLAUGHLIN

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Appeal 2018-009083  
Application 12/558,869  
Technology Center 3600

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BEFORE RICHARD M. LEOVITZ, FRANCISCO C. PRATS, and  
JOHN E. SCHNEIDER, *Administrative Patent Judges*.

SCHNEIDER, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Pursuant to 35 U.S.C. § 134(a), Appellant<sup>1</sup> appeals from the Examiner's decision to reject claims 1, 4–14, and 22–24, which constitute all the claims pending in this application. Claims 2, 3, 15–21, and 25 have been cancelled. Claim 26–29 have been withdrawn. We have jurisdiction under 35 U.S.C. § 6(b).

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<sup>1</sup> We use the word Appellant to refer to “applicant” as defined in 37 C.F.R. § 1.42(a). Appellant identifies the real party in interest as MasterCard International, Inc. Appeal Br. 3.

We REVERSE.

### CLAIMED SUBJECT MATTER

The claims are directed to an Apparatus and Method for Bill Payment Card Enrollment. Claim 1 reproduced below, is illustrative of the claimed subject matter:

1. A method comprising the steps of:
  - preparing, using a processor of a bill payment provider, an electronic funds transfer format message for dispatch from said bill payment provider to an electronic bill payment system that normally facilitates payments via electronic funds transfer from demand deposit accounts;
  - flagging, using said processor of said bill payment provider, said electronic funds transfer format message with a flag indicating that said electronic funds transfer format message is a non-financial, card payment, message, said electronic funds transfer format message comprising an identification of a biller;
  - creating, using said processor of said bill payment provider, an addenda message including a card number of said payment card account and an expiration date of said payment card account; and
  - dispatching, by said processor of said bill payment provider, said electronic funds transfer format message, flagged with said flag and augmented with said addenda message including said card number of said payment card account and said expiration date of said payment card account, to said electronic bill payment system via a payment network, said electronic funds transfer format message flagged with said flag causing said electronic bill payment system to forward, via said payment network, said addenda message including said card number of said payment card account and said expiration date of said payment card account to at least one of said biller, an acquirer of said biller, and a concentrator of said biller, wherein said electronic bill payment system is disposed in said payment network connecting said bill payment provider to said least one

of said biller, said acquirer of said biller, and said concentrator of said biller.

The Examiner has rejected the claims under 35 U.S.C. §101 as directed to patent ineligible subject matter.<sup>2</sup> Final Act. 6.

## OPINION

### *Principles of Law*

An invention is patent-eligible if it claims a “new and useful process, machine, manufacture, or composition of matter.” 35 U.S.C. § 101. However, the Supreme Court has long interpreted 35 U.S.C. § 101 to include implicit exceptions: “[l]aws of nature, natural phenomena, and abstract ideas” are not patentable. *E.g.*, *Alice Corp. v. CLS Bank Int'l*, 573 U.S. 208, 216 (2014).

In determining whether a claim falls within an excluded category, we are guided by the Supreme Court's two-step framework, described in *Mayo* and *Alice*. *Alice*, 573 U.S. 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 id.* 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.”).

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<sup>2</sup> Claims 1 and 4–14 were also rejected under 35 U.S.C. § 112, second paragraph as indefinite. Final Act. 5. That rejection was withdrawn by the Examiner. Ans. 6.

Concepts determined to be abstract ideas, and thus patent ineligible, include certain methods of organizing human activity, such as fundamental economic practices (*Alice*, 573 U.S. at 219-20; *Bilski*, 561 U.S. at 611); mathematical formulas (*Parker v. Flook*, 437 U.S. 584, 594-95 (1978)); and mental processes (*Gottschalk v. Benson*, 409 U.S. 63, 67 (1972)). Concepts determined to be patent eligible include physical and chemical processes, such as “molding rubber products” (*Diamond v. Diehr*, 450 U.S. 175, 191 (1981 )); “tanning, dyeing, making water-proof cloth, vulcanizing India rubber, smelting ores” (*id.* at 182 n.7 (quoting *Corning v. Burden*, 56 U.S. 252, 267–68 (1853))); and manufacturing flour (*Benson*, 409 U.S. at 69 (citing *Cochrane v. Deener*, 94 U.S. 780, 785 (1876))).

In *Diehr*, the claim at issue recited a mathematical formula, but the Supreme Court held that “a claim drawn to subject matter otherwise statutory does not become nonstatutory simply because it uses a mathematical formula.” *Diehr*, 450 U.S. at 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 (quotation marks omitted). “A claim that recites an abstract idea must include ‘additional features’ to ensure ‘that the [claim] is more than a drafting effort designed to monopolize the [ abstract idea].’” *Id.* (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 published revised guidance on the application of § 101. *See* 2019 Revised Patent Subject Matter Eligibility Guidance, 84 Fed. Reg. 50 (Jan. 7, 2019) (the “2019 Eligibility Guidance” or “Guidance”). Under the 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)).

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* 2019 Eligibility Guidance.

*Analysis*

The Examiner finds that the claims are directed to a process for facilitating the payment of a bill using a payment card by a processor and an electronic payment system. Final Act. 6. The Examiner finds that the process falls within a statutory category of invention. *Id.*

The Examiner next finds that the claims are directed to an abstract idea, specifically a financial or fundamental economic practice – offering an option to pay a bill in a specific manner. *Id.* at 6–7. The Examiner finds that the claims are directed to a method of organizing human activity. *Id.* at 7.

Finally the Examiner finds that the claims do not recite something significantly more than the abstract idea. *Id.* at 8. The Examiner finds that the claims merely recite the use of computer elements at a high level of generality. *Id.*

Appellant argues that the Examiner has misapplied the test for patent eligible subject matter. Appeal Br. 13. Appellant contends that the Examiner’s analysis as to what the claims are directed to, is at too high a level of abstraction and fails to take account of the specific steps recited in the claims. *Id.* 13–15. Appellant contends that the claims are directed to “an improvement in computer-related technology enabling the electronic bill payment system to handle non-financial messages and enable a new class of card based transactions within a conventional system configured to make payments using demand deposit accounts.” *Id.* at 15.

Appellant also contends that the claims recite elements which amount to something more than the abstract idea. *Id.* at 16.–17. Appellant contends that that specific steps recited in the claims “are meaningful limitations that add more than generally linking the use of the abstract idea (the general concept of ‘a method and system which facilitates payment of a bill’) to a generic computer because they are directed to a technical solution to a problem unique to the context of an electronic payment network - how to making card based payments in a system facilitating payments by demand deposit accounts.” *Id.* at 18.

Applying the guidance set forth in the Guidance, we conclude the Examiner erred in rejecting the claims as being directed to patent-ineligible subject matter. The Guidance instructs us first to determine whether any judicial exception to patent eligibility is recited in the claim. The guidance identifies three judicially-expected groupings: (1) mathematical concepts, (2) certain methods of organizing human behavior such as fundamental economic practices, and (3) mental processes. We focus here on the second grouping — certain methods of organizing human behavior such as fundamental economic practices.

The specification discloses a method to facilitate paying a bill from a biller using a payment card account by relaying the payment card information to a biller using a system designed to facilitate payments made via electronic funds transfer. Spec. 1–2. We agree with the Examiner that the transaction recited in the claims relates to a financial or fundamental economic practice and therefore recites judicially expected subject matter. Final Act. 6–7. Facilitating payment of bills by providing payment



information to a biller is a fundamental economic practice “long prevalent in our system of commerce.” *Alice*, 573 U.S. 216.

Having determined that the claims recite a judicial exception, our analysis under the Guidance turns now to determining whether there are “additional elements that integrate the judicial exception into a practical application.” *See* MPEP § 2106.05(a)–(c), (e)–(h). Claim 1 recites various computer-related limitations, including an “electronic bill payment system.” Although these computer-related limitations are not wholly generic in nature and are specific to electronic bill paying, they are described at a high level in the Specification without any meaningful detail about their structure or configuration. As such, we do not find the computer-related limitations are sufficient to integrate the judicial exception into a practical application.

However, claim 1 also recites additional limitations which focus on addressing problems arising from using a card type payment in a system designed for making payments using demand deposit accounts. These limitations include “dispatching said electronic funds transfer format message, flagged with said flag and augmented with said addenda message including said card number of said payment card account and said expiration date of said payment card account, to the electronic bill payment system via said interface”, “causing the electronic bill payment system to forward said addenda message . . . to at least one of said first biller” and causing said first biller “to refrain from paying said first bill using said demand deposit account of said customer.” We agree with Appellant that the combination of these steps “add more than generally linking the use of the abstract idea (the general concept of “a method and system which facilitates payment of a bill”) to a generic computer because they are directed to a technical solution

to a problem unique to the context of an electronic payment network - how to make card based payments in a system that facilitates payments by demand deposit accounts.” Appeal Br. 18.

As the Specification teaches, the present invention facilitates using a payment card to pay a bill using a mechanism “which normally facilitates payments via electronic funds transfer from a demand deposit account of the customer.” Spec. 1–2. Claim 1 includes this limitation. Appeal Br. 23 (Claims App’x). The resulting system improves an existing technical process and is therefore patent eligible. *Bascom Global Internet Services, Inc. v. AT&T Mobility LLC*, 827 F.3d 1341, 1351–52 (Fed. Cir. 2016).

The Examiner contends that the claimed method is not an improvement on an existing technology as the steps recited rely on computer functions of collecting, analyzing and displaying information. Ans. 7–8. The Examiner finds that it is unclear what function the addenda message recited in the claim performs. *Id.*

We are not persuaded by the Examiner’s argument. As discussed above, the recited method does more than merely collect, analyze and display data. As Appellant points out the claimed system includes limitations which

confine the alleged abstract idea to a particular, practical application and, as explained in the specification, this combination of limitations is not well-understood, routine or conventional activity. The flagging and augmentation of the electronic funds transfer format message, in the context of causing an electronic bill payment system to forward, via a payment network, the addenda message including the card number of the payment card account and the expiration date of the payment card account to at least one of a biller, an acquirer of the biller, and a concentrator of the biller enables card

payments via the electronic bill payment system that normally facilitates payments via electronic funds transfer from demand deposit accounts is analogous to a “technology-based solution” that overcomes the disadvantages of transactions normally made using demand deposit accounts.

Reply Br. 23. We agree with Appellant that this supports the conclusion that the claims are directed to patent eligible subject matter. *Id.*

### CONCLUSION

The Examiner’s rejection under 35 U.S.C. § 101 is reversed

### DECISION SUMMARY

In summary:

<b>Claims Rejected</b>	<b>35 U.S.C. §</b>	<b>Reference(s)/Basis</b>	<b>Affirmed</b>	<b>Reversed</b>
1, 4–14, and 22–24	101	Patentable Subject Matter		1, 4–14, and 22–24

REVERSED