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BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte CHRISTIAN STARKE and THORSTEN NEUMANN

Appeal 2019–002445
Application 14/017,092
Technology Center 3600

Before JOHN A. EVANS, JOHN P. PINKERTON, and
MICHAEL M. BARRY, *Administrative Patent Judges*.

EVANS, *Administrative Patent Judge*.

DECISION ON APPEAL

Pursuant to 35 U.S.C. § 134(a), Appellant appeals from the Examiner’s decision to reject claims seek our review under 35 U.S.C. § 134(a) from the Examiner’s Final rejection of claims 1, 6, and 8, which constitute all pending claims.¹ *See* Final Act. 2; *see also* Appeal Br. 25–26 (Claims App.). Appellant has canceled claims 2–5, 7, and 9–13. *Id.* at 26. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.²

¹ We use “Appellant” to refer to the “applicant” as defined in 37 C.F.R. § 1.42. Appellant identifies WINCOR NIXDORF INTERNATIONAL GMBH as the real party in interest. Appeal Br. 3.

² Rather than reiterate the arguments of Appellant and the Examiner, we

STATEMENT OF THE CASE

The claims relate to “a method for the prevention of money laundering attacks of a payment device and to a payment device for carrying out a payment operation for carrying out a method for the prevention of money laundering attacks.” Spec. 1:18–20.

Invention

Claim 1 is independent. An understanding of the invention may be derived from a reading of claim 1, which is reproduced below.

1. A method for operating a payment device to prevent money laundering, the method comprising:

determining, with a control device of the payment device, a first amount to be paid in connection with a payment operation;

detecting, with the control device of the payment device, a paid, second amount by detecting either or both of a number of delivered coins with a coin insertion device of the payment device and a number of delivered bank notes with a bank note insertion device of the payment device;

evaluating, with the control device of the payment device, the first amount and the second amount with reference to at least one monitoring criterion, wherein the at least one criterion is at least one of the number of delivered coins, the number of delivered bank notes, and a ratio between the second amount and the first amount; and

initiating, with the control device of the payment device, in response to said evaluating, a countermeasure, wherein the

refer to the Appeal Brief filed November 26, 2018, (“Appeal Br.”), the Reply Brief filed February 1, 2019, (“Reply Br.”), the Examiner’s Answer mailed January 14, 2018, (“Ans.”), the Advisory Action mailed September 6, 2018, (“Advisory”), the Final Office Action mailed March 27, 2018, (“Final”), and the Specification filed September 3, 2013, (“Spec.”) for their respective details.

countermeasure is initiated if either or both of the number of delivered coins and the number of delivered bank notes for a denomination value exceeds a maximum admissible number for the denomination value and the ratio of the second amount and the first amount exceeds a maximum admissible overpayment factor, wherein the maximum admissible number is not static, but is controlled by the control device in dependence on the first amount to be paid.

Appeal Br. 25 (Claims App.).

Rejection

Claims 1, 6, and 8 stand rejected under 35 U.S.C. § 101 as directed to a judicial exception (i.e., a law of nature, a natural phenomenon, or an abstract idea) without significantly more. Final 2–6.

ANALYSIS

We have reviewed the rejection of claims 1, 6, and 8 in light of Appellant’s arguments. We have considered in this decision only those arguments Appellant actually raised in the Briefs. Any other arguments which Appellant could have made but chose not to make in the Briefs are deemed to be waived. *See* 37 C.F.R. § 41.37(c)(1)(iv). We adopt as our own the determinations and reasons set forth in the rejection from which this appeal is taken and in the Examiner’s Answer, to the extent consistent with our analysis below. We provide the following explanation to highlight and address specific arguments and determinations primarily for emphasis.

Based upon our *de novo* review of the record in light of recent Director Policy Guidance,³ with respect to patent-eligible subject matter

³ USPTO, *2019 Revised Patent Subject Matter Eligibility Guidance*, 84(4) Fed. Reg. 50–57 (Jan. 7, 2019) (“Revised Guidance” or “Rev. Guid., 84 Fed. Reg.”).

rejections under 35 U.S.C. § 101, we sustain the rejection of claims 1, 6, and 8. “Whether a claim is drawn to patent-eligible subject matter is an issue of law that we review de novo.” *SiRF Tech., Inc. v. Int’l Trade Commission*, 601 F.3d 1319, 1331 (Fed. Cir. 2010).

Appellant states that “[t]he claims stand or fall with claim 1.” *See* Appeal Br. 8. Thus, we decide the appeal of the section 101 rejection of claims 1, 6, and 8 with reference to representative claim 1.⁴ We refer to the rejected claims collectively herein as “the claims.” *See* 37 C.F.R. § 41.37(c)(1)(iv); *see also In re Marco Guldenaar Holding B.V.*, 911 F.3d 1157, 1162 (Fed. Cir. 2018).

We consider Appellant’s arguments *seriatim*, as they are presented in the Appeal Brief (pages 8–23), and Reply Brief (pages 2–6).

CLAIMS 1, 6, AND 8: INELIGIBLE SUBJECT MATTER.

PRINCIPLES OF LAW

A. 35 U.S.C. § 101

An invention is patent-eligible if it claims a “new and useful process, machine, manufacture, or composition of matter.” *See* 35 U.S.C. § 101.⁵ The Supreme Court, however, has long interpreted 35 U.S.C. § 101 to include implicit exceptions: “[l]aws of nature, natural phenomena, and abstract ideas’ are not patentable.” *Mayo Collaborative Services v. Prometheus Labs., Inc.*, 566 U.S. 66, 70 (2012) (quoting *Diamond v. Diehr*,

⁴ Our 35 U.S.C. § 101 analysis for claim 1 applies equally to claims 6 and 8.

⁵ This threshold analysis of whether a claim is directed to one of the four statutory categories of invention, i.e., a process, machine, manufacture, or composition of matter, is referred to as “*Step I*” in the patent-eligibility inquiry under 35 U.S.C. § 101.

450 U.S. 175, 185 (1981)).

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 Corp. v. CLS Bank Int’l*, 573 U.S. 208, 217–18 (2014) (citing *Mayo*, 566 U.S. at 75–77). 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.”).

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; *see also 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” (*Diehr*, 450 U.S. at 191); “tanning, dyeing, making water-proof cloth, vulcanizing India rubber, smelting ores” (*id.* at 183 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 “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, 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.” *See 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.”), 191 (citing *Benson*, 409 U.S. at 63; *Flook*, 437 U.S. at 594).

Abstract ideas may include, but are not limited to, fundamental economic practices, methods of organizing human activities, and mathematical formulas or relationships. *Alice*, 573 U.S. at 217–21. Under this guidance we must, therefore, ensure at step one that we articulate what the claims are directed to with enough specificity to ensure the step one inquiry is meaningful. *Id.* at 217 (“[W]e tread carefully in construing this exclusionary principle lest it swallow all of patent law.”).

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 (quotations and citations 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 requiring generic computer implementation fails to transform that abstract idea into a patent-eligible invention.” *Id.* at 212.

B. United States Patent and Trademark Office Revised Guidance

In 2019, the USPTO published Revised Guidance in the Federal Register concerning the application of 35 U.S.C. § 101. *See* Rev. Guid., 84 Fed. Reg. 50–57; *see also* USPTO, *October 2019 Update: Subject Matter Eligibility*, 84 Fed. Reg. 55942 (notice of update to the Revised Guidance in response to comments received by the USPTO (available at https://www.uspto.gov/sites/default/files/documents/peg_oct_2019_update.pdf)).

Under the Revised Guidance, we first look to whether the claim recites any judicial exceptions, including certain groupings of abstract ideas (“*Step 2A(i)*”). Informed by our judicial precedent, the Revised Guidance extracts and synthesizes key concepts identified by the courts as abstract ideas to explain that the abstract idea exception includes the following groupings of subject matter, when recited as such in a claim limitation:

- (a) Mathematical concepts—mathematical relationships, mathematical formulas or equations, mathematical calculations;
- (b) Certain methods of organizing human activity — fundamental economic principles or practices (including hedging, insurance, mitigating risk); commercial or legal interactions (including agreements in the form of contracts; legal obligations; advertising, marketing or sales activities or behaviors; business relations); managing personal behavior or relationships or interactions between people (including social activities, teaching, and following rules or instructions); and
- (c) Mental processes—concepts performed in the human mind (including an observation, evaluation, judgment, opinion).

If the claim does not recite a judicial exception (a law of nature, natural phenomenon, or subject matter within the enumerated groupings of abstract ideas above), then the Revised Guidance provides that the claim is

patent-eligible at *Step 2A(i)*. This determination concludes the eligibility analysis, except in rare situations identified in the Revised Guidance.

If a claim recites a judicial exception in *Step 2A(i)*, we determine whether the recited judicial exception is integrated into a practical application of that exception by: (a) identifying whether there are any additional elements recited in the claim beyond the judicial exception(s); and (b) evaluating those additional elements individually and in combination to determine whether they integrate the exception into a practical application (“*Step 2A(ii)*”).

The seven identified “practical application” sections of the MPEP,⁶ cited in the Revised Guidance under *Step 2A(ii)*, are:

- (1) MPEP § 2106.05(a) Improvements to the Functioning of a Computer or To Any Other Technology or Technical Field
- (2) MPEP § 2106.05(b) Particular Machine
- (3) MPEP § 2106.05(c) Particular Transformation
- (4) MPEP § 2106.05(e) Other Meaningful Limitations
- (5) MPEP § 2106.05(f) Mere Instructions To Apply An Exception
- (6) MPEP § 2106.05(g) Insignificant Extra-Solution Activity
- (7) MPEP § 2106.05(h) Field of Use and Technological Environment

Only if a claim (1) recites a judicial exception and (2) does not integrate that exception into a practical application as determined under one or more of the MPEP sections cited above, do we then determine whether the additional elements of the claim, considered both individually and in combination, provide an inventive concept (i.e., whether the additional

⁶ See MPEP §§ 2106.05(a)–(c), (e)–(h). Citations to the MPEP herein refer to revision [R-08.2017].

elements amount to significantly more than the exception itself) (“*Step 2B*”).
Rev. Guid., 84 Fed. Reg. 56.

Under the Revised Guidance, we must consider in *Step 2B* whether an additional element or combination of elements: (1) “Adds a specific limitation or combination of limitations that are not well-understood, routine, conventional activity in the field, which is indicative that an inventive concept may be present;” or (2) “simply appends well-understood, routine, conventional activities previously known to the industry, specified at a high level of generality, to the judicial exception, which is indicative that an inventive concept may not be present.” *See* Rev. Guid., 84 Fed. Reg. 56; *see also* MPEP § 2106.05(d).

In the *Step 2B* analysis, the Examiner is tasked with providing an evidentiary basis that the additional elements (or combination of elements) are well-understood, routine or conventional by expressly supporting 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). . . .
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). . . .
4. A statement that the examiner is taking official notice of the well-understood, routine, conventional nature of the additional element(s).

Matter Eligibility, Recent Subject Matter Eligibility Decision (Berkheimer v. HP, Inc.), USPTO 1–5 (2018) (“*Berkheimer Memo*”); *see also* MPEP § 2106.05(d).

If the Examiner or the Board determines under *Step 2B* that the element (or combination of elements) amounts to significantly more than the exception itself, the claim is eligible, thereby concluding the eligibility analysis.

However, if a determination is made that the element and combination of elements does not amount to significantly more than the exception itself, the claim is ineligible under *Step 2B*, and the claim should be rejected for lack of subject matter eligibility.

ANALYSIS

Step 1

Claim 1 is a method (process) claim by reciting one of the enumerated categories of eligible subject matter in 35 U.S.C. § 101. Therefore, the issue before us is whether it is directed to a judicial exception without significantly more. Based upon our *de novo* review of the record in light of the Revised Guidance, we affirm the rejection of claims 1, 6, and 8 under 35 U.S.C. § 101.

Step 2A(i): Does the Claim Recite a Judicial Exception?

The preamble of claim 1 recites: “[a] method for operating a payment device to prevent money laundering.” Appeal Br. 25 (Claims App.). Table I compares the remaining limitations of claim 1 to the organizing human activities grouping of abstract ideas set forth in the Revised Guidance.

Claim 1	Revised Guidance
[a] ⁷ determining . . . a first amount to be paid in connection with a payment operation;	Organizing human activities, e.g., fundamental economic principles or practices (including mitigating risk); commercial interactions (including sales activities or behaviors), managing personal behavior. Rev. Guid., 84 Fed. Reg. 52 n.13.
[b] detecting . . . a paid, second amount by detecting either or both of a number of delivered coins . . . and a number of delivered bank notes . . . ;	Organizing human activities, e.g., fundamental economic principles or practices (including mitigating risk); commercial interactions (including sales activities or behaviors), managing personal behavior. Rev. Guid., 84 Fed. Reg. 52 n.13.
[c] evaluating . . . the first amount and the second amount with reference to at least one monitoring criterion, wherein the at least one criterion is at least one of the number of delivered coins, the number of delivered bank notes, and a ratio between the second amount and the first amount; and	Organizing human activities, e.g., fundamental economic principles or practices (including mitigating risk); commercial interactions (including sales activities or behaviors), managing personal behavior. Rev. Guid., 84 Fed. Reg. 52 n.13.
[d] initiating . . . , in response to said evaluating, a countermeasure, wherein the countermeasure is initiated if either or both of the number of delivered coins and the number of delivered bank notes for a denomination value exceeds a maximum admissible number for the denomination value and the ratio of the second amount and the first	Organizing human activities, e.g., fundamental economic principles or practices (including mitigating risk); commercial interactions (including sales activities or behaviors), managing personal behavior. Rev. Guid., 84 Fed. Reg. 52 n.13.

⁷ Step designators, e.g., “[a],” added to facilitate discussion.

amount exceeds a maximum admissible overpayment factor, wherein the maximum admissible number is not static, but is controlled . . . in dependence on the first amount to be paid.	
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Thus, under *Step 2A(i)*, we determine limitations [a]–[d] of claim 1 recite steps that the Revised Guidance categorizes within the “organizing human activities” grouping of abstract ideas. In particular, these limitations recite a fundamental economic practice in anti-money laundering similar to long-standing practices of banks, other financial institutions, and merchants. *See, e.g.*, 31 U.S.C. § 5313 & 31 C.F.R. 103.22(a)(1) (Bank Security Act of 1970 and accompanying regulations, which require banks to track and report currency deposits over \$10,000); and James Gleick, *Dead as a Dollar*, NEW YORK TIMES MAGAZINE (June 16, 1996), <https://www.nytimes.com/1996/06/16/magazine/dead-as-a-dollar.html> (last visited Dec. 4, 2019) (“As cards wax, currency wanes: \$100 bills are legal tender, in theory, but in real life many merchants will no longer take them — there is too much counterfeiting, and too much plain uneasiness as the Mint switches over to the odd-looking new-style bills.”). Limitations [a]–[d] are also similar to additional concepts within the “organizing human activities grouping of abstract ideas: mitigating risk, sales activities or behaviors, and managing personal behavior. *See* Rev. Guid. 84 Fed. Reg. 52 n.13; *see also* Final 3–4 (citing *Bilski*, 561 U.S. at 611; *Alice*, 573 U.S. at 219); Ans. 4; and Advisory 2. These limitations may also be described as reciting steps within the “mental processes” grouping of abstract ideas, including concepts performed in the human mind such as an observation, evaluation, judgment, or opinion. Rev. Guid., 84 Fed. Reg. 52; *see also, e.g., Elec. Pwr. Grp., LLC v. Alstom*

S.A., 830 F.3d 1350, 1353–54 (Fed. Cir. 2016) (treating claims directed to “collecting information, analyzing it, and displaying certain results of the collection and analysis” as an abstract idea within the mental processes grouping).

Appellant contends the Examiner’s *Step 2A* analysis is deficient, thus rendering the rejection under 35 U.S.C. § 101 improper. In particular, Appellant argues the Examiner’s alleged abstract idea—making secure payments and controlling spending by customers—does not relate to the portions of claim 1 underlined by the Examiner. Appeal Br. 9–10. Appellant further argues that the prior art of record describes a “secure” payment in terms that are not consistent with the claim language. *Id.* at 10. Appellant argues as well that the Examiner’s characterization of claim 1 as “controlling spending by consumers” is overly broad and untethered from the claim language because claim 1 is performed by a payment device, not a human. *Id.* Appellant argues that, contrary to the Examiner’s characterization, claim 1 relates to “preventing the use of the payment device to perpetrate money laundering.” *Id.*

Appellant’s arguments do not persuade us of Examiner error. First, in determining that the claim recites the abstract idea of “making secure payments and controlling spending by customers” for the *Step 2A* analysis, the Examiner properly identified *each* of the recited functions of claim 1. Final 3–4. That the Examiner underlined certain portions of the claim does not negate this fact.

Second, the Examiner’s characterization of claim 1 as reciting the concept of “making secure payments” is reasonable in view of the claim language, which recites “evaluating” of the amount of currency delivered

against the amount to be paid and “initiating . . . a countermeasure” (e.g., triggering an alarm or not disbursing change) if the customer delivers excessive currency. This is so because, in claim 1, only those payments that are evaluated as free from the risk of money-laundering activity (i.e., “secure payments”) are made without disruption. That a prior art reference may have a different definition of “secure payment” does not compel a different determination.

Third, the Examiner’s characterization of claim 1 as reciting the concept of “controlling spending by consumers” is not overly broad or untethered from the claim language. The recited functions of claim 1 may reasonably be characterized as “controlling spending by consumers” because only those customers whose payment behavior does not exceed a threshold are able to complete the transaction freely. Appellant is correct that the claim also recites a “payment device.” But, as is the case here, the performance of claim limitations using generic technological elements does not remove the claim from any of the identified groupings of abstract ideas. *See Rev. Guid.*, 84 Fed. Reg. 52 n.14. Moreover, consistent with judicial precedent and the Revised Guidance, this additional element is analyzed in *Steps 2A(ii) and 2B* to determine whether it integrates the recited abstract idea into a practical application or provides an inventive concept. *See Final 4–5; see also discussion infra.*

Step 2A(ii): Judicial Exception Integrated into a Practical Application?

Because the claim recites a patent-ineligible concept, we proceed to *Step 2A(ii)*. For the reasons that follow, we determine that claim 1 does not integrate the judicial exception into a practical application. *See MPEP*

§§ 2106.05(a)–(c) and (e)–(h). We address the relevant “practical application” MPEP sections below:

MPEP § 2106.05(a) “Improvements to the Functioning of a Computer or To Any Other Technology or Technical Field”

“In determining patent eligibility, [E]xaminers should consider whether the claim ‘purport(s) to improve the functioning of the computer itself’” or “any other technology or technical field.” *See* MPEP § 2106.05(a) (citation omitted).

Although claim 1 additionally recites that certain functions are performed “with the control device of the payment device,” “with a coin insertion device of the payment device,” or “with a bank note insertion device of the payment device,” Appellant presents no persuasive evidence that practicing the claim results in an improvement to the functioning of the computer or any other technology. In particular, claim 1 is silent regarding specific limitations describing an improved machine, apparatus, computer, hardware processor, memory, non-transitory machine readable storage medium, network, database, Internet, etc.

Appellant contends claim 1 solves a specific technological problem and is directed to a technological improvement in “the operation of a payment device by reducing the vulnerability of the payment device to being used for fraudulent and criminal activity, specifically, to perpetrate money laundering.” Appeal Br. 14, 16. We disagree.

Claim 1 does not improve the operation of the payment device, which operates predictably regardless of whether a payment is being made for the purpose of money-laundering. That different functions may be executed if

the payment exceeds a threshold (and, thus, is potentially fraudulent) does not amount to an improvement in the device itself.

Nor, is claim 1 like the patent-eligible claims in *Enfish*, which were “specifically directed to a self-referential table for a computer database” and “a specific improvement to the way computers operate.” *Enfish*, 822 F.3d at 1336–37. By contrast, Appellants’ claim 1 merely recites an anti-money laundering scheme that uses generic computing elements and a payment device as tools. Put another way, the claim does little more than apply generic computing elements and functionalities to a known payment device for providing a solution to a known problem (identifying and preventing money laundering). *See, e.g.*, Spec. 1:27–2:31 (describing a payment device in no more than generic terms and citing German Patent DE 102007024301 A1 for a payment device as prior art).

MPEP § 2106.05(b) Particular Machine.

At the outset, we note that the *Bilski* machine-or-transformation test is only applicable to the method (process) claims on appeal. This section of the MPEP guides: “When determining whether a claim recites significantly more than a judicial exception, examiners should consider whether the judicial exception is applied with, or by use of, a particular machine.” *See* MPEP § 2106.05(b); *see also Bilski*, 561 U.S. at 604 (“[T]he machine-or-transformation test is a useful and important clue, and investigative tool” for determining whether a claim is patent eligible under 35 U.S.C. § 101.).

MPEP § 2106.05(b) provides further guidance regarding what constitutes a particular machine:

[A]s described in **MPEP § 2106.05(f)**, additional elements that

invoke computers or other machinery merely as a tool to perform an existing process will generally not amount to significantly more than a judicial exception. *See, e.g., [Versata, 793 F.3d at 1335] ([E]xplaining that in order for a machine to add significantly more, it must “play a significant part in permitting the claimed method to be performed, rather than function solely as an obvious mechanism for permitting a solution to be achieved more quickly.”)*.

Although claim 1 includes a payment device including a control device, Appellant does not persuade us of specific limitations directed to a *particular* machine in the claim or Specification. There lacks sufficient evidence that the payment device and its components are non-generic or perform non-generic functions. Thus, because the claim is not directed to a particular machine and merely implements an abstract idea using generic computer components, it fails to satisfy the “tied to a particular machine” prong of the *Bilski* machine-or-transformation test. *See Alice, 573 U.S. at 223; see also Bascom Global Internet Services, Inc. v. AT&T Mobility LLC,, 827 F.3d 1341, 1348 (Fed. Cir. 2016).*

MPEP § 2106.05(c) Particular Transformation.

This section of the MPEP guides: “Another consideration when determining whether a claim recites significantly more is whether the claim effects a transformation or reduction of a particular article to a different state or thing.” “Transformation and reduction of an article ‘to a different state or thing’ is the clue to patentability of a process claim that does not include particular machines.” *Bilski, 561 U.S. at 658 (quoting Benson, 409 U.S. at 70).*

Claim 1 recites a series of steps for operating a payment device to prevent money laundering. These data operations are not a transformation or reduction of an article into a different state or thing constituting patent-eligible subject matter. “The mere manipulation or reorganization of data . . . does not satisfy the transformation prong.” *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1375 (Fed. Cir. 2011). Applying this guidance here, we determine claim 1 fails to satisfy the transformation prong of the *Bilski* machine-or-transformation test.

MPEP § 2106.05(e) Other Meaningful Limitations & MPEP § 2106.05(h) Field of Use and Technological Environment.

The MPEP guides:

For a claim that is directed to a judicial exception to be patent-eligible, it must include additional features to ensure that the claim describes a process or product that applies the exception in a meaningful way, such that it is more than a drafting effort designed to monopolize the exception. The claim should add meaningful limitations beyond generally linking the use of the judicial exception to a particular technological environment to transform the judicial exception into patent-eligible subject matter.

See MPEP § 2106.05(e). Further, the Supreme Court has stated that, even if a claim does not wholly preempt an abstract idea, it still will not be limited meaningfully if it contains only insignificant or token pre- or post-solution activity—such as identifying a relevant audience, a category of use, field of use, or technological environment. *Ultramercial, Inc. v. Hulu, LLC*, 722 F.3d 1335, 1346 (Fed. Cir. 2013); *see also* MPEP § 2106.05(h).

We determine claim 1 does not add meaningful limitations beyond generally linking the use of the judicial exception to a particular technological environment. As discussed above, the recited payment device,

including a control device, coin insertion device, and bank note insertion device, are nothing more than generic components performing generic functions, which does not amount to significantly more than an abstract idea. We also note that, although claim 1 relates to preventing money laundering and is implemented in a computer-based payment device, such recitations do no more than generally link the use of a judicial exception to a particular field of use or technological environment. *See* Rev. Guid., 84 Fed. Reg. 55.

MPEP § 2106.05(f) “Mere Instructions To Apply An Exception.”

“[T]ransformation into a patent-eligible application requires more than simply stat[ing] the [abstract idea] while adding the words ‘apply it.’” *See Alice*, 573 U.S. at 221 (quotations and citation omitted); *see* MPEP § 2106.05(f). Because Appellant’s claimed technological elements appear to be merely generic elements being used in their ordinary capacity, we determine the additional elements of claim 1 do not amount to more than a recitation of the words “apply it” and are no more than mere instructions to implement an abstract idea on a computerized device. *See, e.g., TLI Communications LLC v. AV Automotive LLC*, 823 F.3d 607, 615 (Fed. Cir. 2016) (Concluding that claims reciting the abstract idea of “classifying and storing images in an organized manner” were directed to patent-ineligible subject matter because they did no more than “generically spell out what it means to ‘apply [the recited abstract idea] on a telephone network’” such that “the recited physical components behave[d] exactly as expected according to their ordinary use.”)

In view of the foregoing, we determine claim 1 does not recite additional elements that integrate the judicial exception into a practical

application and, thus, is “directed to” a judicial exception, namely an abstract idea.

C. Well-understood, routine, conventional; specified at a high level of generality.

Because claim 1 recites a judicial exception and does not integrate that exception into a practical application, we must then reach the issue of whether the claim adds a specific limitation beyond the judicial exception that, when considered individually or as an ordered combination, is not “well-understood, routine, conventional” in the field. Rev. Guid., 84 Fed. Reg. 56. It is indicative of the absence of an inventive concept where the claim simply appends well-understood, routine, conventional activities previously known to the industry, specified at a high level of generality, to the judicial exception. *Id.*

The Examiner determines that claim 1’s “additional elements are simply a generic recitation of a processor performing its generic computer functions . . . that are routine, conventional, and well understood.” Final 4–5 (citing Spec. 9, Fig. 3 (items 1, 3)); *see also* Advisory 2 (citing Fig. 1). The Examiner explains that claim 1 “does not indicate that specialized computer hardware is necessary to implement the claimed systems,” nor does it “require any nonconventional computer, network, or database components, or even a nonconventional and non-generic arrangement of known, conventional pieces, but merely call[s] for performance of the claimed preventing money laundering and controlling customers spending.” Ans. 9 (citation and quotations omitted). The Examiner adds that “[n]othing in the claims, understood in light of the specification, requires anything other than

off-the-shelf, conventional computer, network, and database technology” and notes that “[t]he Courts have 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.” *Id.* at 9–10 (citing *buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350, 1353, 1355 (Fed. Cir. 2014)).

We agree with the Examiner and determine that, beyond the limitations describing the abstract idea, claim 1 does not recite any limitations (or combination of limitations) that are not well-understood, routine, and conventional. Consistent with the Examiner’s determinations, the Specification describes the claimed technological features at a generic level. *See, e.g.*, Spec. 1:27–2:31, 6:12–7:2, and 9:18–10:20. For example, the Specification broadly discloses that the recited “payment device” may be a “so-called self-checkout machine, at which a customer e.g. in a retail shop can pay goods automatically” or any other device that provides a payment operation with cash, such as “ticket machines, cigarette machines, vending machines, drinks dispensers or the like.” *Id.* at 1:27, 10–17–20. The Specification even cites a German Patent, DE 102007024301 A1, to show that such a payment device was known in the prior art. *Id.* at 2:29–31. There is no discussion of any special functionality or considerations for a technological aspect of any technological component recited in claim 1.

Appellant argues that the Examiner’s *Step 2B* analysis was improper because the Examiner considered substantially the same claim language in both *Step 2A* and *Step 2B*. Appeal Br. 16–20. Appellant’s argument is not persuasive. *Step 2A* requires analysis of the recited claim functions, whereas *Step 2B* requires analysis of both the additional claim limitations (e.g., the

payment device) as well as the functions they perform, considered both individually and as an ordered combination. Therefore, because both *Step 2A* and *Step 2B* require consideration of the recited claim limitations, it was entirely appropriate for there to be overlap in the claim language from *Step 2A* to *Step 2B* of the Examiner’s analysis. *See* Final 3–5.

Appellant’s reliance on *Berkheimer* as evidence of Examiner error is also misplaced. Appeal Br. 20–23 (citing *Berkheimer v. HP Inc.*, 882 F.3d 1360, 1369 (Fed. Cir. 2018)). The exemplary claim limitation at issue in *Berkheimer* was “storing a reconciled object structure in the archive without substantial redundancy,” which the court found was “directed to [an] arguably unconventional inventive concept described in the [S]pecification.” 881 F.3d at 1370. There was *no* evidence in the record that this limitation described well-understood, routine, and conventional technology. *Id.* at 1368. The court held there *was* a “genuine issue of material fact” and that “fact questions created by the [S]pecification’s disclosure” precluded summary judgment of invalidity under step two of the *Alice/Mayo* framework. *Id.* Here, by contrast, the Examiner has determined—and cited the Specification and case law as evidence—that the additional technological limitations of claim 1 are merely generic and perform functions that are well-understood, routine, and conventional. Final 4–5; *see also* Advisory 2–3; and Ans. 8–10. And as discussed above, a complete review of the Specification amply supports such a determination. *See, e.g.*, Spec. 1:27–2:31, 6:12–7:2, and 9:18–10:20.

Therefore, because the additional elements of claim 1 recite only well-understood, routine, and conventional technology, we determine that claims 1, 6, and 8, viewing their limitations “both individually and as an ordered

combination,” do not recite significantly more than the judicial exception to transform the claim into patent-eligible subject matter. *See Alice*, 573 U.S. at 217 (quoting *Mayo*, 566 U.S. at 79). We decline to determine otherwise merely because the Examiner’s determinations may: (1) cite case law pertaining to elements that are similar to—but not the same as—the additional elements of claim 1; and (2) lack a complete listing of Specification disclosures showing that the additional elements are “well-understood, routine, and conventional.”

In the Reply Brief, Appellant “submits that the Examiner should reopen prosecution to apply the Revised Guidance to the claims of the present application and also submits that the Revised Guidance indicates that the present claims are patent eligible under [35 U.S.C. §] 101.” Reply Br. 6. This issue is addressable by petition to the Director, not appeal to the Board. *See* 37 C.F.R. §§ 41.40(a), 1.181; *see also* MPEP § 1207.03(b). Moreover, Appellant waived this argument by failing to petition the Director “within two months from the entry of the examiner’s answer and before the filing of any reply brief.” *See* 37 C.F.R. § 41.40(a).

In view of the foregoing, we sustain the rejection of claims 1, 6, and 8 under 35 U.S.C. § 101.

CONCLUSION

The rejection of claims 1, 6, and 8 under 35 U.S.C. § 101 is affirmed.

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In summary:

Claims Rejected	35 U.S.C. §	Reference(s)/Basis	Affirmed	Reversed
1, 6, 8	101	Eligibility	1, 6, 8	
Overall Outcome			1, 6, 8	

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a)(1)(iv).

AFFIRMED