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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte TIM NEECE, JIM BENNETT, and
BRANDON SHANE SKIDGEL

Appeal 2019-004806
Application 14/863,280
Technology Center 3600

Before ALLEN R. MacDONALD, JAMES B. ARPIN, and
ADAM J. PYONIN, *Administrative Patent Judges*.

ARPIN, *Administrative Patent Judge*.

DECISION ON APPEAL

Appellant¹ appeals under 35 U.S.C. § 134(a) from the Examiner’s final rejection of claims 1, 3–7, 10, 12–17, and 20–23, all of the pending claims. Appeal Br. 2.² Claims 2, 8, 9, 11, 18, and 19 are cancelled. *Id.* We have jurisdiction under 35 U.S.C. § 6(b).

We affirm.

¹ We use the word “Appellant” to refer to “applicant” as defined in 37 C.F.R. § 1.42. Appellant identifies the real party-in-interest as U.S. Payments, LLC. Appeal Br. 2.

² In this Decision, we refer to Appellant’s Appeal Brief (“Appeal Br.,” filed February 19, 2019) and Reply Brief (“Reply Br.,” filed June 3, 2019); the Final Office Action (“Final Act.,” mailed January 18, 2018); the Examiner’s Answer (“Ans.,” mailed April 2, 2019); and the originally-filed Specification (“Spec.,” filed September 23, 2015)). Rather than repeat the

STATEMENT OF THE CASE

Appellant’s claimed computer program products, methods, and systems “relate generally to receiving and processing payments sent from a payor to a biller, and more particularly, relate to systems, methods, and computer program products for verifying payment data related to such payments and/or accelerating posting of such payments.” Spec. ¶ 2.

As noted above, claims 1, 3–7, 10, 12–17, and 20–23 are pending. Claims 1, 6, and 15 are independent. Appeal Br. 21 (claim 1), 22–23 (claim 6), 24–25 (claim 15) (Claims App.). Claims 3–5 depend directly or indirectly from claim 1; claims 7, 10, and 12–14 depend directly from claim 6; and claims 16, 17, and 20–23 depend directly from claim 15. *Id.* at 21–26.

Claim 1 recites “[a] computer program product embodied on a non-transitory computer readable medium for processing payments from a payor to a biller, the computer program product comprising a computer-readable storage medium having computer-readable program code portions stored therein” to perform functions, substantially as recited in claim 6. *Id.* at 21, 22–23. Claim 15 recites “[a] special purpose hardware-based computer system for processing payments and verifying the accuracy of payment data related to a payment sent from a payor to a biller prior to allowing the biller to accept the payment, the special purpose hardware-based computer system comprising: a processing element capable of” performing functions, substantially as recited in claim 6. *Id.* at 22–23, 24–25. The Examiner relies

Examiner’s findings and determinations and Appellant’s contentions in their entirety, we refer to these documents.

on the same findings and arguments in rejecting claims 1, 3–7, 10, 12–17, and 20–23 (Final Act. 2–6), and Appellant does not contest the rejection of any claim separately from the independent claims (*see* Appeal Br. 20; Reply Br. 4).

Claim 6, reproduced below with disputed limitations emphasized, is representative.

6. A method of receiving and processing payments from a payor to a biller, comprising:

receiving payment data, *by a special purpose hardware-based computer system*,³ related to a payment sent from a payor, wherein the payment data comprises an account number and an amount paid, the payment data being accurate or inaccurate;

verifying the accuracy of the account number and amount paid by the special purpose hardware-based computer system by opening a batch file containing the account number and amount paid, reading the contents of the batch file, comparing the account number and amount paid to data in a database or table maintained by the biller, wherein the database or the table comprises data for a plurality of payors, and determining that the account number and amount paid match an account number or amount to be paid in the database or the table maintained by the biller before allowing the biller to accept the payment, and wherein the database comprises data for a plurality of payors; and

receiving, by the special purpose hardware-based computer system, current account information from the biller, and *using the current account information received from the biller to*

³ Although Appellant seeks to show the patent eligibility of the rejected claims based in part on the recitation of “a special purpose hardware-based computer system” in claims 6, 7, 10, 12–17, and 20–23, we note that claims 1 and 3–5 do not recite this limitation. *See* Appeal Br. 21–22 (Claims App.). Thus, we do not find Appellant’s contentions regarding this limitation applicable to claims 1 and 3–5.

modify the database or table such that the database comprises a substantially realtime representation of at least a portion of the biller's account data.

Id. at 22–23 (emphases added). Therefore, we focus our analysis on independent claim 6.

REJECTION

The Examiner rejects claims 1, 3–7, 10–17, and 20–23 under 35 U.S.C. § 101, as directed to patent ineligible subject matter.⁴ Final Act. 2–6. We review the appealed rejection for error based upon the issues identified by Appellant, and in light of the arguments and evidence produced thereon. *Ex parte Frye*, 94 USPQ2d 1072, 1075 (BPAI 2010) (precedential). Arguments not made are waived. *See* 37 C.F.R. § 41.37(c)(1)(iv). Unless otherwise indicated, we adopt the Examiner's findings in the Final Action and the Answer as our own and add any additional findings of fact for emphasis. For the reasons given below, we affirm the Examiner's rejection.

ANALYSIS

Patent Ineligible Claims

A. Section 101

An invention is patent-eligible if it claims a “new and useful process, machine, manufacture, or composition of matter.” 35 U.S.C. § 101. However, the U.S. Supreme Court has long interpreted 35 U.S.C. § 101 to include implicit exceptions: “[l]aws of nature, natural phenomena, and

⁴ In the Final Office Action, the Examiner also rejects claims 1, 3–7, 10, 12–17, and 20–23 as indefinite. Final Act. 4, 6. We presume the Examiner has withdrawn this rejection as the cited concern appears to have been corrected in an amendment filed June 18, 2018.

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 Court’s two-part framework, described in *Mayo* and *Alice*. *Id.* at 217–18 (citing *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 75–77 (2012)). In accordance with that framework, we first determine what concept the claim is “directed to.” *See Alice*, 573 U.S. at 219 (“On their face, the claims before us are drawn to the concept of intermediated settlement, *i.e.*, the use of a third party to mitigate settlement risk.”); *see also Bilski v. Kappos*, 561 U.S. 593, 611 (2010) (“Claims 1 and 4 in petitioners’ application explain the basic concept of hedging, or protecting against risk.”). According to the Court, 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)).

In *Diamond v. Diehr*, the claim at issue recited a mathematical formula, but the Court held that “a claim drawn to subject matter otherwise statutory does not become nonstatutory simply because it uses a mathematical formula.” *Diamond v. Diehr*, 450 U.S. 175, 187 (1981). Having said that, the 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.* at 191 (citing *Benson* and *Flook*). Nevertheless, the

Court noted that “[i]t 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.” *Id.* at 187; *see also* *BASCOM Global Internet Services, Inc. v. AT&T Mobility LLC*, 827 F.3d 1341, 1352 (Fed. Cir. 2016) (Even if the individual components were known, “an inventive concept can be found in the ordered combination of claim limitations that transform the abstract idea of filtering content into a particular, *practical application* of that abstract idea” (emphasis added)).

If the claim is “directed to” an abstract idea, we next “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.* (alterations in original) (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.*

B. Office Patent Eligibility Guidance

In an effort to achieve clarity and consistency in how the Office applies the Court’s two-part test, the Office published revised guidance on the application of § 101. *2019 Revised Patent Subject Matter Eligibility Guidance*, 84 Fed. Reg. 50 (Jan. 7, 2019).⁵ In Step One of our analysis, we

⁵ “All USPTO personnel are, as a matter of internal agency management, expected to follow the guidance.” *2019 Revised Patent Subject Matter Eligibility Guidance*, 84 Fed. Reg. at 51; *see also* *October 2019 Update: Subject Matter Eligibility*, 2 (Oct. 17, 2019) (“Note, the feedback received

look to see whether the claims, as written, fall within one of the four statutory categories identified in § 101. *Id.* at 53 (“Examiners should determine whether a claim satisfies the criteria for subject matter eligibility by evaluating the claim in accordance with the criteria discussed in MPEP 2106, *i.e.*, whether the claim is to a statutory category (Step 1) and the *Alice/Mayo* test for judicial exceptions (Steps 2A and 2B)”).

Under the guidance, we then look to whether the claim recites:

(1) Step 2A – Prong One: 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) Step 2A – Prong Two: additional elements that integrate the judicial exception into a practical application (*see* MPEP⁶ § 2106.05(a)–(c), (e)–(h)).

See 2019 Revised Patent Subject Matter Eligibility Guidance, 84 Fed. Reg. at 54–55 (“Revised Step 2A”).

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.

was primarily directed to examination procedures and, accordingly, this update focuses on clarifying practice for patent examiners. However, all USPTO personnel are expected to follow the guidance.”).

⁶ All Manual of Patent Examining Procedure (“MPEP”) citations herein are to MPEP, Rev. 08.2017, January 2018.

See id. at 56 (“*Step 2B: If the Claim Is Directed to a Judicial Exception, Evaluate Whether the Claim Provides an Inventive Concept.*”).

C. Step One – Claims Directed to Statutory Categories

Appellant’s independent claim 1 and its associated dependent claims are directed to computer program products “embodied on a non-transitory computer readable medium,” i.e., a “composition of matter”; Appellant’s independent claim 6 and its associated dependent claims are directed to a methods, i.e., a “process”; and Appellant’s independent claim 15 and its associated dependent claims are directed to a systems i.e., a “machine.” Appeal Br. 21–26 (Claims App.); *see In re Nuijten*, 500 F.3d 1346, 1356–57 (Fed. Cir. 2007) (transitory embodiments are not directed to statutory subject matter). Thus, the pending claims are directed to recognized statutory categories.

D. Two-Part Alice/Mayo Test

1. Step 2A, Prong One – Claims Recite Abstract Ideas

Applying the first part of the *Alice/Mayo* analysis (Step 2A), the Examiner found “Claim(s) 1, 3-7, 10-17^[7] 20-23 is/are directed to verifying the accuracy of received payment data by comparing it to stored payment data before allowing a biller accept the payment.” Final Act. 4; *see Spec.*

¶ 2. In particular,

The abstract idea is an idea of itself, such as a concept, plan or scheme or mental process that may be performed in the human mind or by a human using pen and paper such as the abstract idea identified in *SmartGene[, Inc. v. Adv. Biological Labs., SA*, 555 Fed. Appx. 950, 955 (Fed. Cir. 2014)], comparing new and stored

⁷ We note claim 11 has been canceled. *See* Appeal Br. 23 (Claims App.).

information and using rules to identify options. In the present case the payment data is the new information and the data in the database is the stored information. The two are compared for accuracy and a determination is made about the accuracy of the data which corresponds to the rule. The options are to allow the biller to accept the payment or not based on the rule.

Id. at 5; Ans. 3–4, 10; *see Electric Power Group, LLC v. Alstom S.A.*, 830 F.3d 1350, 1353 (Fed. Cir. 2016) (“The focus of the asserted claims, as illustrated by claim 12 quoted above, is on collecting information, analyzing it, and displaying certain results of the collection and analysis.”); *Cellspin Soft, Inc. v. Fitbit, Inc.*, 927 F.3d 1306, 1319 (Fed. Cir. 2019) (citing *Electric Power Grp.* with approval). We agree with the Examiner’s assessment of the claims.

The Specification explains, “[t]he executable portion [of a computer program product] may be configured to verify the accuracy of the payment data by opening a batch file containing payment data, reading the contents of the batch file, and comparing the contents of the batch file to a database, a table, and/or an algorithm.” Spec. ¶ 29. Claim 6 broadly recites the steps of (1) receiving payment data including an account number and an amount paid (“receiving payment data . . . related to a payment sent from a payor, wherein the payment data comprises an account number and an amount paid, the payment data being accurate or inaccurate”); (2) verifying the payment data by comparing the payment data to data stored in a database or table and determining that the payment data matches the data stored in a database or table, before allowing the biller to accept payment (“verifying the accuracy of the account number and amount paid . . . by opening a batch file containing the account number and amount paid, reading the contents of the batch file, comparing the account number and amount paid to data in a

database or table maintained by the biller, wherein the database or the table comprises data for a plurality of payors, and determining that the account number and amount paid match an account number or amount to be paid in the database or the table maintained by the biller before allowing the biller to accept the payment”); and (3) updating the database or table based on current account information received from the biller (“receiving . . . current account information from the biller, and using the current account information received from the biller to modify the database or table such that the database comprises a substantially realtime representation of at least a portion of the biller’s account data”). Appeal Br. 22–23 (Claims App.). These are steps of “observation, evaluation, judgment, opinion” and, under the broadest reasonable interpretation, also can be reasonably characterized as “[m]ental processes.” *2019 Revised Patent Subject Matter Eligibility Guidance*, 84 Fed. Reg. at 52.

Appellant contends, however, that

Unlike the claims at issue in *Alice* in which a computer was merely used as a tool to implement an abstract idea that could be performed without the use of computers, the fundamental idea underlying the present claims is tied to computer technology and cannot be performed by a human mentally or using a pen and paper.

Appeal Br. 10. We disagree.

Appellant fails to demonstrate that the steps of receiving payment data, verifying the payment data comparing the payment data to data in a table and determining whether it matches, and updating the table using current information supplied by the biller could not be performed without using a computer, e.g., with pen and paper. As the Office has explained,

Claims can recite a mental process even if they are claimed as being performed on a computer. . . .

By way of example, examiners may review the specification to determine if the underlying claimed invention is described as a concept that is performed in the human mind and applicant is merely claiming that concept performed 1) on a generic computer, 2) in a computer environment or 3) is merely using a computer as a tool to perform the concept. In these situations, the claim is considered to recite a mental process. For instance, in *Voter Verified, Inc. v. Election Systems & Software LLC*[, 887 F.3d 1376, 1385 (Fed. Cir. 2018)], the Federal Circuit relied upon the specification in explaining that the claimed steps of voting, verifying the vote, and submitting the vote for tabulation are human cognitive actions that humans have performed for hundreds of years despite the fact that the steps in the claim were performed on a computer.

October 2019 Update: Subject Matter Eligibility at 8; see Spec. ¶¶ 25, 26, 29, 32, 34, 84, 92–94. We are persuaded that a person could receive data, compare the received data to a table to verify its accuracy, and subsequently update the table without the aid of a computer. Final Act. 5.

In addition, claim 6 recites “[a] method of *receiving and processing payments from a payor to a biller.*” Appeal Br. 22 (Claims App.) (preamble of claim 6); see Spec. ¶ 2. We note that receiving payment data, verifying the accuracy of that payment data by comparing it to existing account records (e.g., databases or tables) before accepting payment, and updating those account records to reflect current data are “commercial or legal interactions (including . . . legal obligations; . . . sales activities or behaviors; business relations).” See *2019 Revised Patent Subject Matter Eligibility Guidance*, 84 Fed. Reg. at 52.

Thus, we determine that the claims recite “[c]ertain methods of organizing human activity— . . . commercial or legal interactions”⁸ and “mental processes—concepts performed in the human mind (including an observation, evaluation, judgment, opinion).” *See 2019 Revised Patent Subject Matter Eligibility Guidance*, 84 Fed. Reg. at 52; *see also October 2019 Update: Subject Matter Eligibility*, 2 (Oct. 17, 2019) (“Other claims may recite multiple abstract ideas, which may fall in the same or different groupings, or multiple laws of nature. In these cases, examiners should not parse the claim.”). Consequently, we determine that the rejected claims recite abstract ideas, namely “[c]ertain methods of organizing human activity” and “mental processes.”

2. Step 2A, Prong Two – Abstract Ideas Not Integrated Into Practical Application

Initially, we note that claim 1 recites “[a] computer program product embodied on a non-transitory computer readable medium for processing payments from a payor to a biller,” having computer-readable program code portions. Appeal Br. 21 (Claims App.). The Specification discloses that a computer-readable storage medium may be a non-volatile storage medium. Spec. ¶ 92. Further, claims 6 and 15 recite that the functions discussed

⁸ “[T]he sub-groupings [of certain methods for organizing human activities] encompass both activity of a single person (for example, a person following a set of instructions or a person signing a contract online) and activity that involves multiple people (such as a commercial interaction), and thus, certain activity between a person and a computer (for example a method of anonymous loan shopping that a person conducts using a mobile phone) may fall within the ‘certain methods of organizing human activity’ grouping.” *October 2019 Update: Subject Matter Eligibility*, 5 (Oct. 17, 2019).

above are performed by “a special purpose hardware-based computer system.” Appeal Br. 22, 24 (Claims App.). The Specification explains

blocks or steps of the flowcharts support combinations of means for performing the specified functions, combinations of steps for performing the specified functions and program instruction means for performing the specified functions. It will also be understood that each block or step of the flowcharts, and combinations of blocks or steps in the flowcharts, can be implemented by special purpose hardware-based computer systems which perform the specified functions or steps, or combinations of special purpose hardware and computer instructions.

Spec. ¶ 94. The Specification does not describe “special purpose hardware-based computer systems” or “special purpose hardware” in further detail.

Applying the second part of the *Alice/Mayo* analysis,⁹ the Examiner finds:

The claim(s) does/do not include additional elements that are sufficient to amount to significantly more than the judicial exception because the claims merely recite generic devices used to implement the abstract idea; a computer program product and a processor. The claims also recite the data being received in a batch file however, this is not a meaningful limitation because the format of the data does not affect the process. Additionally, the claims further recite storing the database or table and receiving current account information which is used to update the database or table.

⁹ We acknowledge that some of the considerations at Step 2A, Prong Two, properly may be evaluated under the second part of the *Alice/Mayo* analysis (Step 2B of the Office guidance). See Ans. 10–11. For purposes of maintaining consistent treatment within the Office, we evaluate those considerations under first part of the *Alice/Mayo* analysis (Step 2A of the Office guidance). See *2019 Revised Patent Subject Matter Eligibility Guidance*, 84 Fed. Reg. at 55 n.25, 27–32.

Final Act. 5. Moreover, as the Examiner notes, Appellant does not provide explanation or evidence why the systems or hardware are “special,” other than that they perform the recited functions. Ans. 7 (“The appellants ‘special purpose hardware-based computer’ is nowhere defined, at least, as having a specific structure, arranged in a particular way, therefore the appellant’s argument is unpersuasive.”); *see id.* at 10.

We are persuaded that the products of claim 1 merely recite generic storage devices, and, similarly, the methods and systems of claims 6 and 15 merely recite generic hardware; and all of the independent claims recite known techniques for manipulating and evaluating data. Consequently, the products, methods, and systems are not linked to any particular machine (MPEP § 2106.05(b)) and merely apply generic computer hardware and software to perform the abstract ideas (MPEP § 2106.05(f)). *See* Final Act. 3, 5; Ans. 7; *see also* 2019 Revised Patent Subject Matter Eligibility Guidance, 84 Fed. Reg. at 55 nn.27, 30. Moreover, as the Examiner notes, “[l]imiting the claims to a particular technological area do not transform the claims into patent-eligible subject matter.” Final Act. 5; *see* MPEP § 2106.05(h); 2019 Revised Patent Subject Matter Eligibility Guidance, 84 Fed. Reg. at 55 n.29.

Appellant contends, however, that “[t]he practical application as defined by the present invention is the ability to modify the database or table in real-time so as to present, in real-time, a representation of the biller’s account data or a portion thereof.” Reply Br. 2. We disagree.

Initially, we note the claims do not recite that the database or table is modified “in real-time,” but, instead, recite that the database or table is modified, “such that the database comprises a *substantially* real-time

representation of *at least a portion* of the biller’s account data.” Appeal Br. 23 (Claims App.) (claim 6 (emphasis added)); *see also id.* at 21, 25 (corresponding recitations of claims 1 and 15); Spec. ¶¶ 29 (“For example, the database, table, and/or algorithm may provide a substantially real-time representation of at least a portion of the biller’s account data.”), 31 (“In some embodiments of the method, the database provides a substantially real-time representation of the biller’s accounts.”), 35 (“The database may provide a substantially real-time representation of the biller’s accounts.”). Although the Specification discloses that, referring to Figure 3, “[t]he verifier 340 *preferably is capable of checking* at least a portion of the payment data that it receives against the biller’s records *in real time*,” we do not read this limitation into the claims. Spec. ¶ 56 (emphases added); *see Superguide Corp. v. DirectTV Enterprises, Inc.*, 358 F.3d 870, 875 (Fed. Cir. 2004) (“Though understanding the claim language may be aided by the explanations contained in the written description, it is important not to import into a claim limitations that are not a part of the claim. For example, a particular embodiment appearing in the written description may not be read into a claim when the claim language is broader than the embodiment.”); *see also Am. Axle & Mfg., Inc. v. Neapco Holdings LLC*, 939 F.3d 1355, 1363 (Fed. Cir. 2019) (“We have repeatedly held that features that are not claimed are irrelevant as to step 1 or step 2 of the Mayo/Alice analysis.”); *Two-Way Media Ltd. v. Comcast Cable Commc’ns, LLC*, 874 F.3d 1329, 1339 (Fed. Cir. 2017) (“Neither the protocol nor the selection signals are claimed, precluding their contribution to the inventive concept determination.”). Thus, the modification is not “in real time,” and the database is not necessarily a “real-time” representation. *See Electric*

Power Group, 830 F.3d at 1356 (“The claims in this case specify what information in the power-grid field it is desirable to gather, analyze, and display, including in ‘real time’; but they do not include any requirement for performing the claimed functions of gathering, analyzing, and displaying in real time by use of anything but entirely conventional, generic technology. The claims therefore do not state an arguably inventive concept in the realm of application of the information-based abstract ideas.”). Moreover, even were we to accept that the claims recite real-time modification of the database or table or that the modified database is a real-time representation, such a modification or representation, without more, would not result here in a determination of eligibility.¹⁰

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It is well settled . . . that automating conventional activities using generic technology does not amount to an inventive concept. *See Alice*, 134 S.Ct. at 2358 (explaining that “if a patent’s recitation of a computer amounts to a mere instruction to implement an abstract idea on ... a computer, that addition cannot impart patent eligibility”) (internal alteration, citation, and quotations omitted); *Intellectual Ventures I LLC v. Capital One Bank (USA)*, 792 F.3d [1363,] 1367 [Fed. Cir. 2015)] (“claiming the *improved speed or efficiency* inherent with applying the abstract idea on a computer [does not] provide a sufficient inventive concept”); *Bancorp Servs., L.L.C. v. Sun Life Assur. Co. of Can. (U.S.)*, 687 F.3d 1266, 1278 (Fed. Cir. 2012) (“[T]he fact that the required calculations could be performed *more efficiently* via a computer does not materially alter the patent eligibility of the claimed subject matter.”).

LendingTree, LLC v. Zillow, Inc., 656 F. App’x 991, 996 (Fed. Cir. 2016) (emphasis added).

As evidenced by the analysis above, claim 6 is broad in its scope and does not meaningfully limit the abstract idea, particularly, how the payment data is received, other than that it is received in a batch file; how the payment data is compared to data stored in the database or table; how the payment data is determined to match the stored data; or how the database or table is updated. *See Electric Power Grp.*, 830 F.3d at 1353. Consequently, we are not persuaded that this limitation integrates the recited abstract ideas into a practical application.

In view of Appellant's claim recitations and Specification and consistent with the Examiner's determinations, we are persuaded the rejected claims do not recite:

- (i) an improvement to the functioning of a computer;
- (ii) an improvement to another technology or technical field;
- (iii) an application of the abstract idea with, or by use of, a particular machine;
- (iv) a transformation or reduction of a particular article to a different state or thing; or
- (v) other meaningful limitations beyond generally linking the use of the abstract idea to a particular technological environment.

See MPEP § 2106.05(a)–(c), (e)–(h). Thus, we conclude that the rejected claims do not integrate the judicial exceptions into a practical application and that the claims are directed to abstract ideas.

3. Step 2B – Not Significantly More Than the Abstract Ideas

Because we find that the claims are directed to abstract ideas and do not integrate those abstract ideas into a practical application, we now consider whether the claims include additional limitations, such that the

claims amount to significantly more than the abstract ideas. As noted above, applying the second part of the *Alice/Mayo* test, the Examiner finds:

The claim(s) does/do not include additional elements that are sufficient to amount to significantly more than the judicial exception because the claims merely recite generic devices used to implement the abstract idea; a computer program product and a processor. The claims also recite the data being received in a batch file however, this is not a meaningful limitation because the format of the data does not affect the process. Additionally, the claims further recite storing the database or table and receiving current account information which is used to update the database or table. This limitation is not particularly meaningful because using received data to update stored data is a common computer function which is well-understood, routine and conventional and can also be considered insignificant extrasolution activity.

Final Act. 5. As noted above, Appellant contends “the pending claims recite a particular way of processing payments whereby the accuracy of the account number and amount paid is verified by a highly specific and unique means prior to allowing the biller to accept payment.” Appeal Br. 12.

The Examiner responds,

the appellant provides no explanation or evidence, other than reciting the claim language itself, why the Office should consider a special purpose hardware-based computer an inventive concept. The appellants “special purpose hardware-based computer” is nowhere defined, at least, as having a specific structure, arranged in a particular way, therefore the appellant’s argument is unpersuasive.

Ans. 7. Further, the Examiner finds the activities performed by the recited hardware also are well-understood, routine, and conventional. *Id.* at 6; *see Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 716 (Fed. Cir. 2014) (“Adding routine additional steps *such as updating an activity log*, requiring a request from the consumer to view the ad, restrictions on public access,

and use of the Internet does not transform an otherwise abstract idea into patent-eligible subject matter. Instead, the claimed sequence of steps comprises only ‘conventional steps, specified at a high level of generality,’ which is insufficient to supply an ‘inventive concept.’” (emphasis added)). We agree with the Examiner.

Appellant further contends that the claims at issue are similar to claim 2 in Example 35 of the Office’s Subject Matter Eligibility Examples: Business Methods. Appeal Br. 12–14. Initially, we note, “[t]he Board decides cases in accordance with the law, not in accordance with hypothetical” examples. *Ex Parte Blythe*, Appeal No. 2017-003176, 2018 WL 3047568, at *8 (PTAB May 31, 2018) (nonprecedential); *see also 2019 Revised Patent Subject Matter Eligibility Guidance*, 84 Fed. Reg. at 52, n. 11 (“[T]he finding that the subject matter claimed in a prior patent was ‘abstract’ as claimed may not determine whether similar subject matter in another application, claimed somewhat differently or supported by a different disclosure, is directed to an abstract idea and therefore patent ineligible.”). Example 35, like the other examples provided by the Office, is merely a “hypothetical [that is] only intended to be illustrative of the claim analysis under the 2019 [Patent Eligibility Guidance].” *Subject Matter Eligibility Examples: Abstract Ideas*, 1 (Jan. 7, 2019). Nonetheless, we assess to what extent the fact pattern set forth by Example 35 bears on the claims of Appellant’s pending application.

Upon review of hypothetical claim 2 of Example 35, claim 2 recites the steps of

generating a random code and transmitting it to a mobile communication device that is registered to the customer associated with the bank card,

reading, by the automated teller machine, an image from the customer's mobile communication device that is generated in response to receipt of the random code, wherein the image includes encrypted code data,

decrypting the code data from the read image, and

analyzing the decrypted code data from the read image and the generated code to determine if the decrypted code data from the read image matches the generated code data.

Appeal Br. 13. As the Examiner finds, “the example makes it clear that it is the combination of steps provided by the ATM and the mobile communication device ... that is more than a conventional verification process employed by an ATM alone.” Ans. 8. We agree.

Moreover, we find the combination of steps recited in claims 1, 6, and 15 to more closely resemble the method recited in hypothetical claim 1 of Example 35, which the Office deems an example of a patent ineligible claim and which recites steps comprising “a method of fraud prevention by verifying the authenticity of the customer’s identity prior to proceeding with a banking transaction, which is a ‘long prevalent’ business practice that bank tellers have used for many years.” *Subject Matter Eligibility Examples: Business Methods*, 7–9 (Dec. 2016). Regarding this hypothetical claim, the Office concludes, “[t]aken individually therefore, the additional elements of claim 1 do not provide significantly more, i.e., an inventive concept, to the claim,” and “[t]he combination of elements is no more than the sum of their parts, and provides nothing more than mere automation of verification steps that were in years past performed mentally by tellers when engaging with a bank customer.” *Id.* at 9. Thus, we do not find Appellant’s contentions with respect to Example 35 persuasive of Examiner error.

We find Appellant’s contentions based on Example 21, first raised in the Reply Brief, equally unpersuasive. Reply Br. 3. Appellant notes that Example 21 describes claims directed to an “Internet-centric challenge.” *Id.* No such challenge is addressed by Appellant’s claims or described in the Specification. *See* Appeal Br. 21–26 (Claims App.); Spec. ¶¶ 74, 79, 84.

Appellant also contends the claims are analogous to claims found patent eligible in *Bascom* and *Amdocs (Israel) Ltd v. Openet Telecom, Inc.*, 761 F.3d 1329 (Fed. Cir. 2014). Appeal Br. 14–17. In particular, Appellant contends:

The recited elements [of the pending claims], in combination, are not directed to “generic computer components claimed to perform their basic functions.” Instead, the recited elements are performed *by a special purpose hardware-based computer* and combine in a particular way to verify the accuracy of account information and payment amount prior to allowing the biller to accept the payment in a batch-type payment request.

Id. at 17 (emphasis added). Nevertheless, for the reasons discussed above, Appellant fails to demonstrate how the “special purpose hardware-based computer” is special and, in particular, how it performs the functions recited in the claims in a manner different from generic hardware. Ans. 7. Nor does Appellant persuasively show that the combinations of limitations rendering the claims of *Bascom* and *Amdocs* patent eligible are analogous to the limitations of the pending claims. *Id.* at 8–9.

Appellant also contends that, even if the claims recite an abstract idea, they do not preempt the use of that idea. Appeal Br. 17–19. As our reviewing court has explained, “[t]he Supreme Court has made clear that the principle of preemption is the basis for the judicial exceptions to patentability” and “[f]or this reason, questions on preemption are inherent in

and resolved by the § 101 analysis.” *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015) (citing *Alice Corp.*, 134 S. Ct. at 2354); see Final Act. 3–4; Ans. 9. “While preemption may signal patent ineligible subject matter, the absence of complete preemption does not demonstrate patent eligibility.” *Ariosa Diagnostics*, 788 F.3d at 1379. We are not persuaded that a potential lack of complete preemption is dispositive here.

On this record, we agree with the Examiner that independent claims 1, 6, and 15 are directed to abstract ideas and fails to recite “significantly more” than the identified abstract ideas. Thus, we are not persuaded that the Examiner erred in determining that independent claims are patent-ineligible, and we sustain that rejection. Appellant does not argue the eligibility of the dependent claims separately, and, therefore, the dependent claims fall with their base claims. See 37 C.F.R. § 41.37(c)(1)(iv). Consequently, we also sustain the patent ineligibility rejection of the dependent claims.

DECISION

1. The Examiner did not err in rejecting claims 1, 3–7, 10, 12–17, and 20–23 under 35 U.S.C. § 101, as directed to patent-ineligible subject matter.
2. Thus, on this record, claims 1, 3–7, 10, 12–17, and 20–23 are not patentable.

CONCLUSION

We affirm the Examiner’s rejection of claims 1, 3–7, 10, 12–17, and 20–23.

In summary:

Claims Rejected	35 U.S.C. §	Basis	Affirmed	Reversed
1, 3-7, 10, 12-17, 20-23	101	Eligibility	1, 3-7, 10, 12-17, 20-23	

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