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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
13/338,108	12/27/2011	Ayman Hammad	79900-823691(88700US)	8485
66945	7590	09/02/2020	EXAMINER	
KILPATRICK TOWNSEND & STOCKTON LLP/VISA			GREGG, MARY M	
Mailstop: IP Docketing - 22				
1100 Peachtree Street			ART UNIT	
Suite 2800			PAPER NUMBER	
Atlanta, GA 30309			3697	
			NOTIFICATION DATE	
			DELIVERY MODE	
			09/02/2020	
			ELECTRONIC	

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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte AYMAN HAMMAD and PATRICK L. FAITH

Appeal 2019-006187
Application 13/338,108
Technology Center 3600

Before MURRIEL E. CRAWFORD, ANTON W. FETTING, and
NINA L. MEDLOCK, *Administrative Patent Judges*.

CRAWFORD, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Appellant¹ seeks our review under 35 U.S.C. § 134(a) of the Examiner's final rejection of claims 1, 2, 5–9, 11, 12, 14, 15, 17–21, 23, 24, 26, and 28–33. We have jurisdiction under 35 U.S.C. § 6(b).

SUMMARY OF DECISION

We REVERSE.

THE INVENTION

Appellant claims a method and system for conducting a mixed mode financial transaction. (Spec. ¶ 5, Title).

¹ 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 Visa International Service Association. Appeal Br. 3.

Claim 1 is representative of the subject matter on appeal.

1. A method of conducting a mixed mode financial transaction between a first device and a second device, the method comprising:

initiating, with the first device, the financial transaction using a first communication mode between the first device and the second device, wherein the first device and the second device are proximate to each other and are in a merchant store;

and wherein the first device is a consumer device and the second device is a merchant device;

exchanging data between the consumer device and the merchant device using the first communication mode, wherein a unique value is generated based on the data exchanged between the consumer device and the merchant device, wherein the data exchanged includes a consumer device identifier associated with the consumer device and a merchant device identifier associated with the merchant device;

authenticating the merchant device using the consumer device;

based on authenticating the merchant device, sending, by the consumer device, a transceiver activate message to instruct the merchant device to activate a transceiver associated with the merchant device to be used for a second communication mode, wherein the first communication mode and the second communication mode are different modes of communication;

initiating the second communication mode that is dependent on the data exchanged in the first communication mode and the unique value generated based on the data exchanged using the first communication mode, the unique value being a session key or a security token that secures the data exchanged in the second communication mode between the consumer device and the merchant device; and

continuing the transaction by initiating, by the consumer device with the merchant device, an authorization request message comprising a payor PAN to request authorization of the transaction, wherein the consumer device and the merchant device are proximate to each other when

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communicating using the second communication mode, wherein the consumer and merchant devices are proximate when the first and second devices are within 10 meters of each other.

THE REJECTIONS

Claims 1, 2, 5–9, 11, 12, 14, 15, 17–21, 23, 24, 26, and 28–33 are rejected under 35 U.S.C. § 101 as directed to a judicial exception without significantly more.

Claims 1, 5–7, 9, 24, 26, and 29, 30, and 33 are rejected under pre-AIA 35 U.S.C. § 103(a) as being unpatentable over US Pub No. 2009/0013087 A1; published Jan. 8, 2009 by Lorch et al. (Lorch) and further in view of US Pub No. 2010/0125508 A1; published May 20, 2010 by Smith (Smith).

Claims 2 and 31 are rejected under pre-AIA 35 U.S.C. § 103(a) as being unpatentable over Lorch and further in view of Smith as applied to Claim 1 above, and further in view of US 2007/0188323 A1; published Aug. 16, 2007 by Sinclair et al. (Sinclair).

Claim 8 is rejected under pre-AIA 35 U.S.C. § 103(a) as being unpatentable over Lorch and further in view of Smith as applied to Claim 7 above, and further in view of US Pub. No. 2010/0303230 A1; published Dec. 2, 2010 by Taveau et al. (Taveau).

Claim 21 is rejected under pre-AIA 35 U.S.C. § 103(a) as being unpatentable over Lorch and further in view of Smith as applied to Claim 1 above, and further in view of US Pub. No. 2012/0040717 A1; published Feb. 16, 2012 by Levy et al. (Levy).

Claim 28 is rejected under pre-AIA 35 U.S.C. § 103(a) as being unpatentable over Lorch and further in view of Smith as applied to Claim 1

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above, and further in view of US Pub. No. 2003/0005118 A1; published Jan. 2, 2003 by Williams et al. (Williams).

Claims 11, 17, and 23 are rejected under pre-AIA 35 U.S.C. § 103(a) as being unpatentable over Lorch and further in view of Smith.

Claims 12, 15, and 32 are rejected under pre-AIA 35 U.S.C. § 103(a) as being unpatentable over Lorch and further in view of Smith as applied to Claim 11 above, and further in view of Sinclair.

Claim 14 is rejected under pre-AIA 35 U.S.C. § 103(a) as being unpatentable over Lorch and further in view of Smith as applied to Claim 11 above, and further in view of US 7,167,710 B2; issued Jan. 23, 2007 by Thakkar et al. (Thakkar).

Claims 18 and 19 are rejected under pre-AIA 35 U.S.C. § 103(a) as being unpatentable over Lorch and further in view of Smith as applied to Claim 11 above, and further in view of Taveau.

Claim 20 is rejected under pre-AIA 35 U.S.C. § 103(a) as being unpatentable over Lorch and further in view of Smith, Sinclair as applied to Claim 15 above, and further in view of US Pub. No. 2004/0132461 A1; published July 8, 2004 Duncan et al. (Duncan).

ANALYSIS

35 U.S.C. § 101 REJECTION

We will not sustain the rejection of claims 1, 2, 5–9, 11, 12, 14, 15, 17–21, 23, 24, 26, and 28–33 under 35 U.S.C. § 101.

The Supreme Court

set forth a framework for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts. First, . . . determine whether the claims at issue are directed to one of

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those patent-ineligible concepts. . . . If so, . . . then ask, “[w]hat else is there in the claims before us?” . . . To answer that question, . . . consider the elements of each claim both individually and “as an ordered combination” to determine whether the additional elements “transform the nature of the claim” into a patent-eligible application. . . . [The Court] described step two of this analysis as a search for an “‘inventive concept’”—*i.e.*, an element or combination of elements that is “sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the [ineligible concept] itself.”

Alice Corp. v. CLS Bank Int’l, 573 U.S. 208, 217–218 (citing *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 72–73 (2012)) (citations omitted).

To perform this test, we must first determine whether the claims at issue are directed to a patent-ineligible concept. The Federal Circuit has explained that “the ‘directed to’ inquiry applies a stage-one filter to claims, considered in light of the [S]pecification, based on whether ‘their character as a whole is directed to excluded subject matter.’” *See Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1335 (Fed. Cir. 2016) (quoting *Internet Patents Corp.*, 790 F.3d 1343, 1346 (Fed. Cir. 2015)). It asks whether the focus of the claims is on a specific improvement in relevant technology or on a process that itself qualifies as an “abstract idea” for which computers are invoked merely as a tool. *See id.* at 1335–36.

In so doing, we apply a “directed to” two prong test: 1) evaluate whether the claim recites a judicial exception, and 2) if the claim recites a judicial exception, evaluate whether the judicial exception is integrated into a practical application. *2019 Revised Patent Subject Matter Eligibility*

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Guidance, 84 Fed. Reg. 50, 57 (Jan. 7, 2019).²

The Examiner determines that the claims are directed to a method of conducting a financial transaction by exchanging data between first and second devices using two communication modes, which the Examiner determines to be a fundamental economic practice. (Final Act. 6). The Examiner also determines that the claims are directed to the basic concept of receiving, processing, and transmitting data, which like collecting, recognizing, and storing data has long been performed by humans. The Examiner finds the claims do not include additional elements that are sufficient to amount to significantly more than the judicial exception because the additional elements, when considered both individually and as an ordered combination, do not amount to significantly more than the abstract idea. (Final Act. 8–9).

Claim 1 recites “based on authenticating the merchant device, sending, by the consumer device a transceiver activate message to instruct the merchant device to activate a transceiver.”

Appellant argues that the subject matter recited in claim 1 is an improvement to technology. Specifically, Appellant argues that by only activating the transceiver when necessary, the claimed method prevents unnecessary signal transmission and interference, improves battery life, and reduces power consumption. (Appeal Br. 16).

This improvement to technology is disclosed in the Specification:

In some applications, it is advantageous for devices to transmit and receive signals only when necessary. For example, it may

² The USPTO issued an update on October 17, 2019 (the “October 2019 Update”), available at https://www.uspto.gov/sites/default/files/documents/peg_oct_2019_update.pdf, clarifying the 2019 Revised Guidance in response to public comments.

be beneficial to only power on the wireless transceiver during a transaction and immediately before or after a transaction. In one embodiment, an instruction to activate the merchant device's wireless transceiver 5 may be received and/or generated. For example, a merchant device may be a POS terminal with NFC. The POS terminal has a sleep function and only transmit when awake (i.e., when not in sleep mode). The POS terminal may exit sleep mode when a consumer device "bumps" the POS terminal. In one embodiment, the physical interaction can be the initiating act of a consumer device waking up the POS terminal. Upon an initiating act, the POS terminal may turn on its NFC transceiver, WiFi transceiver, or Bluetooth transceiver and start a dialogue between the consumer device and the merchant device.

(Spec. ¶ 91).

We agree with the Appellant. In our view, this improvement is recited in the claims and is disclosed in the Specification. We fail to see, and the Examiner has not explained, how the step of sending, by the consumer device a transceiver activate message to instruct the merchant device to activate a transceiver based on authenticating the merchant device could practically be performed in the human mind. See the October 2019 Update at 7 ("Claims do not recite a mental process when they do not contain limitations that can practically be performed in the human mind, for instance when the human mind is not equipped to perform the claim limitations."). As such, we will not sustain the rejection of claim 1 under 35 U.S.C. § 101. We will also not sustain this rejection as it is directed to the remaining claims because each of the remaining claims requires a transceiver activate message being sent based on authentication of the merchant device.

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35 U.S.C. § 103(a) REJECTIONS

We will not sustain the rejection of claim 1 under 35 U.S.C. §103(a) because we agree with Appellant that the prior art does not disclose “based on authenticating the merchant device, sending, by consumer device a transceiver activate message to . . . activate a transceiver” as required by claim 1. The Examiner relies on Lorch (¶¶ 16, 90, and 93-94) for teaching the transceiver activate message. (Final Act. 18; Ans. 9). Appellant argues that there is nothing in these paragraphs about activating a transceiver. The Examiner has not explained how these paragraphs in Lorch disclose the transceiver activate message. Paragraph 16 describes a mixed operation mode which permits communication between users. Paragraphs 90, and 93–94 discuss service activation messages but do not relate to activating a transceiver.

In view of the foregoing, we will not sustain the Examiner’s rejection under 35 U.S.C. §103(a) of claim 1. We will also not sustain the rejections as directed to the remaining claims because each of these claims requires the transceiver activate message and each of the rejections relies on Lorch for teaching this subject matter.

CONCLUSIONS OF LAW

We conclude the Examiner did err in rejecting claims 1, 2, 5–9, 11, 12, 14, 15, 17–21, 23, 24, 26, and 28–33 under 35 U.S.C. § 101.

We conclude the Examiner did err in rejecting claims 1, 2, 5–9, 11, 12, 14, 15, 17–21, 23, 24, 26, and 28–33 under 35 U.S.C. §103(a)

CONCLUSION

In summary:

Claims Rejected	35 U.S.C. §	References	Affirmed	Reversed
1, 2, 5–9, 11, 12, 14, 15, 17–21, 23, 24, 26, 28–33	101			1, 2, 5–9, 11, 12, 14, 15, 17–21, 23, 24, 26, 28–33
1, 5–7, 9, 24, 26, 29, 30, 33	103	Lorch, Smith		1, 5–7, 9, 24, 26, 29, 30, 33
2, 31	103	Lorch, Smith and Sinclear		2, 31
8	103	Lorch, Smith, and Taveau		8
21	103	Lorch, Smith, and Levy		21
28	103	Lorch, Smith and Williams		28
11, 17, 23	103	Lorch and Smith		11, 17, 23
12, 15, 32	103	Lorch, Smith and Sinclear		12, 15, 32
14		Lorch, Smith and Thakkar		14
18, 19	103	Lorch, Smith and Taveau		18, 19
20		Smith, Sinclear and Duncan		20

REVERSED