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UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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*Ex parte* MICHAEL H. GEFFON and AMANDA ROBINSON

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Appeal 2020-000213<sup>1</sup>  
Application 14/169,024  
Technology Center 3600

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Before ERIC S. FRAHM, LINZY T. McCARTNEY, and  
CARL L. SILVERMAN, *Administrative Patent Judges*.

FRAHM, *Administrative Patent Judge*.

DECISION ON APPEAL  
STATEMENT OF CASE

*Introduction*

Appellant<sup>2</sup> appeals under 35 U.S.C. § 134(a) from a final rejection of claims 1–5, 8–11, 24–33, 39, and 40. Claims 6, 7, 12–23, and 34–38 have been canceled. We have jurisdiction under 35 U.S.C. § 6(b).

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<sup>1</sup> Throughout this Opinion, we refer to: (1) the Final Office Action mailed Sept. 17, 2018 (“Final Act.”); (2) the Appeal Brief filed April 15, 2019 (“Appeal Br.”); (3) the Examiner’s Answer mailed Aug. 8, 2019 (“Ans.”); and (4) the Reply Brief filed Oct. 7, 2019 (“Reply Br.”).

<sup>2</sup> We use the word “Appellant” to refer to “applicant” as defined in 37 C.F.R. § 1.42. “The word ‘applicant’ when used in this title refers to the inventor or all of the joint inventors, or to the person applying for a patent as

We affirm the rejection under 35 U.S.C. § 101.

*Appellant's Disclosed and Claimed Invention*

Appellant's invention relates generally to the delegation of purchasing authority (*see* Spec. ¶¶ 1–3), and more specifically to tokenizing such a process in order to increase security and prevent fraud (*see* Title; Spec. ¶¶ 1, 4). With this in mind, Appellant's claimed invention concerns “[a] computer-implemented method” (claim 1), and “[a] system for conducting a transaction by a delegate account having received an accountable and modifiable delegation of authority from a user account” (claim 24).

*Exemplary Claim*

Independent claim 1 under appeal is exemplary. Claim 1, with bracketed lettering, formatting, and emphases added to key portions of the claim at issue, reads as follows:

1. A computer-implemented method for conducting a transaction by a delegate account having received an accountable and modifiable delegation of authority from a user account, the method comprising:

[A] storing, in *a memory storage location of a server computing device*, an authorization for the transaction to be completed by the delegate account at *a first device*, the delegate account designated by the user account, the authorization associated with the user account and at least one requirement;

[B] encoding, using the server computing device, a token comprising a digital code that, when decoded, points to the authorization in the memory storage location for the transaction to be completed by the delegate account designated by the user account;

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provided in §§ 1.43, 1.45, or 1.46.” 37 C.F.R. § 1.42(a). Appellant identifies the real party in interest as Apple, Inc. (Appeal Br. 3).

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[C] enabling access to the token, using the server computing device, at *a second device* corresponding to the delegate account designated by the user account;

[D] receiving, from the first device, a request to complete a specific transaction according to the authorization when the first device transmits a decoded token received from the second device;

[E] verifying, using the server computing device, that the decoded token matches the token that points to the authorization for the transaction to be completed by the delegate designated by the user account stored in the memory storage location and that the specific transaction corresponds with the at least one requirement described in the authorization; and

[F] transmitting, using the server computing device, a notification to the second device that the specific transaction is authorized to be completed between the delegate and the first device.

Appeal Br. 21, Claims Appendix (emphases, formatting, and bracketed lettering added). Remaining independent claim 24 recites commensurate limitations pertaining to “[a] system for conducting a transaction by a delegate account” (claim 24) for performing the method of claim 1.

#### *Examiner’s Rejections*

(1) Claims 1–5, 8–11, 24–33, 39, and 40 stand rejected under 35 U.S.C. § 101 as being directed to patent-ineligible subject matter (an abstract idea), without significantly more. Final Act. 2–8; Ans. 4–13.

(2) Claims 1–5, 8–11, 24–33, 39, and 40 stand rejected under 35 U.S.C. § 103 as being unpatentable over Outwater (US 2007/017080 A1; published July 26, 2007), Priebatsch et al. (US 2014/0279556 A1; published Sept. 18, 2014), and Narayanaswami et al. (US 2004/0225613 A1; published Nov. 11, 2004). Final Act. 9–17. This rejection has been withdrawn by the

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Examiner (Ans. 3; *see also* Reply Br. 1), and is, therefore, not before us on appeal. Accordingly, we will not address this rejection further.

### *Appellant's Contentions*

With regard to the patent eligibility rejection, Appellant primarily makes arguments regarding claim 1 (*see* Appeal Br. 6–13; Reply Br. 1–7), rely on those arguments for the eligibility of claims 2–5, 8–11, 24–33, 39, and 40 (*see* Appeal Br. 13), and generally contends the claims are not directed to an abstract idea (e.g., math concepts, methods of organizing human activity, mental processes), but to improvements in delegation of a purchase authority that solve the problem of authorizing flexible purchasing authority to a delegate (*see* Appeal Br. 7–10), thus providing security benefits beyond traditional delegation schemes, such as making the delegation modifiable and revocable (*see* Reply Br. 4).

Therefore, based on Appellant's patent eligibility arguments, and because claims 1 and 24 contain commensurate limitations, we select claim 1 as representative of claims 1–5, 8–11, 24–33, 39, and 40 rejected under 35 U.S.C. § 101 for patent-ineligibility.

### *Principal Issue on Appeal*

Based on Appellant's arguments in the Appeal Brief (Appeal Br. 5–16) and the Reply Brief (Reply Br. 2–7), the following principal issue is presented on appeal:

Has Appellant shown the Examiner erred in rejecting representative claim 1, as well as claims 2–5, 8–11, 24–33, 39, and 40 grouped therewith, under 35 U.S.C. § 101 as being directed to patent-ineligible subject matter (i.e., a judicial exception such as an abstract idea), without significantly more?

ANALYSIS

*Patent Eligibility Under 35 U.S.C. § 101*

Section 101 of the Patent Act provides “[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.” 35 U.S.C. § 101. However, the Supreme Court has long interpreted 35 U.S.C. § 101 to include implicit exceptions: “[l]aws of nature, natural phenomena, and abstract ideas” are not patentable. *E.g.*, *Alice Corp. v. CLS Bank Int’l*, 573 U.S. 208, 216 (2014).

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

Concepts determined to be abstract ideas, and, thus, patent ineligible, include certain methods of organizing human activity, such as fundamental economic practices (*Alice*, 573 U.S. at 219–20; *Bilski*, 561 U.S. at 611); mathematical formulas (*Parker v. Flook*, 437 U.S. 584, 594–95 (1978)); and mental processes (*Gottschalk v. Benson*, 409 U.S. 63, 67 (1972)). Concepts determined to be patent eligible include physical and chemical processes, such as “molding rubber products” (*Diamond v. Diehr*, 450 U.S. 175, 191

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(1981)); “tanning, dyeing, making water-proof cloth, vulcanizing India rubber, smelting ores” (*id.* at 182 n.7 (quoting *Corning v. Burden*, 56 U.S. (15 How.) 252, 267–68 (1854))); and manufacturing flour (*Benson*, 409 U.S. at 69 (citing *Cochrane v. Deener*, 94 U.S. 780, 785 (1876))).

In *Diehr*, the claim at issue recited a mathematical formula, but the Supreme Court held that “[a] claim drawn to subject matter otherwise statutory does not become nonstatutory simply because it uses a mathematical formula.” *Diehr*, 450 U.S. at 176; *see also id.* at 191 (“We view respondents’ claims as nothing more than a process for molding rubber products and not as an attempt to patent a mathematical formula.”). Having said that, the Supreme Court also indicated that a claim “seeking patent protection for that formula in the abstract . . . is not accorded the protection of our patent laws, . . . and this principle cannot be circumvented by attempting to limit the use of the formula to a particular technological environment.” *Id.* (citing *Benson* and *Flook*); *see, e.g., id.* at 187 (“It is now commonplace that an *application* of a law of nature or mathematical formula to a known structure or process may well be deserving of patent protection.”).

If the claim is “directed to” an abstract idea, we turn to the second step of the *Alice* and *Mayo* framework, where “we must examine the elements of the claim to determine whether it contains an ‘inventive concept’ sufficient to ‘transform’ the claimed abstract idea into a patent-eligible application.” *Alice*, 573 U.S. at 221 (internal 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*,

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566 U.S. at 77). “[M]erely requir[ing] generic computer implementation[] fail[s] to transform that abstract idea into a patent-eligible invention.” *Id.*

The PTO published revised guidance on the application of § 101. USPTO, *2019 Revised Patent Subject Matter Eligibility Guidance*, 84 Fed. Reg. 50 (Jan. 7, 2019) (“Guidance”).<sup>3</sup> Under the Guidance, we first look to whether the claim recites:

- (1) any judicial exceptions, including certain groupings of abstract ideas (i.e., mathematical concepts, certain methods of organizing human activity such as a fundamental economic practice, or mental processes) (“Step 2A, Prong 1”); and
- (2) additional elements that integrate the judicial exception into a practical application (*see* MANUAL OF PATENT EXAMINING PROCEDURE (“MPEP”) § 2106.05(a)–(c), (e)–(h)) (9th Ed., Rev. 08.2017, 2018) (“Step 2A, Prong 2”).<sup>4</sup>

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

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<sup>3</sup> In response to received public comments, the Office issued further guidance on October 17, 2019, updating and clarifying the Guidance. USPTO, *October 2019 Update: Subject Matter Eligibility* (the “October 2019 Update”) (available at [https://www.uspto.gov/sites/default/files/documents/peg\\_oct\\_2019\\_update.pdf](https://www.uspto.gov/sites/default/files/documents/peg_oct_2019_update.pdf)).

<sup>4</sup> This evaluation is performed by (a) identifying whether there are any additional elements recited in the claim beyond the judicial exception, and (b) evaluating those additional elements individually and in combination to determine whether the claim as a whole integrates the exception into a practical application. *See* Guidance — Section III(A)(2), 84 Fed. Reg. 54–55.

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(4) simply appends well-understood, routine, conventional activities previously known to the industry, specified at a high level of generality, to the judicial exception (“Step 2B”).

*See* Guidance, 84 Fed. Reg. at 54–56.

Even if the claim recites an abstract idea, the Federal Circuit explains the “directed to” inquiry is not simply asking whether the claims involve a patent-ineligible concept:

The “directed to” inquiry . . . cannot simply ask whether the claims *involve* a patent-ineligible concept, because essentially every routinely patent-eligible claim involving physical products and actions *involves* a law of nature and/or natural phenomenon—after all, they take place in the physical world. *See Mayo*, 132 S.Ct. at 1293 (“For all inventions at some level embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas.”) Rather, the “directed to” inquiry applies a stage-one filter to claims, considered in light of the specification, based on whether “their character as a whole is directed to excluded subject matter.”

*Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1335 (Fed. Cir. 2016); *see also Diehr*, 450 U.S. at 188 (“In determining the eligibility of respondents’ claimed process for patent protection under § 101, their claims must be considered as a whole.”); *McRO, Inc. v. Bandai Namco Games Am. Inc.*, 837 F.3d 1299, 1314 (Fed. Cir. 2016) (the question is whether the claims as a whole “focus on a specific means or method that improves the relevant technology or are instead directed to a result or effect that itself is the abstract idea and merely invoke generic processes and machinery”).

*Step 1*

Under Step 1 of the patent-eligibility inquiry under § 101, we determine whether a claim is directed to one of the four statutory categories of invention, i.e., a process, machine, manufacture, or composition of matter.

In the instant case on appeal, representative claim 1 recites “[a] computer-implemented method for conducting a transaction by a delegate account having received an accountable and modifiable delegation of authority from a user account” (claim 1, preamble) including a series of steps for storing and encoding an authorization (claim 1, limitations A, B) and verifying information for a transaction and authorization (claim 1, limitations D, E), and providing notification of authorization of the transaction (claim 1, limitation F). Therefore, claim 1, as a method claim reciting a process having a series of steps, recites at least one of the enumerated categories (e.g., process) of eligible subject matter in 35 U.S.C. § 101. In this light, we agree with the Examiner’s determination that (i) “the claim(s) are nominally directed to payment processing using sharable tokens to complete transactions and is thereby directed to a statutory category of invention” (Final Act. 3), and more specifically (ii) claim 1 is “directed to the statutory category of a process” (Ans. 5).

As a result, as to claim 1, as well as claims 2–5, 8–11, 24–33, 39, and 40 grouped therewith, we continue our analysis under Step 2A, Prong 1 of the Guidance to determine whether claim 1 recites a judicial exception (a law of nature, natural phenomenon, or subject matter within the enumerated groupings of abstract ideas above).

*Step 2A, Prong 1*

Although claim 1 recites a “computer-implemented method for conducting a transaction” (*see* claim 1, preamble) including storing and authorization and transaction data (claim 1, limitations A and B), encoding and decoding a token concerning that data under certain conditions and enabling access to the token (claim 1, limitations B and C) and then verifying the data (i.e., authentication) corresponding to the delegation (claim 1, limitation E) upon receiving a request to complete the transaction (claim 1, limitation D), and issuing a notification of authorization of transactions (claim 1, limitation F), the focus of claim 1 is on performing the steps of authorizing and delegating a financial transaction, which is a fundamental economic practice performed using mental processes (*see Gottschalk v. Benson*, 409 U.S. 63, 67 (1972)). The mental process includes steps B–E set forth in the body of claim 1, that make up a method of organizing human activity, such as verifying or authenticating a delegated transaction is authorized, which constitute a business relation between people or commercial transaction. As such, the claimed invention recites both certain methods of organizing human activities and a mental process, which are abstract ideas. *See, e.g., Synopsys, Inc. v. Mentor Graphics Corp.*, 839 F.3d 1138, 1146 (Fed. Cir. 2016) (“[A]nalyzing information by steps people [can] go through in their minds, or by mathematical algorithms, without more [are] mental processes within the abstract-idea category.”); *Clarilogic Inc. v. FormFree Holdings Corp.*, 681 F. App’x 950, 954–55 (Fed. Cir. 2017) (gathering, analyzing, and outputting financial data/assessment is an abstract idea that is patent ineligible); *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 714 (Fed. Cir. 2014) (determining that using an advertisement as an exchange or currency is an abstract idea).

At a high level, representative claim 1 recites computer-implemented method for delegating authority for a financial transaction, and authenticating the transaction with the use of encoding/decoding operations involving tokens. The Examiner determines, and we agree, that claim 1 recites certain methods of organizing human activity and mental processes (*see* Final Act. 3–5; Ans. 5–6). Our reviewing court has also concluded that abstract ideas include the concepts of collecting data, recognizing certain data within the collected data set, and storing the data in memory. *Content Extraction & Transmission LLC v. Wells Fargo Bank, Nat’l Ass’n*, 776 F.3d 1343, 1347 (Fed. Cir. 2014); *see also Smart Sys. Innovations, LLC v. Chicago Transit Auth.*, 873 F.3d 1364, 1372 (Fed. Cir. 2017) (concluding “claims directed to the collection, storage, and recognition of data are directed to an abstract idea”). Moreover, our reviewing court has concluded that acts of parsing, comparing, storing, and editing data are abstract ideas. *Berkheimer v. HP Inc.*, 881 F.3d 1360, 1366 (Fed. Cir. 2018). In addition, the collection of information and analysis of information (e.g., recognizing certain data within the dataset) are also abstract ideas. *Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1353 (Fed. Cir. 2016). Similarly, “collecting, displaying, and manipulating data” is an abstract idea. *Intellectual Ventures I LLC v. Capital One Fin. Corp.*, 850 F.3d 1332, 1340 (Fed. Cir. 2017); *see also SAP Am., Inc. v. InvestPic, LLC*, 898 F.3d 1161, 1167 (Fed. Cir. 2018) (“[M]erely presenting the results of abstract processes of collecting and analyzing information . . . is abstract as an ancillary part of such collection and analysis”) (quotations omitted).

Delegation of Authority for Transactions:

Delegating authority to allow another person to conduct a financial transaction is a well-known business practice that is not patent eligible. *See*

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*Smart Sys. Innovations, LLC v. Chicago Transit Auth.*, 873 F.3d 1364, 1371–72 (Fed. Cir. 2017) (“Taken together, the Asserted Claims are directed to the formation of financial transactions in a particular field . . . and data collection related to such transactions,” which is “an abstract idea under *Alice* step one.”); *Content Extraction & Transmission LLC v. Wells Fargo Bank, Nat’l Ass’n*, 776 F.3d 1343, 1347 (Fed. Cir. 2014) (summarizing precedent in which “claims directed to the performance of certain financial transactions” involve abstract ideas and holding that claims drawn to the abstract concept of financial transaction-related “data collection, recognition, and storage is undisputedly well-known.”); *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1370 (Fed. Cir. 2011) (finding computer-implemented system for “verifying the validity of a credit card transaction over the Internet” to be patent-ineligible subject matter); *see also Smartflash LLC v. Apple Inc.*, 680 Fed. App’x. 977, 982 (Fed. Cir. 2017) (Claims directed to “conditioning and controlling access to data based on payment,” i.e., performing financial transactions is an abstract idea—specifically, a “fundamental economic practice.”). Claim 1 at issue is not substantially different.

Further, delegating authority to perform a financial transaction is a longstanding, fundamental economic practice and using computer components to perform this practice does not make the practice patent eligible, similar to the patent-ineligible ideas in *Alice*, *Cybersource*, and *Content Extraction*. “[T]he essentially result-focused, functional character of claim language has been a frequent feature of claims held ineligible under § 101, especially in the area of using generic computer and network technology to carry out economic transactions” involving, for example, exchanging monetary credits for rewards points. *Elec. Power Grp., LLC v.*

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*Alstom S.A.*, 830 F.3d 1350, 1356 (Fed. Cir. 2016) (citing *Loyalty Conversion Sys. Corp. v. American Airlines, Inc.*, 66 F.Supp.3d 829, 837–38, 840, 843, 845 (E.D. Tex. 2014)).

Encoding/Decoding Data:

Our reviewing court recently held in *RecogniCorp, LLC v. Nintendo Co., Ltd.*, 855 F.3d 1322 (Fed. Cir. 2017) (precedential), that claims directed to encoding and decoding data were not patent-eligible under 35 U.S.C. § 101. Thus, the encoding/decoding of tokens does not serve to further limit claim 1 from reciting an abstract idea found to be patent-ineligible.

Authentication (i.e., verification):

Authentication, per se, is an abstract idea. *See EasyWeb Innovations, LLC v. Twitter, Inc.*, 2016 WL 1253674 (E.D.N.Y. 2016), *aff'd*, No. 2016-2335 (Fed. Cir. 2017) (“receiving, authenticating, and publishing data” is an abstract idea.). Claims that include authentication steps have been found patent-ineligible. *See e.g., Intellectual Ventures 1 LLC v. J. Crew Group, Inc.*, 703 F. App’x 991 (Mem.) (Fed. Cir. 2017); *Front Row Technologies LLC v. MLB Advanced Media, L.P.*, 697 F. App’x 701 (Mem.) (Fed. Cir. 2017); *GoDaddy.com LLC v. RPost Communications Limited*, 685 F. App’x 992 (Mem.) (Fed. Cir. 2017); *Clarilogic, Inc. v. FormFree Holdings Corporation*, 681 F. App’x 950 (Fed. Cir. 2017); *Morsa v. Facebook, Inc.*, 622 F. App’x. 915 (Mem.) (Fed. Cir. 2015); and *Prism Technologies LLC v. T-Mobile USA, Inc.*, 696 F. App’x. 1014 (Fed. Cir. 2017). Claim 1 at issue is no different.

Our reviewing court has frequently held authentication, including the concept of controlling access to resources via software to be an abstract idea. *See SmartSys. Innovations, LLC v. Chicago Transit Authority*, 873 F.3d

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1364, 1371 (Fed. Cir. 2017) (claim involving “denying access to a transit system if the bankcard is invalid” was directed to an abstract idea); *Prism Techs. LLC v. T-Mobile USA, Inc.*, 696 F. App’x 1014, 1017 (Fed. Cir. 2017) (abstract idea of “providing restricted access to resources”); *Smartflash LLC v. Apple Inc.*, 680 F. App’x 977 (Fed. Cir. 2017) (abstract idea of “conditioning and controlling access to data”). Claim 1 at issue here is no different.

Our reviewing court has also held verifying financial documents to reduce transactional fraud is a fundamental business practice that, without more, is not eligible for patent protection, and that claimed methods that implement basic computer equipment to achieve verification are similar to methods held directed to abstract ideas. *See Credit Acceptance Corp. v. Westlake Servs.*, 859 F.3d 1044, 1054–56 (Fed. Cir. 2017); *Fairwarning IP, LLC v. Iatric Sys., Inc.*, 839 F.3d 1089, 1093 (Fed. Cir. 2016); *Content Extraction & Transmission LLC v. Wells Fargo Bank, National Assoc.*, 776 F.3d 1343 (Fed. Cir. 2014).

Controlling access to resources is exactly the sort of process that “can be performed in the human mind, or by a human using a pen and paper,” which we have repeatedly found unpatentable. *See CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1372 (Fed. Cir. 2011). The idea of authentication long predates the instant application and is pervasive in human activity, whether in libraries (loaning materials only to card-holding members), office buildings (allowing certain employees entrance to only certain floors), or banks (offering or denying loans to applicants based on suitability and intended use). In each of these circumstances, as in claim 1 at issue, a request is made for access to a resource, that request is received and evaluated, and then the request is either granted or not.

Our reviewing court has repeatedly found the concept of controlling access to resources via software to be an abstract idea. *See Smart Sys. Innovations, LLC v. Chicago Transit Authority*, 873 F.3d 1364, 1371 (Fed. Cir. 2017) (claim involving “denying access to a transit system if the bankcard is invalid” was directed to an abstract idea); *Prism Techs. LLC v. T-Mobile USA, Inc.*, 696 F. App’x 1014, 1017 (Fed. Cir. 2017) (abstract idea of “providing restricted access to resources”); *Smartflash LLC v. Apple Inc.*, 680 F. App’x 977 (Fed. Cir. 2017) (abstract idea of “conditioning and controlling access to data”). Claim 1 at issue here are no different.

Finally, our reviewing court has held that combining several abstract ideas (e.g., like a mental process and a fundamental economic activity as here) does not render the combination any less abstract. *RecogniCorp, LLC v. Nintendo Co.*, 855 F.3d 1322, 1327 (Fed. Cir. 2017) (“Adding one abstract idea . . . to another abstract idea . . . does not render the claim non-abstract.”); *see also FairWarning IP, LLC v. Iatric Sys., Inc.*, 839 F.3d 1089, 1093–94 (Fed. Cir. 2016) (patent-ineligible claims were directed to a combination of abstract ideas).

In view of the foregoing, we conclude claim 1 recites delegation of purchasing authority, which is a mental process and a certain method of organizing human activity, such as a commercial interaction and/or business relation between people. Because we conclude claim 3 *recites* an abstract idea and/or combination of abstract ideas, we proceed to Step 2A, Prong 2 of the Guidance to determine whether claim 1 is “directed to” the judicial exception, by determining whether additional elements of the claim integrate the abstract idea into a practical application. Such additional elements *may* reflect an improvement to a technology or technical field. *See* Guidance, 84 Fed. Reg. at 55.

*Step 2A, Prong 2 – Practical Application*

Under Step 2A, Prong 2, we determine whether the recited judicial exception is integrated into a practical application of that exception. If the recited judicial exception is integrated into a practical application, the claim is not directed to the judicial exception.

As determined by the Examiner (*see* Ans. 6), the claimed method uses generic computer components as tools to implement the recited abstract ideas. We therefore agree with the Examiner that when these additional elements are considered along with the limitations that recite an abstract idea, the claimed method does not integrate the recited abstract ideas into a practical application. *See, e.g., Alice*, 573 U.S. at 223–24 (“[W]holly generic computer implementation is not generally the sort of ‘additional featur[e]’ that provides any ‘practical assurance that the process is more than a drafting effort designed to monopolize the [abstract idea] itself.’” (second and third alterations in original) (quoting *Mayo*, 566 U.S. at 77)); *Capital One Bank*, 792 F.3d at 1370 (“Steps that do nothing more than spell out what it means to ‘apply it on a computer’ cannot confer patent-eligibility.”).

Appellant contends the claims are not directed to an abstract idea (e.g., math concepts, methods of organizing human activity, mental processes), but to improvements in delegation of a purchase authority that solve the problem of authorizing flexible purchasing authority to a delegate (*see* Appeal Br. 7–10), thus providing security benefits beyond traditional delegation schemes, such as making the delegation modifiable and revocable (*see* Reply Br. 4).

We disagree with Appellant (*see* Appeal Br. 7–12; Reply Br. 2–5) that the focus of claim 1 is on a technical improvement (or practical application of the abstract idea). “[M]erely selecting information, by content or source,

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for collection [and] analysis . . . does nothing significant to differentiate a process from ordinary mental processes.” *Elec. Power*, 830 F.3d at 1355. Receiving and analyzing (or identifying data), by itself, does not transform an otherwise-abstract process or system of information collection and analysis. *See id.* Like the claims at issue in *Electric Power*, we find Appellant’s claim 1 does not invoke “any assertedly inventive programming” or an “arguably inventive set of components or methods.” *Id.*

The mere recitation of identifying and verifying information for a delegated transaction in claim 1 does not embody an improvement in computer capabilities as in *Enfish*. *See* 822 F.3d at 1336 (“[T]he plain focus of the claims is on an improvement to computer functionality itself, not on economic or other tasks for which a computer is used in its ordinary capacity.”). Rather, the focus of claim 1 is on determining proper authorization for a delegated transaction. This is an improvement to help the *user, vendor, and/or transaction processor/provider*, but not the *computer itself* (or in the case of claim 1, the memory and server, first/second devices, and/or communications network set forth in the claim). Claim 1 does not recite a method that improves the speed or efficiency of the communications network or computer systems/devices, or otherwise improves any of these elements.

To the extent that the claimed method performs fraud prevention for delegated financial transactions faster or more accurately than other computerized methods that would not provide an improvement to the computer itself. *See, e.g., Versata Dev. Grp., Inc. v. SAP Am., Inc.*, 793 F.3d 1306, 1335 (Fed. Cir. 2015) (explaining 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

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mechanism for permitting a solution to be achieved more **quickly**”) (emphasis added); *FairWarning IP, LLC v. Iatric Sys., Inc.*, 839 F.3d 1089, 1095 (Fed. Cir. 2016) (“While the claimed system and method certainly purport to accelerate the process of analyzing audit log data, the speed increase comes from the capabilities of a general-purpose computer, rather than the patented method itself”); *Bancorp Servs., L.L.C. v. Sun Life Assurance 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”).

The claimed invention (*see* claim 1) stores and receives/retrieves data (e.g., limitation A, D); analyzes data (e.g., encoding, decoding, verifying in limitations B, D, E); and then issues a notification of authorization of a transaction (e.g., limitation F). Thus, the steps of (i) limitations A and D are merely conventional data gathering and analysis (*see* MPEP § 2106.05(g); *OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1363 (Fed. Cir. 2015); *Elec. Power*, 830 F.3d at 1354); and (ii) limitation F is insignificant extra-solution activity that does not meaningfully limit the claim (*see* MPEP § 2106.05(g)). As such, based on the record before us, we determine that the claimed invention is not integrated into a practical application.

Merely adding a programmed computer to perform generic computer functions does not automatically overcome an eligibility rejection. *Alice*, 573 U.S. at 223–24. Furthermore, the use of a general purpose computer to apply an otherwise ineligible algorithm does not qualify as a particular machine. *See Ultramercial*, 772 F.3d at 716–17; *In re TLI Commc’ns LLC v. AV Automotive, LLC*, 823 F.3d 607, 613 (Fed. Cir. 2016) (mere recitation of concrete or tangible components is not an inventive concept); *Eon Corp.*

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*IP Holdings LLC v. AT&T Mobility LLC*, 785 F.3d 616, 623 (Fed. Cir. 2015) (noting that *Alappat*'s rationale that an otherwise ineligible algorithm or software could be made patent-eligible by merely adding a generic computer to the claim was superseded by the Supreme Court's *Bilski* and *Alice* decisions). In the instant case, using a computer to more accurately ensure authentication of delegated transaction authority is nothing more than the abstract idea itself.

For the reasons discussed above, we conclude Appellant's claim 1 (and claims 2–5, 8–11, 24–33, 39, and 40 grouped therewith) invokes generic computer components (computer systems, memory, processor, communications network) merely as tools in which the computer instructions apply the judicial exception and, thus, the abstract idea is not integrated into a practical application. Because Appellant has not persuaded us the Examiner's determination that claim 1 recites an abstract idea under Step 2A is in error, and claim 1 recites a judicial exception (i.e., the abstract idea of a method of organizing human activity and/or mental process) that is not integrated into a practical application, in accordance with the Guidance, we conclude claim 1 and claims 2–5, 8–11, 24–33, 39, and 40 grouped therewith, are directed to an abstract idea under Step 2A, and the eligibility analysis with regard to claims 1–5, 8–11, 24–33, 39, and 40 proceeds to Step 2B.

*Step 2B — Inventive Concept*

Having determined claim 1 and claims 2–5, 8–11, 24–33, 39, and 40 grouped therewith are directed to an abstract idea that is not integrated into a practical application, we now evaluate whether the additional elements, whether examined alone or as an ordered combination, add a specific limitation that is not well-understood, routine, or conventional activity in the

field, or simply append well-understood, routine, conventional activities previously known to the industry, specified at a high level of generality, to the abstract idea. *See generally* Guidance.

Here, claim 1 recites the additional elements of “a memory storage location of a server computing device” and a “first device” (claim 1, limitation A) and “a second device” (claim 1, limitation C). Considering claim 1 as a whole, none of the additional elements applies or uses the abstract idea in a meaningful way such that the claim as a whole is more than a drafting effort designed to monopolize the exception.

Although Appellant contends the steps of claim 1 are not conventional, and the Examiner has not met the required burden of showing the steps of claim 1 to be conventional (*see* Appeal Br. 12–13; Reply Br. 5–6), we agree with the Examiner (Final Act. 5–8; Ans. 6–9) that precedent from our reviewing court, and at least paragraphs 73, 77, and 82 of the Specification, support the Examiner’s finding in this regard. In addition, the Examiner determines, and we agree, that the only elements beyond the abstract idea are *generic* computer components or combinations of generic components used to perform *generic* computer functions (*see* Ans. 9) — a determination that is supported by Appellant’s Figures 7A and 7B and the accompanying descriptions found in the Specification (*see* Spec. ¶¶ 22, 23, 70–81). Appellant’s Specification only shows (*see* Figs. 7A, 7B) and describes (*see e.g.*, Spec. ¶¶ 22, 23, 70–82) well-understood, routine, conventional computer components used for delegation of purchasing authority between users on a network (e.g., a memory and server, and first and second user devices, impliedly operating in/on a network) that are in a general purpose computing environment in a manner that indicates the components and the functions they perform were well-known in the art.

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*See Hybritech Inc. v. Monoclonal Antibodies, Inc.*, 802 F.2d 1367, 1384 (Fed. Cir. 1986) (explaining that “a patent need not teach, and preferably omits, what is well known in the art”); *see also* USPTO, Memorandum on Changes in Examination Procedure Pertaining to Subject Matter Eligibility, Recent Subject Matter Eligibility Decision (*Berkheimer v. HP, Inc.*) at 3 (Apr. 19, 2018), available at <https://www.uspto.gov/sites/default/files/documents/memo-berkheimer-20180419.PDF> (explaining that a specification that describes additional elements “in a manner that indicates that the additional elements are sufficiently well-known that the specification does not need to describe the particulars of such additional elements to satisfy 35 U.S.C. § 112(a)” can show that the elements are well understood, routine, and conventional); *Intellectual Ventures I LLC v. Erie Indem. Co.*, 850 F.3d 1315, 1331 (Fed. Cir. 2017) (“The claimed mobile interface is so lacking in implementation details that it amounts to merely a generic component (software, hardware, or firmware) that permits the performance of the abstract idea, i.e., to retrieve the user-specific resources.”).

Specifically, Appellant’s Specification states that “Figure 7A illustrates a *conventional* system bus computing system architecture 700 wherein the components of the system are in electrical communication with each other using a bus 705” (Spec. ¶ 71) (emphasis added

As a result, we are not persuaded that the delegation of purchasing authority operations recited in claim 1 are anything beyond generic computer functions as opposed to an improvement to a fundamental economic practice and/or method of organizing human activity. Considering the elements of claim 1 individually and as an ordered combination, claim 1 does no more than simply instruct the practitioner to implement the abstract

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idea on a generic computer, processor, and/or user interface. *Dealertrack, Inc. v. Huber*, 674 F.3d 1315, 1333–34 (Fed. Cir. 2012) (“Simply adding a ‘computer aided’ limitation to a claim covering an abstract concept, without more, is insufficient to render [a] claim patent eligible.”)

Additionally, as noted in MPEP § 2106.05(d)(II), the courts have previously recognized that using computer processors and memories to collect data and keep records, perform repetitive calculations, and/or receive/send data are well-understood, routine, and conventional functions when they are claimed in a merely generic manner (e.g., at a high level of generality) or as insignificant extra-solution activity (*see* MPEP § 2106.05(d)(II)(i)–(iv)). *See also Berkheimer*, 881 F.3d at 1366 (acts of parsing, comparing, storing, and editing data are abstract ideas); *SAP Am., Inc. v. InvestPic, LLC*, 898 F.3d 1161, 1167 (Fed. Cir. 2018) (“[M]erely presenting the results of abstract processes of collecting and analyzing information . . . is abstract as an ancillary part of such collection and analysis”); *Intellectual Ventures I*, 850 F.3d at 1340 (“collecting, displaying, and manipulating data” is an abstract idea); *Smart Sys.*, 873 F.3d at 1372 (concluding “claims directed to the collection, storage, and recognition of data are directed to an abstract idea.”).

As a result, Appellant has not persuaded us the Examiner erred with respect to the Guidance’s Step 2B analysis. *See* Guidance, 84 Fed. Reg. at Step 2B.

### *Summary*

As explained above, under the USPTO’s Revised Patent Eligibility Guidance, based on the record before us, and informed by our governing case law concerning 35 U.S.C. § 101, Appellant has not sufficiently shown the Examiner erred in rejecting representative claim 1, as well as claims 2–5,

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8–11, 24–33, 39, and 40 grouped therewith, as being directed to patent-ineligible subject matter without significantly more, and we sustain the rejection of claims 1–5, 8–11, 24–33, 39, and 40 under 35 U.S.C. § 101.

### CONCLUSIONS

As explained above, under the USPTO’s Revised Patent Eligibility Guidance, based on the record before us, and informed by our governing case law concerning 35 U.S.C. § 101, Appellant has not shown the Examiner erred in rejecting representative claim 1, as well as claims 2–5, 8–11, 24–33, 39, and 40 grouped therewith, as being directed to patent-ineligible subject matter without significantly more, and we sustain the rejection of claims 1–5, 8–11, 24–33, 39, and 40 under 35 U.S.C. § 101.

For all of the reasons above, we affirm the Examiner’s decision to reject claims 1–5, 8–11, 24–33, 39, and 40, and we hold as follows:

<b>Claims Rejected</b>	<b>35 U.S.C. §</b>	<b>Reference(s)/Basis</b>	<b>Affirmed</b>	<b>Reversed</b>
1–5, 8–11, 24–33, 39, 40	101	Eligibility	1–5, 8–11, 24–33, 39, 40	

### TIME PERIOD FOR RESPONSE

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a)(1)(iv). *See* 37 C.F.R. §§ 41.50(f), 41.52(b) (2013).

AFFIRMED