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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* TREVOR SCOTT OWEN

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Appeal 2020-000385  
Application 13/936,981  
Technology Center 3600

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Before MAHSHID D. SAADAT, ELENI MANTIS MERCADER, and  
LINZY T. McCARTNEY, *Administrative Patent Judges*.

MANTIS-MERCADER, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Pursuant to 35 U.S.C. § 134(a), Appellant<sup>1</sup> appeals from the Examiner's decision to reject claims 1–3, 5–9, 11–13, 15–22, and 24–28, which are all the claims pending. We have jurisdiction under 35 U.S.C. § 6(b).

We affirm.

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

CLAIMED SUBJECT MATTER

The claims are directed to a network-based method and system for managing personal records associated with payment transactions. *See Spec.*

¶ 1.

Claim 1, reproduced below, is illustrative of the claimed subject matter:

A computer-implemented method for processing a payment transaction and a personal record associated with the payment transaction, the payment transaction initiated by a cardholder, said method implemented by a host computing device communicatively coupled to a memory and an electronic payment interchange network, said method comprising:

receiving, at the host computing device, at least one signal and cardholder data from a cardholder computing device, wherein the at least one signal includes a transaction type identifier, and wherein the cardholder data includes input cardholder verification information and a cardholder identifier;

verifying, by the host computing device, the cardholder identifier by comparing the input cardholder verification information with stored cardholder verification information in the memory;

determining a payment account associated with the cardholder and a transaction type based on the transaction type identifier;

receiving, at the host computing device in response to determining that the transaction type is a payment card transaction, payment transaction data including a service provider identifier of a first service provider and a payment transaction amount, wherein the payment transaction data is received from at least one of the cardholder computing device and a first service provider computing device associated with the first service provider;

verifying, by the host computing device, an identity of the first service provider by comparing the service provider

identifier of the first service provider with a list of valid service provider identifiers stored in the memory;

transmitting, by the host computing device, a payment card transaction authorization request to the electronic payment interchange network;

receiving, by the host computing device in response to the payment card transaction authorization request, a payment card transaction authorization response from the electronic payment interchange network indicating that the payment transaction has been authorized;

transmitting a confirmation message to the cardholder computing device and the first service provider computing device, the confirmation message confirming that the payment transaction has been approved, the payment transaction corresponding to the first service provider supplying a first item purchased as part of the approved payment transaction;

identifying one or more personal records stored in the host computing device memory and associated with at least one of the first service provider and the first item, the one or more personal records being different than the stored cardholder verification information;

prompting the cardholder computing device to perform one or more personal record transactions associated with the one or more identified personal records;

processing, in response to receiving an acceptance of the prompt, the one or more personal record transactions, wherein processing the one or more personal record transactions includes transmitting an electronic copy of a personal record from the host computing device to a second service provider computing device corresponding to a second service provider;  
and

displaying at least one of the one or more identified personal records to the second service provider computing device,

wherein the second service provider is the same as the first service provider or different than the first service provider.

*See* Appeal Br. 14–15 (Claims App.)

## REJECTION

Claims 1–3, 5–9, 11–13, 15–22, and 24–28 are rejected under 35 U.S.C. § 101 as unpatentable as directed to a judicial exception (e.g., a law of nature, a natural phenomenon, or an abstract idea) without the claim amounting to significantly more than the exception itself. Final Act. 2–11; Ans. 3–12.

## DISCUSSION

### *Patent Subject Matter Eligibility*

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 abstract ideas” are not patentable. *E.g.*, *Alice Corp. v. CLS Bank Int’l*, 573 U.S. 208, 216 (2014).

The Examiner finds that claims 1–3, 5–9, 11–13, 15–22, and 24–28 are patent ineligible under 35 U.S.C. § 101, “because the claimed invention is directed to an abstract idea without significantly more.” Final Act. 2. In particular, the Examiner finds that

[t]he series of steps recited describe processing a payment transaction and a personal record associated with the payment transaction via a series of steps which is describing fundamental economic practices and commercial or legal interactions and is thus grouped as certain methods of organizing human activity which is an abstract idea.

*Id.* at 3.

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.”).

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

In *Diehr*, the claim at issue recited a mathematical formula, but the Court held that “a claim drawn to subject matter otherwise statutory does not become nonstatutory simply because it uses a mathematical formula.” *Diehr*, 450 U.S. at 187; *see also id.* at 191 (“We view respondents’ claims as nothing more than a process for molding rubber products and not as an attempt to patent a mathematical formula.”). Having said that, the Court

Appeal 2020-000385  
Application 13/936,981

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.* (citation omitted) (citing *Benson* and *Flook*); *see, e.g., id.* at 187 (“It is now commonplace that an *application* of a law of nature or mathematical formula to a known structure or process may well be deserving of patent protection.”).

If the claim is “directed to” an abstract idea, we turn to the second step of the *Alice* and *Mayo* framework, where “we must examine the elements of the claim to determine whether it contains an ‘inventive concept’ sufficient to ‘transform’ the claimed abstract idea into a patent-eligible application.” *Alice*, 573 U.S. at 221 (quotation marks omitted). “A claim that recites an abstract idea must include ‘additional features’ to ensure ‘that the [claim] is more than a drafting effort designed to monopolize the [abstract idea].’” *Id.* (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.*

Subsequent to the filing of the Appeal Brief, the USPTO published updated guidance on the application of § 101 (“Guidance”). *See* USPTO’s 2019 Revised Patent Subject Matter Eligibility Guidance, 84 Fed. Reg. 50 (Jan. 7, 2019) (“Memorandum”); USPTO October 2019 Update: Subject Matter Eligibility (Oct. 17, 2019) (“Update”), noticed at 84 Fed. Reg. 55942 (Oct. 18, 2019).

Pursuant to the Guidance “Step 2A,” the Office first looks to whether the claim recites:

- (1) 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) Prong Two: additional elements that integrate the judicial exception into a practical application (*see* MPEP § 2106.05(a)–(c), (e)–(h) (9<sup>th</sup> Ed., Rev. 08.2017 (Jan. 2018))).

Only if a claim (1) recites a judicial exception and (2) does not integrate that exception into a practical application, does the Office then (pursuant to the Guidance “Step 2B”) look to whether the claim:

- (3) adds a specific limitation beyond the judicial exception that are not “well-understood, routine, conventional” in the field (*see* MPEP § 2106.05(d)); or
- (4) simply appends well-understood, routine, conventional activities previously known to the industry, specified at a high level of generality, to the judicial exception.

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

#### *Guidance Step 2A, Prong One*

Under Step 2A of the Guidance, the Office first looks to “evaluate whether the claim recites a judicial exception, *i.e.*, an abstract idea.” Memorandum, 84 Fed. Reg. 54.

The Examiner finds, the steps of receiving, comparing, transmitting and displaying data are all abstract processes. Ans. 14. The Examiner finds that the series of steps recited in claim 1 describe processing a payment transaction and a personal record associated with the payment transaction via a series of steps describe fundamental economic practices and commercial or legal interactions and thus, falls under certain methods of organizing human activity which is an abstract idea. Final Act. 4; Ans. 5.

The Examiner concludes, that processing a payment transaction and a personal record associated with the payment transaction falls squarely into the category of certain methods of organizing human activity as a



Appeal 2020-000385  
Application 13/936,981

fundamental economic principle or practice (processing payment transactions) and/or commercial or legal interactions (business relations and/or sales activities). Ans. 13.

Our reviewing court has concluded that classifying and storing data in an organized manner is a well-established “basic concept” sufficient to fall under *Alice* step 1. *In re TLI Commc ’ns LLC*, 823 F.3d 607, 613 (Fed. Cir. 2016). *See also Smart Sys. Innovations, LLC v. Chicago Transit Auth.*, 873 F.3d 1364, 1372 (Fed. Cir. 2017)(verifying payment information, as well as “financial transactions . . . and data collection related to such transactions” “are directed to an abstract idea under *Alice* step one.”); *buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350, 1352–54 (Fed. Cir. 2014) (Claims reciting sending and receiving communications over a computer network to facilitate online commercial transactions are directed to “contractual relations, which are intangible entities” and “constitute[] ‘a fundamental economic practice long prevalent in our system of commerce.’”).

Thus, we agree with the Examiner’s conclusion that the claims recite an abstract idea within the category of certain methods of organizing human activity directed to a judicial exception.

Appellant’s argument that “[N]one of the recitations of independent claims 1, 11, and 20 can be performed mentally, recite nothing more than just mathematical concepts, or are reasonably categorized as methods of organizing human activity,” Appeal Br. 9; Reply Br. 2, is unpersuasive. Appellant’s reliance upon example 37, claim 2, of the USPTO’s Subject Matter Eligibility Examples is misplaced, as example 37, claim 2, is a “method of rearranging icons on a graphical user interface (GUI) of a computer system” as a counter-example of a process that cannot be

Appeal 2020-000385  
Application 13/936,981

performed mentally, and not, as in the instant claims, drawn to organizing human activity such as fundamental economic concepts or managing interactions between people. *See* USPTO Subject Matter Eligibility Examples: Abstract Ideas<sup>2</sup> at 12–13.

Because the present claims recite commercial interactions including sales activities or business relations that fall into the category of certain methods of organizing human activity (i.e., an abstract idea), we proceed to prong 2.

*Revised Guidance Step 2A, Prong 2*

Under Step 2A, Prong 2 of the Revised Guidance, we next determine whether the claims recite additional elements that integrate the judicial exception into a practical application (*see* MPEP §§ 2106.05(a)–(c), (e)–(h)).

The “additional elements” recited in claim 1 include the claimed “host computing device.” The “host computing device” interacts with an “electronic payment interchange network,” “cardholder computing device,” “first service provider computing device,” “first item purchased,” “personal records,” “second service provider computing device,” and “memory.”

To integrate the exception into a practical application, the additional claimed elements must, for example, improve the functioning of a computer or any other technology or technical field (*see* MPEP § 2106.05(a)), apply the judicial exception with a particular machine (*see* MPEP § 2106.05(b)), affect a transformation or reduction of a particular article to a different state or thing (*see* MPEP § 2106.05(c)), or apply or use the judicial exception in some other meaningful way beyond generally linking the use of the judicial

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<sup>2</sup> Available at [https://www.uspto.gov/sites/default/files/documents/101\\_examples\\_37to42\\_20190107.pdf](https://www.uspto.gov/sites/default/files/documents/101_examples_37to42_20190107.pdf)

Appeal 2020-000385  
Application 13/936,981

exception to a particular technological environment (*see* MPEP § 2106.05(e)). *See* Revised Guidance.

Appellant argues the claims recite “a specific computer-based methodology for simultaneously processing a conventional payment card transaction and an associated personal record transaction for providing specific personal records necessary to complete the payment transaction. In fact, the ‘concept’ of a user manually providing his or her personal records is a problem being solved by Appellant's claims.” Reply Br. 2.

Appellant does not provide any evidence to support improvement of “the functioning of a computer or any other technology or technical field,” as required by the guidance, instead arguing the claims are for “improving *the ease* of transaction for both user and service provider.” Appeal Br. 10 (emphasis added); Reply Br. 3. Appellant proffers that the claims provide a “solution to the problem of efficiently completing transactions that both involve a payment card transaction and the conventionally separate process of providing other personal records. *See* Appellant’s Spec. para. 4. Reply Br. 3.

We agree with the Examiner’s conclusion that the independent claims do not purport to *improve the functioning of the computer itself or any other technology or technical field* and they do not appear to improve *any technical field or computing functionality*. Final Act. 4.

Updating personal records is not a *technological* problem, and a solution of prompting a user to update records is not a *technical* solution. We instead find that the solution merely uses computers as tools to perform the abstract idea of updating records. Appellant’s reliance upon *Ex parte Gamel*, No. 2017-010705 (PTAB Mar. 26, 2019), Reply 3, is not dispositive, as *Gamel* is not a Precedential decision. We first note the claims in *Gamel*,

Appeal 2020-000385  
Application 13/936,981

drawn to providing a reward based on a price differential between merchants, are distinct to those of the instant application, drawn to updating records, and are neither drawn to the same problem nor the same solution.

Further, our reviewing court has not held that “convenience” or “ease” is sufficient to integrate an exception into a practical application. On the contrary, it has been held that the focus of the claims must be drawn to *an improvement in computer capabilities* rather than computers merely invoked as a tool. *See Enfish, LLC v. Microsoft Corp.*, 822 F. 3 d 1327, 1335–37 (Fed. Cir. 2016). *See also Smart Sys.* at 1372 (“Here, the Asserted Claims are not directed to specific rules that improve a technological process. Again, the claims recite the collection of financial data from third parties, the storing of that financial data, linking proffered credit cards to the financial data, and allowing access to a transit system based on the financial data. The claims are not directed to a combined order of specific rules that improve any technological process, but rather invoke computers in the collection and arrangement of data. Claims with such character do not escape the abstract idea exception under Alice step one.”) (citing *RecogniCorp, LLC v. Nintendo Co.*, 855 F. 3 d 1322, 1327 (Fed. Cir. 2017)).

Appellant’s argument that the claims are directed to a practical application of the relevant technology that does not monopolize the alleged abstract idea is also unpersuasive. Appeal Br. 4.

Claim 1 recites a series of generic computer components at a high level of generality and uses the generic computer components as tools to implement the recited abstract ideas. Using generic computer components to implement an abstract idea does not integrate the abstract idea into a practical application. *See, e.g., Alice*, 573 U.S. at 223–24; *see also* Revised Guidance, 84 Fed. Reg. at 55 (explaining that courts have identified merely

Appeal 2020-000385  
Application 13/936,981

using a computer as a tool to perform an abstract idea as an example of when a judicial exception has not been integrated into a practical application).

Accordingly, we agree with the Examiner's conclusion that the present claims fail to integrate the exception into a practical application, and we proceed to Step 2B.

*Revised Guidance Step 2B: Inventive concept*

Under Step 2B of the Guidance we analyze the claims to determine whether they provide an inventive concept (i.e., whether the additional elements amount to significantly more than the exception itself). Considerations that are evaluated with respect to Step 2B include determining whether the claims as a whole add a specific limitation or combination of limitations that are not well-understood, routine, conventional activity in the field. Revised Guidance, 84 Fed. Reg. at 56. Simply appending well-understood, routine, conventional activities previously known to the industry, specified at a high level of generality, to the judicial exception indicates that an inventive concept may not be present. *Id.*

Appellant argues the Examiner has failed to provide sufficient evidence to show the recitations simply append well-understood, routine, conventional activities previously known to the industry, specified at a high level of generality, to the judicial exception. Appeal Br. 12; Reply Br. 4.

As set forth by the Examiner, the Specification discloses, "Generic computer components recited as performing generic computer functions that are well understood, routine and conventional activities amount to no more than implementing the abstract idea with a computerized system." Ans. 7–8 (citing Spec. ¶¶ 16, 53, 54).

Although Appellant contends that this finding lacks adequate support, *see* Appeal Br. 12; Reply Br. 4, we disagree. The written description indicates that the host computing device, memory, cardholder and provider computing devices encompass well-understood, routine, and conventional computer components. For example, the claimed host computing device, “is a server or system of servers for performing the functions described herein. In other embodiments, the host computing device may be any other kind of computing device capable of performing the functions described herein.” Spec. ¶ 16.

As for the functions claimed, the claims recite elements such as “processing a *conventional* payment card transaction,” Reply Br. 2 (emphasis added), “a user manually clicking computer buttons to transmit his or her personal records,” Reply Br. 2, and incorporate the “conventionally separate process of providing other personal records” Reply Br. 3.

We agree with the Examiner,

The collective functions appear to be implemented using conventional computer systemization.

The claim(s) does/do not include additional elements that are sufficient to amount to significantly more than the judicial exception. . . . [T]he additional claim element(s) amounts to no more than mere instructions to apply the exception using generic computer components. The same analysis applies in Step 2B, i.e., mere instructions to apply an exception using a generic computer component cannot integrate a judicial exception into a practical application at Step 2A or provide an inventive concept in Step 2B.

Ans. 9.

We also note Appellant argues the claims provide the advantage of simultaneity, a “specific computer-based methodology for *simultaneously*

Appeal 2020-000385  
Application 13/936,981

processing a conventional payment card transaction and an associated personal record transaction.” Reply Br. 2 (emphasis added).

As noted by the Examiner,

This is not an accurate portrayal of the broadest reasonable interpretation of the claims.

The claims do not require a payment transaction and an associated personal record transaction to be conducted simultaneously- in fact, the sequence of the independent claim limitations as recited makes it clear that the payment transaction occurs first and then there is potential for a personal record transaction to occur.

Ans. 14.

Additionally, Appellant argues the claims are “providing specific personal records necessary *to complete the payment transaction.*” Reply Br. 2 (emphasis added).

The claims recite “transmitting a confirmation message . . . the confirmation message confirming that the payment transaction has been approved, the payment transaction corresponding to the first service provider supplying a first item purchased as part of the approved payment transaction.” Claim 1. As claimed, the providing of personal records is necessary to the transmitting of the confirmation message and completion of the payment transaction and supplying the first item purchased, contrary to Appellant’s assertions.

Finally, Appellant argues, as there is no rejection of the claims under 35 USC § 103, and “The fact that the pending claims overcome the prior art, as acknowledged at page 15 of the Final Office Action, strengthens the conclusion that the recited limitations are not well understood, routine, and conventional.” Appeal Br. 12; Reply Br. 5.

We are unpersuaded by Appellant’s argument. “[P]atent-eligibility does not turn on ease of execution or obviousness of application. Those are questions that are examined under separate provisions of the Patent Act.” *Rapid Litig. Mgmt. Ltd. v. CellzDirect, Inc.*, 827 F.3d 1042, 1052 (Fed. Cir. 2016).

Thus, merely because the Examiner has not presented a rejection under 35 U.S.C. §§ 102 and 103 does not overcome a 35 U.S.C. § 101 rejection. Although the second step in the *Alice/Mayo* framework is termed a search for an “inventive concept,” the analysis is not an evaluation of novelty or nonobviousness, but rather, a search for “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*, 573 U.S. at 217–18. A novel and nonobvious claim directed to a purely abstract idea is, nonetheless, patent-ineligible. *See Mayo*, 566 U.S. at 90.

For the foregoing reasons, we conclude that claim 1 fails to integrate the abstract idea into a practical application, and the additional claim elements do not add significantly more to the abstract idea. Appellant, therefore, does not persuade us the Examiner erred in concluding that claim 1 is directed to patent-ineligible subject matter. Accordingly, we sustain the § 101 rejection of independent claim 1. We also affirm the rejection of claims 2, 3, 5–9, 11–13, 15–22, and 24–28 for the same reasons as stated above.

#### CONCLUSION

The Examiner’s rejections are affirmed.



Appeal 2020-000385  
Application 13/936,981

More specifically, the Examiner's rejection of claims 1-3, 5-9, 11-13, 15-22, and 24-28 under 35 U.S.C. § 101 is affirmed.

#### DECISION SUMMARY

In summary:

<b>Claims Rejected</b>	<b>35 U.S.C. §</b>	<b>Reference(s)/Basis</b>	<b>Affirmed</b>	<b>Reversed</b>
1-3, 5-9, 11-13, 15-22, 24-28	101	Eligibility	1-3, 5-9, 11-13, 15-22, 24-28	

#### 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). *See* 37 C.F.R. § 1.136(a)(1)(iv).

AFFIRMED