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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte JACK DORSEY

Appeal 2020-000810
Application 14/615,257
Technology Center 3600

Before MICHAEL R. ZECHER, CATHERINE SHIANG, and BETH Z. SHAW, *Administrative Patent Judges*.

SHAW, *Administrative Patent Judge*.

DECISION ON APPEAL

Pursuant to 35 U.S.C. § 134(a), Appellant¹ appeals from the Examiner's decision to reject claims 1–18 and 21–23. *See* Non-Final Act. 1.² 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 Square, Inc. Appeal Br. 3.

² All references to the Non-Final Action under appeal refer to the Non-Final Action entered on March 6, 2019.

CLAIMED SUBJECT MATTER

The claims are directed to a method of generating a dynamic receipt.
Claim 11, reproduced below, is illustrative of the claimed subject matter:

11. A method of generating a dynamic receipt, the method comprising:

acquiring financial transaction information about a financial transaction using a mobile device;

acquiring, by the mobile device, payment card information from a card reader coupled to the mobile device, the card reader configured to read the payment card information from the payment card, the payment card information to be used to process the financial transaction;

sending, by the mobile device, the financial transaction information and the payment card information, to an acquiring institution server to process the transaction;

generating a dynamic receipt for the buyer that includes a transaction result received from the acquiring institution server, and a link to a data item that is provided by a server when the receipt is viewed and the transaction result are included in the dynamic receipt;

receiving a request to display the dynamic receipt;

in response to receiving the request to display the dynamic receipt, request the data item from the server using the link; and

displaying the dynamic receipt by the mobile device, wherein the mobile device presents the transaction result and the data item provided by the server when the receipt is viewed from the link.

Appeal Br. 17 (Claims Appendix).

REJECTION

Claims 1–18 and 21–23 are rejected under 35 U.S.C. § 101. Non-Final Act. 2–5.

OPINION
PRINCIPLES OF LAW

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 abstract ideas” are not patentable. *E.g.*, *Alice Corp. Pty. Ltd. 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.”).

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 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.*

B. USPTO Section 101 Guidance

In January 2019, the U.S. Patent and Trademark Office (USPTO) published revised guidance on the application of § 101. 2019 Revised Patent Subject Matter Eligibility Guidance, 84 Fed. Reg. 50 (Jan. 7, 2019) (“2019 Revised Guidance”).³ “All USPTO personnel are, as a matter of internal agency management, expected to follow the guidance.” *Id.* at 51; *see also* October 2019 Update at 1.

Under the 2019 Revised Guidance and the October 2019 Update, 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 One”); 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, Jan. 2018)) (“Step 2A, Prong Two”).⁴

³ In response to received public comments, the Office issued further guidance on October 17, 2019, clarifying the 2019 Revised 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).

⁴ 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

2019 Revised Guidance, 84 Fed. Reg. at 52–55.

Only if a claim (1) recites a judicial exception and (2) does not integrate that exception into a practical application, do we then look, under Step 2B, 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.

2019 Revised Guidance, 84 Fed. Reg. at 52–56.

Abstract Idea

For the following reasons, we conclude the claims recite a fundamental economic practice, which is one of certain methods of organizing human activity identified in the Revised Guidance, and thus, an abstract idea. *See* Revised Guidance, 84 Fed. Reg. at 52, 53 (listing “[c]ertain methods of organizing human activity—fundamental economic principles or practices” as one of the “enumerated groupings of abstract ideas”).

Appellant addresses the claims as a group (*see* Appeal Br. 7–13) and, as a result, we treat claim 11 as representative. The claim is directed to an abstract idea because it is directed to a fundamental economic practice,

determine whether the claim as a whole integrates the exception into a practical application. *See* 2019 Revised Guidance - Section III(A)(2), 84 Fed. Reg. 54–55.

which is one of certain methods of organizing human activity, as discussed below. The steps of claim 11, include the following, with italics added:

acquiring financial transaction information about a financial transaction using a mobile device;

acquiring, by the mobile device, payment card information from a card reader coupled to the mobile device, the card reader configured to read the payment card information from the payment card, the payment card information to be used to process the financial transaction;

sending, by the mobile device, the financial transaction information and the payment card information, to an acquiring institution server to process the transaction;

generating a dynamic receipt for the buyer that includes a transaction result received from the acquiring institution server, and a link to a data item that is provided by a server when the receipt is viewed and the transaction result are included in the dynamic receipt;

receiving a request to display the dynamic receipt;

in response to receiving the request to display the dynamic receipt, request the data item from the server using the link; and

displaying the dynamic receipt by the mobile device, wherein the mobile device presents the transaction result and the data item provided by the server when the receipt is viewed from the link.

Appellant's claimed invention is directed to generating a receipt for a transaction, the receipt including a link to a data item provided by a server.

Under Supreme Court precedent, claims directed purely to an abstract idea are patent ineligible. As set forth in the Revised Guidance, which extracts and synthesizes key concepts identified by the courts, abstract ideas include (1) mathematical concepts, (2) certain methods of organizing human activity, and (3) mental processes. Among those certain methods of organizing human activity listed in the Revised Guidance are fundamental

economic practices, such as the concept of intermediated settlement in *Alice*, and the concept of hedging in *Bilski*. Like those concepts, claim 11 also recites a fundamental economic practice.

Specifically, the italicized steps fall under the umbrella of economic practices, because the steps, including at least “*acquiring financial transaction information about a financial transaction*,” “*acquiring, . . . payment card information . . . , the payment card information to be used to process the financial transaction*,” “*sending, . . . the financial transaction information and the payment card information*,” “*generating a dynamic receipt for the buyer that includes a transaction result received . . . and a link to a data item that is provided . . . when the receipt is viewed and the transaction result are included in the dynamic receipt*,” “*receiving a request to display the dynamic receipt*,” and “*in response to receiving the request to display the dynamic receipt, request the data item*” would ordinarily take place in generating receipts, which occurs in our system of commerce. See Spec. ¶ 3 (discussing cards used in “everyday commerce”).

In *Intellectual Ventures I LLC v. Capital One Bank (USA)*, 792 F.3d 1363, 1369 (Fed. Cir. 2015), an advertisement taking into account the time of day and tailoring the information presented to the user based on that information was considered another “fundamental . . . practice long prevalent in our system.” Similarly, in *Credit Acceptance Corporation v. Westlake Services*, 859 F.3d 1044 (Fed. Cir. 2017), patent claims directed to a system and method for providing financing to allow a customer to purchase a product selected from an inventory of products maintained by a dealer were considered patent ineligible as directed to the abstract idea of processing an application for financing a purchase, an economic practice

long prevalent in commerce. Like the claims at issue in *Intellectual Ventures I* and *Credit Acceptance*, the claimed generation of a dynamic receipt based on purchase transactions is “a fundamental economic practice long prevalent in our system of commerce.” *Credit Acceptance*, 859 F.3d at 1054. Thus, we conclude claim 11 recites a fundamental economic practice, which is one of certain methods of organizing human activity identified in the Revised Guidance, and thus an abstract idea.

In accordance with the Revised Guidance, and looking to MPEP §§ 2106.05(a)–(c) and (e)–(h), we determine that claim 11 does not integrate a judicial exception, in this case the abstract idea of a fundamental economic practice, into a practical application.

In addition to the steps discussed above, claim 11 recites “a mobile device,” “a card reader,” “an acquiring institution server,” and “a server.” The recited mobile device, card reader, acquiring institution server, and server are generic components. *See, e.g.*, Spec. ¶¶ 27, 30 (“mobile device 100 . . . can be, but is not limited to, a cell phone . . . that is capable of . . . exchanging information with a transaction server to verify the buyer and/or seller’s account information, conducting the transaction, and generating a receipt”), 31, Fig. 1. *See* 2019 Eligibility Guidance, 84 Fed. Reg. at 55 (identifying “merely includ[ing] instructions to implement an abstract idea on a computer” as an example of when an abstract idea has not been integrated into a practical application).

This is not a case involving eligible subject matter as in *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014) despite Appellant’s arguments to the contrary (App. Br. 11). There, instead of a computer network operating in its normal, expected manner by sending a

website visitor to a third-party website apparently connected with a clicked advertisement, the claimed invention in *DDR* generated and directed the visitor to a hybrid page that presented (1) product information from the third party, and (2) visual “look and feel” elements from the host website. *DDR*, 773 F.3d at 1258–59. Given this particular Internet-based solution, the U.S. Court of Appeals for the Federal Circuit held that the claimed invention did not merely use the Internet to perform a business practice known from the pre-Internet world, but rather was necessarily rooted in computer technology to overcome a problem specifically arising in computer networks. *Id.* at 1257.

That is not the case here. As noted previously, Appellant’s claimed invention, in essence, is directed to generating a receipt for a transaction, the receipt including a link to a data item provided by a server—albeit using computer-based components to achieve that end. The claimed invention here is not necessarily rooted in computer technology in the sense contemplated by *DDR* where the claimed invention solved a challenge particular to the Internet. Although Appellant’s invention uses various computer-based components noted previously, the claimed invention does not solve a challenge particular to the computing components used to implement this functionality.

Accordingly, the claim, as a whole, does not integrate the abstract idea into a practical application because the claim limitations, taken individually or together, do not impose any meaningful limits on practicing the abstract idea. Stated differently, the claims do not (1) improve the functioning of a computer or other technology, (2) are not applied with any particular machine (except for generic computer components), (3) do not effect a

transformation of a particular article to a different state, and (4) are not applied in any meaningful way beyond generally linking the use of the judicial exception to a particular technological environment, such that the claim, as a whole, is more than a drafting effort designed to monopolize the exception. *See* MPEP §§ 2106.05(a)–(c), (e)–(h).

Inventive Concept

Because we determine that claim 11 is “directed to” an abstract idea, we next consider whether claim 11 recites an “inventive concept.” The Examiner determined that claim 11 does not recite an inventive concept because the additional elements in the claim do not amount to “significantly more” than the abstract idea itself. *See* Ans. 6–8.

We agree with the Examiner’s determination in this regard. *Id.* Using generic computer components to perform abstract ideas does not provide the necessary inventive concept. *See Alice*, 573 U.S. at 223 (“[T]he mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention.”). Thus, the elements of claim 11 do not amount to “significantly more” than the abstract idea itself.

Preemption is a driving concern when determining patent eligibility. *See Alice*, 573 U.S. at 216–17. Patent law cannot inhibit further discovery by improperly tying up the future use of the building blocks of human ingenuity. *See id.* (citing *Mayo*, 566 U.S. at 85–86). Although preemption is characterized as a driving concern for patent eligibility, preemption itself is not the test for patent eligibility. “Where a patent’s claims are deemed only to disclose patent ineligible subject matter under the *Mayo* framework, as they are in this case, preemption concerns are fully addressed and made moot.” *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379

(Fed. Cir. 2015). “While preemption may signal patent ineligible subject matter, the absence of complete preemption does not demonstrate patent eligibility.” *Id.*

To the extent Appellant contends that the recited limitations, including those detailed above in connection with *Alice* step one, add significantly more to the abstract idea such that they provide an inventive concept under *Alice/Mayo* step two (*see* Appeal Br. 12), these limitations are not *additional* elements *beyond* the abstract idea, but rather are directed to the abstract idea as noted previously. *See* Revised Guidance, 84 Fed. Reg. at 56 (instructing that *additional* recited elements should be evaluated in *Alice/Mayo* step two to determine whether they (1) *add* specific limitations that are not well-understood, routine, and conventional in the field, or (2) simply *append* well-understood, routine, and conventional activities previously known to the industry (citing MPEP § 2106.05(d)). These elements form part of the recited abstract ideas and thus are not “additional elements” that “‘transform the nature of the claim’ into a patent-eligible application.” *Alice*, 573 U.S. at 217 (quoting *Mayo*, 566 U.S. at 78); *see also* Revised Guidance, 84 Fed. Reg. at 55 n.24 (“USPTO guidance uses the term ‘additional elements’ to refer to claim features, limitations, and/or steps that are recited in the claim *beyond the identified judicial exception.*” (Emphasis added)); Ans. 8–9.

To the extent Appellant contends that the claimed invention is rooted in technology because it is ostensibly directed to a technical solution (*see* Appeal Br. 12), we disagree. Even assuming, without deciding, that the claimed invention can deliver electronic receipts faster than before, any speed increase comes from the capabilities of the generic computer components—not the recited process itself. *See FairWarning IP, LLC v.*

Iatric Sys., Inc., 839 F.3d 1089, 1095 (Fed. Cir. 2016) (citing *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.”)); *see also Intellectual Ventures I LLC v. Erie Indemnity Co.*, 711 F. App’x 1012, 1017 (Fed. Cir. 2017) (unpublished) (“Though the claims purport to accelerate the process of finding errant files and to reduce error, we have held that speed and accuracy increases stemming from the ordinary capabilities of a general-purpose computer ‘do[] not materially alter the patent eligibility of the claimed subject matter.’”). Like the claims in *FairWarning*, the focus of claim 11 is not on an improvement in computer processors as tools, but on certain independently abstract ideas that use generic computing components as tools. *See FairWarning*, 839 F.3d at 1095 (citations and quotation marks omitted).

To the extent Appellant argues for the first time in the Reply Brief that the type of data presented in the “data item,” as recited in claims 21—i.e., the (“advertisement”), 22 (“video”), and 23 (“promotional item provided by a vendor”)—constitutes something more than the abstract idea, we are unpersuaded. *See Reply Br.* 3–4. These different types of data that may be displayed do not integrate the recited abstract idea into a practical application. *See 2019 Revised Guidance* 84 Fed. Reg. at 55 (identifying adding “insignificant extra-solution activity to the” abstract idea as an example of when an abstract idea has not been integrated into a practical application); *see also Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1354 (Fed. Cir. 2016) (“we have recognized that merely presenting the

results of abstract processes of collecting and analyzing information, without more (such as identifying a particular tool for presentation), is abstract as an ancillary part of such collection and analysis”) (citing *Content Extraction & Transmission LLC v. Wells Fargo Bank, Nat’l Ass’n*, 776 F.3d 1343, 1347 (Fed. Cir. 2014); *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 715 (Fed. Cir. 2014)).

Accordingly, we sustain the Examiner’s rejection of the pending claims under 35 U.S.C. § 101 as directed to patent-ineligible subject matter.

CONCLUSION

We affirm the rejection of claims 1–18 and 21–23 under 35 U.S.C. § 101.

DECISION SUMMARY

Claims Rejected	35 U.S.C. §	Reference(s)/Basis	Affirmed	Reversed
1–18, 21–23	101		1–18, 21–23	

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