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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte JOSE A. ALBA and DAVID GROSSMAN

Appeal 2020-003156
Application 14/336,059
Technology Center 3600

Before MURRIEL E. CRAWFORD, BIBHU R. MOHANTY, and
BRADLEY B. BAYAT, *Administrative Patent Judges*.

MOHANTY, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Pursuant to 35 U.S.C. § 134(a), Appellant¹ appeals from the
Examiner's decision to reject claims 1-9 and 21. We have jurisdiction under
35 U.S.C. § 6(b).

SUMMARY OF THE DECISION

We AFFIRM.

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 Mastercard
International Incorporated. (Appeal Br. 3).

CLAIMED SUBJECT MATTER

The Appellant's claimed invention relates to electronic payment systems and facilitating promotions with an e-wallet (Spec. page 1, lines 17, 18, and page 2, lines 5, 6). Claim 1, reproduced below with the italics added, is representative of the subject matter on appeal.

1. A method comprising the steps of:
 - obtaining, by an electronic wallet platform module executing on a server, from a check-out web page of a merchant:*
 - an indication that a given consumer, of a plurality of consumers, who is purchasing at least one item from said merchant in an on-line transaction, wishes to utilize said electronic wallet platform to pay for said on-line transaction, *a unique identification of said given consumer, and associated transaction data;*
 - wherein said *electronic wallet platform module stores*, in association with said unique identification of said given consumer, *information for a plurality of payment card accounts* from which said given consumer can choose to pay for said on-line transaction;
 - supplying, by said electronic wallet platform module, to a transaction qualification service module executing on said server or on another server, said unique identification of said given consumer;*
 - retrieving, by said transaction qualification service module, from a consumer enrollment database module, a record wherein at least one promotion code is stored in association with said unique identification of said given consumer;*
 - determining, by said transaction qualification service module, based on rules retrieved from an offers registry database module, whether said at least one promotion code is applicable to said on-line transaction, said rules being stored in said offers registry database module in association with said at least one promotion code, said rules taking into account said unique identification of said given consumer and said associated transaction data in determining said applicability;*
 - and
 - when said at least one promotion code is applicable to said on-line transaction, providing said at least one promotion code to said merchant, directly from said electronic wallet platform module in real-time, prior to payment card authorization, clearing, and*

settlement for said on-line transaction, and without revealing said at least one promotion code to said given consumer;

wherein a payment card network operator that carries out said payment card authorization, clearing, and settlement for said on-line transaction implements a computerized translation table in which internal-facing instances of an account number for a selected one of said plurality of payment card accounts present an actual primary account number (PAN) while external-facing instances of said account number for said selected one of said plurality of payment card accounts present a pseudo-PAN.

THE REJECTIONS

The following rejections are before us for review:

1. Claims 1–9 and 21 are rejected under 35 U.S.C. § 101 as being directed to non-statutory subject matter.
2. Claims 1–5, 8, 9 are rejected under 35 U.S.C. § 103(a) as unpatentable over Katis (US 6,601,761 B1 issued Aug. 5, 2003), Hawkins (US 2007/0162337 A1, published July 12, 2007), and First Data (“Data encryption and tokenization: An innovative one-two punch to increase data security and reduce the challenges of PCI DSS compliance” downloaded from https://www.firstdata.com/downloads/thought-leadership/fd_encrypt_token_pci_whitepaper.pdf, Sept. 2009)).
3. Claims 6 and 7 are rejected under 35 U.S.C. § 103(a) as unpatentable over Katis, Hawkins, First Data, and Michelson (US 2006/0118611 A1, published June 8, 2006).
4. Claim 21 is rejected under 35 U.S.C. § 103(a) as unpatentable over Katis, Hawkins, First Data, and Carlson (US 8,229,852 B2, issued July 24, 2012).

FINDINGS OF FACT

We have determined that the findings of fact in the Analysis section below are supported at least by a preponderance of the evidence.²

ANALYSIS

Rejection under 35 U.S.C. § 101

The Appellant argues that the rejection of claim 1 is improper because the claim is “significantly more” than the alleged abstract idea and integrated into a practical application (Appeal Br. 8–11; Reply Br. 8–14).

In contrast, the Examiner has determined that the rejection of record is proper (Final Action 8–12; Ans. 5–16).

We agree with the Examiner. 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 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

² *See Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1427 (Fed. Cir. 1988) (explaining the general evidentiary standard for proceedings before the Patent Office).

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, 69 (1972)). Concepts determined to be patent eligible include physical and chemical processes, such as “molding rubber products” (*Diamond v. Diehr*, 450 U.S. 175, 192 (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 (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 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 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.* (internal 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.”).

In January 2019, the published revised guidance on the application of § 101. *2019 Revised Patent Subject Matter Eligibility Guidance*, 84 Fed. Reg. 50 (Jan. 7, 2019) (“Guidance”). 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); and
- (2) additional elements that integrate the judicial exception into a practical application, i.e., evaluate whether the claim “appl[ies], rel[ies] on, or use[s] the judicial exception in a manner that imposes a meaningful limit on the judicial exception, such that the claim is more than a drafting effort designed to monopolize the judicial exception.” (*see* Guidance, 84 Fed. Reg. at 54; *see also* MPEP § 2106.05(a)–(c), (e)–(h)).

Only if a claim (1) recites a judicial exception and (2) does not integrate that exception into a practical application, do we then look to whether the claim:

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

See Guidance.

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 (citation 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.*

The Specification at page 1, lines 17 and 18, states that the invention relates generally to electronic commerce and electronic payment systems. Here, the Examiner has determined that the claim sets forth marketing and sales activities and commercial interaction and is a method of organizing human activities and an abstract concept (Ans., page 6, para. 9). We substantially agree with the Examiner. We determine that the claim sets forth: [1] “obtaining, by an electronic wallet platform...a unique identification of said given consumer, and associated transaction data”; [2] “wherein said electronic wallet platform module stores.... information for a plurality of payment card accounts”; [3] “supplying...said unique identification of said given consumer”; [4] “retrieving... a record wherein at least one promotion code is stored in association with said unique identification of said given consumer”;[5] “determining... based on rules retrieved from an offers registry database module, whether said at least one promotion code is applicable to said on-line transaction”; [6] “when said at least one promotion code is applicable to said on-line transaction, providing said at least one promotion code to said merchant”; [7] “wherein a payment card network operator that carries out said payment card authorization ... implements a computerized translation table in which internal-facing instances of an account number for a selected one of said plurality of

payment card accounts present an actual primary account number (PAN) while external-facing instances of said account number for said selected one of said plurality of payment card accounts present a pseudo-PAN”, which describes a method of applying a promotion in a transaction between a user and merchant, which is a certain method of organizing human activity and a fundamental economic practice, i.e. a judicial exception enumerated under the Guidance. In *Buysafe, Inc. v. Google, Inc.* 765 F.3d 1350, 1355 (Fed. Cir. 2014) it was held that claims drawn to creating a contractual relationship are directed to an abstract idea. In *Inventor Holdings, LLC v. Bed Bath & Beyond Inc.*, 876 F.3d 1372, 1378 claims directed to the local processing of payments for remotely purchased goods was held to be directed to an abstract idea. In *OIP Technologies, Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, (Fed. Cir. 2015) at 1363 it was held that offer-based price optimization was directed to an abstract idea.

We next determine whether the claim recites additional elements that integrate the judicial exception into a practical application. *See* Guidance, 84 Fed. Reg. at 54–55. The Revised Guidance references the MANUAL OF PATENT EXAMINING PROCEDURE (“MPEP”) §§ 2106.05(a)–(c) and (e)–(h).

Here, the claims do not improve computer functionality, improve another field of technology, utilize a particular machine, or effect a particular physical transformation. Rather, we determine that nothing in the claims imposes a meaningful limit on the judicial exception, such that the claims are more than a drafting effort to monopolize the judicial exception.

For example, in claim 1, the additional elements beyond the abstract idea are the recited electronic wallet platform module on a server. The claimed limitations of “obtaining,” “supplying,” “retrieving,” “determining,”

and “providing” do not purport to improve the functioning of the computer itself, do not improve the technology of the technical field, and do not require a “particular machine.” Rather, they are performed using generic computer components. Further, the claim as a whole fails to effect any particular transformation of an article to a different state. The recited steps in the claim fail to provide meaningful limitations to limit the judicial exception. In this case, the claim merely uses the claimed computer elements as a tool to perform the abstract idea.

Considering the elements of the claim both individually and as “an ordered combination” the functions performed by the computer system at each step of the process are purely conventional. Each step of the claimed method does no more than require a generic computer to perform a generic computer function. Thus, the claimed elements have not been shown to integrate the judicial exception into a practical application as set forth in the Revised Guidance which references the MANUAL OF PATENT EXAMINING PROCEDURE (“MPEP”) §§ 2106.05(a)–(c) and (e)–(h).

Turning to the second step of the *Alice* and *Mayo* framework, we determine that the claim does not contain an inventive concept sufficient to “transform” the abstract nature of the claim into a patent-eligible application. Considering the claim both individually and as an ordered combination fails to add subject matter beyond the judicial exception that is not well-understood, routine, and conventional in the field. Rather the claim uses well-understood, routine, and conventional activities previously known in the art and they are recited at a high level of generality. The Specification at pages 4–7 for example describes using conventional computer components such as a processor, memory, cell phone handsets, terminals, local area

networks (LAN) and private networks (VPN) in a conventional manner. Here, the claim has not been shown to be “significantly more” than the abstract idea.

For these above reasons the rejection of claim 1 is sustained. The Appellant has provided the same arguments for the remaining claims which are drawn to similar subject matter and the rejection of these claims is sustained for the same reasons given above.

Rejection under 35 U.S.C. § 103(a)

The Appellant argues that the rejection of claim 1 is improper because the cited prior fails to disclose the claim limitation for:

providing said at least one promotion code to said merchant, directly from said electronic wallet platform module in real-time, prior to payment card authorization, clearing, and settlement for said on-line transaction, and without revealing said at least one promotion code to said given consumer.

(Appeal Br. 12–14).

In contrast, the Examiner has cited to Hawkins at paragraph 30 as disclosing the above cited claim limitation (Final Act. 22–25, Ans. 22).

We agree with the Appellant. Even if we accept that Hawkins discloses a “promotion code,” the claim requires providing the promotion code to the electronic wallet module in real time, prior to payment card authorization, and “without revealing said at least one promotion code to said given consumer.” Here, the claim limitation for providing the promotion code to the electronic wallet module “without revealing said at least one promotion code to said given consumer” has not been shown in the citation to Hawkins at paragraph 30.

Paragraph 30 of Hawkins discloses that “discount information” is sent to the electronic cash register ECR 110 for deduction of the price to the customer but is not specifically disclosed that the “discount information” is provided to the merchant “without revealing said at least one promotion code to said given consumer.” Thus, the relied-upon portion of Hawkins fails to specifically disclose that the “discount information” is provided to the merchant “without revealing said at least one promotion code to said given consumer.” Accordingly, the rejection of claim 1 and its dependent claims is not sustained as the argued claim limitation has not been shown in the prior art.

CONCLUSIONS OF LAW

We conclude that Appellant has not shown that the Examiner erred in rejecting claims 1–9 and 21 under 35 U.S.C. § 101.

We conclude that Appellant has shown that the Examiner erred in rejecting claims 1–5, 8, 9 under 35 U.S.C. § 103(a) as unpatentable over Katis, Hawkins, and First Data.

We conclude that Appellant has shown that the Examiner erred in rejecting claims 6 and 7 under 35 U.S.C. § 103(a) as unpatentable over Katis, Hawkins, First Data, and Michelson.

We conclude that Appellant has shown that the Examiner erred in rejecting claim 21 under 35 U.S.C. § 103(a) as unpatentable over Katis, Hawkins, First Data, and Carlson.

DECISION SUMMARY

In summary:

Claims Rejected	35 U.S.C. §	Reference(s)/Basis	Affirmed	Reversed
1-9, 21	101	Eligibility	1-9, 21	
1-5, 8, 9	103(a)	Katis, Hawkins, First Data		1-5, 8, 9
6, 7	103(a)	Katis, Hawkins, First Data, Michelson		6, 7
21	103(a)	Katis, Hawkins, First Data, Carlson		21
Overall Outcome			1-9, 21	

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