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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
12/268,063	11/10/2008	Daniel I. FLITCROFT	1032668-000053	7470

21839   7590   05/30/2017
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POST OFFICE BOX 1404
ALEXANDRIA, VA 22313-1404

EXAMINER
KAZIMI, HANI M

ART UNIT	PAPER NUMBER
3691	

NOTIFICATION DATE	DELIVERY MODE
05/30/2017	ELECTRONIC

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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 DANIEL I. FLITCROFT and GRAHAM O'DONNELL

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Appeal 2016–001810
Application 12/268,063
Technology Center 3600

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Before ANTON W. FETTING, JOSEPH A. FISCHETTI, and
CYNTHIA L. MURPHY, *Administrative Patent Judges.*

FETTING, *Administrative Patent Judge.*

DECISION ON APPEAL

STATEMENT OF THE CASE[1]

Daniel I. Flitcroft and Graham O'Donnell (Appellants) seek review
under 35 U.S.C. § 134 of a final rejection of claims 1–43, the only claims
pending in the application on appeal. Oral arguments were presented April
27, 2017. We have jurisdiction over the appeal pursuant to 35 U.S.C. § 6(b).

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[1] Our decision will make reference to the Appellants' Appeal Brief ("App.
Br.," filed April 21, 2015) and Reply Brief ("Reply Br.," filed December 1,
2015), and the Examiner's Answer ("Ans.," mailed October 1, 2015), and
Final Action ("Final Act.," mailed October 24, 2014).

The Appellants invented a way of offering reduced potential of credit card number misuse. Specification 1:22–24.

An understanding of the invention can be derived from a reading of exemplary claim 1, which is reproduced below (bracketed matter and some paragraphing added).

> 25. A method for providing a payment cardholder with control over use of a payment card comprising:
>
> [1] configuring, by a central processing system,
>
> > a set of use limitations for usage of the payment card;
>
> [2] receiving, via an interface device,
>
> > a selection,
> >
> > by the payment cardholder,
> >
> > of one or more of said use limitations;
>
> [3] associating, in a database device, cardholder limitations with the payment card
>
> > based on said selected usage limitations
> >
> > for determining acceptable transactions and unacceptable transactions for the payment card;
>
> [4] intercepting, by said central processing system, an authorization request,
>
> > from a merchant,
> >
> > for each transaction of the payment card;
>
> [5] comparing, by said central processing system,
>
> > said authorization
> >
> > for said each transaction of the payment card
> >
> > with
> >
> > the additional limitations on use established by the customer stored in said database device;

[6] identifying, by said central processing system, based on said comparison, each said transaction

  as being one of said acceptable transactions and said unacceptable transactions;

[7] when an acceptable transaction is identified, transmitting,

  by a transmitting unit of said central processing system,

  transaction information of the identified acceptable transaction

  to a transaction processing device of an issuer of the payment card

  for processing of an associated account of the payment card;

and

[8] notifying, by the central processing system, the payment cardholder,

  using a message,

  of at least one of said acceptable transactions and said unacceptable transactions.

Claims 1–43 stand rejected under 35 U.S.C. § 101 as directed to non–statutory subject matter.

ISSUES

The issues of eligible subject matter turn primarily on whether the Examiner has sufficiently established that the ordered combination of the recited elements also fails to transform the nature of the claim into a patent-eligible application.

ANALYSIS

Claims 1, 9, 17, 25, 32, and 38 are the independent claims on appeal, with the rest of the claims on appeal (i.e., claims 2–8, 10–16, 18–24, 26–31, 33–37, and 39–43) depending therefrom.

The Examiner rejects these claims according to the two step procedure in *Alice Corp., Pty. Ltd. v CLS Bank Intl*, 134 S.Ct. 2347 (2014). As to the first step, the Examiner finds that the claims are directed to processing financial transactions. Final Act. 4. We agree. The preamble to claim 25 recites that it is a method for providing a payment cardholder with control over use of a payment card. The steps in claim 25 result in transmitting transaction data and notifying one of whether a transaction is acceptable. The Specification at 1:22–23 describes the invention as being related to a credit card system. Thus all of the evidence supports the Examiner's finding that claim 25 is directed to processing financial transactions, which, like the risk hedging in *Bilski* is a notoriously old practice and therefore an abstract idea. *See Bilski v. Kappos*, 561 U.S. 593 (2010). The remaining independent method claims are similar and the independent structural claims recite generic computer devices performing the method claim steps.

The second step of the *Alice* test requires the consideration of "the elements of each claim both individually and 'as an ordered combination' to determine whether the additional elements 'transform the nature of the claim' into a patent-eligible application." *Alice*, 134 S. Ct. at 2355.

Independent claim 25 inserts an intermediary between two otherwise directly communicating parties and recites "intercepting, by said central processing system, an authorization request, from a merchant, for each

transaction of the payment card" and "transmitting, by a transmitting unit of said central processing system, transaction information of the identified acceptable transaction to a transaction processing device of an issuer of the payment card." Independent claims 1, 9, 17, 32, and 38 recite similar limitations. According to the Appellants, the claims

> improve upon such technologies in that, for example, the present claims, provide an intermediary system that communicates between a merchant and a card issuer and, via each of its particularly programmed structural computer components, receives, stores, and compares very specific information in a *very manner in a hardware-based system* that has not been done before in the industry, resulting in the permission or denial of attempted payment transactions on a basis of limitations on use that are specifically established by the cardholder, and which exceed those restrictions (e.g., credit limit) set forth by the card issuer. This improves upon conventional systems and methods not only because it does not require the card issuer to necessarily be provided with functionality for determining authorization or denials, but also because it provides another layer of protection against fraud during attempted transactions.

Reply Br. 15.

Examiner finds that

> The claim as a whole, does not amount to significantly more than the abstract idea itself. This is because the claim does not effect an improvement to another technology or technical field; the claim does not amount to an improvement to the functioning of a computer itself; and the claim does not move beyond a general link of the use of an abstract idea to a particular technological environment.

Final Act. 4–5. We agree with the Examiner that the claims appear to recite a "generic computer structure" that "perform[s] generic computer functions that are well-understood, routine, and conventional activities

previously known to the pertinent industry." (Final Act. 5–6.) And the Appellants do not contend that they invented the central processing system, database device, transaction processing device, , or other computer-related equipment recited in the claims on appeal.

However, the Examiner does not sufficiently establish that the "ordered combination" of the recited elements also fails to "'transform the nature of the claim' into a patent-eligible application." *Alice*, 134 S. Ct. at 2355. "[A]n inventive concept can be found in the non-conventional and non-generic arrangement of known, conventional pieces," even if these pieces constitute generic computer-related components. *Bascom Global Internet v. AT&T Mobility LLC*, 827 F.3d 1341, 1350 (Fed. Cir. 2016). The instant claims are similar to those in *Bascom* in that as in *Bascom*, an intermediary is inserted between two otherwise conventional computer nodes to move the location where a process is otherwise ordinarily executed. In *Bascom* it was filtering and in the instant claims it is checking on credit use limitations. The reasons for moving are similar in both cases and are rooted in the ways of internet technology.

As discussed above, the Appellants explain that the claimed architecture (i.e., the ordered combination and arrangement of the recited elements) provides a particular technical advantage. The Examiner does not persuasively challenge the Appellants' position on this matter.

Accordingly, the Examiner has not sufficiently established, on the record before us, that independent claims 1, 9, 17, 25, 32, and 38 (and the claims depending therefrom) do not pass muster under step two of the *Alice* test.

CONCLUSIONS OF LAW

The rejection of claims 1–43 under 35 U.S.C. § 101 as directed to non–statutory subject matter is improper.

DECISION

The rejection of claims 1–43 is reversed.

<u>REVERSED</u>