

APPENDIX

NOTE: This disposition is nonprecedential.

**United States Court of Appeals
for the Federal Circuit**

IN RE: CHRISTOPHER PRIMBAS, PHILIP
THOMAS STAMATAKY, OMNI INVESTORS
GROUP, INC.,
Appellants

2019-1062

Appeal from the United States Patent and
Trademark Office, Patent Trial and Appeal Board in
No. 13/046,837.

JUDGMENT

JEREMY COOPER DOERRE, Tillman Wright PLLC,
Charlotte, NC, argued for appellants.

Amy J. Nelson, Office of the Solicitor, United States
Patent and Trademark Office, Alexandria, VA, argued
for appellee Andrei Iancu. Also represented by

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THOMAS W. KRAUSE, JOSEPH MATAL, ROBERT J.
MCMANUS.

THIS CAUSE having been heard and considered, it is
ORDERED and ADJUDGED:

PER CURIAM (REYNA, HUGHES, and STOLL, *Circuit
Judges*).

AFFIRMED. See Fed. Cir. R. 36.

ENTERED BY ORDER OF THE COURT

November 8, 2019
Date

/s/ Peter R. Marksteiner
Peter R. Marksteiner
Clerk of Court

NOTE: This disposition is nonprecedential.

**United States Court of Appeals
for the Federal Circuit**

IN RE: CHRISTOPHER PRIMBAS, PHILIP
THOMAS STAMATAKY, OMNI INVESTORS
GROUP, INC.,
Appellants

2019-1062

Appeal from the United States Patent and
Trademark Office, Patent Trial and Appeal Board in
No. 13/046,837.

ON PETITION FOR PANEL REHEARING AND
REHEARING EN BANC

Before PROST, *Chief Judge*, NEWMAN, LOURIE,
DYK, MOORE, O'MALLEY, REYNA, WALLACH, TARANTO,
CHEN, HUGHES, and STOLL, *Circuit Judges*.

PER CURIAM.

O R D E R

Appellants Christopher Primbas, Philip Thomas Stamataky and Omni Investors Group, Inc. filed a combined petition for panel rehearing and rehearing en banc. The petition was referred to the panel that heard the appeal, and thereafter the petition for rehearing en banc was referred to the circuit judges who are in regular active service.

Upon consideration thereof,

IT IS ORDERED THAT:

The petition for panel rehearing is denied.

The petition for rehearing en banc is denied.

The mandate of the court will issue on February 6, 2020.

FOR THE COURT

January 30, 2020

Date

/s/ Peter R. Marksteiner

Peter R. Marksteiner

Clerk of Court

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UNITED STATES PATENT
AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL
AND APPEAL BOARD

Ex parte CHRISTOPHER PRIMBAS and
PHILIP THOMAS STAMATAKY

Appeal 2016-006446
Application 13/046,837
Technology Center 3600

Before MURRIEL E. CRAWFORD, NINA L.
MEDLOCK, and PHILIP J. HOFFMANN,
Administrative Patent Judges.

HOFFMANN, *Administrative Patent Judge.*

DECISION ON REQUEST FOR REHEARING

STATEMENT OF THE CASE

Appellants¹ filed a Request for Rehearing ("Request") on June 11, 2018, of our Decision ("Decision") mailed April 11, 2018. In the Decision, we affirmed the Examiner's rejection of claims 1, 3, 4, 7, 9, 10, and 12-21 under 35 U.S.C. § 101 as patent-ineligible subject matter. See, e.g., Decision 8.

In accordance with 37 C.F.R. § 41.52(a)(1), the Request for Rehearing includes certain points, in particular, which Appellants believe the Board misapprehended or overlooked in reaching its Decision to affirm the Examiner's subject matter rejection. See Request 2-8. For the following reasons, we deny Appellants' Request for Rehearing, except to the extent necessary to consider the Request. Therefore, we do not modify our Decision affirming the Examiner's rejection of claims 1, 3, 4, 7, 9, 10, and 12-21 under 35 U.S.C. § 101.

ANALYSIS

Appellants argue that the Board errs because the Decision does not consider whether the combination of claimed steps recited in claim 1, for example, is well-understood, routine, and conventional, as required by *Berkheimer v. HP Inc.*, 881F.3d1360 (Fed. Cir. 2018). See Request 2-8. More specifically, Appellants argue that “the recited steps

¹ According to Appellants, “[t]he real party in interest is ... Omni Investors Group, Inc.” Appeal Brief (“Appeal Br.,” filed December 7, 2015) 1.

of debiting a tracking fee equal to an amount of the cash purchase of credit[,] which is equal to the amount of coin change otherwise due, and subsequently crediting a sum of both the cash purchase of credit and the tracking fee[,] represent an unconventional combination of steps.” *Id.* at 4. Based on our review, we disagree with Appellants, however.

Debiting of fees, regardless of whether the fees are tracking fees and regardless of how the amount debited is determined, and crediting, regardless of whether the credit is a sum including a tracking fee and regardless of how the amount credited is determined, are fundamental business practices, long prevalent in our system of commerce, like the risk hedging in *Bilski* (see *Bilski v. Kappos*, 561 U.S. 593 (2010)), the intermediated settlement in *Alice* (see *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S.Ct. 2347, 2356-57 (2014)), verifying credit card transactions in *CyberSource* (see *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1370 (Fed. Cir. 2011)), and guaranteeing transactions in *buySAFE* (see *buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350, 1354 (Fed. Cir. 2014)). Further, debiting and crediting are building blocks of a market economy. The particulars as to how the amounts debited and credited are determined are all part of the abstract idea, beyond the scope of § 101. See *Alice* 134 S. Ct. at 2356. Thus, for the above reasons, Appellants do not establish that we erred in

determining that Appellants' claims "do[] not recite additional features that []transform ... the claim[s][]" into a patent eligible application." Decision 6 (citations omitted); *see also id.* at 6-8. Rather, other than the abstract idea discussed above, claim 1 recites only (implementation of the abstract idea on) "generic computer technology." *Id.*

DECISION

Based on the foregoing, we deny Appellants' Request for Rehearing, except to the extent necessary to consider the Request. As a result, we do not modify our Decision affirming the Examiner's rejection of claims 1, 3, 4, 7, 9, 10, and 12-21 under 35 U.S.C. § 101.

REQUEST FOR REHEARING DENIED

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UNITED STATES PATENT
AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL
AND APPEAL BOARD

Ex parte CHRISTOPHER PRIMBAS and
PHILIP THOMAS STAMATAKY

Appeal 2016-006446
Application 13/046,837
Technology Center 3600

Before MURRIEL E. CRAWFORD, NINA L.
MEDLOCK, and PHILIP J. HOFFMANN,
Administrative Patent Judges.

HOFFMANN, *Administrative Patent Judge.*

DECISION ON APPEAL

STATEMENT OF THE CASE

Pursuant to 35 U.S.C. § 134(a), Appellants¹ appeal from the Examiner's rejection of claims 1, 3, 4, 7, 9, 10, and 12-21. We have jurisdiction under 35 U.S.C. § 6(b). Appellants appeared for an oral hearing on January 30, 2018.

We AFFIRM.

According to Appellants, the invention is directed "to a system and method for facilitating cash transactions without the need for a customer to receive coins as change due from a cash purchase and transaction." Spec. 1, 11. 11-13. Claims 1 and 7 are the only independent claims on appeal. Below, we reproduce claim 1 as illustrative of the appealed claims.

1. A method involving a retail cash transaction in which a customer uses physical currency to pay a merchant for goods or services received, in which an amount between 1 ¢ and 99¢ in coin change is due to the customer and used as payment for credit purchased, the method comprising the steps of:

the customer tendering cash to the merchant as payment for the goods or services and there being an amount of coin change due back to the customer, which amount the customer does not receive in the

¹ According to Appellants, the real party in interest is Omni Investors Group, Inc. Appeal Brief 1.

form of physical coins but rather in the form of a cash purchase of credit equal to the amount of coin change otherwise due;

in a different financial transaction than the cash-tender transaction, debiting, using an electronically readable device physically present at the customer-merchant transaction and in electronic communication with an electronic processor and a financial network, one or more accounts associated with the customer in an amount equal to a tracking fee, which is equal to the entire amount of the cash purchase of credit; and

subsequently crediting to the one or more accounts associated with the customer the sum of both the cash purchase of credit and the tracking fee;

wherein the debiting and crediting steps are performed electronically and the tracking fee reflects both the cash purchase of credit and its transfer into the one or more customer accounts.

REJECTION

The Examiner rejects claims 1, 3, 4, 7, 9, 10, and 12-21 under 35 U.S.C. § 101 as patent-ineligible subject matter.

ANALYSIS

An invention is patent-eligible if it claims a "new and useful process, machine, manufacture, or composition of matter." 35 U.S.C. § 101. The Supreme Court, however, has long interpreted § 101 to include an implicit exception: "[l]aws of nature, natural phenomena, and abstract ideas" are not eligible for patenting. *See, e.g., Alice Corp. Pty. Ltd. v. CLS Bank Int 'l*, 134 S. Ct. 2347, 2354 (2014).

The Supreme Court, in *Alice*, reiterated the two-step analysis previously set forth in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. 66 (2012), "for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts." *Alice Corp.*, 134 S. Ct. at 2355. The first step in that analysis is to "determine whether the claims at issue are directed to one of those patent-ineligible concepts." *Id.* If the claims are not directed to a patent-ineligible concept, e.g., an abstract idea, the inquiry ends. Otherwise, the inquiry proceeds to the second step, where the elements of the claims are considered "individually and 'as an ordered combination'" to determine whether there are additional elements that "'transform the nature of the claim' into a patent-eligible application." *Alice Corp.*, 134 S. Ct. at 2355 (quoting *Mayo*, 566 U.S. at 79, 78).

Regarding the first step of the analysis, the Supreme Court acknowledged, in *Mayo*, that "all inventions at some level embody, use, reflect, rest

upon, or apply laws of nature, natural phenomena, or abstract ideas." *Mayo*, 566 U.S. at 71. Therefore, we look to whether the claims focus on a specific means or method that improves the relevant technology, or instead whether the claims are directed to a result or effect that itself is the abstract idea, and merely invoke generic processes and machinery. *See Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1336 (Fed. Cir. 2016).

Initially, Appellants indicate that, for purposes of this appeal, "[a]ll of the pending claims stand and fall together." Appeal Br. 7. Thus, we choose independent claim 1 for our analysis, and each of the remaining claims stands or falls with claim 1.

With respect to the Examiner's rejection of the claims under § 101, the Examiner determines that [c]laim 1 ... is directed to an abstract idea of facilitating cash transactions without the need for a customer to receive coins as change due from a cash purchase. The concept of facilitating cash transactions can be performed by using a "processor" and is similar to the kind of 'organizing human activity' at issue in *Alice Corp.* Although the claims are not drawn to the same subject matter, the abstract idea of facilitating cash transactions without the need for a customer to receive coins as change due from a cash purchase is similar to the abstract idea of managing risk (hedging)

during consumer transactions (Bilski) and creating a contractual relationship (buySAFE).

Answer 6 (underlining omitted). The Examiner also determines that the claims fails to recite additional elements that transform the claim into a patent-eligible application, stating that although the claims recite

the additional limitations of an electronic processor, a credit or debit card, a card reader[,] and [a] financial network[, these] generic components are claimed to perform their basic functions of debiting one or more accounts associated with the customer, [and] crediting one or more accounts associated with the customer through the program that enables the facilitating of cash transactions. The recitation of the claimed limitations amounts to mere instructions to implement the abstract idea on a processor. Taking the additional elements individually and in combination, each step of the process performs purely generic computer functions. . . . The claims do not include additional elements that are sufficient to amount to significantly more than the judicial exception[,] because the additional elements are simply a generic recitation of a computer processor performing its generic computer functions.

Id. at 6-7.

Based on our review, we agree with the Examiner's findings and conclusions regarding the claims, as set forth above. Conversely, we are not persuaded of Examiner error by any of Appellants' arguments. *See* Appeal Br. 7-12. Thus, we sustain the Examiner's § 101 rejection of claims 21-40.

Appellants' first argument is that, with reference to their claimed invention, "the building blocks of cash transactions and electronic transactions are transformed into a cash management and accounting service that achieves a coinless result when coin change is due." Appeal Br. 8. We are not persuaded by Appellants, however. It follows from prior Supreme Court cases, and *Bilski* (*Bilski v Kappos*, 561 U.S. 593 (2010)) in particular, that the claims at issue here are directed to an abstract idea. Like the risk hedging in *Bilski*, the Appellants' claimed concept of crediting and debiting accounts, albeit in a specific way (Appeal Br., Claims App. (Claim 1)), is a fundamental business practice long prevalent in our system of commerce. Account crediting and debiting are also building blocks of banking. Thus, the particular claimed method of account crediting and debiting, like hedging, is an "abstract idea" beyond the scope of § 101. *See Alice Corp.*, 134 S. Ct. at 2356.

As in *Alice Corp.*, we need not labor to delimit the precise contours of the "abstract ideas" category in this case. It is enough to recognize that there is no

meaningful distinction in the level of abstraction between the concept of risk hedging in *Bilski* and the concept of account crediting and debiting at issue here. Both are squarely within the realm of "abstract ideas" as the Court has used that term. *See Alice Corp.*, 134 S. Ct. at 2357.

Further, claims that only recite steps directed to data collection, analysis, and display, such as occurs in Appellants' claim 1, are directed to an abstract idea. *Elec. Power Grp. v. Alstom S.A.*, 830 F.3d 1350, 1353 (Fed. Cir. 2016) (holding that "collecting information, analyzing it, and displaying certain results of the collection and analysis" are "a familiar class of claims 'directed to' a patent ineligible concept"); *see also In re TLI Commc 'ns LLC Patent Litig.*, 823 F.3d 607, 611 (Fed. Cir. 2016); *FairWarning IP, LLC v. Iatric Sys., Inc.*, 839 F.3d 1089, 1093-94 (Fed. Cir. 2016). Further, Appellants' claim 1, unlike claims found patent eligible in prior cases, uses generic computer technology to perform data collection and analysis that is used for account crediting and debiting, and does not recite an improvement to a particular computer technology. *See, e.g., McRO, Inc. v. Bandai Namco Games Am. Inc.*, 837 F.3d 1299, 1314--15 (Fed. Cir. 2016) (finding claims not abstract because they "focused on a specific asserted improvement in computer animation"). As such, Appellants' claim 1 is "directed to" an abstract idea in accordance with the first step of the *Alice* analysis. *Alice Corp.*, 134 S. Ct. at 2355.

Appellants' claim 1 also does not recite additional features that "'transform ... the claim' into a patent-eligible application" in accordance with *Alice's* second step, inasmuch as Appellants' claimed method is implemented with generic computer technology. *See Alice Corp.*, 134 S. Ct. at 2358 ("[T]he relevant question is whether the claims here do more than simply instruct the practitioner to implement the abstract idea [] on a generic computer.").

For reasons similar to those discussed above, we are not persuaded by Appellants' arguments that "the invention involves an electronic purchase which is transformed in an innovative new way using a 'tracking fee' never used in this way in this environment, which certainly provides 'significantly more' than the conventional electronic purchase" (Appeal Br. 8) or that "a conventional electronic purchase/transaction is transformed using a "tracking fee," a corresponding electronic network, and a novel accounting method" (*id.* at 9). Again, Appellants' claim 1, unlike claims found patent eligible in prior cases, uses generic computer technology to perform data collection and analysis that is used for account crediting and debiting, rather than reciting an improvement to a particular computer technology. *See Alice Corp.*, 134 S. Ct. at 2358.

Finally, Appellants argue that *Bancorp* and *DDR Holdings* establish that claim 1 is patent eligible. Appeal Br. 10-12. We are not persuaded by

Appellants' arguments. As the Board indicated in *Bancorp (Bancorp v. Solutran, Inc., CBM2014-0007 6 (PT AB Aug. 7, 2014), 8* "the basic, core concept of independent claim 1 is a method of processing paper checks, which is more akin to a physical process than an abstract idea." Appellants' claim 1, however, does not process a physical check, but rather is directed to electronic crediting and debiting of accounts in lieu of providing physical currency (i.e., coins). In *DDR Holdings (DDR Holdings, LLC v. Hotels.com, L.P., 773 F.3d 1245 (Fed. Cir. 2014)*, the Federal Circuit determined that, although the patent claims at issue involved conventional computers and the Internet, the claims addressed a challenge particular to the Internet, i.e., retaining website visitors who, if adhering to the routine, conventional functioning of Internet hyperlink protocol, would be transported instantly away from a host's website after "clicking" on an advertisement and activating a hyperlink. *DDR Holdings*, 773 F.3d at 1257. The Court, thus, held that those claims were directed to statutory subject matter because they recite a solution "necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks." *Id.* No such technological advance is evident in the claimed invention. More specifically, unlike the situation in *DDR Holdings*, Appellants do not identify any problem particular to computer networks and/or the Internet that the claims allegedly overcome.

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DECISION

We AFFIRM the Examiner's claims 1, 3, 4, 7, 9, 10, and 12-21 under 35 U.S.C. § 101 as patent-ineligible subject matter.

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).

AFFIRMED

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UNITED STATES PATENT AND TRADEMARK
OFFICE

NOTICE OF ALLOWANCE AND FEE(S) DUE

DATE MAILED: 05/27/2014

APPLICATION NO.	FILING DATE	...
13/046,837	03/14/2011	...

THE APPLICATION IDENTIFIED ABOVE HAS BEEN EXAMINED AND IS ALLOWED FOR ISSUANCE AS A PATENT. PROSECUTION ON THE MERITS IS CLOSED. THIS NOTICE OF ALLOWANCE IS NOT A GRANT OF PATENT RIGHTS. THIS APPLICATION IS SUBJECT TO WITHDRAWAL FROM ISSUE AT THE INITIATIVE OF THE OFFICE OR UPON PETITION BY THE APPLICANT. SEE 37 CFR 1.313 AND MPEP 1308.

generic computer functions,”¹ and indicated that “[b]ased on our review, we agree with the Examiner’s findings and conclusions regarding the claims, as set forth above.”²

That is, the Board adopted the Examiner’s finding that “[t]aking the additional elements individually and in combination, each step of the process performs purely generic computer functions,”³ and relied on this finding in reaching its conclusion.

Applicant respectfully submits, however, that in relying on a finding that “[t]aking the additional elements individually and in combination, each step of the process performs purely generic computer functions,”⁴ the Examiner and the Board overlooked that it isn’t enough to consider each step of the process individually, it is also necessary to consider combinations of the steps as well.⁵

¹ Decision on Appeal mailed April 11, 2018, pp. 4-5.

² Decision on Appeal mailed April 11, 2018, p. 5.

³ Office Action mailed August 25, 2017, pp. 5-6; Examiner’s Answer, p. 7; Decision on Appeal mailed April 11, 2018, pp. 4-5.

⁴ Office Action mailed August 25, 2017, pp. 5-6; Examiner’s Answer, p. 7; Decision on Appeal mailed April 11, 2018, pp. 4-5.

⁵ See, e.g., *Alice Corp. Pty. Ltd. V. CLS Bank Int’l*, 134 S.Ct. 2347, 2355 (2014) (“we consider the elements of each claim both individually and ‘as an ordered combination’ to determine whether the additional elements ‘transform the

Notably in this regard, Applicant respectfully submits that, with respect to the recited method involving a customer tendering cash with there being an amount of coin change due, the recited steps of debiting a tracking fee equal to an amount of the cash purchase of credit which is equal to the amount of coin change otherwise due, and subsequently crediting a sum of both the cash purchase of credit and the tracking fee represent an unconventional combination of steps.

PTO guidance makes clear that “[l]imitations that may be enough to qualify as ‘significantly more’ when recited in a claim with a judicial exception include: ... [a]dding a specific limitation other than what is well-understood, routine, and conventional in the field, or adding unconventional steps that confine the claim to a particular useful application.”⁶ Similarly, the Federal Circuit has indicated that “[t]he second step of the Alice test is satisfied when the claim limitations ‘involve more than performance of ‘well understood, routine, [and] conventional activities previously known to the industry.’”⁷

nature of the claim’ into a patent eligible application.”)
(quoting *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 78–79 (2012)).

⁶ Federal Register, Vol. 79, No. 241, p. 74624, col. 2, lines 19-38 (Dec. 16, 2014).

⁷ *Berkheimer v. HP Inc.*, appeal no. 2017-1437, slip op. at 12 (Fed. Cir. Feb. 8, 2018).

Applicant respectfully submits that the noted unconventional combination of steps represents “additional features [that] ensure that the claim describes a process ... that applies the [identified concept of facilitating cash transactions without the need for a customer to receive coins as change due from a cash purchase] in a meaningful way, such that it is more than a drafting effort designed to monopolize th[is concept].”⁸

⁸ Federal Register, Vol. 79, No. 241, p. 74624, col. 1, lines 58-66 (Dec. 16, 2014).

No. 2019-1062

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

**In re: Christopher Primbas, Philip Thomas
Stamataky, and Omni Investors Group, Inc.**
Appellants.

Appeal from the United States Patent and
Trademark Office, Patent Trial and Appeal Board in
Application Serial No. 13/046,837

BRIEF FOR APPELLANTS

SUMMARY OF THE ARGUMENT

In its Decision, the Board affirmed the rejection of claim 1 under 35 U.S.C. § 101 as being directed to the result of “facilitating cash transactions without the need for a customer to receive coins as change due from a cash purchase”⁹ that was characterized as an abstract idea.

⁹ Appx513.

However, in doing so, the Board failed to properly “consider the elements of [the] 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,”¹⁰ and in particular failed to properly consider an unconventional combination of steps reciting a specific way of achieving the result of “facilitating cash transactions without the need for a customer to receive coins as change due from a cash purchase”¹¹ that was characterized as an abstract idea.

More specifically, claim 1 includes an unconventional combination of steps involving “debiting ... a tracking fee... equal to ... [a] cash purchase of credit,” and “subsequently crediting ... the sum of both the cash purchase of credit and the tracking fee”¹² that recite a specific way of achieving that result.

Because this unconventional combination of steps “ha[s] ‘the specificity required to transform [the] claim from one claiming only [that] result to

¹⁰ *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2355 (2014) (quoting *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 78-79 (2012)).

¹¹ Appx513.

¹² Appx017.

one claiming a way of achieving it,”¹³ it can be seen that far from being “drafted in such a result-oriented way [as] ... to encompass[] the ‘principle in the abstract’ no matter how implemented,”¹⁴ claim 1 “recite[s] a practical way of applying [the] underlying idea”¹⁵ of “facilitating cash transactions without the need for a customer to receive coins as change due from a cash purchase.”¹⁶ Accordingly, this unconventional combination of steps “transform[s] the nature of the claim’ into a patent-eligible application.”¹⁷

The Board based its decision on an erroneous interpretation of the law when, in affirming the rejection of claim 1 as being directed to the result of “facilitating cash transactions without the need for a customer to receive coins as change due from a cash purchase”¹⁸ that it characterized as an abstract idea, it refused to properly consider this unconventional combination of steps reciting a specific way of

¹³ *Interval Licensing LLC v. AOL, Inc.*, 896 F.3d 1335, 1343 (Fed. Cir. 2018) (quoting *SAP Am., Inc. v. InvestPic, LLC*, 890 F.3d 1016, 1021–22 (Fed. Cir. 2018) (collecting cases)).

¹⁴ *Interval Licensing*, 896 F.3d at 1343.

¹⁵ *Id.*

¹⁶ Appx005.

¹⁷ *Alice*, 134 S. Ct. at 2355 (quoting *Mayo*, 566 U.S. at 78).

¹⁸ Appx005.

achieving that result on the ground that such limitations are “part of the abstract idea.”¹⁹

¹⁹ Appx013.

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2019-1062
(Application No. 13/046,837)

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

**In re: CHRISTOPHER PRIMBAS, PHILIP
THOMAS STAMATAKY, and OMNI INVESTORS
GROUP, INC.,
Appellants.**

Appeal from the United States Patent and
Trademark Office, Patent Trial and Appeal Board

**BRIEF FOR APPELLEE – DIRECTOR
OF THE UNITED STATES PATENT AND
TRADEMARK OFFICE**

Contrary to Primbas’s arguments, the Board’s decision was solidly grounded in law. The Board’s basis for finding the concept of “facilitating cash transactions without the need for a customer to receive coins as change due from a cash purchase” to be abstract was that it is a method of organizing human activity, “a fundamental business practice

long prevalent in our system of commerce.” Appx005-006. That is fully consistent with Supreme Court precedent. *Alice*, 573 U.S. at 219-220; *Bilski*, 561 U.S. at 611-12. As the Board determined, the claimed concept of crediting and debiting accounts is akin to the method of mitigating settlement risk in *Alice* or the method of hedging risk in *Bilski*. Appx006-007; Appx513. That concept remains abstract regardless of the particulars of how the amounts credited and debited are determined, and regardless of whether a tracking fee is included. Appx012; Appx006.

While broad functional claiming can indeed be addressed by §§ 103 and 112 (Br. 58-61), that is irrelevant to the inquiry here. The Board’s ineligibility determination did not rest on the presence of broad functional limitations in claim 1. Moreover, each of the statutory provisions plays a separate role in the patentability analysis. *Two-Way Media Ltd. v. Comcast Cable Commc’ns, LLC*, 874 F.3d 1329, 1340 (Fed. Cir. 2017) (“Eligibility and novelty are separate inquiries.”); *SAP Am., Inc. v. InvestPic, LLC*, 898 F.3d 1161, 1163 (Fed. Cir. 2018) (It is not “enough for subject-matter eligibility that claimed techniques be novel and nonobvious in light of prior art, passing muster under 35 U.S.C. §§ 102 and 103.”). The concept of exchanging cash and crediting and debiting accounts is a long-established

business practice and thus abstract. The idea remains abstract even if Primbas has developed a novel way of doing it. *Affinity Labs of Texas, LLC v. DIRECTV, LLC*, 838 F.3d 1253, 1263 (Fed. Cir. 2016) (“Even assuming [the claimed invention is novel], it does not avoid the problem of abstractness.”); *Parker v. Flook*, 437 U.S. 584, 591 (1978) (“[T]he novelty of the mathematical algorithm is not a determining factor at all [in analyzing eligibility.]”). Here, the Board properly analyzed step one of the *Alice/Mayo* framework to determine that claim 1 is directed to an abstract idea.

Partial Transcript of Oral Argument
November 6, 2019

COURT (14:49): “So Primbas’ counsel says that the Board has admitted that these extra steps, that we’re talking about here, this extra crediting of the tracking fee, and then the later debiting of it, that that, that those are unconventional, do you agree with that?”

Counsel for the Director (15:06): “Umm, the, I think what he quoted from there was actually our quotation, our summary, paraphrasing of their argument in the brief at page 15. Umm, there was no finding by the examiner that this was obvious, or nov [sic], the examiner did not find it to be anticipated or obvious based on the prior art. ...”

No. 2019-1062

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**CORRECTED APPELLANTS' COMBINED
PETITION FOR PANEL REHEARING AND
REHEARING *EN BANC***

STATEMENT OF COUNSEL

Based on my professional judgment, I believe this appeal requires an answer to one or more precedent-setting questions of exceptional importance:

1. Whether, when a claim is rejected as ineligible as directed to a result which has

been characterized as an abstract idea, it is legal error for the Office to refuse to consider whether an admittedly unconventional combination of steps reciting a specific way of achieving that result, which the Office has even found to be inventive over that result/idea, represents an inventive concept.

STATEMENT OF FACTS

II. It is uncontested that the claim includes an unconventional combination of steps reciting a specific way of achieving this result.

As Appellants have repeatedly urged,¹ claim 1 includes an unconventional combination of steps reciting a specific way of achieving this result of “facilitating cash transactions without the need for a

¹ See, e.g., Brief for Appellants at 14; Reply Brief for Appellants at 3.

customer to receive coins as change due from a cash purchase.”²

In particular, claim 1 recites “debiting, using an electronically readable device physically present at the customer-merchant transaction ..., one or more accounts associated with the customer in an amount equal to a tracking fee, which is equal to the entire amount of the cash purchase of credit,”³ and “subsequently crediting to the one or more accounts associated with the customer the sum of both the cash purchase of credit and the tracking fee.”⁴

Appellants noted in their opening brief that the Board did not appear to dispute that this combination of steps is unconventional.⁵ The Solicitor confirmed this in the Director’s Brief, as the Solicitor acknowledged Appellants’ argument that “claim 1 ... us[es] an unconventional combination of steps to provide a specific or practical way of achieving the desired result of facilitating cash transactions without customers receiving change in coins,”⁶ but far from suggesting that the Board found this combination of steps to be conventional, the Solicitor merely alleged that “[t]he problem with Primbas’s argument is that the combination of steps

² Appx005.

³ Appx017.

⁴ Appx017.

⁵ See, e.g., Brief for Appellants at 26 n. 114.

⁶ Director’s Brief at 15.

is the abstract idea itself”⁷ and that the “[t]he concept of exchanging cash and crediting and debiting accounts ... remains abstract even if Primbas has developed a novel way of doing it.”⁸

The Solicitor further confirmed the unconventionality of these steps during oral argument. In particular, a member of this Court indicated that “Primbas’ counsel says that the Board has admitted that these extra steps, that we’re talking about here, this extra crediting of the tracking fee, and then the later debiting of it, ... that those are unconventional,” and then asked the Solicitor “Do you agree with that?”⁹

In response, the Solicitor not only confirmed that the Office found this combination of steps reciting this specific way of achieving this result to be novel and thus unconventional, but also went on to note that the Office found it to be inventive as well, indicating that the Office “did not find it to be anticipated or obvious based on the prior art.”¹⁰

III. The Office found this recited specific way of achieving this result

⁷ Director’s Brief at 16.

⁸ Director’s Brief at 13.

⁹ Oral Argument Recording at 14:49 (available at <http://oralarguments.cafc.uscourts.gov/default.aspx?fl=2019-1062.mp3>).

¹⁰ Oral Argument Recording at 15:23.

to be inventive over the result/idea of “facilitating cash transactions without the need for a customer to receive coins as change due from a cash purchase.”¹¹

As noted above, the Office found that the recited specific way of achieving the result is “not ... anticipated or obvious based on the prior art.”¹² This represents a finding that the recited specific way of achieving the result is “not ... anticipated or obvious based on [everything that the Office believes is in] the prior art.”¹³

Importantly, in the Director’s Brief, the Solicitor made clear that the Office believes “the concept of ‘facilitating cash transactions without the need for a customer to receive coins as change due from a cash purchase’ to be ... ‘a fundamental business practice long prevalent in our system of commerce,’”¹⁴ and thus in the prior art.

Here, then, the Office has found the recited specific way of achieving the result to be nonobvious over, i.e. inventive over,¹⁵ everything that the Office

¹¹ Appx005.

¹² Oral Argument Recording at 15:23.

¹³ *Id.*

¹⁴ Director’s Brief at 11.

¹⁵ The Supreme Court has noted with respect to “a judicial test[of] ‘invention’ -- i.e., ‘an exercise of the inventive

believes to be in the prior art, including “the concept of ‘facilitating cash transactions without the need for a customer to receive coins as change due from a cash purchase.’”¹⁶

ARGUMENT

- I. **It was legal error for the Office to refuse to consider whether the unconventional combination of steps reciting the admittedly inventive way of achieving the result/idea represents an inventive concept.**

Moreover, as outlined above, the Office actually found the recited specific way of achieving this result to be inventive over the result/idea itself.

In this regard, the Supreme Court in *Flook* indicated that determining whether a claim directed

faculty,” that “Congress... articulated th[is] requirement in a statute, framing it as a requirement of ‘nonobviousness.’” *Dann v. Johnston*, 425 U.S. 219, 225-226 (1976) (quoting *McClain v. Ortmyer*, 141 U.S. 419, 427 (1891)).

¹⁶ Director’s Brief at 11.

to an abstract idea contains an “inventive concept in its application”¹⁷ involves determining whether, “once that [abstract idea] is assumed to be within the prior art, the [claim], considered as a whole, contains no patentable invention.”¹⁸ Here, by finding the claim to be inventive over the identified idea, i.e. finding that the claim satisfies the *Hotchkiss* condition for patentable invention¹⁹ over the identified idea which it believes to be in the prior art, the Office effectively found that “once that [abstract idea] is assumed to be within the prior art, the [claim], considered as a whole, [still] contains [a] patentable invention.”²⁰ In accordance with *Flook*, this should be sufficient to ensure that the claim contains an “inventive concept in its application.”²¹

Overall, the Office did not contest that the claim includes an unconventional combination of

¹⁷ *Flook*, 437 U.S. at 594.

¹⁸ *Id.*

¹⁹ In *Graham v. John Deere Co.*, 383 U.S. 1 (1966), the Supreme Court found that “the [1952 Patent Act] was not intended by Congress to change the general level of patentable invention,” and “conclude[d] that [35 U.S.C. § 103] was intended merely as a codification of judicial precedents embracing the *Hotchkiss* condition” for patentable invention. *Graham*, 383 U.S. at 17 (referencing *Hotchkiss v. Greenwood*, 52 U.S. 248 (1851)).

²⁰ *Flook*, 437 U.S. at 594.

²¹ *Id.*

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steps reciting a specific way of achieving the result which it characterized as an abstract idea, and actually found that this recited specific way of achieving the result is inventive over the result/idea itself.
