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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
14/279,857	05/16/2014	ROBERT R. FRIEDLANDER	YOR920140021US1	8298

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Law Office of Jim Boice
3839 Bee Cave Road
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West Lake Hills, TX 78746

EXAMINER
KERITSIS, DENNIS G

ART UNIT	PAPER NUMBER
3685	

NOTIFICATION DATE	DELIVERY MODE
03/26/2019	ELECTRONIC

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Notice of the Office communication was sent electronically on above-indicated "Notification Date" to the following e-mail address(es):

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	Application No.	Applicant(s)
	14/279,857	FRIEDLANDER et al.
Office Action Summary	Examiner	Art Unit	AIA (FITF) Status
	DENNIS G KERITSIS	3685	Yes

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE <u>3</u> MONTHS FROM THE MAILING
DATE OF THIS COMMUNICATION.
- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
  Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1) ☑ Responsive to communication(s) filed on <u>05/16/2018</u>.
   ☐ A declaration(s)/affidavit(s) under **37 CFR 1.130(b)** was/were filed on _____.
2a) ☐ This action is **FINAL.**   2b) ☑ This action is non-final.
3) ☐ An election was made by the applicant in response to a restriction requirement set forth during the interview on
   _____; the restriction requirement and election have been incorporated into this action.
4) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is
   closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims*

5) ☑ Claim(s) <u>21-40</u> is/are pending in the application.
   5a) Of the above claim(s) _____ is/are withdrawn from consideration.
6) ☐ Claim(s) _____ is/are allowed.
7) ☑ Claim(s) <u>21-40</u> is/are rejected.
8) ☐ Claim(s) _____ is/are objected to.
9) ☐ Claim(s) _____ are subject to restriction and/or election requirement

* If any claims have been determined <u>allowable</u>, you may be eligible to benefit from the **Patent Prosecution Highway** program at a participating intellectual property office for the corresponding application. For more information, please see http://www.uspto.gov/patents/init_events/pph/index.jsp or send an inquiry to **PPHfeedback@uspto.gov.**

Application Papers

10) ☑ The specification is objected to by the Examiner.
11) ☑ The drawing(s) filed on <u>05/16/2018</u> is/are: a)☑ accepted or b)☐ objected to by the Examiner.
   Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
   Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

Priority under 35 U.S.C. § 119

12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
   Certified copies:
   a)☐ All   b)☐ Some**   c)☐ None of the:
     1.☐ Certified copies of the priority documents have been received.
     2.☐ Certified copies of the priority documents have been received in Application No. _____.
     3.☐ Copies of the certified copies of the priority documents have been received in this National Stage
       application from the International Bureau (PCT Rule 17.2(a)).
** See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1) ☑ Notice of References Cited (PTO-892)   3) ☐ Interview Summary (PTO-413)
                                                  Paper No(s)/Mail Date _____.
2) ☐ Information Disclosure Statement(s) (PTO/SB/08a and/or PTO/SB/08b)   4) ☐ Other: _____.
   Paper No(s)/Mail Date _____.

DETAILED ACTION

Notice of Pre-AIA or AIA Status

1.   The present application, filed on or after March 16, 2013, is being examined under the first

inventor to file provisions of the AIA.

Status of Claims

2.   Claims 1-20 have been canceled.

3.   Claims 21-40 are pending.

4.   Claim 21 has been amended.

5.   Claims 22-40 are newly added.

Specification Objections

Paragraph 0085 is objected to in applicant's specification because "blended data 826" fails to

correspond to "blended data 824" in Fig. 8. Paragraph 0083 and 0084, among other places, refer to

blended data as item 824.

Appropriate correction is required.

Examiner's Comments

Not Positively Recited

6.   Claim 21 recites: "receiving...wherein the processing entity computer **receives** transaction data

for the transaction...wherein the second party **is using** a second party device...for an account

assigned...."

7.   Claim 21 recites: "based on the predefined...for a person **who is in physical possession** of the

smart card...."

8.   Claim 24 recites: "...device **used** by the second party to the transaction."

9.   Claims 27 recites: "receiving...**authorized** to be in physical possession...."

10.   Claim 27 recites: "storing…who is **authorized to be** in physical possession of the smart

card…digital photograph **was taken** before the current…."

11.   The language has an instance of not positively recited language. See *Ex parte Forsyth and*

Hancher, 151 USPQ 55 (Bd. Pat. App. & Int. 1965) ("A method or process, as indicated above, is an act or

a series of acts and from the standpoint of patentability must distinguish over the prior art in terms of

steps, whereas a claim drawn to apparatus must distinguish in terms of structure. This is so elemental as

not to require citation of authorities."); MPEP 2115 ("Claim analysis is highly fact-dependent. A claim is

only limited by positively recited elements.").

Intended Use

12.   Claims 21, 28, and 35 recite: "based on the predefined…from a biosensor **for a person who is in**

physical possession of the smart card…."

13.   The recitation of the intended use of the claimed invention does not serve to differentiate the

claim from the prior art. MPEP 2103 I C states that language that suggests or makes optional but does

not require steps to be performed or does not limit a claim to a particular structure does not limit the

scope of a claim or claim limitation. An example of such language includes statements of intended use or

field of use (MPEP 2103 I C).

Non-Functional Descriptive Material

14.   Claim 21, 28, and 35 recite: "receiving…device **that describes a planned activity** associated with

the transaction…."

15.   Claim 23, 29, and 36 recite: "…contains **no financial data about the holder of the smart card**."

16.   Claim 27, 33, and 40 recite: "receiving…photograph **depicts** a real-time image of the person…."

17.   According to the MPEP (2111.05 I-III) where a claim limitation is directed to conveying a

message or meaning to a human reader independent of the intended computer system, and/or the non-

transitory computer-readable medium merely serves as a support for information or data, no functional

relationship exists. Therefore, as the above limitations are directed to further describing stored data

(e.g. conveying meaning to a human reader) and do not create a functional relationship between the

data and the memory on which it is stored, the limitations will not differentiate the claims from the prior

art. See *In re Gulack*, 703 F.2d 1381, 1385, 217 USPQ 401, 404 (Fed. Cir. 1983); *In re Lowry*, 32 F.3d 1579,

32 USPQ2d 1031 (Fed. Cir. 1994); *Ex parte Nehls*, 88 USPQ2d 1883 (BPAI 2008) (precedential).

<div align="center">Optional Language</div>

18.   Claim 26 recites: "…wherein the audio annunciator, **when** activated by the control…."

19.   Applicant(s) are reminded that optional or conditional elements do not narrow the claims

because they can always be omitted. See *In re Johnston*, 435 F.3d 1381, 77 USPQ2d 1788, 1790 (Fed. Cir.

2006) ("As a matter of linguistic precision, optional elements do not narrow the claim because they can

always be omitted."); MPEP 2103 I D; 2111.04 II.

<div align="center">***Claim Rejections - 35 USC § 112***</div>

20.   The following is a quotation of the first paragraph of 35 U.S.C. 112(a):

> (a) IN GENERAL.—The specification shall contain a written description of the invention, and
> of the manner and process of making and using it, in such full, clear, concise, and exact terms as to
> enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to
> make and use the same, and shall set forth the best mode contemplated by the inventor or joint
> inventor of carrying out the invention.

21.   **Claims 21-40 are rejected under 35 U.S.C. 112(a) or 35 U.S.C. 112 (pre-AIA), first paragraph, as**

failing to comply with the written description requirement. The claims contains subject matter which

was not described in the specification in such a way as to reasonably convey to one skilled in the

relevant art that the inventor or a joint inventor, or for pre-AIA the inventor(s), at the time the

application was filed, had possession of the claimed invention.

22.   Claims 21, 28, and 35 recite (bracketing added):

"A method of securely managing smart card transactions, wherein a smart card is a standalone physical card, wherein the standalone physical card has an on-board processing circuit, and wherein the method comprises:

[a] transmitting, from a smart card to a processing entity computer, a smart card identifier […]

[b] receiving, by the smart card, a protected object from the processing entity computer […]

[c] receiving, by the smart card, a signal from a point of sale […]

[d] determining, by the smart card, that a predefined risk of fraud associated with the planned activity exceeds a predetermined value;

[e] based on the predefined risk of fraud associated with the planned activity exceeding the predetermined value, retrieving, by the smart card, real-time biometric data from a biosensor […]

[f] combining, by smart card, the real-time biometric data with a security object in order to generate a hybrid security object;

[g] decrypting, by smart card using the hybrid security object, the protected object into a usable object;

[h] generating, by an on-board processing circuit within the smart card, an authorization for the transaction based on the usable object;

[i] determining, by the smart card, that the transaction is valid […]

[j] receiving, by the smart card and from the processing entity computer, a transaction confirmation…."

23.   The specification fails to disclose how the stand alone physical smart card (*see* ¶¶ 0109-0115 of applicant's specification) is to be used to facilitate a transaction using an encrypted ID object (*see* ¶¶ 0025-0041 and 00106-00123 of applicant's specification) upon activation of the smart card functionality

(*see* ¶¶ 0086 and 0115 of applicant's specification). Therefore, the elements (a), (b), (i), and (j) fail to have support in the specification. See MPEP 2161.01.

24.   Claims 22-27, 29-34, and 36-40 are rejected as each depends on claims 21, 28, and 35, respectively.

25.   Element (a) fails to have support in the specification because the claims are directed towards a standalone physical card as evidenced by element (g)'s limitation of "on-board processing circuit." The specification outlines two embodiments of the smart card (*see* ¶¶ 0109-0115 of applicant's specification). The specification fails to disclose in sufficient detail how the "smart card identifier" in ¶00106 is to be used in ¶00115. The specification is silent on whether or not the "protected object" in ¶00115 is somehow associated with the smart card identifier. See MPEP 2161.01.

26.   Element (b) is broader than the specification in view of ¶¶ 0071-0073 and 0115 of applicant's specification because only the supplier service delivers the protected object. See MPEP 2163 II A 3(a) ii ("The Federal Circuit has explained that a specification cannot always support expansive claim language and satisfy the requirements of 35 U.S.C. 112 'merely by clearly describing one embodiment of the thing claimed.' *LizardTech v. Earth Resource Mapping, Inc.*, 424 F.3d 1336, 1346, 76 USPQ2d 1731, 1733 (Fed. Cir. 2005). The issue is whether a person skilled in the art would understand applicant to have invented, and been in possession of, the invention as broadly claimed. See also *Tronzo v. Biomet*, 156 F.3d at 1159, 47 USPQ2d at 1833 (Fed. Cir. 1998) (holding that the disclosure of a species in a parent application did not provide adequate written description support for claims to a genus in a child application where the specification taught against other species).").

27.   Elements (b) and (c) recite the separate and distinct limitations of a "protected object" and a "signal," respectively. However, in view of ¶¶ 0071-0073 and 0115 of applicant's specification, the protected object may be a signal. New matter is added.

28.   Element (c) recites the signal being recited from the point of sale, but in view of ¶¶ 0071-0073

and 0115 of applicant's specification the protect object only comes from the security object issuer. The

specification does not disclose that the security object issuer may be a point of sale. New matter is

added.

29.   Elements (f-h) of the claims appear to have support in ¶00115 of applicant's specification;

however, the specification fails to disclose how, upon activation of the smart card circuit, the smart card

identifier is to be used to facilitate a transaction. *See* ¶00106 of applicant's specification. See MPEP

2161.01.

30.   For the purposes of examination the claims 21, 28, and 35 will be interpreted as follows

(applicant's corresponding paragraphs in parenthetical statements):

A method of securely managing smart card transactions with a smart card, wherein the smart card is a

standalone physical card with a processing circuit, the method comprises:

        receiving, by the smart card, a protected object (0071-0072, 0115), wherein the protected

   object is an input signal (0073);

        receiving, by a receiving device on the smart card (0082), a security object (0076);

        receiving, by the smart card from a card reader associated with a point of sale, a signal

   comprising features (0090-0091, 0115);

        determining, by the smart card, that the features of a transaction exceed a predetermined

   value (0091, 00115);

        displaying, on a display screen of the smart card, a message (0091);

        receiving, from a biosensor on a smart card, biometric data (0075), wherein the biosensor is a

   camera (0084, 0097);

        creating, by the smart card, a private key by combining the security object and the biometric

   data (0084, 0085);

        converting, by the smart card, the protected object into an unprotect object by using the

   private key (0085, 0088);

        executing, by the smart card using the unprotected object, software code in the processing

circuit (0086, 0115);

31.   Claims 23, 29, and 36 recites: "...wherein the smart card identifier contains no financial data about the holder of the smart card." Under broadest reasonable interpretation, the smart card identifier is financial data. Therefore, new matter has been added.

32.   Claims 24, 30, and 37 recites: "...wherein the smart card identifier **is hidden** from the second party...." The specification does not sufficiently disclose a corresponding algorithm for hidden. See MPEP 2161.01.

33.   Claim 25, 31, and 38 recite: "...**executing**, by the smart card, the transaction at the POS device." The specification fails to disclose a corresponding algorithm. See MPEP 2161.01.

34.   Claims 26, 32, and 39 recite: "...emits an audio signal that **causes** a sound-activated access panel to unlock a door lock." The specification fails to disclose a corresponding algorithm. See MPEP 2161.01.

35.   Claim 27, 33, and 40 recite "comparison logic, blocking logic, and conversion logic." The language fails to have a corresponding algorithm. See MPEP 2161.01.

36.   Claim 27, 33, and 40 recite: "blocking, by a blocking logic...." The specification fails to disclose a corresponding algorithm. See MPEP 2161.01.

37.   Claims 27, 33, and 40 recite: "receiving...from a digital camera...." However, claims 21, 28, and 35 recite a "biosensor." The specification does not show support for both a biosensor and a camera. New matter is added.

38.   The following is a quotation of 35 U.S.C. 112(b):

> (b) CONCLUSION.—The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the inventor or a joint inventor regards as the invention.

39.   **Claims 21-40 are rejected under 35 U.S.C. 112(b) or 35 U.S.C. 112 (pre-AIA), second paragraph,**

as being indefinite for failing to particularly point out and distinctly claim the subject matter which the

inventor or a joint inventor, or for pre-AIA the applicant regards as the invention.

<u>Unclear Scope</u>

40.   Claims 21, 28, and 35 recite: "receiving...wherein the processing entity computer

receives...wherein the second party is using a second party device...." The claims also continue to recite:

"receiving...wherein the processing entity computer issues and transmits the transaction confirmation in

response to determining that the transaction is valid." The claims are directed towards a smart card.

However, the claims are additionally directed towards the processing entity, the second party device, or

both. Therefore, it is unclear whether the claims are solely directed towards the smart card, or a

combination of the smart card with the processing entity, the second party device, or both. See *In re*

Zletz, 893 F.2d 319, 321 (Fed. Cir. 1989) ("[D]uring patent prosecution when claims can be amended,

ambiguities should be recognized, scope and breadth of language explored, and clarification imposed.").

41.   The "receiving, by the smart card and from the processing entity computer...." element recites

similar deficiencies.

42.   Claims 22-27, 29-34, and 36-40 are rejected as each depends on claims 21, 28, and 35,

respectively.

43.   Claims 22, 24, 30, and 37 are rejected under the same line of reasoning.

44.   Claims 21, 28, and 35 recite: "determining...in **the account data**...." The first "receiving" element

recites that the processing entity computer has the account data. Therefore, it is unclear whether there

are two separate and distinct account data's, wherein both of them have identical values, or whether

the account data was somehow transfer from the processing entity computer to the smart card. See *In*

re Zletz.

45.   Claims 21, 28, and 35 recite: "receiving, by the smart card and from the processing entity

computer, a transaction confirmation **to the smart card**…." It is unclear what "to the smart card" means

in view of the language of "by the smart card" towards the beginning of the element. See *In re Zletz*.

46.   Claims 21, 28, and 35 are rejected under 35 U.S.C. 112(b) or 35 U.S.C. 112 (pre-AIA), second

paragraph, as being incomplete for omitting essential steps, such omission amounting to a gap between

the steps. See MPEP § 2172.01. The omitted steps are: generating a hybrid security object.

Hybrid Claim

47.   Claim 28 and 35 recite: "receiving…wherein the second party **is using** a second party

device…and wherein the processing entity computer **associates** the smart card identifier…."

48.   Claims 28 and 35 recite: "receiving…wherein the processing entity computer **issues** and

transmits the transaction confirmation in response to…."

49.   Claims 30 and 37 recite: "…wherein the smart card identifier **is hidden** from the party device

used by the second party to the transaction."

50.   Claims 33 and 40 recite: "receiving…of a person **who is authorized to be** in physical possession

of the smart card…."

51.   Claims 33 and 40 recite: "storing…of the person **who is authorized to be** in physical possession

of the smart card…previous digital photograph **was taken** before the current digital photograph **was**

taken…."

52.   Claim 34 recites: "determining…location **that has been predetermined** to be…."

53.   Claim 34 recites: "determining…at the physical location **that has been predetermined** to be…."

54.   The actions are not performed by any structure in claims 28, 30, 33, 34, 35, 37, and 40. See

UltimatePointer, L.L.C. v. Nintendo Co., Ltd., 118 U.S.P.Q.2d 1125, 816 F.3d 816 (Cir. 2016) ("The court

therefore determined that it was unclear whether the system claims were infringed when the apparatus

was created, or when the apparatus was put to the specified use."); *In re Katz Interactive Call Processing*

Patent Litigation, 97 USPQ2d 1737 (Fed. Cir. 2011) ("This court affirmed the district court's ruling that

the claims were indefinite due to the lack of structure corresponding to the recited functions.").

> The following is a quotation of 35 U.S.C. 112(d):

> (d) REFERENCE IN DEPENDENT FORMS.—Subject to subsection (e), a claim in dependent form shall
> contain a reference to a claim previously set forth and then specify a further limitation of the subject
> matter claimed. A claim in dependent form shall be construed to incorporate by reference all the
> limitations of the claim to which it refers.

> The following is a quotation of pre-AIA 35 U.S.C. 112, fourth paragraph:

> Subject to the following paragraph [i.e., the fifth paragraph of pre-AIA 35 U.S.C. 112], a claim in
> dependent form shall contain a reference to a claim previously set forth and then specify a further
> limitation of the subject matter claimed. A claim in dependent form shall be construed to incorporate
> by reference all the limitations of the claim to which it refers.

55.   Claims 27, 33, and 40 recite: "blocking, by blocking logic in the smart card, a conversion logic in

the smart card form decrypting the encrypted object...." However, claims 21, 28, and 35 recite:

"receiving...wherein the protected object is an encrypted object...." Therefore, the element in claims 21,

28, and 35 is replaced by the element of "blocking" because the protected/encrypted object is not

decrypted. See MPEP 608.01(n), subsection III ("Thus, for example, if claim 1 recites the combination of

elements A, B, C, and D, a claim reciting the structure of claim 1 in which D was omitted **or replaced by E**

would not be a proper dependent claim, even though it placed further limitations on the remaining

elements or added still other elements.").

56.   Applicant may cancel the claim(s), amend the claim(s) to place the claim(s) in proper dependent

form, rewrite the claim(s) in independent form, or present a sufficient showing that the dependent

claim(s) complies with the statutory requirements.

Conclusion

57.   Any inquiry concerning this communication or earlier communications from the examiner

should be directed to DENNIS G KERITSIS whose telephone number is (313)446-6591. The examiner can

normally be reached on Mon-Fri 9:00-5:30.

58.   If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor,

Calvin Hewitt can be reached on 571-272-6709. The fax phone number for the organization where this

application or proceeding is assigned is 571-273-8300.

59.   Information regarding the status of an application may be obtained from the Patent Application

Information Retrieval (PAIR) system. Status information for published applications may be obtained

from either Private PAIR or Public PAIR. Status information for unpublished applications is available

through Private PAIR only. For more information about the PAIR system, see http://pair-

direct.uspto.gov. Should you have questions on access to the Private PAIR system, contact the Electronic

Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer

Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR

CANADA) or 571-272-1000.

/DENNIS G KERITSIS/
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