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Attn: Examiner Mohammad Z. Shaikh

571-270-4444 **March 29, 2017**

Re: S/N 14/636,674

Fax Cover

Total Including Cover

6 pages

Dear Examiner Shaikh,

Thank you and your Spe, Examiner Abdi, for a very productive interview this morning.

We agreed in the interview that we would provide a document detailing our rationale for enablement re: the new matter issue. Cynthia had said we would email. I have appended that document herewith, however. I believe this doc as a soft copy might help you, so let me know if I may email as an attachment.

I have also appended a document titled "**Draft Claims Amendments in 14/14/636,674"** dated 3.29.17, with suggested claim amendments. May also be emailed if you wish.

Best, Donald Boys

Re: 14/636,674 Conference March 29, 8:00am Pacific

In response to New Matter and Priority Applicant provides the following family the present case is a member of as a continuation:

1) 14/636,674, filed 03/03/2015, hereinafter '674
2) 14/524,842, filed 10/27/2014, hereinafter '842
3) 11/533, 030, filed 09/19/2006, hereinafter '030
4) 60/719,273 (provisional) filed 09/20/2005, hereinafter '273

First underlined portion of the 112 rejection is "*transaction* data". Applicant directs the Examiner's attention to pg. 20, line 1 of '674, pg. 21, line 4 of '030 as well as pg. 6, paragraph 4 of '273. Therefore, the limitation of "transaction data" enjoys priority from the provisional.

Second underlined portion is "*and an output pin. as a part of the card reader".* Applicant directs the Examiner's attention to Fig. 6 of '674, and '273. This figure clearly shows the tip ring as a part of the reader. One with normal skill in the art understands the tip ring as the direct input to the microphone port of a smart telephone. Fig. 6 of '030 clearly depicts the card reader 602 with the tip ring connector, as well. This teaching is also included in '842. Additionally, claim 15 of '030 recites: " *...is a tip/ring/sleeve interface for plugging into a microphone jack on a host machine used to secure authentication."* Therefore, applicant believes the Examiner errs when stating the output pin as a part of the card reader is new matter. The Examiner also underlines *configured to directly connect the card reader.* Applicant's specification '030 pg. 14, ll. 1-4 provides support for the limitation as well. Applicant believes the above disclosure, pointed out by applicant, also serves to provide teaching for directly connecting.

Next underlined portion is *and hence to the microphone port, as an analog variable voltage audio signal".* Applicant directs the examiner's attention to '273 which recites, "The sound card in this embodiment provides a + 3V to +5V DC voltage on the microphone input which is sufficient to power (Vcc) the secure chip. Additionally, '030 pg. 18-27 clearly teaches

an analog variable voltage audio signal, as any person with skill understands after reading said teaching.

The Examiner believes" ***wherein the coded instructions, <u>when executed on a</u>*** *<u>processor, in the smart telephone,</u> convert the analog variable voltage audio signal on the microphone port to the transaction data as digital data"* is also new matter. Applicant respectfully disagrees. Because applicant's specification clearly teaches that the host machine may be a PC **or** smart telephone, applicant believes one with skill in the art understands that the teachings regarding the PC also read on any other host machine, including the smart telephone, which the Courts have notoriously upheld. Applicant does not need to reproduce specific teaching in a redundant manner for each and every smart or computerized device that may be connected to the card reader. Applicant's earliest filings clearly recite that the host machine may be a smart telephone.

Applicant points out that a **smart telephone has been a part of this claim set as of an amendment made 07/08/2015. The Examiner has mailed two additional Office Actions prior to the present Final Rejection which failed to mention the proposed "new matter". Applicant believes the specification clearly teaches a computerized device may be a PC or a smart telephone. Page 11, lines 12-14 of applicant's specification clearly recites:**

> *In one embodiment, the key jack may be plugged into the sound input or headset connector jack associated with a* ***mobile smart telephone*** *or PDA enabling authentication through a telephone network.*

One with skill in the art clearly understands that the analog variable voltage signal is not transmitted on a wireless network and MUST be digitized, as suggested in applicant's '030 pg. 19, ll. 19-27. Additionally, '030 teaches, pg. 12, ll. 25-27, and fairly understood by one with skill in the art that that a key jack may be used with a mobile device adapted with an applet as in the PC preceding the teaching.

Draft Claims Amendments in 14/14/636,674 3.29.17

All of the claims standing for examination are reproduced below with draft amendments and appropriate status indication.

1. (Currently amended) An apparatus comprising:

a card reader having an input interface configured to accept transaction data from an output interface of a transaction card, and an output pin, as a part of the card reader, configured to directly connect the card reader [[in]] to a microphone port of a smart telephone, the card reader providing the data accepted from the output interface of the transaction card to the output pin, and hence to the microphone port, as an analog variable voltage signal; and

coded instructions stored in a non-transitory medium of a first Internet-connected server, and accessible by a user of the card reader;

wherein the coded instructions, when executed on a processor in the smart telephone, convert the analog variable voltage audio signal received at [[on]] the microphone port to the transaction data as digital data, establish direct data exchange between the smart telephone and a second Internet-connected server, and facilitate transactions by a financial institution, or purchases from an on-line merchant, using the transaction data.

2-7. (Cancelled)

8. (Currently amended) The apparatus of claim 1 wherein the coded instructions, when executed on a processor in the smart telephone, retrieve a card verification code (CVV) from the transaction data provided by the card reader, and use the CVV in purchases or transactions.

9. (Currently amended) A method comprising:

accepting ~~transaction~~ data from a transaction card at an input interface of a card reader having an output pin as a part of the card reader, the output pin directly connecting the card reader in a microphone port of a smart telephone;

receiving the transaction data in the smart telephone as an analog variable voltage signal from the microphone port of the smart telephone;

converting the transaction data as an analog variable voltage signal in the smart telephone to digital data;

establishing direct data exchange with an Internet-connected server providing services to a financial institution or an on-line merchant by executing coded instructions on a processor in the smart telephone; and

facilitating transactions with the financial institution or purchases from the on-line merchant, using the transaction data.

10-15. (Cancelled)

16. (Previously presented) The method of claim 9 wherein the coded instructions, when executed on a processor in the ~~s~~mart telephone, retrieve a card verification code (CVV) from the transaction data received on the microphone port, and ~~to~~ use the CVV in the purchases or transactions.

17. Cancelled