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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte CHRISTOPHER BULLEY

Appeal 2016-000275
Application 12/144,300
Technology Center 3600

Before HUBERT C. LORIN, NINA L. MEDLOCK, and
BRADLEY B. BAYAT, *Administrative Patent Judges*.

LORIN, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

The Appellant seeks our review under 35 U.S.C. § 134 of the final rejection of claims 1–5. We have jurisdiction under 35 U.S.C. § 6(b) (2002).

SUMMARY OF DECISION

We AFFIRM.

THE INVENTION

The invention “relates to a method of subsidizing the costs of therapeutic treatments.” Spec. para. 4.

Claim 1 is illustrative, and is reproduced below with line breaks and bracketed matter added:

1. A method of providing compensation for therapeutic treatments using a therapeutic treatment compensator comprising a database and a compensation processor,

[1] the database defining at least one rehabilitative therapeutic services membership, each said therapeutic services membership having an associated compensation plan definition and treatment plan definition,

[1a] the compensation plan definition comprising a maximum monetary payment amount for rehabilitative therapeutic treatments, a monetary value for each one of the therapeutic treatments, the monetary value for each one of the therapeutic treatments not exceeding the maximum monetary payment amount,

[1b] the treatment plan definition comprising at least one of a maximum authorized total number of the therapeutic treatments, and a maximum authorized frequency of performance of the therapeutic treatments, the method comprising the steps of:

[2] at an input device to the compensation processor receiving an indication of one of the therapeutic services memberships; and

[3] the compensation processor:

[4] receiving the indication of the one therapeutic services membership from the input device,

[5] prior to a rendering by a therapeutic services facility of one requested therapeutic treatment requested by a patient, determining that the one requested therapeutic treatment is authorized by the treatment plan definition associated with the one therapeutic services membership,

[6] subsequent to the rendering of the one authorized therapeutic treatment, determining that a total of the monetary value of therapeutic treatments rendered towards the one therapeutic services membership is less than the maximum monetary payment amount defined in the one therapeutic services membership,

[7] issuing a receipt for the monetary value of the rendered one authorized therapeutic treatment,

[8] prior to a rendering by a therapeutic services facility of another requested therapeutic treatment requested by a patient, determining that the another requested therapeutic treatment is authorized by the treatment plan definition associated with the one therapeutic services membership,

[9] subsequent to the rendering of the another authorized therapeutic treatment, determining that the total of the monetary value of therapeutic treatments rendered towards the one therapeutic services membership is not less than the maximum monetary payment amount defined in the one therapeutic services membership, and

[10] withhold issuing a receipt for the monetary value of the rendered another authorized therapeutic treatment,

[11] wherein the therapeutic services facility receives payment for the therapeutic services membership whether or not the therapeutic services facility renders the authorized therapeutic treatments.

THE REJECTIONS

The Examiner relies upon the following as evidence of unpatentability:

Atwood	US 2002/0103673 A1	Aug. 1, 2002
Francis	US 2003/0195769 A1	Oct. 16, 2003
Kennedy et al. ("Kennedy")	US 2007/0005402 A1	Jan. 4, 2007
Sohal	US 2007/0250342 A1	Oct. 25, 2007

Erdmann et al. US 2008/0027863 A1 Jan. 31, 2008
("Erdmann")

*Utah Medicaid Provider Manual, Division of Health Care
Financing, Physical Therapy Services By Independent
Physical Therapists, October 2003 (hereinafter "Medicaid").*

Thomas Dale Hanthorn, *The True Cost of Health Insurance*,
June 28, 2004 (hereinafter "Hanthorn").

The following rejections are before us for review:

1. Claims 1–5 are rejected under 35 U.S.C. § 101 as being directed to non-statutory subject matter.
2. Claims 1, 2, 4, and 5 are rejected under 35 U.S.C. § 103(a) as being unpatentable over Kennedy, Medicaid, Sohal, Francis, Erdmann, and Atwood.
3. Claim 3 is rejected under 35 U.S.C. § 103(a) as being unpatentable over Kennedy, Medicaid, Sohal, Francis, Erdmann, Atwood, and Hanthorn.

ISSUES

Did the Examiner err in rejecting claims 1–5 under 35 U.S.C. § 101 as being directed to non-statutory subject matter?

Did the Examiner err in rejecting claims 1, 2, 4, and 5 under 35 U.S.C. § 103(a) as being unpatentable over Kennedy, Medicaid, Sohal, Francis, Erdmann, and Atwood?

Did the Examiner err in rejecting claim 3 under 35 U.S.C. § 103(a) as being unpatentable over Kennedy, Medicaid, Sohal, Francis, Erdmann, Atwood, and Hanthorn?

ANALYSIS

The rejection of claims 1–5 under 35 U.S.C. § 101 as being directed to non-statutory subject matter.

The Appellant argues these claims as a group. *See* Reply Br. 2–9. We select claim 1 as the representative claim for this group, and the remaining claims 2–5 stand or fall with claim 1. 37 C.F.R. § 41.37(c)(1)(iv).

Alice Corp. Proprietary Ltd. v. CLS Bank International, 134 S. Ct. 2347 (2014) identifies a two-step framework for determining whether claimed subject matter is judicially-excepted from patent eligibility under § 101.

According to *Alice* step one, “[w]e must first determine whether the claims at issue are directed to a patent-ineligible concept,” such as an abstract idea. *Alice*, 134 S. Ct. at 2355.

In that regard, the Examiner found that

[claim 1 is] directed to the idea of receiving an indication of a therapeutic services membership having an associated compensation plan definition and treatment plan definition, determining a requested therapeutic treatment is authorized by the treatment plan definition prior to rendering a therapeutic treatment, determining the total of the monetary value of therapeutic treatment is less than the maximum monetary payment amount defined in the membership subsequent to rendering the therapeutic treatment, issuing a receipt for the monetary value of the rendered authorized therapeutic treatment, determining another requested therapeutic treatment is authorized by the treatment plan definition prior to rendering a therapeutic treatment, determining the total of the monetary value of another therapeutic treatment is not less than the maximum monetary payment amount defined in the membership subsequent to rendering the therapeutic treatment, withhold

issuing a receipt for the monetary value of the another rendered authorized therapeutic treatment, which is an example of the abstract idea of using comparing new and stored information and using rules to identify options. While the claims do not explicitly recite “comparing new and stored information and using rules to identify options”, the concept of “comparing new and stored information and using rules to identify options” is described by the receiving, determining, issuing, withhold issuing, etc. steps of claims 1 and 4.

Ans. 3–4.

We do not see that the Appellant has disputed the Examiner’s characterization of the concept claim 1 is directed to. Nor do we see that the Appellant has disputed that, given the Examiner's characterization of the concept claim 1 is directed to, claim 1 is directed to an abstract idea.

Instead, the Appellant challenges the determination under *Alice* step one on the grounds that “(1) Claim 1 is not directed to a fundamental economic practice; (2) Claim 1 does not recite a series of mental steps; [and,] (3) Examiner failed to consider all limitations of Claim 1.” Reply Br. 2.

According to the Appellant, “[i]n contrast to independent Claim 33 of *Alice*, Claim 1 of the subject patent application is not drawn to a ‘fundamental economic practice long prevalent in our system of commerce[.]’ This factor weighs against a finding that claim 1 is directed to an abstract concept.” *Id.* at 3.

The Appellant appears to be arguing that claims not drawn to a “fundamental economic practice long prevalent in our system of commerce” are necessarily not drawn to abstract ideas. However, the question is not whether or not claims are directed to fundamental economic practices but

whether a building block of human ingenuity is claimed that would risk disproportionately tying up the use of the underlying idea.

[I]n applying the § 101 exception, we must distinguish between patents that claim the “ ‘buildin[g] block[s]’ ” of human ingenuity and those that integrate the building blocks into something more, thereby “transform[ing]” them into a patent-eligible invention. The former “would risk disproportionately tying up the use of the underlying” ideas and are therefore ineligible for patent protection.

Alice, 134 S. Ct. at 2354–2355 (citations omitted).

According to the Appellant,

[i]n contrast to method Claim 1 of *SmartGene* [*SmartGene, Inc. v. Advanced Biological Laboratories, SA*, No. 2013–1186 (Fed. Cir. 2014)], method Claim 1 of the subject patent application does not generate a ranked list or generate advisory information based on rules to identify medical options. Instead, method Claim 1 of the subject patent application selectively transforms an indication of a therapeutic services membership (received from the input device) into a receipt for therapeutic services performed, by the compensation processor issuing receipts and withholding subsequent receipts, based on the value of the therapeutic services performed and the maximum payment amount defined in the treatment plan definition associated with the therapeutic services membership. Therefore, in contrast to method Claim 1 of *SmartGene*, method Claim 1 of the subject patent application does not recite a series of mental steps that practitioners can and do perform in their heads. This factor weighs against a finding that Claim 1 is directed to an abstract concept.

Reply Br. 4.

The Appellant appears to be arguing that claims which do not recite a series of mental steps that practitioners can and do perform in their heads are necessarily not drawn to abstract ideas. However, the question is not

whether or not claims recite a series of mental steps that practitioners can and do perform in their heads but whether a building block of human ingenuity is claimed that would risk disproportionately tying up the use of the underlying idea.

Furthermore, the argument is not commensurate in scope with what is claimed. Claim 1 makes no mention of “selectively *transform[ing]* an indication of a therapeutic services membership (received from the input device) into a receipt for therapeutic services performed.”

Rather, claim 1 calls for a “method of providing compensation for therapeutic treatments” and recites eight steps. The first step of receiving an indication of a therapeutic services membership is performed by an input device. A “compensation processor” performs the next seven steps, including: (a) receiving the indication of a therapeutic services membership from the input device, (b) determining that a therapeutic treatment is authorized by the membership, (c) determining that a total monetary value is less than the maximum monetary payment defined by the membership, (d) issuing a receipt, (e) determining that another therapeutic treatment is authorized by the membership, (f) determining that a total monetary value is not less than the maximum monetary payment defined by the membership, and (g) withhold issuing a receipt. Each of these steps involves financial information. A therapeutic services membership is stored as information in a database. The membership information is used to determine that a first treatment is authorized, that the monetary value of the first treatment is less than a maximum monetary amount, and a receipt is issued. The membership information is used to determine that another treatment is authorized, that

the monetary value of the another treatment is not less than a maximum monetary amount, and a receipt is withheld. The final “wherein” clause requires that a facility receives payment whether or not the facility renders the treatments.

Finally, the Appellant argues that “[i]n the circumstances, the Appellant respectfully submits that the Examiner erred in the construction of Claim 1, under 35 USC 101, by failing to consider all the limitations of the claim and by failing to consider the claim limitations taken together as an ordered combination.” Reply Br. 6. We disagree.

A plain reading of the rejection shows the Examiner reviewed the claim as a whole with all its limitations. In fact, nearly the entire claim is reproduced.

One of the reasons the Appellant gives for asking for a more detailed claim construction analysis is “when the Examiner rejects the claimed invention under 35 USC 103(a), the Examiner provides an entirely different construction of Claim 1 from that provided under 35 USC 101. The Examiner also does not explain why two entirely different constructions of the same claim are appropriate.” Reply Br. 6. But we have been unable to find said “two entirely different constructions of the same claim.” The Examiner indeed provides a detailed claim construction analysis in the § 103 rejection (*see* Final Act. 3–4), but we do not see how that is any different from what the Examiner relied upon in characterizing what claim 1 is directed to.

For the foregoing reasons, the arguments related to the determination under step 1 of *Alice* are unpersuasive.

Step two is “a search for an ‘inventive concept’—*i.e.*, an element or combination of elements that is ‘sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the [ineligible concept] itself.’” *Alice*, 134 S. Ct. at 2355 (alteration in original) (quoting *Mayo Collaborative Servs.*, 566 U.S. at 72–73).

According to the Examiner, the additional elements set forth in claim 1 amount to no more than “generic computer components that perform generic functions (i.e. receiving an indication of membership information, determining treatment is authorized, determining monetary value of treatment is less than or not less than maximum monetary payment amount, issuing or withhold issuing a receipt, etc.)” Final Act. 4. The Examiner also found that the additional limitations do not go “beyond generally linking the system to a particular technological environment, that is, implementation via computers.” *Id.* (citing Spec. para. 14).

We have considered the elements of claim 1 both individually and as an ordered combination, in light of the Appellant’s discussion, to determine whether the additional elements transform the nature of the claim into a patent-eligible application. We are unpersuaded that the Examiner erred in finding that they do not. *See* Ans. 4 (citing Spec. para. 14).

Claim 1 recites conventional elements of a generic “database,” “input device,” and “processor” employed for their inherent functions to perform as expected. The Specification supports that view. The Specification does not disclose a new processor, input device, database, or data structure. *See* Spec. para. 14 (“a general-purpose computer, denoted generally with reference numeral 100”); para. 15 (“The data entry device 114 typically comprises a

keyboard and/or a keypad. The pointing device 116 typically comprises a mouse or tablet.”); para. 16 (“therapeutic treatment membership database 122 comprises one or more plurality of database records”). Here, as in *Alice*, the claims “do not, for example, purport to improve the functioning of the computer itself or effect an improvement in any other technology or technical field.” *Alice*, 134 S. Ct. at 2351. Thus, “the claims at issue amount to ‘nothing significantly more’ than an instruction to apply the abstract idea . . . using some unspecified, generic computer.” *Id.* at 2360 (citing *Mayo*, 132 S. Ct. at 1298).

The Appellant argues that the Examiner has not considered all of the claim limitations as an ordered combination and that the subject matter of claim 1 is similar to the claims at issue in *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014). Reply Br. 6. According to the Appellant, the limitations of claim 1, “taken together as an ordered combination, specify how interactions between an input device and a compensation processor are manipulated to yield a desired result – issuance of receipts for therapeutic treatments and recovery of costs for those therapeutic treatments.” *Id.* at 7–8.

We are not persuaded by the Appellant’s argument. In *DDR*, the court found that in the claimed system the computer network did not “operat[e] in its normal, expected manner” because the “the routine and conventional sequence of events” was overridden. *DDR Holdings*, 773 F.3d at 1258 (Fed. Cir. 2014). Here, the input device operates precisely in its expected manner. The only “interaction” between the claimed input device and compensation processor recited in claim 1 amounts to receiving a user selection of a

membership via the input device (e.g., an ordinary mouse and keyboard) in limitation [2] and receiving said selection at the compensation processor in limitation [4]. *See* Spec. para. 8 (“The indication of the one therapeutic treatment membership may be received at an input device to a computer . . .”); para. 32 (“admissions clerk may manually input the unique identifier into the computer 100 using the data entry device 114 and the pointing device 116.”). Using an input device to provide user input to a processor is precisely its routine and conventional function. We also note that “issuance of receipts” and “recovery of costs” are well-understood, routine, conventional activities previously known to the industry.

The Appellant argues that “the claim limitations prevent the claimed sequence from preempting every application of the idea.” Reply Br. 8.

This argument does not apprise us of error in the rejection. Although preemption “might tend to impede innovation more than it would tend to promote it, ‘thereby thwarting the primary object of the patent laws’” (*Alice*, 134 S. Ct. at 2354 (quoting *Mayo*, 132 S. Ct. at 1293), “the absence of complete preemption does not demonstrate patent eligibility” (*Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015)); *see also OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1362–63 (Fed. Cir.), cert. denied, 136 S. Ct. 701, 193 (2015) (“[T]hat the claims do not preempt all price optimization or may be limited to price optimization in the e-commerce setting do not make them any less abstract.”).

The Appellant argues that claim 1 “expressly recites an input device and a compensation processor performing a series of clearly-defined steps that produces a useful output.” Reply Br. 8. But whether a claimed method

“produces a useful output” is not germane to the inquiry under the *Alice* framework. Moreover, the series of steps recited in claim 1, including using a database to store data, using an input device to receive input, and using a processor to compare data to determine whether a request is authorized, compare monetary values to a maximum threshold, and issue or withhold issuing a receipt, “amounts to electronic recordkeeping—one of the most basic functions of a computer.” *Alice*, 134 S. Ct. at 2359.

Similarly unpersuasive is the Appellant’s argument that “the specification also discloses that the compensation processor may be implemented in electronic hardware, such as an ASIC (Application Specific Integrated Circuit)” Reply Br. 8 (citing Spec. para. 26). Paragraph 25 of the Specification discloses that “the compensation processor procedure 130 may also be implemented in dedicated electronics hardware, such as an application specific integrated circuit (ASIC).” This is the Specification’s only mention of dedicated hardware. There is not disclosed, for example, a new ASIC design or new hardware implementation. Moreover, none of the claims recites an “ASIC” or any other custom hardware limitation. *Cf. Intellectual Ventures I LLC v. Symantec Corp.*, 838 F.3d 1307, 1322 (Fed. Cir. 2016) (“district court erred in relying on technological details set forth in the patent’s specification and not set forth in the claims to find an inventive concept.”). Accordingly, we need not consider the issue of whether a custom ASIC implementation of the Appellant’s claimed method would satisfy Section 101, as that issue is not before us in this case.

We reach the same conclusion as to apparatus claim 4. As in *Alice*, “[t]he method claims recite the abstract idea implemented on a generic

computer; the system claims recite a handful of generic computer components configured to implement the same idea.” *Alice*, 134 S. Ct. at 2360. The Appellant has not separately argued the eligibility of any of the dependent claims, which are similarly directed to various therapeutic treatment membership schemes.

We have fully considered the Appellant’s arguments. For the foregoing reasons, they are unpersuasive as to error in the rejection. The rejection is sustained.

The rejection of claims 1, 2, 4, and 5 under 35 U.S.C. § 103(a) as being unpatentable over Kennedy, Medicaid, Sohal, Francis, Erdmann, and Atwood.

The rejection of claim 3 under 35 U.S.C. § 103(a) as being unpatentable over Kennedy, Medicaid, Sohal, Francis, Erdmann, Atwood, and Hanthorn.

The Examiner’s position is that Kennedy discloses all of the limitations of claim 1, except limitations [1b], [5], and [8]–[11] (Final Act. 2–6). The Examiner finds that Medicaid discloses limitation [1b] (*id.* at 4), Sohal discloses limitations [5] and [8] (*id.* at 4–5), Francis discloses limitation [9] (*id.* at 5), Erdmann discloses limitation [10] (*id.* at 6), and Atwood discloses limitation [11] (*id.*).

The Appellant argues that the Examiner erred in finding that Sohal discloses limitations [5] and [8] of claim 1 (Appeal Br. 7–10 (arguments “A.1” and “A.2”)). According to the Appellant, Sohal does not disclose “the treatment plan definition,” which is defined in limitation [1b] as comprising “at least one of a maximum authorized total number of the therapeutic treatments, and a maximum authorized frequency of performance of the therapeutic treatments.”

The problem with this argument is that the Examiner finds the “treatment plan definition” of limitation [1b] in Medicaid, and not in Sohal (Final Act. 4). Accordingly, the Appellant’s argument that Sohal does not disclose limitation [1b] does not apprise us of error in the Examiner’s rejection.

The Appellant argues that the Examiner erred in finding limitation [10] in Erdmann (App. Br. 10–11; Reply Br. 11 (argument “A.3”)). According to the Appellant, “Erdmann does not disclose that the receipt is always generated in response to the approval code, the receipt ever identifies the monetary amount (zero) of the transaction, or the decline code prevents the point-of sale terminal from ever displaying the (zero) transaction amount” (App. Br. 11).

The Appellant’s argument is not commensurate with the scope of the claim, which does not require that “the receipt is always generated,” “identifies the monetary amount (zero) of the transaction,” or “preventing display of the transaction amount.” We further note that, to the extent that claim 1 calls for particular informational content to be printed on the receipt (i.e., “a receipt *for the monetary value*”), such content is properly characterized as printed matter. Given that printed matter is not given patentable weight, the argued-over distinction between the type of information claimed and that of the cited prior art is not patentably consequential. *Cf. In re Distefano*, 808 F.3d 845 (Fed. Cir. 2015); *see also In re Xiao*, 462 Fed. Appx. 947, 950–52 (Fed. Cir. 2011) (non-precedential).

The Appellant argues that the Examiner erred in finding limitation [11] in Atwood (Appeal Br. 11–13 (argument “A.4”)). According

to the Appellant, “Atwood only discloses charging organization members for an annual exam (not a warranty membership fee) and that the fee for each exam is collected if and when the organization member schedules the exam” (Appeal Br. 12).

The Examiner finds limitation [11] in Atwood at paragraphs 41 and 44 (Final Act. 6; Ans. 6–7). According to the Examiner, “Atwood discloses members in a health plan or corporation pay an exam fee prior to treatment by a healthcare provider which is nonrefundable, interpreted as receiving payment whether or not the treatment is rendered” (Final Act. 6).

Atwood discloses “a lifetime enhancement warranty” under which health services providers “waive all professional and facility fees in the event an enhancement is necessary” (Atwood para. 44). The warranty coverage is conditional on the member annually scheduling an eye exam and paying a nonrefundable fee (*id.*). In other words, the price of warranty coverage is scheduling the annual eye exam and annually paying the corresponding fee. The nonrefundable eye exam fee is collected whether or not any enhancement is necessary or provided. Thus, providers receive payment for the warranty whether or not the provider renders an authorized enhancement. The Appellant’s argument does not apprise us of error in the rejection because nothing in claim 1 excludes scheduling an exam.

The Appellant argues that the Examiner erred in finding a motivation to modify Kennedy according to the teachings of Sohal (Appeal Br. 13–15; Reply Br. 13–15 (argument “B.1”)). According to the Appellant, the proposed modification would not actually reduce costs payable by third party payors (Appeal Br. 14), and “the Examiner’s submission is not

supported by the evidence of record” (Reply Br. 13, 14). The Appellant also argues that the invention is aimed at reducing costs for the patient, not insurance companies, and that a person of ordinary skill would not consult Sohal for that purpose (*id.* at 15).

The Examiner finds that it would have been obvious to modify Kennedy to include “the treatment preauthorization of Sohal with the motivation of reducing costs to payors” (Final Act. 5) (citing Sohal para. 19). According to the Examiner, the combination “allows absolute certainty of the amount a payor will pay so that a service provider will not have to continue to submit claims after the service and receive claim denials from the patient, which wastes time and money” (Ans. 9–10).

The Appellant’s argument that the Examiner’s rationale is not explicitly disclosed in the prior art is not persuasive. The Examiner’s rationale “need not seek out precise teachings directed to the specific subject matter of the challenged claim, for a court can take account of the inferences and creative steps that a person of ordinary skill in the art would employ.” *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 418 (2007). The Appellant’s argument that the purpose of the Appellant’s invention is to reduce costs for the patient and not third parties, is also unpersuasive. “In determining whether the subject matter of a patent claim is obvious, neither the particular motivation nor the avowed purpose of the patentee controls. What matters is the objective reach of the claim. If the claim extends to what is obvious, it is [unpatentable] under § 103.” *Id.* at 419–20.

The Appellant argues that the Examiner erred in finding a motivation to modify Kennedy according to the teachings of Francis and Erdmann

(Appeal Br. 15–19; Reply Br. 15–17 (argument “B.2”)). According to the Appellant, “the Examiner has not explained how the obligations of payor and patient under the healthcare claims adjudication method described by Kennedy are ‘inefficient’ or why the obligations of payor and patient under the healthcare claims adjudication method described by Kennedy are in need of improvement” (Appeal Br. 17). The Appellant also argues that the Examiner has not explained why a person of ordinary skill in the art would have “kept” and “discarded” the various elements of Kennedy, Francis, and Erdmann (Appeal Br. 18; Reply Br. 15–17). The Appellant also argues that the Examiner erred in finding a motivation to modify Kennedy according to the teachings of Atwood (Appeal Br. 19–20; Reply Br. 18–19 (argument “B.3”)). According to the Appellant, “the Examiner erred by failing to articulate a rational basis” (Appeal Br. 20) and relied “on an impermissible hindsight analysis, using the subject patent application as a guide to select particular passages of the prior art to reject the claimed invention” (Reply Br. 19).

The Appellant is arguing an overly-strict standard of obviousness.

“Any judgment on obviousness is in a sense necessarily a reconstruction based on hindsight reasoning, but so long as it takes into account only knowledge which was within the level of ordinary skill in the art at the time the claimed invention was made and does not include knowledge gleaned only from applicant’s disclosure, such a reconstruction is proper.” *In re McLaughlin*, 443 F.2d 1392, 1395 (CCPA 1971). “The obviousness analysis cannot be confined by a formalistic conception of the works teaching, suggestion, and motivation, or by overemphasis on the

importance of published articles and the explicit content of issued patents.” *KSR*, 550 U.S. at 419 (2007). In *KSR*, the Supreme Court reaffirmed that a “functional approach” to the obviousness analysis is proper and that a “combination of familiar elements according to known methods is likely to be obvious when it does no more than yield predictable results.” *Id.* at 416. The operative question in this “functional approach” is “whether the improvement is more than the predictable use of prior art elements according to their established functions.” *Id.* at 417. “Common sense teaches, however, that familiar items may have obvious uses beyond their primary purposes, and in many cases a person of ordinary skill will be able to fit the teachings of multiple patents together like pieces of a puzzle.” *Id.* at 420–421.

The Examiner finds that it would have been obvious to modify Kennedy to include “the deductible determination of Francis with the motivation of efficiently determining obligation of the payor and patient” (Final Act. 5 (citing Francis para. 20)) and further to include “the receipt printing system of Erdmann with the motivation of efficient operation of a healthcare practice” (*Id.* at 6 (citing Erdmann para. 3); *see also* Ans. 10). The Examiner also finds that it would have been obvious to modify Kennedy to include the nonrefundable fee of Atwood in order to “provide[] an efficient system for payment of healthcare services that allows for any fee, such as a non-refundable fee for an eye exam, to be paid” (Ans. 10).

The Appellant’s arguments do not address whether the improvement is more than the predictable use of prior art elements according to their established functions. Accordingly, we find that the Examiner has

established a prima facie showing of obviousness, which the Appellant has not overcome.

For the foregoing reasons, the Appellant's arguments as to error in the rejection are unpersuasive. Accordingly, the rejection of claim 1 under 35 U.S.C. § 103(a) is sustained.

Because the arguments with respect to independent claim 4 and dependent claims 2, 3, and 5 (Appeal Br. 20–21) are the same, we sustain the rejection of those claims for the same reasons.

CONCLUSIONS

The rejection of claims 1–5 under 35 U.S.C. § 101 as being directed to non-statutory subject matter is sustained.

The rejection of claims 1, 2, 4, and 5 under 35 U.S.C. § 103(a) as being unpatentable over Kennedy, Medicaid, Sohal, Francis, Erdmann, and Atwood is sustained.

The rejection of claim 3 under 35 U.S.C. § 103(a) as being unpatentable over Kennedy, Medicaid, Sohal, Francis, Erdmann, Atwood, and Hanthorn is sustained.

DECISION

The decision of the Examiner to reject claims 1–5 is affirmed.

Appeal 2016-000275
Application 12/144,300

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a).

AFFIRMED