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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte JOHN H. VAN ARKEL, JAMES J. WAGNER,
CORRINE L. SCHWEYEN, SARALYN M. MAHONE, DAVID D. TADA,
TERRILL J. CURTIS, and SCOTT HAGINS

Appeal 2016-000471¹
Application 13/536,489²
Technology Center 3600

Before MURRIEL E. CRAWFORD, NINA L. MEDLOCK, and
ROBERT J. SILVERMAN, *Administrative Patent Judges*.

MEDLOCK, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Appellants appeal under 35 U.S.C. § 134(a) from the Examiner’s final rejection of claims 1–21. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

¹ Our decision references Appellants’ Appeal Brief (“Br.,” filed May 12, 2015) and the Examiner’s Answer (“Ans.,” mailed July 31, 2015), Advisory Action (“Adv. Act.,” mailed January 6, 2015), and Final Office Action (“Final Act.,” mailed October 31, 2014).

² Appellants identify Verizon Communications, Inc. and its subsidiary companies as the real parties in interest. Br. 3.

CLAIMED INVENTION

Appellants' claimed invention relates to a healthcare fraud management system (Abstract).

Claims 1, 8, and 15 are the independent claims on appeal. Claim 1, reproduced below, is illustrative of the claimed subject matter:

1. A method comprising:

receiving, by one or more computer devices of a healthcare fraud management system, healthcare claims information associated with a particular entity;

receiving, by the one or more computer devices, historical healthcare information associated with the particular entity;

performing, by the one or more computer devices, data mining techniques on the historical healthcare information to produce data mining information associated with the particular entity, the data mining techniques including:

discovering, based on processing the historical healthcare information and without using known structures, groups and structures in the historical healthcare information that are similar;

performing anomaly detection techniques to identify particular records in the historical healthcare information that require further investigation and data errors in the historical healthcare information that require further investigation;

performing regression techniques to locate a function that models the historical healthcare information with an error that is less than errors associated with other functions; and

performing summarization techniques to map the historical healthcare information into subsets with associated descriptions, the associated descriptions including at least one of:

fraudulent claims,
suspect claims,
suspect beneficiaries, or
suspect providers;

generating, by the one or more computer devices, one or more financial reports, associated with the particular entity, the one or more financial reports being based on:

the healthcare claims information,
the historical healthcare information, and
the data mining information,

and the one or more financial reports including at least one of:

a statement that shows a relationship between a cost of operating the healthcare fraud management system and a quantity of money that was saved from identifying and not paying fraudulent healthcare claims,

a statement that shows a relationship between a quantity of money that was paid for healthcare claims and a quantity of money that was saved from identifying and not paying fraudulent healthcare claims, or

a statement that shows a ratio of how much money was saved from identifying fraudulent healthcare claims and not paying the fraudulent healthcare claims to the cost of operating the healthcare fraud management system; and outputting, by the one or more computer devices, the generated one or more financial reports to a clearinghouse or a claims processor.

REJECTIONS³

Claims 1–21 are rejected under 35 U.S.C. § 101 as directed to non-statutory subject matter.

³ The rejections under 35 U.S.C. §§ 112, second paragraph, 102, and 103(a) have been withdrawn. Adv. Act. 2

ANALYSIS

Independent Claim 1 and Dependent Claims 2–7

Under 35 U.S.C. § 101, 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 patentable. *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 framework previously set forth in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 132 S. Ct. 1289, 1300 (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., to 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*, 132 S. Ct. at 1297).

The 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*, 132 S. Ct. at 1293. We, therefore, look to whether the claims focus on a specific means or method that improves the relevant

technology or are instead 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).

Here, Appellants first argue that the Examiner erred in finding that claim 1 is directed to an abstract idea because the claim does not “threaten to ‘monopolize’ or ‘preempt’ a ‘fundamental economic practice’” (Br. 10).

That argument is not persuasive.

There is no dispute that the Supreme Court has described “the concern that drives this exclusionary principle [i.e., the exclusion of abstract ideas from patent eligible subject matter] as one of pre-emption.” *See Alice Corp.*, 134 S. Ct. at 2354. But characterizing pre-emption as a driving concern for patent eligibility is not the same as characterizing pre-emption as the sole test for patent-eligibility. “The Supreme Court has made clear that the principle of preemption is the basis for the judicial exceptions to patentability” and “[f]or this reason, questions on preemption are inherent in and resolved by the § 101 analysis.” *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015) (citing *Alice*, 134 S. Ct. at 2354). “[P]reemption may signal patent ineligible subject matter, [but] the absence of complete preemption does not demonstrate patent eligibility.” *Id.*

Contrary to Appellants’ assertions (*see* Br. 10–11), we also find no parallel between claim 1 and the claims at issue in *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014). In *DDR Holdings*, the Federal Circuit determined that, although the claims at issue involved conventional computers and the Internet, the claims addressed the problem of 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 Federal Circuit, thus, held that the claims were directed to statutory subject matter because they claim a solution "necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks," and that the claimed invention did not simply use computers to serve a conventional business purpose. *Id.* Rather, there was a change to the routine, conventional functioning of Internet hyperlink protocol. *Id.*

Appellants argue that, similar to *DDR Holdings*, claim 1 addresses a business challenge (i.e., "the problem of manual review and processing of healthcare information and a determination of fraudulent claims") that is necessarily rooted in computer technology (Br. 10). Yet unlike the situation in *DDR Holdings*, there is no indication here that the claimed computer devices are used other than in their normal, expected, and routine manner for requesting, receiving, and processing data. And "after *Alice*, there can remain no doubt: recitation of generic computer limitations does not make an otherwise ineligible claim patent-eligible." *DDR Holdings*, 773 F.3d at 1256.

Turning to the second step of the *Alice* analysis, Appellants argue that even if claim 1 is directed to an abstract idea, claim 1 "amounts to significantly more than the alleged abstract idea of 'generating financial reports'" (Br. 11) because claim 1 improves the functioning of a computer (*id.* at 12–13) and also involves an inventive concept (*id.* at 13–14).

Addressing these arguments in turn, as an initial matter, we cannot agree that claim 1 improves the functioning of a computer. Referencing paragraph 22 of the Specification, Appellants tout various alleged

improvements provided by the claimed computer implementation, and assert that the claimed features improve the functioning of a computer (*id.* at 12). Yet, even accepting that the present invention improves upon previous methods for detecting fraudulent healthcare claims, there is a fundamental difference between computer functionality improvements, on the one hand, and uses of existing computers as tools to perform a particular task, on the other. Indeed, the Federal Circuit applied this distinction in *Enfish* in rejecting a § 101 challenge at the step one stage in the *Alice* analysis because the claims at issue focused on a specific type of data structure, i.e., a self-referential table for a computer database, designed to improve the way a computer carries out its basic functions of storing and retrieving data, and not merely on asserted advances in uses to which existing computer capabilities could be put. *Id.* at 1335–36.

We find no parallel here between claim 1 and the claims in *Enfish* nor any comparable aspect in claim 1 that represents “an improvement to computer functionality.” The alleged advantages that Appellants tout do not concern an improvement to computer capabilities but instead relate to an alleged improvement in identifying fraudulent healthcare claims for which a computer is used as a tool in its ordinary capacity.

Finally, we are not persuaded of Examiner error by Appellants’ argument that claim 1 involves an inventive concept. Appellants ostensibly maintain that claim 1 involves an “inventive concept” and recites features “far exceeding ‘well-understood, routine, conventional Activities’ known in the industry” because the Examiner found the claim to be novel and non-obvious (Br. 13–14). But Appellants misapprehend the controlling precedent.

Although the second step in the *Alice/Mayo* framework is termed a search for an “inventive concept,” the analysis is not an evaluation of novelty or non-obviousness, but rather, a search for “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 Corp.*, 134 S. Ct. at 2355. “The ‘novelty’ of any element or steps in a process, or even of the process itself, is of no relevance in determining whether the subject matter of a claim falls within the § 101 categories of possibly patentable subject matter.” *Diamond v. Diehr*, 450 U.S. 175, 188–89 (1981). A novel and nonobvious claim directed to a purely abstract idea is, nonetheless, patent-ineligible. *See Mayo*, 132 S. Ct. at 1304.

We are not persuaded for the foregoing reasons that the Examiner erred in rejecting claim 1 under 35 U.S.C. § 101. Therefore, we sustain the Examiner’s rejection. We also sustain the rejection of dependent claims 2–7, which are not argued separately except based on their dependence from claim 1 (Br. 14).

Independent Claims 8 and 15 and Dependent Claims 9–14 and 16–21

Appellants argue that “independent claims 8 and 15 are directed to statutory subject matter for at least the reasons set forth” with respect to claim 1 (*id.* at 14–15). We are not persuaded for the reasons set forth above that the Examiner erred in rejecting claim 1 under 35 U.S.C. § 101. Therefore, we sustain the Examiner’s rejection under § 101 of independent claims 8 and 15 for the same reasons. We also sustain the Examiner’s rejection of dependent claims 9–14 and 16–21, which are not argued

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separately except based on their dependence from independent claims 8 and 15 (*id.* at 15).

DECISION

The Examiner's rejection of claims 1–21 under 35 U.S.C. § 101 is affirmed.

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