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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte JEANNE STAMPER, PAUL ALAN HARTLEY, and
MIKE MORRISON

Appeal 2017-000801
Application 13/562,977
Technology Center 3600

Before ST. JOHN COURTENAY III, LARRY J. HUME, and
JOYCE CRAIG, *Administrative Patent Judges*.

COURTENAY, *Administrative Patent Judge*.

DECISION ON APPEAL

Appellants appeal under 35 U.S.C. § 134(a) from a final rejection of claims 1, 3, 6–10, 13, 15, 20–22, 24, and 25, which are all the claims pending in this application. Claims 2, 4, 5, 11, 12, 14, 16–19, and 23 are cancelled. We have jurisdiction over the pending claims under 35 U.S.C. § 6(b).

We affirm.

STATEMENT OF THE CASE

Introduction

Appellants' invention is directed to a healthcare payment management system. (Abst.)

Exemplary Claim

1. A healthcare payment management system comprising:
a payment consolidation server configured to:
 - communicate electronically with *a plurality of provider servers and a payer server*;
 - receive billing information from *the plurality of provider servers* for a single episode of care for a member;
 - receive benefit information from *the payer server* for the single episode of care;
 - consolidate the billing information and the benefit information into a payment reconciliation statement by mapping the billing information and the benefit information using *a computer processor of the payment consolidation server*, wherein the payment reconciliation statement indicates for the single episode of care a total payment balance owed by the member to each of a plurality of providers, wherein the total payment balance owed to each of the plurality of providers is calculated as a difference between total charges for the provider in the billing information and a total covered by a payer in the benefit information, wherein the payment reconciliation statement comprises a plurality of payment options for each of the plurality of providers, wherein the plurality of payment options includes a healthcare account option and a partial payment option, wherein the payment reconciliation statement is provided to the member on a user interface, wherein the payment reconciliation statement lists each of the plurality of providers for the single episode of care and the total payment balance owed to each of the plurality of providers, wherein the payment reconciliation statement presents the plurality of payment options for each of the plurality of providers on the user interface, wherein the plurality of payment options include the healthcare account option, the partial payment option, and a pay-in-full option, wherein the payment options include an option to pay by credit card and an option to pay by a check from a banking account, and wherein the partial payment option allows the member to use a pre-established healthcare account to pay a percentage of the total payment balance owed to each

of the plurality of providers as a down payment and pay a remainder of the total payment balance owed to each of the plurality of providers over a scheduled amount of time;

send the payment reconciliation statement to the member;

send an electronic payment confirmation to the plurality of providers based on receiving an indication of a payment made from the member to a third-party payment transaction system, wherein the electronic payment confirmation indicates a charging of an account associated with the member and a crediting of an account associated with the plurality of providers; and

perform a validation process with an Explanation of Benefits (EOB) statement, wherein the validation process comprises the *payment consolidation server* validating that the total balance owed to each of the plurality of providers matches a total balance on the EOB statement, that the member has paid an insurance amount specified on the EOB statement, and that the member has paid an insurer amount specified on the EOB statement.

(Emphasis added).

Rejection

Claims 1, 3, 6–10, 13, 15, 20–22, 24, and 25 stand rejected under 35 U.S.C. § 101 because the claimed invention is directed to a judicial exception (i.e., a law of nature, a natural phenomenon, or an abstract idea) without significantly more. (Final Act. 2).

Issue on Appeal

Did the Examiner err in rejecting claims 1, 3, 6–10, 13, 15, 20–22, 24, and 25 under 35 U.S.C. § 101 as being directed to patent-ineligible subject matter?

ANALYSIS

We have considered all of Appellants' arguments and any evidence presented. To the extent Appellants have not advanced separate, substantive arguments for particular claims, or other issues, such arguments are waived. *See* 37 C.F.R. § 41.37(c)(1)(iv). We highlight and address specific findings and arguments for emphasis in our analysis below.

Mayo/Alice Analysis under 35 U.S.C. § 101

Under 35 U.S.C. § 101, a patent may be obtained for “any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof.” The Supreme Court has “long held that this provision contains an important implicit exception: Laws of nature, natural phenomena, and abstract ideas are not patentable.” *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2354 (2014) (quoting *Ass’n for Molecular Pathology v. Myriad Genetics, Inc.*, 133 S. Ct. 2107, 2116 (2013)). The Supreme Court in *Alice* reiterated the two-step framework previously set forth in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. 66, 82–84 (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*, 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, such as an abstract idea. Abstract ideas may include, but are not limited to, fundamental economic practices, methods of organizing human activities, an idea of itself, and mathematical formulas or relationships. *Id.* at 2355–57.

If the claims are not directed to a patent-ineligible concept, the inquiry ends. *See Visual Memory LLC v. NVIDIA Corp.*, 867 F.3d 1253, 1262 (Fed. Cir. 2017).

Otherwise, the inquiry proceeds to the second step in which the elements of the claims are considered “individually and ‘as an ordered combination’ to determine whether the additional elements ‘transform the nature of the claim’ into a patent-eligible application.” *Alice*, 134 S. Ct. at 2355 (quoting *Mayo*, 566 U.S. at 79, 78). We consider the question of whether the claims are directed to a specific improvement in the capabilities of the computing devices, or, instead, “a process that qualifies as an ‘abstract idea’ for which computers are invoked merely as a tool.” *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1336 (Fed. Cir. 2016).

We, therefore, decide under step two whether the claims: (a) set forth an inventive concept that provides a specific means or method that improves the relevant technology, or (b) are directed to a result or effect that itself is the abstract idea, in which the claims merely invoke generic processes and machinery. *See Enfish*, 822 F.3d at 1336.

Mayo/Alice Analysis — Step 1

Regarding the first part of the Mayo/Alice analysis, the Examiner concludes all claims 1, 3, 6–10, 13, 15, 20–22, 24, and 25:¹

are directed to the abstract ideas of using provider categories to organize, store, and transmit a consolidated billing statement and comparing new and stored patient billing data and using

¹ “Patent eligibility under § 101 presents an issue of law.” *Accenture Glob. Servs., GmbH v. Guidewire Software, Inc.*, 728 F.3d 1336, 1340 (Fed. Cir. 2013).

rules to identify payment options and verify that payments have been made in accordance with the billing statement. Using provider categories to organize, store, and transmit a consolidated billing statement and comparing new and stored patient billing data and using rules to identify payment options and verify that payments have been made in accordance with the billing statement are abstract ideas because it is analogous to using categories to organize, store, and transmit information and comparing new and stored information and using rules to identify options.

(Final Act. 2–3, *see also* Ans. 2).

Regarding *Alice* Step 1, Appellants contend:

Claims that “do not merely recite the performance of some business practices known from the pre-Internet world along with the requirement to perform it on the Internet” and that are “necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks” are not directed towards abstract ideas. *See Id.* [DDR Holdings] In the present case, the claims do not have a pre-Internet analog with a requirement that they be practiced on the Internet. Instead, the claims are rooted in computer technology to overcome a problem specifically arising in the realm of computer networks.

(App. Br. 12).

Appellants further argue that independent claims 1, 10, and 22 are not directed towards:

some pre-Internet business practice along with a requirement to perform it on the Internet. Instead, claims 1, 10, and 22 require Internet-centric workflow actions such as consolidating billing information and benefit information into a payment reconciliation statement using a computer processor of a payment consolidation server, sending an electronic payment confirmation, and performing a validation process with an EOB [explanation of benefits] statement. Additionally, the claims are rooted in computer technology by having a payment

consolidation server configured to communicate electronically with a plurality of provider servers and a payer server.

(App. Br. 14).

Appellants additionally contend, because the previously cited prior art does not disclose any of the features of the claims, the claim limitations include significantly more than an abstract idea itself. (App. Br. 15–17).²

We conclude Appellants’ claims are directed to the automation of a fundamental economic and business practice: medical billing, including the processing of insurance information. *See Alice*, 134 S. Ct. at 2356. Under the Supreme Court’s precedent in *Alice*, such concepts are often held to be abstract. *See, e.g., id.* at 2356 (holding the concept of intermediated settlement is an abstract idea directed to a “fundamental economic practice long prevalent in our system of commerce”) (citation omitted); *Content Extraction and Transmission LLC v. Wells Fargo Bank, Nat. Ass’n*, 776 F.3d 1343, 1347 (Fed. Cir. 2014) (explaining claims directed to “the mere formation and manipulation of economic relations” and “the performance of certain financial transactions” have been held to involve abstract ideas).

² In response, we note the Supreme Court emphasizes: “[t]he ‘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) (emphasis added). Our reviewing court further guides that “[e]ligibility and novelty are separate inquiries.” *Two-Way Media Ltd. v. Comcast Cable Commc’ns, LLC*, 874 F.3d 1329, 1340 (Fed. Cir. 2017); *see also Affinity Labs of Tex., LLC v. DIRECTV, LLC*, 838 F.3d 1253, 1263 (Fed. Cir. 2016) (holding that “[e]ven assuming” that a particular claimed feature was novel does not “avoid the problem of abstractness”).

We note Appellants’ independent claims 1, 10, and 22 are implemented using various servers, such as “a payment consolidation server” and “plurality of provider servers” in addition to “a computer processor” and “a communications interface.” (App. Br. 25–26, 28, 31–32).

Turning to Appellants’ Specification for *context*, we note the supporting description for the claimed computer/server elements:

The payment consolidation server 110 may be any component, device, or apparatus configured to process, store, and exchange payments information that may be due from members to providers for care services. For instance, the payment consolidation server 110 may be a physical sever or a general-purpose computer, e.g., at a data center or a network.

(Spec. ¶ 19) (emphasis added).

Given this *context*, which broadly describes the payment consolidation server as “any component, device, or apparatus configured to process, store, and exchange payments information” (*id.* (emphasis added)), we find nothing in the claims on appeal that focuses on a specific means or apparatus that improves the relevant generic computing device technology. In particular, we find the claims on appeal are silent regarding specific limitations directed to an improved server, communications interface, or processor. The recited “server” is merely described in terms of generic computer components and/or peripheral devices. (See Spec. ¶¶ 18–19; Fig. 1).

We note the Supreme Court guides: “the mere recitation of a generic computer cannot transform a patent ineligible abstract idea into a patent-eligible invention.” *Alice*, 134 S. Ct. at 2358. Our reviewing court guides that fundamental economic and conventional business practices are often

found to be abstract ideas, even if performed on a computer. *See, e.g., OIP Techs. Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1362–63 (Fed. Cir. 2015).

Here, under a broad but reasonable interpretation, we conclude each of Appellants’ claims on appeal is directed to an economic or business practice, i.e., using a “payment consolidation server” to send a “payment reconciliation statement” to a member. (Claim 1; *see* similar language of commensurate scope, as recited in independent claims 10 and 22).³

Thus, we conclude all claims on appeal are merely directed to a *result* or effect that itself is the abstract idea, and merely invoke generic processes and machinery, such as *generic computer* servers, communications interfaces, or processors. *See Enfish*, 822 F.3d at 1336. “The abstract idea exception prevents patenting a *result* where ‘it matters not by what process or machinery the result is accomplished.’” *McRO, Inc. v. Bandai Namco Games Am. Inc.*, 837 F.3d 1299, 1312 (2016) (quoting *O’Reilly v. Morse*, 56 U.S. 62, 113 (1854)) (emphasis added).

Therefore, on this record, we are not persuaded of error regarding the Examiner’s legal conclusion that all claims on appeal are directed to the patent-ineligible “abstract idea” of performing a fundamental economic practice (i.e., sending consolidated billings) using medical insurance information. (Final Act. 2).

Mayo/Alice Analysis – Step 2

Because we conclude the claims are directed to an abstract idea, we turn to the second part of the *Mayo/Alice* analysis. We analyze the claims to

³ We give the claims their broadest reasonable interpretation consistent with the Specification. *See In re Morris*, 127 F.3d 1048, 1054 (Fed. Cir. 1997).

determine if there are additional limitations that individually, or as an ordered combination, ensure the claims amount to “significantly more” than the abstract idea. *Alice*, 134 S. Ct. at 2357.

Regarding the second part of the *Alice/Mayo* analysis, the Examiner finds: “[T]he claims do not solve a problem rooted in computer technology; they solve an age-old problem (*Reconciling billing statements against explanation of benefit statements*) utilizing computer technology.⁴

(Final Act. 6).

Regarding *Alice* Step 2, Appellants urge, *inter alia*:

While claims 1, 3, 6–10, 13, 15, 20–22, [24, and 25] do include using categories to organize, store, and transmit information, comparing new and stored information, and using rules to identify options, claims 1, 3, 6–10, 13, 15, 20–22, [24, and 25] add specific additional features to the abstract idea to prevent all uses of the abstract idea from being tied-up by the claims.

(App. Br. 21).

Appellants’ arguments do not persuade us the Examiner erred, because Appellants essentially recite the claim limitations without any persuasive explanation of how the limitations amount to an inventive concept that transforms the abstract idea into patent-eligible subject matter.

Appellants further urge:

[C]laims 1, 3, 6–10, 13, 15, 20–22, [24, and 25] do not seek to tie-up all uses of using categories to organize, store, and transmit information, comparing new and stored information,

⁴ The patent eligibility inquiry may contain underlying issues of fact. *Mortg. Grader, Inc. v. First Choice Loan Servs. Inc.*, 811 F.3d 1314, 1325 (Fed. Cir. 2016). In particular, “[t]he question of whether a claim element or combination of elements is well-understood, routine and conventional to a skilled artisan in the relevant field is a question of fact.” *Berkheimer v. HP Inc.*, 881 F.3d 1360, 1368 (Fed. Cir. 2018).

and using rules to identify options. Specifically, the claims are directed to healthcare information associated with a single episode of care for a member. The payment reconciliation statement, which comprises the plurality of payment options such as the healthcare account option, is presented to the member on a user interface. This limits the claims to particular circumstances and does not *tie-up all uses* of the abstract idea. For instance, the claims do not *tie-up* traditional paper-based reconciliation statements.

(App. Br. 23) (emphasis added).

We are not persuaded by Appellants arguments. Our reviewing court guides, “while preemption may signal patent ineligible subject matter, the absence of complete preemption does not demonstrate patent eligibility.” *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1372 (Fed. Cir. 2015).

Appellants also (App. Br. 12) cite to *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014), and urge:

Claims that “do not merely recite the performance of some business practices known from the pre-Internet world along with the requirement to perform it on the Internet” and that are “necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks” are not directed towards abstract ideas. *See Id.* In the present case, the claims do not have a pre-Internet analog with a requirement that they be practiced on the Internet. Instead, the claims are rooted in computer technology to overcome a problem specifically arising in the realm of computer networks.

(App. Br. 12).

We note in *DDR*, the Federal Circuit applied the Supreme Court’s *Alice* two-step framework, and under step two upheld the validity of *DDR*’s patent on its web-page display technology. *DDR*, 773 F.3d at 1255.

However, we find the problem addressed by Appellants' claims is not similar or otherwise analogous to the specific technical problem addressed by the subject claims in *DDR*. In *DDR*, the claims were directed to retaining a website visitor when the visitor clicked on a third-party merchant's advertisement on the host website. Instead of taking the visitor to the third-party merchant's website (and thus losing the visitor to the third-party merchant), *DDR*'s claimed system generated a hybrid web page that: (1) displayed product information from the third-party merchant, but also, (2) retained the host website's "look and feel."

Here, Appellants' independent claims 1, 10, and 22 are silent regarding any mention of a website or webpage, much less a website that retains the host website's "look and feel" while displaying product information from the third-party merchant, as was the case in *DDR*, 773 F.3d at 1257. More broadly, on this record, it is our view that Appellants have not established that the claims on appeal attempt to solve "a challenge particular to the Internet," as considered by the court in *DDR*. *Id.* at 1256–57. Thus, we find Appellants' claimed invention does not provide a solution "necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks." *Id.* at 1257.

Therefore, we conclude Appellants' claims do not address a similar problem and do not contain a similar inventive concept as the patent-eligible claims in *DDR*. As emphasized by the Federal Circuit: "*DDR Holdings* does not apply when . . . the asserted claims do not 'attempt to solve a challenge particular to the Internet.'" *Smart Sys. Innovations, LLC v. Chi. Transit Auth.*, 873 F.3d 1364, 1375 (Fed. Cir. 2017) (quoting *In re TLI Commc'ns LLC Patent Litig.*, 823 F.3d 607, 613 (Fed. Cir. 2016)).

Moreover, to the extent that Appellants' payment reconciliation statement may be generated faster or more efficiently using servers, or a "computer processor" (claim 1), our reviewing court provides applicable guidance:

While the claimed system and method certainly purport to accelerate the process of analyzing audit log data, *the speed increase comes from the capabilities of a general-purpose computer, rather than the patented method itself. See Bancorp Servs., L.L.C. v. Sun Life Assurance Co. of Can. (U.S.)*, 687 F.3d 1266, 1278 (Fed. Cir. 2012) ("[T]he fact that the required calculations could be performed *more efficiently* via a computer does not materially alter the patent eligibility of the claimed subject matter.").

FairWarning IP, LLC v. Iatric Sys., Inc., 839 F.3d 1089, 1095 (Fed. Cir. 2016) (emphases added).

Our reviewing court provides additional guidance regarding the use of a generic "computer processor." (Independent Claims 1, 10, and 22). *See BASCOM Glob. Internet Servs., Inc. v. AT&T Mobility LLC*, 827 F.3d 1341, 1348 (Fed. Cir. 2016) ("An abstract idea on 'an Internet computer network' or on a generic computer is still an abstract idea."); *Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1355 (Fed. Cir. 2016) ("We have repeatedly held that such invocations of computers and networks that are not even arguably inventive are 'insufficient to pass the test of an inventive concept in the application' of an abstract idea.") (quotations omitted); *Intellectual Ventures I LLC v. Capital One Fin. Corp.*, 850 F.3d 1332, 1371 (Fed. Cir. 2017) ("Steps that do nothing more than spell out what it means to 'apply it on a computer' cannot confer patent-eligibility."), citing *Alice*, 134 S.Ct. at 2359.

Applying the aforementioned guidance here, we find Appellants' claims on appeal are not directed to an *improvement* in servers, computer processors, or user interface functionality. Therefore, we conclude the additional elements recited in the claims of a computer processor, and various servers, *do not provide an inventive concept*, without more. Accordingly, we conclude that none of the claim limitations, viewed "both individually and as an ordered combination," amount to significantly more than the judicial exception in order to sufficiently transform the nature of the claims into patent-eligible subject matter. *See Alice*, 134 S. Ct. at 2355 (internal quotations omitted) (quoting *Mayo*, 132 S. Ct. at 1297).

For at least the aforementioned reasons, and on this record, Appellants have not persuaded us the Examiner erred regarding the § 101 rejection of all claims on appeal. Accordingly, we sustain the Examiner's rejection under 35 U.S.C. § 101 of independent claims 1, 10, and 22, and of dependent claims 3, 6–9, 13, 15, 20, 21, 24, and 25 (not separately argued), as being directed to patent-ineligible subject matter in light of *Alice* and its progeny.⁵

Reply Brief

To the extent Appellants may advance new arguments in the Reply Brief not in response to a shift in the Examiner's position in the Answer, we note arguments raised in a Reply Brief that were not raised in the Appeal Brief, or are not responsive to arguments raised in the Examiner's Answer, will not be considered except for good cause, which Appellants have not

⁵ To the extent Appellants have not advanced separate, substantive arguments for particular claims, or other issues, such arguments are waived. *See* 37 C.F.R. § 41.37(c)(1)(iv).

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shown. *See* 37 C.F.R. § 41.41(b)(2).

Conclusion

The Examiner did not err in rejecting claims 1, 3, 6–10, 13, 15, 20–22, 24, and 25 under 35 U.S.C. § 101 as being directed to patent-ineligible subject matter.

DECISION

We affirm the Examiner’s decision rejecting claims 1, 3, 6–10, 13, 15, 20–22, 24, and 25 under 35 U.S.C. § 101.

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). *See* 37 C.F.R. § 41.50(f).

AFFIRMED