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EXAMINER
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UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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*Ex parte* RUDY D. MILOSEVICH  
and SHEILA D. MILLER

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Appeal 2017-001357  
Application 13/804,175  
Technology Center 3600

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Before MICHAEL J. STRAUSS, MICHAEL M. BARRY, and  
PHILLIP A. BENNETT, *Administrative Patent Judges*.

STRAUSS, *Administrative Patent Judge*.

DECISION ON APPEAL

## STATEMENT OF THE CASE

Appellants appeal under 35 U.S.C. § 134(a) from a rejection<sup>1</sup> of claims 1, 2, 4–13, and 15–22. Claims 3 and 14 are canceled. Br. 26, 31 (Claims App’x). We have jurisdiction under 35 U.S.C. § 6(b).

We affirm.

## THE INVENTION

The claims are directed to determining increased reimbursements resulting from an increase in a reimbursement parameter associated with a healthcare product. Spec., Title. Claim 1, reproduced below, is illustrative of the claimed subject matter:

1. A method, comprising:

identifying, by a reimbursement valuation system comprising one or more computers, a healthcare product from a plurality of healthcare products;

determining, by the reimbursement valuation system, that the healthcare product is a candidate healthcare product for reimbursement valuation, wherein determining that the healthcare product is a candidate healthcare product comprises:

determining, by the reimbursement valuation system and based at least in part on healthcare claim transaction data, that the healthcare product is associated with a first group of healthcare claim transactions, wherein each healthcare claim transaction in the first group is associated with a respective reimbursement amount that is below an acquisition cost of the healthcare product;

filtering, by the reimbursement valuation system, the first group of healthcare claim transactions to determine a subgroup of one or more healthcare claim transactions, wherein the respective reimbursement amount associated

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<sup>1</sup> We herein refer to the Specification, filed Mar. 14, 2013 (“Spec.”); Final Office Action, mailed Oct. 6, 2015 (“Final Act.”); Appeal Brief, filed Mar. 7, 2016 (“Br.”); and the Examiner’s Answer, mailed Aug. 26, 2016 (“Ans.”). No reply brief has been filed.

with each healthcare claim transaction in the subgroup corresponds to a first reimbursement rate of a first reimbursement parameter, and wherein filtering the first group of healthcare claim transactions comprises removing at least one healthcare claim transaction from the first group to obtain the subgroup, each of the at least one healthcare claim transaction being associated with a respective reimbursement amount that corresponds to a reimbursement rate of a second reimbursement parameter that is different from the first reimbursement parameter; and

determining, by the reimbursement valuation system, that the healthcare product is associated with a second group of one or more healthcare claim transactions, wherein each healthcare claim transaction in the second group is associated with a respective reimbursement amount that corresponds to a second reimbursement rate of the first reimbursement parameter, the second reimbursement rate being greater than the first reimbursement rate; and

determining, by the reimbursement valuation system, a value indicative of an increase in total reimbursements associated with the healthcare product based at least in part on the first reimbursement rate and the second reimbursement rate, wherein determining the value indicative of the increase in total reimbursements comprises:

determining, by the reimbursement valuation system, an average per-unit reimbursement amount associated with the subgroup;

determining, by the reimbursement valuation system, a set of reimbursement values, wherein determining the set of reimbursement values comprises determining a respective difference between the respective reimbursement amount associated with each healthcare claim transaction of the second group and the average per-unit reimbursement amount; and

aggregating, by the reimbursement valuation system, the set of reimbursement values to generate the value indicative of an increase in total reimbursements.

(Br. 24–25 (Claims App’x)).

## REJECTIONS

The Examiner made the following rejections:

Claims 1, 2, 4–13, and 15–22 stand rejected under 35 U.S.C. § 101 because the claimed invention is directed to a judicial exception (i.e., an abstract idea) without significantly more. Final Act. 2–3.

Claim 22 stands rejected under 35 U.S.C. § 101 because the claimed invention is directed to signal per se; and, therefore, does not fall within at least one of the four categories of patent eligible subject matter. Final Act. 3.

## ANALYSIS

Appellants’ arguments are unpersuasive of Examiner error. We adopt as our own (1) the findings and reasons set forth by the Examiner in the action from which this appeal is taken (Final Act. 2–3) and (2) the reasons set forth by the Examiner in the Answer in response to Appellants’ Appeal Brief (Ans. 2–7). We concur with the conclusions reached by the Examiner. We highlight the following for emphasis.

### *Rejection Based on Judicial Exception*

Section 101 defines patentable subject matter: “[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.” *See* 35 U.S.C. § 101. The Supreme Court, however, has “long held

that this provision contains an important implicit exception,” which is that “[l]aws of nature, natural phenomena, and abstract ideas’ are not patentable.” *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 70 (2012) (“*Mayo*”) (quotation omitted). To determine patentable subject matter, the Supreme Court has set forth a two part test.

*Step 1 – Whether the Claims Are Directed to an Abstract Idea*

“First, we determine whether the claims at issue are directed to one of those patent-ineligible concepts” of “laws of nature, natural phenomena, and abstract ideas.” *Alice Corp. Pty. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2355 (2014) (“*Alice*”). A court must be cognizant that “all inventions at some level embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas” (*Mayo*, 566 U.S. at 71), and “describing the claims at . . . a high level of abstraction and untethered from the language of the claims all but ensures that the exceptions to § 101 swallow the rule.” *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1337 (Fed. Cir. 2016). Thus, “the claims are considered in their entirety to ascertain whether their character as a whole is directed to excluded subject matter.” *Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1346 (Fed. Cir. 2015).

Appellants contend the Examiner’s finding that the claims are directed to an abstract idea is improper because (a) there is insufficient evidentiary support provided to establish a prima facie case of patent-ineligible subject matter (Br. 15) and (b) similar to the claims in *DDR Holdings*, the rejected claims are rooted in computer technology and solve a problem specifically arising in the realm of computer networks (Br. 16 citing *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014)).

In connection with the alleged lack of evidentiary support (contention (a)), Appellants argue “the Office Action merely presents the Examiner’s opinion that the claims are directed to the alleged abstract idea of ‘comparing new and stored information and using rules to identify options’ without providing any supporting evidence that the asserted idea is an abstract idea or that the claims are directed to such an idea.” Br. 15. Appellants further argue the Examiner neither identifies where a judicial exception (i.e., the abstract idea) is recited or provides reasoning explaining why it is an abstract idea. Br. 16.

The Examiner responds by finding the claimed “steps can be performed mentally, and are similar to the concepts identified as abstract ideas by the courts (e.g. comparing new and stored information and using rules to identify options as seen in *SmartGene*).” Ans. 2–3 (citing *SmartGene, Inc. v. Advanced Biological Labs., SA*, 555 F. App’x 950 (Fed. Cir. 2014) (nonprecedential) (comparing information and using rules to identify options that can be performed mentally found to be an abstract idea). Addressing Appellants’ allegation that insufficient evidence is provided in support of the finding the claims are directed to an abstract idea, the Examiner concludes the burden of establishing a prima facie case has been satisfied by the rationale provided by the Examiner and by having compared the concept recited by the claims with those previously found to be abstract ideas. Ans. 3. The Examiner distinguishes the pending claims over those of *DDR Holdings*, finding, unlike in *DDR*, “the claimed solution is directed to support the determination of healthcare products which is not necessarily rooted in computer technology” and that, in the present

invention, “the computer and valuation system are only used generically.”

Ans. 4.

Appellants’ arguments are unpersuasive. As the Federal Circuit has clarified,

“the prima facie case is merely a procedural device that enables an appropriate shift of the burden of production.” *Hyatt v. Dudas*, 492 F.3d 1365, 1369 (Fed. Cir. 2007) (citing *In re Oetiker*, 977 F.2d 1443, 1445 (Fed. Cir. 1992)). *See also In re Piasecki*, 745 F.2d 1468, 1472 (Fed. Cir. 1984). The Patent and Trademark Office (“PTO”) satisfies its initial burden of production by “adequately explain[ing] the shortcomings it perceives so that the applicant is properly notified and able to respond.” *Hyatt*, 492 F.3d at 1370. In other words, the PTO carries its procedural burden of establishing a prima facie case when its rejection satisfies 35 U.S.C. § 132, in “notify[ing] the applicant . . . [by] stating the reasons for [its] rejection, or objection or requirement, together with such information and references as may be useful in judging of the propriety of continuing the prosecution of [the] application.” 35 U.S.C. § 132. That section “is violated when a rejection is so uninformative that it prevents the applicant from recognizing and seeking to counter the grounds for rejection.” *Chester v. Miller*, 906 F.2d 1574, 1578 (Fed. Cir. 1990).

*In re Jung*, 637 F.3d 1356, 1362 (Fed. Cir. 2011) (brackets in original; bolding omitted).

Examiners may rely on their own technical expertise to describe the knowledge and skills of a person of ordinary skill in the art. *In re Berg*, 320 F.3d 1310, 1315 (Fed. Cir. 2003) (Examiners are “persons of scientific competence in the fields in which they work,” and their findings are “informed by their scientific knowledge”); *see also* MPEP § 2141 (II)(C) (Resolving the Level of Ordinary Skill in the Art) *and* MPEP § 2144.03 (“an examiner may . . . rely on ‘common knowledge’ in making a rejection”). Here, we find the Examiner’s rejection satisfies the initial burden of

production because the Examiner, in reviewing the recited steps, finds claim 1 is “drawn to an abstract idea” as being directed to “comparing new and stored information and using rules to identify options.” Final Act. 2. The Examiner further finds the steps can be performed mentally and that the claims are similar to those found to be abstract in *Alice*. Ans. 2–3. By setting forth a prima facie case that claim 1 is drawn to an abstract idea, including by citing to relevant precedent, the Examiner shifted the burden of response on this issue to Appellants.

In support of their contention the rejected claims are similar to those in *DDR Holdings* found to be rooted in computer technology and overcoming a problem arising in the realm of computer networks, Appellants argue the claims do not recite a mathematical algorithm or a longstanding fundamental economic practice. Br. 16. According to Appellants,

the claims address the challenge of determining, using network-based healthcare claim transaction data, an increase in reimbursements for healthcare claim transactions transmitted over a computer network. This is a challenge that is specific to the network-based context of the Internet and for which no pre-existing manual analog exists. As in *DDR Holdings*, while the claims may be alleged to address a business challenge, it is a challenge that is particular to a computer network environment such as the Internet.

*Id.* The Examiner responds, finding “Applicant[*sic*’s] claims use one or more computer[s] and a valuation system to execute computer executable instructions pertaining to determining healthcare products. Here, the claimed solution is directed to support the determination of healthcare products which is not necessarily rooted in computer technology.” Ans. 3–4.

In determining whether the claims are directed to an abstract idea, we look to whether the claims focus on a specific means or method that improves the relevant technology, or instead are 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).

The identifying, determining, and filtering limitations of claim 1 are conventional functions of processing data claimed in a manner that uses general, conventional technology. *See* Ans. 4. We find insufficient evidence supporting Appellants' argument that the invention addresses "a challenge that is specific to the network-based context of the Internet and for which no pre-existing manual analog exists." Br. 16. Claim 1 only requires a (i.e., "one or more") computer and makes no mention of the argued computer network. *See also* Final Act. 2–3. Likewise, Appellants do not explain what technical problem is addressed by the steps of claim 1 other than asserting a requirement the steps be performed by a computer.

Contrary to Appellants' argument (Br. 16–17), claim 1 is unlike the claims in *DDR Holdings*, in which the Federal Circuit found the claims at issue were "necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks" because they addressed a technical issue unique to Internet website problems. 773 F.3d at 1257. Here, claim 1 uses conventional technologies to determine insurance reimbursement values without solving any underlying technological issues.

Rather than being directed to addressing a technological challenge, the disclosed invention "relates generally to healthcare claim transactions, and

more particularly, to determining an increase in reimbursements resulting from increased reimbursement levels.” Spec. ¶ 2. In particular, the invention is directed to an insurance transaction for reimbursing a healthcare provider for healthcare products. Spec. ¶¶ 3, 12. Thus, the claims are similar to those found to be directed to the “abstract idea of billing insurance companies and organizing patient health information” in *In re Salwan*, No. 2016-2079, 2017 WL 957239 \*3 (Fed. Cir. Mar. 13, 2017) (nonprecedential). As the Federal Circuit recognized in *Salwan*, even when the concepts recited in the claims are “practical concepts,” they are nevertheless “fundamental economic and conventional business practices,” and thus are abstract ideas. *Id.* Alternatively or in addition, the claims are directed to a method of organizing human activities similar to that claimed in *Accenture Global Servs., GmbH v. Guidewire Software, Inc.*, 728 F.3d 1336, 1344–45 (Fed. Cir. 2013) (claims reciting “generalized software components arranged to implement an abstract concept [of generating insurance insurance-policy-related tasks based on rules to be completed upon the occurrence of an event] on a computer” not patent eligible).

For the foregoing reasons, Appellants’ arguments are unpersuasive of error in the Examiner’s determination that the claims are directed to an abstract idea under step 1 of *Alice*.

*Step 2 – Whether the Claims Amount to Significantly More*

In the second step, we “consider the elements of each claim both 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 78, 79). The Supreme Court has “described step two of this analysis as 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.’” *Id.* (quotation omitted).

The Examiner finds the reimbursement valuation system of claim 1 includes one or more computers that do not add meaningful limitations to the abstract idea of comparing new and stored information and using rules to identify options. Final Act. 2–3, Ans. 4–5. According to the Examiner “[t]here is no indication that the combination of elements improves the functioning of a computer or improves any other technology. Their collective functions merely provide [a] conventional computer implementation.” Ans. 5.

Appellants contend claim 1 includes an inventive concept embodied by the recited determining and aggregating steps. Br. 18. However, although arguing the steps constitute an “inventive concept [that] is significantly more than the alleged abstract idea of ‘comparing new and stored information and using rules to identify options’”, Appellants do not direct attention to evidence or provide persuasive reasoning in support of this conclusion. Mere attorney arguments and conclusory statements, which are unsupported by factual evidence, are entitled to little probative value. *In re Geisler*, 116 F.3d 1465, 1470 (Fed. Cir. 1997); *In re De Blauwe*, 736 F.2d 699, 705 (Fed. Cir. 1984). Attorney argument is not evidence. *In re Pearson*, 494 F.2d 1399, 1405 (CCPA 1974). Nor can such argument take the place of evidence lacking in the record.

Appellants further contend the claims are patent-eligible because “they do not preempt all practical applications of the idea.” Br. 18 (underlining omitted). The Examiner responds that “[t]he courts do not use

preemption as a stand-alone test for eligibility.” Ans. 6. We agree with the Examiner. “But we have consistently held that claims that are otherwise directed to patent-ineligible subject matter cannot be saved by arguing the absence of complete preemption.” *Return Mail, Inc. v. U.S. Postal Service*, 868 F.3d 1350, 1370 (Fed. Cir. 2017). “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 1371, 1379 (Fed. Cir. 2015). “Where a patent’s claims are deemed only to disclose patent ineligible subject matter under the *Mayo* framework, as they are in this case, preemption concerns are fully addressed and made moot.” *Id.*

Appellants also contend the claims recite unconventional steps which amount to substantially more than the abstract idea. Br. 20–21. Appellants argue:

The pending claims have been found allowable, other than the 35 U.S.C. §101 rejection, by the Examiner as evidenced by the fact that the Examiner has withdrawn all 35 U.S.C. §§ 102, 103, and 112 rejections. The failure of an ability to identify art sufficient to make a 35 U.S.C. §102 or §103 rejection is a direct indication that the claims include limitations that are other than what is well-understood, routine, and conventional.

Br. 21.

Appellants’ argument is unpersuasive of error in the Examiner’s determination under step 2 of *Alice*. Notwithstanding that “‘the § 101 patent-eligibility inquiry and, say, the § 102 novelty inquiry might sometimes overlap,’ [] a claim for a *new* abstract idea is still an abstract idea.” *Synopsys, Inc. v. Mentor Graphics Corp.*, 839 F.3d 1138, 1151 (*quoting Mayo*, 566 U.S. at 90). The question in step two of

the *Alice* framework is not whether an additional feature is novel but whether the implementation of the abstract idea involves “more than the performance of ‘well-understood, routine, [and] conventional activities previously known to the industry.’” *Content Extraction and Transmission LLC v. Wells Fargo Bank, Nat. Ass’n*, 776 F.3d 1343, 1347–48 (quoting *Alice*, 134 S.Ct. at 2359). In that regard, Appellants have neither explained what specifically in the claims amounts to more than the performance of “well-understood, routine, [and] conventional activities” are, or how they transform the abstract idea into patent-eligible subject matter. The fact that the claims do not stand rejected under § 102 or § 103 is alone inadequate to show claim 1 includes an element or combination of elements that is sufficient to ensure that in practice the claimed subject matter amounts to significantly more than to be upon the abstract idea itself.

For the foregoing reasons, Appellants’ arguments are unpersuasive of error in the Examiner’s determination that the claims do not amount to significantly more than the abstract idea itself under step 2 of *Alice*. Accordingly, we sustain the Examiner’s § 101 rejection of claims 1, 12 and 22. We also, accordingly, sustain the § 101 rejection of dependent claims 2, 4–11, 13, and 15–21, for which Appellants offer no separate arguments. *See* Br. 5–15; 37 C.F.R. § 41.37(c)(1)(iv).

*Rejection of Claim 22 as Directed to a Signal Per Se*

Appellants do not contest the rejection of claim 22 under 35 U.S.C. § 101 as reading on a signal per se and, therefore, including subject matter outside the four categories of patent eligible subject matter. *See* Final Act. 3, Ans. 6–7. Therefore, we summarily sustain the rejection of claim 22 on this additional basis. *See* 37 C.F.R. § 41.37(c)(1)(iv);

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1307, 1314 (Fed. Cir. 2008) (the Board may treat arguments appellant failed to make for a given ground of rejection as waived); *Ex parte Frye*, 94 USPQ2d 1072, 1075 (BPAI 2010) (precedential) (“If an appellant fails to present arguments on a particular issue — or, more broadly, on a particular rejection — the Board will not, as a general matter, unilaterally review those uncontested aspects of the rejection.”).

#### DECISION

We affirm the Examiner’s decision to reject claims 1, 2, 4–13, and 15–22 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