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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte JOE MEDEIROS, CHRISTINE MARIE RIEDL,
ROSE ANNE PAVAO, and BRYAN PALACIO

Appeal 2017-001807¹
Application 12/563,911²
Technology Center 3600

Before ANTON W. FETTING, TARA L. HUTCHINGS, and
AMEE A. SHAH, *Administrative Patent Judges*.

HUTCHINGS, *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 1–8 and 24–37. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

¹ Our decision references Appellants’ Appeal Brief (“App. Br.,” filed Jan. 20, 2016) and Reply Brief (“Reply Br.,” filed Nov. 15, 2016), and the Examiner’s Answer (“Ans.,” mailed Sept. 21, 2016) and Final Office Action (“Final Act.,” mailed May 28, 2015).

² Appellants identify Aetna Inc. as the real party in interest. App. Br. 3.

CLAIMED INVENTION

Appellants' claimed invention "relates generally to the field of electronic payment estimation and more specifically to electronically estimating payments in connection with procuring health care services." Spec. ¶ 1.

Claims 1, 24, and 30 are the independent claims on appeal. Claim 1, reproduced below with bracketed notations added, is illustrative of the claimed subject matter:

1. A method comprising:

[(a)] generating, by a health care information gateway server, a filtered list of available health care services and procedures based at least in part on user input of one or more of a health plan member's personal information and a specialty of a health care provider;

[(b)] causing, by the health care information gateway server, the filtered list of available health care services for the health plan member to be displayed via an electronic member interface on a computing device;

[(c)] receiving, by the health care information gateway server, an information element selected from the filtered list via the electronic member interface, the information element comprising an indicator of at least one of a medical service and a medical procedure for which a real-time out-of-pocket payment estimate is desired by the health plan member;

[(d)] querying, by the health care information gateway server, a claims database to determine one or more additional related services or procedures typically associated with the information element and grouping the at least one service or procedure of the information element with the additional related services or procedures based on the determination;

[(e)] compiling, by the health care information gateway server, a pseudo-claim by matching the medical services or procedures in the grouping with one or more of corresponding procedure codes and corresponding diagnosis codes;

[(f)] forwarding, by the health care information gateway server, the pseudo-claim to a claim adjudication engine executing at a claim adjudication server for adjudicating the pseudo-claim in real-time based at least in part on contract rates, health plan member's benefit status, and health plan parameters corresponding to the member's health plan, wherein adjudicating the pseudo-claim includes halting claim processing prior to payment being sent to the health care provider, wherein adjudicating the pseudo-claim and halting claim processing occur before rendering of the medical services or procedures by the health care provider;

[(g)] determining, by the health care information gateway server, the real-time out-of-pocket cost estimate for the desired medical service or procedure based on the claim adjudication server's processing of the pseudo-claim; and

[(h)] causing the real-time out-of-pocket cost estimate for the desired medical service or procedure to be presented via the electronic member interface on the computing device.

REJECTIONS

Claims 1–8 and 24–37 are rejected under 35 U.S.C. § 101 as directed to a judicial exception without significantly more.

Claims 1–8 and 24–37 are rejected under 35 U.S.C. § 103(a) as unpatentable over Pederson (US 2007/0043595 A1, pub. Feb. 22, 2007), Kennedy (US 2007/0005402 A1, pub. Jan. 4, 2007), and Carroll (US 2010/0138243 A1, pub. June 3, 2010).

ANALYSIS

Patent-Ineligible Subject Matter

Appellants argue the pending claims together. We select claim 1 as representative. The remaining claims stand or fall with claim 1. *See* 37 C.F.R. § 41.37(c)(1)(iv).

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. *Alice Corp. 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.*, 566 U.S. 66 (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., 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.” *Id.* (quoting *Mayo*, 566 U.S. at 79, 78).

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*, 566 U.S. at 71. Therefore, the Federal Circuit has instructed that claims are to be considered in their entirety to determine “whether their character as a whole is directed to excluded subject matter.” *McRO, Inc. v. Bandai Namco Games Am., Inc.*, 837 F.3d 1299, 1312

(Fed. Cir. 2016) (quoting *Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1346 (Fed. Cir. 2015)).

As an initial matter, we are not persuaded of Examiner error to the extent Appellants argue that the Examiner has failed to establish a prima facie case of patent-ineligibility. *See* App. Br. 10–11; *id.* at 11 (“The final Office Action does not engage in this two-part analysis”). In rejecting the pending claims under § 101, the Examiner analyzed the claims using the *Mayo/Alice* two-step framework. *See* Final Act. 2–3. Specifically, the Examiner notified Appellants that claim 1 is directed to “estimating payments in connection with procuring health care services,” which the Examiner determined is analogous to claims involving processing information and is a fundamental economic practice and, therefore, an abstract idea; and that claim 1, viewed as a whole, does not include an element or combination of elements that is sufficient to amount to significantly more than the judicial exception. *Id.* at 3. The Examiner, thus, notified Appellants of the reasons for the rejection in a sufficiently articulate and informative manner as to meet the notice requirement of § 132. And we find that, in doing so, the Examiner set forth a prima facie case of patent-ineligibility. *See In re Jung*, 637 F.3d 1356, 1362 (Fed. Cir. 2011) (holding that the USPTO carries its procedural burden of establishing a prima facie case when its rejection satisfies the requirements of 35 U.S.C. § 132 by notifying the applicant of the reasons for rejection, “together with such information and references as may be useful in judging of the propriety of continuing the prosecution of [the] application”) (alteration in original).

We also do not agree with Appellants that the Examiner has overgeneralized the claimed invention as directed to “estimating payments in

connection with procuring health care services,” or that the Examiner has “ignore[d] all of the substantive claim elements.” App. Br. 11. Taking claim 1 as an example, and quoting the claim language, Appellants argue that claim 1 recites a “specific and practical application of the inventive principles, which involves determining . . . the real-time out-of-pocket cost estimate for the desired medical service or procedure based on the claim adjudication server’s processing of the pseudo-claim” and “does not implicate the *Alice Corp.* concerns with respect to monopolization of the basic tools of scientific and technological work.” *Id.* at 11–13.

There is no dispute that the Supreme Court has described “the concern that drives [the exclusion of abstract ideas from patent eligible subject matter] as one of pre-emption.” *Alice Corp.*, 134 S. Ct. at 2354. But characterizing preemption as a driving concern for patent eligibility is not the same as characterizing preemption 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 Corp.*, 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.*

The Federal Circuit has explained that “the ‘directed to’ inquiry applies a stage-one filter to claims, considered in light of the [S]pecification, based on whether ‘their character as a whole is directed to excluded subject matter.’” *See Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1335 (Fed. Cir. 2016) (quoting *Internet Patents Corp.*, 790 F.3d at 1346). It asks

whether the focus of the claims is on a specific improvement in relevant technology or on a process that itself qualifies as an “abstract idea” for which computers are invoked merely as a tool. *See id.* at 1335–36. The Examiner’s determination here — that the claims are directed to “estimating payments in connection with procuring health care services” — is fully consistent with the Specification, including the claim language (*see, e.g.*, Spec., Title (“Health Care Payment Estimator”), ¶ 1 (the invention relates to “electronically estimating payments in connection with procuring health care services”), ¶ 10 (“Figure 1 . . . illustrat[es] . . . a health care payment estimation system environment”), Abstract (“[e]mbodiments . . . construct a pseudo-claim based on the information gathered via the member or provider interfaces and provide an accurate real-time estimate of the member’s out-of-pocket responsibility based on adjudicating the pseudo-claim by taking into account the details of the member’s health plan and current benefit levels”), claim 1 (recites a method that results in “causing the real-time out-of-pocket cost estimate for the desired medical service or procedure to be presented”). Appellants cannot reasonably deny that providing estimates in connection with procuring health care services is not a longstanding economic practice.

Appellants would seemingly characterize the claimed invention differently than does the Examiner, e.g., by including additional claim language; but, that difference only relates to the level of abstraction. An abstract idea can be expressed at various levels of abstraction. *See Apple, Inc. v. Ameranth, Inc.*, 842 F.3d 1229, 1240–41 (Fed. Cir. 2016) (“An abstract idea can generally be described at different levels of abstraction. As the Board has done, the claimed abstract idea could be described as

generating menus on a computer, or generating a second menu from a first menu and sending the second menu to another location. It could be described in other ways, including, as indicated in the specification, taking orders from restaurant customers on a computer.”). That the Examiner articulates the abstract idea at a higher level of abstraction than does Appellants is an insufficient basis for finding that the claims are not directed to an abstract idea.

Here, independent claim 1 is directed to a method that recites the steps, performed by a generic server (*see* Spec. ¶ 16) of generating a filtered list; causing the filtered list to be displayed; receiving an information element selected from the filtered list; querying a claims database; compiling a pseudo-claim; forwarding the pseudo claim; determining the real-time out-of-pocket cost estimate; and causing the real-time out-of-pocket cost estimate to be presented. In other words, claim 1 involves nothing more than collecting data, analyzing the data, and displaying the result of the analysis, to estimate payments without any inventive technology integrated into the “specific and practical application” (App. Br. 11) — a method of organizing activities and a financial economic practice, i.e., an abstract idea. *See, e.g., Elec. Power Grp. LLC v. Alstom, S.A.*, 830 F.3d 1350, 1353–54 (Fed. Cir. 2016) (characterizing collecting information, analyzing information by steps people go through in their minds, or by mathematical algorithms, and presenting the results of collecting and analyzing information, without more, as matters within the realm of abstract ideas); *Intellectual Ventures I LLC v. Capital One Bank (USA)*, 792 F.3d 1363, 1369–70 (Fed. Cir. 2015) (customizing and tailoring web page content based on navigation history and known user information); *FairWarning IP, LLC v.*

Iatric Systems, Inc., 839 F.3d 1089 (Fed. Cir. 2016) (collecting and analyzing information to detect misuse and notifying a user when misuse is detected). Accordingly, we are not persuaded that the Examiner erred in determining that the claims are similar to other information gathering and processing claims that the courts have held to be invalid. *See* Final Act. 3.

Turning to the second step of the *Mayo/Alice* framework, Appellants assert that claim 1, for example, recites steps that “are not ‘conventional,’ as evidenced by the lack of prior art teaching or suggesting such steps (as disclosed below), and the overall method recited in claim 1 constitutes a practical application of the inventive concepts so as to qualify as patent-eligible subject matter.” App. Br. 13–14; *see also* Reply Br. 5–6. We note that the mere recitation of a practical application for an abstract idea is insufficient to transform the abstract idea into a patent-eligible invention. *Cf. CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1371 (Fed. Cir. 2011) (“The Court [in *Parker v. Flook*, 437 U.S. 584 (1978)] rejected the notion that the recitation of a practical application for the calculation could alone make the invention patentable.”). To the extent that Appellants maintain that the claims are patent-eligible because they are allegedly novel and/or non-obvious in view of the prior art, Appellants misapprehend the controlling precedent.

A finding of novelty or non-obviousness does not automatically lead to the conclusion that the claimed subject matter is patent-eligible. Although the second step in the *Mayo/Alice* 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 (citation omitted). “Groundbreaking, innovative, or even brilliant discovery does not by itself satisfy the § 101 inquiry.” *Ass’n for Molecular Pathology v. Myriad Genetics, Inc.*, 569 U.S. 576, 591 (2013). A novel and non-obvious claim directed to a purely abstract idea is, nonetheless, patent-ineligible. *See Mayo*, 566 U.S. at 90; *see also Diamond v. Diehr*, 450 U.S. 175, 188–89 (1981) (“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.”).

Appellants argue that the claimed invention “does not generically recite the use of a computer, but rather provides a specific computer system for determining the real-time out-of-pocket cost estimate for the desired medical service or procedure that incorporates multiple computing devices that interact with one another to solve a problem faced by prior approaches.” App. Br. 14. Citing *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014), Appellants argue that the claims are patent eligible because they do not recite a fundamental economic or longstanding commercial practice, are limited to the realm of computers, and have no brick-and-mortar analog. *Id.*; *see also* Reply Br. 6.

Yet, the claims at issue in *DDR Holdings* were directed to retaining website visitors, and in particular to a system that modified the conventional web browsing experience by directing a user, who clicks an advertisement on a host website, to a “store within a store” on the host website, rather than directing the user to the advertiser’s third-party website. *DDR Holdings*, 773 F.3d at 1257–58. The court determined that “the claims address a

business challenge (retaining website visitors) [that] is a challenge particular to the Internet.” *Id.* at 1257. The court also determined that the invention was “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.* Instead, the claimed invention changed the routine, conventional functioning of Internet hyperlink protocol. *Id.* Here, unlike the situation in *DDR Holdings*, there is no indication that a server, computer network or the Internet is used other than in its normal, expected, and routine manner for requesting, receiving, and processing data.

Pointing to the Federal Circuit’s decision in *McRO, Inc. v. Bandai Namco Games Am., Inc.*, 837 F.3d 1299 (Fed. Cir. 2016) and quoting the language recited in Appellants’ claim 1, Appellants argue that the claimed invention is patent-eligible because it focuses on a specific improvement to a particular field, is a specific and practical application of inventive principles, and does not implicate concerns with respect to monopolization. Reply Br. 3–5. Yet, the *McRO* court explicitly “recognized that ‘the absence of complete preemption does not demonstrate patent eligibility.’” *McRO*, 837 F.3d at 1315 (quoting *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015)). Instead, the Federal Circuit determined that the claims at issue were directed to a technological improvement over existing 3–D animation techniques by using limited rules to enable the computer to produce accurate and realistic synchronization in animated characters that previously only could be produced manually by humans. *Id.* at 1316. We find no evidence of record here to support the argument that

the present situation is directed to a technological improvement analogous to the one in *McRO*.

We are not persuaded, on the present record, 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 claims 2–8 and 24–37, which fall with claim 1.

Obviousness

Appellants argue the pending claims together. We select claim 1 as representative. The remaining claims stand or fall with claim 1. *See* 37 C.F.R. § 41.37(c)(1)(iv).

Appellants assert that the Examiner erred in rejecting claim 1 under 35 U.S.C. § 103(a), because none of Pederson, Kennedy, and Carroll teach that adjudicating the pseudo-claim includes halting claim processing prior to payment being sent to the health care provider, as required by limitation (f). *See* App. Br. 15–16; *see also* Reply Br. 7–9.

In the Final Office Action, the Examiner relies on Kennedy as disclosing most aspects of limitation (f) (i.e., forwarding the pseudo-claim to a claim adjudication engine for adjudicating the pseudo-claim in real-time based at least on contract rates, health plan member's benefit status, and health plan parameters corresponding to the member's plan, wherein adjudicating the pseudo-claim and halting claim processing occurs before rendering of the medical services or procedures). Final Act. 5–6 (citing Kennedy ¶¶ 6, 37). And the Examiner relies on Carroll for teaching the remaining aspect of limitation (f) (i.e., adjudicating includes halting claim

processing prior to payment being sent to the health care provider). *Id.* at 6 (citing Carroll ¶ 42).

Appellants argue that an eligibility inquiry, as disclosed by Kennedy at paragraph 37, does not teach that adjudicating includes halting claim processing prior to payment being sent. App. Br. 15. Appellants argue that Carroll fails to cure the deficiencies. According to Appellants, Carroll describes a traditional adjudication system in which some claims are paid and other claims are denied, and thus does not describe “halting” of claim processing prior to sending payment. *Id.* at 16 (citing Carroll ¶ 42). In the Answer, the Examiner additionally finds that Kennedy teaches this aspect of limitation (f). *See* Ans. 16 (citing Kennedy ¶ 64).

By way of Background, Kennedy relates to providing real-time claim adjudication and payment for a health care charge. Kennedy ¶ 6. When a consumer visits a healthcare provider, the consumer presents a card that identifies the consumer and the consumer’s insurer. *Id.* ¶ 37. The provider uses the card to verify health care plan coverage before providing health care to the consumer. *Id.* A third party network evaluates claims entered by a provider on a real-time basis, and requests corrections of errors that would delay claim processing by the health network. *Id.* ¶ 64. The third party network does not pass a claim to the health network until the provider properly completes the claim. *Id.*

The Examiner takes the position that not passing a claim to a health network, as described by Kennedy at paragraph 64, is equivalent to halting the claim processing prior to payment being sent to the health care provider, as required by limitation (f). Ans. 16–17. In the Reply Brief, Appellants do not rebut this finding, and we are not persuaded that the Examiner erred.

With respect to limitation (f), Appellants also argue that Carroll does not teach the halting of claim processing occurs before rendering medical services, because Carroll’s “medical services have already been performed when claim reimbursement is refused for poor quality of care.” Reply Br. 8. However, the Examiner relies on Kennedy for this aspect of the claim language. *See* Final Act. 6; *see also* Ans. 17.

Appellants assert that Carroll does not teach limitation (g). App. Br. 15. However, even if Appellants’ assertion amounted to a substantive argument for patentability, Appellants’ argument is not persuasive because the Examiner relies on Pederson for limitation (g). *See* Final Act. 5 (citing Pederson ¶ 6); *see also In re Lovin*, 652 F.3d 1349, 1357 (Fed. Cir. 2011) (“[W]e hold that the Board reasonably interpreted Rule 41.37 to require more substantive arguments in an appeal brief than a mere recitation of the claim elements and a naked assertion that the corresponding elements were not found in the prior art.”).

Therefore, we sustain the Examiner’s rejection under 35 U.S.C. § 103(a) of independent claim 1. We also sustain the rejection of claims 2–8 and 24–37, which fall with independent claim 1.

DECISION

The Examiner’s rejection of claims 1–8 and 24–37 under 35 U.S.C. § 101 is affirmed.

The Examiner’s rejection of claims 1–8 and 24–37 under 35 U.S.C. § 103(a) is affirmed.

Appeal 2017-001807
Application 12/563,911

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