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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
13/225,430	09/03/2011	Dena Bravata	29042-21688	1515

758 7590 01/22/2019

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EXAMINER
DONLON, RYAN D

ART UNIT	PAPER NUMBER
3695	

NOTIFICATION DATE	DELIVERY MODE
01/22/2019	ELECTRONIC

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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte DENA BRAVATA,
ANASTASIA TOLES,
MAEVE O'MEARA,
MATTHEW VANDERZEE,
RINA HORIUCHI,
and NAVEEN SAXENA

Appeal 2017-002727[1]
Application 13/225,430[2]
Technology Center 3600

Before HUBERT C. LORIN, ANTON W. FETTING, and TARA L. HUTCHINGS, *Administrative Patent Judges*.

FETTING, *Administrative Patent Judge*.

DECISION ON APPEAL

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[1] Our decision will make reference to the Appellants' Appeal Brief ("Br.," filed May 25, 2016) and published Specification ("Spec.," published Sept. 13, 2012), and the Examiner's Answer ("Ans.," mailed October 27, 2016), and Final Action ("Final Act.," mailed November 23, 2015).

[2] According to Appellants, the real party in interest is Castlight Health, Inc. (Br. 1).

STATEMENT OF THE CASE

Dena Bravata, Anastasia Toles, Maeve O'Meara, Matthew Vanderzee, Rina Horiuchi, and Naveen Saxena (Appellants) seek review under 35 U.S.C. § 134 of a final rejection of claims 1, 3, 5–17, 21–23, and 43–49, the only claims pending in the application on appeal. We have jurisdiction over the appeal pursuant to 35 U.S.C. § 6(b).

The Appellants invented a way of reference pricing[3] of health care deliverables. Specification ¶ 2.

An understanding of the invention can be derived from a reading of exemplary claim 1, which is reproduced below (bracketed matter and some paragraphing added).

> 1. A computer-implemented method of determining reference pricing of health care deliverables to be obtained by users and to be paid for by a payer other than the users, comprising:
>
> [1] storing in a provider prices database negotiated rates for a health care deliverable from each of a plurality of health care providers,
>
> each health care provider located at a geographic location;
>
> [2] receiving from a computing device of a payer a maximum distance for a user to travel to obtain the health care deliverable;
>
> [3] determining
>
> using the negotiated rates in the provider prices database,

[3] Reference pricing: applying a fair cap (the reference price) to the amount that payers of health care services will pay. Spec. ¶ 4.

> the reference price for the health care deliverable to be obtained by the user
>
> as a function of the maximum distance and the negotiated rates of health care providers having geographic locations within the maximum distance,
>
> wherein the reference price is a capped price the payer will pay for the health care deliverable obtained by the user;
>
> wherein the payer is not the user who obtains the health care deliverable from the health care provider;
>
> and
>
> [4] storing the reference price in association with the health care deliverable in a reference price database.

Claims 1, 3, 5–17, 21–23, and 43–49 stand rejected under 35 U.S.C. § 101 as directed to a judicial exception without significantly more.

ISSUES

The issues of eligible subject matter turn primarily on whether the claims recite more than abstract conceptual advice of what a computer is to provide without implementation details.

ANALYSIS

STEP 1[4]

Claim 1, as a method claim, recites one of the enumerated categories of eligible subject matter in 35 U.S.C. § 101. The issue before us is whether it is directed to a judicial exception without significantly more.

STEP 2

[4] For continuity of analysis, we adopt the steps nomenclature from the USPTO's 2019 Revised Patent Subject Matter Eligibility Guidance, 84 FR 50 (Jan. 7, 2019).

The Supreme Court

> set forth a framework for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts. First, . . . determine whether the claims at issue are directed to one of those patent-ineligible concepts. If so, we then ask, "[w]hat else is there in the claims before us? To answer that question, . . . 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. [The Court] 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."

Alice Corp., Pty. Ltd. v CLS Bank Intl, 573 U.S. 208, 217–18 (2014) (citations omitted) (*citing Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. 66 (2012)). To perform this test, we must first determine what the claims are directed to. This begins by determining whether the claims recite one of the judicial exceptions (a law of nature, a natural phenomenon, or an abstract idea). Then, if claims recite a judicial exception, determining whether the claims at issue are directed to the recited judicial exception, or whether the recited judicial exception is integrated into a practical application of that exception. If the claims are directed to a judicial exception, then finally determining whether the claims provide an inventive concept because the additional elements recited in the claims provide significantly more than the recited judicial exception.

STEP 2A Prong 1

Method claim 1 recites storing rate data, receiving distance data, and determining and storing reference price data using the rate data and distance

data. Thus, claim 1 recites receiving, analyzing, modifying, and storing data. None of the limitations recite technological implementation details for any of these steps, but instead recite only functional results to be achieved by any and all possible means.

From this we see that claim 1 does not recite the judicial exceptions of either natural phenomena or laws of nature. The next issue is whether it recites the judicial exception of an abstract idea. To answer this, we next determine whether it recites one of the concepts the Courts have held to be lacking practical application, *viz.* mathematical concepts,[5] certain methods of organizing human interactions,[6] including fundamental economic practices and business activities, or mental processes.[7]

The Examiner determines the claims to be directed to healthcare deliverables which is a business for profit and a negotiated rate contract which is a fundamental economic, and commercial practice. Final Act. 2–3.

The preamble to claim 1 recites that it is a method of determining reference pricing of health care deliverables to be obtained by users and to be paid for by a payer other than the users. The steps in claim 1 result in

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[5] *See e.g., Gottschalk v. Benson*, 409 U.S. 63, 71–72 (1972); *Bilski v. Kappos*, 561 U.S. 593, 611 (2010); *Mackay Radio & Telegraph Co. v. Radio Corp. of Am.*, 306 U.S. 86, 94 (1939); *SAP America, Inc. v. InvestPic, LLC*, 898 F.3d 1161, 1163 (Fed. Cir. 2018)

[6] *See e.g., Bilski*, 561 U.S. at 628; *Alice*, 573 U.S. at 219-20; *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 715 (Fed Cir. 2014); *Smart Systems Innovations, LLC v. Chicago Transit Authority*, 873 F.3d 1364, 1383 (Fed. Cir. 2017); *In re Marco Guldenaar Holding B.V.,* 2018 WL 6816331 (Fed. Cir. 2018)

[7] *See e.g., Benson*, 409 U.S. at 67; *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1371–1372 (Fed. Cir. 2011); *Intellectual Ventures I LLC v. Symantec Corp.*, 838 F.3d 1307, 1318 (Fed. Cir. 2016)

determining and storing a reference price for healthcare deliverables absent any technological mechanism other than a conventional computer for doing so.

As to the specific limitations, limitations 1 and 2 recite insignificant data gathering and limitation 4 recites insignificant post solution data storage. Limitation 3 is the only step associated with performing what the claim produces and recites getting to this pricing by conceptually advising one to compute the price as a function of rate and distance data, which is simply a mathematical computation. To advocate computing a price as a function of rate and distance data is conceptual advice for results to be obtained and not technological operations.

The Specification at paragraph 2 describes the invention as relating to reference pricing of health care deliverables. Thus, all this intrinsic evidence shows that claim 1 is directed to pricing healthcare deliverables, i.e., pricing. This is consistent with the Examiner's determination.

The concept of pricing is a fundamental economic and business practice long prevalent in our system of commerce. The use of pricing is also a building block of ingenuity in valuing goods and services for sale. Thus, pricing is an example of a conceptual idea subject to the Supreme Court's "concern that patent law not inhibit further discovery by improperly tying up the future use of these building blocks of human ingenuity." *See Alice*, 573 U.S. at 216 (citations omitted).

Claim 1 recites the idea of performing various conceptual steps generically resulting in the pricing. As we determined earlier, none of these steps recite specific technological implementation details, but instead get to this result by advising one to compute the price as a function of rate and

distance data. Thus claim 1 is directed to pricing, which is a fundamental economic and business practice.

This in turn is an example of sales activities as a certain method of organizing human interactions because pricing is a mechanism for inducing humans to coordinate in the marketplace for sales transactions.

The concept of pricing as advised to be done by computing the price as a function of rate and distance data is a way of coordinating the efforts of healthcare providers who set rates and operate at varying distances. The steps recited in claim 1 are part of the healthcare provision system and operate to set prices that are agreeable for effective performance by all parties.

Our reviewing court has found claims to be directed to abstract ideas when they recited similar subject matter. *OIP Technologies, Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1362 (2015) (price optimization); *Versata Development Group, Inc. v. SAP America, Inc.*, 793 F.3d 1306, 1333-34 (2015) (price determination).

Alternately, this is an example of observation and evaluation as mental processes because the steps of receiving, analyzing, modifying, and storing data mimic human thought processes, perhaps with paper and pencil, where the data interpretation is perceptible only in the human mind. *See In re TLI Commc'ns LLC Patent Litig.*, 823 F.3d 607, 611 (Fed. Cir. 2016); *FairWarning IP, LLC v. Iatric Sys., Inc.*, 839 F.3d 1089, 1093–94 (Fed. Cir. 2016). Claim 1, unlike the claims found non-abstract in prior cases, uses generic computer technology to perform data reception, analysis, modification, and storage and does not recite an improvement to a particular computer technology. *See, e.g., McRO, Inc. v. Bandai Namco Games Am.*

Inc., 837 F.3d 1299, 1314–15 (Fed. Cir. 2016) (finding claims not abstract because they "focused on a specific asserted improvement in computer animation"). As such, claim 1 is directed to the abstract idea of receiving, analyzing, modifying, and storing data, and not a technological implementation or application of that idea.

From this we conclude that at least to this degree, claim 1 is directed to the abstract idea of pricing by advising one to compute the price as a function of rate and distance data.

STEP 2A Prong 2

The next issue is whether claim 1 not only recites, but is more precisely directed to this concept itself or whether it is instead directed to some technological implementation or application of, or improvement to, this concept i.e., integrated into a practical application.[8]

> At the same time, we tread carefully in construing this exclusionary principle lest it swallow all of patent law. At some level, "all inventions ... embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas." Thus, an invention is not rendered ineligible for patent simply because it involves an abstract concept. "[A]pplication[s]" of such concepts "'to a new and useful end,'" we have said, remain eligible for patent protection. Accordingly, in 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. *Alice*, 573 U.S. at 217 (citations omitted).

The introduction of a computer into the claims does not alter the analysis at *Mayo* step two.

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[8] *See, e.g., Alice*, 573 U.S. at 223, discussing *Diamond v. Diehr*, 450 U.S. 175 (1981).

> the mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention. Stating an abstract idea "while adding the words 'apply it'" is not enough for patent eligibility. Nor is limiting the use of an abstract idea "'to a particular technological environment.'" Stating an abstract idea while adding the words "apply it with a computer" simply combines those two steps, with the same deficient result. Thus, if a patent's recitation of a computer amounts to a mere instruction to "implement[t]" an abstract idea "on . . . a computer," that addition cannot impart patent eligibility. This conclusion accords with the preemption concern that undergirds our § 101 jurisprudence. Given the ubiquity of computers, wholly generic computer implementation is not generally the sort of "additional feature[e]" that provides any "practical assurance that the process is more than a drafting effort designed to monopolize the [abstract idea] itself."

Alice, 573 U.S. at 223–24 (citations omitted).

"[T]he relevant question is whether the claims here do more than simply instruct the practitioner to implement the abstract idea [] on a generic computer." *Alice*, 573 U.S. at 225. They do not.

Taking the claim elements separately, the function performed by the computer at each step of the process is purely functional, devoid of implementation details. Steps 1 and 2 are pure data gathering steps. Limitations describing the nature of the data do not alter this. Step 4 is insignificant post solution activity of storing the results. Step 3 recites generic computer processing expressed in functional terms to be performed by any and all possible means and so presents no more than abstract conceptual advice. All purported inventive aspects reside in how the data is interpreted and the results desired, and not in how the process physically enforces such a data interpretation or in how the processing technologically achieves those results.

Viewed as a whole, Appellants' method claim 1 simply recites the concept of pricing as performed by a generic computer. To be sure, the claims recite doing so by advising one to compute the price as a function of rate and distance data. But this is no more than abstract conceptual advice on the parameters for such pricing and the generic computer processes necessary to process those parameters, and do not recite any particular implementation.

Method claim 1 does not, for example, purport to improve the functioning of the computer itself. Nor does it effect an improvement in any other technology or technical field. The Specification spells out different generic equipment[9] and parameters that might be applied using this concept and the particular steps such conventional processing would entail based on the concept of pricing under different scenarios. But the Specification does not describe any particular improvement in the manner a computer functions. Instead, claim 1 amounts to nothing significantly more than an instruction to apply the abstract idea of pricing by advising one to compute the price as a function of rate and distance data using some unspecified, generic computer. Under our precedents, that is not enough to transform an abstract idea into a patent-eligible invention. *See Alice*, 573 U.S. at 225–26.

None of the limitations reflect an improvement in the functioning of a computer, or an improvement to other technology or technical field, applies or uses a judicial exception to effect a particular treatment or prophylaxis for a disease or medical condition, implements a judicial exception with, or uses a judicial exception in conjunction with a particular machine or manufacture

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[9] The Specification describes a personal computer or a laptop. Spec. ¶ 24.

that is integral to the claim, effects a transformation or reduction of a particular article to a different state or thing, or applies or uses the judicial exception in some other meaningful way beyond generally linking the use of the judicial exception to a particular technological environment, such that the claim as a whole is more than a drafting effort designed to monopolize the exception.

We conclude that claim 1 is directed to advising one to compute the price as a function of rate and distance data to achieve the functional result of pricing as distinguished from a technological improvement for achieving or applying that result. The claim does not integrate the judicial exception into a practical application.

STEP 2B

The next issue is whether claim 1 provides an inventive concept because the additional elements recited in the claims provide significantly more than the recited judicial exception. Taking the claim elements separately, the function performed by the computer at each step of the process is purely conventional. Using a computer for receiving, analyzing, modifying, and storing data amounts to electronic data query and retrieval—one of the most basic functions of a computer. All of these computer functions are generic, routine, conventional computer activities that are performed only for their conventional uses. *See Elec. Power Grp. v. Alstom S.A.*, 830 F.3d 1350, 1353 (Fed. Cir. 2016). *Also see In re Katz Interactive Call Processing Patent Litigation*, 639 F.3d 1303, 1316 (Fed. Cir. 2011) ("Absent a possible narrower construction of the terms 'processing,' 'receiving,' and 'storing,' . . . those functions can be achieved by any general purpose computer without special programming"). None of these activities are used in some

unconventional manner nor do any produce some unexpected result. Appellants do not contend they invented any of these activities. In short, each step does no more than require a generic computer to perform generic computer functions. As to the data operated upon, "even if a process of collecting and analyzing information is 'limited to particular content' or a particular 'source,' that limitation does not make the collection and analysis other than abstract." *SAP America, Inc. v. InvestPic LLC*, 898 F.3d 1161, 1168 (Fed. Cir. 2018).

Considered as an ordered combination, the computer components of Appellants' method claims add nothing that is not already present when the steps are considered separately. The sequence of data reception-analysis-modification-storage is equally generic and conventional or otherwise held to be abstract. *See Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 715 (Fed. Cir. 2014) (sequence of receiving, selecting, offering for exchange, display, allowing access, and receiving payment recited an abstraction), *Inventor Holdings, LLC v. Bed Bath & Beyond, Inc.*, 876 F.3d 1372, 1378 (Fed. Cir. 2017) (sequence of data retrieval, analysis, modification, generation, display, and transmission), *Two-Way Media Ltd. v. Comcast Cable Communications, LLC*, 874 F.3d 1329, 1339 (Fed. Cir. 2017) (sequence of processing, routing, controlling, and monitoring). The ordering of the steps is therefore ordinary and conventional.[10]

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[10] The programming is described in functional terms "embodying a program of instructions that when executed by the machine cause the machine to perform a method of providing a payer with a platform for reference pricing of health care deliverables." Spec. ¶ 74.

We conclude that the claim 1 does not provide an inventive concept because the additional elements recited in the claim do not provide significantly more than the recited judicial exception.

REMAINING CLAIMS

The remaining method claims merely describe process parameters. We conclude that the method claims at issue are directed to a patent-ineligible concept itself, and not to the practical application of that concept.

As to the structural claim, it

> [is] no different from the method claims in substance. The 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. This Court has long "warn[ed] ... against" interpreting § 101"in ways that make patent eligibility 'depend simply on the draftsman's art.'

Alice, 573 U.S. at 226. As a corollary, the claim is not directed to any particular machine.

LEGAL CONCLUSION

From these determinations we further determine that the claims do not recite an improvement to the functioning of the computer itself or to any other technology or technical field, a particular machine, a particular transformation, or other meaningful limitations. From this we conclude the claims are directed to a judicial exception, that of the abstract idea of pricing as a certain method of organizing human behavior and/or a mental process, without significantly more.

APPELLANTS' ARGUMENTS

As to Appellants' Appeal Brief arguments, we adopt the Examiner's determinations and analysis from Final Action 2–5 and Answer 2–5 and reach similar legal conclusions. In particular, we are not persuaded by

Appellants' argument that the claims are not directed to something fundamental. Br. 8–16. As we determine supra, the claims re directed to pricing. The history of pricing for goods and services transactions is too long and notorious to seriously argue it is not fundamental. Although Appellants argue that the claims are directed to pricing using the remaining limitations in the claims, these limitations only recite the parameters used and mathematical operations applied to compute the price, and do not go to any particular technological implementation or application of the recited pricing.

> The patent in this case is not directed to the solution of a "technological problem," nor is it directed to an improvement in computer or network functionality. Instead, it claims the general concept of out-of-region delivery of broadcast content through the use of conventional devices, without offering any technological means of effecting that concept.

Affinity Labs of Texas, LLC v. DIRECTV, LLC, 838 F.3d 1253, 1262 (Fed. Cir. 2016).

CONCLUSIONS OF LAW

The rejection of claims 1, 3, 5–17, 21–23, and 43–49 under 35 U.S.C. § 101 as directed to a judicial exception without significantly more is proper.

DECISION

The rejection of claims 1, 3, 5–17, 21–23, and 43–49 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). *See* 37 C.F.R. § 1.136(a)(1)(iv) (2011).

AFFIRMED