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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte JONATHAN YEE¹

Appeal 2017-007051
Application 12/547,318
Technology Center 3600

Before MURRIEL E. CRAWFORD, MICHAEL C. ASTORINO, and
BRADLEY B. BAYAT, *Administrative Patent Judges*.

CRAWFORD, *Administrative Patent Judge*.

DECISION ON APPEAL
STATEMENT OF THE CASE

Appellant seeks our review under 35 U.S.C. § 134 of the Examiner's final rejection of claims 1, 12, 13, 15–17 and 19–22. We have jurisdiction under 35 U.S.C. § 6(b).

SUMMARY OF DECISION

We AFFIRM.

THE INVENTION

Appellant claim a method and system for retaining customers with interrupted payment streams. (Spec. ¶ 6, Title).

¹ According to Appellant, the real party in interest is American International Group, Inc. *See* Appeal Br. 1.

Claim 1 is representative of the subject matter on appeal.

1. A method for a provider to retain customers with interrupted payment streams, comprising:

employing a processor to execute computer executable instructions stored on a tangible computer-readable medium to generate a payment order for an unpaid periodic payment from a customer that purchased an insurance policy with a series of periodic payments according to a schedule and to submit electronically the payment order to a bank processor for payment, the payment order based on customer billing information stored in a customer information database contained on an electronic storage device and accessed by the processor;

employing the processor to execute computer executable instructions stored on the tangible computer-readable medium to identify the customer as an at-risk-for-lapse customer based on receiving an electronic indication from the bank processor that the payment order is refused, wherein the insurance policy has not yet lapsed;

employing the processor to execute computer executable instructions stored on the tangible computer-readable medium to place the at-risk-for-lapse customer in at least one of a plurality of different segments of at-risk-for-lapse customers based upon customer information stored in the customer information database contained on the electronic storage device and accessed by the processor;

employing the processor to execute computer executable instructions stored on the tangible computer-readable medium to contact said at-risk-for-lapse customer prior to the insurance policy lapsing by use of at least one of a set of communication channels following one of a plurality of different contact protocols, the selection of the contact protocol based upon the segment of at-risk-for-lapse customers in which the at-risk-for-lapse customer is placed, wherein the different contact protocols vary in at least one of message content, contact timing, and frequency of contact attempts, the contact being configured to request a payment mechanism for the unpaid periodic payment to prevent the insurance policy from lapsing, the set of communication channels including an electronic message sent to said at-risk-for-lapse customer using an electronic contact information

entry stored within said customer information database, a postal mail letter generated by a postal mail generation device adapted to generate printed matter containing the message content of the selected contact protocol and sent to a mailing address of said at-risk-for-lapse customer stored within said customer information database, and an outbound telephonic connection between an automated call distributor and said at-risk-for-lapse customer using said automated call distributor using one of a set of scripted messages and telephone contact information of said at-risk-for-lapse customer stored within said customer information database;

employing the processor to execute computer executable instructions stored on the tangible computer-readable medium to record a transaction record indicative of said at least one failed billing attempt in a transaction history for said at-risk-for-lapse customer stored in the customer information database contained on the electronic storage device and accessed by the processor.

THE REJECTION

Claims 1, 12, 13, and 19–22 are rejected under 35 U.S.C. § 101 as directed to a judicial exception without significantly more.

Claims 1, 12, 13, and 19–22 are rejected under 35 U.S.C. § 103(a) as being unpatentable over Kosiba in view of Kolling and Ruth.

Kolling et al. (Kolling)	US 5,920,847	July 6, 1999
Kosiba et al. (Kosiba)	US 6,098,052	Aug. 1, 2000
Ruth et al. (Ruth)	US 2002/0169715 A1	Nov. 14, 2002

ANALYSIS

35 U.S.C. § 101 REJECTION

We will sustain the rejection of claims 1, 12, 13, and 19–22 under 35 U.S.C. § 101.

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, . . . 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 Int’l, 134 S. Ct. 2347, 2355 (2014) (citing *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 72–73 (2012)) (citations omitted).

To perform this test, we must first determine whether the claims at issue are directed to a patent-ineligible concept. 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 English, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1335 (Fed. Cir. 2016) (quoting *Internet Patents Corp.*, 790 F.3d 1343, 1346 (Fed. Cir. 2015)). 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.

In so doing we apply a “directed to” two prong test: 1) evaluate whether the claim recites a judicial exception, and 2) if the claim recites a

judicial exception, evaluate whether the judicial exception is integrated into a practical application. *2019 Revised Patent Subject Matter Eligibility Guidance*, 84 Fed. Reg. 50, 50–57 (Jan. 7, 2019) (“*Guidance*”).

The Examiner determines that the claims are directed to a judicial exception specifically identifying and contacting customers with delinquent accounts. (Final Act. 2). The Examiner determines that monitoring payment account status in order to minimize loss by businesses due to delinquent accounts is well-understood, routine and conventional activity previously known to the industry. (Final Act. 2). In the Answer, the Examiner determines that the claims are directed to a fundamental economic practice and a certain method of organizing human activity. (Ans. 3). The Examiner also finds that the additional elements recited include employing a processor to group the customers and record customer data and do not amount to significantly more than the judicial exception. (Final Act. 2).

Appellant’s Specification discloses that in operating an insurance business, customers are billed on a regular, periodic basis and that the payments are made by a debit to an account or the payments are remitted periodically by mail, internet or phone. (Spec. ¶ 1–3). If a payment is not remitted or cannot be debited, for example because the payment cannot be charged to the customer’s billing information on file, the insurance coverage can lapse. (Spec. ¶ 4). The present invention is a proactive retention initiative that provides the carrier with the ability to reconnect with customers and ask them to provide alternate billing methods when the billing methods on file are not adequate for providing the carrier with the premium payments that become due. (Spec. ¶ 5). This ability to reconnect with customers provides an opportunity to continue coverage on policies that may

otherwise have lapsed. The advantage of the invention is that turnover of customers may be reduced, thus reducing the cost of providing continuing coverage. The invention also helps in building and maintaining a stronger relationship with the customer base.

Claim 1 recites the steps of employing a processor to execute instructions to “generate a payment order,” “identify the customer as an at-risk-for-lapse customer based on receiving an electronic indication . . . that the payment order is refused, wherein the insurance policy has not yet lapsed,” “place the at-risk-for-lapse customer in at least one of a plurality of different segments,” “contact said at-risk-for-lapse customer,” and “record a transaction record indicative of said at least one failed billing attempt.”

We agree with the Examiner’s determination that the claims are directed to identifying and contacting customers with delinquent insurance premium accounts. Appellants agree with this in that they state that the claims are directed to a method for a provider to retain customers with interrupted payment streams. (Brief 6). Certain methods of organizing human activity such as are related to insurance and commercial practices such as collecting payments are judicial exceptions. *Guidance*, 54.

Also, we determine the steps of employing a processor to “generate a payment order,” “identify the customers,” “place . . . customer in . . . different segments,” select “contact protocol based upon the segment,” and “record a transaction record” constitute analyzing information by steps people go through in their minds, or by mathematical algorithms, and are essentially mental processes within the abstract-idea category.” *Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1354 (Fed. Cir. 2016); *see also buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350, 1355 (Fed. Cir. 2014) (claims

directed to certain arrangements involving contractual relations are directed to abstract ideas). Thus, the claim recites judicial exceptions.

Turning to the second prong of the “directed to test”, claim 1 merely requires a “processor.” The recitation of the word “processor” does not integrate the judicial exception into a practical application. *Guidance 52*. In this regard, the recitation does not affect an improvement in the functioning of a processor or other technology, does not recite a particular machine or manufacture that is integral to the claims, and does not transform or reduce a particular article to a different state or thing. *Id.* Thus, the claim is directed to an “abstract idea.”

Turning to the second step of the *Alice* analysis, because we find that the claims are directed to abstract ideas, the claims must include an “inventive concept” in order to be patent-eligible, i.e., there must be an element or combination of elements that is sufficient to ensure that the claim in practice amounts to significantly more than the abstract idea itself. *See Alice*, 134 S. Ct. at 2355 (alteration in original) (quoting *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 72–73 (2012)).

The introduction of a processor, into the claims does not alter the analysis at *Alice* step two.

[T]he 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 “implemen[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 featur[e]” that provides any “practical assurance that the process is more than a drafting effort designed to monopolize the [abstract idea] itself.”

Alice, 134 S. Ct. at 2358 (alterations in original) (citations omitted).

Instead, “the relevant question is whether the claims here do more than simply instruct the practitioner to implement the abstract idea . . . on a generic computer.” *Id.* at 2359. They do not.

Taking the claim elements separately, the function performed by the computer at each step of the process is purely conventional. Using a computer to retrieve, select, and apply decision criteria to data and modify the data as a result amounts to electronic data query and retrieval—one of the most basic functions of a computer. All of these computer functions are well-understood, routine, conventional activities previously known to the trading industry. *See Elec. Power Grp.*, 830 F.3d at 1354; *see also In re Katz Interactive Call Processing Patent Litig.*, 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”). In short, each step does no more than require a generic computer to perform generic computer functions. In addition, the sequence of data reception-analysis-access/display 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) (holding that sequence of data retrieval, analysis, modification, generation, display, and transmission was abstract), *Two-Way Media Ltd. v. Comcast Cable Commc'ns, LLC*, 874 F.3d 1329, 1339 (Fed. Cir. 2017) (holding sequence of processing, routing, controlling, and monitoring was abstract). The ordering of the steps is, therefore, well understood, routine and conventional.

As we stated above, the claims do not affect an improvement in any other technology or technical field. The recitation of a postal mail generation device to send mail and an automated call distributor make calls are recitations of insignificant post-solution activity. This limitation is similar to the post-solution activity in *Parker v. Flook*, 437 U.S. 584, 590 (1978), in that they are merely the final steps performed after the processing of the data. Each of these limitations amounts to no more than instructions on how to apply the result of the judicial exception using a generic devices. In this regard, claim 1 does not recite an improvement to the postal mail generation device or automated call distributor. Thus, the claims at issue amount to nothing significantly more than the abstract idea. Under our precedents, that is not enough to transform an abstract idea into a patent-eligible invention. *See Alice*, 134 S. Ct. at 2360.

We have reviewed all the arguments (Appeal Br. 4–20) Appellant has submitted concerning the patent eligibility of the claims before us that stand rejected under 35 U.S.C. § 101. We find that our analysis above substantially covers the substance of all the arguments, which have been made. But, for purposes of completeness, we will address various arguments in order to make individual rebuttals of same.

We are not persuaded of error on the part of the Examiner by Appellant's argument that the claims require a particularly-programmed machine. (Brief 1). However, the steps of claim 1 represent, at most, programmed steps in a general purpose computer, rather than meaningful actions that tie the method to a particular computer or a particular machine. In this regard, the Appellant has not directed our attention to a disclosure in the Specification or a recitation in claim 1 of any improvements to the processor used to implement the steps. As such, we find that any general purpose computer can implement the invention.

We are also not persuaded of error on the part of the Examiner by Appellant's argument that claim 1 is directed to a new and unconventional steps. (Brief 8). To the extent Appellant maintains that the limitations of claim 1 necessarily amount to "significantly more" than an abstract idea because the claimed apparatus is allegedly patentable over the prior art, Appellant misapprehends the controlling precedent. Although the second step in the *Alice/Mayo* framework is termed a search for an "inventive concept," the analysis is not an evaluation of novelty or non-obviousness, but rather, a search for "an element or combination of elements that is 'sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the [ineligible concept] itself.'" *Alice*, 134 S. Ct. at 2355. A novel and nonobvious claim directed to a purely abstract idea is, nonetheless, patent-ineligible. *See Mayo*, 132 S. Ct. at 1304.

We are lastly not persuaded of error on the part of the Examiner by Appellant's arguments that the claims improve the operation of the claimed method by initiating contact prior to the policy lapsing and tailoring the contact to the at-risk-for-lapse customer. (Brief 8). The Federal Circuit

stated in *Enfish, LLC v. Microsoft Corp.*, 822 F.3d. 1327 (Fed. Cir. 2016) that in regard to rejecting a § 101 challenge at the step one stage in the *Alice* analysis, the claims at issue in that case focused not on asserted advances in uses to which existing computer capabilities could be put, but on a specific type of data structure, i.e., a self-referential table for a computer database, designed to improve the way a computer carries out its basic functions of storing and retrieving data. *Id.* at 1335–36. The alleged improvement that Appellant touts does not concern an improvement to computer capabilities but instead relates to an alleged improvement in collecting payments from customers for which a computer is used as a tool in its ordinary capacity. In view of the foregoing, we will sustain the Examiner’s rejection of claim 1 under 35 U.S.C. § 101. For the same reasons as discussed above, we will also sustain the rejection of claims 12, 13, and 19–22.

REJECTION UNDER 35 U.S.C. § 103(a)

We will not sustain this rejection because we agree with the Appellant that the prior art does not disclose “employing the processor . . . to contact said at-risk-for-lapse customer prior to the insurance policy lapsing” as required by claim 1. The Examiner relies on Kosiba at col. 3, lines 62–64; col. 4, lines 64–67; and col. 9, lines 3–7 for teaching this subject matter. Final Act. 4.

Column 3, lines 62–64 of Kosiba discloses that a particular collection strategy could lead to multiple options such as 2 phone contacts and 1 mailing. This portion of Kosiba does not disclose anything about the lapsing of an insurance policy.

Column 4, lines 64–67 of Kosiba discloses that collection strategies are further defined automatically by the consumer’s experience characterized in terms of attributes such as number of phone contacts or mailings per month. This portion of Kosiba does not disclose anything about the lapsing of an insurance policy.

Column 9, lines 3–7 of Kosiba discloses customers with higher amounts due have the lowest collectability in the delinquency phase but have a much higher probability of making a payment when intense strategies are used. This portion of Kosiba does not disclose anything about the lapsing of an insurance policy.

In view of the foregoing, we will not sustain this rejection of claim 1 and of claims 12, 13, and 19–22 dependent therefrom.

CONCLUSIONS OF LAW

We conclude the Examiner did not err in rejecting claims 1, 12, 13, 19–22 under 35 U.S.C. § 101.

We conclude the Examiner did err in rejecting claims 1, 12, 13, 19–22 under 35 U.S.C. § 103(a).

DECISION

The decision of the Examiner to reject the claims under 35 U.S.C. § 101 is affirmed.

The decision of the Examiner to rejection the claims under 35 U.S.C. § 103(a) is not 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).

Appeal 2017-007051
Application 12/547,318

AFFIRMED