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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte CHRISTOPHER D. PREST, FLETCHER ROTHKOPF, and
RICHARD H. DINH

Appeal 2018-001274
Application 11/882,889
Technology Center 2600

Before CAROLYN D. THOMAS, JOSEPH P. LENTIVECH, and
SCOTT RAEVSKY, *Administrative Patent Judges*.

LENTIVECH, *Administrative Patent Judge*.

DECISION ON APPEAL

Pursuant to 35 U.S.C. § 134(a), Appellants¹ appeal from the Examiner's decision to reject claims 1–3, 5–7, 10–17, 19–27, 29–31, and 34–40. Claims 4, 8, 9, 18, 28, 32, and 33 have been canceled. *See* App. Br. 24–30 (Claims Appendix). We have jurisdiction over the pending claims under 35 U.S.C. § 6(b).

We affirm.

¹ According to Appellants, the real party in interest is Lyfebank LLC. App. Br. 2.

STATEMENT OF THE CASE

Appellants' Invention

Appellants' invention generally relates to "providing multiple funding sources for healthcare and health insurance." Spec. ¶ 2. Claim 1, which is illustrative, reads as follows:

1. A method for providing multiple funding sources for approved healthcare expense reimbursement, performed by a specially-programmed computer comprising a processor, the method comprising:

receiving, at the computer and from a first employer of a plurality of employers, an agreement between the first employer and a first employee of a plurality of eligible employees eligible for healthcare expense reimbursement to create a first non-insurance employee healthcare expense funding source;

receiving, at the computer and from a second employer of the plurality of employers, an agreement between the second employer and the first employee to create a second noninsurance employee healthcare expense funding source;

receiving, at the computer and from the first employer a first file record layout (FRL) file regarding the plurality of employees eligible for healthcare expense reimbursement including a first contribution amount for the first employer for the first employee;

receiving, at the computer and from the second employer a second FRL file including a second contribution amount for the second employer for the first employee;

funding, via the processor, the first funding source and the second funding source for the first employee with at least the first contribution amount and the second contribution amount; and

upon request of an approved healthcare expense reimbursement, providing, via the processor, healthcare expense reimbursement associated with the first employee, the healthcare reimbursement being obtained by accumulating funds from the

funded first funding source and the funded second funding source.

App. Br. 24 (Claims Appendix).

Rejections

Claims 1–3, 5–7, 10, 31, 34, 37, and 40 stand rejected under 35 U.S.C. § 112, first paragraph, as failing to comply with the written description requirement. Non-Final Act. 3–4.

Claims 1–3, 5–7, 10–17, 19–27, 29–31, and 34–40 stand rejected under 35 U.S.C. § 101 because the claimed subject matter is judicially-excepted from patent eligibility under § 101. Non-Final Act. 4–7.

Issues on Appeal

Did the Examiner err in finding that claims 1–3, 5–7, 10, 31, 34, 37, and 40 fail to comply with the written description requirement under § 112, first paragraph?

Did the Examiner err in finding that claims 1–3, 5–7, 10–17, 19–27, 29–31, and 34–40 are directed to subject matter that is judicially-excepted from patent eligibility under § 101?

ANALYSIS

Rejection under 35 U.S.C. § 112, first paragraph

The Examiner rejects claim 1 under 35 U.S.C. § 112, first paragraph, for failing to comply with the written description requirement because “specially-programmed computer,” as recited in claim 1, was not described in the Specification in such a way as to reasonably convey to one skilled in the art that the inventors, at the time the application was filed, had

possession of the claimed invention. Non-Final Act. 3. In particular, the Examiner finds:

The computer system 600 described in the specification includes generic computer components such as processor, memory. Computer programs stored in the memory and “Such computer programs, when executed, enable the computer system 600 to perform the features of the present invention” (specification, paragraphs 127-132). Therefore, it’s unclear and not described in the present specification what the “specially-programmed computer” is and what it does specially. Also, special program is not defined in the present specification.

Non-Final Act. 4. We disagree.

Based on the plain meaning of the terms, a “specially-programmed computer,” as recited in claim 1, refers to a computer that is programmed to perform the claimed process for providing multiple funding sources for approved healthcare expense reimbursement. We agree with Appellants that paragraph 126 of the Specification provides “that the computer system 600 is controlled by computer programs that, when executed, enable the computer system 600 to perform the features of the present invention” and that “[t]he remainder of the [S]pecification provides the details of the implementation of the computer system 600 via computer programs.” App. Br. 13. We also agree with Appellants that, at the time of filing, one skilled in the art “would have understood the inventor to be in possession of a specially programmed computer for performing the methods illustrated in FIGS. 3–5 using the GUI screens in FIGS. 8A–8E and the FRL illustrated in FIG. 9 for communication between the entities in FIG. 10.” App. Br. 14.

Accordingly, we do not sustain the Examiner’s rejection of claim 1 under 35 U.S.C. § 112, first paragraph. For the same reasons, we also do not sustain the Examiner’s 35 U.S.C. § 112, first paragraph, rejection of claims

2, 3, 5–7, 10, 31, 34, 37, and 40 which were rejected based on their dependence from claim 1. Non-Final Act. 4.

Rejection under 35 U.S.C. § 101

Regarding the rejection of claims 1–3, 5–7, 10–17, 19–27, 29–31, and 34–40 under 35 U.S.C. § 101, Appellants do not substantively argue the claims separately, but instead rely on the same arguments for all claims. *See* App. Br. 22. In accordance with 37 C.F.R. § 41.37(c)(1)(iv), we select independent claim 1 as the representative claim. Remaining claims 2, 3, 5–7, 10–17, 19–27, 29–31, and 34–40 stand or fall together with claim 1.

PRINCIPLES OF LAW

An invention is patent-eligible if it claims a “new and useful process, machine, manufacture, or composition of matter.” 35 U.S.C. § 101. However, the Supreme Court has long interpreted 35 U.S.C. § 101 to include implicit exceptions: “[l]aws of nature, natural phenomena, and abstract ideas” are not patentable. *E.g., Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 573 U.S. 208, 216 (2014) (internal quotation marks and citation omitted).

In determining whether a claim falls within an excluded category, we are guided by the Supreme Court’s two-step framework, described in *Mayo* and *Alice*. *Id.* at 217–18 (citing *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 75–77 (2012)). In accordance with that framework, we first determine what concept the claim is “directed to.” *See Alice*, 573 U.S. at 219 (“On their face, the claims before us are drawn to the concept of intermediated settlement, *i.e.*, the use of a third party to mitigate settlement risk.”); *see also Bilski v. Kappos*, 561 U.S. 593, 611 (2010) (“Claims 1 and 4

in petitioners’ application explain the basic concept of hedging, or protecting against risk.”).

Concepts determined to be abstract ideas, and, thus, patent ineligible, include certain methods of organizing human activity, such as fundamental economic practices (*Alice*, 573 U.S. at 219–20; *Bilski*, 561 U.S. at 611); mathematical formulas (*Parker v. Flook*, 437 U.S. 584, 594–95 (1978)); and mental processes (*Gottschalk v. Benson*, 409 U.S. 63, 69 (1972)). Concepts determined to be patent eligible include physical and chemical processes, such as “molding rubber products” (*Diamond v. Diehr*, 450 U.S. 175, 191 (1981)); “tanning, dyeing, making water-proof cloth, vulcanizing India rubber, smelting ores” (*id.* at 184 n.7 (quoting *Corning v. Burden*, 56 U.S. 252, 267–68 (1853))); and manufacturing flour (*Benson*, 409 U.S. at 69 (citing *Cochrane v. Deener*, 94 U.S. 780, 785 (1876))).

In *Diehr*, the claim at issue recited a mathematical formula, but the Supreme Court held that “[a] claim drawn to subject matter otherwise statutory does not become nonstatutory simply because it uses a mathematical formula.” *Diehr*, 450 U.S. at 176; *see also id.* at 191 (“We view respondents’ claims as nothing more than a process for molding rubber products and not as an attempt to patent a mathematical formula.”). Having said that, the Supreme Court also indicated that a claim “seeking patent protection for that formula in the abstract . . . is not accorded the protection of our patent laws, . . . and this principle cannot be circumvented by attempting to limit the use of the formula to a particular technological environment.” *Id.* (citing *Benson* and *Flook*); *see, e.g., id.* at 187 (“It is now commonplace that an *application* of a law of nature or mathematical formula

to a known structure or process may well be deserving of patent protection.”).

If the claim is “directed to” an abstract idea, we turn to the second step of the *Alice* and *Mayo* framework, where “we must examine the elements of the claim to determine whether it contains an ‘inventive concept’ sufficient to ‘transform’ the claimed abstract idea into a patent-eligible application.” *Alice*, 573 U.S. at 221 (internal citation omitted). “A claim that recites an abstract idea must include ‘additional features’ to ensure ‘that the [claim] is more than a drafting effort designed to monopolize the [abstract idea].’” *Id.* (quoting *Mayo*, 566 U.S. at 77). “[M]erely requir[ing] generic computer implementation[] fail[s] to transform that abstract idea into a patent-eligible invention.” *Id.*

The PTO recently published revised guidance on the application of § 101. 2019 Revised Patent Subject Matter Eligibility Guidance, 84 Fed. Reg. 50 (Jan. 7, 2019) (“Memorandum”). Under that guidance, we first look to whether the claim recites:

- (1) any judicial exceptions, including certain groupings of abstract ideas (i.e., mathematical concepts, certain methods of organizing human activity such as a fundamental economic practice, or mental processes); and
- (2) additional elements that integrate the judicial exception into a practical application (*see* MANUAL OF PATENT EXAMINING PROCEDURE (MPEP) § 2106.05(a)–(c), (e)–(h) (9th Ed., Rev. 08.2017, Jan. 2018)).

See Memorandum, 84 Fed. Reg. at 52, 54–55. Only if a claim (1) recites a judicial exception and (2) does not integrate that exception into a practical application, do we then look to whether the claim:

(3) adds a specific limitation beyond the judicial exception that is not “well-understood, routine, conventional” in the field (*see* MPEP § 2106.05(d)); or

(4) simply appends well-understood, routine, conventional activities previously known to the industry, specified at a high level of generality, to the judicial exception.

See Memorandum, 84 Fed. Reg. at 56.

OUR ANALYSIS

At the outset, we note the Memorandum governs all patent-eligibility analysis under *Alice* and § 101 effective as of January 7, 2019. In particular, the PTO has acknowledged that the Federal Circuit’s common law, analogy-driven approach (a.k.a. “analogous claim” test) was effective soon after *Alice* was decided by the Supreme Court, but that approach has since become impractical as the growing body of Federal Circuit precedent has become increasingly more difficult for the Office and examiners to apply in a predictable manner. As a result, the PTO has synthesized, for purposes of clarity, predictability, and consistency, the “abstract idea” exception to include three categories of abstract ideas: (1) mathematical concepts—mathematical relationships, mathematical formulas or equations, mathematical calculations; (2) mental processes—concepts performed in the human mind (including an observation, evaluation, judgment, opinion); and (3) certain methods of organizing human activity—fundamental economic principles or practices (including hedging, insurance, mitigating risk); commercial or legal interactions (including agreements in the form of contracts; legal obligations; advertising, marketing or sales activities or behaviors; business relations); managing personal behavior or relationships

or interactions between people (including social activities, teaching, and following rules or instructions). *See* Memorandum, 84 Fed. Reg. at 54–55.

STEP 1

Under “Step 1” of the analysis, we determine whether the claimed subject matter falls within the four categories of patentable subject matter identified by 35 U.S.C. § 101. *Id.* at 53–54. Claim 1 is directed to a method and, therefore, falls within the four categories of patentable subject matter—a process.

STEP 2A, PRONG ONE

Under “Step 2A, Prong One” of the analysis, we determine whether the claim recites a judicial exception. *Id.* at 54. Claim 1 recites, among other things, the limitations of:

 funding, via the processor, the first funding source and the second funding source for the first employee with at least the first contribution amount and the second contribution amount; and

 upon request of an approved healthcare expense reimbursement, providing, via the processor, healthcare expense reimbursement associated with the first employee, the healthcare reimbursement being obtained by accumulating funds from the funded first funding source and the funded second funding source.

These limitations, as drafted, are processes that, under their broadest reasonable interpretation are fundamental economic practices similar to risk the intermediated settlement in *Alice* (*see Alice*, 573 U.S. at 218–19), verifying credit card transactions in *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1370 (Fed. Cir. 2011), and guaranteeing transactions in

buySAFE, Inc. v. Google, Inc., 765 F.3d 1350, 1354 (Fed. Cir. 2014). As such, the claims recite a fundamental economic practice—i.e., a method of organizing human activity—and, therefore, an abstract idea. *See* Memorandum, 84 Fed. Reg. at 54–55. That the claims require the steps to be performed “via the processor” fails to take the claim limitations out of the method of organizing human activity grouping because an abstract idea (such as a fundamental economic practice) is not rendered patent-eligible merely by coupling it to a machine or manufacture. *See Alice*, 537 U.S. at 223. Additionally, as our reviewing court noted in *In re TLI Commc’ns LLC Patent Litig.*, 823 F.3d 607 (Fed. Cir. 2016), “not every claim that recites concrete, tangible components escapes the reach of the abstract-idea inquiry.” *Id.* at 611.

STEP 2A, PRONG TWO

Under “Step 2A, Prong Two,” we determine whether the claim as a whole integrates the recited judicial exception into a practical application of the exception. Memorandum, 84 Fed. Reg. at 54. Claim 1 recites the following additional elements:

receiving, at the computer and from a first employer of a plurality of employers, an agreement between the first employer and a first employee of a plurality of eligible employees eligible for healthcare expense reimbursement to create a first non-insurance employee healthcare expense funding source;

receiving, at the computer and from a second employer of the plurality of employers, an agreement between the second employer and the first employee to create a second noninsurance employee healthcare expense funding source;

receiving, at the computer and from the first employer a first file record layout (FRL) file regarding the plurality of

employees eligible for healthcare expense reimbursement including a first contribution amount for the first employer for the first employee; [and]

receiving, at the computer and from the second employer a second FRL file including a second contribution amount for the second employer for the first employee.

We find these additional limitations fail to integrate the judicial exception into a practical application. For example, the claims do not (1) improve the functioning of a computer or other technology, (2) are not applied with any particular machine (except for a generic computer), (3) do not effect a transformation of a particular article to a different state, and (4) are not applied in any 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. *See* Memorandum, 84 Fed. Reg. at 54–55; MPEP §§ 2106.05(a)–(c), (e)–(h). Instead, generic computer components, such as, for example, a computer and a processor, are merely used as tools to facilitate the receiving of the claimed agreements and file record layouts. *See BASCOM Glob. Internet Servs., Inc. v. AT&T Mobility LLC*, 827 F.3d 1348 (Fed. Cir. 2016). The claimed “receiving” limitations amount to mere data gathering, which is a form of insignificant extra-solution activity. *See CyberSource*, 654 F.3d at 1370.

For the foregoing reasons, claim 1 is directed to a method of organizing human activity (e.g., a fundamental economic practice), i.e., an abstract idea, and does not integrate the judicial exception into a practical application.

STEP 2B

We next evaluate the claim under “Step 2B” to determine whether the claim provides an “inventive concept” (e.g., recites significantly more than the abstract idea). Memorandum, 84 Fed. Reg. at 56.

As recognized by the Memorandum, an “inventive concept” under *Alice* step 2 can be evaluated based on whether an additional element or combination of elements:

- (1) adds a specific limitation or combination of limitations that are not well-understood, routine, conventional activity in the field, which is indicative that an inventive concept may be present (*see* MPEP § 2106.05(d)); or
- (2) simply appends well-understood, routine, conventional activities previously known to the industry, specified at a high level of generality, to the judicial exception, which is indicative that an inventive concept may not be present.

See Memorandum, 84 Fed. Reg. at 56.

In this case, however, we find no element or combination of elements recited in Appellants’ claim that adds a specific limitation or combination of limitations that are not well-understood, routine, conventional activity in the field. *See id.* We agree with the Examiner that the claimed computer elements “are recited at a high level of generality” and “provide conventional computer functions that do not add meaningful limits to practicing the abstract idea.” Non-Final Act. 5.

In particular, we are unpersuaded by Appellants’ contention that the Office “provides no reasoning to support the assertion that [the claims recite] well-understood, routine, or conventional activity. *See* App. Br. 22. Appellants assert that the following limitation is not merely well-understood,

routine, or conventional: “upon request of an approved healthcare expense reimbursement, providing, via the processor, healthcare expense reimbursement associated with the first employee, the healthcare reimbursement being obtained by accumulating funds from the funded first funding source and the funded second funding source.” *Id.* However, this limitation is one that we point to above as reciting a fundamental economic practice—an abstract idea. A limitation as this one, which recites solely an abstract idea, as a matter of law cannot recite significantly more than the abstract idea. *See Alice*, 573 U.S. at 217–18 (“[W]e 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.”) (emphasis added). Thus, the Office need not provide evidence that this limitation is well-understood, routine, or conventional. *See Memorandum—Changes in Examination Procedure Pertaining to Subject Matter Eligibility, Recent Subject Matter Eligibility Decision (Berkheimer v. HP, Inc.)* 3 (April 19, 2018) (“The question [is] whether **additional** elements represent well-understood, routine, conventional activity[.]”) (emphasis added).

We are also unpersuaded by Appellants’ argument that the claims “solve[] the problems of the prior art by providing a specific method and system for coordinating contributions to employee healthcare expense reimbursements” and the “claims are directed to an inventive concept of using a computer system to coordinate multiple parties, including a first employer and a second employer to provide for a single healthcare expense reimbursement.” App. Br. 19. The claimed improvements to coordinating contributions made by multiple parties to employee healthcare expense

reimbursements are improvements to a business process and are not a technical solution to a technical problem as required by *DDR Holdings*. See *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1257 (Fed. Cir. 2014).

For the foregoing reasons, we find claims 1–3, 5–7, 10–17, 19–27, 29–31, and 34–40 are directed to a patent-ineligible abstract concept, and do not recite something “significantly more” under the second prong of the *Alice* analysis. Accordingly, we sustain the Examiner’s rejection of these claims under 35 U.S.C. § 101.

DECISION

We reverse the Examiner’s rejection of claims 1–3, 5–7, 10, 31, 37, and 40 under 35 U.S.C. § 112, first paragraph.

We affirm the Examiner’s rejection of claims 1–3, 5–7, 10–17, 19–27, 29–31, and 34–40 under 35 U.S.C. § 101.

Since at least one rejection encompassing all claims on appeal is affirmed, the decision of the Examiner 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)(1)(iv).

AFFIRMED