

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

SEARCH AMERICA, INC.,
Petitioner,

v.

TRANSUNION INTELLIGENCE, LLC,
Patent Owner.

Case CBM2013-00037
Patent 7,333,937 B2

Before THOMAS L. GIANNETTI, CARL M. DeFRANCO, and
PATRICK M. BOUCHER, *Administrative Patent Judges*.

BOUCHER, *Administrative Patent Judge*.

FINAL WRITTEN DECISION
35 U.S.C. § 328(a) and 37 C.F.R. § 42.73

I. INTRODUCTION

A. Background

On August 1, 2013, Search America, Inc. (“Petitioner”) filed a Petition (Paper 5, “Pet.”) to institute a covered business method patent review of claims 1–14 of U.S. Patent No. 7,333,937 B2 (Ex. 1001, “the ’937 patent”) pursuant to 35 U.S.C. §§ 321–329. TransUnion Intelligence, LLC (“Patent Owner”) filed a Preliminary Response (Paper 17) on November 11, 2013. Pursuant to 35 U.S.C. § 324, the Board instituted trial on February 7, 2014, as to claims 1–14 of the ’937 patent. Paper 18 (“Dec.”).

During the trial, Patent Owner timely filed a Patent Owner Response (Paper 25, “PO Resp.”), and Petitioner timely filed a Reply to the Patent Owner Response (Paper 36, “Reply”). An oral hearing was held on November 3, 2014 (Paper 66, “Tr.”).

We have jurisdiction under 35 U.S.C. § 6(c). This Decision is a Final Written Decision under 35 U.S.C. § 328(a) as to the patentability of the challenged claims. Based on the record before us, Petitioner has demonstrated by a preponderance of the evidence that claims 1–14 are unpatentable.

B. Related Proceedings

In addition to this proceeding, Petitioner filed a petition for covered business method patent review of, and we instituted trial on, claims 1–18 of U.S. Patent No. 8,185,408 B2 (“the ’408 patent”) in *Search America, Inc. v. TransUnion Intelligence LLC*, Case CBM2013-00038 (PTAB).

The '937 patent has been asserted by Patent Owner against Petitioner in *TransUnion Intelligence, LLC, v. Search America, Inc.*, Case No. 0:11-cv-01075-PJS-FLN (D. Minn.) (“the district court proceeding”). Pet. 14.

C. Grounds of Unpatentability

Petitioner relies on two distinct instances of prior public use in asserting that claims of the '937 patent are unpatentable under 35 U.S.C. §§ 102 and 103: (1) a computer-implemented eligibility system operated by the Texas Department of Human Services (“the TDHS System”); and (2) a manual method performed by the John T. Mather Memorial Hospital, located in Port Jefferson, New York, in implementing a charity-care eligibility process (“the Mather Method”). In asserting that claim 9 is unpatentable under 35 U.S.C. § 103, Petitioner additionally relies on a Canadian newspaper article titled “TECHNOLOGY QUARTERLY: COMPUTERS[:] Internet Speeds credit checks[:] System tailored for doctors, dentists,” published March 18, 1997, under the byline of Terrence Belford (Ex. 1013, “Belford”).

As evidence of the structure and functionality of the TDHS System, Petitioner provides (1) a transcript (Ex. 1006) of a deposition of Kerby Spruiell, the project manager in charge of the TDHS System, taken in connection with the district-court proceeding, Pet. 25; (2) a transcript (Ex. 1007) of a deposition of Bobby Keith Graves, a corporate representative of Dallas Computer Services, Inc. (“DCS”), taken in connection with the district-court proceeding, Pet. 29; and (3) a copy of a document, titled

“Current System Architecture and Functional Specifications” (Ex. 1008, “CSA/FS”), which describes the functionality of various TDHS System modules, Pet. 30–31. As evidence of the Mather Method, Petitioner provides (1) a transcript (Ex. 1014) of a deposition of James Sunyar, a corporate representative of the John T. Mather Memorial Hospital, taken in connection with the district-court proceeding, Pet. 61–62; and (2) a copy of a “Report to the Community for the Year 2002,” produced by the John T. Mather Memorial Hospital (Ex. 1015).

The grounds on which we instituted review are summarized by the following chart. Dec. 23.

Prior Art	Basis	Claim(s) Challenged
TDHS System	§ 102(b)	1–3, 5–8, 10–14
TDHS System	§ 103(a)	1–8, 10–14
TDHS System and Belford	§ 103(a)	9
Mather Method	§ 103(a)	1–14
	§ 112, ¶ 1 (written description)	1–14

D. The '937 Patent

The '937 patent, titled “Health Care Financing Method,” is directed to “a health care financing system in which health care grant information can be analyzed to determine whether a patient qualifies for a health care grant.” Ex. 1001, col. 2, ll. 61–63. A database stores patient data that may include “any suitable data useful or necessary for applying for or qualifying for health care grants,” with credit data, insurance data, and/or income data

specifically identified. *Id.* at col. 3, ll. 42–47. Qualification criteria identified by the health care grant information can include a “debt to income ratio.” *Id.* at col. 3, ll. 64–65.

Figure 2 of the '937 patent is reproduced below:

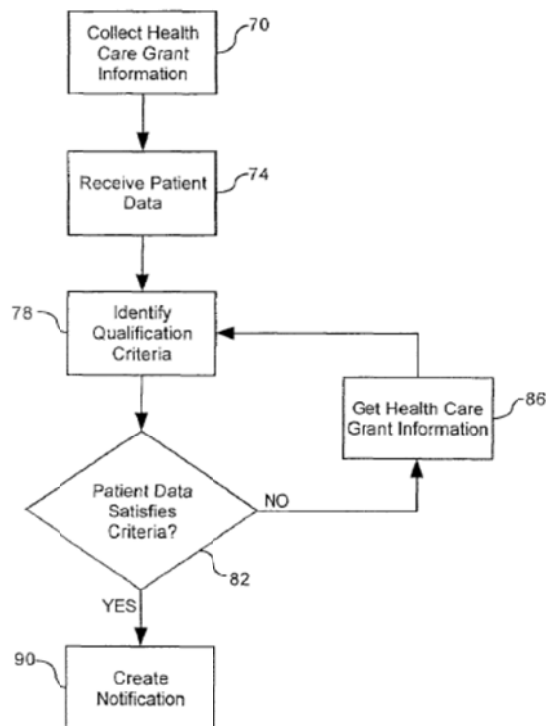


Figure 2 is a flow diagram that illustrates a health care financing method as disclosed by the patent. After health care grant information is collected at block 70 and patient data are received at block 74, qualification criteria are identified at block 78. *Id.* at col. 4, ll. 21–29. The method cycles to compare the qualification criteria with the patient data at block 82 for different health care grant systems, with a notification created at block 90 when the patient data satisfy the qualification criteria. *Id.* at col. 4, ll. 29–36.

Claim 1, the only independent claim in the '937 patent, is illustrative:

1. A computer implemented method for determining eligibility of a patient to receive health care financial assistance, comprising the steps of:

collecting health care financial assistance information, wherein the health care financial assistance information is associated with at least a first potential health care financial assistance plan and a second potential health care financial assistance plan,

wherein the patient is not enrolled in either of the first or second potential health care financial assistance plans at the time of the determination of the eligibility, wherein the first potential health care financial assistance plan is provided by a first health care financial assistance plan provider,

wherein the second potential health care financial assistance plan is provided by a second health care financial assistance plan provider,

wherein first provider qualification criteria is established by the first health care financial assistance plan provider,

wherein the health care financial assistance information associated with the first potential health care financial assistance plan includes the first provider qualification criteria,

wherein second provider qualification criteria is established by the second health care financial assistance plan provider, and

wherein the health care financial assistance information associated with the second potential health care financial assistance plan includes the second provider qualification criteria;

populating at least one database with at least a portion of the first provider qualification criteria and at least a portion of the second provider qualification criteria;

inputting patient data associated with the patient, wherein the patient data is used for applying for health care financial

assistance;

inputting credit information derived from a credit report of the patient,

extracting at least a portion of the credit information and combining the extracted credit information with at least a portion of the patient data to form patient data with corresponding credit information;

identifying at least a portion of the first provider qualification criteria in the database and at least a portion of the second provider qualification criteria in the database;

comparing at least a portion of the patient data with corresponding credit information to at least the following: i) the identified first provider qualification criteria; and ii) the identified second provider qualification criteria;

determining if the comparison satisfies at least one of the identified first provider qualification criteria or the identified second provider qualification criteria;

creating a notification if the comparison determines that at least a portion of the patient data with corresponding credit information satisfies the identified first provider qualification criteria, such that the patient's eligibility to receive financial assistance under the first potential health care financial assistance plan is made known by the notification; and

creating a notification if the comparison determines that at least a portion of the patient data with corresponding credit information satisfies the identified second provider qualification criteria, such that the patient's eligibility to receive financial assistance under the second potential health care financial assistance plan is made known by the notification;

wherein the potential health care financial assistance, indicated in the notification, defrays at least a portion of an associated expense incurred by the patient.

II. ANALYSIS

A. *Claim Construction*

The Board interprets claims in an unexpired patent using the broadest reasonable construction in light of the specification of the patent in which they appear. 37 C.F.R. § 42.300(b); *see also* Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,766 (Aug. 14, 2012).

1. *Claim Terms Previously Construed*

In the Decision to Institute, we construed claim terms as reproduced in the table below. Dec. 10–11. Neither party contests these constructions, and we see no reason to modify them based on the record developed during the trial. Therefore, we adopt the below listed constructions for this Final Written Decision.

Claim Term	Construction in the Decision to Institute
“computer implemented method”	At least one of the recited steps must be performed by a computer
“inputting patient data associated with the patient”	Encompasses input by a human being into the input fields of a graphical user interface, but not limited to such input

2. *“derived”*

Independent claim 1 recites “inputting credit information *derived* from a credit report of the patient” (emphasis added). Patent Owner contends that “[i]n view of the specification and the plain meaning of the claim language, the broadest reasonable interpretation of ‘derived’ as used here is that some type of value -- such as a debt-to-income ratio as disclosed in an

embodiment in the specification of the [']937 patent -- is being calculated from the raw data contained in the credit report.” PO Resp. 20. We disagree.

First, Patent Owner contends that the plain meaning of “derived” to one of ordinary skill in the art at the time of filing the application was “obtained by reasoning” or “calculated.” *Id.* In support of this contention, Patent Owner cites the Declaration of Stephen Gray,¹ which refers to one of the definitions provided by Random House Webster’s Dictionary, 4th ed., Ballantine Books (New York 2001). Ex. 2002 ¶ 104 (citing Ex. 2002E). But as Petitioner points out, Mr. Gray refers to the last definition in the dictionary entry, although the first definition provided for the word “derive” is “to receive or get from a source.” Reply 4.

Second, Patent Owner refers to a statement in the specification of the ’937 patent that “the debt to income ratio can be computed,” reasoning that “one of ordinary skill would understand that the credit information input into the method of claim 1 could not have been mere data taken from a credit report but rather would have been the result of some calculation or computation.” PO Resp. 21 (citing Ex. 1001, col. 3, ll. 65–66; Ex. 2002 ¶ 104). We disagree with Patent Owner’s reasoning, because the statement in the specification merely provides an *example* of a calculation. Furthermore, as Petitioner observes, Patent Owner’s position is untenable because the context of the identified statement refers to calculation of “qualification

¹ As discussed below, we deny Petitioner’s motion to exclude the Gray Declaration.

criteria” rather than of “credit information.” *See* Reply 5. The claim’s text distinguishes between “qualification criteria” and “credit information.” In addition, and as Petitioner also observes, the prosecution history supports that credit information need not be calculated to be input. *See id.*

We construe “derived” as “received from a source.”

3. “database”

Independent claim 1 recites “populating at least one database” with qualification criteria. Petitioner does not proffer an explicit construction of the term “database,” but refers inferentially in its Petition to “an organized collection of data.” Pet. 36. Petitioner specifically contends that, under the broadest reasonable construction, a “database” need not be a “computer database.” Reply 12. Patent Owner points to a dictionary definition of “database” as “a collection of data, especially in electronic form that can be accessed and manipulated by computer software.” PO Resp. 34 (citing Ex. 2002 ¶ 136; Ex. 2002E) (emphasis by Patent Owner).

Patent Owner’s contention that “a person of ordinary skill in the art . . . would read the reference to ‘database’ in claim 1 as meaning a computer database” is belied by the dictionary definition that it cites. PO Resp. 34. Specifically, the emphasized portion of the definition suggests that, without more, the broadest reasonable construction of “database” is “a collection of data.” Patent Owner’s reference to the preamble recitation of a “computer implemented method” (*id.*) as requiring the more narrow example of an electronic database that can be accessed and manipulated by software

is unavailing; our construction of “computer implemented method” does not require that all steps in the method be performed by a computer.

Accordingly, we construe “database” as “an organized collection of data.”

B. Petitioner’s Motion to Exclude

Patent Owner supports its response with Declarations by Phillip Dolamore (Ex. 2001), Stephen Gray (Ex. 2002), and Raymond S. Sims (Ex. 2003). Petitioner moves to exclude: (1) ¶ 10 of the Dolamore Declaration as lacking personal knowledge, Paper 46, 2; (2) the entirety of the Gray Declaration as unreliable, *id.* at 2–4; and (3) the entirety of the Sims Declaration as irrelevant and unreliable, *id.* at 4–11. Although Petitioner moves to exclude the entirety of the Sims Declaration, Petitioner provides specific focus on ¶¶ 4, 12, 13, 28–35, 37, 45, and 46. *Id.* at 11–15.

1. Paragraph 10 of the Dolamore Declaration

Patent Owner does not contest Petitioner’s assertion that “Mr. Dolamore is not being offered as an expert in these proceedings,” in which case the prohibition of Fed. R. Evid. 602 against testimony to a matter outside the personal knowledge of the witness applies. *See* Paper 46, 2; Paper 62, 1.

The second sentence of paragraph 10 of the Dolamore Declaration asserts that “[t]hrough Bruce Nelson, Search America was able to fairly rapidly copy [ADS Response Corp.]’s healthcare product.” This assertion is

not without ambiguity, and may be read as asserting that Search America did, in fact, “fairly rapidly copy” the referenced product or may be read as asserting only that such fairly rapid copying was within the ability of Search America “through Bruce Nelson.” Under either interpretation, we agree with Petitioner that Patent Owner has provided insufficient evidence to prove personal knowledge of the assertion. An opinion whether Search America possessed the ability to fairly rapidly copy the referenced product “through Bruce Nelson” is outside the scope of admissible testimony for a lay witness under Fed. R. Evid. 701.

Accordingly, we exclude the second sentence of paragraph 10 of the Dolamore Declaration.

2. Gray Declaration

Petitioner contends that the Gray Declaration “is so unreliable and misleading that it should be excluded in its entirety.” Paper 46, 2. Petitioner points to certain statements in Mr. Gray’s testimony that have a level of inconsistency with statements made when he was cross-examined, particularly with respect to whether the modules of the TDHS System need to be in direct communication in order to satisfy limitations recited in the claims. *Id.* at 2–4.

Although we agree that the apparent inconsistencies affect the weight to be afforded to Mr. Gray’s testimony, the totality of his expert opinion—including statements made in his Declaration and weaknesses explored by Petitioner in his cross-examination—is helpful in deciding the issues

presented to us. And as Patent Owner correctly observes, the policy considerations of *Daubert*'s gatekeeping framework are less compelling in bench proceedings such as covered business method patent reviews than in jury trials. Paper 59, 2–6 (citing *Daubert v. Merrell Dow Pharm., Inc.*, 509 U.S. 579, 595 (1973); *Volk v. United States*, 57 F. Supp. 2d 888, 896, n.5 (N.D. Cal. 1999); *In re Bay Area Material Handling, Inc.*, 1996 WL 729300, *6 (N.D. Cal. Dec. 4, 1995)). We agree with Patent Owner that Petitioner has not provided an adequate analysis that applies the five *Daubert* factors to support its motion.

Accordingly, we deny Petitioner's motion to exclude the Gray Declaration.

3. *Sims Declaration*

Petitioner contends that the Sims Declaration is irrelevant, unreliable, misleading, leads to confusion of the issues, and ultimately wastes time. Paper 46, 4–11. Petitioner specifically contends that Mr. Sims's analysis of the nexus requirement for showing commercial success of Patent Owner's product is deficient because he applied an unreliable methodology, and that Mr. Sims improperly relies on hearsay and otherwise unverified and unreliable data. *Id.*

We agree with Patent Owner that such considerations, which amount to disagreement by Petitioner with the economic techniques used by Mr. Sims in his analysis, go to the weight that should be accorded his testimony and not to the admissibility of that testimony. See Paper 59, 6–9.

Petitioner's cross-examination of Mr. Sims (Ex. 1021) afforded Petitioner sufficient opportunity to explore weaknesses that Petitioner believes exist in Mr. Sims's testimony. We have reviewed the specific issues raised by Petitioner with respect to ¶¶ 4, 12, 13, 28–35, 37, 45, and 46 of the Sims Declaration and conclude that the concerns raised by Petitioner relate to the weight that should be afforded to the testimony and not to its admissibility.

Accordingly, we deny Petitioner's motion to exclude the Sims Declaration.

C. Patent Owner's Motion to Exclude

1. CSA/FS

As noted *supra*, Petitioner supports its Petition with evidence in the form of the CSA/FS document (Ex. 1008), which describes functionality of various TDHS System modules. With its Reply, Petitioner supplies a copy of a letter (Ex. 1030) from Robert W. Patterson, Open Records Coordinator of the Texas Health and Human Services Commission. Reply 14–15 n.1. Petitioner characterizes the Patterson letter as confirming enclosure of a compact disk with the CSA/FS document in response to a request under the Texas Open Records Act. Tr. 11:16–20. Petitioner contends that CSA/FS is admissible as a public record under Fed. R. Evid. 902(5). Paper 61, 8–9; Tr. 11:25–12:2.

Patent Owner moves to exclude CSA/FS as incomplete, unauthenticated, and hearsay under Fed. R. Evid. 106, 802, and 901. Paper 51, 3–5, 7–9. Patent Owner also moves to exclude the Patterson letter as

untimely and as “fail[ing] to substantively authenticate the CSA/FS document.” *Id.* at 6–7.

We agree with Petitioner that Patent Owner waived its evidentiary objections to CSA/FS by failing to make a timely objection. *See* Paper 61, 2–4. “Any objection to evidence submitted during a preliminary proceeding must be served within ten business days of the institution of the trial.” 37 C.F.R. § 42.64(b)(1). Indeed, our Order memorializing the initial conference call specifically noted that “Patent Owner was referred to 37 C.F.R. § 42.64 regarding procedures for objecting to evidence and motions to exclude” and confirmed that “[t]he Board will require the moving party to show that the procedures have been followed in considering any motion to exclude evidence.” Paper 22, 3. When questioned at the oral hearing, Patent Owner confirmed the understanding that the Board “would be looking to [it] to challenge that document with an objection,” and that it did not serve a formal objection under the rule on objections. Tr. 32:21–33:5. Consequently, Patent Owner’s contention that it satisfied the procedural requirements through its arguments on admissibility of CSA/FS set forth in its Preliminary Response is unavailing. *See* Paper 51, 3; Paper 63, 4–5.

Accordingly, we deny Patent Owner’s motion to exclude Exhibit 1008. We also deny Patent Owner’s motion to exclude Exhibit 1030 as moot.

2. *Harris System Documents*

In responding to Patent Owner’s Motion to Amend (Paper 26), Petitioner cites two documents, Exhibits 1025 and 1026, that describe what it refers to as “the Harris System.” Paper 37, 14–15. Patent Owner moves to exclude these two documents as irrelevant, unduly prejudicial, unauthenticated, and hearsay. Paper 51, 9.

Our evaluation *infra* of Patent Owner’s Motion to Amend does not reach consideration of the Harris System. Consequently, we also do not reach Patent Owner’s motion to exclude Exhibits 1025 and 1026.

3. *Babcock Deposition Transcript*

In addressing Patent Owner’s allegation that Petitioner copied a commercial embodiment of the ’937 patent, Petitioner supplies a transcript of a deposition of Kathy Babcock taken in the district-court proceeding (Ex. 1029) and contends that Ms. Babcock “admitted that [a trade-secrets litigation initiated by Patent Owner] was just speculation.” Reply 14. Patent Owner moves to exclude the transcript of Ms. Babcock’s deposition as irrelevant and unduly prejudicial. Paper 51, 13–14. Patent Owner specifically contends that Petitioner mischaracterizes the testimony of Ms. Babcock and asserts that “the late submission of this document as evidence would unduly prejudice Patent Owner.” *Id.*

Even if Petitioner’s characterization of Ms. Babcock’s testimony is inaccurate—an argument well within the Board’s capacity to evaluate—we disagree that her testimony is irrelevant. Ms. Babcock’s testimony bears on

Patent Owner's allegation of copying raised in its Patent Owner Response. PO Resp. 1, 35, 43–46. Patent Owner also offers no reasoning to support its contention that her testimony is prejudicial.

Accordingly, we deny Patent Owner's motion to exclude Exhibit 1029.

D. Anticipation by the TDHS System

Petitioner contends that claims 1–3, 5–8, and 10–14 are anticipated by the TDHS System. Pet. 23–55. As described by Petitioner, and supported by the Declaration of Mr. Spruiell, the TDHS System has its origins in a Texas program for determining eligibility for state programs such as Food Stamps and Medicaid. Pet. 25 (citing Ex. 1006, 13:12–15:14). Petitioner's analysis focuses on three modules of the TDHS System as particularly relevant to the patentability of the claims of the '937 patent.

First, a module called the “Generic Worksheet” (“GWS”) automated multiple eligibility points and “compare[d] applicant data to eligibility rules at each step for multiple programs, determine[d] eligibility, and provide[d] notification of eligibility to the user.” Pet. 27 (citing Ex. 1006, 38:2–9). Petitioner provides a drawing on page 28 of the Petition that compares the GWS process with Figure 2 of the '937 patent.

Second, the TDHS System later implemented the Texas Eligibility Screening System (“TESS”). This module “compared personal and financial data with qualification criteria, determined potential eligibility, and produced a notification referring the applicant to the assistance program(s)

for which he or she was potentially eligible.” Pet. 28–29 (citing Ex. 1006, 48:18–50:11).

Third, the TDHS System implemented credit-data functionality with the Data Broker module, which Petitioner represents was provided under contract with DCS. That module provided a report that “contained credit data taken from an applicant’s credit report combined on a single form with personal data from the applicant and data collected from other sources,” from which eligibility was determined by entering data from the report into GWS. Pet. 29–30 (citing Ex. 1010, 5; Ex. 1007, 54:17–55:7, 72:13–73:1).

In addition to these three modules, Petitioner notes the interaction of other modules with the TDHS System, namely the NOA, LTCMED, SAVERR FS, SAVERR TANF, and SAVERR Inter/Med modules. Pet. 30–31. Petitioner and Patent Owner differ in their characterization of the degree of integration of the various modules, with Patent Owner arguing that the modules “were only loosely associated by virtue of their selective access to a single database that stores applicant records.” PO Resp. 4. Patent Owner particularly notes that, although TDHS administered the GWS and TESS modules, the Data Broker module was administered by a third party. *Id.*

Whether the modules were integrated tightly as Petitioner contends or only loosely associated as Patent Owner contends is not central to our analysis. As Petitioner observes, only method claims are at issue, and a determination that the claims are unpatentable need be supported only by a demonstration that each step of the method claims was performed in the prior art with interconnections as dictated by the claims. Reply 2–3 (citing

Bristol-Myers Squibb Co. v. Ben Venue Labs., Inc., 246 F.3d 1368, 1378 (Fed. Cir. 2001)). Patent Owner has not argued persuasively for a claim construction that requires an assessment of how tightly software modules were integrated or that the claims demand that software be contained in a single program.

We have reviewed the evidence presented by Petitioner, including the claim charts in the Petition (Pet. 32–55), the transcript of Mr. Spruiell’s deposition (Ex. 1006), the transcript of Mr. Graves’s deposition (Ex. 1007), and relevant portions of CSA/FS (Ex. 1008). Notwithstanding Patent Owner’s arguments, we are persuaded that Petitioner has shown by a preponderance of the evidence that the TDHS System anticipates claims 1–3, 5–8, and 10–14. We address specific arguments below.

1. “*inputting credit information derived from a credit report*”

Independent claim 1 recites “inputting credit information derived from a credit report of the patient.” Petitioner contends that the Data Broker module obtained a computerized report on each applicant at the request of an eligibility worker, extracted certain credit information, and combined the extracted credit information with data about the applicant to provide a combined report to the eligibility worker for viewing in the TDHS System. Pet. 38. Patent Owner contends that the credit information extracted from the computerized report is not “credit information *derived* from a credit report” (emphasis added). PO Resp. 20–21. We disagree.

In accordance with our construction of “derived” as “received from a source,” we conclude that the Data Broker module inputs “credit information derived from a credit report.”

2. Comparison of Credit Information with Qualification Criteria

Independent claim 1 recites “comparing at least a portion of the patient data with corresponding credit information to at least the following: i) the identified first provider qualification criteria; and ii) the identified second provider qualification criteria.” Petitioner contends that the combined report provided by the Data Broker module, which contained a combination of applicant data and credit information obtained from the applicant’s credit report, was entered into the GWS or TESS module and automatically compared with qualification criteria for healthcare financial assistance plans such as TANF and Medicaid to determine whether the applicant qualified. Pet. 41. Petitioner supports this characterization of the functionality of the TDHS System with several observations that indicate that the GWS module used credit-report information in determining eligibility. *Id.* at 41–44 (citing Ex. 1008, SA-082215, SA-081823, SA-082216–17, SA-082249; Ex. 1010, 6; Ex. 1007, 65:23–66:1, 42:8–25). We have reviewed the portions of the record cited by Petitioner and conclude that, by a preponderance of the evidence, Petitioner has established that the GWS module used credit-report information in determining eligibility.

Patent Owner disputes this characterization, contending that “[u]nlike the claimed invention, the TDHS [S]ystem (namely the GWS module)

merely used credit data to verify patient data provided by an applicant for benefits.” PO Resp. 21 (citing Ex. 2002 ¶ 106). Patent Owner contends that, in the TDHS System, “patient data *alone* is compared to the qualification criteria,” i.e. without the “corresponding credit information” recited in the claim. Tr. 46:1–2 (emphasis added). Patent Owner supports its contention with testimony of Stephen Gray. See Ex. 2002 ¶¶ 105–107. We have reviewed Mr. Gray’s testimony but do not find it persuasive. As Petitioner notes (Reply 6), Patent Owner does not address the supporting statements relied on by Petitioner, which belie Patent Owner’s contention that “the data broker [i.e., the combined report] is compared to patient data, but it’s never compared to qualification criteria.” See Tr. 46:12–13.

Patent Owner additionally contends that the limitation is not disclosed by the TDHS System because the “GWS module . . . determined eligibility for . . . TANF and Medicaid [but] credit data was not used in the TDHS [S]ystem to determine eligibility for Medicaid.” PO Resp. 25. But Petitioner’s claim chart identifies additional assistance plans that Patent Owner does not address, “including TDH County Indigent Health Care Program, Mental Health and Mental Retardation Services, TDH Primary Health Care, and TDHS Long Term Care.” Pet. 33–34. In addition, Petitioner notes that the TDHS System was applied to “food stamps, Temporary Assistance for Needy Families, TANF, Medicaid, Children’s Health Insurance Program, CHIP, and Medication for the Elderly and People with Disabilities, MEPD.” Reply 8 (citing Ex. 1006, 68:1–4).

We conclude that Petitioner has established that the TDHS System “compar[ed] at least a portion of the patient data with corresponding credit information to at least the following: i) the identified first provider qualification criteria; and ii) the identified second provider qualification criteria.”

3. Lack of Enrollment

Independent claim 1 recites “wherein the patient is not enrolled in either of the first or second potential health care financial assistance plans at the time of the determination of the eligibility.” Petitioner contends that the TDHS System was used to determine eligibility for applicants not already enrolled in an assistance program, noting a “Business Rule” in CSA/FS that “Applicant is not currently receiving benefits applied for.” Pet. 35 (citing Ex. 1008, SA-081797). Patent Owner responds that “[t]his limitation means that the system determines eligibility without the benefit or leveraging of any prior determination,” and draws a distinction between the applicant “currently receiving benefits applied for” and enrollment in either the first or second health care financial assistance plans. PO Resp. 23–24.

We are persuaded that Petitioner, by a preponderance of the evidence, has demonstrated that the TDHS System used credit data for unenrolled patients. Petitioner identifies testimony by Mr. Graves that “Data Broker provide[d] [Texas Works Advisors] with financial and other background information on applicants and current recipients of food stamps, TANF and Medicaid.” Reply 7–8 (emphasis omitted) (citing Ex. 1007, 60:2–61:6).

This testimony belies Patent Owner's position that "the only involvement of credit data obtained from Data Broker in the TDHS System was in instances where the applicant was already enrolled in one or more programs for which eligibility was being tested." *See* PO Resp. 24.

Furthermore, Petitioner notes the circumstance where prior patients would qualify, lose all eligibility, and then reapply as an example where applicants were "not enrolled" in an assistance program. Reply 7. Patent Owner draws a distinction between the certification process in the TDHS System for new patients and a recertification process for previously enrolled patients, noting that only the recertification process includes interaction with the Data Broker module. Tr. 42:3–7. We are not persuaded by Patent Owner's characterization of the recertification process, which asserts that "[a]t scheduled intervals, the client was notified that the certification period *was expiring* and the client needed to fill out another eligibility application." PO Resp. 15 (emphasis added). Upon satisfaction of certain criteria, Patent Owner asserts, "the GWS module determined whether the client would continue to receive benefits." *Id.* at 16 (emphasis by Patent Owner).

As Petitioner points out, the drawing from CSA/FS upon which Patent Owner relies (reproduced at page 15 of the Patent Owner Response) does not refer to a certification that "was expiring" but to a certification period that "has expired." *See* Reply 7. It is not apparent that when the client is "recertified" that benefits "continue" as Patent Owner asserts; rather, use of the term "recertification," particularly in context with benefits that "ha[ve] expired," more reasonably suggests that benefits are started anew.

Accordingly, we conclude that Petitioner has established that the TDHS System discloses that “the patient is not enrolled in either of the first or second potential health care financial assistance plans at the time of the determination of the eligibility.”

4. Debt-to-Income Ratio

Claim 13 recites that “a debt to income ratio is calculated based on the credit information” and that “the patient data with corresponding credit information comprises the debt to income ratio.” Patent Owner correctly observes that Mr. Spruiell testified that TESS and GWS did not calculate the debt-to-income ratio. Prelim. Resp. 15–16 (citing Ex. 1006, 55:14–16, 88:18–20). Patent Owner further observes that Mr. Gray, “who reviewed the entirety of the technical documents in Exhibit 1008, testified that debt-to-income ratio was never calculated in the TDHS [S]ystem.” PO Resp. 29 (citing Ex. 2002 ¶ 124).

We credit the testimony of both Mr. Spruiell and Mr. Gray, but ultimately do not find them inconsistent. In particular, Mr. Spruiell made clear that calculation of the debt-to-income ratio “was something that a caseworker would do So that income-to-debt ratio would be something that you looked at prior to beginning the Generic Worksheet.” Ex. 1006, 89:3–16. Mr. Gray’s testimony does not refute unambiguously this assertion. Rather, Mr. Gray expresses an opinion that “[a]n applicant’s debt was not included in any aspect of the GWS module” and that “an eligibility worker viewing a Combined Report for a TANF applicant containing credit

trade lines does not involve any calculation.” Ex. 2002 ¶ 124. The former statement provides an assessment of the operation of the GWS module, but our construction of “computer implemented method” does not require that all recited steps be performed by a computer. The latter statement may be consistent with use of the TDHS System without calculation of the debt-to-income ratio, but does not controvert directly Mr. Spruiell’s testimony that caseworkers performed such a calculation in some instances.

Accordingly, we conclude that Petitioner has established that the TDHS System discloses the limitations of claim 13.

5. Summary

We conclude that Petitioner has established, by a preponderance of the evidence, that the TDHS System anticipates claims 1–3, 5–8, and 10–14.

E. Obviousness Over the TDHS System

In addition to contending that claims 1–3, 5–8, and 10–14 are anticipated by the TDHS System, Petitioner contends that those claims also would have been obvious over the TDHS System “[t]o the extent any of the features performed manually in the TDHS System are asserted to be performed through the use of a computer.” Pet. 55–56. Because our construction of “computer implemented method” does not foreclose the possibility of some steps being performed manually, we conclude that Petitioner also has established, by a preponderance of the evidence, that

claims 1–3, 5–8, and 10–14 would have been obvious over the TDHS System.

Petitioner additionally contends that claim 4, which recites that “said database is accessed over the Internet,” is obvious over the TDHS System. Pet. 56–58. Petitioner’s evidence that the TDHS System accessed the database over a state intranet is uncontroverted. *See id.* at 56 (citing Ex. 1007, 87:11–25). We are persuaded by Petitioner’s reasoning that “[a]ccessing a database of qualification criteria via the Internet, instead of the disclosed intranet, would have been obvious for a [person of ordinary skill in the art] at the time of the invention” because “to do so [would] allow access by a broader group of users than may have access with a more limited intranet network.” *Id.* at 57 (citing Ex. 1005 ¶ 17). Accordingly, we conclude that Petitioner has shown, by a preponderance of the evidence, that claim 4 would have been obvious over the TDHS System.

F. Obviousness Over the TDHS System and Belford

Petitioner contends that claim 9, which recites “further comprising the step of obtaining financing for any portion of the health care costs for said patient in excess of said assistance amount,” would have been obvious over the TDHS System and Belford. Pet. 57–59. Belford describes a “system on the Internet to provide loan approval within minutes as you sit in your doctor’s or dentist’s office.” Ex. 1013, 1. Petitioner contends that it would have been obvious to use the financing method disclosed by Belford in

circumstances where a patient still owes some amount, even after receiving financial assistance. Pet. 58.

Patent Owner responds the “Belford has nothing to do with providing financial assistance for medical care of financially needy people” and that “Petitioner provides no reasoning why a person of ordinary skill in the art would be motivated to combine the teaching of a reference that discusses providing loans to people that have the ability to pay (credit worthiness) with needy people that cannot pay (charity).” PO Resp. 28. Patent Owner characterizes the relevant disclosures too narrowly. Belford is reasonably pertinent to the problem identified by Petitioner, namely the need for a patient to pay some amount even after receiving financial assistance. *See In re Clay*, 966 F.2d 656, 658 (Fed. Cir. 1992). Identification of the problem and how it is solved by Belford provides sufficient articulated reasoning with rational underpinnings to support the legal conclusion of obviousness. *See In re Kahn*, 441 F.3d 977, 988 (Fed. Cir. 2006) (cited with approval in *KSR Int’l Co. v. Teleflex, Inc.*, 550 U.S. 398, 418 (2007)).

We conclude that Petitioner has shown, by a preponderance of the evidence, that claim 9 would have been obvious over the TDHS System and Belford.

G. Asserted Grounds Based on the Mather Method

Petitioner contends that claims 1–14 would have been obvious over the Mather Method. Pet. 59–70. The John T. Mather Hospital used the Mather Method as part of its Charity Care program to provide all, or a

portion of, health care free to patients, “depending on person’s needs, above taking the poverty level guidelines that they would be eligible for Medicaid or some type of public assistance and multiplying it by 300 percent.”

Ex. 1014, 10:15–19. We have reviewed Petitioner’s detailed analysis of the Mather Method in relation to claims 1–14 at pages 59–70 of its Petition and find it persuasive. Patent Owner responds with several arguments that generally parallel its arguments for the TDHS System.

First, Patent Owner’s argument that the Mather Method fails to disclose “inputting information derived from a credit report” is unpersuasive for the same reasons we express in our analysis of the TDHS System, i.e., because Patent Owner’s argument relies on a construction of “derived” that we have not adopted. *See* PO Resp. 30–31.

Second, Patent Owner’s argument that the Mather Method fails to disclose “comparing at least a portion of the patient data with corresponding credit information to at least the following: i) the identified first provider qualification criteria; and ii) the identified second provider qualification criteria” is also unpersuasive. *See id.* at 31–32, 33. The testimony of Mr. Sunyar establishes the use of a credit report for comparison with multiple charity programs. Ex. 1014, 77:7–16, 89:8–21.

Third, we are not persuaded by Patent Owner’s argument that the Mather Method fails to disclose “wherein the patient is not enrolled in either of the first or second potential health care financial assistance plans at the time of the determination of the eligibility.” *See* PO Resp. 32–33. Patent Owner’s argument improperly relies on a construction that we have not

adopted, namely that “this limitation provides the context that the system determines eligibility without the benefit of leveraging any prior determination.” *Id.* at 33.

Fourth, Patent Owner contends that the Mather Method fails to disclose “populating at least one database” with qualification criteria. *Id.* at 33–34. This argument is unavailing because it is inconsistent with the construction of “database” that we have adopted. As Petitioner points out, the eligibility criteria set by Mather Hospital were collected in a rate table, which is a “database” as we have construed the term. *See* Pet. 63–64; Reply 12.

Last, Patent Owner contends that no debt-to-income ratio was calculated in the Mather Method as required by claim 13. PO Resp. 35. But as Petitioner observes, the Mather Method did compare debt information from a credit report, and an explicit calculation would have been obvious. Reply 12; *see* Ex. 1005 ¶ 19.

We conclude that Petitioner has shown, by a preponderance of the evidence, that claims 1–14 would have been obvious over the Mather Method.

H. Secondary Considerations

Patent Owner relies heavily on secondary considerations, including commercial success and alleged copying by Petitioner. PO Resp. 35–46. We conclude that such considerations do not outweigh Petitioner’s evidence of obviousness.

“Evidence of commercial success, or other secondary considerations, is only significant if there is a nexus between the claimed invention and the commercial success.” *Ormco Corp. v. Align Tech., Inc.*, 463 F.3d 1299, 1311–12 (Fed. Cir. 2006). To establish a proper nexus, Patent Owner must offer “proof that the sales were a direct result of the unique characteristics of the claimed invention—as opposed to other economic and commercial factors unrelated to the quality of the patented subject matter.” *In re Huang*, 100 F.3d 135, 140 (Fed. Cir. 1996) (citation omitted).

Patent Owner’s arguments regarding commercial success focus on two products, its own “Revenue Manager” and Petitioner’s “Payment Advisor Suite,” which Patent Owner characterizes as the only two software programs that compete in the “healthcare revenue cycle management market.” PO Resp. 37–38. In contending that there is a nexus between the claimed invention and commercial success of its Revenue Manager product, Patent Owner provides declaration testimony by Raymond Sims (Ex. 2003) and an analysis of “external factors”—pricing, marketing, and promotional activities—that it excludes as responsible for that commercial success. *Id.* at 41–42.

Patent Owner acknowledges that, in this instance, “the patented invention is only a component of [the] commercially successful machine or process.” *Id.* at 38. Patent Owner cites the requirement in such instances to demonstrate “a sufficient relationship between that which is patented and that which is sold,” but identifies insufficient persuasive evidence of such a relationship. *Id.* (citing *Demaco Corp. v. F. Von Langsdorff Licensing Ltd.*,

851 F.2d 1387, 1392 (Fed. Cir. 1988)). Although Patent Owner provides evidence of the commercial success of the Revenue Manager product, its analysis treats the Revenue Manager product as a whole. Patent Owner fails to identify in any precise way which specific aspects of the Revenue Manager product correspond to the claimed invention and how the overall commercial success of the product is correlated with those aspects. Patent Owner’s generic argument that “claims 1-14 are integral to Revenue Manager because they cover the methods that Revenue Manager uses for charity care determination” lacks the precision demanded by the nexus requirement to avoid improper attribution of commercial success. PO Resp. 41.

We have reviewed the testimony of Mr. Sims and find it similarly deficient. Notably, Patent Owner repeatedly cites ¶ 34 of Mr. Sims’s testimony, which refers to the need for a “holistic solution” addressing features beyond those corresponding to the claimed invention and which overbroadly concludes that because “Revenue Manager . . . *includes* the functionality of the patents, [it is] indicat[ed] that the patents are drivers of demand for the patented product.” Ex. 2003 ¶ 34 (emphasis added). We disagree that such a conclusion inevitably follows.

I. Written Description

Petitioner contends that claims 1–14 are unpatentable under 35 U.S.C. § 112, first paragraph, because they are not supported by sufficient written description of “extracting at least a portion of the credit information and

combining the extracted credit information with at least a portion of the patient data to form patient data with corresponding credit information,” as recited in independent claim 1 (“the extracting and combining step”). Pet. 77. Patent Owner identifies use of the debt-to-income ratio as providing written-description support for the extracting and combining step. PO Resp. 55. Specifically, Patent Owner argues that a debt-to-income ratio calculated from a credit report would need to be combined with other patient data “in such a way that the system could keep track of which debt-to-income value belonged with each patient.” *Id.* (citing Ex. 1001, col. 3, ll. 65–67).

Although “the [written] description requirement does not demand any particular form of disclosure or that the specification recite the claimed invention *in haec verba*,” *Ariad Pharm., Inc. v. Eli Lilly and Co.*, 598 F.3d 1336, 1352 (Fed. Cir. 2010) (citation omitted), Patent Owner’s argument is an edifice of inferences supported only by the most minimal foundation of written description. Even considering the construction of that structure generously, the argument fails because the basic foundation is misconstrued. The only specification support for a debt-to-income ratio identified by Patent Owner is provided in the context of *qualification criteria*, not patient data and credit information as required by the extracting and combining step.

Accordingly, we conclude that Petitioner has established, by a preponderance of the evidence, that claims 1–14 are unpatentable because they are not supported by sufficient written description.

J. Motion to Amend

Contingent upon a Board determination that original claim 1 of the '937 patent is unpatentable, Patent Owner moves to amend the claims by substituting proposed claims 15–17 for original claims 1, 13, and 14. Paper 26, 2. In relevant part, Patent Owner proposes to amend the original extracting and combining step as follows:

~~extracting at least a portion of the deriving credit information from at least a portion of the credit data and combining the ~~extracted~~ derived credit information with at least a portion of the patient data to form patient data with corresponding credit information~~

(“the deriving and combining step”). *Id.* at 4. Patent Owner asserts that “[t]he amendments proposed . . . merely seek to clarify the claim language to more clearly point out how the claims of the [']937 [p]atent are patentably distinct over the grounds instituted in this proceeding.” *Id.* at 2. Patent Owner confirmed at the oral hearing that its “intent with this motion is not to substantially alter the scope of the claims from the original claims, rather, to clarify them primarily with respect to the written description ground that was instituted.” Tr. 62:20–23. In particular, “the amendments in question do not add a feature or features to the substitute claims.” Paper 26, 10.

As discussed *supra*, the original combining and extracting step is not supported by adequate written description. Patent Owner identifies precisely the same support for the proposed deriving and combining step, i.e., col. 3, ll. 65–67 of the '937 patent. For reasons similar to those we address in our discussion of the original combining and extracting step, the proposed

deriving and combining step also is not supported by adequate written description.

First, the proposed amendments draw a distinction between “credit data” and “credit information.” Patent Owner asserts that “credit data” are “taken from a credit report” and that “credit information” is a “derived value such as debt to income ratio.” Paper 26, 7 (citing Ex. 2002 ¶ 166). But as we noted during the oral hearing, the specification of the ’937 makes no clear distinction between the terms, using “credit data” only outside the claims and using “credit information” only within the claims. See Tr. 55:22–56:3. When asked to identify a basis for the distinction, Patent Owner referred to the testimony of Mr. Gray. *Id.* at 56:4–7. But that testimony merely asserts that the claims “clarify” the distinction between “credit data” and “credit information” without providing any underlying reasoning or identifying any disclosure from the specification of the ’937 patent to support the distinction. See Ex. 2002 ¶ 166.

Second, “deriving credit information from at least a portion of the credit data” is not meaningfully different from “extracting at least a portion of the credit information” under our construction of “derived” and an equivalence of “credit data” and “credit information.”

In light of these considerations, Patent Owner’s identification of the statement in the ’937 patent that “the debt to income ratio can be computed as an adjustable, programmable, benchmark for automatic approval or denials for financial aid” is equally insufficient as written-description

support for the proposed deriving and combining step as it is for the original extracting and combining step.

Accordingly, we deny Patent Owner's Motion to Amend.²

III. ORDER

Accordingly, it is

ORDERED that, based on a preponderance of the evidence, claims 1–14 of U.S. Patent No. 7,333,937 B2 are held to be unpatentable;

FURTHER ORDERED that Petitioner's Motion to Exclude Paragraph 10 of the Dolamore Declaration (Ex. 2001) is *granted-in-part* by excluding the second sentence of Paragraph 10;

FURTHER ORDERED that Petitioner's Motion to Exclude the Gray Declaration (Ex. 2002) and the Sims Declaration (Ex. 2003) is *denied*;

FURTHER ORDERED that Patent Owner's Motion to Exclude the CSA/FS document (Ex. 1008) and the Babcock Deposition Transcript (Ex. 1029) is *denied*;

FURTHER ORDERED that Patent Owner's Motion to Amend (Paper 26) is *denied*; and

² Petitioner contends that the proposed claims are unpatentable under 35 U.S.C. § 101, even though Petitioner never challenged the original claims under § 101. Because we deny Patent Owner's Motion to Amend on other grounds, we do not decide whether the claims are directed to patent-eligible subject matter under § 101, and we do not reach the issue whether Patent Owner is required to make a § 101 showing for proposed amendments to claims that were not subject to a § 101 challenge.

CBM2013-00037
Patent 7,333,937 B2

FURTHER ORDERED that, because this is a final written decision, parties to this proceeding seeking judicial review of our decision must comply with the notice and service requirements of 37 C.F.R. § 90.2.

PETITIONER:
Kenneth J. Sheehan
ksheehan@bakerlaw.com

Shawnna M. Yashar
syashar@bakerlaw.com

PATENT OWNER:
William J. Lenz
wlenz@ngelaw.com

Robert E. Browne
rbrowne@ngelaw.com

Lawrence James
ljames@ngelaw.com

Gregory Leighton
gleighton@ngelaw.com

Thomas Campbell
tcampbell@ngelaw.com