

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

CARE N' CARE INSURANCE COMPANY, INC.
and TRIZETTO CORPORATION,
Petitioner,

v.

INTEGRATED CLAIMS SYSTEMS, LLC,
Patent Owner.

Case CBM2015-00064
Patent 8,676,609 B2

Before KALYAN K. DESHPANDE, HYUN J. JUNG, and
TIMOTHY J. GOODSON, *Administrative Patent Judges*.

GOODSON, *Administrative Patent Judge*.

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

I. INTRODUCTION

Care N' Care Insurance Company, Inc. and TriZetto Corporation (“Petitioners”) filed a Petition (Paper 3, “Pet.”) requesting institution of a covered business method patent review of claims 81 and 83–88 of U.S. Patent No. 8,676,609 B2 (Ex. 1003, “the ’609 patent”). Petitioners proffered a Declaration of Dr. Wallace Bysinger (Ex. 1001) with the Petition. Integrated Claims Systems, LLC (“Patent Owner”) filed a Preliminary Response (Paper 9, “Prelim. Resp.”) to the Petition. Based on these submissions, we instituted a covered business method patent review of claims 81 and 83–88 on the ground that the claims are directed to ineligible subject matter under 35 U.S.C. § 101. Paper 10 (“Dec. on Inst.”).

After institution, Patent Owner filed a Response (Paper 13, “PO Resp.”), and Petitioners filed a Corrected Reply (Paper 17, “Reply”). Patent Owner submitted a transcript of its deposition of Dr. Bysinger (Ex. 2007).

A combined oral hearing in this proceeding and Cases CBM2015-00062 and CBM2015-00063 was held on April 26, 2016, and a transcript of the hearing is included in the record. Paper 23 (“Tr.”).

We have jurisdiction under 35 U.S.C. § 6(c). This Final Written Decision is issued pursuant to 35 U.S.C. § 328(a) and 37 C.F.R. § 42.73. For the reasons that follow, we determine that Petitioners have shown by a preponderance of the evidence that claims 81 and 83–88 of the ’609 patent are unpatentable.

A. Asserted Ground of Unpatentability

The instant covered business method patent review was instituted on the sole ground that claims 81 and 83–88 are directed to patent-ineligible subject matter under 35 U.S.C. § 101. Pet. 23–43; *see* Dec. on Inst. 26.

B. Related Proceedings

The '609 patent is the subject of multiple lawsuits and has been asserted against Care N' Care in *Integrated Claims Sys., LLC v. Care N' Care Ins. Co.*, Case No. 2:14-cv-00735-JRG (E.D. Tex.), now *Integrated Claims Sys., LLC v. Care N' Care Ins. Co.*, Case No. 3:15-cv-03376 (N.D. Tex.). Pet. 1, 2; Paper 8, 1; Ex. 1014; Paper 14, 1. In addition, the '609 patent is related to the patents at issue in cases CBM2014-00186, CBM2014-00187, CBM2015-00062, and CBM2015-00063.

C. The '609 Patent

The '609 patent relates to “an attachment integrated claims (AIC) system for preparing and processing forms with integrated attachments,” specifically “digital insurance claims including Prior Approval Claim (PAC) Applications containing both a text form and an integrated digitized attachment.” Ex. 1003, 1:40–46.

The Background of the '609 patent summarizes previous attempts to develop a faster and more cost effective claims processing system. *Id.* at 1:38–52. According to the '609 patent, the “original system involved hard copy paper claims only, with transmission and all processing done manually.” *Id.* at 1:55–56. The introduction of the mainframe computer was a significant advancement to that original system because it “allowed for electronic processing within a given insurance company, i.e. once the claim was on the computer inside the company, the paper form could be dispensed with.” *Id.* at 1:66–2:3. The next advancement, according to the '609 patent, was electronic filing of claim forms, which “was made possible by the introduction of the personal computer and modem into the provider’s office.” *Id.* at 2:22–24.

In order to address compatibility issues between electronic claims forms and insurers' claims processing software, as well as compatibility between providers' computers and insurers' mainframe computers, a consortium of insurance companies established the National Electronic Information Corporation (NEIC). *Id.* at 2:38–53. The NEIC “establishes rigid standards that must be met in order to transmit an electronic claim form to an insurance company.” *Id.* at 2:53–59.

The '609 patent, however, describes that many claims require either additional text that does not fit into the prescribed format or non-text information, such as pictures, graphs, sound recordings, x-rays, or EKGs. *Id.* at 3:12–23, 4:23–27. Such claims are called “claims with attachments.” *Id.* at 3:12–19. An example of this type of claim is a PAC, which is a claim sent to an insurance carrier before a procedure is performed. *Id.* at 3:20–23. According to the '609 patent, many insurance companies require that PAC applications include additional medical evidence, such as an x-ray. *Id.* at 3:26–31.

The '609 patent describes that “when attachments are required, providers are forced to submit hard copy claim applications, while insurance companies labor under an administrative system that is a hybrid between a manual and an electronic system.” *Id.* at 4:11–15. Because the insurance company's goal is to review the claim, including both the text and the attachment, in a cost effective manner, the '609 patent states that the “natural next stage in the development of claims processing systems is to attempt to computerize[] this process.” *Id.* at 3:32–36. Although “[s]canners are now available that can digitize a dental x-ray,” the '609 patent describes that “transforming the medical evidence into digital form is

not enough to facilitate electronic processing of claims with attachments” in the existing claims processing infrastructure. *Id.* at 3:37–43.

Figure 3A is reproduced below:

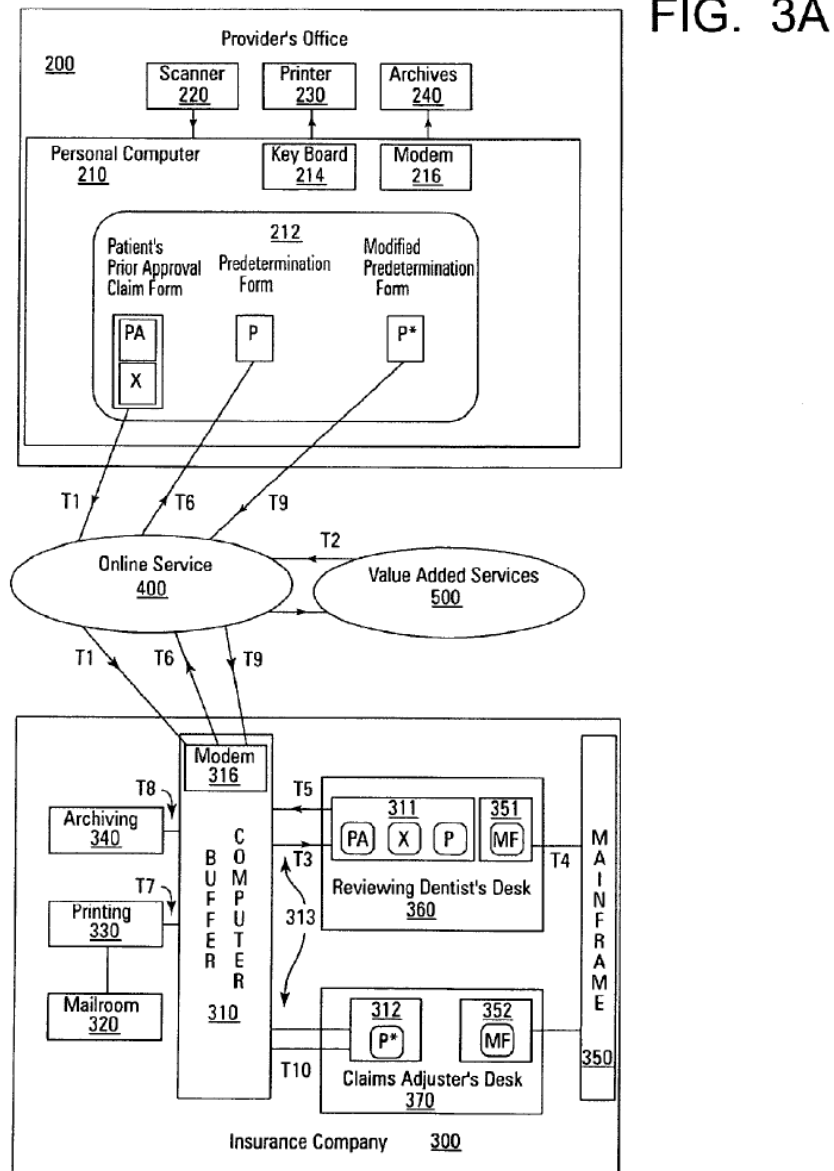


Figure 3A is a combination block and flow diagram. *Id.* at 10:1–5. Components 200 located in the health care provider’s office “include a personal computer 210 . . . and a modem 216, connected to a scanner 220.” *Id.* at 11:40–44, 56–58. “Components 300 located at the insurance company

include the previously described mainframe or legacy computer 350 and terminals 351, 352.” *Id.* at 12:4–6.

The AIC software is stored in computer system 210. *Id.* at 12:24–26. The ’609 patent describes that “commercial software packages, such as LOTUS NOTES™, have been designed with the capability of addressing combinations of text and graphics files.” *Id.* at 12:30–33. But “embodiments according to the present invention are directed at providing integrated text and graphics files within a coherent system and methodology for addressing the specific needs of the work flow, preferably of a particular industry” or “a particular application.” *Id.* at 12:35–39. The ’609 patent states that “[i]t is possible, but not necessary, that the software needed to implement the preferred embodiments of the present invention can be developed within the frame work of the environment created by something such as LOTUS NOTES™.” *Id.* at 12:40–44.

“Contained within the AIC software are PAC forms for insurance companies using the AIC system,” and the PAC form “contains boxes . . . in which alpha-numeric characters can be entered so that, when the characters are entered in these boxes they are entered so as to fill a ‘field,’ a delimited alpha-numeric character string.” *Id.* at 12:45–55. “[T]he information denoted by the characters can be transferred to and used in completing other fields in related documents.” *Id.* at 12:56–58. A patient’s x-ray is digitized, such as by scanner 220 connected to the service provider’s computer system running the AIC software. *Id.* at 13:49–52. “[T]he PAC application is formed from the electronic PAC form and the digitized patient’s x-ray.” *Id.* at 14:8–9. The ’609 patent describes that “the format of the PAC application advantageously may consist of a text file and an associated digitized image

file,” and “the text file (i.e., the PAC form) and the image file (i.e., the digitized x-ray) must cross reference one another (i.e., be correlated) so that these files can be continuously associated with one another after transmission to the insurance company.” *Id.* at 14:11–19. The PAC application is then sent to the insurance company. *Id.* at 14:64–67.

When the PAC application is received by the insurance company, it is downloaded to buffer computer 310, which is preferably a graphic user interface (GUI)-capable computer or server that can be operated in parallel with mainframe computer 350. *Id.* at 17:7–17, 12:27. A reviewing dentist calls up the PAC application from buffer computer 310 to personal computer 311. *Id.* at 17:32–41. The AIC software automatically inserts the company’s Predetermination form into the file, and can automatically transfer useful information from the PAC application to the Predetermination form. *Id.* at 17:41–46. The reviewing dentist reviews the information in the PAC application and enters in the Predetermination form the information required to approve or disapprove the procedure. *Id.* at 18:4–12. As part of the review, another monitor 351 on the reviewing dentist’s desk may be connected to mainframe computer 350 so that the patient’s insurance policy can be accessed and displayed. *Id.* at 18:20–25. The Predetermination form and the PAC application are downloaded to buffer computer 310, and the Predetermination form then is transmitted to the service provider. *Id.* at 18:35–50.

D. Illustrative Claim

Claim 81, the only independent claim challenged by Petitioners, is illustrative of the challenged claims and is reproduced below:

81. A computer implemented method, for processing electronic communications, the method comprises the steps of:

receiving, from a source external to a computer system, an electronic communication comprising first digital data in N_1 identifiable data fields, wherein N_1 is an integer and wherein at least some of the N_1 identifiable data fields comprise insurance transaction data and at least one of the N_1 identifiable data fields comprises attachment data for at least one attachment stored in memory of a first computer;

storing the electronic communication in memory of a second computer;

processing the electronic communication by:

displaying at least one graphic user interface screen comprising a set of N_2 identifiable data fields, wherein N_2 is an integer, and the attachment; and

determining second digital data to be entered in at least one field in the set of N_2 identifiable data fields using at least some of the insurance transaction data in the set of N_1 identifiable data fields in a logic process;

wherein the second digital data comprises insurance transaction data and wherein the second digital data excludes the attachment.

II. ANALYSIS

A. *Petitioners' Eligibility to File a CBM Petition*

Section 18 of the AIA governs the transitional program for covered business method patent reviews. Section 18(a)(1)(B) of the AIA sets forth that a person may not file a petition for such a review “unless the person or the person’s real party in interest or privy has been sued for infringement of the patent or has been charged with infringement under that patent.” Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011) (“AIA”) § 18(a)(1)(B). Care N’ Care has been sued for infringement of the ’609 patent in *Integrated Claims Sys., LLC v. Care N’ Care Ins. Co.*, Case No. 2:14-cv-00735-JRG (E.D. Tex.). Pet. 2; Ex. 1014. TriZetto is indemnifying Care N’ Care, and is listed as a real party in interest. Pet. 1, 2. Patent Owner does not contest Care N’ Care’s or TriZetto’s eligibility.

Petitioners have made a sufficient showing that they meet the eligibility requirement of § 18(a)(1)(B).

B. Whether the '609 Patent Is a Covered Business Method Patent

A “covered business method patent” is a patent that “claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, except that the term does not include patents for technological inventions.” AIA § 18(d)(1); *see* 37 C.F.R. § 42.301(a). To determine whether a patent is eligible for a covered business method patent review, the focus is on the claims. *See* Transitional Program for Covered Business Method Patents—Definitions of Covered Business Method Patent and Technological Invention, 77 Fed. Reg. 48,734, 48,736 (Aug. 14, 2012) (Final Rule). A patent need have only one claim directed to a covered business method to be eligible for review. *Id.* at 48,735–36.

1. Financial Product or Service

We first consider whether the '609 patent claims a method “for performing data processing or other operations used in the practice, administration, or management of a financial product or service.” AIA § 18(d)(1). Petitioners argue that claim 81, from which all other challenged claims depend, recites processing electronic communications that include “insurance transaction data.” Pet. 7–8 (quoting claim 81). Petitioners contend that claim 81 “expressly relates to processing data in an insurance claim form, which is quintessentially a ‘financial product or service.’” *Id.* at 8. In support of this contention, Petitioners cite a dictionary definition of “insurance” as an agreement to “indemnify another against specified loss in return for premiums paid.” *Id.* (quoting American Heritage College

Dictionary 705 (3d ed. 1997) (Ex. 1012)). Petitioners also cite Board decisions equating insurance with a financial product or service in evaluating standing for covered business method review. *Id.* at 8–9 (citing *Liberty Mut. Ins. Co. v. Progressive Cas. Ins. Co.*, CBM2013-00001, slip op. at 6 (PTAB Jan. 27, 2013) (Paper 13); *Gillman v. StoneEagle Servs., Inc.*, CBM2013-00047, slip op. at 8 (PTAB Feb. 18, 2014) (Paper 11)).

Patent Owner argues that claim 81 “does not concern the practice, administration, or management of insurance.” PO Resp. 12. Patent Owner asserts that claim 81 does not represent an improvement in the issuance, adjudication, or payment of insurance, but is instead a computer technology solution to a computer network problem. *Id.* at 12–13. According to Patent Owner, “Petitioners should have demonstrated that the Challenged Claims actually cover a financial product or service—not just a potential use of the invention.” *Id.* at 15.

We agree with Petitioners that the plain language of claim 81 establishes that the claim is directed to a method for performing data processing used in the administration or management of insurance claims. We also agree with Petitioners that the administration or management of insurance claims falls within the practice, administration, or management of a financial product or service. The arguments on this issue in Patent Owner’s Response largely repeat the corresponding section in the Preliminary Response. *Compare* PO Resp. 12–18 *with* Prelim. Resp. 12–18. These arguments are not persuasive because the statute does not limit covered business method patents to those that claim financial products or services. Instead, the statutory definition includes patents that claim a method “for performing data processing or other operations ***used in*** the

practice, administration, or management of a financial product or service.” AIA § 18(d)(1) (emphasis added); *see also Versata Dev. Grp., Inc. v. SAP Am., Inc.*, 793 F.3d 1306, 1325 (Fed. Cir. 2015) (“[A]s a matter of statutory construction, the definition of ‘covered business method’ is not limited to products and services of only the financial industry, or to patents owned by or directly affecting the activities of financial institutions such as banks and brokerage houses.”). Here, claim 81 recites a method of processing an “electronic communication comprising first digital data in N_1 identifiable data fields, . . . wherein at least some of the N_1 identifiable data fields comprise insurance transaction data.” Therefore, the claimed method is “used in” the administration or management of insurance claims because claim 81 explicitly recites the method’s usage in managing insurance transaction data.

2. *Technological Invention*

Next, we consider whether the ’609 patent is excluded from being a covered business method patent by virtue of being for a technological invention. AIA § 18(d)(1). To determine whether a patent is for a technological invention, we consider “whether the claimed subject matter as a whole recites a technological feature that is novel and unobvious over the prior art; and solves a technological problem using a technical solution.” 37 C.F.R. § 42.301(b).

Petitioners assert that claim 81 does not recite a technological feature that is novel and non-obvious over the prior art because the recited steps use only known technologies. *See* Pet. 15–16. Namely, Petitioners argue that the description in the Background of the ’609 patent discloses the processing of electronic claims by mainframe computers and electronic transmission of

claims using a personal computer and modem. *Id.*; Ex. 1003, 1:66–2:5, 2:22–36. Petitioners support their argument with the testimony of Dr. Wallace Bysinger. Ex. 1001 ¶¶ 36–37, 46. According to Petitioners, the steps recited in claim 81 are “generic tasks that could be done with conventional software and hardware well before the priority date of the ’609 Patent.” Pet. 18.

Patent Owner responds that the ’609 patent added new functionality to legacy systems. PO Resp. 20. According to Patent Owner, “[a]lthough the hardware components recited by the Challenged Claims were known at the time the application leading to the ’609 Patent was filed, the use of computer software fields as required by each claim, including the receipt of computer software fields potentially containing digital attachments, was not known.” *Id.* Patent Owner further argues that the ’609 patent indicates that the inventions could be developed within the framework of known commercial software packages such as LOTUS NOTES, but were not known and did not exist before Patent Owner’s patent applications were filed. *Id.* at 22.

In its Reply, Petitioners point out, correctly, that Patent Owner’s arguments purport to be based in part on an expert declaration, but Patent Owner did not submit any expert declaration in this proceeding. Reply 3; *see also* PO Resp. 20 (citing to a “Declaration of Robert Gross”). Petitioners further reply that Patent Owner’s argument regarding LOTUS NOTES is unsupported by evidence. Reply 4.

We are persuaded that claim 81 as a whole does not recite a technological feature that is novel and unobvious over the prior art. Patent Owner agrees that “the hardware components recited by the Challenged Claims were known.” PO Resp. 20. “Reciting the use of known prior art

technology to accomplish a process or method, even if that process or method is novel and non-obvious,” typically does not render a patent a technological invention. Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,764 (Aug. 14, 2012).

Regarding Patent Owner’s contention that a computer receiving fields potentially containing digital attachments was not known, Patent Owner has not rebutted the testimony of Petitioners’ declarant, Dr. Bysinger, that “in June of 1992, the MIME standard allowed a user to generate and then send virtually any kind of file in an email.” Ex. 1001 ¶ 46; *see also id.* ¶ 42 (explaining that the MIME standard “defined a set of methods for representing binary data in formats other than ASCII text format, allowing both textual data and image data to be transmitted together”).

With respect to LOTUS NOTES, the ’609 patent’s disclosure that the software needed to implement the invention can be developed within the framework of LOTUS NOTES supports Petitioners’ argument that the claimed method requires only generic tasks that could be done with conventional software. Pet. 18.

We also have considered Petitioners’ and Patent Owner’s arguments concerning whether the ’609 patent solves a technological problem using a technical solution, but we do not find that this consideration militates in favor of a technological invention. *See* Pet. 18–22; PO Resp. 22–24. Petitioners assert that the problems solved were generic business problems such as improving a process that was labor intensive, costly, and prone to problems. Pet. 20. Patent Owner responds that those problems were due to the limitations of mainframe computers, which presented a technical challenge. PO Resp. 23. The ’609 patent supports Petitioner’s argument

that both the problem and solution are nontechnical. In describing the problem it seeks to solve, the '609 patent focuses on reducing costs and enhancing efficiency of the claims review process. *See, e.g.*, Ex. 1003, 1:48–51, 3:32–36, 4:4–18, 7:61–8:2, 8:16–26. Further, in its disclosure of the solution to these problems, the '609 patent describes only generic and conventional computer equipment such as mainframe computers, personal computers, modems, scanners, printers, and servers. *See, e.g., id.* at 1:66–2:1, 2:23–25, 11:56–12:12; *see also* PO Resp. 20 (agreeing that “the hardware components recited by the Challenged Claims were known”).

In view of the foregoing, we conclude that the '609 patent is a covered business method patent under AIA § 18(d)(1).

C. Claim Construction

Consistent with the statute and legislative history of the AIA, the Board will interpret unexpired claims using the broadest reasonable construction. *See* 37 C.F.R. § 42.300(b). In our Decision on Institution, we determined that we did not need to provide an express construction for any claim term. *See* Dec. on Inst. 13.

Patent Owner proposes that the broadest reasonable interpretation of “field” in view of the Specification is a “computer software field.” PO Resp. 25–26. Petitioners argue that Patent Owner’s proposed construction is circular and unhelpful, and that the Board need not provide an express construction of this term because “[t]he construction of ‘field’ does not impact the section 101 analysis at issue here.” Reply 4.

We agree with Petitioners. We see no reason why the resolution of the issues before us requires an express construction of this term. Even if we were to construe “field” as a “computer software field,” it would not impact

our analysis of claims 81 and 83–88 under 35 U.S.C. § 101. Accordingly, we do not provide an express construction of “field.” See *Wellman, Inc. v. Eastman Chem. Co.*, 642 F.3d 1355, 1361 (Fed. Cir. 2011) (“[C]laim terms need only be construed ‘to the extent necessary to resolve the controversy.’”).

D. Patent Eligibility Under 35 U.S.C. § 101

Petitioners challenge claims 81 and 83–88 as unpatentable under 35 U.S.C. § 101 as being directed towards non-statutory subject matter. Pet. 23–43. An invention is patent-eligible if it claims a “new and useful process, machine, manufacture, or composition of matter.” 35 U.S.C. § 101. The Supreme Court, however, has long interpreted § 101 to exclude from patent-eligible subject matter claims drawn to “laws of nature, natural phenomena, and abstract ideas.” *Alice Corp. Pty Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2354 (2014).

In *Alice*, the Supreme Court reiterated the framework set forth previously in *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289 (2012), “for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts.” *Alice*, 134 S. Ct. at 2355. The first step in the analysis is to “determine whether the claims at issue are directed to one of those patent-ineligible concepts.” *Id.* If the claims are directed to a patent-ineligible concept, the second step in the analysis is to consider the elements of the claims “individually and ‘as an ordered combination’” to determine whether there are additional elements that “‘transform the nature of the claim’ into a patent-eligible application.” *Alice*, 134 S. Ct. at 2355 (quoting *Mayo*, 132 S. Ct. at 1291, 1297). The second step of the analysis is

“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.’” *Id.*

1. Are the Claims Directed to an Abstract Idea?

Petitioners assert that the challenged claims are “directed to the abstract idea of receiving information, storing it, and determining which of its parts to enter into a display.” Pet. 29, 31. Petitioners analogize the challenged claims to claims that the Federal Circuit determined were patent ineligible in *Content Extraction & Transmission v. Wells Fargo Bank*, 776 F.3d 1343 (Fed. Cir. 2014) and *Cyberfone Systems, LLC v. CNN Interactive Group, Inc.*, 558 F. App’x 988 (Fed. Cir. 2014) (nonprecedential). *See* Pet. 31–34.

In *Content Extraction*, the Federal Circuit considered the patent eligibility of a method claim for “processing information from a diversity of types of hard copy documents” that included the following steps:

- (a) receiving output representing a diversity of types of hard copy documents from an automated digitizing unit and storing information from said diversity of types of hard copy documents into a memory . . . ;
- (b) recognizing portions of said hard copy documents corresponding to a first data field; and
- (c) storing information from said portions of said hard copy documents corresponding to said first data field into memory locations for said first data field.

Content Extraction, 776 F.3d at 1345. In applying step one of the *Mayo/Alice* framework, the Federal Circuit determined that the claims were “drawn to the abstract idea of 1) collecting data, 2) recognizing certain data within the collected data set, and 3) storing that recognized data in a

memory.” *Id.* at 1347. The Federal Circuit noted that “[t]he concept of data collection, recognition, and storage is undisputedly well-known.” *Id.*

In *Cyberfone*, the court evaluated a method claim reciting steps that required “obtaining data, ‘exploding’ the data, *i.e.*, separating it into component parts, and sending those parts to different destinations.”

Cyberfone, 558 F. App’x at 990. The Federal Circuit held that this claim involved an abstract idea, explaining that “using categories to organize, store, and transmit information is well-established.” *Id.* at 992. Thus, “the well-known concept of categorical data storage, *i.e.*, the idea of collecting information in classified form, then separating and transmitting that information according to its classification, is an abstract idea that is not patent-eligible.” *Id.*

We agree with Petitioners that the challenged claims are directed to a process of receiving information, storing it, and determining which of its parts to enter into a display. Pet. 29. Claims directed to such a process are analogous to the data processing claims that the Federal Circuit held were directed to an abstract idea in *Content Extraction* and *Cyberfone*. In particular, as Petitioners argue, the step in claim 81 “of determining which parts of the information to enter into a graphical display is analogous to the step in [*Content Extraction*] of ‘recognizing certain data within the collected data set.’” Pet. 33. Further, the steps in claim 81 of receiving information and storing it are similar to the steps in *Content Extraction* of collecting data and storing the recognized data in a memory. *Id.* With respect to *Cyberfone*, we agree with Petitioners that the challenged claims can be “described as directed to methods of ‘obtaining data . . . separating it into component parts, and sending those parts to different destinations’ that the

Federal Circuit in *Cyberfone* held embodied an abstract idea.” *Id.* at 34 (quoting *Cyberfone*, 558 F. App’x at 990). We have considered Patent Owner’s arguments that the challenged claims are not directed to an abstract idea, but those arguments are not persuasive for the reasons that follow.

First, Patent Owner argues that “Petitioner does not follow the *Alice* test by using pre-emption as the determiner.” PO Resp. 34. Based on its assertion that preemption is the true test of patent eligibility, Patent Owner argues that the challenged claims do not preempt the field of insurance claims processing. *Id.* at 47–49. Petitioners reply that “‘using pre-emption as the determiner’ is not the test set forth for patent eligibility under § 101.” Reply 7. We agree with Petitioners. In particular, Patent Owner does not identify, and we do not find, any holding in *Alice* supporting Patent Owner’s contention that “if an example can be shown of use of [an] idea that is not pre-empted by the patent claim, then the patent claim is not directed to an abstract idea.” PO Resp. 33.

Patent Owner is correct that the Supreme Court has described “the concern that drives this exclusionary principle [i.e., the exclusion of abstract ideas from patent eligible subject matter] as one of pre-emption.” *Alice*, 134 S. Ct. at 2354. But pre-emption as a driving concern for patent eligibility case law does not equate to pre-emption as the sole test for patent eligibility. “The Supreme Court has made clear that the principle of preemption is the basis for the judicial exceptions to patentability” and “[f]or this reason, questions on preemption are inherent in and resolved by the § 101 analysis.” *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015) (citing *Alice*, 134 S. Ct. at 2354). Thus, “while preemption may

signal patent ineligible subject matter, the absence of complete preemption does not demonstrate patent eligibility.” *Id.*

Next, Patent Owner argues that *Alice* and *Bilski v. Kappos*, 561 U.S. 593, 610–11 (2010), are distinguishable from the claims challenged here because those cases dealt with fundamental economic practices. PO Resp. 37–38. We are not persuaded by this distinction because neither *Alice* nor *Bilski* indicates that only fundamental economic practices can qualify as abstract ideas. *See Alice*, 134 S. Ct. at 2355 (“The ‘abstract ideas’ category embodies ‘the longstanding rule that “[a]n idea of itself is not patentable.””)” (quoting *Gottschalk v. Benson*, 409 U.S. 63, 67 (1972))).

Patent Owner also analogizes the challenged claims to the check processing claims at issue in *U.S. Bancorp v. Solutran, Inc.*, Case CBM2014-00076 (PTAB Aug. 7, 2014) (Paper 16). PO Resp. 38–40. There, the Board denied institution of a § 101 challenge because the petitioner had failed to demonstrate that claims reciting a method for processing paper checks were directed to an abstract idea. *Solutran*, slip op. at 12–15. Specifically, the Board found “that the basic, core concept of independent claim 1 is a method of processing paper checks, which is more akin to a physical process than an abstract idea.” *Id.* at 13.

Patent Owner’s reliance on *Solutran* is misplaced. As an initial matter, the Board’s Decision on Institution in *Solutran* is nonprecedential and, therefore, not binding. *See* PTAB Standard Operating Procedure (SOP) 2 (Rev. 9), available at <http://www.uspto.gov/patents-application-process/patent-trial-and-appeal-board/resources>. Also, in rendering that decision, the Board could not have taken into consideration the Federal Circuit’s guidance in *Content Extraction*, which was decided several months

after the Decision on Institution in *Solutran*. Still further, Patent Owner does not account for the difference between claims for processing electronic communications, as are at issue here, and claims for processing paper checks, as in *Solutran*. See Tr. 50:19–51:11. It was significant to the Board’s § 101 analysis in *Solutran* that the claim was for “a method of processing paper checks, which is more akin to a physical process than an abstract idea.” *Solutran*, slip op. at 13. Processing electronic communications is less easily characterized as a concrete, physical process than processing paper checks.

Patent Owner extensively quotes the Federal Circuit’s decision in *DDR Holdings, LLC v. Hotels.com*, 773 F.3d 1245 (Fed. Cir. 2014) to argue that the claims challenged here differ from claims held to be directed to abstract ideas. See PO Resp. 40–42. But Patent Owner does not explain persuasively what specific limitations or features of the challenged claims prevent them from being directed to an abstract idea. Moreover, Patent Owner does not explain why Petitioners’ characterization of the challenged claims as being directed to “receiving information, storing it, and determining which of its parts to enter into a display” (Pet. 29) is incomplete or inaccurate.

Patent Owner’s attempt to distinguish the Federal Circuit cases on which Petitioners rely is unpersuasive. PO Resp. 42–43. After reproducing claim 1 from *Content Extraction* in full, Patent Owner simply asserts that “[u]nlike the ’609 Patent, the patent at issue in [*Content Extraction*] is merely ‘drawn to the basic concept of data recognition and storage.’” *Id.* at 43. Similarly, with respect to *Cyberfone*, Patent Owner contends that “the claims of the ’609 Patent are not directed to the concepts of capturing and

storing data.” *Id.* at 46. Patent Owner’s mere assertion that the challenged claims are different than the *Content Extraction* and *Cyberfone* claims, without an explanation of how they are different and why those differences impact the analysis under the first step of the *Mayo/Alice* framework, is not persuasive.

Patent Owner argues that other cases are “far more analogous” than *Content Extraction* and *Cyberfone*. PO Resp. 43, 46. The cases Patent Owner relies on are *Messaging Gateway Solutions v. Amdocs, Inc.*, 2015 WL 1744343 (D. Del. Apr. 15, 2015) and *Kenexa BrassRing, Inc. v. HireAbility.com, LLC*, 2015 WL 1943826 (D. Mass. Apr. 28, 2015). Patent Owner’s reliance on *Messaging Gateway* to support its argument on the first step of the *Mayo/Alice* analysis is confusing, given the court’s finding that the claim challenged there “is directed to the abstract idea of translation.” *Messaging Gateway*, 2015 WL 1744343, at *4. Patent Owner’s arguments regarding *Kenexa* are also unpersuasive because the district court there found that the patents at issue “may be directed toward an abstract idea,” but because the court determined that the motion at issue “must be denied under the second step of the *Mayo/Alice* analysis, it is not necessary to resolve the first step definitively at this stage.” *Kenexa*, 2015 WL 1943826 at *6.

Our determination that claims 81 and 83–88 are directed to an abstract idea is also consistent with *Enfish, LLC v. Microsoft Corp.*, No. 2015-1244, 2016 WL 2756255 (Fed. Cir. May 12, 2016), and *In re TLI Communications LLC Patent Litigation*, No. 2015-1372, 2016 WL 2865693 (Fed. Cir. May 17, 2016), two Federal Circuit decisions concerning § 101 that issued after the completion of briefing and oral argument in this proceeding. These cases clarify that “a relevant inquiry at step one is ‘to ask whether the claims

are directed to an improvement to computer functionality versus being directed to an abstract idea.’” *TLI*, 2016 WL 2865693 at *3 (quoting *Enfish*, 2016 WL 2756255 at *4). In this inquiry, claims “directed to an improvement in the functioning of a computer” are contrasted with claims “simply adding conventional computer components to well-known business practices” or “generalized steps to be performed on a computer using conventional computer activity.” *Id.* (quoting *Enfish*, 2016 WL 2756255 at *7).

The claims held to be patent-eligible in *Enfish* recited a “self-referential table,” which the Federal Circuit determined was a “specific type of data structure designed to improve the way a computer stores and retrieves data in memory.” *Enfish*, 2016 WL 2756255 at *8. We find no comparable aspect of the claims challenged here that represents “an improvement to computer functionality itself.” *Id.* at *4. Rather, the claims at issue in this case recite “generalized steps to be performed on a computer using conventional computer activity.” *Id.* at *7.

Here, just as the Federal Circuit determined was the case in *TLI*, Petitioners have shown that the claimed invention is “directed to the use of conventional or generic technology in a . . . well-known environment.” *TLI*, 2016 WL 2865693 at *3. Similar to the non-technical goal of the inventor in *TLI* to “provid[e] for recording, administration and archiving of digital images simply, fast and in such way that the information therefore may be easily tracked,” *id.*, the ’609 patent seeks to reduce costs and enhance efficiency of the review process for insurance claims. *See* Ex. 1003, 1:48–51, 3:32–36, 4:4–18, 7:61–8:2. And, like the patent in *TLI*, the ’609 patent “fails to provide any technical details for the tangible components, but

instead predominately describes the systems and methods in purely functional terms.” *TLI*, 2016 WL 2865693 at *4; *see, e.g.*, Ex. 1003, 11:56–12:3, 12:40–44, 13:58–14:1, 21:30–57, 22:18–24.

For the foregoing reasons, we conclude that claims 81 and 83–88 are directed to an abstract idea.

2. *Do Additional Elements Transform the Nature of the Claims into a Patent-Eligible Application?*

Petitioners argue that the challenged claims do not supply an inventive concept sufficient to transform the abstract idea into a patent-eligible invention because they merely apply conventional computer hardware to the abstract idea. Pet. 34. Petitioners compare the challenged claims to those in *Content Extraction*, which merely recited the use of existing technology “to recognize and store data from specific data fields.” *Id.* at 35 (quoting *Content Extraction*, 776 F.3d at 1348). There, the Federal Circuit held that “[t]here is no ‘inventive concept’ in [the patentee]’s use of a generic scanner and computer to perform well-understood, routine, and conventional activities commonly used in industry.” *Content Extraction*, 776 F.3d at 1348.

Petitioners also assert that the challenged claims fail the machine-or transformation test, which provides “a useful clue in the second step of the *Alice* framework.” Pet. 35 (quoting *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 716 (Fed. Cir. 2014)). With regard to independent claim 81, for example, Petitioners argue that all of the recited steps—receiving an electronic communication having insurance transaction data, storing it, and using a logic process to decide which parts of the communication to enter into the fields of a graphic user interface—could be carried out manually, with a pen and paper. Pet. 36. Petitioners emphasize that no specific “logic

process” is claimed, “so even the simplest logical method is covered.” *Id.* Petitioners assert that claim 81 “does not require the method to be performed by a particular machine, or even a machine at all,” and so fails the machine prong of the machine-or transformation test. Pet. 37 (citing *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1370 (Fed. Cir. 2011)). Further, according to Petitioners, the claim is not transformative because it merely requires the collection and organization of data. *Id.* (citing *CyberSource*, 654 F.3d at 1375).

Patent Owner responds that the computer is integral to the claim because the computer “facilitate[s] the process in a way that a person making calculations or computations could not.” PO Resp. 49 (quoting *Bancorp. Servs., LLC v. Sun Life Assurance Co.*, 687 F.3d 1266, 1278 (Fed. Cir. 2012)). Patent Owner further argues that the use of fields in the challenged claims enables functions that could not be performed easily by a person, such as automatically signifying fields that a user need not complete and automatically transferring information from one field to another. *Id.* at 51–52. And Patent Owner distinguishes *Content Extraction* on the basis that there, the patentee admitted that scanning and using computers to recognize the scanned shapes as text were known. *Id.* at 52 (citing *Content Extraction*, 776 F.3d at 1348). In this case, according to Patent Owner, using fields to overcome the limitations of mainframe computers was not known. *Id.* at 53.

Considering the full record before us, we agree with, and adopt as our own, Petitioners’ explanation of why the challenged claims fail to recite any elements that individually or as an ordered combination transform the abstract idea of receiving information, storing it, and determining which of its parts to enter into a display into a patent-eligible application of that idea.

Pet. 34–43. Stated simply, the challenged claims require no more than generic computer components performing generic computer functions and conventional activities. *See Alice*, 134 S. Ct. at 2359 (noting, in carrying out the second step, that the “the relevant question is whether the claims here do more than simply instruct the practitioner to implement the abstract idea . . . on a generic computer”); *TLI*, 2016 WL 2865693 at *6 (“These steps fall squarely within our precedent finding generic computer components insufficient to add an inventive concept to an otherwise abstract idea.”).

For example, claim 81 recites receiving data in fields, storing data in memory, determining which data to enter for display using a generic “logic process,” and displaying data. “[A]ll of these computer functions are ‘well-understood, routine, conventional activit[ies]’ previously known to the industry.” *Alice*, 134 S. Ct. at 2359 (quoting *Mayo*, 132 S. Ct. at 1294). The parallels that Petitioner draws between the claims challenged here and those addressed in *Content Extraction* are compelling. *See* Pet. 35–36. Patent Owner’s reliance on the use of fields in the challenged claims to satisfy the second step of the *Mayo/Alice* analysis and to distinguish *Content Extraction* is unpersuasive in view of Petitioners’ argument and evidence that computer software fields are a generic, well-known concept in data processing, and that using fields to transfer information from a field in one form to a correlated field in another form was routine and conventional. Reply 12; Ex. 1001 ¶¶ 36–37.

We also agree with Petitioners that the challenged claims fail the machine-or-transformation test because the claims “are not tied to any particular novel machine or apparatus, only a general purpose computer,” and “adding a computer to otherwise conventional steps does not make an

invention patent-eligible.” *Ultramercial*, 772 F.3d at 716–17. We discern nothing in the challenged claims requiring a novel machine or apparatus. Indeed, as noted above, Patent Owner concedes that “the hardware components recited by the Challenged Claims were known at the time the application leading to the ’609 Patent was filed.” Prelim. Resp. 19; PO Resp. 20.

Turning to the transformation prong of the test, “[a]ny transformation from the use of computers or the transfer of content between computers is merely what computers do and does not change the analysis.” *Ultramercial*, 772 F.3d at 717. Moreover, as the Federal Circuit explained in *CyberSource*, the “mere collection and organization of data regarding credit card numbers and Internet addresses is insufficient to meet the transformation prong of the test.” 654 F.3d at 1370. Here, claim 81 recites receiving an electronic communication that includes digital data in fields, some of which include insurance transaction data and at least one of which includes attachment data, storing the electronic communication, and processing the electronic communication by determining which of the received data to display and displaying the selected data and the attachment on a GUI. Ex. 1003, 50:20–43. We agree with Petitioners that the claimed method merely collects and organizes data, which is insufficient to meet the transformation prong of the machine-or-transformation test. Dependent claims 83–88 also do not recite more than the mere collection and organization of data.

III. CONCLUSION

For the foregoing reasons, we determine that Petitioners have demonstrated, by a preponderance of the evidence, that claims 81 and 83–88

of the '609 patent are unpatentable because they are directed to ineligible subject matter under 35 U.S.C. § 101.

IV. ORDER

In consideration of the foregoing, it is hereby:

ORDERED that claims 81 and 83–88 of U.S. Patent No. 8,676,609 B2 have been shown to be unpatentable; and

FURTHER ORDERED that parties to the proceeding seeking judicial review of this Final Decision must comply with the notice and service requirements of 37 C.F.R. § 90.2.

PETITIONERS:

Gianni Cutri
Jared Barcenas
KIRKLAND & ELLIS LLP
gianni.cutri@kirkland.com
jared.barcenas@kirkland.com

PATENT OWNER:

John F. Ward
David G. Lindenbaum
WARD & ZINNA, LLC
jward@wardzinna.com
dlindenbaum@wardzinna.com