

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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TRAVELERS LLOYDS OF TEXAS INSURANCE CO. and  
THE TRAVELERS INDEMNITY CO.,  
Petitioner,

v.

INTEGRATED CLAIMS SYSTEMS, LLC,  
Patent Owner.

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Case CBM2014-00186  
Patent 7,346,768 B2

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

JUNG, *Administrative Patent Judge*.

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

## I. INTRODUCTION

Travelers Lloyds of Texas Insurance Co. and The Travelers Indemnity Co. (collectively, “Petitioner”) filed a Petition (Paper 1, “Pet.”), requesting institution of a covered business method patent review of claims 1, 6, 10–17, and 28–31 of U.S. Patent No. 7,346,768 B2 (Ex. 1001, “the ’768 patent”). Integrated Claims Systems, LLC (“Patent Owner”) filed a Preliminary Response (Paper 8, “Prelim. Resp.”). Based on those submissions, we instituted a covered business method patent review of claims 1, 6, 10–17, and 28–31. Paper 11 (“Dec. on Inst.”).

After institution, Patent Owner filed a Response (Paper 17, “PO Resp.”), and Petitioner filed a Reply (Paper 19, “Reply”). Petitioner proffered a Declaration of Neal Goldstein (Ex. 1006, “Goldstein Declaration”) with its Petition. Patent Owner proffered a Declaration of Robert E. Gross (Ex. 2004, “Gross Declaration”) with its Response. No deposition transcripts were filed.

Patent Owner moves to amend the claims and dismiss the proceeding. Paper 15; Paper 16. Petitioner opposes dismissing the proceeding (Paper 18), and Patent Owner replies to Petitioner’s opposition (Paper 21).

A combined oral hearing in this proceeding and Case CBM2014-00187 was held on December 14, 2015; a transcript of the hearing is included in the record (Paper 30, “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 Petitioner has shown by a preponderance of the evidence that claims 1, 6, 10–17, and 28–31 of the

'768 patent are unpatentable. We also grant the motion to amend and deny the motion to dismiss.

*A. Asserted Ground of Unpatentability*

The instant covered business method patent review was instituted on the sole ground that claims 1, 6, 10–17, and 28–31 are directed to patent-ineligible subject matter under 35 U.S.C. § 101. Pet. 4, 14–22; Dec. on Inst. 25.

*B. Related Proceedings*

The '768 patent is the subject of multiple proceedings and was asserted against Petitioner in *Integrated Claim Systems, LLC v. Travelers Lloyds of Texas, Ins. Co.*, Case No. 2:13-cv-00656 (E.D. Tex.), now *Integrated Claim Systems, LLC v. Travelers Lloyds of Texas Ins. Co.*, 3:14-cv-00892 (D. Conn.). Pet. 2–3; Paper 7, 1; Ex. 1004; Ex. 2003. Also, the '768 patent is related to the patent at issue in Case CBM2014-00187.

*C. The '768 Patent (Ex. 1001)*

The '768 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. 1001, 1:40–46.

The '768 patent states that the “original system involved hard copy paper claims only, with transmission and all processing done manually.” *Id.* at 1:55–56. The '768 patent also states that the “first significant advancement resulted from the introduction of the mainframe computer,” which “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 ’768 patent discloses that the “next advancement was the electronic filing of claim forms” that “was made possible by the introduction of the personal computer and modem into the provider’s office.” *Id.* at 2:22–24. The ’768 patent explains that a “National Electronic Information Corporation (NEIC) . . . interfaces between the insurance companies and the service providers” and “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 ’768 patent, however, describes that many claims “require additional text information that doesn’t fit into the prescribed format” or “require non-text information,” such as “pictures, graphs, additional text not allowed on the standard claim form, sound recordings, etc.,” and “x-rays, EKGs, additional text information such as Operating Room Reports, etc.” *Id.* at 3:12–23, 4:23–27. Such claims “are called ‘claims with attachments,’” and include the “PAC (Prior Approval Claim).” *Id.* at 3:12–23. The ’768 patent describes that “when attachments are required, providers are forced to submit hard copy claim applications.” *Id.* at 4:11–15. The ’768 patent also states that “insurance companies labor under an administrative system that is a hybrid between a manual and an electronic system.” *Id.* at 4:11–15.

The ’768 patent describes that the “natural next stage in the development of claims processing systems is to attempt to computerize[] this process.” *Id.* at 3:35–37. The ’768 patent also states that “[s]canners are now available that can digitize a dental x-ray.” *Id.* at 3:38–40. However, the ’768 patent describes that “transforming the medical evidence into digital form is not enough to facilitate electronic processing of claims with attachments” and “[o]ne must also take into consideration the existing

claims processing infrastructure, i.e., the legacy infrastructure.” *Id.* at 3:38–44.

Figure 3A is reproduced below:

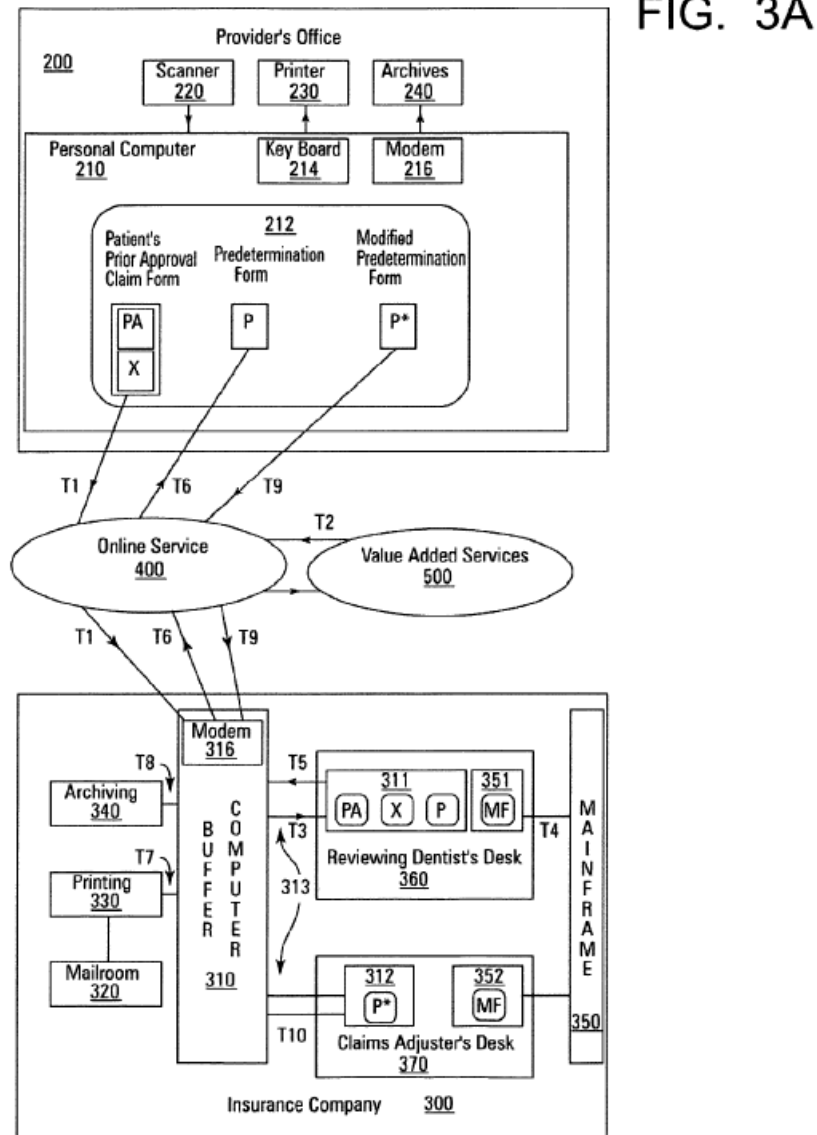


Figure 3A is a combination block and flow diagram. *Id.* at 10:13–17. Components 200 located in the health care provider’s office “include a personal computer 210 . . . and a modem 216, connected to a scanner 220.” *Id.* at 11:54–57, 12:4–6. “Components 300 located at the insurance

company include the previously described mainframe or legacy computer 350 and terminals 351, 352.” *Id.* at 12:20–22.

The AIC software is stored in computer system 210. *Id.* at 12:39–43. The ’768 patent describes that “commercial software packages, such as LOTUS NOTES™, have been designed with the capability of addressing combinations of text and graphics files,” but the “embodiments . . . 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 12:46–56. The ’768 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 12:56–60.

“Contained within the AIC software are PAC forms for insurance companies using the AIC system,” and each 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 12:61–13:4. The “information denoted by the characters can be transferred to and used in completing other fields in related documents.” *Id.* at 13:4–6.

A patient’s x-ray is digitized, such as by “a scanner 220, i.e., digitizer, connected to the service provider’s computer system running the AIC software.” *Id.* at 13:66–14:2. The “PAC application is formed from the electronic PAC form and the digitized patient’s x-ray.” *Id.* at 14:26–27. 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 14:29–37. The “patient’s PAC application can be sent to the insurance company in several ways . . . including via normal phone service, an on-line service, or bulk data transmission lines.” *Id.* at 16:5–9.

*D. Illustrative Claim*

Claim 1 is the only independent claim challenged by Petitioner and reproduced below:

1. An electronic system, comprising:
  - a first computer system, wherein the first computer system is adapted to accept data input into a first set of identifiable fields to create a first set of completed identifiable fields;
  - wherein the first computer system is further adapted to generate a first file containing a second set of the identifiable fields, the second set comprising a subset of the first set of completed identifiable fields;
  - wherein the first computer system is further adapted to generate a second file containing a third set of the identifiable fields, the third set comprising a subset of the first set of completed identifiable fields and the third set being different from the second set;
  - wherein the first computer system is further adapted to transmit the first file over a first communications channel to a second computer system; and
  - wherein the first computer system is further adapted to transmit the second file over a second communications channel to a third computer system.

## II. CHALLENGE TO COVERED BUSINESS METHOD PATENT REVIEW

### A. *Canceling Claims 11 and 30*

In the Institution Decision, we determined that the '768 patent includes at least one claim directed towards activities that are incidental or complementary to a financial activity and highlighted claims 11 and 30 as two such claims. Inst. Dec. 9–10. After institution of trial, Patent Owner filed concurrently with its Response a motion seeking to cancel claims 11 and 30,<sup>1</sup> and a motion to dismiss this proceeding if claims 11 and 30 are canceled. Paper 15; Paper 16.

Patent Owner argues that, if the motion seeking to cancel claims 11 and 30 is granted, “the Board would lack standing to conduct this proceeding because the remaining claims do not qualify for Covered Business Method Review” and “are directed to electronic systems generally, and are not directed to anything financially related.” PO Resp. 9–10 (citing Dec. on

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<sup>1</sup> As of the time of the hearing, Patent Owner did not file a disclaimer for claims 11 and 30. Tr. 58:9–18 (“[W]e did not file a disclaimer for any of the patent claims.”). Patent Owner’s Motion to Amend, seeking to cancel claims 11 and 30, differs from a statutory disclaimer, which the Board has determined, in some cases, to cause the disclaimed claims to be irrelevant to the analysis of whether the patent is a covered business method patent. See *Great West Casualty Co. v. Intellectual Ventures II LLC*, CBM2015-00171, slip op. 7–9 (PTAB Feb. 9, 2016) (Paper 10). The Board in such cases determined that this is consistent with the Federal Circuit’s precedent establishing that “[a] statutory disclaimer under 35 U.S.C. § 253 has the effect of canceling the claims from the patent and the patent is viewed as though the disclaimed claims had never existed in the patent.” *Id.* at 7 (quoting *Guinn v. Kopf*, 96 F.3d 1419, 1422 (Fed. Cir. 1996)). We are not aware of any authority dictating that claims canceled by amendment in a covered business method patent review proceeding are also treated as if they had never existed.

Inst. 10; Ex. 1001, 45:27). Petitioner replies that jurisdiction should be determined based on circumstances when the Petition was filed. Reply 1–2. Petitioner further argues that claims should not be canceled without issuing a final written decision. *Id.* at 2.

“[F]or an agency such as the PTO, standing is conferred by statute.” *Coach Servs., Inc. v. Triumph Learning LLC*, 668 F.3d 1356, 1376 (Fed. Cir. 2012). Therefore, the appropriate “starting point for a standing determination . . . is the statute that confers standing before th[e] agency.” *Ritchie v. Simpson*, 170 F.3d 1092, 1095 (Fed. Cir. 1999). For covered business method patent review, we start with Section 18 of the Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011) (“AIA”). Section 18(a)(1)(B) of the AIA states:

A person may not file a petition for a transitional proceeding with respect to a covered business method patent 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.

AIA, 125 Stat. at 330. Section 18(a)(1)(B) places a limitation on who may file a petition for covered business method patent review. A petition for covered business method review must set forth the petitioner’s grounds for standing. 37 C.F.R. § 42.304(a).

The statutory requirement that a person may not file a petition for covered business method patent review unless the person (or a related person) has been sued for infringement ties standing to a condition that is evaluated as of the time the petition is filed. *See eBay Enterprise, Inc. v. Lockwood*, Case CBM2014-00026, slip op. at 11–12 (PTAB May 15, 2014)

(Paper 25); *Westlake Servs., LLC v. Credit Acceptance Corp.*, Case CBM2014-00176, slip op. at 2–5 (PTAB Sept. 3, 2015) (Paper 41).

The limitation of AIA § 18(a)(1)(B) on who may file a petition for covered business method patent review is also related to the definition for “covered business method patent” of AIA § 18(d). Rule 42.304 specifies what the “petition must set forth,” and rule 42.304(a) further requires that, for “Grounds for standing,” the “petitioner must demonstrate that the patent for which review is sought is a covered business method, and that the petitioner meets the eligibility requirements of § 42.302.” 37 C.F.R. § 42.304; *see also* 35 U.S.C. § 322(a)(4) (stating “the petition provides such other information as the Director may require by regulation”). Rule 302 includes the limitation of AIA § 18(a)(1)(B) on who may file.

Section 18(d) provides a definition for “covered business method patent,” which is also repeated in the regulations. AIA, 125 Stat. at 331; *see* 37 C.F.R. § 42.301. Further, as explained in comments to the Final Rules governing covered business method patent review,

To establish standing, a petitioner, at a minimum, would be required to certify with explanation that the patent is a covered business method patent and that the petitioner meets the eligibility requirements of § 42.302. This requirement is to ensure that a party has standing to file the covered business method patent review and would help prevent spuriously instituted reviews. Facially improper standing is a basis for denying the petition without proceeding to the merits of the decision.

Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Review Patents and Transitional Program, 77 Fed. Reg. 48,680, 48,709 (Aug. 14, 2012) (Response to Comment 102). These requirements

necessitate evaluation of Petitioner's standing to file a petition for covered business method patent review based on the point in time when the petition was filed.

We, therefore, agree with Petitioner that standing should be determined based on circumstances when the petition was filed. *See* Reply 1–2. We are not aware of any express statutory language imposing a requirement for Petitioner to maintain standing throughout trial. Further, we are not directed to persuasive authority challenging the plain language of the statute governing covered business method patent reviews. Accordingly, the plain language of the AIA requires us to determine whether Petitioner had standing to file a petition for covered business method patent review at the time the petition was filed, not whether Petitioner has standing throughout the proceeding. *See J.P. Morgan Chase & Co. v. Intellectual Ventures II LLC*, Case CBM2014-00157, slip op. at 11 (PTAB Jan. 12, 2016) (Paper 40). Therefore, we are not persuaded by Patent Owner that granting its motion to cancel claims 11 and 30 after the Petition was filed requires discontinuing this proceeding.

Patent Owner also argues that the remaining challenged claims of the '768 patent are not used in the practice, administration, or management of a financial product or service and are directed to a technological invention. PO Resp. 10–11. We do not agree and address below those arguments.

*B. Financial Product or Service*

Petitioner argues that claims 1, 6, 10–17, and 28–31 “relate to monetary matters,” and specifically contends that “claim 11 expressly refers to ‘a health insurance claim form’” and that “claim 30 expressly refers to ‘an insurance company.’” Pet. 5 (citing Ex. 1001, 46:17–18, 47:16). Petitioner

also argues that the specification of the '768 patent describes “processing digital *insurance claims*,” “*third party payer*,” “submission of insurance claims,” and “subsequent processing of the claims . . . including the issuance of ‘payment’ to a service provider.” *Id.* (Ex. 1001, 1:42–45, 11:54–21:34, 42:31–33). Petitioner also states that Patent Owner has “asserted the '768 patent against at least 12 insurance companies” and that the '768 patent “was classifiable in class 705.” *Id.* at 5–6 (citing Ex. 1004 ¶¶ 13, 19).

Patent Owner argues that, if a concurrently filed motion seeking to cancel claims 11 and 30 is granted, “the remaining claims do not qualify for Covered Business Method Review” and “are directed to electronic systems generally, and are not directed to anything financially related.” PO Resp. 9–10 (citing Dec. on Inst. 10; Ex. 1001, 45:27). Regarding the claims from which claims 11 and 30 depend, Patent Owner contends that “merely because a claimed method or apparatus *could* be used in the practice, administration, or management of a financial product or service, does not indicate that the method or apparatus *are* used in the practice, administration, or management of a financial product or service” and “does not demonstrate that the claims qualify for covered business method review.” *Id.* at 10–11. Patent Owner also contends that the claims from which claims 11 and 30 depend “are claims of general scope, and are not directed to financial products or services.” *Id.* at 11.

Petitioner replies that Patent Owner proposes the canceling of “narrowing, dependent claims,” not “disclaiming use by the financial services industry,” and that “the claimed process is intended to be used by financial institutions.” Reply 3. Petitioner also asserts that the claims do not

need to include an express limitation to a financial product or service. *Id.* at 4.

A covered business method patent “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). Also, “as 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,” and the “plain text of the statutory definition contained in § 18(d)(1) . . . on its face covers a wide range of finance-related activities.” *Versata Dev. Grp., Inc. v. SAP Am., Inc.*, 793 F.3d 1306, 1325 (Fed. Cir. 2015).

For purposes of determining 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). A patent needs only one claim directed to a covered business method to be eligible for review. *Id.* at 48,735–36.

In promulgating rules for covered business method patent reviews, the Office considered the legislative intent and history behind the AIA’s definition of “covered business method patent.” *Id.* The “legislative history explains that the definition of covered business method patent was drafted to encompass patents ‘claiming activities that are financial in nature, incidental to a financial activity or complementary to a financial activity.’” *Id.* at

48,735 (quoting 157 Cong. Rec. S5432 (daily ed. Sept. 8, 2011) (statement of Sen. Schumer)). The legislative history indicates that “financial product or service” should be interpreted broadly. *Id.*

Patent Owner presents arguments for only the claims from which claims 11 and 30 depend. However, as explained above, we agree with Petitioner that whether the ’768 patent is a covered business method patent should be determined based on the circumstances when a petition is filed. At that time, claims 11 and 30 were both part of the ’768 patent. Thus, based on the complete record before us, we are persuaded that the ’768 patent includes at least one claim directed towards a “corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service” (AIA § 18(d)(1)), “finance-related activities” (*Versata*, 793 F.3d at 1325), and “activities that are financial in nature, incidental to a financial activity or complementary to a financial activity” (77 Fed. Reg. at 48,735). Claim 11 recites “wherein the digital image is . . . an attachment to a health insurance claim form,” and claim 30 recites “wherein the location is an insurance company.” Both claims 11 and 30 recite a corresponding apparatus related to insurance, which is, at least, one of “a financial product or service,” finance-related, or “financial in nature, incidental to a financial activity or complementary to a financial activity.” Thus, we determine that the ’768 patent claims a “corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service,” in accordance with AIA § 18(d)(1).

Moreover, we are not persuaded by Patent Owner’s argument that the claims from which claims 11 and 30 depend “are directed to electronic

systems generally, and are not directed to anything financially related.” *See* PO Resp. 10. Claims 11 and 30 depend indirectly from independent claim 1, which recites an “electronic system” that comprises a first computer system adapted to perform certain activities. Based on the specification of the ’768 patent, claim 1 is directed to electronic and computers systems related to, at least, insurance claims, worker’s compensation claims, commercial insurance claims, property/casualty insurance, and law enforcement. The ’768 patent “relates to an AIC system for preparing and processing digital insurance claims” (Ex. 1001, 1:42–44), one purpose of which “is to create a coherent system that allows for the electronic filing, transmission, and processing of ‘insurance claims with attachments’” (*id.* at 8:35–40). All the expressed objects of the ’768 patent relate to a prior approval claim or “PAC,” except for one, which is “to provide a system for packaging textual data with an associated digitized x-ray for transmission to an insurance company.” *Id.* at 8:41–9:64.

Only Figures 3A–6B show embodiments of the claimed invention. *Id.* at 10:6–25. Figures 3A–6B and their associated description relate to health or dental insurance. *Id.* at 10:64–66 (“[T]he descriptions that follow describe the embodiments of the invention as they are used in connection with dental insurance forms”); Ex. 1006 ¶ 25 (“the patent uses the health insurance industry as an example”). Figures 3A–3C each show “computer components 300 located on the premises of the insurance company.” Ex. 1001, 11:54–58, 21:38–42, 31:53–57; *see also* Ex. 1006 ¶ 27 (“the ’768 patent articulates several embodiments, which describe the electronic submission of insurance claims to insurance companies and the subsequent processing of the claims by the insurance companies, including the issuance

of ‘payment’ to a service provider”) (citing Ex. 1001, 11:54–21:34). Figures 5A and 5B illustrate “embodiments of the attachment integrated claim application,” and Figures 6A and 6B illustrate networks “connecting service providers and insurance companies.” Ex. 1001, 10:20–25.

Other than dental or health insurance, the ’768 patent states that “the ability to transmit the customizable claim form and integrated attachment . . . permits the transmission of other types of claims, including worker’s compensation claims, to the insurance carrier” (Ex. 1001, 9:47–52), that “casualty insurance claims with supporting documentation . . . are within the scope of the present invention” (*id.* at 11:5–8), that the system “permits many different types of forms to be run off the same system, e.g. commercial insurance claims and workers’ compensation claims” (*id.* at 17:1–6, 26:62–67, 37:3–8), and that “the present invention has utility in such other areas as Property/Casualty Insurance and law enforcement” (*id.* at 41:37–39). *See also* Tr. 55:7–16 (Patent Owner counsel stating that the ’768 patent “does describe use in law enforcement and scientific research”). The specification of the ’768 patent thus explains the system in the context of insurance with only a sentence regarding utility in law enforcement. *See also* Pet. 5 (arguing the specification describes claims, third party payer, and payment).

We also agree with Petitioner that the challenged claims do not need an express limitation to a financial product or service. *See* Reply 4; *Versata*, 793 F.3d at 1325 (stating that the “statutory definition makes no reference to financial institutions as such, and does not limit itself only to those institutions”); 77 Fed. Reg. at 48,736 (not adopting a suggestion that the

term financial product or service be limited to products or services of the financial services industry).

Accordingly, based on the specification of the '768 patent, claim 1's recitation of an "electronic system" that comprises a first computer system adapted to perform certain activities is broad enough to include a computer system related to, at least, insurance claims, worker's compensation claims, commercial insurance claims, property/casualty insurance, and law enforcement. *Cf. NeoMagic Corp. v. Trident Microsystems, Inc.*, 287 F.3d 1062, 1074 (Fed. Cir. 2002) ("It is elementary that a claim construction that excludes the preferred embodiment 'is rarely, if ever correct and would require highly persuasive evidentiary support.'"). We, thus, agree with Petitioner that the challenged claims, not just claims 11 and 30, claim a "corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service" (AIA § 18(d)(1)), "finance-related activities" (*Versata*, 793 F.3d at 1325), and "activities that are financial in nature, incidental to a financial activity or complementary to a financial activity" (77 Fed. Reg. at 48,735).

### *C. Technological Invention*

The definition of "covered business method patent" in Section 18(d)(1) of the AIA excludes patents for "technological inventions." 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 technical problem using a technical solution." 37 C.F.R. § 42.301(b).

Petitioner argues that "[c]laims 1, 6, 10–17, and 28–31 of the '768 patent do not recite a novel and unobvious technological feature" because

“the ’768 patent itself admits that every component in the challenged claims . . . was known in the art” and that “components recited by the challenged claims [were used] long before the application leading to the ’768 patent.” Pet. 7–8 (citing Ex. 1001, 2:23–25, 2:48–50, 3:38–40; Ex. 1006 ¶¶ 28–34).

Patent Owner responds that “the Challenged Claims recite more than a pile of computer components” and that no portion of the ’768 patent specification “indicates that [the recited] functions – particularly combined with other elements of that claim – were disclosed in the prior art.” PO Resp. 12–13. Petitioner replies that the ’768 patent “claims using a computer to perform a prior manual process.” Reply 5 (citing Pet. 1–2, 16, 20–21). Petitioner also argues that “even if the process, which simply automates human activities, was novel, that is not sufficient to qualify for the technological invention exception.” *Id.* at 6.

The technological features of claim 1 include “a first computer system” adapted to transmit files to second and third computer systems. Based on the complete record before us, Petitioner persuades us that the technological features of claim 1 were not “novel and unobvious over the prior art.” The ’768 patent describes the claimed invention generically without reference to any particular hardware device or specialized software or algorithm. Ex. 1001, 1:66–2:1 (“the introduction of the mainframe computer . . . allowed for electronic processing within a given insurance company”), 2:23–25 (“the electronic filing of claim forms . . . was made possible by the introduction of the personal computer”), 16:5–9 (“the patient’s PAC application can be sent . . . via normal phone service, an on-line service, or bulk data transmission lines”), 17:32–36, (“the GUI-capable buffer computer system 310 is a personal computer (PC) or a PC server

which advantageously can be operated in parallel with but separate from the insurance company's mainframe computer 350"); Tr. 30:7–21 (Patent Owner's counsel stating that the "patent does mention at least the software at the dentist office, the AIC software, and I believe it does discuss – it doesn't give you an algorithm for example . . . the source code, certainly, for how you would implement it. But it does discuss using software to do that"). Based on the complete record before us, we determine that personal computers, buffer computers, and mainframe computers were known technological features. Ex. 1001, 1:66–2:1, 2:23–25, 16:5–9, 17:32–36; Ex. 1006 ¶¶ 30–31 (stating the use of legacy computer systems and buffer computers were "well established and routinely employed . . . by March of 1996"). We thus determine that the claimed subject matter as a whole fails to recite a technological feature that is novel and unobvious over the prior art. *See* Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,764 (Aug. 14, 2012) ("The following claim drafting techniques would not typically render a patent a technological invention: . . . 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.").

Patent Owner relies on the functions as being novel and unobvious over the prior art, but we are not persuaded that those functions are technological features that distinguish the recited computer systems from the prior art such that the computer systems are novel and unobvious. Rather the functions are part of the claimed computer system. The functionality of the computer system does not distinguish from the prior art such that the claimed computer system is "novel and unobvious over the prior art." Based on the full record before us, we determine that those recited functions were

known. Ex. 1001, 2:16–18 (“data for each ‘paper’ claim had to be entered into the computer to form an electronic claim”), 2:29–38 (“the technology existed to produce a system that computerized the overall filing and processing of the insurance claim from the point of entry, the provider’s office, to the final report of the claims adjuster,” wherein “providers fill out an electronic claim form . . . which would be stored in the memory of their PCs, would then be transmitted, as a computer file, to the insurance company”); Ex. 1006 ¶¶ 33–34 (stating the use of computer systems to accept and copy data and to generate and transmit files were “well established and routinely employed . . . by March of 1996”). Therefore, the recited functions do not render an otherwise known computer system as a technological invention that is novel and unobvious.

Regarding whether the claimed subject matter solves “a technical problem using a technical solution,” Petitioner argues, and we agree, that “to the extent that [the challenged claims] solve any problem at all, it is merely a logistical problem, i.e., how to efficiently move data (e.g., insurance claims).” Pet. 8–9 (citing Ex. 1001, 1:40–8:31). Patent Owner presents no arguments regarding whether the claimed subject matter solves a technical problem using a technical solution. PO Resp. 7–13.

For the foregoing reasons and based on the complete record before us, we determine that the challenged claims of the ’768 patent are directed to a covered business method, as defined by AIA § 18(d)(1).

### III. CLAIM CONSTRUCTION

Consistent with the statute and the legislative history of the AIA, the Board will interpret claims according to their broadest reasonable

construction in light of the specification of the patent in which they appear. *See* 37 C.F.R. § 42.300(b). In our Institution Decision, we did not need to construe any term expressly.

Patent Owner proposes that the broadest reasonable interpretation of “field” in view of the specification is a “computer software field” with citations to the specification and claim 1. PO Resp. 14–15 (citing Ex. 1001, 10:6–10, 12:66–13:38, 15:57–64, 17:62–66, 28:5–21). Petitioner argues that the plain meaning should be applied. Reply 6 (citing Ex. 1007, 8). We do not see that the dispute impacts the analysis set forth in the Decision, so we need not decide between the two competing proposals. *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.’”).

#### IV. CHALLENGE UNDER 35 U.S.C. § 101

To prevail in its challenge of claims 1, 6, 10–17, and 28–31 as unpatentable under 35 U.S.C. § 101, Petitioner must prove unpatentability by a preponderance of the evidence. 35 U.S.C. § 326(e); 37 C.F.R. § 42.1(d). Petitioner challenges claims 1, 6, 10–17, and 28–31 with citations to the specification of the ’768 patent and the Goldstein Declaration (Ex. 1006). Pet. 14–22.

In *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347 (2014), the Supreme Court clarified the process for analyzing claims to determine whether claims are directed to patent-ineligible subject matter. In *Alice*, the Supreme Court applied the framework set forth previously in *Mayo Collaborative Services v. Prometheus Laboratories, 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 these 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 they 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.” *Id.* (quoting *Mayo*, 132 S. Ct. at 1297, 1298). In other words, the second step is to “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.* (alteration in original) (quoting *Mayo*, 132 S. Ct. at 1294). Further, the “prohibition against patenting abstract ideas ‘cannot be circumvented by attempting to limit the use of the formula to a particular technological environment’ or adding ‘insignificant postsolution activity.’” *Bilski v. Kappos*, 561 U.S. 593, 610–11 (2010) (quoting *Diamond v. Diehr*, 450 U.S.175, 191–92 (1981)).

*A. Whether the Claims at Issue Are Directed to a Patent-Ineligible Concept*

First, we must determine whether the claims at issue are directed to a patent-ineligible concept. *Alice*, 134 S. Ct. at 2355. Petitioner argues that “claim 1 of the ’768 patent is directed to the idea of moving data” and that “[n]one of the challenged claims add anything significant to the underlying abstract idea of moving data.” Pet. 15–16.

Patent Owner responds that “there is nothing abstract about the electronic systems recited in the Challenged Claims” and that the “claims

instead recite electronic systems that use the identities of ‘identifiable fields’ to transform the data input into those fields into other files comprise[d] of sets of those identifiable fields.” PO Resp. 20. Patent Owner thus argues that the claims, “when considered as a whole, relate to computer-implemented methods for transforming data in a particular manner.” *Id.*<sup>2</sup>

Petitioner replies that the ’768 patent discloses “processing forms with integrated attachments” and “electronic filing, transmission, and processing of ‘insurance claims with attachments,[’]” both of which “would be considered abstract ideas.” Reply 9–10 (citing Ex. 1001, 1:40–8:31, 8:35–40). Petitioner also contends that “the abstract idea is nearly identical to the

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<sup>2</sup> At the Oral Hearing, Patent Owner stated that the “Patent Office issued some guidelines in January of this year” to argue that claim 1 is not directed to an abstract idea. Tr. 33:7–34:25. We believe that Patent Owner is referring to example claims issued on January 27, 2015 and thus, Patent Owner had an opportunity to raise this argument in its filings. Paper 12 (specifying that the deadline for Patent Owner’s response was June 9, 2015). However, for the sake of completeness, even if Patent Owner’s argument was presented in its papers, we are not persuaded. Patent Owner asserts, but we do not agree, that “elements that are in our claims . . . match up almost identically to what elements are shown in those guidelines.” Tr. 34:15–22. The example claim cited by Patent Owner is not directed to receiving, storing, parsing, and transferring data. The example claim is a hypothetical claim “directed towards physically isolating a received communication on a memory sector and extracting malicious code from that communication to create a sanitized communication in a new data file” and “directed towards performing isolation and eradication of computer viruses, worms, and other malicious code, a concept inextricably tied to computer technology and distinct from the types of concepts found by the courts to be abstract.” Examples: Abstract Ideas (January 27, 2015), [http://www.uspto.gov/patents/law/exam/abstract\\_idea\\_examples.pdf](http://www.uspto.gov/patents/law/exam/abstract_idea_examples.pdf). Thus, we are not persuaded that it supports Patent Owner’s contention that receiving, storing, parsing, and transferring data is not an abstract idea. See Tr. 33:15–17.

abstract idea in *Accenture*.” *Id.* at 9 (citing *Accenture Global Servs., GmbH v. Guidewire Software, Inc.*, 728 F.3d 1336, 1344 (Fed. Cir. 2013)).

Claim 1 requires accepting data, generating a first subset of that data, generating a second subset of that data, and transmitting the first and second subsets of data. Ex. 1001, 45:27–46. We determine that the subject matter of the challenged claims, when considered as a whole, is directed to an abstract idea, namely, examining information to extract relevant portions of that information. In particular, the complete record persuades us that the idea of examining information and extracting relevant portions of that information represents a disembodied, well-known concept, a basic building block of human ingenuity and rises to the level of an abstract idea. *See Content Extraction and Transmission LLC v. Wells Fargo Bank, N.A.*, 776 F.3d 1343, 1347 (Fed. Cir. 2014) (“Applying *Mayo/Alice* step one, we agree with the district court that the claims of the asserted patents are 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. The concept of data collection, recognition, and storage is undisputedly well-known. Indeed, humans have always performed these functions.”); *see also Alice*, 134 S. Ct. at 2354 (“in applying the § 101 exception, we must distinguish between patents that claim the “building[g] block[s]” of human ingenuity and those that integrate the building blocks into something more”) (quoting *Mayo*, 132 S. Ct. at 1303).

As for Patent Owner’s arguments regarding the electronic system and the use of fields, “any novelty in implementation of the idea is a factor to be considered only in the second step of the *Alice* analysis.” *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 715 (Fed. Cir. 2014). We address below Patent

Owner's arguments regarding the electronic system and use of fields in our analysis for the second step of the *Alice/Mayo* test.

Patent Owner also argues that “[c]laim 1 does not recite a fundamental economic practice long prevalent in our system of commerce, or a building block of the modern economy.” PO Resp. 21. Petitioner replies that, under *Alice*, abstract ideas “are not limited to fundamental economic practices long prevalent in our system of commerce, or a building block of the modern economy.” Reply 8. Petitioner also argues that the “ability to process an insurance claim is indisputably a fundamental economic practice long prevalent in our system of commerce and a building block of the modern economy.” *Id.* at 10.

We are persuaded by Petitioner that the Supreme Court's observation in *Alice* that the method of hedging risk at issue in *Bilski* was a fundamental economic practice long prevalent in our system of commerce did not signal that only such long prevalent fundamental economic practices qualify as abstract ideas. *See Alice*, 134 S. Ct. at 2356.

We, therefore, conclude that claim 1 is directed to an abstract idea in accordance with the first step of the *Alice/Mayo* test.

*B. Whether There are Additional Elements that Transform the Nature of the Claims into a Patent-Eligible Application*

After determining whether the claims are directed to an abstract idea, the elements of each claim are considered “both individually and ‘as an ordered combination’ to determine whether the additional elements ‘transform the nature of the claim’ into a patent-eligible application.” *Alice*, 134 S. Ct. at 2355 (quoting *Mayo*, 132 S. Ct. at 1297, 1298). “A claim that recites an abstract idea must include ‘additional features’ to ensure ‘that the [claim] is more than a drafting effort designed to monopolize the [abstract

idea],” and the “transformation into a patent-eligible application requires ‘more than simply stat[ing] the [abstract idea] while adding the words “apply it.”” *Id.* at 2357 (alterations in original) (quoting *Mayo*, 132 S. Ct. at 1294, 1297). The *Alice* Court indicated that “claims to a computer system” may be “no different from the method claims [at issue] in substance” if the claims “recite a handful of generic computer components configured to implement the [abstract] idea.” *Id.* at 2360.

Petitioner argues that “[n]one of the challenged claims add[s] anything significant to the underlying abstract idea” and that “the claims simply apply the abstract idea in a computer environment within the insurance industry.” Pet. 15–16. Petitioner also argues that the claims recite “only (i) conventional computer technology . . . , and (ii) descriptions of types of data and configurations relevant to the insurance industry.” *Id.* at 16–19 (citing Ex. 1001, 1:55–65, 2:22–38, 2:48–50, 3:1–4, 3:38–40, 17:32–36; Ex. 1006 ¶¶ 28–34), 19–20.

Patent Owner argues that the claims “recite electronic systems that use the identities of ‘identifiable fields’ to transform the data input into those fields into other files comprise[d] of sets of those identifiable fields” and “when considered as a whole, relate to computer-implemented methods for transforming data in a particular manner.” PO Resp. 20. Patent Owner also responds that “a computer is ‘integral to the claimed invention, facilitating the process in a way that a person making calculations or computations could not,’” and “the fields required by the Challenged Claims are computer software fields, thereby tying each claim inextricably to a computer.” *Id.* at 26–27. Patent Owner argues that the “fields allow computer software to perform certain functions” and a “person could not easily, if at all, perform

those functions as they are performed by a computer.” *Id.* at 27 (citing Ex. 1001, 13:26–41, 17:62–66, 18:6–10, 43:39–51). Patent Owner thus asserts that the “claims are ‘necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks.’” *Id.* (citing *DDR Holdings, LLC v. Hotels.com*, 773 F.3d 1245, 1257 (Fed. Cir. 2014)).

Patent Owner further argues that the “use of fields as disclosed and claimed in the ’768 Patent was not routine or conventional.” PO Resp. 27 (citing Ex. 1001, 3:45–49; Ex. 2004 ¶ 17). Patent Owner contends that “merely because the recited components of a computer system were known does not indicate that the overall electronic system recited by Claim 1 was known” and “being able to process forms with non-text attachments is a key benefit of the claims.” *Id.* at 28.

Petitioner replies that “computer systems were known” and that the ’768 patent “is directed to performing a previously manual process on a computer.” Reply 10. Petitioner argues that the “claims merely recite the equivalents of performing that process on a computer” and that “the data processing steps are not ‘more’ because they are the abstract idea.” *Id.* at 10–11 (citing Ex. 1001, 5:53–6:4). Petitioner also argues that “[s]imply using a computer to do what was previously done manually fails to add significantly more.” *Id.* at 11 (citing *Bancorp Services LLC v. Sun Life Assurance Co. of Canada*, 687 F.3d 1266, 1279 (Fed. Cir. 2012); *DDR Holdings*, 773 F.3d at 1256). Petitioner adds that “the claimed data processing does not amount to significantly more than the idea itself” because “data manipulation fails to add significantly more.” *Id.* at 11–12 (citing *Dealertrack, Inc. v. Huber*, 674 F.3d 1315, 1331–34 (Fed. Cir. 2012));

*CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1370 (Fed. Cir. 2011)).

Petitioner further replies that the claims at issue in *Accenture* and the '768 patent are “directed to processing insurance claims, such as information from insurance form fields” and “to data processing, and more particularly to identifying and transmitting identified information.” *Id.* at 12 (citing Ex. 1001, 10:1–4). Petitioner contends that “the claims invalidated by *Accenture* were far more technologically complex than the claims here” and provides a comparison of one of the claims at issue in *Accenture* and claim 1 of the '768 patent. *Id.* at 12–15.

Considering first the elements of claim 1 individually, we determine that the functions performed by the recited first computer system are well-known, routine, conventional activities previously known to the industry. *Alice*, 134 S. Ct. at 2359 (“Taking the claim elements separately, the function performed by the computer at each step of the process is ‘[p]urely conventional.’”) (citing *Mayo*, 132 S. Ct. at 1298).

Claim 1 recites “a first computer system, wherein the first computer system is adapted to accept data input into a first set of identifiable fields to create a first set of completed identifiable fields.” We find that accepting data input to create an electronic claim is a well-known, routine, conventional activity previously known to the industry. The '768 patent states that “[o]riginally, an insurance claim was filed by the patient or the health care provider filling out a paper form” (Ex. 1001, 1:57–58), that “data for each ‘paper’ claim had to be entered into the computer to form an electronic claim” (*id.* at 2:16–18), that “the next advancement was the electronic filing of claim forms” where “providers fill out an electronic

claim form” that “would then be transmitted, as a computer file, to the insurance company” (*id.* at 2:22–32), and that “the technology existed to produce a system that computerized the overall filing and processing of the insurance claim from the point of entry, the provider’s office, to the final report of the claims adjuster” (*id.* at 2:29–38). *See also* Ex. 1006 ¶ 33 (stating that “the use of computer systems to accept and copy data was well established and routinely employed by persons of ordinary skill in the art by March of 1996”); *see also Alice*, 134 S. Ct. at 2359 (stating “[u]sing a computer to create and maintain ‘shadow’ accounts amounts to electronic recordkeeping—one of the most basic functions of a computer” and “[t]he same is true with respect to the use of a computer to obtain data, adjust account balances, and issue automated instructions; all of these computer functions are ‘well-understood, routine, conventional activit[ies]’ previously known to the industry.”).

As for accepting data into “identifiable fields,” the ’768 patent describes, in the Background section summarizing prior art approaches, that a “patient completes that portion of the PAC form that pertains to him . . . and sends it to the provider” (Ex. 1001, 5:34–36) and “[a]fter the PAC form arrives at the provider’s office . . . information about the provider has to be entered every time a new PAC form is received” (*id.* at 37–44). Thus, entering patient and provider information into different, identifiable portions of a form was a well-known, routine, conventional activity previously known to the industry.

Claim 1 also recites “wherein the first computer system is further adapted to generate a first file containing a second set of the identifiable fields, the second set comprising a subset of the first set of completed

identifiable fields” and “wherein the first computer system is further adapted to generate a second file containing a third set of the identifiable fields, the third set comprising a subset of the first set of completed identifiable fields and the third set being different from the second set.” We find that generating a file is a well-known, routine, conventional activity previously known to the industry. The ’768 patent states that “the technology existed to produce a system that computerized the overall filing and processing of the insurance claim from the point of entry, the provider’s office, to the final report of the claims adjuster,” wherein “providers fill out an electronic claim form . . . which would be stored in the memory of their PCs, would then be transmitted, as a computer file.” Ex. 1001, 2:29–38; Ex. 1006 ¶ 34 (stating that “the use of computer systems to generate and transmit files was well established and routinely employed by persons of ordinary skill in the art by March of 1996”). The ’768 patent also describes a “system of claim processing currently in use” wherein “the x-ray is manually forwarded to the reviewing dentist’s area” and “the PAC form is transferred to a directory and waits to be read by a reviewing dentist.” Ex. 1001, 4:59–61, 6:1–4.

Claim 1 further recites “wherein the first computer system is further adapted to transmit the first file over a first communications channel to a second computer system” and “wherein the first computer system is further adapted to transmit the second file over a second communications channel to a third computer system.” We find that transmitting a file is a well-known, routine, conventional activity previously known to the industry. The ’768 patent states that with the then-existing electronic filing of claim forms, “providers fill out an electronic claim form . . . which . . . would then be transmitted, as a computer file, to the insurance company.” Ex. 1001, 2:29–

38; Ex. 1006 ¶ 34; *see also Alice*, 134 S. Ct. at 2360 (stating “[n]early every computer will include a ‘communications controller’ and ‘data storage unit’ capable of performing the basic calculation, storage, and transmission functions required”); *buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350, 1355 (Fed. Cir. 2014) (stating “[t]hat a computer receives and sends the information over a network—with no further specification—is not even arguably inventive”).

As for the recited “first computer system,” we determine that generic computer components can be configured to perform the well-known, routine, conventional activities. The ’768 patent states that an “example of a hybrid system of claim processing currently in use will now be described with reference to FIGS. 1, 2A and 2B.” Ex. 1001, 4:59–61. In describing Figure 1, the ’768 patent states that “the insurance company typically has at least one mainframe computer 350 to which terminals 351, 352 on the respective reviewing dentist’s desk 360 and claims adjuster’s desk 370 are connected.” *Id.* at 4:67–5:3. In the detailed descriptions of the three embodiments shown in Figures 3A, 3B, and 3C, the ’768 patent states that “the overall system . . . includes the computer components 200 located in the health care provider’s office and the computer components 300 located on the premises of the insurance company.” *Id.* at 11:54–58, 21:38–42, 31:53–57. The ’768 patent goes on to state that “the components 200 include a personal computer 210” and that “[c]omponents 300 located at the insurance company include the previously described mainframe or legacy computer 350 and terminals 351, 352.” *Id.* at 12:4–5, 12:20–22, 21:55–56, 22:4–6, 31:64–65, 32:13–15. The ’768 patent also describes “a buffer computer 310, which may be a network server.” *Id.* at 12:22–23, 22:7, 32:15–16. The ’768 patent also states that

“[p]referably, the GUI-capable buffer computer system 310 is a personal computer (PC) or a PC server which advantageously can be operated in parallel with but separate from the insurance company’s mainframe computer 350.” *Id.* at 17:32–36, 27:26–30, 37:25–29. The ’768 patent further describes “just a single PC that will incorporate the functions of the elements 310, 311, 312, and 313.” *Id.* at 17:57–58, 28:4–5, 37:52–53.

Petitioner’s declarant also states that “the use of legacy computer systems was well established and routinely employed by persons of ordinary skill in the art by March of 1996” (Ex. 1006 ¶ 30), and that “the use of buffer computers to move data in enterprises was well established and routinely employed by persons of ordinary skill in the art by March of 1996” (Ex. 1006 ¶ 31).

Furthermore, for the three embodiments described in detail, the specification 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™.” Ex. 1001, 12:55–60, 22:45–49, 32:49–53; *see also* Tr. 30:7–21 (Patent Owner’s counsel stating that the “patent does mention at least the software at the dentist office, the AIC software, and I believe it does discuss – it doesn’t give you an algorithm, for example, . . . the source code, certainly, for how you would implement it. But it does discuss using software to do that”).

Based on our factual findings from the specification of the ’768 patent described above, Petitioner’s evidence, and the full record before us, we determine that the recited “first computer system” can be a personal computer, legacy computer, network server, or buffer computer. Tr. 46:14–

23 (Patent Owner’s counsel stating “one way to look at it . . . would be the Buffer Computer 310 would be the . . . first computer system”), 47:25–48:3 (Patent Owner’s counsel stating “[t]he dentist computer definitely could be a -- the first computer”). The complete record does not persuade us that the “first computer system” requires more than a generic, existing computer. *See Alice*, 134 S. Ct. at 2357–58 (computer implementation not enough when “the process could be ‘carried out in existing computers long in use’” or when “the computer implementation was purely conventional”).

Considering the full record before us, for the reasons explained above, we determine that, when the elements of claim 1 are considered individually, claim 1 recites well-known, routine, conventional activities and generic computer components for performing those activities. *Alice*, 134 S. Ct. at 2359 (“Taking the claim elements separately, the function performed by the computer at each step of the process is ‘[p]urely conventional.’”).

When considered as an ordered combination, we determine that claim 1 adds nothing that is not already present when its elements are considered individually. *See Alice*, 134 S. Ct. at 2359 (“Considered ‘as an ordered combination,’ the computer components of petitioner’s method ‘ad[d] nothing . . . that is not already present when the steps are considered separately.’”); *OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1363 (Fed. Cir. 2015) (“relying on a computer to perform routine tasks more quickly or more accurately is insufficient to render a claim patent eligible”); *Bancorp*, 687 F.3d at 1278 (a computer “employed only for its most basic function . . . does not impose meaningful limits on the scope of those claims”); *cf. DDR Holdings*, 773 F.3d at 1258–59 (finding a computer-implemented method patent eligible where the claims recite a specific

manipulation of a general-purpose computer such that the claims do not rely on a “computer network operating in its normal, expected manner”).

In view of the above, claim 1 requires no more than generic computer components to perform generic computer functions and well-known, routine, conventional activities. *See Alice*, 134 S. Ct. at 2359. Furthermore, even if we accepted Patent Owner’s proposal that the broadest reasonable construction of “fields” in view of the specification is “computer software fields” (PO Resp. 14–15), we are not persuaded that claim 1 requires more than generic computer components to perform generic computer functions and well-known, routine, conventional activities. The software needed to implement embodiments of the ’768 patent “can be developed within the frame work of the environment created by something such as LOTUS NOTES™” (Ex. 1001, 12:55–60, 22:45–49, 32:49–53). *See Content Extraction*, 776 F.3d at 1349 (“[E]ven when construed in a manner most favorable to CET, none of CET’s claims amount to ‘significantly more’ than the abstract idea of extracting and storing data from hard copy documents using generic scanning and processing technology.”).

To the extent that Patent Owner is arguing that, because claim 1 recites an “electronic system” instead of a method, the claimed electronic system cannot be abstract in a manner similar to a method, system claims may be no different from method claims in substance. *Alice*, 134 S. Ct. at 2360. We determine that claim 1 recites generic computer components configured to implement the abstract idea of examining information to extract relevant portions of that information. *See id.* Also, the Supreme Court has “‘warn[ed] . . . against’ interpreting § 101 ‘in ways that make patent eligibility “depend simply on the draftman’s art.”’” *Id.*

Patent Owner further argues that “[c]laim 1 does not preempt all means of examining information to extract relevant portions of that information, either in the computer context, in the insurance claim processing context, or in any context” and “is an improvement to data processing performed by a mainframe computer system or similar systems, allowing processing text data with associated digital attachments.” PO Resp. 22–24 (citing Ex. 2004 ¶ 14).

Petitioner replies that “[p]reemption is not a separate test” but “the concern that drives Section 101 analysis.” Reply 15 (citing *Alice*, 134 S. Ct. at 2354, 2358). Petitioner also contends that Patent Owner relies upon “conclusory statements from an unreliable witness,” “does not explain why the witness is a person of ordinary skill in the art,” and “does not explain what definition of ‘field’ is being applied.” *Id.* (citing PO Resp. 22–23). Petitioner thus contends that “the preemption arguments should be rejected as nothing more than attorney argument.” *Id.* at 16.

For the reasons above, we determine that the additional, recited elements of claim 1 do not transform it into a patent-eligible application and the ’768 patent does not require more than generic computer components. We thus find that the risk of preemption is great. Furthermore, we agree with Petitioner that preemption is not a separate test. “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). We are not persuaded by Patent Owner’s argument that claim 1 does not preempt completely. Moreover, “[w]hile preemption may signal

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

For the reasons above, we determine that Petitioner has shown that the additional elements of claim 1, when considered individually and as an ordered combination, fail to transform the nature of the claim into a patent eligible application, in accordance with the second step in the *Alice/Mayo* test.

*C. Machine-or-Transformation Test*

Petitioner asserts that claims 1, 6, 10–17, and 28–31 “are not tied to any particular machine and do not transform any article into a different state or thing.” Pet. 20. Petitioner argues that the claims “only recite conventional computer technology,” “[n]othing in the ’768 patent indicates that there is anything special or particular about these components,” “the ’768 patent even admits that they were all known,” “the ’768 patent admits that processes performed by the claimed components . . . could be performed manually,” and “minimal computer involvement [is] found in the challenged claims.” *Id.* at 20–21 (citing Ex. 1001, 1:55–65). Petitioner also argues that “the challenged claims . . . do not transform any article into a different state or thing” and “merely describe the movement of data.” *Id.* at 21.

Patent Owner responds that “the claimed inventions are intended to replace the traditional system that involved paper submissions . . . by using identifiable computer software fields to generate and transmit computer files” and a “computer is therefore integral to the claimed invention.” PO Resp. 25 (citing Ex. 1001, 8:27–31; *DDR Holdings*, 773 F.3d at 1257). Patent Owner further argues that “the steps of Claim 1 could not be

performed by the human mind because . . . they are rooted in computer technology.” *Id.* at 26; *see also* PO Resp. 26–28.

Petitioner replies that Patent Owner’s argument regarding the machine-or-transformation test “is the epitome of simply making the process better by using a computer to do what it is designed to do, store and transmit information.” Reply 16. Petitioner contends that the ’768 patent “does not improve the processing abilities of the computer” and that “using a computer to do something because it can do it faster than a person does not render a patent patentable under 35 U.S.C. § 101.” *Id.* at 17 (citing *Bancorp*, 687 F.3d at 1279).

While the machine-or-transformation test is not the sole test governing § 101 analyses, the “test can provide a ‘useful clue’ in the second step of the *Alice* framework.” *Ultramercial*, 772 F.3d at 716. As explained above, the full record persuades us that claim 1 is not tied to any particular novel machine or apparatus, only a general purpose computer. *See, e.g.*, Ex. 1001, 12:4–5 (“[T]he components 200 include a personal computer 210”), 12:20–22 (“[c]omponents 300 located at the insurance company include the previously described mainframe or legacy computer 350 and terminals 351, 352”), 12:22–23 (“a buffer computer 310, which may be a network server”), 17:32–36 (“[p]referably, the GUI-capable buffer computer system 310 is a personal computer (PC) or a PC server which advantageously can be operated in parallel with but separate from the insurance company’s mainframe computer 350”); Ex. 1006 ¶¶ 30, 31.

We thus determine that claim 1 “could be ‘carried out in existing computers long in use’” (*Alice*, 134 S. Ct. at 2357) and that claim 1 is “not

tied to any particular novel machine or apparatus, only a general purpose computer” (*Ultramercial*, 772 F.3d at 716–17).

Also, as discussed above, we determine that claim 1 adds a computer to perform functions that are well-known, routine, conventional activities. Ex. 1001, 1:57–58 (“[o]riginally, an insurance claim was filed by the patient or the health care provider filling out a paper form”), 2:16–18 (“data for each ‘paper’ claim had to be entered into the computer to form an electronic claim”), 2:29–38 (“providers fill out an electronic claim form . . . which would be stored in the memory of their PCs, would then be transmitted, as a computer file, to the insurance company”); Ex. 1006 ¶¶ 33–34. Claim 1 adds a general-purpose computer adapted for these conventional activities and thus, is not patent-eligible. *Ultramercial*, 772 F.3d at 716–17 (“[A]dding a computer to otherwise conventional steps does not make an invention patent-eligible.”).

As for the transformation prong of the machine-or-transformation test, the claimed “first computer system” is “adapted to accept data input into a first set of identifiable fields,” “to generate a first file” from the identifiable fields, “to generate a second file” from the identifiable fields, and “to transmit the first file” and “second file” to the second and third computer systems. In other words, the claimed “first computer system” collects, organizes, and transmits data, all of which are insufficient to meet the transformation prong of the test. *Ultramercial*, 772 F.3d at 717 (stating that “[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”); *CyberSource*, 654 F.3d at 1370 (stating that the “mere collection and organization of data regarding credit card numbers and Internet

addresses is insufficient to meet the transformation prong of the test”). We, thus, determine that claim 1 also fails the transformation prong of the machine-or-transformation test.

Accordingly, we determine that claim 1 fails the machine-or-transformation test. While this test is not conclusive, it is a further reason why claim 1 is unpatentable under 35 U.S.C. § 101. *See Ultramercial*, 772 F.3d at 717.

*D. Claim 1*

For the foregoing reasons, we determine that claim 1 is directed to an abstract idea in accordance with the first step of the *Alice/Mayo* test; that the additional elements of claim 1, when considered individually and as an ordered combination, fail to transform the nature of the claim into a patent eligible application, in accordance with the second step in the *Alice/Mayo* test; and that claim 1 fails the machine-or-transformation test.

Accordingly, based on the complete record before us, we determine that Petitioner has shown by a preponderance of the evidence that claim 1 is unpatentable under 35 U.S.C. § 101.

*E. Dependent Claims 6, 10–17, and 28–31*

Patent Owner responds that claims 6, 10–17, and 28–31, which depend from claim 1, are patentable under 35 U.S.C. § 101 for the same reasons it presented for claim 1. PO Resp. 28–29. Patent Owner asserts that “adding additional elements to non-abstract claims does not make them abstract.” *Id.*

For the reasons stated above, we are not persuaded by Patent Owner’s arguments for claim 1 and determine that Petitioner has shown by a preponderance of the evidence that claim 1 is unpatentable under 35 U.S.C.

§ 101. We adopt Petitioner’s contentions as our findings with regard to the unpatentability of claims 6, 10–17, and 28–31, which depend from claim 1. Pet. 16–20.

We agree with Petitioner that claims 13, 16, and 28 add generic computer components. Pet. 16–19 (citing Ex. 1001, 2:22–33, 2:35–38, 2:48–50, 3:1–4, 3:38–40, 17:32–36). These claims require the first computer to contain a digitizer, the digitizer to be a scanner, the second computer system to be a buffer computer, and the third computer system to be a legacy computer system. We determine that, when considered individually and as an ordered combination, the addition of a digitizer or scanner fails to transform the nature of claims 13 and 16 into a patent eligible application. Ex. 1001, 3:38–39 (“[s]canners are now available that can digitize a dental x-ray”); Ex. 1006 ¶ 32 (stating that “the use of digitizers to, for example, digitize x-rays and other images, was well established and routinely employed by persons of ordinary skill in the art by March of 1996”); *Content Extraction*, 776 F.3d at 1348 (“CET’s claims merely recite the use of this existing scanning and processing technology to recognize and store data from specific data fields such as amounts, addresses, and dates.”).

For the reasons explained above, we determine that the addition of a buffer computer and legacy computer system, when considered individually and as an ordered combination, fails to transform claim 28 into a patent eligible application. *Alice*, 134 S. Ct. at 2357–58 (computer implementation not enough when “the process could be ‘carried out in existing computers long in use’”).

We also agree with Petitioner that claims 6, 10–12, 14, 15, 17, 29, and 30 describe data and configurations. Pet. 19–20. In particular, claims 6, 10–

12, 14, 15, and 17 require files to be cross referenced with each other, one field to contain a digital image, the digital image to be from a recited group, the digital image be in the first file, the first file uniquely identify the source of the digital image, or a field that identifies the digital image is in both first and second files. We determine that further limitations on the data fail to transform these claims into a patent eligible application because they recite well-known, routine, conventional activities performed by generic computer components. Ex. 1001, 3:38–39 (“[s]canners are now available that can digitize a dental x-ray”), 5:10–14 (“[u]pon entering the mail room of the insurance company, the PAC form is assigned a document identification number (DIN) and . . . [t]his same DIN is affixed to the x-ray”), 5:42–44 (“the information about the provider has to be entered every time a new PAC form is received”).

Claims 29 and 30 require the second and third computer systems to be in the same location and the location to be an insurance company. We determine that these limitations apply the claimed invention to a particular application and thus fail to transform the abstract idea into a patent eligible application. *Alice*, 134 S. Ct. at 2358 (stating that “limiting the use of an abstract idea “to a particular technological environment” is not enough for patent eligibility); *Accenture*, 728 F.3d at 1345 (“Accenture attempts to limit the abstract idea of claim 1 by applying it in a computer environment and within the insurance industry. However, those types of limitations do not ‘narrow, confine, or otherwise tie down the claim.’”).

Claim 31 requires that data in at least one field of the second file is copied without manual reentry. We determine that its additional limitations fail to transform claim 31 into a patent eligible application. *See OIP Techs.*,

788 F.3d at 1363 (“relying on a computer to perform routine tasks more quickly or more accurately is insufficient to render a claim patent eligible”).

Accordingly, based on the full record before us, we determine that Petitioner has shown by a preponderance of the evidence that claims 1, 6, 10–17, and 28–31 of the ’768 patent are unpatentable under 35 U.S.C. § 101.

#### V. MOTION TO AMEND

In its Motion to Amend, Patent Owner moves to amend the ’768 patent by canceling claims 11 and 30. Paper 15, 1; *see* 35 U.S.C. § 316(d); 37 C.F.R. § 42.121(a)(3) (“A motion to amend may cancel a challenged claim or propose a reasonable number of substitute claims.”). The Motion to Amend does not indicate that Patent Owner’s request to cancel claims 11 and 30 is contingent on the claims being determined to be unpatentable. We, therefore, grant the request.

#### VI. MOTION TO DISMISS

In a Motion to Dismiss filed concurrently with its Motion to Amend, Patent Owner argues that, based on claims 11 and 30, “Petitioners alleged and the Board found that the ’768 Patent qualifies for Covered Business Method Review,” and if those claims are canceled, “no claims of the ’768 Patent would be directed to a financial product or service, and . . . would no longer be subject to Covered Business Method Review.” Paper 16, 1.

In particular, Patent Owner argues that the focus should be on the claims and relying on language from the specification contradicts the rules, legislative history, and a response to a comment regarding the definition of a covered business method patent. *Id.* at 4–5. Patent Owner also argues that

relying on factors other than the claims could lead to the same claim qualifying or failing to qualify for covered business method patent review. *Id.* at 5.

Patent Owner further argues that Petitioner can no longer show that the '768 patent is a covered business method patent if claims 11 and 30 are canceled, because the "Petition cites to claim language from only [c]laims 11 and 30 as support for the allegation that the '768 Patent qualifies for Covered Business Method Review" and "does not explain the extent to which any other claims are directed to financial products or services." *Id.* at 6–7 (citing Pet. 4–6). Patent Owner further argues that citations to the specification, assertion of the '768 patent against insurance companies, and arguments about the class of the '768 patent do not focus the inquiry on the claims. *Id.* at 9–10.

Patent Owner asserts that none of the remaining claims "relate in any way to a financial product or service" and "are directed to electronic systems generally, and are not directed to anything financially related." *Id.* at 7–8 (citing Ex. 1001, 45:27). As for the claims from which claims 11 and 30 depend, Patent Owner contends that "merely because a claimed method or apparatus *could* be used in the practice, administration, or management of a financial product or service, does not indicate that the method or apparatus *are* used in the practice, administration, or management of a financial product or service" and "does not demonstrate that the claims qualify for covered business method review." *Id.* at 8–9. Patent Owner argues that the claims from which claims 11 and 30 depend "are claims of general scope, and are not directed to financial products or services." *Id.* at 9.

Petitioner responds that jurisdiction should be determined based on circumstances that exist at the time the petition was filed. Paper 18, 1–2. Petitioner also argues that claims should not be canceled without issuing a final written decision. *Id.* at 2. Petitioner further argues that Patent Owner proposes canceling “narrowing, dependent claims,” not “disclaiming use by the financial services industry,” and that “the claimed process is intended to be used by financial institutions.” *Id.* at 3. Petitioner asserts that the claims do not need to include an express limitation to a financial product or service. *Id.* at 4. Petitioner further argues that the ’768 patent “claims using a computer to perform a prior manual process,” is not new, and uses known prior art technology to accomplish the process. *Id.* at 5–6.

Patent Owner replies that federal courts have disregarded the rule that subject matter jurisdiction is determined at the time the suit is filed. Paper 21, 2. Patent Owner argues that, after canceling claims 11 and 30, standing should be reconsidered. *Id.* at 3. Patent Owner also asserts that dismissing proceedings that do not involve covered business method patents furthers the intent and purpose of the proceedings. *Id.* Patent Owner also contends that claims can be canceled without a full proceeding. *Id.* at 1–2, 3–5. Patent Owner further contends that Petitioner’s arguments regarding the technological exception to the definition of a covered business method patent should be disregarded as a supplemental reply. *Id.* at 5.

As the movant, Patent Owner bears the burden of proof to establish that it is entitled to the relief requested. *See* 37 C.F.R. § 42.20(c). For the reasons explained above in Section II.A., Patent Owner has not met its burden. In particular, we agree with Petitioner that whether the claims qualify for covered business method patent review should be determined

based on the circumstances when a petition is filed. Patent Owner does not provide any express statutory language that imposes a requirement for Petitioner to maintain standing throughout trial and does not provide persuasive authority challenging the plain language of the statutes governing covered business method patent reviews. Accordingly, we deny Patent Owner's motion to dismiss the proceedings.

## VII. CONCLUSION

For the foregoing reasons, we determine that Petitioner has demonstrated, by a preponderance of the evidence, that claims 1, 6, 10–17, and 28–31 of the '768 patent are not patentable because they are directed to ineligible subject matter under 35 U.S.C. § 101.

## VIII. ORDER

In consideration of the foregoing, it is hereby  
ORDERED that claims 1, 6, 10–17, and 28–31 of U.S. Patent No. 7,346,768 B2 have been shown to be unpatentable;  
FURTHER ORDERED that the Motion to Amend is *granted*;  
FURTHER ORDERED that the Motion to Dismiss is *denied*; and  
FURTHER ORDERED that this is a Final Decision. Parties to the proceeding seeking judicial review of the decision must comply with the notice and service requirements of 37 C.F.R. § 90.2.

CBM2014-00186  
Patent 7,346,768 B2

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