

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 CBM2014-00187  
Patent 7,178,020 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 27, 30, 36, 42, 43, 45, and 50–52 of U.S. Patent No. 7,178,020 B2 (Ex. 1001, “the ’020 patent”). Integrated Claims Systems, LLC (“Patent Owner”) filed a Preliminary Response (Paper 8, “Prelim. Resp.”). Based on those submissions, we instituted covered business method patent review of claims 27, 30, 36, 42, 43, 45, and 50–52. 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 CBM2014-00186 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 27, 30, 36, 42, 43, 45, and 50–52

of the '020 patent are unpatentable. We also grant the motion to amend and deny the motion to dismiss.

*A. Asserted Grounds of Unpatentability*

The instant covered business method patent review was instituted on the grounds that claims 27, 30, 36, 42, 43, 45, and 50–52 are directed to patent-ineligible subject matter under 35 U.S.C. § 101 and that claim 27 is anticipated by U.S. Patent No. 4,554,418 to Toy (Ex. 1003, “Toy”). Pet. 4, 13–37; Dec. on Inst. 27.

*B. Related Proceedings*

The '020 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 '020 patent is related to the patent at issue in Case CBM2014-00186.

*C. The '020 Patent (Ex. 1001)*

The '020 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, 1:21–27.

The '020 patent states that the “original system involved hard copy paper claims only, with transmission and all processing done manually.” *Id.* at 1:36–37. The '020 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 1:48–52. The ’020 patent further states 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 2:4–6. The ’020 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 2:35–41.

The ’020 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 2:62–3:3, 4:3–10. Such claims “are called ‘claims with attachments,’” and include the “PAC (Prior Approval Claim).” *Id.* at 2:63–66, 3:4–5. The ’020 patent describes that “when attachments are required, providers are forced to submit hard copy claim applications.” *Id.* at 3:61–63. The ’020 patent also describes that “insurance companies labor under an administrative system that is a hybrid between a manual and an electronic system.” *Id.* at 3:63–65.

The ’020 patent describes that the “natural next stage in the development of claims processing systems is to attempt to computerize[] this process.” *Id.* at 3:18–20. The ’020 patent also states that “[s]canners are now available that can digitize a dental x-ray.” *Id.* at 3:21–22. However, the ’020 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 3:23–27.

Figure 3 is reproduced below:

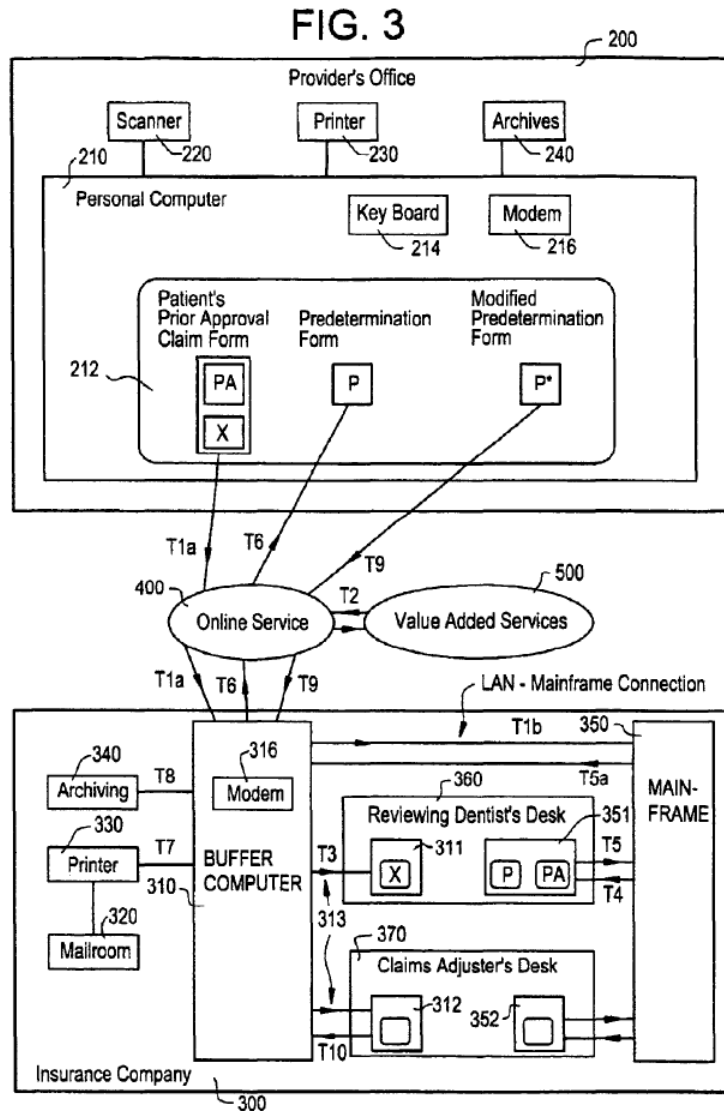


Figure 3 is a combination block and flow diagram. *Id.* at 10:56–59. Components 200 located in the health care provider’s office “include a personal computer 210 . . . and a modem 216, connected to scanner 220.”

*Id.* at 11:37–39, 11:63–66. “Components 300 located at the insurance company include the previously described mainframe or legacy computer 350 and terminals 351, 352.” *Id.* at 12:13–15.

The AIC software is stored in computer system 210. *Id.* at 13:11–14. The ’020 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 13:18–28. The ’020 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 13:28–32.

“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 13:35–45. The “information denoted by the characters can be transferred to and used in completing other fields in related documents.” *Id.* at 13:45–47. 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 14:39–14:42. The “PAC application is formed from the electronic PAC form and the digitized patient’s x-ray.” *Id.* at 14:66–67.

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 15:2–10. 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 16:40–44.

*D. Illustrative Claim*

Claims 27, 42, and 50 are the independent claims challenged by Petitioner, and claim 27 is reproduced below:

27. A method for operating a digital device operatively coupled to first and second networked components, comprising:  
receiving a unitary data stream including N fields of data;  
parsing the unitary data stream to determine a first portion of the N fields to be routed to the first networked component and a second portion of the N fields to be routed to the second networked component; and  
routing the first and second portions of the N fields to the first and second networked components, respectively,  
where N is a positive integer.

II. CHALLENGE TO COVERED BUSINESS METHOD PATENT REVIEW

*A. Canceling Claim 36*

In the Institution Decision, we determined that the ’020 patent includes at least one claim directed towards activities that are incidental or complementary to a financial activity and highlighted claim 36 as such a claim. Inst. Dec. 9–10. After institution of trial, Patent Owner filed

concurrently with its Response a motion seeking to cancel claim 36<sup>1</sup> and a motion to dismiss this proceeding if claim 36 is canceled. Paper 15; Paper 16.

Patent Owner argues that, if the motion seeking to cancel claim 36 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. 10–11 (citing Dec. on Inst. 9–10). 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.

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<sup>1</sup> The Patent Owner Response states that “Patent Owner also intends to file a statutory disclaimer for Claims 8, 21, and 36.” PO Resp. 10. As of the time of the hearing, Patent Owner did not file a disclaimer for these claims. 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 claim 36 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.

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.

Pub. L. No. 112–29 Stat. 284, 330 (2011). 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. 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).

Patent Owner also argues that the remaining challenged claims of the '020 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. 10–12. We do not agree and address below those arguments.

*B. Financial Product or Service*

Petitioner argues that claims 27, 30, 36, 42, 43, 45, and 50–52 “relate to monetary matters,” and specifically asserts that “claim 36 expressly refers to ‘an insurance claim form.’” Pet. 5 (citing Ex. 1001, 28:20–21). Petitioner also argues that the Specification of the '020 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, 1:23–25, 13:1–22:63, 23:23–25). Petitioner also states that Patent Owner has “asserted the '020 patent against at least 15 insurance companies” and that the '020 patent “was classifiable in class 705.” *Id.* at 6 (citing Ex. 1004 ¶¶ 13, 15).

Patent Owner argues that, if a concurrently filed motion seeking to cancel claim 36 is granted, “none of the remaining claims . . . relate[s] in any way to a financial product or service” and “are directed to electronic systems generally, and are not directed to anything financially related.” PO Resp.

10–11. Patent Owner includes claims 8 and 21, which recite limitations similar to claim 36, in its arguments, but Petitioner does not challenge claims 8 and 21. Claim 36 depends directly from independent claim 27, and Patent Owner contends for claim 27, 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 11–12. Patent Owner also contends that claim 27 is “of general scope” and “not directed to financial products or services.” *Id.* at 12.

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. 77 Fed. Reg. 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 does not present arguments specifically for claim 36 but presents arguments for the claim from which it depends. *See* PO Resp. 10–12. However, as explained above, we agree with Petitioner that whether the ’020 patent is a covered business method patent should be determined based on the circumstances when a petition is filed. *See* Reply 1–2. At that time, claim 36 was part of the ’020 patent. Thus, based on the complete record before us, we are persuaded that the ’020 patent includes at least one claim

directed towards “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)), “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 36 recites “wherein the unitary data stream comprises an insurance claim form,” 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 ’020 patent claims “a method . . . 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 that claim 27, from which claim 36 depends, is “directed to electronic systems generally” and “not directed to anything financially related,” as urged by Patent Owner. *See* PO Resp. 10–11. Claim 27 recites a “method for operating a digital device operatively coupled to first and second networked components” that comprises receiving and parsing a unitary data stream and routing portions to the first and second networked components. Based on the specification of the ’020 patent, claim 27 is directed to a method for operating a digital device related to, at least, insurance claims, worker’s compensation claims, commercial insurance claims, property/casualty insurance, and law enforcement.

The ’020 patent “relates to an AIC system for preparing and processing digital insurance claims” (Ex. 1001, 1:24–25), 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

8:14–16). All the expressed objects of the '020 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 8:20–9:40.

Only Figures 3–6B show embodiments of the claimed invention. *Id.* at 10:56–67. Figures 3–6B and their associated description relate to health or dental insurance. *Id.* at 11:53–55 (“the description which follows describes the invention as it is used in connection with dental insurance forms”); Ex. 1006 ¶ 25 (“the patent uses the health insurance industry as an example”). Figure 3 shows “computer components 300 located on the premises of the insurance company.” Ex. 1001, 11:39–41; *see also* Ex. 1006 ¶ 27 (“the '020 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, 13:1–22:63). 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, 10:62–67.

Other than dental or health insurance, the '020 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, 9:23–28), that “casualty insurance claims with supporting documentation . . . are within the scope of the present invention” (*id.* at 11:61–63), 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 17:37–40), and that "the present invention has utility in such other areas as Property/Casualty Insurance and law enforcement" (*id.* at 22:30–32). *See also* Tr. 55:7–16 (Patent Owner counsel stating that the specification "describes use in law enforcement and scientific research"). The specification of the '020 patent thus, explains the method 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 a 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 '020 patent, claim 27's recitation of a "method for operating a digital device" is broad enough to include a digital device and data stream 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 claim 36, 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)), “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 27, 30, 36, 42, 43, 45, 50, 51, and 52 of the ’020 patent do not recite a novel and unobvious technological feature” because “at least independent claims 27, 42, and 50 are anticipated by prior art,” “the ’020 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 ’020 patent.” Pet. 7–8 (citing Ex. 1001, 2:30–32, 12:22–25, 28:4–5; Ex. 1006 ¶¶ 28–35).

Patent Owner responds that “the Challenged Claims recite more than a pile of computer components” and that “[n]o portion of the ’020 Patent specification indicates that [the recited] features . . . were disclosed in the prior art.” PO Resp. 13. Petitioner replies that the ’020 patent “claims using a computer to perform a prior manual process.” Reply 5 (citing Pet. 9, 16, 20). 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 claims 27, 42, and 50 include “a digital device,” “first and second networked components,” “server computer,” “a plurality of network components,” and “first network component.” Based on the complete record before us, Petitioner persuades us that the technological features of claims 27, 42, and 50 were not “novel and unobvious over the prior art.” The ’020 patent describes the claimed invention generically without reference to any particular hardware device or specialized software or algorithm. Ex. 1001, 1:48–50 (“the introduction of the mainframe computer . . . allowed for electronic processing within a given insurance company”), 2:4–6 (“the electronic filing of claim forms . . . was made possible by the introduction of the personal computer”), 17:66–18:3 (“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, 1:48–50, 2:4–6, 17:66–18:3; Ex. 1006 ¶¶ 30–33 (stating the use of mainframes, servers, digital devices, and networked components 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 receiving fields of a unitary data stream and parsing the data stream as being novel and obvious over the prior art, but we are not persuaded that these steps are technological features that distinguish claims 27, 42, and 50 from the prior art. Rather the steps are part of the claimed method for operating a digital device, server, and method of processing files. Based on the full record before us, we determine that those recited steps were known. Ex. 1001, 1:65–67 (“data for each ‘paper’ claim had to be entered into the computer to form an electronic claim”), 2:17–20 (“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”); Ex. 1006 ¶¶ 34–35 (stating the use of receiving, copying, parsing, and routing processes were “well established and routinely employed . . . by March of 1996”). Therefore, the recited steps do not provide claims 27, 42, and 50 a technological feature that is novel and unobvious over the prior art.

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. 9 (citing Ex. 1001, 1:21–8:10). Patent Owner presents no

arguments regarding whether the claimed subject matter solves a technical problem using a technical solution. PO Resp. 9–13.

For the foregoing reasons and based on the full record before us, we determine that the challenged claims of the '020 patent are directed to a covered business method patent, 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 Decision to Institute, we construed “unitary data stream” to mean a “transmitted set of information.” Dec. on Inst. 13. The parties do not present arguments for another interpretation (*see* Reply 6), and based on the complete record, we do not perceive any reason or evidence that now compels any deviation from this interpretation.

Patent Owner proposes interpreting “parsing the unitary data stream” to mean “responding to the labels of fields in the unitary data stream” and cites the Abstract of the '020 patent for supporting its proposed interpretation. PO Resp. 14. Petitioner replies that Patent Owner’s proposed construction of “parsing” to mean “examining” from related litigation should be used. Reply 7 (citing Ex. 1007, 7). Petitioner also argues that the “only alleged support for its new construction relates to a claim not at issue here, namely claim 1” and that an “attempt to import into claim 27 limitations from the specification related to claim 1 is improper.” *Id.* at 7. Petitioner further argues that “the Patent Owner Response offers a different

construction of ‘unitary data stream’ in the guise of a construction for ‘parsing the unitary data stream.’” *Id.* at 6.

We agree with Petitioner that Patent Owner’s proposed construction reads a particular embodiment in the Abstract into claim 27, which only requires “a unitary data stream including N fields of data.” *See Superguide Corp. v. DirecTV Enter., Inc.*, 358 F.3d 870, 875 (Fed. Cir. 2004) (“Though understanding the claim language may be aided by the explanations contained in the written description, it is important not to import into a claim limitations that are not a part of the claim. For example, a particular embodiment appearing in the written description may not be read into a claim when the claim language is broader than the embodiment.”). “Parsing” does not seem to appear in the specification of the ’020 patent. We thus decline to accept Patent Owner’s proposed construction and give “parsing the unitary data stream” its ordinary and customary meaning.

Patent Owner also proposes that the broadest reasonable interpretation of “field” in view of the specification is a “computer software field” with citations to the specification. PO Resp. 15–24 (citing Ex. 1001, 8:32–37, 9:59–10:12, 10:19–35, 11:53–63, 13:40–14:20, 14:29–38, 15:26–47, 16:26–32, 17:3–11, 18:5–18, 18:50–19:3, 19:61–20:6, 24:19–31, 24:38–43). Petitioner argues that the plain meaning should be applied. Reply 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 27, 30, 36, 42, 43, and 50–52 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 27, 30, 36, 42, 43, and 50–52 with citations to the Specification of the '020 patent and the Goldstein Declaration (Ex. 1006). Pet. 13–21.

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 post solution 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 an abstract idea. *Alice*, 134 S. Ct. at 2355. Petitioner argues that “[i]ndependent claims 27, [4]2, and 50 of the ’020 patent are 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. 14–15.

Patent Owner responds that “there is nothing abstract about the method steps performed by the claimed processes or the computer system elements comprising the system claims” and that the “claims recite methods for operating a digital device and processing files to perform concrete, circumscribed functions and overcome technical limitations of certain types of computers.” PO Resp. 28. 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.* at 29.<sup>2</sup> Petitioner replies that

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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 the challenged claims are 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.

“the abstract idea is nearly identical to the abstract idea in *Accenture*.”  
Reply 11 (citing *Accenture Global Servs., GmbH v. Guidewire Software, Inc.*, 728 F.3d 1336, 1344 (Fed. Cir. 2013)).

Independent claim 27 recites a method that includes receiving and parsing a data stream with N fields and routing portions of the N fields to networked components. Independent claim 50 recites a method that includes receiving a file with identifiable fields and copying a subset of the fields to correlated fields of a second file. Independent claim 42 recites a server that receives a file with identifiable fields and copies a subset of the fields to correlated fields of a second file. Based on the full record before us, we determine that the subject matter of the challenged claims, when considered as a whole, is directed to an abstract idea, namely, portioning data. *See* Dec. on Inst. 15. In particular, the complete record persuades us that the idea of portioning data 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.*,

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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.

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 patent 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 computer system elements, “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 system and use of fields in our analysis for the second step of the *Alice/Mayo* test.

Patent Owner also argues that “[c]laims 27, 42, and 50 do 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 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.” Reply 12.

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 claims 27, 42, and 50 are 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. 14–15. Petitioner also argues that the claims recite “only (i) conventional computer technology . . . , and (ii) descriptions of types of data and configuration relevant to the insurance industry.” *Id.* at

15–19 (citing Ex. 1001, 1:36–47, 2:30–32, 2:11–20, 2:35–47, 12:22–25, 16:57–62, 19:61–66, 28:4–5; Ex. 1006 ¶¶ 28–35), 19–20.

Patent Owner responds that the “claims, when considered as a whole, relate to computer-implemented methods for transforming data in a particular manner” because claims 42 and 50 relate to “receiving files containing data in fields, and based on the identities of the fields, modifying a second file by copying the contents of certain fields to the second file” and claim 27 relates to “responding to the labels of fields in a unitary data stream to determine how the fields should be routed.” PO Resp. 29. 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 claims are computer software fields, thereby tying each claim inextricably to a computer.” *Id.* at 35–36. 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.* at 36 (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 ’020 Patent was not routine or conventional.” PO Resp. 36–37 (citing Ex. 1001, 3:28–32; Ex. 2004 ¶ 17). Patent Owner contends that “merely because the recited components of a computer system were known or *could* be adapted in a way to implement the method of Claims 27 and 50 or be the server of Claim 42 does not indicate that the inventions recited by those claims . . . were known.” *Id.* at 37. Patent Owner also asserts that “Petitioners fail to show that one of ordinary skill in the [art] *would* have known to use the components to practice the claimed invention”

and “do not allege that using identities (i.e. ‘labels’) of fields to copy content of certain fields from one file to correlated fields of a second file was routine or conventional.” *Id.* at 37–38.

Petitioner replies that “computer systems were known” and that the ’020 patent “is directed to performing a previously manual process on a computer.” Reply 13. 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.* (citing Ex. 1001, 5:36–63). Petitioner also argues that “[s]imply using a computer to do what was previously done manually fails to add significantly more.” *Id.* (citing *Bancorp Services LLC v. Sun Life Assurance Co. of Canada*, 687 F.3d 1266, 1279 (Fed. Cir. 2012) and *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 14 (citing *Dealertrack, Inc. v. Huber*, 674 F.3d 1315, 1331–34 (Fed. Cir. 2012) and *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 ’020 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 15 (citing Ex. 1009, 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 27 of the ’020 patent. *Id.* at 15–17.

*1. Independent Claim 27*

Considering the elements of claim 27 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).

A step in the method of claim 27 requires “receiving a unitary data stream including N fields of data.” We find that receiving data with fields is a well-known, routine, conventional activity previously known to the industry. In describing previous advancements, the ’020 patent states that “[o]riginally, an insurance claim was filed by the patient or the health care provider filling out a paper form,” and that “data for each ‘paper’ claim had to be entered into the computer to form an electronic claim” (Ex. 1001, 1:38–39, 1:65–67), 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 2:11–15), 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 2:17–20). *See also* Ex. 1006 ¶ 34 (Stating that “the use of receiving and copying processes 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.”).

The ’020 patent also 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, 5:17–19) 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 5:20–27). 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.

Another step in the method of claim 27 requires “parsing the unitary data stream to determine a first portion of the N fields to be routed to the first networked component and a second portion of the N fields to be routed to the second networked component.” We find that parsing data to determine first and second portions is a well-known, routine, conventional activity previously known to the industry. In describing previous advancements, the ’020 patent states that “a paper PAC form is filled out . . . and, along with the substantiating x-ray is mailed to the patient’s insurance company” and that “[u]pon entering the mail room of the insurance company, . . . data from the PAC form is then entered into the company’s mainframe computer” and the “x-ray is then manually delivered to the reviewing dentist.” Ex. 1001, 4:57–65. The ’020 patent also describes “[s]canner are now available that can digitize a dental x-ray” and that “many personal computers provide the graphics support needed to display the digitized x-ray” but “there are significant problems in interfacing a PC with

a mainframe computer.” *Id.* at 3:21–22, 3:40–43; *see also* Ex. 1006 ¶ 35 (Stating that “the use of parsing and routing processes was well established and routinely employed by persons of ordinary skill in the art by March of 1996”).

The final recited step of claim 27 requires “routing the first and second portions of the N fields to the first and second networked components, respectively, where N is a positive integer.” We find that routing the portions of the fields to networked components is a well-known, routine, conventional activity previously known to the industry. The ’020 patent describes that, in previous advancements, “claims adjusters access claims information through terminals connected to mainframes.” Ex. 1001, 3:33–34.

As for the “digital device operatively coupled to first and second networked components,” we find that generic computer components can be configured to perform the steps of claim 27. The ’020 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, 4:42–44. In describing Figure 1, the ’020 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 4:50–53. In the detailed descriptions of the embodiment shown in Figures 3 and 4, the ’020 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 11:36–41. The ’020 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 11:64–65, 12:13–15. The ’020 patent also describes “a buffer computer 310, which may be a network server.” *Id.* 12:15–16. The ’020 patent also states that “[p]referably, the GUI-capable buffer computer 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.* 17:66–18:3. The ’020 patent further describes “just a single PC that will incorporate the functions of the elements 310, 311, 312, and 313.” *Id.* at 18:43–45. Petitioner’s declarant also states that the use of digital devices (such as a server) and networked components (such as a mainframe) were “well established and routinely employed by persons of ordinary skill in the art by March of 1996.” Ex. 1006 ¶¶ 32, 33.

Furthermore, 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, 13:28–32.

Based on our factual findings from the specification of the ’020 patent described above, Petitioner’s evidence, and the full record before us, we determine that the recited “digital device operatively coupled to first and second networked components” can be at least one of a personal computer, legacy computer, network server, or buffer computer. The complete record does not persuade us that the “digital device operatively coupled to first and second networked components” requires more than generic computer components. *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 27 are considered individually, claim 27 recites well-known, routine, conventional activities previously known to the industry and generic computer components. *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 27 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. 2014) (“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”)).

## 2. Independent Claim 42

Considering the elements of claim 42 individually, we find that the steps performed by the recited server 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 42 recites a “server having specialized software for causing the server to perform a process, the process comprising: receiving an incoming first file comprising a set of N identifiable fields.” We determine that receiving a file with identifiable fields is a well-known, routine, conventional activity previously known to the industry. The ’020 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, 1:38–39), that “data for each ‘paper’ claim had to be entered into the computer to form an electronic claim” (*id.* at 1:65–67), that “providers fill out an electronic claim form . . . which . . . would then be transmitted, as a computer file, to the insurance company” (*id.* at 2:11–15), and that a “patient completes that portion of the PAC form that pertains to him . . . and sends it to the provider” (*id.* at 5:17–19) 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 5:20–27). *See also* Ex. 1006 ¶ 34 (Stating that “the use of receiving and copying processes was well established and routinely employed by persons of ordinary skill in the art by March of 1996”) and *Alice*, 134 S. Ct. at 2359 (stating “one of the most basic

functions of a computer” is “to obtain data,” one of the “‘well-understood, routine, conventional activit[ies]’ previously known to the industry.”).

Claim 42 also recites “using identities of the identifiable fields of the first file, copying contents of a first subset of the set of N identifiable fields to correlated fields of a second file.” We find that copying part of the first file to a second file is a well-known, routine, conventional activity previously known to the industry. The ’020 patent states that “[o]riginally, an insurance claim was filed by the patient or the health care provider filling out a paper form,” and that “data for each ‘paper’ claim had to be entered into the computer to form an electronic claim.” Ex. 1001, 1:38–39, 1:65–67. The ’020 patent also describes that “a paper PAC form is filled out” and that “[u]pon entering the mail room of the insurance company, . . . data from the PAC form is then entered into the company’s mainframe computer.” *Id.* at 2:57–65. The ’020 patent further describes that “providers fill out an electronic claim form . . . which . . . would then be transmitted, as a computer file, to the insurance company” and “[i]n practice, the service provider sends an electronic claim to a vendor, who performs a service such as screening of the form . . . which then retransmits it to the patient’s insurance company.” *Id.* at 2:11–15, 2:42–45; *see also* Ex. 1006 ¶ 34 (Stating that “the use of receiving and copying processes was well established and routinely employed by persons of ordinary skill in the art by March of 1996”).

For the reasons explained above for independent claim 27, we find that the recited “server” requires no more than a generic computer component. Thus, considering the full record before us, we find that, when the elements of claim 42 are considered individually, claim 42 recites well-

known, routine, conventional activities previously known to the industry and generic computer components. *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.’”).

Also, when considered as an ordered combination, we determine that claim 42 adds nothing that is not already present when its elements are considered individually. *See Alice*, 134 S. Ct. at 2359; *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”); *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”).

### 3. *Independent Claim 50*

Considering the elements of claim 50 individually, we find that the functions performed are well-known, routine, conventional activities previously known to the industry. *Alice*, 134 S. Ct. at 2359.

Claim 50 requires “receiving an incoming first file comprising a set of N identifiable fields.” We find that receiving a file with fields is a well-known, routine, conventional activity previously known to the industry. In describing previous advancements, the ’020 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, 1:38–39), that “data for each ‘paper’ claim had to be entered into the computer to form an electronic

claim” (*id.* at 1:65–67), that “providers fill out an electronic claim form . . . which . . . would then be transmitted, as a computer file, to the insurance company” (*id.* at 2:11–15), and that a “patient completes that portion of the PAC form that pertains to him . . . and sends it to the provider” (*id.* at 5:17–19) 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 5:20–27). *See* Ex. 1006 ¶ 34 (Stating that “the use of receiving and copying processes 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 “one of the most basic functions of a computer” is “to obtain data,” one of the “well-understood, routine, conventional activit[ies]’ previously known to the industry.”).

Claim 50 also requires “using identities of the identifiable fields of the first file, copying contents of a first subset of the set of N identifiable fields to correlated fields of a second file.” We find that copying a subset of a first file to a second file is a well-known, routine, conventional activity previously known to the industry. The ’020 patent states that “[o]riginally, an insurance claim was filed by the patient or the health care provider filling out a paper form,” and that “data for each ‘paper’ claim had to be entered into the computer to form an electronic claim.” Ex. 1001, 1:38–39, 1:65–67. The ’020 patent also describes that “a paper PAC form is filled out” and that “[u]pon entering the mail room of the insurance company, . . . data from the PAC form is then entered into the company’s mainframe computer.” *Id.* at 2:57–65. The ’020 patent further describes that “providers fill out an electronic claim form . . . which . . . would then be transmitted, as a computer file, to the insurance company” and “[i]n practice, the service

provider sends an electronic claim to a vendor, who performs a service such as screening of the form . . . which then retransmits it to the patient's insurance company." *Id.* at 2:11–15, 2:42–45; *see also* Ex. 1006 ¶ 34 (Stating that “the use of receiving and copying processes was well established and routinely employed by persons of ordinary skill in the art by March of 1996”).

Claim 50 does not recite any computer components for performing its recited steps. Considering the full record before us, for the reasons explained above, we determine that, when the elements of claim 50 are considered individually, claim 50 recites well-known, routine, conventional activities previously known to the industry. *Alice*, 134 S. Ct. at 2357 (“Simply appending conventional steps, specified at a high level of generality,’ was not ‘*enough*’ to supply an “inventive concept””). When considered as an ordered combination, our determination is not changed. Claim 50 adds nothing that is not already present when its elements are considered individually. *See Alice*, 134 S. Ct. at 2359.

#### 4. Preemption

Patent Owner further argues that “the claims do not preempt all means of portioning data, either in the computer context, in the insurance claim processing context, or in any context” and “are an improvement to data processing performed by a mainframe computer system or similar systems, allowing processing text data with associated digital attachments.” PO Resp. 31–33 (citing Ex. 2004 ¶ 16).

Petitioner replies that “[p]reemption is not a separate test” but “the concern that drives Section 101 analysis.” Reply 18 (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. 31).

Petitioner thus, contends that “the preemption arguments should be rejected as nothing more than attorney argument.” *Id.*

For the reasons above, we determine that the additional, recited elements of claims 27, 42, and 50 do not transform these claims into patent-eligible applications and the '020 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 claims 27, 42, and 50 do 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 foregoing reasons, we determine that Petitioner has shown that the additional elements of claims 27, 42, and 50, when considered individually and as an ordered combination, fail to transform the nature of these claims into patent eligible applications, in accordance with the second step of the *Alice/Mayo* test.

*5. Machine-or-Transformation Test*

Petitioner asserts that claims 27, 30, 36, 42, 43, 45, and 50–52 “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 ’020 patent indicates that there is anything special or particular about these components,” “the ’020 patent even admits they were all known,” “the ’020 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, 1:36–47). 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 receiving electronically a unitary data stream including fields of data, and routing at least two portions of the fields to networked components, or by receiving electronically a file comprising identifiable fields, and copying the contents of a subset of the fields to correlated fields of another file.” PO Resp. 34 (citing Ex. 1001, 8:6–10, *DDR Holdings*, 773 F.3d at 1257). Patent Owner further argues that “the steps of Claims 27, 42 and 50 could not be performed by the human mind because . . . they are rooted in computer technology.” *Id.* at 35; *see also* Resp. 34–35.

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 19. Petitioner contends that the ’020 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.* (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 claims 27, 42, and 50 are not tied to any particular novel machine or apparatus, only a general purpose computer. *See, e.g.* Ex. 1001, 11:64–65 (“the components 200 include a personal computer 210”), 12:13–15 (“Components 300 located at the insurance company include the previously described mainframe or legacy computer 350 and terminals 351, 352”), 12:15–16 (“a buffer computer 310, which may be a network server”), 17:66–18:3 (“Preferably, the GUI-capable buffer computer 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 ¶¶ 30–33.

We thus determine that claims 27, 42, and 50 “could be ‘carried out in existing computers long in use’” (*Alice*, 134 S.Ct. at 2357) and that these claims are “not tied to any particular novel machine or apparatus, only a general purpose computer” (*Ultramercial*, 772 F.3d at 716–17).

Also, we find that claims 27 and 42 add a computer to perform steps that are well-known, routine, conventional activities previously known to the industry. Claim 50 does not recite explicitly any computer component. As discussed above, the full record persuades us that these claims recite well-

known, routine, conventional activities. Ex. 1001, 1:38–39 (“[o]riginally, an insurance claim was filed by the patient or the health care provider filling out a paper form”), 1:65–67 (“data for each ‘paper’ claim had to be entered into the computer to form an electronic claim”), 2:11–15 (“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 ¶¶ 34–35. Claims 27 and 42 add a general-purpose computer adapted for these conventional activities and thus, are not patent-eligible. *Ulramercial*, 772 F.3d at 716–17 (“adding a computer to otherwise conventional steps does not make an invention patent-eligible.”).

As for the transformation prong of the machine-or-transformation test, claims 27, 42, and 50 require receiving data and then parsing the data or copying a subset of the data. In other words, the claims collect, organize, and transmit data, all of which are insufficient to meet the transformation prong of the test. *Ulramercial*, 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 claims 27, 42, and 50 also fail the transformation prong of the machine-or-transformation test.

On the full record before us, we determine that claims 27, 42, and 50 fail the machine-or-transformation test. While this test is not conclusive, it is a further reason why claims 27, 42, and 50 are unpatentable under 35 U.S.C. § 101. *See Ulramercial*, 772 F.3d at 717.

*C. Independent Claims 27, 42, and 50*

For the foregoing reasons, we determine that claims 27, 42, and 50 are directed to an abstract idea in accordance with the first step of the *Alice/Mayo* test; that the additional elements of these claims, when considered individually and as an ordered combination, fail to transform the nature of these claims into a patent eligible application, in accordance with the second step in the *Alice/Mayo* test; and that claims 27, 42, and 50 fail 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 independent claims 27, 42, and 50 are unpatentable under 35 U.S.C. § 101.

*D. Dependent Claims 30, 36, 43, 45, 51, and 52*

Patent Owner responds that claims 30, 36, 43, 45, 51, and 52, which depend from independent claims 27, 42, and 50, are patentable under 35 U.S.C. § 101 for the same reasons it presented for the independent claims. PO Resp. 38. 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 claims 27, 42, and 50 and determine that Petitioner has shown by a preponderance of the evidence that claims 27, 42, and 50 are unpatentable under 35 U.S.C. § 101. We adopt Petitioner’s contentions as our findings with regard to the unpatentability of claims 30, 36, 43, 45, 51, and 52, which depend from claims 27, 42, and 50. Pet. 19–20.

We agree with Petitioner that claims 36, 43, 45, 51, and 52 “add descriptions of types of data relevant to the insurance industry.” Pet. 19. These claims require the unitary data stream to comprise an insurance claim

form, field identities to be field names, and field identities of the second file correlate to field identities of the first file. 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 previously known to the industry and performed by generic computer components. Ex. 1001, 2:11–15 (“providers fill out an electronic claim form . . . which . . . would then be transmitted, as a computer file, to the insurance company”), 2:42–45 (“In practice, the service provider sends an electronic claim to a vendor, who performs a service such as screening of the form . . . which then retransmits it to the patient’s insurance company”), 5:10–14 (“Upon 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”).

We agree with Petitioner that claims 30, 36, 43, 45, 51, and 52 “tie an abstract idea to conventional computer technology used in a particular industry.” Pet. 20. These claims require the first networked component to comprise a mainframe, the unitary data stream to comprise an insurance claim form, field identities to be field names, and field identities of the second file correlate to field identities of the first file. For the reasons explained above, we determine that the addition of a mainframe computer, when considered individually and as an ordered combination, fails to transform claim 30 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’”).

Accordingly, based on the full record before us, we determine that Petitioner has shown by a preponderance of the evidence that claims 30, 36, 43, 45, 51, and 52 of the '020 patent are unpatentable under 35 U.S.C. § 101.

V. CHALLENGE UNDER 35 U.S.C. § 102

To prevail in its challenge to claim 27 as anticipated by Toy, Petitioner must prove unpatentability by a preponderance of the evidence. *See* 35 U.S.C. § 316(e); 37 C.F.R. § 42.1(d).

In finding a claim anticipated, “[t]he identical invention must be shown in as complete detail as is contained in the patent claim.” *Richardson v. Suzuki Motor Co.*, 868 F.2d 1226, 1236 (Fed. Cir. 1989), *abrogated on other grounds as recognized by Robert Bosch LLC v. Pylon Mfg. Corp.*, 659 F.3d 1142, 1148 (Fed. Cir. 2011). Moreover, “[a] claim is anticipated only if each and every element as set forth in the claim is found, either expressly or inherently described, in a single prior art reference.” *Verdegaal Bros. v. Union Oil Co. of Cal.*, 814 F.2d 628, 631 (Fed. Cir. 1987).

Petitioner challenges independent claim 27 of the '020 patent as anticipated by Toy with citations to the reference, a claim chart, and the Goldstein Declaration (Ex. 1006). Pet. 22–37.

A. *Toy* (Ex. 1003)

Toy relates to “a method and apparatus for monitoring financial market information and remotely informing users of the occurrence of selected events.” Ex. 1003, 1:8–11. Figure 2 of Toy is reproduced below:

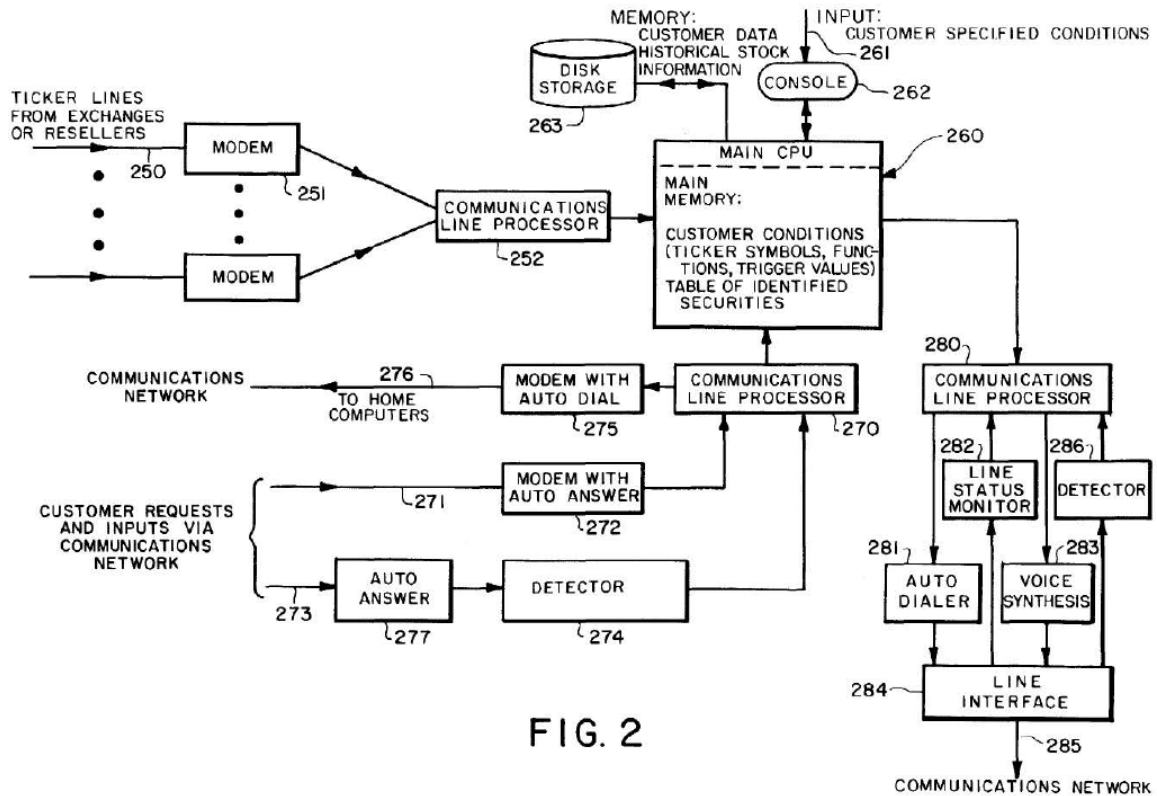


FIG. 2

Figure 2 is a functional block diagram of an embodiment of the method and apparatus. *Id.* at 4:50–52. “[C]ustomer specified condition 110 and customer data are provided as an input 261 to . . . data processing system 260.” *Id.* at 6:31–34. Customer specified conditions 110 are entered into memory 111 of an associated microprocessor-based or other computerized storage and control system. *Id.* at 5:1–4. Customer specified conditions 110 “include a listing of specific securities which the user desires to ha[v]e monitored” and “may also include, at the user’s option, a functional calculation to be performed on the received data,” such as moving averages or difference between current price and previous day’s closing price. *Id.* at 5:16–18, 5:29–31, 5:57–6:1. The user can “specify which data from the stock ticker or other financial data service are to be utilized, and which historical information is required.” *Id.* at 5:39–42.

The user can “provide one or more trigger values, thresholds, or specified events,” which when occur, the method and apparatus of Toy “automatically initiates a contact sequence for notifying the user of such occurrence.” *Id.* at 6:16–21. Customer contact information “may include the user’s name, a hierarchical listing of contact addresses . . . , and a set of contact conditions” that “specify, for example, whether the notifying phone call or other contact should be made to the user directly, and/or a home computer or data terminal of the user.” *Id.* at 7:1–13.

Information monitoring and analysis functions begin on “[i]nput data 121” that “may comprise stock ticker data, securities or financial data from other sources, or any form of information for which monitoring and notification are desired.” *Id.* at 7:48–53. Input communication line processor 252 “performs protocol and format conversions, . . . interprets the received information, . . . and formats the desired data for subsequent use by the data processing system 260.” *Id.* at 7:58–68. Thus, “the main CPU is provided with a single reformatted transaction at a time, while the information sources 250 are continuously monitored on a real-time basis,” and “data processing system 260 accordingly may read 120 a single reformatted transaction or data input.” *Id.* at 7:68–8:3, 8:14–15. “After reading 120 this data, a check 122 is performed to determine whether the security involved is one of those previously specified by a user.” *Id.* at 8:20–22.

If one or more specified trigger values and conditions are met, “data processing system 260 initiates a contact sequence for informing the interested user or users that their specified trigger values have been met.” *Id.* at 8:53–58. Data processing system 260 “assembles a contact list of

those contact trigger values or conditions which have been satisfied,” and the “contact list may include necessary information regarding the particular user-specified condition which has been satisfied, the identity of the associated user, and any other relevant data which is to be transmitted to the user.” *Id.* at 9:12–19. For each contact, “system 260 loads 130 from memory 263 the name of the respective user, the hierarchical contact address list, and any contact conditions specified.” *Id.* at 9:28–31. The contact conditions may specify that a call is to be made to the user’s computer. *Id.* at 9:44–46. Data processing system 260 can compose a notification message that describes which trigger value has been met in a computer readable format for the call to the computer. *Id.* at 9:53–57.

*B. Claim 27*

Petitioner argues that Toy discloses each and every element of the “method for operating a digital device operatively coupled to first and second networked components” recited by independent claim 27. Pet. 22–37 (citing Ex. 1003, 2:44–48, 3:23–41, 4:59–65, 5:1–12, 7:48–53, 8:14–24, 8:46–58, 8:66–68, 9:3–11, 9:12–43, 9:52–57, 9:58–68, 10:12–19, 11:48–52, 14:40–63, Figs. 1, 2; Ex. 1006 ¶¶ 37–39).

Specifically, Petitioner argues that Toy discloses “receiving a unitary data stream including N fields of data,” as recited by independent claim 27. Pet. 24, 30–32. Petitioner argues that transaction or input data 121 “is a transmitted set of information, so it is a unitary data stream including N fields of data.” *Id.* at 24 (citing Ex. 1006 ¶ 38), 30–32 (citing Ex 1003, 3:23–41, 5:1–12, 9:3–11, 7:48–53, 8:14–24, 8:49–52).

Patent Owner responds that Toy does not disclose “fields.” PO Resp. 39–40 (citing Ex. 1001, 11:53–60, 13:40–14:11, 16:26–32, 18:66–19:3; Ex.

2004 ¶ 13). Patent Owner argues that “Toy discloses receiving a continuous stream of input data” and “does not disclose that the stream of input data includes fields.” *Id.* at 40. Patent Owner also argues that “the transmission of data—including a ticker symbol, last price, market and trading volume—does not indicate that such data is contained in fields” and could be “transmitted as a flat data file—continuous stream of bits of information.” *Id.* (citing Ex. 2004 ¶ 14). Patent Owner further contends that the Petition and Goldberg Declaration “do not indicate that the data is contained in fields or that the system uses the identities of fields to copy data.” *Id.* at 40–41 (citing Ex. 2004 ¶ 14).

Petitioner replies that Patent Owner’s argument is “premised on its improper construction of ‘fields’” and “is not supported by evidence.” Reply 9. Petitioner contends that the only cited evidence is “declaration testimony consisting of conclusory statements from an unreliable witness regarding whether certain data is in fields.” *Id.* (citing PO Resp. 40–41).

Patent Owner’s arguments are not persuasive. We find that the portions of Toy cited by Petitioner indicate that each “single reformatted transaction or input data” can contain “a ticker symbol . . . , the last price . . . , the market which gave the last price, and trading volume information,” any one or all of which can be a field of data or a “computer software field,” as proposed by Patent Owner. Ex. 1003, 7:48–53; *see* Pet. 24 (arguing that input data 121 “is a transmitted set of information”) (citing Ex. 1006 ¶ 38), 30–32 (citing Ex. 1003, 3:23–41, 5:1–12, 9:3–11, 7:48–53, 8:14–24, 8:49–52). Patent Owner’s evidence to the contrary is paragraph 14 of the Gross Declaration. PO Resp. 40–41. The cited paragraph, however, states that the “data could be transmitted as a flat file.” It does not explain that a person of

ordinary skill in the relevant field, when viewing Toy, would find a difference between the claimed invention and the reference disclosure, as argued by Petitioner. *See* Pet. 24, 30–32. Furthermore, Patent Owner argues that the identities of the fields are used to copy data, but as discussed above, we did not accept Patent Owner’s proposed construction of parsing because it reads in a limitation from the Abstract.

For the recitation “parsing the unitary data stream to determine a first portion of the N fields to be routed to the first networked component and a second portion of the N fields to be routed to the second networked component,” Petitioner contends that “system 260 parses input data 121 to determine a first portion . . . to be routed to the first home computer . . . and a second portion . . . to be routed to the second home computer.” Pet. 32–33 (citing Ex. 1003, 8:46–58, 8:66–68, 9:3–7, 9:12–43, 9:52–57, 11:48–52, 14:40–63).

Patent Owner responds that Toy does not disclose “parsing a unitary data stream” or a digital device that responds to field labels.” PO Resp. 41. Patent Owner asserts that “there is no indication in Toy that the data is distributed based on labels of those fields” and “Toy discloses that the data is distributed based on the value of the data.” *Id.* at 41–43 (citing Ex. 1003, 2:35–39, 3:31–33, 5:39–42, 5:53–57, 6:3–5, 8:24–27). Patent Owner also argues that “the inventions disclosed in the ’020 Patent do not read the content of the data before determining to which networked components the data should be routed.” *Id.* at 43. Petitioner replies that Patent Owner’s argument is “premised entirely on its improper construction of ‘parsing the unitary data stream.’” Reply 9.

As discussed above, we find that Toy discloses data in a field. Ex. 1003, 7:48–53. Claim 27 recites “parsing the unitary data stream to determine a first portion . . . and a second portion.” It does not exclude distributing data based on their value, and for the reasons explained above, we did not accept Patent Owner’s proposed construction of parsing to mean “responding to the labels of fields in the unitary data stream” because it reads in a limitation from the Abstract. We find that Toy discloses input data 121 that “may comprise . . . securities or financial data” (Ex. 1003, 7:50–53) and its “method and apparatuses then compares 124 the value of the received data . . . to the stored table of threshold or trigger values corresponding to these data” (*id.* at 8:46–49). We find that Toy also discloses “[i]f one or more of the specified contact trigger values and conditions . . . are met 125 by the input and/or compared values, the data processing system 260 initiates a contact sequence” (*id.* at 8:53–57), “assembles a contact list of those trigger values or conditions which have been satisfied” (*id.* at 9:12–14), and “composes an appropriate message describing which security has met its trigger value” (*id.* at 9:52–57). We find that Toy further discloses that “customer contact is accomplished by use of telephone contact either with . . . a data terminal or a home computer of the user.” *Id.* at 9:31–35. In other words, Toy describes examining its input data to conduct comparisons to threshold values and routing a first portion (security data) to a first home computer and a second portion (another security data) to a second home computer.

Accordingly, based on the complete record before us, we determine that Petitioner has shown by a preponderance of the evidence that claim 27 is anticipated by Toy.

## VI. MOTION TO AMEND

In its Motion to Amend, Patent Owner “moves to amend . . . the ’020 patent . . . by cancelling Claim 36.” 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 claim 36 is contingent on the claim being determined to be unpatentable. We therefore grant the request.

## VII. MOTION TO DISMISS

In a Motion to Dismiss filed concurrently with its Motion to Amend, Patent Owner argues that, based on claim 36, “Petitioners alleged and the Board found that the ’020 Patent qualifies for Covered Business Method Review,” and if that claim is canceled, “no claims of the ’020 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 ’020 patent is a covered business method patent if claim 36 is canceled, because the “Petition cites to claim language from only Claim 36 as support

for the allegation that the '020 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 (citing Pet. 4–6). Patent Owner further argues that citations to the specification, assertion of the '020 patent against insurance companies, and arguments about the class of the '020 patent do not focus the inquiry on the claims. *Id.* at 9–10.

Patent Owner asserts that none of the remaining claims “are directed to electronic systems generally, and are not directed to anything financially related.” *Id.* at 7–8. As for the claim from which claim 36 depends, 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 claim from which claim 36 depends is a claim “of general scope, and . . . 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 '020 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 claim 36, standing should be reconsidered. *Id.* at 3–4. Patent Owner also asserts that dismissing proceedings that do not involve covered business method patents furthers the intent and purpose of the proceedings. *Id.* at 3. Patent Owner also contends that claims can be canceled without a full proceeding. *Id.* at 1–2. 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.

### VIII. CONCLUSION

For the foregoing reasons, we determine that Petitioner has demonstrated, by a preponderance of the evidence, that claims 27, 30, 36, 42, 43, 45, and 50–52 of the '020 patent are not patentable because they are directed to ineligible subject matter under 35 U.S.C. § 101 and that claim 27 is not patentable under 35 U.S.C. § 102 because it is anticipated by Toy.

### IX. ORDER

In consideration of the foregoing, it is hereby  
ORDERED that claims 27, 30, 36, 42, 43, 45, and 50–52 of U.S.  
Patent No. 7,178,020 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.

CBM2014-00187  
Patent 7,178,020 B2

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