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Woodard, Emhardt, Moriarty, McNett & Henry LLP
111 Monument Circle, Suite 3700
Indianapolis, IN 46204-5137

EXAMINER
PAULSON, SHEETAL R.

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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte DOUGLAS J. SHORT

Appeal 2013-005319
Application 13/031,645
Technology Center 3600

Before ANTON W. FETTING, BIBHU R. MOHANTY, and BRUCE T. WIEDER, *Administrative Patent Judges*.

MOHANTY, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

The Appellant seeks our review under 35 U.S.C. § 134 of the final rejection of claims 1–27 which are all the claims pending in the application. We have jurisdiction under 35 U.S.C. § 6(b). An oral hearing was held on July 23, 2015.

SUMMARY OF THE DECISION

We REVERSE.

THE INVENTION

The Appellant's claimed invention is directed to health insurance policies with a reduced deductible (Spec., para. 6). Claim 1, reproduced below, is representative of the subject matter on appeal.

> 1. A process for physically transforming a person into a healthier person, the process comprising:
>
> (a) covering the person under a health benefit plan having a predetermined deductible;
>
> (b) drawing blood from the person;
>
> (c) testing the blood to determine whether the person is within at least two wellness categories;
>
> (d) for each of said wellness categories the person is determined to be within, providing a credit offset for the predetermined deductible, wherein at least two of the credits each individually constitute at least 10% of the total available credit;
>
> (e) repeating at least steps (b) through (d).

THE REJECTIONS

The following rejections are before us for review:

1. Claims 1–27 are rejected under 35 U.S.C. § 101 as directed to non-statutory subject matter.

2. Claims 1, 12, 19, and 24–27 are rejected under 35 U.S.C. § 112, second paragraph as being indefinite.

3. Claims 1–27 are rejected under 35 U.S.C. § 103(a) over Simone (US 7,319,970 B1; iss. Jan. 15, 2008) and Minturn (US 5,692,501; iss. Dec. 2, 1997).

FINDINGS OF FACT

We have determined that the findings of fact in the Analysis section below are supported at least by a preponderance of the evidence[1].

ANALYSIS

Rejection under 35 U.S.C. § 101

The Appellant argues that the rejection of claim 1 is improper because rejection of record has applied only the machine or transformation test (Br. 2–6, Reply Br. 10–14).

In contrast, the Examiner has determined that the rejection is proper (Ans. 3–5, 12–13).

We agree with the Appellant. The rejection of record in the Answer applies only the machine-or-transformation test and was mailed January 7, 2013. However, the Supreme Court had already modified the analysis of non-statutory subject matter and the use of the machine-or-transformation test on June 28, 2010. The Supreme Court made clear in *Bilski v. Kappos*, 561 U.S. 593 (2010) that a patent claim's failure to satisfy the machine-or transformation test is not dispositive of the § 101 inquiry. *See id.* at 604.

As the Examiner's analysis is incomplete as it includes only the machine-or-transformation test and outdated guidance standards, we will not sustain

[1] *See Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1427 (Fed. Cir. 1988) (explaining the general evidentiary standard for proceedings before the Patent Office).

this rejection as a prima facie case has not been established. For this reason this rejection is not sustained.[2]

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

The Examiner has rejected claims 1, 12, and 19 because the preamble recitation for "a process for physically transforming a person into a healthier person" does not match the body of claim and forms a disconnect (Ans. 5, 13). The Examiner has also found the term "July 11, 2003 dollars" in claims 24–27 to be indefinite (Ans. 6).

In contrast, the Appellant has argued that the cited rejection is improper (Br. 6–7, Reply Br. 15).

We agree with the Appellant. Here, the preamble and body of the claim do not render it indefinite and one of ordinary skill in the art would understand what was being claimed. The preamble is not a limitation to the claim but regardless the savings the process provides could help transform a person's health if the process had lower costs and would be used more. Here, the cited claim limitation is not indefinite in the scope of the claim. Further, the claim term "July 11, 2003 dollars" is not indefinite and one of ordinary skill in the art would understand the term to simply be a relation to the purchasing power of a dollar on July 11, 2003. For this reason, the rejections made under 35 U.S.C. § 112, second paragraph are not sustained.

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[2] Should there be further prosecution of this application (including any review for allowance), the Examiner may wish to review the claims for compliance under 35 U.S.C. § 101 in light of the recently issued preliminary examination instructions on patent eligible subject matter. *See* "Preliminary Examination Instructions in view of the Supreme Court Decision in *Alice Corporation Pty. Ltd. v. CLS Bank International, et al.*," Memorandum to the Examining Corps (June 25, 2014).

Rejection under 35 U.S.C. § 103(a)

The Appellant argues that the rejection of claim 1 is improper because in the rejection of record the cited prior art fails to disclose a "predetermined deductible" or a credit that reduces the predetermined deductible (Br. 30–32, Reply Br. 16–18).

In contrast, the Examiner has determined that the cited claim limitation is shown at Simone at col. 3:15–27 and col. 3:44–50 (Ans. 6–7, 13–15).

We agree with the Appellant. Here the argued claim limitations require not only a "predetermined deductible" but also a "credit offset for the predetermined deductible". Simone at col. 3:15–27 does disclose a health insurance system with a conventional insurance "premium" but there is no disclosure at the cited portions of a "credit offset for the predetermined deductible" as been specifically claimed. As the cited claim limitation is not shown, the rejection of claim 1 and its dependent claims is not sustained. The remaining claims contain a similar claim limitation and the rejection of these claims is not sustained as well.

CONCLUSIONS OF LAW

We conclude that Appellant has shown that the Examiner erred in rejecting the claims as listed in the rejection section above.

DECISION

The Examiner's rejection of claims 1–27 is reversed.

REVERSED

Klh