

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

SQUARE, INC.,
Petitioner,

v.

UNWIRED PLANET, LLC,
Patent Owner.

Case CBM2015-00148
Patent 7,711,100 B2

Before JAMES B. ARPIN, ZHENYU YANG, and KEVIN W. CHERRY,
Administrative Patent Judges.

ARPIN, *Administrative Patent Judge.*

DECISION
Denying Instituting Covered Business Method Patent Review
37 C.F.R. § 42.208

I. BACKGROUND

On June 12, 2015, Square, Inc. (“Petitioner”) filed a Petition (Paper 1, “Pet.”) requesting institution of a covered business method patent review of claims 1–4 of U.S. Patent No. 7,711,100 B2 (Ex. 1001, “the ’100 patent”) pursuant to 35 U.S.C. §§ 321–329. Unwired Planet, LLC (“Patent Owner”) filed a Preliminary Response (Paper 9, “Prelim. Resp.”). We have jurisdiction under 35 U.S.C. § 324,¹ which provides that a covered business method patent review may not be instituted “unless . . . it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable.” 35 U.S.C. § 324(a).

Petitioner challenges claims 1–4 of the ’100 patent as unpatentable under 35 U.S.C. § 103(a) in view of alleged prior art references. Pet. 7–8. For the reasons that follow, we *deny* institution of covered business method patent review.

A. Related Matters

The ’100 patent has been asserted against Petitioner in *Unwired Planet LLC v. Square, Inc.*, No. 3:13-cv-00579-RCJ-WGC (D. Nev.). Pet. 2; *see* Paper 8, 1. Petitioner previously has filed a Petition challenging claims 1–4 of the ’100 patent: *Square, Inc. v. Unwired Planet LLC*, Case CBM2014-00156 (PTAB). On December 22, 2015, we issued a Final Written Decision for CBM2014-00156, Paper 40 (the “’156 Decision” or “’156 Dec.”), determining that claims 1–4 of the ’100 patent are unpatentable under 35 U.S.C. §101. ’156 Dec. 40.

¹ *See* Section 18(a) of the Leahy-Smith America Invents Act (“AIA”), Pub. L. No. 112-29, 125 Stat. 284, 329 (2011).

B. The '100 Patent

The '100 patent generally relates to methods for coordinating financial transactions via a wireless network, for example, a wireless telephone network. Ex. 1001, col. 1, ll. 17–19. The '100 patent is described more fully in the Final Written Decision for CBM20143-00156. '156 Dec. 2–7. For purposes of this Decision on Institution, we adopt and rely upon the description of the '100 patent in the '156 Decision.²

C. Challenged Claims

Petitioner challenges method claims 1–4 of the '100 patent. Pet. 1. Claim 1 is independent. Ex. 1001, col. 14, l. 46–col. 15, l. 22. Each of claims 2–4 depends directly from claim 1. *Id.* at col. 10, ll. 16–24.

D. Asserted References, Documents, and Declaration

In its Petition, Petitioner relies on the following references, documents, and declarations:

Exhibit	References, Documents, and Declarations
1005	Behruz Vazvan, “ <i>High Value Added Solutions for Creating New Markets for Mobile Communication Systems and Harmonizing their Mobility Aspects</i> ,” allegedly published September 30, 1996 (“Vazvan”)
1006	Declaration of Hannu Markkanen, Information Specialist at Jyvaskyla University Library in Jyvaskyla, Finland, executed December 17, 2014
1007	U.S. Patent No. 5,640,002 to Ruppert <i>et al.</i> (“Ruppert”)
1008	U.S. Patent No. 5,579,535 to Orlen <i>et al.</i> (“Orlen”)

² Because of the similarities between the challenges to claims 1–4 of the '100 patent in CBM2014-00156 and CBM2015-00148, we exercise our discretion to incorporate discussion from papers in CBM2014-00156 into this paper in CBM2015-00148. The parties are not authorized to incorporate materials by reference in any subsequent papers. 37 C.F.R. § 42.6(a)(3).

Exhibit	References, Documents, and Declarations
1010	International Patent Application Publication No. WO 97/17678 (“Hannula”)
1011	Declaration of Dr. Michael Shamos, Ph.D.

Pet. v–vi.

E. Asserted Grounds of Unpatentability

Petitioner asserts the following three grounds of unpatentability (Pet. 7–8, 20–75):

Claims	Grounds	References
1–4	35 U.S.C. § 103(a)	Ruppert and Orlen
1–4	35 U.S.C. § 103(a)	Hannula and Orlen
1–4	35 U.S.C. § 103(a)	Vazvan and Orlen

II. ANALYSIS

A. Financial Product or Service

A “covered business method patent” is a patent that “claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, except that the term does not include patents for technological inventions.” AIA § 18(d)(1)³; *see* 37 C.F.R. § 42.301(a). 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 need have only one claim directed to a covered business method to be eligible for review. *Id.*; *see Versata Dev. Grp., Inc. v. SAP Am., Inc.*, 793 F.3d 1306, 1327 (Fed. Cir. 2015) (affirming the Board’s

³ Pub. L. No. 112-29, 125 Stat. 284, 330 (2011).

decision that used a single claim to determine eligibility for covered business method patent review).

In the Final Written Decision for CBM2014-00156, we confirmed our decision that claims 1–4 of the ’100 patent meet the “financial product or service” component of § 18(d)(1) of the AIA. ’156 Dec. 9–10. For purposes of this Decision on Institution, we adopt and rely upon that determination regarding claims 1–4 of the ’100 patent in the ’156 Decision. Consequently, we are persuaded that at least challenged claim 1 of the ’100 patent meets the “financial product or service” component of § 18(d)(1) of the AIA.

B. Technological Invention

The definition of “covered business method patent” in § 18(d)(1) of the AIA does not include patents for “technological inventions.” In the Final Written Decision for CBM2014-00156, we confirmed our decision that claims 1–4 of the ’100 patent do not recite a technological solution to a technological problem. ’156 Dec. 10–16. For purposes of this Decision on Institution, we adopt and rely upon that determination regarding claims 1–4 of the ’100 patent in the ’156 Decision.

For purposes of this Decision, we are persuaded that at least challenged claim 1 of the ’100 patent is directed to a covered business method, and, therefore, the ’100 patent is eligible for review under AIA § 18(d)(1).

C. Estoppel Due to Final Written Decision in CBM2014-00156

35 U.S.C. § 325(e)(1) mandates that

[t]he petitioner in a post-grant review of a claim in a patent under this chapter that results in a final written decision under section 328(a) or the real party in interest or privy of the petitioner, *may not request or maintain a proceeding before the Office with respect to that claim on any ground that the*

petitioner raised or reasonably could have raised during that post-grant review.

(emphasis added). As noted above, we issued a Final Written Decision in CBM2014-00156, determining that claims 1–4 of the ’100 patent are unpatentable under 35 U.S.C. § 101. ’156 Dec. 40. Petitioner here was the petitioner in CBM2014-00156, which resulted in a Final Written Decision with respect to claims 1–4. Thus, pursuant to § 325(e)(1), Petitioner cannot “request or maintain” a proceeding before the Office with respect to these claims “on any ground” that Petitioner “raised or reasonably could have raised” in its Petition in CBM2014-00156.

As an initial matter, Petitioner argues that Congress drafted the estoppel provisions of 35 U.S.C. § 315(e)(1) and § 325(e)(1) only to apply to *inter partes* and post-grant reviews, respectively, but not to covered business method patent reviews. Pet. 11–12 (citing 157 Cong. Rec. S1375, S1376 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl)). Petitioner is incorrect. When Congress established the Transitional Program for Covered Business Method Patents, it provided that “[t]he transitional proceeding implemented pursuant to this subsection shall be regarded as, and shall employ the standards and procedures of, a post-grant review under chapter 32 of title 35, United States Code, subject to the following: (A) Section 321(c) of title 35, United States Code, and *subsections (b), (e)(2), and (f) of section 325 of such title shall not apply to a transitional proceeding.*”⁴ Thus, Congress expressly and unequivocally provided that 35 U.S.C. § 325(e)(1) shall apply to covered business method patent reviews. *See Versata Dev. Grp., Inc. v. SAP Am., Inc.*, 793 F.3d 1306, 1315 (Fed. Cir. 2015).

⁴ *See* Section 18(a)(1)(A) of the AIA, Pub. L. No. 112-29, 125 Stat. 284, 329 (2011).

Petitioner argues that it could not have raised the grounds asserted here in its Petition in CBM2014-00156 for two reasons. First, Petitioner argues that it could not have raised the grounds based on Orlen because “none of the multiple prior art searches, including searches done by three separate search firms such as Cardinal IP, Kramer Amado, and CPA Global, turned up the Orlen reference before filing of CBM2014-00156.” Pet. 9–10 (citing Ex. 1009 ¶¶ 21–26); *but see* Prelim. Resp. 11–12 (“Orlen is an issued United States Patent—hardly an obscure or hard-to-locate reference.”).⁵ Further, Petitioner explains that “[t]he Orlen reference was only found in a search done in November 2014.”⁶ *Id.* at 10 (citing Ex. 1009 ¶ 27). Petitioner contends that it made reasonable search efforts “to locate prior art before filing its first Petition for CBM Review thus [its search efforts] did not provide awareness of Orlen that would have permitted Petitioner to incorporate it into the obviousness grounds raised in the prior petition.” *Id.*

We are not persuaded by Petitioner’s contentions that it could not have raised previously the grounds based on Orlen. At most Petitioner shows that Orlen *was not* discovered prior to the filing of the Petition in CBM2014-00156, not that Orlen reasonably *could not have been* discovered earlier and raised. *See* Prelim. Resp. 18. The issue is not

⁵ Petitioner does not contend that it was unaware of Ruppert or Hannula prior to the filing of its Petition in CBM2014-00156.

⁶ Petitioner filed the Petition requesting institution of covered business method patent review in CBM2015-00148 on June 12, 2015, almost eight months after discovery of Orlen. Petitioner provides no explanation for this delay, which prevented any practical possibility of consolidating the reviews in CBM2014-00156 and CBM2015-00148. 35 U.S.C. § 325(d); *see* Prelim. Resp. 13–16.

whether Petitioner knew about Orlen, but whether Petitioner reasonably could have discovered Orlen and raised the newly asserted grounds at the time of the earlier petition. *See Int'l Bus. Machs. Corp. v. Intellectual Ventures II LLC*, Case IPR2014-01465, slip op. at 5–7 (PTAB Nov. 6, 2015) (Paper 32) (applying 35 U.S.C. § 315(e)(1)). Therefore, Petitioner does not persuade us that Orlen could not have been found prior to the filing of the Petition in CBM2014-00156, or identify anything unusual or unique about Orlen preventing its earlier discovery.

Second, with respect to the ground including Vazvan, Petitioner argues that Petitioner could not “foresee the Board finding the express evidence of Vazvan’s public availability to be deficient.” Pet. 10. We do not find this argument persuasive. Petitioner was placed on notice that Vazvan’s public availability would be challenged by the arguments presented in Patent Owner’s Preliminary Response in CBM2014-00156. CBM2014-00156, Paper 9, 35–43. The law on the prior art status of these has existed for nearly thirty years. *See In re Hall*, 786 F.2d 897 (Fed. Cir. 1986). Further, Petitioner realized the potential problem with its showing of Vazvan’s prior art status in CBM2014-00156 because, on December 17, 2014, it obtained, but did not attempt to file, a declaration from a Finnish librarian attempting to demonstrate Vazvan’s public availability, which was prior to the issuance of our Decision on Institution in CBM2014-00156 on December 24, 2014. Ex. 1006; *see* Prelim. Resp. 17–18. Moreover, Petitioner filed the Petition requesting institution of covered business method patent review in CBM2015-00148 almost six months after obtaining the Finnish librarian’s declaration. Petitioner provides no explanation for this delay, which prevented any practical possibility of

consolidating the reviews in CBM2014-00156 and CBM2015-00148.
35 U.S.C. § 325(d); *see* Prelim. Resp. 13–16. Therefore, Petitioner does not persuade us that it could not (or did not) foresee our determination that Petitioner had failed to present sufficient argument and evidence in its Petition in CBM2014-00156 to persuade us of Vazvan’s public availability.

Petitioner further argues that

the PTAB did not consider the merits of the prior art invalidity arguments in the prior petition because the Board found that the Petitioner had not shown that Vazvan was [] publicly accessible. *Therefore, even though Vazvan-based prior art arguments were included in the prior petition, those arguments were not “maintained” or “raised” in CBM2014-00156 within the meaning of 35 U.S.C. § 325(e)(1).*

Pet. 9 (emphasis added). We need not decide here whether our determination that Petitioner failed to demonstrate that Vazvan was prior art to the challenged claims of the ’100 patent was consideration of the “merits” of Petitioner’s prior art invalidity arguments in CBM2014-00156. Petitioner raised different grounds based on Vazvan in CBM2014-00156 than in CBM2015-00148. Pet. 9. The question when considering the applicability of 35 U.S.C. § 325(e)(1) to the Petition in CBM2015-00148 is not whether the arguments in CBM2014-00148 were “maintained” or “raised” in CBM2014-00156, but rather whether Petitioner “reasonably could have raised” those arguments in CBM2014-00156. Petitioner did not present an obviousness ground based on Vazvan and Orlen in CBM2014-00156. Moreover, there is nothing that prevented Petitioner from obtaining the information it now relies on for public accessibility of Vazvan for its earlier petition. Thus, Petitioner has not shown that it reasonably could not have

raised the obviousness ground presented in the Petition based on Vazvan and Orlen in its earlier petition.

Because Petitioner does not persuade us that it could not have discovered Orlen earlier, or foreseen our determination that Petitioner had not shown Vazvan's public availability, we are not persuaded that Petitioner reasonably could not have raised each of the challenges identified above to claims 1–4 of the '100 patent, based on 35 U.S.C. § 103(a), in its CBM2014-00156 Petition. Section 325(e)(1) estops Petitioner from requesting or maintaining a proceeding before the Office with respect to the claims at issue in CBM2015-00148 on “any ground that [Petitioner] raised or reasonably could have raised” in CBM2014-00156. Thus, 35 U.S.C. § 325(e)(1) is applicable to the new challenges to claims 1–4 of the '100 patent. Consequently, Petitioner is estopped from requesting, e.g., petitioning for institution of, or maintaining a proceeding with respect to claims 1–4 of the '100 patent on the grounds asserted here. *See supra* Section I.E.

Because Petitioner is estopped from requesting or maintaining a proceeding with respect to claims 1–4 based on any ground it “reasonably could have raised” in its earlier petition, we *deny* covered business method patent review of claims 1–4 of the '100 patent in the present proceeding.

III. CONCLUSION

For the foregoing reasons, we determine that Petitioner is estopped from instituting a covered business method patent review of claims 1–4 of the '100 patent under 35 U.S.C. § 325(e)(1).⁷

IV. ORDER

Accordingly, it is

ORDERED that covered business method patent review of claims 1–4 of the '100 patent is *denied*.

⁷ Because the statutory deadline for instituting covered business method patent review in CBM2015-00148, i.e., December 24, 2015, is the same as the statutory deadline for issuing the Final Written Decision in CBM2014-00156, it is impractical to institute review in CBM2015-00148 and to consolidate that proceeding with the review in CBM2014-00156. Nevertheless, because we find estoppel here, we need not exercise our discretion under 35 U.S.C. § 324 or § 325(d), or both, to deny institution of covered business method patent review in CBM2015-00148. *See* Pet. 12–14; Prelim. Resp. 5–11.

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