

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

SQUARE, INC.,
Petitioner,

v.

UNWIRED PLANET, LLC,
Patent Owner.

Case CBM2014-00156
Patent 7,711,100 B2

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

ARPIN, *Administrative Patent Judge.*

FINAL WRITTEN DECISION
35 U.S.C. § 318(a) and 37 C.F.R. § 42.73

I. BACKGROUND

Square, Inc. (“Petitioner”) filed a Petition (Paper 2, “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. Petitioner challenges claims 1–4 of the ’100 patent as unpatentable under 35 U.S.C. § 101 as directed to ineligible subject matter and under 35 U.S.C. §§ 102(b) and 103(a) as unpatentable in view of alleged prior art references. Pet. 1–3. Unwired Planet, LLC (“Patent Owner”) filed a Preliminary Response (Paper 9, “Prelim. Resp.”). We instituted review of challenged claims 1–4 of the ’100 patent with respect to the challenge under 35 U.S.C. § 101, but not with respect to the challenges under 35 U.S.C. §§ 102(b) and 103(a).

After institution, Patent Owner filed a Response to Petition (Paper 23, “PO Resp.”), and Petitioner filed a Reply to Patent Owner’s Response to Petition (Paper 25, “Pet. Reply”). In addition, Patent Owner filed a Motion for Observations regarding cross-examination of Petitioner’s declarant, Dr. Michael Shamos (Paper 30), Petitioner filed a Response to Patent Owner’s Motion for Observations (Paper 37), and Patent Owner filed a Reply to Petitioner’s Response to Patent Owner’s Motion for Observations (Paper 38).

An oral hearing was held on August 13, 2015, a transcript of which appears in the record. Paper 39 (“Tr.”).

We have jurisdiction under 35 U.S.C. §§ 6(b)(4) and (c), and this Final Written Decision is entered pursuant to 35 U.S.C. § 328(a). For the reasons that follow and after review of the record in this proceeding, we determine that Petitioner has shown by a preponderance of the evidence that challenged claims 1–4 of the ’100 patent are *unpatentable*.

A. 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. In particular, disclosed methods allow a user, e.g., a customer or purchaser, to complete financial transactions at point-of-sale locations by using a wireless device, such as a wireless telephone, over a wireless network. *Id.* at col. 2, ll. 22–50. Once the user selects a particular point-of-sale location, such as a particular cash register, gas pump, or the like (*id.* at col. 3, ll. 40–45), the user may transmit that location over the wireless network. A financial gateway, using the wireless network, may correlate the user with a transaction amount entered by a merchant at the identified point-of-sale location (*id.* at col. 2, ll. 24–31).

The user may determine the point-of-sale location, for example, (1) by selecting a point-of-sale location from one or more menus displayed to the user, e.g., presented on a display of the wireless device (*id.* at Fig. 4 (reproduced below, *see* steps 401 and 402)), or (2) by entering the identifier of the point-of-sale location into the wireless device (*id.* (“Pump 3 (#9999)” at step 405)). The Specification states, however, that, “while [the] wireless telephone is used to describe [that] embodiment of the present invention, the wireless device does not have to have voice capability and that any other two-way wireless device may be used.” *Id.* at col. 2, ll. 34–37. For example, challenged claim 1 recites a method in which point-of-sale locations are *displayed* “on the wireless device” (*id.* at col. 10, ll. 1–4) and a correlated transaction amount is *transmitted* “to [a] wireless device” (*id.* at col. 10, ll. 11–12).¹ Claim 2, which depends from claim 1, further recites a method in which a user’s approval of the transaction amount is received “via the wireless device” (*id.* at col. 10, ll. 16–18). Thus, at least the method

¹ The wireless device can be a personal computer with a wireless communication card. Ex. 1001, col. 6, ll. 18–20, Fig. 2; *see* Ex. 2013, 85:6–11; Pet. Reply 7.

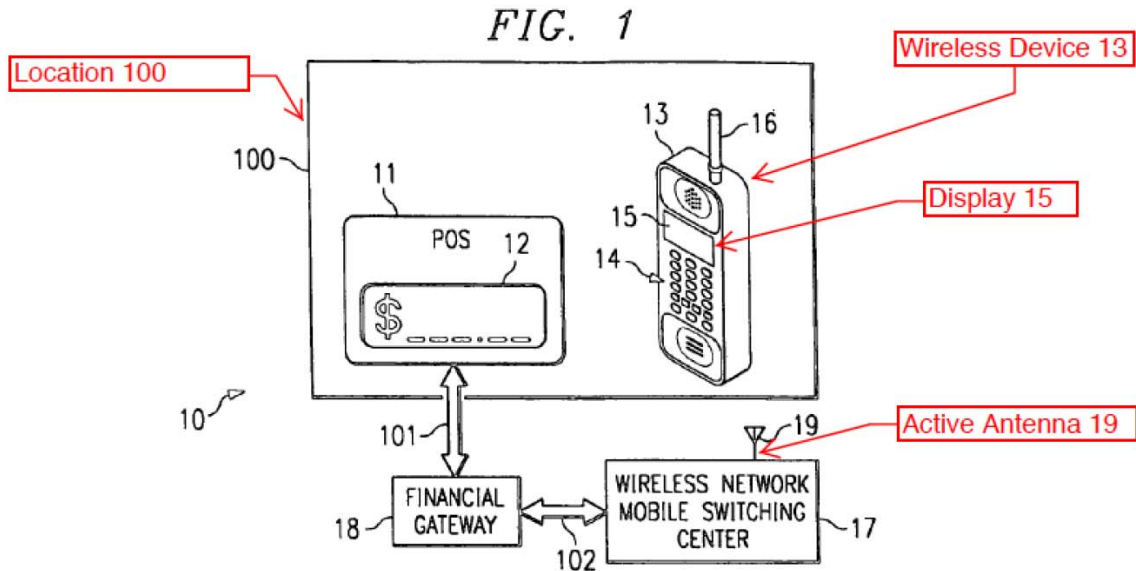
recited in claim 2 uses a wireless device capable of two-way communication.²

When the user wishes to complete the transaction, “the total purchase price or transaction amount [may be] displayed on the customer’s wireless telephone along with a prompt to accept or reject the transaction.” *Id.* at col. 2, ll. 38–40. To complete the transaction, the user may be prompted to enter a password or personal identification number (PIN) to ensure that the user is authorized to make the transaction. *Id.* at col. 2, ll. 41–45.

Upon acceptance of the wireless financial transaction, the financial gateway may charge the transaction amount to a bank account, credit card, or other sources of funds, designated by the user either in advance or at the time of the transaction. *See id.* at Fig. 3 (reproduced below). The transaction amount then may be credited to an account designated by the merchant. *Id.* at col. 2, ll. 22–50.

² Claims 3 and 4 depend directly from claim 1 and do not require transmissions *from* or *to* a wireless device. *See* Ex. 1001, col. 10, ll. 19–24.

Figure 1 of the '100 patent, as annotated by Patent Owner, is reproduced below:

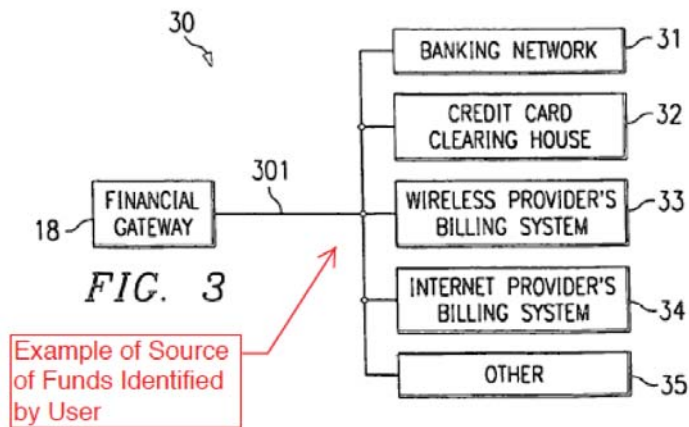


PO Resp. 15 (showing Ex. 1001, Fig. 1 (annotated)). Figure 1 of the '100 patent depicts system 10 comprising a wireless device (e.g., wireless telephone 13), sale location 100 (e.g., sale terminal 11 with register 12), financial gateway 18, and wireless network 17 with antenna 19. *Id.* at col. 3, l. 31–col. 4, l. 37.

“Wireless network 17 is comprised of a number of individual wireless cells. Each cell serves a limited geographic area through antenna 19. System 10 can identify the customer’s geographic area by determining which antenna 19 is being used during the customers call on wireless telephone 13.” *Id.* at col. 4, ll. 50–55. Components of system 10 may be joined by communication links 101 and 102, which “can be embodied using any means for transmitting information from one location to another, such as a data bus, local area network (LAN), the internet, a dedicated telephone line, a wireless connection or via the customers own wireless device (not

shown).” *Id.* at col. 3, ll. 35–39. System 10 includes communications with sources of funds via financial gateway 18, which is also in communication with point-of-sale devices at various point-of-sale locations. *See id.* at col. 4, ll. 21–38.

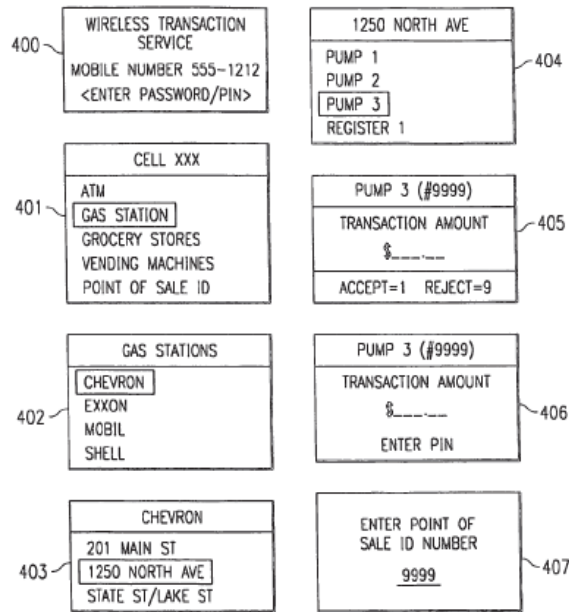
Figure 3 of the ’100 patent, as annotated by Patent Owner, is reproduced below:



Prelim. Resp. 8 (showing Ex. 1001, Fig. 3 (annotated)). Figure 3 of the ’100 patent depicts examples of various sources of funds that may be identified by a user of the system. *See Ex. 1001*, col. 7, ll. 13–29.

Figure 4 of the ’100 patent is reproduced below:

FIG. 4



Prelim. Resp. 9 (showing Ex. 1001, Fig. 4). Figure 4 of the '100 patent depicts various menus (steps 401 and 402) that may be generated based on the current location of the wireless device operated by a user. These menus allow the user to select a particular point-of-sale location and to complete the user's desired transaction. In this example, the location of the wireless device may be determined by identifying the cell site antenna that is communicating with the wireless device, but other means for locating the wireless device may be used. Ex. 1001, col. 7, l. 59–col. 8, l. 4; *see also id.* at col. 8, ll. 32–44 (steps 402–405 of Fig. 4); *see* Prelim. Resp. 9–10. As depicted in Figure 4, a user may choose from different menus showing point-of-sale locations (step 401) based on location of the mobile device, and may select a desired transaction to complete (steps 402–407). Ex. 1001, Fig. 4.

B. 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. 3–4; *see* Paper 6, 1–2; *see* Ex. 1012.

C. Illustrative Claims

Petitioner challenges method claims 1–4 of the '100 patent. Pet. 1. Claim 1 is independent. Each of claims 2–4 depends directly from claim 1. Claim 1 of the '100 patent, reproduced below, is illustrative of the claims at issue:

1. A method for controlling transactions using a wireless device in a wireless network comprising the steps of:

displaying point-of-sale locations to a user via one or more menus on the wireless device, the menus listing at least one point-of-sale location based upon a current location of the wireless device;

determining a particular point-of-sale location that is selected by the user for a desired transaction;

obtaining transaction amounts for one or more transactions at said particular point-of-sale location;

correlating one of said transaction amounts with the user's desired transaction;

transmitting the correlated transaction amount to the wireless device for display to the user; and

charging the correlated transaction amount to a source of funds identified by the user to allow completion of the desired transaction.

Ex. 1001, col. 9, l. 25–col. 10, l. 15.

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.” Leahy-Smith America Invents Act (“AIA”) § 18(d)(1) (emphasis added); *see* 37 C.F.R. § 42.301(a). 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.’” *See* Transitional Program for Covered Business Method Patents—Definitions of Covered Business Method Patent and Technological Invention, 77 Fed. Reg. 48,734, 48,735 (Aug. 14, 2012) (quoting 157 Cong. Rec. S5432 (daily ed. Sept. 8, 2011) (statement of Sen. Schumer) (emphasis added)). Consequently, in determining whether a patent is a covered business method patent, “our focus is firmly on the claims.” *Par Pharm. Inc. v. Jazz Pharms., Inc.*, Case CBM2014-00149, slip op. at 9 (PTAB Jan. 13, 2015) (Paper 12).

Although the focus is on what the patent *claims*, a patent need only have one challenged claim directed to a covered business method to be eligible for review. Transitional Program for Covered Business Method Patents—Definitions of Covered Business Method Patent and Technological Invention, 77 Fed. Reg. at 48,736; *see also* *Versata Dev. Grp., Inc. v. SAP Am., Inc.*, 793 F.3d 1306, 1327 (Fed. Cir. 2015) (affirming a Board decision that used a single claim to determine eligibility for covered business method

patent review). The presence in the challenged claims of financial terminology, or a method step requiring the movement of money, weighs strongly in favor of a financial product or service. *See Apple, Inc. v. SightSound Tech., LLC*, Case CBM2013-00020, slip op. at 11–15 (PTAB Oct. 8, 2013) (Paper 14) (“transferring money electronically”), *aff’d SightSound Tech. LLC v. Apple Inc.*, Dkt Appeal Nos. 2015-1159, 2015-1160, 2015 WL 8770164 (Fed. Cir. Dec. 15, 2015); *see also FFF Enterprises, Inc. v. AmerisourceBergen Specialty Group, Inc.*, Case CBM2014-00154, slip op. at 7 (PTAB Jan. 29, 2015) (Paper 14) (the challenged claims recite “a server that may be used to create an invoice”).

Petitioner argues that “every aspect of the ’100 patent demonstrates its relation to the practice, *administration* or management of *financial transactions*.” Pet. 5 (emphases added). For example, claim 1 recites in its preamble that the method is “for controlling *transactions*.” *Id.* at 5–6 (quoting Ex. 1001, col. 9, l. 24 (emphasis added)). Further, the method of claim 1 recites the step of “charging the correlated transaction amount to a source of funds identified by the user *to allow completion of the desired transaction*.” *Id.* at col. 10, ll. 22–24 (emphasis added). Patent Owner does not contest Petitioner’s argument that claim 1 is directed to a covered business method. Consequently, at least challenged claim 1 of the ’100 patent meets the “financial product or service” component of § 18(d)(1) of the AIA. 37 C.F.R. § 42.301(a).

B. Technological Invention

According to § 18(d)(1) of the AIA, a “covered business method patent” does not include patents for “technological inventions.” To determine whether a patent is for a technological invention, we consider two

factors: “[(1)] whether the claimed subject matter as a whole recites a *technological feature* that is novel and unobvious over the prior art; and [(2)] solves a technical problem using a *technical solution*.” 37 C.F.R. § 42.301(b) (emphases added).

Petitioner argues that a “wireless device” and a “wireless network” are the only technological features recited in the challenged claims and that these features were neither novel nor unobvious as of December 23, 1997, the effective filing date of the ’100 patent. Pet. 8–9. Petitioner relies on disclosure from the ’100 patent as referring generally to existing wireless devices and wireless network technologies. Pet. 9 (quoting Ex. 1001, col. 3, ll. 4–8); *see* Ex. 1016 ¶¶ 75–79; Ex. 1022 ¶ 24; *see also* Ex. 1014, Abstract (describing geographic location using a cellular telephone network; issue date Aug. 27, 1991). Moreover, Petitioner argues that the steps of the recited methods do not improve the functioning of either the “wireless device” or the “wireless network” (Pet. Reply 6) or otherwise offer a technological solution to a technological problem (*id.* at 6–7). Instead, the methods recited in the challenged claims merely perform purchase transactions between a user and a merchant using a conventional wireless device and a conventional wireless network, according to their known functions. *Id.* at 7.

Considering the “technological” limitations recited in challenged claim 1, the following claim drafting techniques, for example, typically do not render the claimed subject matter of a patent a “technological invention”:

(a) Mere recitation of known technologies, such as computer hardware, *communication or computer networks*, software, memory, computer-readable storage medium, scanners, *display devices* or databases, or *specialized machines, such as an ATM or point of sale device*.

(b) *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.*

(c) Combining prior art structures to achieve the normal, expected, or predictable result of that combination.

Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,763–64 (Aug. 14, 2012) (emphases added). Moreover, the legislative history of the AIA explains that

[The technological invention exception] is not meant to exclude patents that use known technology to accomplish a business process or method of conducting business—whether or not that process or method appears to be novel. The technological invention exception is also not intended to exclude a patent simply because it recites technology. For example, the recitation of . . . *communication or computer networks*, . . . *display devices*, . . . or *point of sale device[s]* . . . does not make a patent a technological invention.

157 Cong. Rec. S1364 (daily ed. Mar. 8, 2011) (statement of Sen. Schumer) (emphases added).

As the AIA’s legislative history makes clear, the recitation of communication or computer networks, display devices, or point-of-sale devices does not make a patent for a technological invention. 157 Cong. Rec. S1364. Moreover, as noted above, reciting the use of known technology, such as the wireless devices described in the Specification and recited in the challenged claims, to accomplish a method also does not make a patent for a technological invention. *Id.*; see *SightSound Tech.*, 2015 WL 8770164 at *5 (“[A] combination of known technologies does not amount to a ‘technological invention’ within the meaning of the statute.”).

Patent Owner contends that “[t]he wireless device of claim 1 is integral to the operation of the method of claim 1 and further shows that the

claim is not directed towards an abstract idea, but towards the use of a tangible technology to solve technical problems.” PO Resp. 24 (emphasis added); *see* Tr. 34:8–35:18. Specifically, Patent Owner contends the use of a wireless device in a wireless network allows (1) a user to identify *automatically* at least one point-of-sale location within a geographic area of the current location for display in menus on the wireless device (*id.* at 25(citing Ex. 2007 ¶ 38)); (2) the wireless device to interact remotely with the point-of-sale terminal (*id.* at 25–26 (citing Ex. 2007 ¶ 40)); (3) the wireless device to filter electronically the point-of-sale locations, thereby personalizing the locations display (*id.* at 26–27 (cited Ex. 2007 ¶ 43)); and (4) the wireless device to control securely electronic transactions (*id.* at 27 (cited Ex. 2007 ¶ 42)). With respect to the alleged technological solution of automatically determining the at least one point-of-sale location, the challenged claims do not recite a step of “determining” the at least one point-of-sale location. *See* Pet. Reply 6–7; Ex. 2013, 89:13–90:10 (“What you were asking is whether there is an inherent determining step, where a determination has to be made where the wireless device is. And the answer is no.”). Similarly, with respect to the electronic filtering of point-of-sale locations, thereby personalizing the locations display, although the Specification discloses the use of a user profile for that purpose (*see* Ex. 1001, col. 6, ll. 42–50), the use of a personal profile is not recited in claims 1–3 (*see id.* at col. 9, l. 23–col. 10, l. 21).³ Finally, with regard to the alleged ability of the wireless device to interact remotely with the point-of-sale terminal and to keep user personal information secure in such

³ Challenged claim 4 recites the use of a user profile, but for a different purpose. Ex. 1001, col. 10, ll. 22–24; *see id.* at col. 6, ll. 25–28.

interactions, at least challenged claims 1, 3, and 4 do not recite such interaction. Tr. 32:24–34:7; *see* Pet. Reply 3–4; *cf.* Ex. 2007 ¶ 39. Although claim 2 may describe some degree of interaction, the security of such interaction is not recited expressly. Ex. 1001, col. 10, ll. 16–18. Thus, the technological solutions asserted by the Patent Owner are not recited in the challenged claims.

With regard to the automatic identification of potential point-of-sale locations, Patent Owner further indicates that such a system was an improvement over a prompted location entry approach, in which “[a] simple error, such as a mistyped number would result in identification of the wrong point-of-sale terminal for systems employing the prompted entry approach.” (PO Resp. 26 (cited Ex. 2007 ¶ 41)). However, neither Patent Owner nor its declarant identifies where this alleged technological problem or its particular technological solution is recited in the challenged claims or disclosed in the Specification of the ’100 patent.

At the oral hearing, we asked Patent Owner to identify exactly the technological problem and the technological solution. Tr. 32:6–11. Patent Owner responded that

the technological problem described in the patent, Your Honor, is the inability of point-of-sale locations at that time to accept all forms of payment. And, so, you know, whether that's a technological problem or a business problem, it's described in the patent as a technological problem and the solution is to allow you to pay with a wireless device.

Id. at 32:12–18 (emphases added). However, Patent Owner had acknowledged that the “charging” step of claim 1 does not recite use of the wireless device or the wireless network. *Id.* at 26:1–7. Thus, regarding this alleged technological problem, at least claim 1 does not recite Patent

Owner's proposed technological solution. Patent Owner suggested alternatively that claim 2 recites the use of a wireless device for the approval of a transaction. *Id.* at 33:15–34:7. Nevertheless, only one claim need satisfy the requirements of 37 C.F.R. §§ 42.301(a) and 42.301(b) in order for the patent to qualify for treatment as a covered business method patent. *Versata*, 793 F.3d at 1327. Thus, any arguments regarding claim 2 do not overcome the fact that claim 1 is all that is needed to qualify this patent as a covered business method patent.

Finally, Patent Owner contends that, during the prosecution of the '100 patent, the Examiner restricted the claims that eventually issued as challenged claims 1–4 from other pending claims, but the Examiner did not *initially* classify the restricted claims in Class 705, commonly associated with business methods. PO Resp. 10–12, 45–47 (citing Ex. 1002, 71–74). Although it was anticipated that many covered business method patent reviews would be of patents classified in Class 705 of the United States Classification System, classification in Class 705 is not a substitute for the foregoing analysis of the claimed subject matter of the patent. According to the legislative history of the AIA,

[o]riginally, class 705 was used as the template for the definition of business method patents in section 18. *However, after the bill passed the Senate, it became clear that some offending business method patents are issued in other sections.* So the House bill changes the definition only slightly so that it does not directly track the class 705 language.

157 Cong. Rec. S5410 (daily ed. Sept. 8, 2011) (statement of Sen. Schumer) (emphasis added); *see* Transitional Program for Covered Business Method Patents—Definitions of Covered Business Method Patent and Technological Invention, 77 Fed. Reg. at 48,736 (Comment 5 and Response), 48,738–39.

Thus, classification in Class 705, or classification in a class other than Class 705, is insufficient evidence to demonstrate that a patent is, or is not, a covered business method patent.⁴

Consequently, based on the analysis above, Petitioner has shown that, at least, challenged claim 1 of the '100 patent is directed to a covered business method. Therefore, the '100 patent is eligible for review under AIA § 18(d)(1).

C. Asserted Grounds of Unpatentability

1. Claim Construction

Consistent with the statute and the legislative history of the AIA, we interpret claims of an unexpired patent using the broadest reasonable interpretation in light of the specification of the patent. *See* 37 C.F.R. § 42.300(b); *Versata*, 793 F.3d at 1327–28 (approving use of broadest reasonable construction in CBM proceedings); *In re Cuozzo Speed Techs. LLC*, 793 F.3d 1268, 1277 (Fed. Cir. 2015) (“Congress implicitly approved the broadest reasonable interpretation standard in enacting the AIA”); *id.* at 1278 (“the standard was properly adopted by PTO regulation”). There is a presumption that claim terms are given their ordinary and customary meaning, as would be understood by a person of ordinary skill in the art in the context of the specification.⁵ *See In re Translogic Tech. Inc.*, 504 F.3d

⁴ Despite Patent Owner’s contention, the '100 patent ultimately was classified in Class 705, Subclasses 39 and 67. Ex. 1001, page 1 (52); *see* Pet. 6–7.

⁵ Each of Petitioner and Patent Owner proposes a definition for a person of ordinary skill in the art. Ex. 1016 ¶ 15; Ex. 1022 ¶ 12; Ex. 2007 ¶¶ 23–24. The definitions do not differ materially. Therefore, to the extent necessary, we adopt Petitioner’s definition which is sufficiently broad to encompass the qualifications of the declarants.

1249, 1257 (Fed. Cir. 2007). Thus, we begin our construction of any claim terms with the recitation of the claim. An applicant may rebut that presumption by providing a definition of the term in the specification with reasonable clarity, deliberateness, and precision. *See In re Paulsen*, 30 F.3d 1475, 1480 (Fed. Cir. 1994). In the absence of such a definition, limitations are not to be read from the Specification into the claims. *See In re Van Geuns*, 988 F.2d 1181, 1184 (Fed. Cir. 1993).

Each of Petitioner and Patent Owner proposes constructions for the terms: “menu,” “transaction amounts,” and “correlating.” Pet. 13–18; PO Resp. 6–9. Each party agrees, however, that we need not construe any terms in order for us to assess whether the challenged claims are patentable under 35 U.S.C. § 101. Tr. 7:4–11, 37:1–15; *see* PO Resp. 4–5. Consequently, we do not need to construe expressly any of these claim terms.⁶

Nevertheless, the construction of two claim terms assists in our determination of whether the challenged claims recite patent eligible subject matter: (1) “displaying point-of-sale locations to a user via one or more menus on the wireless device, the menus listing at least one point-of-sale location” and (2) “based upon a current location of the wireless device.”

- a. “*displaying point-of-sale locations to a user via one or more menus on the wireless device, the menus listing at least one point-of-sale location . . .*”

Although the claim term recites “displaying point-of-sale *locations*,” the remainder of the term recites that the “locations” are displayed “via *one*

⁶ Although “claim construction is not an inviolable prerequisite to a validity determination under § 101” (*Bancorp Serv’s, L.L.C. v. Sun Life Assurance Co. of Can.*, 687 F.3d 1266, 1273 (Fed. Cir. 2012)), “the determination of patent eligibility requires *a full understanding of the basic character* of the claimed subject matter” (*id.* at 1273–74 (emphasis added)).

or more menus” and that “the [one or more] menus list[] *at least one* point-of-sale location.” Ex. 1001, col. 10, ll. 1–4 (emphases added); *see* Pet. 16; Pet. Reply 14; *but see* PO Resp. 6. Despite the initial, general reference to “locations,” the plain and ordinary meaning of this claim term requires at least on point-of sale location because the claim term recites displaying *one or more* menus, the *one or more* menus listing *at least one* point-of-sale locations. Thus, at a minimum, the language of this term recites displaying to a user on the wireless device, at least one menu listing at least one point-of-sale location. Although we do not ignore the initial reference to “point-of-sale *locations*” following the word “displaying,” we understand its meaning in the context of the explanatory and limiting language that follows. *See Versa Corp. v. Ag–Bag Int’l Ltd.*, 392 F.3d 1325, 1330 (Fed. Cir. 2004) (holding that “in context, the plural can describe a universe ranging from one to some higher number, rather than requiring more than one item”).⁷

In addition, our construction of this term is consistent with the disclosure of the Specification of the ’100 patent. Although the Specification discloses embodiments, in which the one or more menus may list a plurality of point-of-sale locations (*e.g.*, Ex. 1001, col. 4, ll. 55–57; col. 5, ll. 6–10), Petitioner also points to at least one embodiment in which a “menu” may list a single point-of-sale location. Pet. Reply 14 (citing Ex.

⁷ *See also Interactive Gift Exp., Inc. v. Compuserve Inc.*, 256 F.3d 1323, 1334 (Fed. Cir. 2001) (“Although the single element of claim 37 initially mentions material objects in the plural, it is later modified by a singular reference and does not require more than one material object Accordingly, we hold that the entirety of the specification dictates that the reference to a plurality be understood to refer to a ‘supply’ of blank material objects, and that the supply can consist of one material object.”).

1001, col. 8, ll. 33–37, Fig. 4 (depicting Box 407)). The Specification, however, discloses other embodiments which only require or involve a single point-of-sale location (*see id.* at Abstract (“A customer . . . identifies a point-of-sale [location] . . .”); col. 3, ll. 31–41 (Figure 1 depicts point-of-sale terminal 11 at point-of-sale location 100.); col. 5, ll. 13–16 (“Depending upon the size of display 15 *and the number of businesses displayed*, the customer *may have to scroll* through one or more menu screens to find a particular point of sale location 100.” (emphases added)); col. 6, ll. 54–56 (“For example, they may shop at the same grocery store or they may use *the same neighborhood gas station every week.*” (emphasis added))). Thus, we determine that the broadest reasonable interpretation of this term in the context of the Specification of the ’100 patent is “displaying at least one point-of-sale location to a user via one or more menus on the wireless device, the one or more menus listing at least one point-of-sale location.”

b. “. . . *based upon a current location of the wireless device*”

Petitioner argues that this term broadly describes uses “based on” the determination of the location of a wireless device by means of location determining technology and by direct input from a user. Pet. 21–22, 25; Pet. Reply 7–10. Petitioner acknowledges that the method may be performed using location determining technology, but argues that the claims do not recite the use of such technology expressly or solely. Pet. Reply 7–8. Because the one or more menus listing at least one point-of-sale location is displayed to the user “on the wireless device,” we understand that the user and the wireless device are located together. Petitioner argues that the Specification discloses alternative ways of *basing* one or more menus on “a

current location of the wireless device.” *See, e.g.*, Ex. 1001, Abstract; col. 3, ll. 31–41; col. 5, ll. 13–16; col. 6, ll. 54–56.

Beginning with the language of the claims, the claims are completely silent as to how “a current location of the wireless device” is ascertained. Patent Owner, in effect, asks us to read an entire additional step into this method of “determining a current location of the wireless device using location determining technology” through the term “current location of the wireless device.” There is nothing in the claims themselves that require such a narrowing of the claims.

With no explicit support in the claim language for such a narrow reading of “a current location of the wireless device,” Patent Owner turns to the Specification. Patent Owner contends that only the embodiments of the Specification disclosing location determining technology⁸ may be used to *determine* the at least one point-of-sale location for listing in the one or more *displayed* menus. PO Resp. 14–18; *see* Ex. 2007 ¶¶ 38–62. Further, Patent Owner contends that certain embodiments disclosed in the Specification are not suitable for use in the method recited in claim 1. PO Resp. 18–20. In particular, Patent Owner asserts that the embodiment in which all point-of-sale locations, regardless of the location of the wireless device (*see* Ex. 1001, col. 7, l. 67–col. 8, l. 2), are displayed and the embodiment in which the user is “at a gas station” and selects from menus and entries on menus to identify the gas station, at which he or she is, before entering the identifying number of a particular point-of-sale terminal, i.e., a particular gas pump (*see id.* at col. 8, ll. 5–24; Fig. 4), does not teach displaying one or

⁸ We further note that Patent Owner fails to indicate where the term “location determining technology” appears in the Specification of the ’100 patent.

more menus, each listing at least one point-of sale location “based upon a current location of the wireless device.” We disagree.

With regard to the embodiment described in Figure 4 of the ’100 patent, the Specification explains that “[t]he menus described above can be modified to present *almost any sequence of information to the customer.*” Ex. 1001, col. 8, ll. 32–33 (emphasis added). Thus, the teaching of the Specification is sufficiently broad to permit the input of the location of the user (*see id.* at Fig. 4 (address “information” of menu 403)) to identify the location of the user and the wireless device. Moreover, although the Specification teaches that “[t]he point of sale location *can be identified* by selecting from a series of menus presented on the wireless display or by entering a unique location identifier on the wireless device” (*id.* at col. 2, ll. 31–33), the challenged claims do not recite a step for determining the location of the user or the wireless device. *See* Ex. 1022 ¶ 27; Ex. 2013, 89:13–90:10. Either some form of location determining technology or direct input by the user may be used for determining the point-of-sale locations, but the scope of the challenged claims is not limited to either means. *See* Ex. 1001, col. 3, ll. 2–11; col. 9, ll. 16–20.

In view of the breadth of the disclosure of the Specification of the ’100 patent and of the challenged claims, the determination of the current location of the wireless device is not limited strictly to any one or a specific subset of the embodiments disclosed in the Specification. Even if the use of location determining technology would have been an improvement over prompted or manual entry approaches, that is not a reason to construe the claims to exclude those approaches. *See* Ex. 2007 ¶¶ 40–41. Finally, in the ’100 patent, as originally filed, the Applicant presented claims 60–62, which

recited specific location finding technology, e.g., “means for determining a geographic area of said customer” (claim 60), and, specifically, “identifying a wireless network antenna which is communicating with said customers’ wireless telephones” (claim 62). Ex. 1002, 142; *see* Pet. Reply 5; Ex. 1022 ¶ 40. Thus, when the Applicant wished to draft claims limited to location determining technology, the Applicant did so. We conclude that the deliberate choice to use broader language in the challenged claims, instead of the narrower language of earlier claims, strongly supports that the two are not coextensive. *See SightSound Tech.*, 2015 WL 8770164, at *8 (citing *Arlington Indus., Inc. v. Bridgeport Fittings, Inc.*, 632 F.3d 1246, 1255 (Fed. Cir. 2011)).

Consequently, we determine that the broadest reasonable interpretation of this term in view of the plain and ordinary meaning of the claim language and the disclosure of the Specification of the ’100 patent is “based upon a current location of the user and the wireless device” and without regard to the means used to determine that location.

2. Patent-Eligible Subject Matter

When analyzing the challenged claims for patent eligibility under 35 U.S.C. § 101, we first consider whether the patent claims fall within one of the four statutory categories of patent eligibility: process, machine, manufacture, or composition of matter. *Ulramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 713–14 (Fed. Cir. 2014). Here, each of challenged claims 1–4 is directed to a method, i.e., a process. *See supra* Section I.C.

In *Alice Corp. v. CLS Bank, Int’l*, 134 S. Ct. 2347, 2354 (2014), the U.S. Supreme Court confirmed that it has long held that § 101 contains “an important implicit exception: Laws of nature, natural phenomena, and

abstract ideas are not patentable.”” *See Ass’n for Molecular Pathology v. Myriad Genetics, Inc.*, 133 S. Ct. 2107, 2116 (2013) (internal quotation marks and brackets omitted). The Court “described the concern that drives this exclusionary principle as one of pre-emption.” *Alice*, 134 S. Ct. at 2354 (citing *Bilski v. Kappos*, 561 U.S. 593, 611–12 (2010)). Importantly, the Court “tread[s] carefully in construing this exclusionary principle lest it swallow all of patent law. At some level, ‘all inventions . . . embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas.’” *Alice*, 134 S. Ct. at 2354 (citations omitted).

In *Mayo Collaborative Serv’s v. Prometheus Lab’s, Inc.*, 132 S. Ct. 1289, 1296–97 (2012), the Court established a two-step framework for determining subject matter eligibility under 35 U.S.C. § 101 and noted that:

First, we determine whether the claims at issue are directed to one of those patent-ineligible concepts. If so, we then ask, “[w]hat else is there in the claims before us?” To answer that question, we consider the elements of each claim both individually and “as an ordered combination” to determine whether the additional elements “transform the nature of the claim” into a patent-eligible application. We have described step two of this analysis as a search for an “‘inventive concept’”—i.e., an element or combination of elements that is “sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the [ineligible concept] itself.”

Alice, 134 S. Ct. at 2355 (emphasis added).

a. Under Step One of Mayo, Are the Claims Directed to an Abstract Idea?

Consistent with the Court’s framework, we next consider whether the claims at issue are directed to one of the patent-ineligible concepts. In *Alice*, the Supreme Court did not “delimit the precise contours of the ‘abstract

ideas' category.” *Alice*, 134 S. Ct. at 2356–57. Nevertheless, developing case law has provided some guiding principles for identifying concepts within the “abstract ideas” category. For example, “[w]e know that some fundamental economic and conventional business practices are also abstract ideas.” *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1256 (Fed. Cir. 2014) (citing *Bilski*, 561 U.S. at 611 (hedging as a “fundamental economic practice”); *Alice* 134 S. Ct. at 2356 (intermediated settlement as a “fundamental economic practice”)). Moreover, the U.S. Court of Appeals for the Federal Circuit explained in *DDR Holdings* that “[i]n some instances, patent-ineligible abstract ideas are plainly identifiable and divisible from the generic computer limitations recited by the remainder of the claim,” such as where the claims simply instruct a practitioner to implement a fundamental economic practice on a generic computer. *DDR Holdings*, 773 F.3d at 1256. For example, “[i]n *buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350,1355 (Fed. Cir. 2014), the claims merely recited no more than using a computer to send and receive information over a network in order to implement the abstract idea of creating a ‘transaction performance guaranty.’”⁹ *Id.* Thus, where the claims do no more than recite a fundamental economic practice and conventional hardware elements, and the recitation is directed to nothing more than the performance of that practice using those elements, such claims are directed to an abstract idea and are patent-ineligible. Pet. 18–19.

Petitioner argues that “[t]he claims of the ’100 patent are directed toward an abstract idea -- *a purchase transaction between a customer and a*

⁹ *See also Ultramercial*, 772 F.3d at 716 (“Narrowing the abstract idea of using advertising as a currency to the Internet is an ‘attempt[] to limit the use’ of the abstract idea ‘to a particular technological environment,’ which is insufficient to save a claim.”).

merchant.” *Id.* at 20 (emphasis added). Petitioner further argues that only two steps of the recited method, i.e., the “displaying” and “transmitting” steps, recite the use of hardware elements. *Id.* at 21–23. Petitioner argues, however, that, “if the conventional features of a wireless device and wireless network are removed from the claim,” each of the recited steps could be performed in the human mind or using pen and paper. *Id.* at 21–22; *see DDR Holdings*, 773 F.3d at 1256 (discussing “identifiable and divisible” hardware elements).

Although the ’100 patent teaches the involvement of an intermediary, e.g., financial gateway 18 (*see, e.g., Ex. 1001, Fig. 1*), in an exchange between a customer and a merchant, the challenged claims are not written narrowly to exclude a simple exchange between a customer and a merchant. In particular, the recited limitations of claim 1 can be performed by a user or customer, e.g., the steps of “displaying,” “determining,” “obtaining,” or “charging,” or by a merchant, e.g., the steps of “correlating” and “transmitting” (*see Pet. 24–29* (comparison charts)); and in combination as a transaction between a customer and a merchant. Indeed, although the “displaying” and “transmitting” limitations of the recited method of claim 1 require expressly the use of “*the wireless device*” (emphasis added) recited in the claim’s preamble, neither the “wireless device” nor the “wireless network” are *required* to perform any part of the “determining,” “obtaining,” “correlating,” or “charging” steps. *Id.*; Tr. 26:1–7; 27:8–13 (Patent Owner’s counsel stated that “[t]he obtaining and correlating and charging steps, I would acknowledge, are not done on the wireless device”).¹⁰

¹⁰ The Specification of the ’100 patent teaches that a check may be used to charge a source of funds. *Ex. 1001, col. 9, ll. 4–6.*

The limitation of challenged claim 2 also recites expressly use of “*the* wireless device” (emphasis added), but challenged claims 3 and 4 do not. Ex. 1001, col. 10, ll. 16–24. Claim 2 recites “receiving approval of said transaction amount from the user via the wireless device.” *Id.* at col. 10, ll. 16–18. This step, however, involves no more than the user, e.g., the customer, using the wireless device to say “yes” to the merchant’s price.

Patent Owner disagrees and contends that the challenged claims involve technical features beyond a “wireless device” and a “wireless network,” including the use of location determination technology and customized menus (PO Resp. 28–32), such that each of the recited steps could not be performed in the human mind or using pen and paper (*see id.* at 23). In the Patent Owner Response, Patent Owner contends that, in addition to the “displaying” and “transmitting” steps that expressly recite the use of the “wireless device,”

The *determining* element [1c], the *obtaining* element [1d], and the *correlating* element [1e] are performed in combination to arrive at a correlated transaction amount, which is ultimately transmitted to the wireless device in the *transmitting* element [1f]. *Therefore, even though the steps themselves do not expressly recite the wireless device or the wireless network, the output of the performance of these steps is expressly communicated to the wireless device.* (Ex. 1001, 10:7-12; Ex. 2007, ¶ 36.)

PO Resp. 24 (emphases added). Somewhat contrary to arguments in the Patent Owner Response, Patent Owner conceded during oral argument that the “obtaining,” “correlating,” and “charging” steps “are not done on the wireless device.” Tr. 27:9–11; *cf.* PO Resp. 24.

At the oral hearing, Patent Owner again contended that, in addition to the “displaying” and “transmitting” steps, the step of “[d]etermining a

particular point-of-sale location that is selected by the user for a desired transaction” implicitly requires the use of the “wireless device.” Tr. 26:8–27:9. Specifically, Patent Owner contended that, with regard to the “determining” step, “the user’s selection *has to be made* on the wireless device because this follows the displaying step and the menus that are displayed to the user on the wireless device.”¹¹ *Id.* at 26:10–21 (emphasis added) (citing Ex. 2013, 70:4–71:5). However, we disagree with Patent Owner’s characterization of Dr. Shamos’s deposition testimony regarding the “determining” step as supporting Patent Owner’s position. Patent Owner asserted that “Petitioner’s expert, Dr. Shamos, in Exhibit 2013, his deposition, admitted and acknowledged, and this is at page 70, line 4, through 71, line 5, that the determining step is done based on one of the point-of-sale locations that is displayed to the user in the displaying step.” *Id.* at 26:17–21. Nevertheless, Dr. Shamos only testified “[s]o there’s no question that the user has to select a -- one of the point-of-sale locations that was displayed on the wireless device. *That doesn’t mean that the determining has to be done by a wireless device or even has to be done by a computer.*” Ex. 2013, 71:1–5 (emphasis added).

As explained above, the “wireless device” and “wireless network” are conventional devices used according to conventional functions, and, despite Patent Owner’s contentions to the contrary, the challenged claims do not recite the use of location determination technology and customized menus. Read broadly, but reasonably, the challenged claims encompass the abstract

¹¹ In the absence of Petitioner’s objection, we do not determine here whether Patent Owner’s argument regarding the use of the wireless device in the “determining” step was a new argument first raised at the oral hearing. *See* Office Patent Trial Practice Guide, 77 Fed. Reg. at 48,768.

idea of a transaction between a customer and a merchant. *See* Tr. 37: 9–15. Therefore, we now turn to the second step of the Court’s *Mayo* framework.

b. Under Step Two of Mayo, What Else is There in the Challenged Claims?

The Court has described step two of the *Mayo* framework as itself having two inquiries: (1) taking the claim limitations separately, does any step do more than use generic technology to perform the generic functions of that technology? and (2) considered “as an ordered combination,” do the technological components add anything that is not present already when the steps are considered separately? *Alice*, 134 S. Ct. at 2355. In *Alice*, the Court stated that “[*Parker v. Flook*, 437 U.S. 584 (1978)] stands for the proposition that the prohibition against patenting abstract ideas cannot be circumvented by attempting to limit the use of [the idea] to a particular technological environment.” *Alice*, 134 S. Ct. at 2358 (quoting *Bilski* 561 U.S. at 610–11).

As noted above, Petitioner argues that challenged claim 1 recites only the use of a conventional wireless device and conventional wireless network technology, and that these, like a generic computer, are insufficient to separate the recited method from the abstract idea. Pet. 34–36; Pet. Reply 7. Patent Owner contends that the claims include other technical features. PO Resp. 40–43. In particular, Patent Owner contends that the challenged claims require the use of location-determination technology and customized menus. *Id.* at 26–28, 41–42. More specifically, Patent Owner contends that the reference in the “displaying” step to “menus listing at least one point-of-sale location *based upon a current location of the wireless device*” discloses the use of such location-determination technology. PO Resp. 14; *see* Ex.

1001, col. 10, ll. 2–4 (emphasis added). Although the '100 patent envisions embodiments that use cell site or cell antenna location to identify point-of-sale locations near the customer's wireless device (*e.g.*, *id.* at col. 4, ll. 50–55; *see* PO Resp. 14–18), the challenged claims are not written narrowly to require the use of such technology. Moreover, as noted above, in the absence of a special definition or other considerations, “limitations are not to be read into the claims from the specification.” *Van Geuns*, 988 F.2d at 1184. The challenged claims simply do not recite these other *technical* features (Pet. Reply 7–10), and Patent Owner does not persuade us that the claims should be construed to read these limitations from the Specification into the claims (*see* PO Resp. 40–43). *See supra* Section II.C.1.b.

We agree with Petitioner that, on this record, the “displaying” and “transmitting” steps recite the use of a technical feature, i.e., a wireless device. Ex. 2007, ¶ 35; *see* Ex. 1022 ¶ 35. Further, although the Specification of the '100 patent indicates that the “wireless device” does not have to have voice capability, and that any two-way wireless device may be used (Ex. 1001, col. 2, ll. 34–37), the limitations of challenged claim 1 suggest that a suitable wireless device need only be capable of receiving information. Ex. 1022 ¶ 22; *see supra* Section I.A. In the “displaying” step, the wireless device merely *displays* a stored or received menu listing point-of-sale locations. Ex. 2007 ¶ 32; Ex. 1022 ¶¶ 21–22, 28; *see* Ex. 2013, 62:11–63:5; Paper 30 ¶ 8; Paper 37, 5–6. The displaying of point-of-sale locations to potential customers is well-known. Pet. 22 (“For example, shopping malls have had store directories for decades listing a menu of merchants and service providers based on proximity to the customer standing at the directory.”); *see* Tr. 29:7–30:8. Similarly, in the

“transmitting” step, the wireless device merely receives a correlated transaction amount transmitted by the merchant. *See* Ex. 2007 ¶ 28. Thus, taking the claim limitations, including technological features, separately, we determine that the functions performed by the wireless device at each of the “displaying” and “transmitting” steps of the recited method are purely conventional and perform only generic functions of that technology. *Pet. Reply* 4; Ex. 1022 ¶¶ 22–26; *see* Paper 30 ¶ 18.

Considered “as an ordered combination,” the wireless device and wireless network of the recited method add nothing that is not already present in the method when the “displaying” and “transmitting” steps are considered separately. *See Alice*, 134 S. Ct. at 2359. Viewed as a whole, the recited methods of the challenged claims simply describe a transaction between a customer and a merchant, assisted or facilitated, but not fundamentally altered, by the use of a wireless device. *See* Ex. 1022 ¶ 31; Ex. 2007 ¶ 40. Patent Owner does not assert that the recited method steps, as a whole, improve the functioning of the wireless device or the wireless network. *See* *Pet. Reply* 4; Ex. 1022 ¶ 26. The recited claims do no more than apply the abstract idea of a customer-merchant transaction using a conventional wireless device, such as a wireless telephone.

As discussed above, Patent Owner and Petitioner disagree as to whether the challenged claims are construed to recite the use of location determining technology and customized menus. *See supra* Section II.C.1.b. Petitioner argues, however, that, even if the challenged claims are construed to recite the use of location determining technology and customized

menus,¹² location determining technology and customized menus are not sufficient to render the abstract idea patent-eligible. Pet. Reply 10–12. Location determining technology was conventional as of the effective date of the '100 patent. Ex. 1001, col. 4, ll. 50–55; *see* Ex. 1022 ¶ 32. As noted above, the prohibition against patenting an abstract idea cannot be circumvented by attempting to limit the use of the abstract idea to a particular technological environment. *Alice*, 134 S. Ct. at 2358 (quoting *Bilski*, 561 U.S. at 610–11).

Thus, for the reasons discussed above, the technical features recited in the challenged claims do not add sufficiently to the method steps to render eligible the abstract idea covered by the claims subject matter for patent protection under 35 U.S.C. § 101.

c. Do the Challenged Claims Satisfy the Machine-or-Transformation Test?

The U.S. Court of Appeals for the Federal Circuit further reminds us that:

the Supreme Court has held that the machine-or-transformation test is not the sole test governing § 101 analyses, *Bilski*, 561 U.S. at 604, [but] that test can provide a “useful clue” in the second step of the *Alice* framework, *see Bancorp Serv’s, L.L.C., v. Sun Life Assurance Co. of Can.*, 687 F.3d 1266, 1278 (Fed.

¹² Menus were known (PO Resp. 10–12; *see* Ex. 1001, col. 1, ll. 28–31), and to the extent that the recited menus are “customized,” the menus merely may list point-of-sale locations that differ between menus. The informational content added by “customized” menus does not alter the operation of the recited method and would not raise the abstract idea to patent eligibility. Patent Owner specifically contends that the recited “menus” are customized based on the use of location determining technology. Because we are not persuaded that the claims require the use of location determining technology, we need not discuss further customized menus.

Cir. 2012) (holding that the machine-or-transformation test remains an important clue in determining whether some inventions are processes under § 101), *cert denied*, 573 U.S. ___, 134 S. Ct. 2870 (2014).

Ultramerical, 772 F.3d at 716. Although this test is not dispositive, Petitioner argues that the machine-or-transformation test is not satisfied here because the challenged claims recite the “wireless device” and the “wireless network” as functioning only in their conventional manners, e.g., for displaying and receiving information. Pet. 37–39. In response, Patent Owner again argues that claim 1 recites “using location determination technology in the customer’s wireless device to identify the merchant to the customer in the first place.” PO Resp. 44–45. Consequently, Patent Owner maintains that the challenged claims are tied to a particular novel machine or apparatus, rather than only general purpose wireless devices and wireless network. *Id.*; *see* Pet. 34–36.

As noted above, however, Patent Owner seeks to read limitations from the Specification into the claims. As the U.S. Court of Appeals for the Federal Circuit explained in *DDR Holdings*, “‘it is clear today that not all machine implementations are created equal’ . . . And after *Alice*, there can remain no doubt: recitation of generic computer limitations does not make an otherwise ineligible claim patent-eligible.” 773 F.3d at 1255–56 (quoting *Alice*, 134 S. Ct. at 2358). The “wireless device” and “wireless network” recited in the challenged claims were well-known and intended to function conventionally. *See* Ex. 1001, col. 2, l. 25, 36–37, col. 4, ll. 15–20, 50–51. Moreover, the “wireless device” may be a personal computer with a wireless communication card, e.g., a general purpose computer. Ex. 1001, col. 6, ll. 18–20, Fig. 2; *see* Ex. 2013, 85:6–11; Pet. Reply 7; Tr. 38:12–25. In

addition, for the reasons set forth above, the “displaying” step of challenged claim 1 does not require the use of location determining technology. *See supra* Section II.C.1.b; Pet. Reply 12. In addition, we do not read the location determining technology, described in certain embodiments disclosed in the Specification of the ’100 patent, into the claim for application of the machine-or-transformation test. *Van Geuns*, 988 F.2d at 1184. Thus, after consideration of the record in this proceeding, the “wireless device” and “wireless network” limitations recited in the challenged claims are not shown to be novel or unobvious and are insufficient to save the challenged claims under the machine prong of the machine-or-transformation test. *See CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1370 (Fed. Cir. 2011).

For the reasons discussed above, we determine that Petitioner has shown by a preponderance of the evidence that the challenged claims are directed to subject matter that is ineligible for patent protection under 35 U.S.C. § 101.

D. Motion to Exclude Evidence

Patent Owner filed a Motion to Exclude Evidence¹³ (Paper 29). In particular, Patent Owner seeks to exclude Exhibits 1022–1027 in whole or in part based on various objections to these exhibits. Petitioner filed an Opposition to Patent Owner’s Motion to Exclude Evidence¹⁴ (Paper 36), and

¹³ Before filing its Motion to Exclude Evidence, Patent Owner sought to authorization to file a motion to strike Petitioner’s Reply as improper. We denied Patent Owner’s for authorization to file a motion to strike. Paper 27.

¹⁴ Before filing its Opposition to Patent Owner’s Motion to Exclude Evidence, Petitioner requested authorization to file a motion to expunge Patent Owner’s Motion to Exclude Evidence as improper. We denied Petitioner’s request for authorization to file a motion to expunge. Paper 35.

Patent Owner filed a Reply to Petitioner's Opposition to Patent Owner's Motion to Exclude Evidence (Paper 38).

Petitioner filed a declaration of Dr. Shamos (Ex. 1022) and the curriculum vitae of Dr. Shamos (Ex. 1023)¹⁵ in support of Petitioner's Reply (Paper 25). Dr. Shamos relied upon Exhibits 1023–1027 in his rebuttal declaration. Exhibits 1024 and 1025 are excerpts from the prosecution history of U.S. Patent Application No. 11/405,312 (Ex. 1002). Exhibit 1026 is a print-out from a web site titled “**About Hertz**,” available at <https://www.hertz.com/rentacar/abouthertz/index.jsp?targetPage=CorporateProfile.jsp&c=aboutHertzHistoryView>. Exhibit 1027 is a copy of U.S. Patent No. 5,930,474 to Dunworth *et al.* In conference calls on May 22, 2015, and July 13, 2015, we previously have addressed the parties' dispute over the propriety of Petitioner's submission of Exhibits 1022–1027 and of Patent Owner's challenges to those exhibits. *See* Papers 27 and 35. On both occasions, we advised the parties that “[t]o the extent necessary, we will determine whether the challenged exhibits exceed the scope of the Patent Owner Response in our Final Written Decision.” Paper 27, 2; Paper 35, 2.

After reviewing Patent Owner's Response, Petitioner's Reply, and Dr. Shamos's declaration, we are persuaded that Dr. Shamos's declaration is rebuttal testimony, and the accompanying exhibits, fairly responded to Patent Owner's contentions and Dr. Chatterjee's testimony. Upon consideration of the parties' arguments and the challenged exhibits, we deny or dismiss as moot Patent Owner's Motion to Exclude Evidence. We provide our reasons below.

¹⁵ Patent Owner does not contend that Exhibit 1023 should be excluded for reasons apart from those asserted with respect to Exhibit 1022. *See* Paper 29, 3–4.

First, Patent Owner seeks to exclude Petitioner’s Exhibits 1022–1027 in their entirety, asserting that these exhibits properly are considered supplemental information, pursuant to 37 C.F.R. § 42.223(b). Paper 29, 3–4. Because Petitioner did not request and we did not grant authorization to file a motion to submit supplemental information, Patent Owner contends that we should exclude these exhibits in their entirety. *Id.* Under our rules, Petitioner may respond in its Reply to the arguments or evidence, or both, presented in the Patent Owner Response. 37 C.F.R. § 42.23(b). As is the case here, a petitioner’s reply may include the submission of a rebuttal declaration and supporting exhibits. *See Belden Inc. v. Berk-Tel LLC*, 805 F.3d 1064, 1078 (Fed. Cir. 2015) (“The Board did not abuse its discretion in concluding that, as relevant here, [Petitioner’s declarant’s] declaration fairly responds only to arguments made in [Patent Owner’s declarant’s] declaration and [Patent Owner’s] response.”). Providing only conclusory statements, Patent Owner fails to explain adequately why Exhibits 1022–1027 were not responsive to the Patent Owner Response or Dr. Chatterjee’s declaration and could only be submitted properly as supplemental information. *See* Paper 29, 3–4.

Second, Patent Owner seeks to exclude paragraphs 14–19, 24, 26–29, 33, 40, 43, and 46–53 of Dr. Shamos’s declaration, as allegedly containing legal opinion or argument. Paper 29, 4–7; Paper 38, 5. Petitioner disagrees. Paper 37, 6–7.

With respect to paragraphs 14–16 of Dr. Shamos’s declaration, Dr. Shamos states his understanding of the governing case law. *See, e.g.*, Ex. 1022 ¶ 14 (“I am informed that the U.S. Supreme Court in *Alice v. CLS Bank* held that a claim that recites an abstract idea may be patentable . . .”).

This testimony provides a basis for understanding Dr. Shamos's opinions expressed elsewhere in the declaration. Pursuant to our rules, declarant testimony that fails to disclose underlying facts or data on which the testimony is based is entitled to little or no weight. 37 C.F.R. § 42.65(a). Although our rules also state that "[t]estimony on United States patent law . . . will not be admitted" (*id.*), we treat Dr. Shamos's testimony as an explanation for the basis of his opinions, not as expert testimony on United States patent law. Each of the remaining paragraphs of Dr. Shamos's declaration, which Patent Owner seeks to exclude, specifically identifies the paragraph of Dr. Chatterjee's declaration (Ex. 2007), to which Dr. Shamos seeks to respond. Further, to the extent that Dr. Shamos offers opinions on the legal questions regarding the patent eligibility of the challenged claims of the '100 patent under 35 U.S.C. § 101, Dr. Shamos contends that these are offered in response to opinions offered by Dr. Chatterjee on that issue.¹⁶ Ex. 1022 ¶ 16. Patent Owner ultimately contends that we should find the Dr. Shamos's testimony irrelevant under Fed. R. Evid. 402 and confusing under Fed. R. Evid. 403. Paper 29, 7.

Patent Owner fails to demonstrate that the identified *paragraphs* of Dr. Shamos's declaration are entirely inadmissible as legal opinion or argument. To the extent Dr. Shamos may provide some improper legal opinion or argument within his declaration, we do not discern the need to

¹⁶ We also note that Patent Owner has had the opportunity to cross-examine Dr. Shamos concerning his rebuttal testimony (Ex. 2013) and to file a Motion for Observations on that cross-examination (Paper 30). *See Belden*, 805 F.3d at 1080–82. We have considered Dr. Shamos's deposition testimony (Ex. 2013), Patent Owner's Motion for Observation (Papers 30 and 38), and Petitioner's Opposition to the Motion for Observation (Paper 37), in preparing this Final Written Decision.

parse Dr. Shamos's declaration (Ex. 1022), or for that matter Dr. Chatterjee's declaration (Ex. 2007), to exclude that improper testimony. *See* Office Patent Trial Practice Guide, 77 Fed. Reg. at 48,767 ("The Board will not attempt to sort proper from improper portions of the reply."). Further "Rule 403 is inapplicable to bench trials." *United States v. Preston*, 706 F.3d 1106 (9th Cir. 2013); *see also Tracinda Corp. v. DaimlerChrysler AG*, 362 F. Supp. 2d 487, 497 (D. Del. 2005) ("[I]n the context of a bench trial, evidence should not be excluded under Rule 403 on the grounds that it is unfairly prejudicial, because the Court is capable of assessing the probative value of the [evidence] and excluding any arguably improper inferences."). Consequently, Patent Owner's objections to Exhibit 1022 go more to the weight to be given this evidence, rather than to its admissibility. The Board, sitting as a non-jury tribunal with administrative expertise, is well-positioned to determine and assign appropriate weight and/or relevance to evidence presented. *See Gnosis S.P.A. v. S. Alabama Medical Science Foundation*, Case IPR2013-00118, slip op. at 43 (PTAB June 20, 2014) (Paper 64).

Third, Patent Owner contends that Dr. Shamos misapplies the broadest reasonable interpretation standard in his declaration. Paper 29, 7–9; Paper 38, 2. In particular, Patent Owner contends that Dr. Shamos fails to consider properly the Specification of the '100 patent, and instead improperly focuses solely on the language of the challenged claims and upon hypotheticals of his own creation. Paper 29, 8–9. Patent Owner ultimately contends that we should exclude Dr. Shamos's testimony under Fed. R. Evid. 402 or, alternatively, under Fed. R. Evid. 403. *Id.* at 9. Initially, we note that we do not rely upon Dr. Shamos's testimony regarding the proper interpretation of the broadest reasonable interpretation standard for our claim

construction. To the extent that Dr. Shamos misapplies the broadest reasonable interpretation standard in his declaration, this goes to the weight properly given to his testimony, not to its admissibility.

Fourth, Patent Owner contends that Dr. Shamos improperly vouches for Petitioner's declarant, Mr. Procter.¹⁷ Paper 29, 10–11; Paper 38, 3. Petitioner disagrees and argues that Dr. Shamos merely responds to the testimony of Dr. Chatterjee, which allegedly mischaracterizes Mr. Procter's earlier testimony. Paper 37, 8. Initially, as Petitioner notes, Mr. Procter's testimony was provided in support of Petitioner's challenges under 35 U.S.C. §§ 102 and 103, on which we did not institute review. Paper 37, 3. Nevertheless, Patent Owner's declarant, Dr. Chatterjee, commented on certain portions of Mr. Procter's testimony. Paper 29, 10 (citing Ex. 2007 ¶¶ 52–62). Petitioner argues that it was appropriate for Dr. Shamos to comment on and, when appropriate, to express agreement with Mr. Procter's earlier testimony, in *response* to Dr. Chatterjee's comments on Mr. Procter's testimony. Paper 37, 8.

Patent Owner specifically requests that we exclude paragraphs 46–53¹⁸ of Dr. Shamos's declaration as improper testimony of an expert under Fed. R. Evid. 702 or as irrelevant testimony under Fed. R. Evid. 402. Paper

¹⁷ Patent Owner suggests that Petitioner should have called on Mr. Procter to respond to Dr. Chatterjee's comments on Mr. Procter's testimony (Paper 29, 10–11) or that Dr. Shamos should have consulted with Mr. Procter before testifying concerning Mr. Procter's testimony (*id.* at 11 n.3). These issues, however, go to the weight assigned to Dr. Shamos's testimony, not to its admissibility. Within the limits of the governing statute and our rules, Petitioner may present its case as it sees fit.

¹⁸ Paragraph 53 of Dr. Shamos's declaration refers to paragraph 63 of Dr. Chatterjee's declaration, which does not address Mr. Procter's testimony. Ex. 1022 ¶ 53.

29, 11. We note, however, that each of those paragraphs of Dr. Shamos's declaration refers expressly to paragraphs of Dr. Chatterjee's declaration, in which Dr. Chatterjee comments on Mr. Proctor's testimony. *See* Paper 29, 10 (citing Ex. 2007 ¶¶ 52–62). We are not persuaded that Patent Owner demonstrates that the identified paragraphs of Dr. Shamos's declaration do not respond properly to arguments or evidence presented in Dr. Chatterjee's declaration accompanying the Patent Owner Response or represent an improper endorsement of Mr. Proctor's earlier testimony.

Fifth, Patent Owner contends that Petitioner's arguments regarding Exhibits 1026 and 1027 are directed improperly to grounds under 35 U.S.C. §§ 102 and 103, which are not under review in this proceeding (Paper 29, 9–10, 13–14); that Exhibits 1024 and 1025 improperly reproduce portions of Exhibit 1002 contrary to 37 C.F.R. § 42.6(d) (Paper 29, 11–12); and that Exhibit 1026 lacks proper authentication under Fed. R. Evid. 901(a) and is inadmissible hearsay under Fed. R. Evid. 801(c) (Paper 29, 12–13). *See* Paper 38, 4. Petitioner disagrees. Paper 37, 9–12.

Because we do not rely on Exhibits 1024–1027¹⁹ in reaching our decision here, we *dismiss* Patent Owner's Motion to Exclude Evidence, with respect to those exhibits, as moot. For the reasons set forth above, we *deny* Patent Owner's Motion to Exclude Evidence with respect to Exhibits 1022 and 1023.

III. CONCLUSION

For the foregoing reasons and after review of the record in this proceeding, we determine that Petitioner has shown be a preponderance of

¹⁹ To the extent necessary, we cite to the corresponding portions of Exhibit 1002, rather than to Exhibits 1024 and 1025.

the evidence that claims 1–4 of the '100 patent are directed to subject matter ineligible for patenting under 35 U.S.C. § 101. Further, we *deny* Patent Owner's Motion to Exclude Evidence with regard to Exhibits 1022 and 1023 and *dismiss as moot* Patent Owner's Motion to Exclude Evidence with regard to Exhibits 1024–1027.

IV. ORDER

Accordingly, it is

ORDERED that, pursuant to 35 U.S.C. § 328(a), Petitioner has shown by a preponderance of the evidence that claims 1–4 of the '100 patent are unpatentable under 35 U.S.C. § 101 as directed to patent-ineligible subject matter;

FURTHER ORDERED that Patent Owner's Motion to Exclude Evidence is *denied* with respect to Exhibits 1022 and 1023 and *dismissed as moot* with respect to Exhibits 1024–1027; and

FURTHER ORDERED that, because 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.

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