

No. 17-

IN THE
Supreme Court of the United States

PNC BANK NATIONAL ASSOCIATION, U.S. BANK
NATIONAL ASSOCIATION, U.S. BANCORP, BANK OF THE
WEST, SANTANDER BANK, N.A., ALLY FINANCIAL,
INC., RAYMOND JAMES & ASSOCIATES, INC.,
Petitioners,

v.

SECURE AXCESS, LLC,
Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

PETITION FOR A WRIT OF CERTIORARI

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QUESTIONS PRESENTED

The Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011) (“AIA”), established new post-grant adjudicatory processes for challenging the validity of patents. Covered business method (“CBM”) review is available for “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).

In this case, a divided panel of the Federal Circuit reversed the Patent Trial and Appeal Board’s (“Board’s”) determination that the challenged patent was eligible for CBM review. In doing so, the panel majority conditioned eligibility for CBM review on whether a patent claim itself contains “a financial activity element.” App. 19a-20a; *see also* App. 12a-13a, 15a. The court of appeals denied rehearing by a vote of 6-5. App. 131a-132a

In a separate appeal, the Federal Circuit affirmed a determination in an unrelated proceeding that certain claims of the same challenged patent, including all claims that Secure Axxess had asserted against Petitioners, were invalid. As a result, and while the period to petition for a writ of certiorari was pending, Secure Axxess dismissed its infringement claims against Petitioners with prejudice.

The questions presented are as follows:

1. Whether the court of appeals’ judgment should be vacated and remanded with instructions to dismiss the appeal as moot, in accordance with *United States v. Munsingwear, Inc.*, 340 U.S. 36 (1950), where the

claims of the challenged patent are invalid and there is no longer a live case or controversy between Petitioners and Respondent.

2. If the case is not moot, whether the court of appeals erred in holding that the statutory definition of a patent eligible for CBM review requires that the claims of the patent expressly include a “financial activity element”—in other words, that the claim have no use outside of financial activity—rather than making CBM review available for patents that claim “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.”

PARTIES TO THE PROCEEDINGS

Petitioners, appellees below, are PNC Bank National Association, U.S. Bank National Association, U.S. Bancorp, Bank of the West, Santander Bank, N.A., Ally Financial, Inc., and Raymond James & Associates, Inc. Respondent, appellant below, is Secure Access LLC.

Trustmark National Bank, Nationwide Bank, Cadence Bank, and Commerce Bank were appellees below but are not parties to this petition.

Synchrony Bank and General Electric Company were appellees below but were terminated from the proceedings before the judgment was entered.

CORPORATE DISCLOSURE STATEMENT

Petitioner PNC Bank National Association is a wholly-owned, indirect subsidiary of PNC Financial Services Group, Inc., which is a publicly traded company and does not have a parent corporation.

Petitioner U.S. Bank National Association is a wholly owned subsidiary of U.S. Bancorp. U.S. Bancorp is a publicly owned corporation organized under the laws of the State of Delaware and does not have any parent corporation and no publicly held corporation owns 10% or more of its stock.

Petitioner Ally Financial, Inc. does not have a parent corporation. No publicly-held corporation owns 10% or more of Ally Financial, Inc.'s stock.

Petitioner Santander Bank, N.A. is a wholly owned subsidiary of Santander Holdings USA, Inc., a Virginia Corporation. No publicly held corporation other than Santander Holdings USA, Inc. currently owns 10% or more of its stock.

Petitioner Raymond James & Associates, Inc. is a wholly owned subsidiary of Raymond James Financial, Inc. No other publicly held corporation owns more than 10% of the stock of Raymond James & Associates, Inc.

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PETITION FOR A WRIT OF CERTIORARI

Petitioners PNC Bank National Association; U.S. Bank National Association; U.S. Bancorp; Bank of the West; Santander Bank, N.A.; Ally Financial, Inc.; and Raymond James & Associates, Inc. (collectively, “Petitioners”) respectfully petition for a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit.

OPINIONS BELOW

The opinions of the court of appeals (App. 1a-28a) are reported at 848 F.3d 1370. The opinions respecting the court’s denial of rehearing en banc (App. 131a-168a) are reported at 859 F.3d 998. The final decision of the Patent Trial and Appeal Board (App. 29a-96a) is not reported, but is available at 2015 WL 5316490. The decision of the Patent and Trademark Office to institute CBM review (App. 97a-130a) is not reported, but is available at 2014 WL 4537440.

JURISDICTION

The court of appeals entered judgment on February 21, 2017 (App. 1a-21a) and denied rehearing on June 6, 2017 (App. 131a-133a). The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

STATUTORY PROVISIONS INVOLVED

The relevant statutory provisions are reproduced in the appendix to this petition. App. 169a-178a.

STATEMENT OF THE CASE

A. The America Invents Act

1. Congress enacted the Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011) (“AIA”), with the goal of improving the quality of issued patents and providing “quick and cost effective alternatives to litigation.” See H.R. Rep. No. 112-98, pt. 1, at 39-40, 48 (2011). In order to effectuate that goal, the AIA created new post-grant adversarial proceedings designed to allow parties to challenge the validity of issued patents before the Patent and Trademark Office, and empowered a new administrative body, the Patent Trial and Appeal Board (“Board”), to adjudicate those challenges.

One such adversarial proceeding established by the AIA is an *inter partes* review (“IPR”). Under the IPR framework, a person other than the patent holder may initiate a challenge to the validity of an issued patent by filing a petition with the Patent and Trademark Office. 35 U.S.C. § 311(a). However, the IPR petitioner is limited to challenging the validity of the patent “only on a ground that could be raised under [S]ection 102 [(novelty)] or 103 [(obviousness)] and only on the basis of prior art consisting of patents or printed publications.” *Id.* § 311(b).

2. Although IPRs provide a mechanism for challenging any issued patent on the enumerated statutory grounds, in enacting the AIA, Congress was also particularly concerned with the need to correct “the issuance of poor business-method patents during the late 1990’s through the early 2000’s [that] led to patent ‘troll’ lawsuits.” H.R. Rep. No. 112-98, at 54. Accordingly, Congress also established a post-grant program—known as covered business method (“CBM”)

review—specifically designed to allow for challenges to “the validity of any business method patent.” *Id.*

CBM review permits validity challenges to issued patents that are not available in an IPR, including challenges to subject matter eligibility under 35 U.S.C. § 101, and written description under 35 U.S.C. § 112. *Compare* AIA § 18(a)(1), *with* 35 U.S.C. § 311(b). However, CBM review is available only for patents that “claim[] 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). In sponsoring the CBM provision, Senator Schumer explained that the language of § 18(d)(1) was “intended to make clear that the scope of patents eligible for review under [the CBM] program is not limited to patents covering a specific financial product or service,” but rather “the patent claims must only be broad enough to cover a financial product or service.” 157 Cong. Rec. 3412, 3417 (2011) (statement of Sen. Schumer).

Although the CBM program is “transitional” in that it is set to sunset after eight years, AIA § 18(a)(3), Congress has made clear that it may “extend[] or mak[e] permanent [the CBM] program in the future.” Ltr. from Rep. Smith, Chairman of the H. Judiciary Comm., to Sens. Kyl, Schumer, Leahy, and Grassley, dated Sept. 8, 2011, *reprinted in* 157 Cong. Rec. 17,111. Indeed, the CBM program reinforces Congress’ stated goal of eliminating poor-quality patents by permitting challenges to the validity of issued patents that are not available in IPR proceedings. *See* App. 149a-150a.

B. The Secure Access Patent

1. Respondent Secure Access, LLC (“Secure Access”) owns U.S. Patent No. 7,631,191 (“the ’191 Patent”) (CAJA 74-95), which was originally developed by and assigned to American Express, and generally relates “to systems and methods for authenticating a web page” so that users can securely transfer sensitive information over the Internet. App. 3a-4a. In particular, the patent describes authentication systems that are used “to facilitate online commerce transactions.” App. 5a-6a; *see also* App. 23a-24a.

In the sole exemplary embodiment of the invention described in the patent, the participants in the system—the customer, the merchant, and “the bank”—are equipped with “a computing system to facilitate online commerce transactions.” CAJA 93 (11:30-45). The patent’s specification explains that security is particularly important for such transactions because consumers are often transferring “sensitive data,” such as account numbers and login information. CAJA 88 (1:38-44). It provides an example in which a consumer intends to visit the webpage “www.bigbank.com,” but instead ends up entering sensitive financial information on a similar-looking, but fraudulent website, “www.b[l]gbank.com’ (with an ‘l’ instead of an ‘i’).” CAJA 88 (1:28-33). Indeed, the patent provides no other examples—the *only* described use of the invention in the specification is financial.

Secure Access, a patent assertion entity that neither designs nor markets any products of its own, filed 17 lawsuits against 50 different financial services institutions, including Petitioners here, alleging that each infringed the ’191 patent by providing “online banking

services.”¹ Secure Access has sued no other entities for infringement of the '191 patent. App. 25a.

C. Proceedings Before The Board

1. In 2014, after being sued by Secure Access for infringement of the '191 patent in the Eastern District of Texas, Petitioners filed petitions seeking CBM review of all 32 claims of the patent. App. 30a-31a. The Board instituted CBM review of all claims on obviousness grounds, after determining that the patent was eligible for CBM review under the AIA and that it was more likely than not that the claims of the patent were invalid. App. 97a-130a.

The Board also separately instituted a separate IPR proceeding requested by a third party (not involving any of Petitioners here) as to all claims of the '191 patent, except claim 24. *EMC Corp. v. Secure Access, LLC*, No. IPR2014-00475, 2014 WL 4537476 (P.T.A.B. Sept. 9, 2014).

2. On September 8, 2015, the Board issued a final written decision in the CBM proceeding invalidating all 32 claims of the '191 patent as obvious under 35 U.S.C. § 103. App. 29a-96a. In doing so, the Board reaffirmed its finding that the patent was eligible for CBM review, explaining that the patent's written description makes clear that the claimed methods and systems “perform operations used in the practice, administration, or management of a financial product or service.” App. 37a-38a. Secure Access appealed the Board's decision invalidating all claims of its patent to the Federal Circuit. App. 2a.

¹ *E.g.*, CAJA 302 ¶16, 310 ¶16, 3698 ¶16, 3754 ¶15, 3865 ¶18, 3976 ¶16, 4088 ¶16, 4144 ¶15; *see also, e.g.*, CAJA 4032 ¶16.

In a separate decision issued on the same date, the Board also found that all claims of the '191 patent except claim 24 were obvious in the separate IPR proceeding. *EMC Corp. v. Secure Access, LLC*, No. IPR2014-00475, 2015 WL 5316521 (P.T.A.B. Sept. 8, 2015). Secure Access also appealed the Board's decision in the separate IPR proceeding to the Federal Circuit.

D. Proceedings Before The Federal Circuit

1. Over a vigorous dissent by Judge Lourie, the panel majority reversed the Board's decision finding that the Secure Access patent was eligible for CBM review under the AIA. App. 2a-21a.

The panel majority first acknowledged that the court reviews the Board's determination that a patent is eligible for CBM review under the Administrative Procedure Act, 5 U.S.C. § 706(2). App. 10a. The panel majority then proceeded to interpret the statutory definition of "covered business method patent" set forth in AIA § 18(d)(1), which encompasses "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." The panel majority concluded that "the statutory definition of a CBM patent requires that the patent have a claim that contains, however phrased, a financial activity element." App. 19a-20a.

The panel majority then examined the claims of the '191 patent and, finding no claims that expressly recited a financial activity element, reversed the Board's determination that the patent was eligible for CBM re-

view and vacated the Board’s obviousness determination. App. 21a.

Judge Lourie dissented. App. 22a-29a. In his view, the ’191 patent fell squarely within the scope of patents eligible for CBM review under the statute. Judge Lourie explained that the patent “makes clear that the invention is to be used in the management of a financial service,” noting that “[n]o other applications of the invention are described in the patent.” App. 22a-24a. Judge Lourie further noted that while “the word ‘financial’ [did] not appear in the claims,” under 35 U.S.C. § 112, “claims do not necessarily need to recite uses of products.” App. 25a-26a. Judge Lourie also explained that to the extent there was any doubt as to what the invention was used for, Secure Axxcess’ “litigation pattern speaks volumes about what they believe their invention is ‘used’ for,” as Secure Axxcess had sued no companies other than financial institutions. App. 24a-25a. Judge Lourie would have concluded that the Board correctly determined that the ’191 patent was eligible for CBM review under the statute. App. 26a-27a.

2. Petitioners filed a petition for rehearing en banc supported by several amici, including The Clearing House Payments Company, LLC and Financial Services Roundtable and Electronic Frontier Foundation and Public Knowledge. The court of appeals denied the petition for rehearing en banc by a vote of 6-5. App. 131a-133a.²

Judge Lourie, joined by Chief Judge Prost and Judges Dyk, Wallach, and Hughes, dissented from the denial. App. 146a-158a. The dissent explained that the panel ma-

² Judge Plager (who authored the panel majority’s decision) did not participate in the decision on rehearing en banc. App. 131a.

majority's holding that the statute requires the patent to "have a claim that contains, however phrased, a financial activity element," was "contrary to the statutory language, congressional intent, and [Federal Circuit] case law." App. 146a. Observing that Congress intended for the CBM program to be broadly construed, the dissent noted that the panel majority's interpretation of the statute "severely limiting what constitutes a CBM patent under AIA § 18 and what may be considered in making that determination clearly frustrates Congress's intent in establishing CBM review." App. 148a.

Turning to the patent at issue, the dissent explained that examination of the patent "makes clear that the invention is to be used in the management of a financial service," as evidenced by the exemplary embodiments described in detail in the written description. App. 151a-152a; *see also* App. 153a-154a ("The claims recite an invention *used in the practice* of a financial product, and the uses are described in the written description of the patent."). The dissent concluded that, applying the correct statutory interpretation, the '191 patent would be eligible for CBM review "because it claims methods and systems used in the practice of a financial product, as indicated by the written description, notwithstanding that a 'financial activity element' does not appear in the claims." App. 157a-158a.

Judge Dyk, joined by Judges Wallach and Hughes, separately dissented from the denial of rehearing. App. 159a-163a. Judge Dyk explained that this case presents the threshold question of "whether the 'financial product or service' issue is appealable under the AIA," (App. 159a) an issue that, in his view, had been wrongly decided by a panel of the Federal Circuit in *Versata Development Group, Inc. v. SAP America, Inc.*, 793 F.3d 1306 (Fed. Cir. 2015). In his view, review of

whether a patent is eligible for CBM review is inconsistent with the statute as interpreted in *Cuozzo Speed Technologies, LLC v. Lee*, 136 S. Ct. 2131 (2016), which held that the appeal bar set forth in 35 U.S.C. § 314(d) precludes review. App. 159a.

3. In a separate decision on February 21, 2017, a panel of the Federal Circuit summarily affirmed the Board's decision in the separate IPR proceeding invalidating all claims of Secure Axxess' '191 patent, except claim 24. *Secure Axxess, LLC v. EMC Corp.*, 680 F. App'x 947 (Fed. Cir. 2017).³ Secure Axxess did not petition for rehearing of that decision or petition for a writ of certiorari before this Court, the time for which expired on May 22, 2017. In light of the Federal Circuit's judgment rendering the asserted claims of the '191 patent invalid, Secure Axxess stipulated to dismissal of its infringement claims against Petitioners in the district court with prejudice between June and August 2017.⁴ Accordingly, there is no longer a live case or controversy between Petitioners and Secure Axxess with respect to the challenged patent.

REASONS FOR GRANTING THE WRIT

In 2011, Congress enacted the America Invents Act to reform the U.S. patent system. Congress specifically designed CBM review to allow for broad challenges to particularly suspect business method patents issued

³ Claim 24 was not asserted against any Petitioner. See Oral Argument at 24:40–24:50, *Secure Axxess, LLC v. EMC Corp.*, No. 16-1354 (Fed. Cir. Nov. 2, 2016), available at <http://oralarguments.cafc.uscourts.gov/default.aspx?fl=2016-1354.mp3>.

⁴ See *Secure Axxess, LLC v. U.S. Bank Nat'l Ass'n*, No. 6:13-cv-00717-KNM (E.D. Tex), ECF Nos. 237, 238, 239, 240, 241, 242, 245, 246, 247, 250, 251, 253, 255, 257, 259, 260, 262, 263, 265, 266.

during the 1990's and early 2000's. The panel majority fundamentally narrowed the statutory definition of "covered business method patent," by requiring patents to include claims that expressly recite "a financial activity element" in order to qualify for CBM review. That interpretation is contrary to the statutory language and undermines and frustrates the express purpose of the CBM program.

By a vote of 6-5, the court of appeals declined to rehear this case. That decision effectively insulates the erroneous legal rule announced by the panel majority from further review or reconsideration in the future. The Federal Circuit has exclusive jurisdiction over appeals from the Board's decisions in CBM proceedings, 35 U.S.C. § 141(c), and the Board, applying the overly-narrow standard set forth by the panel majority, will continue to decline to institute CBM review of patents that clearly fall within the scope of the statutory definition. Those decisions will be generally unreviewable. *See id.* § 324(e) ("The determination by the Director whether to institute a post-grant review under this section shall be final and nonappealable."); *see also Cuozzo Speed Techs.*, 136 S. Ct. at 2140-2141. Thus, once the doors to the agency are shut, they will likely remain shut forever.

Despite the importance and impact of the panel majority's decision, review of that decision is no longer available in this Court due to the Board's determination in a separate IPR proceeding that the asserted claims of the challenged Secure Access patent are invalid. The Federal Circuit affirmed that invalidation, and the time for Secure Access to petition for a writ of certiorari in that case lapsed on May 22, 2017. The now unreviewable invalidation of those claims, and resulting dismissal of Secure Access' infringement claims against

Petitioners with prejudice moots any live case or controversy between the parties here.

Given the importance of the issue and the likely inability of either the en banc court of appeals or this Court to further consider the proper interpretation of the CBM statute, the appropriate course is to vacate the decision of the court of appeals as moot, in accordance with the established practice of this Court. *United States v. Munsingwear, Inc.*, 340 U.S. 36, 39 (1950). In the alternative, if the case is not moot, the Court should grant the petition on the merits and reverse.

I. THE DECISION BELOW SHOULD BE VACATED BECAUSE THE CASE IS NOW MOOT

A case is moot if “there is no longer any actual controversy between the parties.” *Alvarez v. Smith*, 558 U.S. 87, 92 (2009). When a case becomes moot while on appeal, “[t]he established practice” of this Court “is to reverse or vacate the judgment below and remand with a direction to dismiss.” *Munsingwear, Inc.*, 340 U.S. at 39.

A. The Invalidity Of The Asserted Claims Of The Secure Access Patent And Dismissal Of Secure Access’ Infringement Claims Renders This Case Moot

The jurisdiction of federal courts to consider a patent’s validity is limited, as with any other matter, to actual “Cases” and “Controversies.” U.S. Const. art. III, § 2. This requirement applies equally to review of agency action, as “[e]xcept when necessary in the execution of that function, courts have no charter to review and revise legislative and executive action.” *Summers v. Earth Island Inst.*, 555 U.S. 488, 492 (2009); *see also Massachusetts v. EPA*, 549 U.S. 497, 516 (2007); *Sierra Club v. EPA*, 292 F.3d 895, 899 (D.C. Cir. 2002).

A party seeking to avail itself of a federal court’s jurisdiction to challenge the validity of a patent must show that the controversy is of sufficient “‘immediacy and reality,’” such that the suit does not merely call for “‘an opinion advising what the law would be upon a hypothetical state of facts.’” *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 127 (2007); *see also Medtronic, Inc. v. Mirowski Family Ventures, LLC*, 134 S. Ct. 843, 851 (2014) (“[L]itigation can occur only in the presence of a genuine dispute, ‘of sufficient immediacy and reality,’ about the patent’s validity or its application.”); *Sandoz Inc. v. Amgen Inc.*, 773 F.3d 1274, 1278 (Fed. Cir. 2014) (assessing “immediacy” based on “how far in the future the potential infringement is, whether the passage of time might eliminate or change any dispute, and how much if any harm the potential infringer is experiencing, at the time of suit, that an adjudication might redress” and “reality” “by examining any uncertainties about whether the plaintiff will take an action that will expose it to potential infringement liability”).

Thus, although “[p]arties that initiate [post-grant review] proceeding[s] [before the Board] need not have a concrete stake in the outcome,” *Cuozzo Speed Techs.*, 136 S. Ct. at 2143-2144, a federal court’s review of agency action addressing the validity of an issued patent is nonetheless limited to ongoing cases and controversies. *See Consumer Watchdog v. Wisconsin Alumni Research Found.*, 753 F.3d 1258, 1262-1263 (Fed. Cir. 2014).

To establish the existence of an actual case or controversy, a party seeking review of the Board’s decision must face a risk of infringement liability or have some other concrete interest in the challenged patent. *See Consumer Watchdog*, 753 F.3d at 1263 (“Because [the appellant] has not identified a particularized, concrete

interest in the patentability of the [challenged] patent, or any injury in fact flowing from the Board's decision, it lacks standing to appeal the decision[.]”⁵ “[P]otentially infringing future activity” does not meet this requirement. *Sandoz*, 773 F.3d at 1279. Rather, there must be some “harm [that a] potential infringer is experiencing, at the time of suit,” such as threats by the patentee to sue or, at a minimum, a suggestion by the patentee that something a plaintiff “is currently doing exposes it to infringement liability.” *Id.* at 1278-1279.

In this case, while there was a live case or controversy with respect to Petitioners’ alleged infringement of the Secure Axxess patent at the time Secure Axxess appealed the Board’s decision to the Federal Circuit, an injury “must persist at every stage of review, or else the action becomes moot.” *Friends of the Earth, Inc. v. Laidlaw Enotl. Servs. (TOC), Inc.*, 528 U.S. 167, 179 (2000). The Federal Circuit’s decision affirming the Board’s invalidation of all claims asserted against Petitioners in the separate IPR proceeding, which is now final and unreviewable, mooted the controversy between Petitioners and Secure Axxess. As a result, Secure Axxess dismissed its infringement claims against Petitioners with prejudice. Secure Axxess has not since threatened to bring a separate infringement suit or suggested that any current activity of Petitioners

⁵ See also *Phigenix, Inc. v. Immunogen, Inc.*, 845 F.3d 1168, 1173-1176 (Fed. Cir. 2017) (holding appellant lacked standing where it did “not contend that it faces risk of infringing the [challenged] patent, that it is an actual or prospective licensee of the patent, or that it otherwise plans to take any action that would implicate the patent”); *PPG Indus., Inc. v. Valspar Sourcing, Inc.*, 679 F. App’x 1002, 1005-1006 (Fed. Cir. 2017) (holding appeal of the Board’s decision moot where patentee provided alleged infringer with covenant not to sue).

infringes the sole remaining claim of the '191 patent (claim 24), which was never asserted against any Petitioner. Accordingly, any threat of liability for infringing the '191 patent would be “conjectural or hypothetical,” which does not suffice for Article III jurisdiction. *Lujan v. Defenders of Wildlife*, 504 U.S. 555, 560 (1992) (internal citations and quotations omitted). This case is therefore moot.

B. The Judgment Below Should Be Vacated And This Case Should Be Remanded With An Instruction To Dismiss

Because the patent claims asserted against Petitioners have been invalidated, this Court should follow the “established practice” prescribed by *Munsingwear*: grant the petition, vacate the judgment, and remand to dismiss the appeal as moot. 340 U.S. at 39.

By vacating the lower court’s judgment, this Court “preserve[s] ‘the rights of all the parties,’ while prejudicing none ‘by a decision which ... was only preliminary.’” *Alvarez*, 558 U.S. at 94 (quoting *Munsingwear*, 340 U.S. at 40). Following *Munsingwear*, this Court has repeatedly vacated as a matter of course in cases that became moot on appeal. *See, e.g., Ivy v. Morath*, 137 S. Ct. 414 (2016); *Amanatullah v. Obama*, 135 S. Ct. 1545 (2015); *LG Elecs., Inc. v. InterDigital Commc’ns, LLC*, 134 S. Ct. 1876 (2014); *Eisai Co. v. Teva Pharms. USA, Inc. ex rel. Gate Pharms. Div.*, 564 U.S. 1001 (2011). Indeed, this Court has characterized vacatur under *Munsingwear* as “the duty” of an appellate court where a controversy has become moot. *Great W. Sugar Co. v. Nelson*, 442 U.S. 92, 93 (1979).

This Court has only broken with this standard practice where the “losing party has voluntarily forfeited his legal remedy” by causing the mootness through settlement or similar actions. *Alvarez*, 558 U.S. at 94. Plainly, no such circumstances exist here. It was the Federal Circuit’s judgment in a separate case finally invalidating all claims asserted against Petitioners, followed by Secure Axxcess’ failure to seek further review of that judgment, that rendered this case moot. The lack of any ongoing dispute between Secure Axxcess and Petitioners was further evidenced by Secure Axxcess’ subsequent dismissal of its infringement claims with prejudice. “Vacatur is in order” because those developments mooting the appeal in this case are “not attributable to” Petitioners and resulted in part from “the ‘unilateral action of the party who prevailed in the lower court.’” *Arizonans for Official English v. Arizona*, 520 U.S. 43, 71-72 (1997) (quoting *U.S. Bancorp Mortgage Co. v. Bonner Mall P’ship*, 513 U.S. 18, 21 (1994)).

“Vacatur ‘clears the path for future relitigation’ by eliminating a judgment the loser was stopped from opposing on direct review.” *Arizonans for Official English*, 520 U.S. at 71. Here, failing to vacate the decision below would preclude Petitioners from seeking CBM review of the one remaining claim of Secure Axxcess’ patent (claim 24) should Secure Axxcess attempt to assert that claim against Petitioners in the future. Moreover, failing to vacate would leave in place a precedent with national reach that is effectively unreviewable in the future. Vacatur is therefore warranted.

II. IF THIS CASE IS NOT MOOT, THE COURT SHOULD GRANT THE PETITION AND REVERSE

The panel majority's decision below reflects an erroneous interpretation of the CBM statute that is contrary to the statutory language and its legislative history and which undermines and frustrates the express purpose of the CBM program. The denial of rehearing en banc by a vote of 6-5 shows the controversial nature of that decision and reinforces the need for further review.

Moreover, if this Court does not act in this case, the issue may become effectively unreviewable. The Federal Circuit has exclusive jurisdiction over appeals from the Board's decisions in CBM proceedings. 35 U.S.C. § 141(c). As a result, the panel majority's overly narrow interpretation of the CBM statute would have far-reaching consequences if allowed to stand. Indeed, without review of the decision below, the Board, applying the overly-narrow standard for CBM-eligibility set forth by the panel majority, will continue to decline to institute CBM review of patents that Congress clearly intended to be covered by the statute. Those decisions to deny institution will be generally unreviewable by any court. *See id.* § 324(e); *Cuozzo Speed Techs.*, 136 S. Ct. at 2140-2141. If this case is not moot, certiorari is warranted to correct the panel majority's erroneous interpretation of the CBM statute.

A. The Panel Majority's Interpretation Is Contrary To The Statute's Plain Meaning

Under § 18(d)(1) of the AIA, 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."

AIA § 18(d)(1) (emphasis added). The panel majority’s overly narrow interpretation of the statute—which strictly requires that a patent’s claims include a “financial activity element” (*i.e.*, a claim limitation reciting a financial activity)—effectively re-writes that language to require that the claims be written so specifically that the method is “[*only*] *used*” “in the practice, administration, or management of a financial product or service,” *id.* This interpretation is contrary to the statute’s plain meaning, which unambiguously includes patents claiming a method or apparatus for data processing, *e.g.*, an authentication system, that is used to provide a “financial product or service,” and does not require that the claims exclude the possibility of any other use by expressly claiming a financial service.

The plain language of the CBM statute contemplates that the CBM determination should be made, not by looking at the claim language formalistically and in isolation, but by viewing the substance of the claimed invention in light of (at least) the specification. *See* App. 26a-27a; *cf. Apple, Inc. v. Ameranth, Inc.*, 842 F.3d 1229, 1236 (Fed. Cir. 2016) (“During CBM review, the Board construes claims ... according to their broadest reasonable construction *in light of the patent’s specification.*” (emphasis added)). It is the specification that must “contain a written description of the invention, and of the manner and process of ... using it,” 35 U.S.C. § 112(a), and so it is only with reference to the specification that the Board can determine whether a patent satisfies the requirements of AIA § 18(d)(1).

B. The Panel Majority’s Interpretation Incorrectly Exalts Form Over Substance And Eviscerates The CBM Program

The panel majority’s decision eliminates from the scope of CBM review patents that claim inventions for use in the administration, practice, or management of financial products and services merely because they are drafted to avoid reciting that use in the claims. This exaltation of form over substance greatly contracts the availability of CBM review. *Cf. Alice Corp. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2360 (2014) (finding that the law should not make subject matter eligibility “depend simply on the draftsman’s art”). As Judge Lourie pointed out in dissent, “[a]s a matter of patent law, claims do not necessarily need to recite uses of products.” App. 26a. The panel majority’s decision thus invites artful drafting and wholesale evasion of CBM review.

Indeed, despite the importance of the CBM program, the panel majority’s decision has already begun to frustrate its effectiveness. Entities asserting the very type of “poor business-method patents” that the CBM program was designed to challenge (H.R. Rep. No. 112-98, at 54) are now canceling claims containing a financial activity element to avoid CBM review, while leaving broader independent claims—which continue to cover the same financial product or service—intact.

For example, in *Twilio Inc. v. Telesign Corp.*, No. CBM2016-00099, Paper No. 13 (P.T.A.B. Feb. 27, 2017), the challenged independent claims were directed to methods of notifying online registrants of predetermined events. *Id.* at 3. Dependent claims 5 and 14 recited that “the notification event is associated with activity related to a financial account associated with the user,” and claims 7 and 16 recited “charging a fee to the

user based ... on the user being notified of the occurrence of the established notification event.” *Id.* at 9. In a blatant attempt to avoid CBM review, the patent owner filed a statutory disclaimer after a CBM petition was filed, cancelling claims 5, 7, 14, and 16 (among others). *Id.* at 2, 9. Citing the Federal Circuit panel majority’s decision *in this case*, the Board disregarded the specification’s description of various embodiments of the patent pertaining to finance-related services and notification events and declined to institute CBM review because none of the remaining claims was expressly limited to a finance-related use. *Id.* at 11-14. Other assertion entities have followed a similar course to the same end.⁶

The panel majority’s interpretation of the statute here encourages such conduct, which is a result contrary to what Congress intended. *See* App. 149a (“Such a result ‘elevate[s] form over substance’ and allows ‘[c]lever drafting’ to ‘avoid PTO review under [the CBM provisions]’ in contravention of congressional intent.” (quoting 157 Cong. Rec. S1364 (daily ed. Mar. 8, 2011) (statement of Sen. Schumer) (alterations in original))).⁷

⁶ *E.g.*, *Ford Motor Co. v. Versata Dev. Grp., Inc.*, No. No. CBM2016-00100, 2017 WL 1087387, at*3 (P.T.A.B. Mar. 20, 2017) (denying institution based on disclaimer filed after petition for CBM review); *Ford Motor Co. v. Versata Dev. Grp., Inc.*, CBM2016-00101, 2017 WL 1040268, at *3 n.2 (P.T.A.B. Mar. 15, 2017) (noting patentee disclaimed a claim after CBM petition was filed).

⁷ Concern over the evisceration of CBM review is not limited to the dissenting judges at the Federal Circuit. At least one Administrative Patent Judge has voiced concern over the precedent set by the panel majority in this case. *See Ford Motor*, 2017 WL 1087387, at *5 (Turner, APJ, concurring) (“I am troubled ... by the

If left uncorrected, the panel majority’s overly-narrow interpretation of the CBM statute will have far-reaching consequences. By requiring a patent’s claims to include a limitation that explicitly recites a financial activity, the panel majority’s interpretation exalts form over substance and excludes numerous patents that the statute was clearly designed to include, rendering the CBM program largely toothless.

C. The Panel Majority’s Interpretation Of The Statute Is Contrary To The Legislative History

The panel majority’s interpretation of the statute is also inconsistent with the purpose of the CBM provision. Congress’s purpose in creating the CBM program was to combat business method patents asserted by patent assertion entities (*see supra* pp. 2-3). In this regard, Senator Schumer—one of the sponsors of the CBM statute—explained that the language of § 18(d)(1) was “intended to make clear that the scope of patents eligible for review under [the CBM] program is not limited to patents covering a specific financial product or service.” 157 Cong. Rec. 3412, 3417 (2011) (statement of Sen. Schumer).⁸ He further stated that a patent

current state of the law that does not adequately allow this panel to review the cited patent that the patentee clearly intended to be directed to financial products and services.”).

⁸ *See, e.g., Brock v. Pierce Cty.*, 476 U.S. 253, 263 (1986) (“[S]tatements by individual legislators should not be given controlling effect, but when they are consistent with the statutory language and other legislative history, they provide evidence of Congress’ intent.”); *S&E Contractors, Inc. v. United States*, 406 U.S. 1, 14 n.9 (1972) (noting that the Court is “wary of testimony before committee hearings and of debates on the floor of Congress save for precise analyses of statutory phrases by the sponsors of the proposed laws”).

need “not recite a specific financial product or service” to be eligible for CBM review. *Id.*⁹

The panel majority’s interpretation is directly at odds with Congress’ stated purpose in enacting the CBM statute, because any patent claim expressly claiming a finance-related use is necessarily *limited* to such use. Indeed, as the Federal Circuit explained in *Versata Development Group, Inc. v. SAP America, Inc.*, 793 F.3d 1306, AIA § 18(d)(1) is “*not limited* to products and services of only the financial industry,” but instead covers “a wide range of finance-related activities.” *Id.* at 1325 (emphasis added); *see also Blue Calypso, LLC v. Groupon, Inc.*, 815 F.3d 1331, 1338 (Fed. Cir. 2016); *SightSound Techs., LLC v. Apple Inc.*, 809 F.3d 1307, 1315-1316 (Fed. Cir. 2015) (Board determination, relying on the specification, that a patent was a CBM patent was reasonable), *cert. denied*, 137 S. Ct. 813 (2017); App. 25a-26a.

D. The Panel Majority’s Fears Of Unconstrained CBM Review Are Misplaced

The concerns expressed by the panel majority that applying the statute as written “would give the CBM program a virtually unconstrained reach” are unfounded. App. 14a. As an initial matter, the notion that the Board institutes CBM proceedings for patents that

⁹ After the AIA passed the House, Representative Lamar Smith, a namesake of the Act, explained in a letter to the Senate that nothing in the bill “limits use” of the CBM review mechanism “to one industry; rather, it applies to non-technological patents that *can* apply to financial products or services.” 157 Cong. Rec. 17,111, 17,111-17,112 (2011) (emphasis added); *see also id.* at 17,112 (“This program is not tied to one industry or sector of the economy-it affects everyone.... This program was designed to be construed as broadly as possible[.]”).

have no particular use for providing financial products or services is misplaced. Indeed, even prior to the panel majority’s decision in this case, the Board only instituted CBM review for about 55% of petitions filed,¹⁰ frequently finding that the challenged patent was not shown to be used in a financial product or service. *See, e.g., PNC Fin. Servs. Grp., Inc. v. Intellectual Ventures I LLC*, No. CBM2014-00032, 2014 WL 2174767 (P.T.A.B. May 22, 2014).

Moreover, contrary to the panel majority’s suggestions (*see* App. 21a), patents covering generic inventions such as a “lightbulb” are not vulnerable to CBM review under a broader interpretation of the statute. For a patent to be eligible for CBM review, it must claim “a method or corresponding apparatus for performing *data processing or other operations*.” AIA § 18(d)(1) (emphasis added). Moreover, the claimed method or corresponding apparatus must have a particular “*use[]* in the practice, administration, or management of a financial product or service.” *Id.* (emphasis added). The ’191 patent clearly satisfies both requirements. *See* App. 151a-154a. A “lightbulb,” on the other hand, satisfies neither. *See* App. 28a (“Common sense is not precluded from use in interpreting statutes and claims.”). Moreover, as a result of the carefully crafted limitations on CBM review, inventions such as a “lightbulb” would likely be exempted from CBM review under the “technological invention” exception, which was intended to be the primary limitation on the scope of the program. *See* AIA § 18(d)(1); *see also* 37 C.F.R.

¹⁰ U.S. Patent & Trademark Office, *Patent Trial and Appeal Board Statistics* 11 (Nov. 30, 2016), available at https://www.uspto.gov/sites/default/files/documents/aia_statistics_november2016.pdf.

§ 42.301(b). Therefore, devices like “lightbulbs” were never at risk of CBM review.

If left uncorrected, the panel majority’s overly narrow interpretation of the CBM statute will continue to lead the Board to decline to institute CBM review of patents that fall squarely within the statutory definition. Because those decisions will be largely unreviewable, it is vital that this Court act now to reverse the panel majority’s erroneous opinion.

CONCLUSION

For the reasons set forth above, the petition for a writ of certiorari should be granted and the decision below vacated pursuant to *United States v. Mun-singwear, Inc.*, 340 U.S. 36 (1950). Alternatively, the petition for a writ of certiorari should be granted, and the decision below should be reversed.

Respectfully submitted.

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SEPTEMBER 2017

APPENDICES

APPENDIX A

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

SECURE AXCESS, LLC, *Appellant*

v.

PNC BANK NATIONAL ASSOCIATION, U.S. BANK NA-
TIONAL ASSOCIATION, U.S. BANCORP, BANK OF THE
WEST, SANTANDER BANK, N.A., ALLY FINANCIAL,
INC., RAYMOND JAMES & ASSOCIATES, INC.,
TRUSTMARK NATIONAL BANK, NATIONWIDE BANK,
CADENCE BANK, N.A., COMMERCE BANK,
Appellees

2016-1353

Appeal from the United States Patent and Trade-
mark Office, Patent Trial and Appeal Board in No.
CBM2014-00100.

Decided: February 21, 2017

Before LOURIE, PLAGER, and TARANTO, *Circuit
Judges.*

Opinion for the court filed by *Circuit Judge
PLAGER.*

Dissenting opinion filed by Circuit Judge LOURIE.
PLAGER, Circuit Judge.

This is a patent case—the issue turns on what is a
covered business method patent. Appellant Secure

Axcess, LLC (“Secure Axcess”) challenges a Final Written Decision of the Patent Trial and Appeal Board (“Board” or “PTAB”). As part of that decision, the Board reaffirmed its determination that the patent at issue, U.S. Patent No. 7,631,191 (“191 patent”), owned by Secure Axcess, was a covered business method (“CBM”) patent under § 18 of the Leahy-Smith America Invents Act (“AIA”), Pub. L. No. 112-29, 125 Stat. 284 (2011). The Board further held that claims 1–32, all the claims in the patent, were unpatentable under that statute on the grounds that they would have been obvious under the cited prior art.

On appeal, Secure Axcess challenges the Board’s determination to decide the case as a covered business method patent, as well as the Board’s obviousness determination. We agree with Secure Axcess on the first point and therefore do not reach the second. Recently, in *Unwired Planet, LLC v. Google Inc.*, 841 F.3d 1376, 1379–82 (Fed. Cir. 2016), we concluded that the Board-adopted characterization of CBM scope in that case was contrary to the statute. We draw the same conclusion here, and further conclude that the patent at issue is outside the definition of a CBM patent that Congress provided by statute.

BACKGROUND

1. The Patent-at-Issue

Secure Axcess owns the ’191 patent, which issued from a continuation application of U.S. Patent Application No. 09/656,074. That parent application issued as U.S. Patent No. 7,203,838 (“838 patent”). The ’191 and ’838 patents have substantially the same written descriptions.

The '191 patent is entitled "System and Method for Authenticating a Web Page." According to the patent, the "invention relates generally to computer security, and more particularly, to systems and methods for authenticating a web page." '191 patent at 1:16–18. The claims generally support this broad understanding. Claims 1 and 17 are illustrative.

1. A method comprising:

transforming, at an authentication host computer, received data by inserting an authenticity key to create formatted data; and

returning, from the authentication host computer, the formatted data to enable the authenticity key to be retrieved from the formatted data and to locate a preferences file,

wherein an authenticity stamp is retrieved from the preferences file.

Id. at 12:9–18; '191 Certificate of Correction.

17. An authentication system comprising:

an authentication processor configured to insert an authenticity key into formatted data to enable authentication of the authenticity key to verify a source of the formatted data and to retrieve an authenticity stamp from a preferences file.

'191 patent at 12:62–67; '191 Certificate of Correction.

Similarly, the written description of the '191 patent generally discusses computer security with a focus on authenticating a web page. However, on occasion, the written description contains references that might be considered to concern (at least facially) activities that

are financial in nature, a consideration in determining CBM patent status.

For example, in discussing the invention, the written description explains that an Internet user might be misled to the wrong website without proper authentication. To illustrate the problem, the patent uses “www.bigbank.com’ vs. ‘www.b[l]gbank.com’ (with an ‘l’ instead of an ‘i’).” ’191 patent at 1:31–33, *see also id.* at 8:22–24 (again, by way of example, using “bigbank.com”). Also, despite typically referring to Internet “users,” the patent occasionally refers to “customers,” *id.* at 1:28–29, and “consumers,” *id.* at 1:44. The written description further explains that “[t]he web server can be any site, for example a commercial web site, such as a merchant site, a government site, an educational site, etc.” *Id.* at 3:34–37.

In contrast to such brief references, the last several paragraphs of the written description provide several more detailed and possibly relevant references:

Moreover, while the exemplary embodiment will be described as an authentication system, the system contemplates the use, sale or distribution of any goods, services or information over any network having similar functionality described herein.

’191 patent at 11:17–21.

The customer and merchant may represent individual people, entities, or business. The bank may represent other types of card issuing institutions, such as credit card companies, card sponsoring companies, or third party issuers under contract with financial institutions. It is further noted that other participants may be

involved in some phases of the transaction, such as an intermediary settlement institution, but these participants are not shown.

Id. at 11:22–29. (There is no previous mention of “the bank” in the patent—there is only the “www.bigbank.com” reference. Similarly, the only previous mention of a “merchant” is the “merchant site” at 3:36, and the only previous mention of a “customer” is the “customers” at 1:28–29.)

Each participant is equipped with a computing system to facilitate online commerce transactions. The customer has a computing unit in the form of a personal computer, although other types of computing units may be used including laptops, notebooks, hand held computers, set-top boxes, and the like. The merchant has a computing unit implemented in the form of a computer-server, although other implementations are possible. The bank has a computing center shown as a main frame computer. However, the bank computing center may be implemented in other forms, such as a mini-computer, a PC server, a network set of computers, and the like.

Id. at 11:30–40. (There is no previous mention of “commerce” or a “commerce transaction” in the patent.)

For instance, the customer computer may employ a modem to occasionally connect to the internet, whereas the bank computing center might maintain a permanent connection to the internet.

Id. at 11:46–49.

Any merchant computer and bank computer are interconnected via a second network, referred to as a payment network. The payment network represents existing proprietary networks that presently accommodate transactions for credit cards, debit cards, and other types of financial/banking cards. The payment network is a closed network that is assumed to be secure from eavesdroppers. Examples of the payment network include the American Express®, VisaNet® and the Veriphone ® network. In an exemplary embodiment, the electronic commerce system is implemented at the customer and issuing bank. In an exemplary implementation, the electronic commerce system is implemented as computer software modules loaded onto the customer computer and the banking computing center. The merchant computer does not require any additional software to participate in the online commerce transactions supported by the online commerce system.

Id. at 11:52–67.

2. Procedural History

At the initial decision-to-institute stage, the Board determined that the '191 patent was a CBM patent. After consolidating three separate CBM review proceedings with regard to the '191 patent, in each of which the patent was treated as a CBM patent, the Board issued the Final Written Decision at issue on appeal. *See PNC Bank, N.A. v. Secure Access, LLC*, CBM2014-00100; *Bank of the West v. Secure Access, LLC*, CBM2015-

00009; *T. Rowe Price Inv. Servs., Inc. v. Secure Access, LLC*, CBM2015-00027.¹

In its Final Written Decision, the Board maintained (in keeping with its institution decisions) that the '191 patent was a CBM patent. On the merits, the Board held that claims 1–32 of the '191 patent were unpatentable because they would have been obvious under 35 U.S.C. § 103 in light of the cited prior art.

In applying the statutory test for determining whether a patent is a CBM patent, the Board quoted the statute, which is found in AIA § 18(d)(1) and which is repeated verbatim in the rules of the Patent and Trademark Office (“PTO”) at 37 C.F.R. § 42.301(a). Invoking the PTO’s rulemaking discussion and this court’s opinion in *Versata*, the Board rejected the patent owner’s contention that the '191 patent was not a CBM patent.

The Board first rejected the patent owner’s contention that the statutory phrase “financial product or service” included “only financial products such as credit, loans, real estate transactions, check cashing and processing, financial services and instruments, and securities and investment products.” J.A. 9 (citation omitted).

The Board acknowledged the scope of the patent: “[t]he '191 patent relates to authenticating a web page and claims a particular manner of doing so.” J.A. 10 (citing the '191 patent at 1:16–18, 12:9–18). However, the Board reasoned that because “[t]he '191 patent is directed to solving problems related to providing a web

¹ In a separate proceeding, the Board declined to institute a fourth CBM review of the '191 patent. *PNC Bank, N.A. v. Secure Access, LLC*, CBM2015-00039, 2015 WL 4467374 (PTAB July 10, 2015).

site to customers of financial institutions ... the '191 patent covers the ancillary activity related to a financial product or service of Web site management and functionality and so, according to the legislative history of the AIA, the method and apparatus of the '191 patent perform operations used in the administration of a financial product or service.” J.A. 10–11.

Despite recognizing our guidance in *Versata Development Group, Inc. v. SAP America, Inc.*, 793 F.3d 1306 (Fed. Cir. 2015), questioning the use of various legislators’ competing statements in the legislative history of the AIA, the Board “note[d] nonetheless that at least one legislator viewed ‘customer interfaces’ and ‘Web site management and functionality,’ which are at issue here, as ancillary activities intended to be encompassed by the language ‘practice, administration and management’ of a financial product or service.” J.A. 11 (quoting 157 Cong. Rec. S1364–65 (daily ed. Mar. 8, 2011) (statement of Sen. Schumer)).

Further, while recognizing that the factor was not determinative, the Board observed that the patent owner’s allegations of infringement by “approximately fifty financial institutions is a factor weighing toward the conclusion that the '191 patent claims a method or apparatus that at least is incidental to a financial activity, even if othertypes of companies also practice the claimed invention.” J.A. 11.

The Board stated that the '191 patent disclosed “a need by financial institutions to ensure customers are confident that the financial institution’s web page is authentic.” J.A. 10 (citing the '191 patent at 1:28–33). The Board also stated that the patent disclosed “alternative embodiments of the invention as being used by financial

institutions.” *Id.* (citing ’191 patent at 8:21–23, 11:23–40, 11:52–67).

The Board then analyzed whether the ’191 patent was for a “technological invention”—the exception to the CBM definition pursuant to AIA § 18(d)(1) and 37 C.F.R. § 42.301(b)—and determined that the ’191 patent was not for a technological invention. The Board concluded its analysis of the issues, including the question of obviousness, and determined that all 32 claims of the ’191 patent would have been obvious over the cited prior art and were therefore unpatentable.

Secure Access timely appeals the Board’s Final Written Decision; we have jurisdiction pursuant to 28 U.S.C. § 1295(a)(4)(A).

DISCUSSION

As we have noted, appellant raises two issues on appeal. First, “whether United States Patent No. 7,631,191 is a ‘covered business method’ patent subject to review under Section 18 of the AIA.” Appellant’s Br. at 6. Appellant states that “[t]his is a patent-specific question that involves an issue of first impression that has broad implications for other CBM cases: Should a patent’s eligibility for CBM review be determined on its claim language in light of the specification as understood at the earliest effective filing date, or should the PTAB also consider post-grant evidence such as a patent owner’s litigation history?” *Id.*

The second issue raised by appellant relates to particular claim constructions made by the Board, which appellant alleges are unreasonable even under the ‘broadest reasonable interpretation’ standard the Board applied. According to appellant, the Board’s

claim constructions fatally tainted the obviousness analysis.

1. Jurisdiction and Standard of Review

Neither party challenges this court’s authority to review on appeal a Final Written Decision of the Board, including, when challenged, whether the Board correctly determined that a particular patent was subject to Board review under the special provisions of AIA § 18 dealing with CBM patents. *See* 35 U.S.C. §§ 329, 141–44; *Versata*, 793 F.3d at 1314–23.

We review the Board’s determination regarding whether the ’191 patent is within the scope of the CBM statute under the Administrative Procedure Act (“APA”), specifically 5 U.S.C. § 706(2): “The reviewing court shall ... hold unlawful and set aside agency action, findings, and conclusions found to be—(A) arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law ... [or] (C) in excess of statutory jurisdiction, authority, or limitations, or short of statutory right”²

Both appellant and appellees are of the view that the applicable standard of review in this case is whether the Board’s decision was arbitrary and capricious. That is incorrect. The issue here is not whether a particular patent falls within the properly-understood scope of the statutory definition of a CBM patent; rather, the issue here is whether the Board properly understood the scope of the statutory definition. That is a question of law. As we shall explain, we conclude that, as a matter of law, the statutory definition of a CBM

² *See Dickinson v. Zurko*, 527 U.S. 150 (1999) (the United States Patent and Trademark Office is an administrative agency and as such is subject to the APA).

patent precludes the Board’s determination. Thus the Board acted “not in accordance with law,” and “in excess of statutory jurisdiction, authority, [and] short of statutory right.”³

2. The Statute and the Board’s Understanding

As the Supreme Court forcefully reminds, “in interpreting a statute ... courts must presume that a legislature says in a statute what it means and means what it says.” *Conn. Nat’l Bank v. Germain*, 503 U.S. 249, 253–54 (1992). In the statute before us, Congress did not leave the decision of what qualifies as a CBM patent to chance. The statute first states that “The Director may institute a [CBM proceeding under § 18] only for a patent that is a covered business method patent.” AIA § 18(a)(1)(E).

Congress then defined a “covered business method patent” as:

a patent that claims a method or corresponding apparatus for performing data processing or other operations used in the practice, admin-

³ *SightSound Technologies, LLC v. Apple Inc.*, 809 F.3d 1307 (Fed. Cir. 2015), is miscited for the arbitrary or capricious standard. In *SightSound*, this court observed that there was no statutory-interpretation issue to be decided, because “the only legal questions regarding application of AIA § 18 were decided” by an earlier precedent of this court. *Id.* at 1315. All that was presented for decision was whether the particular patents came within the legal standards that themselves were no longer subject to dispute in the case. On that patent-specific lawapplication question, the court asked whether the Board’s determination was arbitrary or capricious, and supported by substantial evidence. *Id.* at 1315–16. A question of legal interpretation, the statutory interpretation question that is dispositive here, is not reviewed under the ‘arbitrary or capricious’ or ‘substantial evidence’ portions of 5 U.S.C. § 706.

istration, or management of a financial product
or service . . .

Id. § 18(d)(1).⁴

a. A Patent That Claims . . .

The statutory definition by its terms makes what a patent “claims” determinative of the threshold requirement for coming within the defined class. The first definitional question presented by this statutory provision is whether the requirement that the patent claim ‘something’ applies only to the first clause—*a method or corresponding apparatus for performing data processing or other operations*—or whether it applies to that clause *and* the second clause—*used in the practice, etc., of a financial product or service*. In order for a patent to qualify as a CBM patent, is it enough if the patent be one “that claims a method or corresponding apparatus,” as long as that method or apparatus is in fact “used in the practice . . . of a financial product or service,” even if that use is not recited, whether explicitly or implicitly, by the patent’s claims? Or must the patent contain at least one claim to the effect that the method or apparatus is “used in the practice . . . of a financial product or service”?

To sharpen the question in a way relevant to this case, we must first ask, what is meant by the phrase “a patent that *claims*” something? Claims how, and in what terms? Must that ‘something’ be found in that part of the patent document that is toward the end of the document and preceded typically by “I (or we) claim” or “the invention claimed is,” or the equivalent?

⁴ There is an exception, not relevant here, for “technological inventions.” For a discussion of the meaning of that term, at least as best it can be understood, see *Versata*, 793 F.3d at 1323, 1326–27.

If we look to the claim as such, what role do we assign to the written description?

Though this particular statutory phrasing—“patent that claims”—is not common,⁵ when viewed in context this language would seem to have a clear meaning, whether in the usual noun form of “claim,” or, as in this case, the verb form “claims.” It invokes one of the most familiar, settled concepts in patent law, derived directly from § 112(b). It is referring to the claims of the patent, which, as properly construed, define “the scope of the patentee’s rights.” See *Teva Pharm. USA, Inc. v. Sandoz, Inc.*, 135 S. Ct. 831, 835 (2015) (quoting *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 372 (1996)). And, as the Supreme Court instructs in such circumstances, it is therefore incorporating the established meaning of “claim.” See *Evans v. United States*, 504 U.S. 255, 259–60 (1992) (quoting *Morissette v. United States*, 342 U.S. 246, 263 (1952)).⁶

The matter does not end there, however. A claim in a patent does not live in isolation from the rest of the patent, as if it can be cut out of the document and read with Webster’s Dictionary at hand. Established patent doctrine requires that claims must be properly construed—that is, understood in light of the patent’s

⁵ It appears on only two other occasions and is nowhere defined. See 35 U.S.C. § 291 (2016); 42 U.S.C. § 262; see also 35 U.S.C. § 156 (“patent which claims”).

⁶ “[W]here Congress borrows terms of art in which are accumulated the legal tradition and meaning of centuries of practice, it presumably knows and adopts the cluster of ideas that were attached to each borrowed word in the body of learning from which it was taken and the meaning its use will convey to the judicial mind unless otherwise instructed. In such case, absence of contrary direction may be taken as satisfaction with widely accepted definitions, not as a departure from them.”

written description; that is a fundamental thesis in claim construction. *Phillips v. AWH Corp.*, 415 F.3d 1303, 1312–17 (Fed. Cir. 2005) (en banc). Indeed, patent drafters can be their own lexicographers, using ordinary words in unordinary ways if the drafter, in the written description, clearly so indicates. It follows that under § 18(d)(1) the written description bears importantly on the proper construction of the claims. But the written description alone cannot substitute for what may be missing in the patent “claims,” and therefore does not in isolation determine CBM status.

Returning to our earlier question, reading the statute as applying only to the first phrase in the statutory definition would give the CBM program a virtually unconstrained reach. Under that reading, a patent would qualify if it claimed a method or corresponding apparatus for performing *any* operations that happen to be used in “the practice, administration, or management of a financial product or service.” The “practice, administration, or management of a financial product or service” phrase, as earlier noted, is not limited to the financial services industry, but reaches a wide range of sales and similar transactional activity. In fact, nearly everything that is invented can and likely will be used in someone’s sale of a good or service. If that use does not have to be part of the claim as properly construed, essentially every patent could be the subject of a CBM petition—a petition filed by any person sued for or charged with infringement at any time during the life of the CBM program.

Congress intended that the CBM program was to be more limited in scope than that. Its restriction to “covered business method” patents, and its temporary nature (eight years), make clear that it is a program established for a defined set of patents, not for virtually

every patent. Moreover, in the AIA, the same statute that established the CBM program, Congress carefully set out limits on the *inter partes* review (“IPR”) program for review of patents after issuance. Persons sued for infringement had no more than one year to petition for IPR, and were restricted to presenting only certain §§ 102 and 103 grounds of unpatentability, thus excluding grounds based on, for example, § 101 or § 112. It is not sensible to read AIA § 18(d)(1) as obliterating these important limits for review of essentially any patent, subject only to the “technological invention” exception. *See* note 3, *supra*.

It follows that bifurcating the statute so that the phrase “a patent that claims” should apply only to the first phrase, and not to the entire definition Congress provided, would be radically out of keeping with the statute and congressional intent, considered in the context of other provisions in the statute.

Finally then, how are we to understand the phrase “a patent that claims”? It is the claims, in the traditional patent law sense, properly understood in light of the written description, that identifies a CBM patent. And for the reasons set out, what a qualifying patent must “claim” requires compliance with the clauses of the statutory definition.

We turn then to the second clause.

b. ... a financial product or service

The patent owner argued to the Board that the ’191 patent was ineligible for CBM review because its invention was not directed to a financial product or service and can be used by institutions other than financial institutions. Specifically, the patent owner contended that covered financial products and services were lim-

ited to products and services such as credit, loans, real estate transactions, securities and investment products, and similar financial products and services.

The Board correctly pointed out that both the Patent Office in its rulemaking discussion, and this court in its then-recent *Versata* opinion, rejected that narrow view. (The patent owner submitted its argument before the *Versata* opinion issued.) We agree that the patent owner's position before the Board is incorrect as too limiting, particularly since the argument is essentially the same one made to and rejected by us in *Versata*.

The Board, however, as part of its broader consideration of what is a "financial product or service," concluded that "[t]he method and apparatus claimed by the '191 patent perform operations used in the practice, administration, or management of a financial product or service *and are incidental to a financial activity.*" J.A. 10 (emphasis added). In *Versata*, to decide this part of the case it was enough to establish our jurisdiction to adjudge the question of the Board's authority in a CBM case, and to conclude, as the Board had, that the patent in that case was a CBM patent under the statute. It was unnecessary to go further and opine about where the boundaries of the CBM definition lay

More recently, in *Unwired Planet*, 841 F.3d at 1379–82, we were called upon to determine if the Board in that case had misstated the meaning of the statutory definition of what is a CBM patent. The Board, in determining that the patent under review was a CBM, did not limit itself to the express language of the statutory definition of a CBM patent. The Board explained that the inquiry of whether a particular patent is a CBM patent involved determining "whether the patent claims

activities that are financial in nature, *incidental* to a financial activity, or *complementary* to a financial activity.” *Id.* at 1378 (emphases added and citation omitted).

We concluded in *Unwired Planet* that the emphasized phrases are not part of the statutory definition, and when used “as the legal standard to determine whether a patent is a CBM patent [that standard] was not in accordance with law.” *Id.* at 1382. We vacated the Board’s decision and remanded for the Board to decide, in the first instance using a correct statutory definition, whether the patent at issue is a CBM patent.

In arriving at its mistaken legal standard, the Board had cited to language used by the PTO in its comments during the process of adopting regulations regarding the AIA. See, comments of the Director upon promulgation of the regulation in 2012: “[T]he 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.’” 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) (Final Rule) (quoting 157 Cong. Rec. S5432 (daily ed. Sept. 8, 2011) (statement of Sen. Schumer)).

Despite these comments, in its final regulation defining what is a CBM patent the PTO simply adopted the statutory definition of a CBM patent without alteration or expansion. 37 C.F.R. § 42.301(a); *see also Versata*, 793 F.3d at 1323. The Board also referred to legislative history for remarks made by Senator Schumer. In *Unwired Planet* we found that no such extra-statutory sources were persuasive when the plain

words of the statute did not support such additional interpretive phrases. *See Unwired Planet*, 841 F.3d at 1381–82.

In the case before us, the Board as part of its broader discussion of what is a “financial product or service,” concluded that “[t]he method and apparatus claimed by the ’91 patent perform operations used in the practice, administration, or management of a financial product or service *and are incidental to a financial activity.*” J.A. 10 (emphasis added). Consistent with *Unwired Planet*, we hold that the emphasized phrase is not a part of the statutory definition of what is a CBM patent, and, as we did in *Unwired Planet*, we conclude that such a definition of a CBM patent is beyond the scope of the statutory standard and thus “not in accordance with law.”

Blue Calypso, LLC v. Groupon, Inc., 815 F.3d 1331 (Fed. Cir. 2016), is not to the contrary. There the phrase used by the Board was “financial in nature,” which does not involve the statutory broadening at issue in *Unwired Planet*. And the court in *Blue Calypso* agreed with the Board that “financial in nature” was an accurate overall description of the challenged claims, and therefore the patent was adjudged properly under the CBM rubric. *See Blue Calypso*, 815 F.3d at 1340.

This is not a quibble over abstract phrasing. In this case, the Board’s broadened definition of a CBM patent led it, in deciding the status of the ’91 patent, to reach out beyond the question of whether the claims, as understood in light of the written description, met the statutory definition. The Board, in addition to relying on language found in the legislative history and in the PTO’s regulatory proceedings, took into consideration the litigation history of patent owner Secure Access in

which it sued a large number of defendants who could be described as “financial” in their business activities.

But a patent owner’s choice of litigation targets could be influenced by a number of considerations, such as the volume of a particular target’s perceived infringement; the financial condition of the target; which targets are most likely to be willing to settle rather than bear the cost of litigating; available and friendly venues; and so on. Those choices do not necessarily define a patent as a CBM patent, nor even necessarily illuminate an understanding of the invention as claimed.

To be clear: the phrasing of a qualifying claim does not require particular talismanic words. When properly construed in light of the written description, the claim need only require one of a “wide range of finance-related activities,” examples of which can be found in the cases which we have held to be within the CBM provision. See *Versata*, 793 F.3d at 1312–13, 1325–26; *Blue Calypso*, 815 F.3d at 1339–40; *SightSound*, 809 F.3d at 1315–16.

In sum, if a patent that fits the term *covered business method patent*, as defined in AIA § 18(d)(1), is to be usefully distinguished from all other patents, the distinction will not lie based on non-statutory phrases like “incidental to” or “complementary to” financial activity. Such phrases can have unintended consequences. For example, it is safe to assume that most, if not virtually all, inventors of methods or products claimed in a patent have some expectation that complementary financial activity will result—stated another way, that eventually their invention will produce financial rewards for their efforts. A definition that could sweep that broadly obviously will not do. Necessarily, the statutory definition of a CBM patent requires that the

patent have a claim that contains, however phrased, a financial activity element.

3. The Remedy

Having determined that the Board erred in deciding this case as a CBM under its overly-broad statutory definition, we are confronted with determining the appropriate remedy. Secure Axxess, believing that the Board misapplied the statute, asks that we vacate the Board's determination that this is a CBM patent, and remand for the Board to decide the CBM question under the correct definition.

The Board considered claims 1 and 17, among others, reproduced above, as illustrative of the claimed subject matter. J.A. at 7–8. In the course of its decision, the Board made several claim construction determinations based on its 'broadest reasonable construction' standard, approved by the Supreme Court in *Cuozzo*. See *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2142–46 (2016). Secure Axxess objects to several of these rulings, specifically those related to the issue of whether the patent requires an authenticity key to be used to, or provide the ability to, determine the location of a preferences file, and that these claim constructions tainted the court's obviousness determinations. However that may be, for purposes of deciding whether the claims qualify the patent as a CBM patent, we find that the Board's constructions are reasonable in light of the Board's standard of review.⁷

⁷ See, e.g., *In re Morris*, 127 F.3d 1048 (Fed. Cir. 1997) (holding that, in reviewing a claim construction decided under the 'broadest reasonable interpretation' standard, we determine whether the interpretation is within the range of reasonableness).

In that light, and giving the patentee the broad scope available for claiming “the practice, administration, or management of a financial product or service,” we have examined with care the relevant claims as set forth earlier. Based on the record before us, and applying the definition of a CBM patent provided by Congress in AIA § 18(d), and viewed as of the earliest effective filing date, we do not find in the ’191 patent, when the claims are properly construed in light of the written description, a single claim that could qualify this patent as a “patent that claims ... a method or corresponding apparatus ... used in the practice [etc.] of a financial product or service.” Like the lightbulb example in *Unwired Planet*, just because an invention could be used by various institutions that include a financial institution, among others, does not mean a patent on the invention qualifies under the proper definition of a CBM patent.

A remand to the Board for further consideration of the question whether this patent qualifies as a CBM thus would be a wasteful act, since an affirmative finding, applying the proper statutory definition, that this patent so qualifies would be, in terms of the APA standard, arbitrary or capricious. The Board’s conclusion that this is a CBM patent is reversed. The Board’s other determinations, including claim constructions as they bear on obviousness and the obviousness determination itself, are vacated.

CONCLUSION

Reversed in part; vacated in part.

COSTS

No costs.

LOURIE, *Circuit Judge*, dissenting.

I respectfully dissent from the majority’s conclusion that the claims of the ’191 patent are not directed to a covered business method (“CBM”) and hence are not subject to review under AIA § 18. *See Leahy-Smith America Invents Act (“AIA”), Pub. L. No. 112–29, § 18, 125 Stat. 284, 329–31 (2011).*¹

The statute defines a CBM patent as “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.” *Id.* at § 18(d)(1). The claims of the ’191 patent are surely claims to “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.” *Id.* (emphasis added).

Claim 1 recites “[a] method comprising: transforming ... received data ... to create formatted data ...” ’191 patent col. 12 ll. 9–18. Claim 17 recites “[a]n authentication system comprising: an authentication processor configured to insert an authenticity key into formatted data to enable authentication of the authenticity key to verify a source of the formatted data ...” *Id.* col. 12 ll. 62–67. There can be little doubt that such claims meet the “method or apparatus for performing data processing” limitation of the statute.

They also meet the “financial product or service” language of the statute. Examination of the ’191 patent makes clear that the invention is to be used in the man-

¹ Section 18 of the AIA, pertaining to CBM review, is not codified. References to AIA § 18 herein are to the statutes at large.

agement of a financial service. The exemplary embodiment is described, *inter alia*, as follows:

The customer and merchant may represent individual people, entities, or business. The bank may represent other types of card issuing institutions, such as credit card companies, card sponsoring companies, or third party issuers under contract with financial institutions.... The bank has a computing center shown as a main frame computer. However, the bank computing center may be implemented in other forms, such as a mini-computer, a PC server, a network set of computers, and the like. ... Any merchant computer and bank computer are interconnected via a second network, referred to as a payment network. The payment network represents existing proprietary networks that presently accommodate transactions for credit cards, debit cards, and other types of financial/banking cards. The payment network is a closed network that is assumed to be secure from eavesdroppers. Examples of the payment network include the American Express®, VisaNet® and the Veriphone® network. In an exemplary embodiment, the electronic commerce system is implemented at the customer and issuing bank. In an exemplary implementation, the electronic commerce system is implemented as computer software modules loaded onto the customer computer and the banking computing center. The merchant computer does not require any additional software to participate in the online commerce transactions supported by the online commerce system.

Id. col. 11 ll. 22–67. Similarly, the '191 patent uses “bigbank.com” as the only exemplary URL. *Id.* col. 1 ll. 29–33, col. 8 ll. 21–23. No other applications of the invention are described in the patent.

And, if there were any doubt of the use of the invention in financial management, the identity of the companies Secure Axxess, LLC (“Secure Axxess”) has sued for infringement of the '191 patent should settle the matter. Their litigation pattern speaks volumes about what they believe their invention is “used” for.

Secure Axxess filed complaints alleging that the following companies infringe the '191 patent by “using” the invention: PNC Bank National Association, PNC Financial Services Group, Inc., U.S. Bank National Association, U.S. Bancorp, Bank of the West, BNP Paribas, Santander Bank, N.A., Ally Financial Inc., Ally Bank, GE Capital Retail Bank, GE Capital Bank, General Electric Capital Corporation, General Electric Company, Raymond James & Associates, Inc., Raymond James Financial, Inc., Trustmark National Bank, Trustmark Corporation, Nationwide Financial Services, Inc., Nationwide Corporation, Nationwide Mutual Insurance Company, Nationwide Bank, Cadence Bank, N.A., Commerce Bank, Commerce Bancshares, Inc., Santander Bank, N.A., Vanguard Group Inc., Vanguard Marketing Corporation, Charles Schwab Bank, Charles Schwab Corporation, Ocwen Financial Corporation, Orange Savings Bank, SSB, First Financial Bank National Association, First Financial Bankshares, Inc., Texas Capital Bank, N.A., Texas Capital Bancshares, Inc., T. Rowe Price Investment Services, Inc., T. Rowe Price Associates, Inc., T. Rowe Price Group, Inc., Bank of America Corporation, Bank of America, N.A., A.N.B. Holding Company, Ltd., American National Bank of Texas, Arvest Bank Group, Inc.,

Arvest Bank, Austin Bankcorp, Inc., Austin Bank, Texas N.A., Bank of the Ozarks, Inc., Bank of the Ozarks, Citizens 1st Bank, Compass Bancshares, Inc., Compass Bank, Cullen/Frost Bankers, Inc., the Frost National Bank, Diboll State Bancshares, Inc., First Bank & Trust East Texas, First Community Bancshares, Inc., First National Bank Texas, First National of Nebraska, Inc., First National Bank of Omaha, First National Bank Southwest, Sterling Bancshares, Inc., Sterling Bank, Harris Bankcorp., Inc., Harris N.A., Intouch Credit Union, Credit Union, ING Direct Bancorp, ING Bank, FSB, North Dallas Bank & Trust Co., Zions Bancorportion, Zions First National Bank, and Amegy Bank N.A.

Moreover, at oral argument, Secure Axxcess’s counsel, in response to a question, stated that no companies have been sued other than financial institutions. Oral Argument at 7:15–7:30, *Secure Axxcess, LLC v. PNC Bank N.A.*, No. 16-1353 (Fed. Cir. Nov. 2, 2016), available at http://www.cafc.uscourts.gov/oral-argument-recordings?-title=&field_case_number_value=2016-353&field_date_-value2%5Bvalue%5D%5Bdate%5D=&=Search.

It is true that the word “financial” does not appear in the claims. However, that fact should not decide this case. *See Versata Dev. Grp., Inc. v. SAP Am., Inc.*, 793 F.3d 1306, 1325 (Fed. Cir. 2015) (holding that “the definition of ‘covered business method patent’ 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”); *see also Blue Calypso, LLC v. Groupon, Inc.*, 815 F.3d 1331, 1338 (Fed. Cir. 2016) (affirming Board’s decision “declin[ing] to limit application of CBM review to patent claims tied to the financial sector”); *SightSound Techs., LLC v. Apple*

Inc., 809 F.3d 1307, 1315 (Fed. Cir. 2015) (explaining *Versata* “foreclosed” limiting the CBM patent definition to patents “directed to the management of money, banking, or investment or credit”). As a matter of patent law, claims do not necessarily need to recite uses of products. Certainly, claims to products or apparatuses do not (note that AIA § 18(d)(1) refers to a “method or corresponding apparatus”). And, if a method claim otherwise satisfies the requirements of 35 U.S.C. § 112, it need not recite an ultimate use.

The written description of the ’191 patent, in accordance with the requirements of the statute, *see* 35 U.S.C. § 112 (“The specification shall contain a written description of the invention, and of the manner and process of ... using it ...”), tells us that the invention is to be used for financial management. *See* ’191 patent col. 11 ll. 22–67; *see also id.* col. 1 ll. 29–33, col. 8 ll. 21–23. The inventors, complying with the statute, thus told us what the invention is to be used for. The claims recite an invention *used in the practice* of a financial product, and the uses are described in the written description of the patent.

In my view, the Board correctly concluded that the “method and apparatus claimed by the ’191 patent perform operations used in the practice, administration, or management of a financial product or service,” in accordance with the CBM patent statutory definition. *PNC Bank, N.A. v. Secure Access, LLC*, No. CBM2014-00100, 2015 WL 5316490, at *5 (P.T.A.B. Sept. 8, 2015). It is true that the Board also used overly broad language in stating in the alternative that the “method and apparatus claimed by the ’191 patent ... *are incidental to a financial activity.*” *Id.* (emphasis added). And the Board did state that “the ’191 patent claims a method or apparatus that at least is incidental to a financial ac-

tivity, even if other types of companies also practice the claimed invention.” *Id.* at *6. But overstatement does not change the basic fact that, as the written description of the patent itself indicates, the invention is directed to a method and apparatus used in financial management, as referred to in the statute. *See, e.g., Blue Calypso*, 815 F.3d at 1339 n.2 (explaining the Board correctly concluded that claims referring to “an incentive program” were eligible for CBM review where the patent “repeatedly, and almost exclusively discloses ‘incentive’ and ‘incentive program’ in a financial context”) (internal citation omitted).

I do recognize that the Board’s overly broad language, i.e., “incidental to a financial activity,” has now been cabined by our recently issued decision in *Unwired Planet, LLC v. Google Inc.*, 841 F.3d 1376 (Fed. Cir. 2016). That curtailment should not cause this panel to topple over an otherwise sound decision by the Board in this case that the ’191 patent is directed to financial management. Such a decision was not based only on the forbidden language. *See PNC Bank*, 2015 WL 5316490, at *10 (“Having determined that the ’191 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 and does not fall within the exception for technological inventions, we maintain our determination that the ’191 patent is eligible for a covered business method patent review.”).

The majority attempts to escape the clear purport of the invention by ranging into a discussion of the meaning of claims in patent law. Its use of language such as “on occasion,” “might be considered,” and “at least facially” pointedly overlooks the nature of the invention and the meaning of the statute. The opinion

has subsections headed “A patent that claims ...” and “... a financial product or service,” but it virtually ignores the statutory language “used in the practice.” The written description clearly describes how this invention is “used in the practice” of a financial product. And, while not conclusive, the post-issuance litigation history makes the point unmistakable. To ignore that is to close one’s eyes to the obvious.

The majority disparages the clear use of this invention in the practice of a financial product or service by worrying that the CBM program would have “virtually unconstrained reach” and that “a patent would qualify [for CBM review] if it claimed a method or corresponding apparatus for performing *any* operations that happen to be used in ‘the practice, administration, or management of a financial product or service.’” The answer to such concerns is that we need not probe the limits of the statutory language by reciting all sorts of non-financial products to show that a sensible interpretation of this statute must include what Secure Axxess itself considers a financial product. Common sense is not precluded from use in interpreting statutes and claims. Suffice it to say that the relation of this invention to the financial world is one of substantial identity compared with an incidentally-used invention like a lightbulb or ditch-digging. *Cf. Unwired Planet*, 841 F.3d at 1382.

I therefore respectfully dissent from the conclusion that the ’191 patent is not a CBM patent.

APPENDIX B

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

PNC BANK, N.A., U.S. BANK, N.A., U.S. BANCORP,
BANK OF THE WEST, SANTANDER BANK, N.A.; ALLY
FINANCIAL, INC., RAYMOND JAMES & ASSOCIATES,
INC.; TRUSTMARK NATIONAL BANK; NATIONWIDE
BANK, SYNCHRONY BANK; GENERAL ELECTRIC COM-
PANY; COMMERCE BANK; and CADENCE BANK, N.A.,
Petitioner,

v.

SECURE AXCESS, LLC,
Patent Owner.

Paper 43

Entered: September 8, 2015

Case CBM2014-00100¹
Patent 7,631,191 B2

Before BARBARA A. BENOIT, TRENTON A.
WARD, and GEORGIANNA W. BRADEN, *Adminis-*
trative Patent Judges.

BENOIT, *Administrative Patent Judge.*

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

¹ Case CBM2015-00009 has been consolidated with the in-
stant proceeding.

I. INTRODUCTION

This is a covered business method (“CBM”) patent case, under § 18 of the Leahy-Smith America Invents Act (“AIA”), Pub. L. No. 112–29, 125 Stat. 284, 331 (2011).² We have jurisdiction to hear this review under 35 U.S.C. § 6(c). For the reasons that follow, we determine that Petitioner has shown by a preponderance of the evidence that claims 1–32 of U.S. Patent No. 7,631,191 B2 (Ex. 1001; “the ’191 patent”) are unpatentable.

This Final Written Decision is issued pursuant to 35 U.S.C. § 328(a) and 37 C.F.R. § 42.73. This Final Written Decision is entered concurrently with a final written decision in *EMC Corp. v. Secure Access, LLC*, Case IPR2014-00475, an *inter partes* review of claims 1–23 and 25–32 of the ’191 patent.

A. Procedural History

PNC Bank, N.A. (“PNC”), U.S. Bank, N.A., and U.S. Bancorp (together, “U.S. Bank”; collectively with PNC, “Petitioner”) filed a Petition (Paper 3; “Pet.”) requesting a covered business method patent review of claims 1–32 (the “challenged claims”) of the ’191 patent. Patent Owner, Secure Access, LLC, filed a Preliminary Response opposing institution of a review. Paper 7. On September 9, 2014, pursuant to 35 U.S.C. § 324(a), we instituted a covered business method patent review for claims 1–32 of the ’191 patent as unpatentable under 35

² See *GTNX, Inc. v. INTTRA, Inc.*, 789 F.3d 1309, 1310 (Fed. Cir. 2015) (describing transitional program for review of covered business method patent under 35 U.S.C. §§ 321–329, pursuant to the AIA).

U.S.C. § 103(a) over SHTTP³ and Arent.⁴ Paper 10 (“Inst. Dec.”) 34–35.

Subsequent to institution, Patent Owner filed a Patent Owner Response (Paper 21; “PO Resp.”), and Petitioner filed a Reply (Paper 22; “Reply”). Patent Owner filed observations on the cross-examination of Petitioner’s declarant (Paper 30), to which Petitioner filed a response (Paper 37). Patent Owner also filed a Motion to Exclude certain evidence. Paper 31 (“Mot.”). Petitioner filed an Opposition (Paper 36; “Pet. Opp.”), and Patent Owner filed a Reply (Paper 39; “PO Reply”).

An oral hearing was held on May 20, 2015. Paper 42 (“Hearing Tr.”).

B. Related Matters

Petitioner represents that the ’191 patent has been asserted against PNC in *Secure Access, LLC v. PNC Bank, N.A.*, Case No. 6:13-cv-00722-LED (E.D. Tex.) and has been asserted against U.S. Bank in *Secure Access, LLC v. U.S. Bank, N.A.*, Case No. 6:13-cv-00717-LED (E.D. Tex.). Pet. 2, Paper 6. Petitioner also identifies sixteen other court proceedings in which Patent Owner has asserted the ’191 patent. *See* Pet. 2-3; *see also* Paper 6 (Patent Owner’s Related Matters).

In addition to *PNC Bank, N.A. v. Secure Access, LLC*, Case CBM2014-00100, the ’191 patent has been the subject of petitions for covered business method patent reviews brought by other petitioners. In *Bank*

³ E. RESCORLA & A. SCHIFFMAN, *The Secure HyperText Transfer Protocol*, the Internet Engineering Task Force (July 1996) (Ex. 1009; “SHTTP” or “the SHTTP document”).

⁴ U.S. Patent No. 6,018,724, issued Jan. 25, 2000, filed June 30, 1997 (Ex. 1003; “Arent”).

of the West v. Secure Access, LLC, Case CBM2015-00009, the Board instituted review of claims 1–32 and then consolidated that review with this review. *Bank of the West v. Secure Access, LLC*, Case CBM2015-00009 (PTAB April 13, 2015; Paper 21) (PTAB May 12, 2015; Paper 27).

The Board further instituted, on June 22, 2015, a covered business method patent review of claims 1–5, 16, and 29–32 of the '191 patent brought by yet another petitioner. *See T. Rowe Price Inv. Servs, Inc. v. Secure Access, LLC*, Case CBM2015-00027 (PTAB June 22, 2015; Paper 9). On July 10, 2015, the Board denied institution of a second petition by PNC seeking another covered business method patent review of the '191 patent. *See PNC Bank, N.A. v. Secure Access, LLC*, Case CBM2015-00039 (PTAB July 10, 2015; Paper 9).

C. *The '191 Patent*

The '191 patent relates to authenticating data, such as a web page. Ex. 1001, Abstract, 1:16–18; 12:9–18 (claim 1). The '191 patent explains that customers can be deceived by web pages that appear to be authentic but are not. *See id.* at 1:28–34. A web page that has been authenticated according to the techniques described by the '191 patent includes “all of the information in the same format as the non-authenticated page.” *Id.* at 2:58–60. The authenticated web page, however, also includes an “authenticity stamp.” *Id.* at 2:60–62.

Figures 1 and 2 are set forth below:

33a

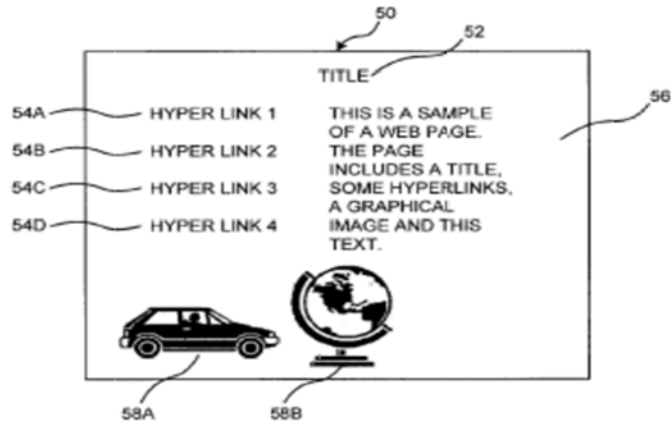


Figure 1

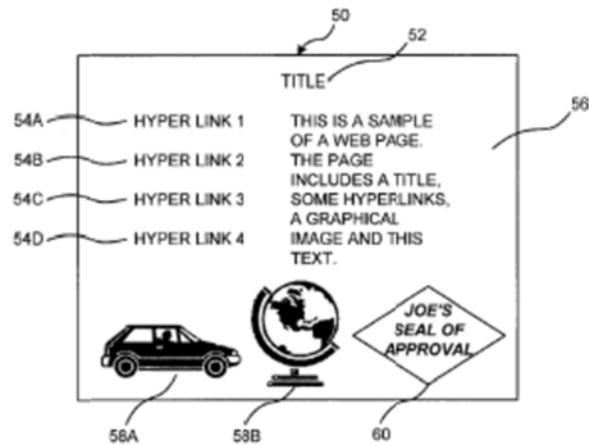


Figure 2

Figures 1 and 2 each show web page 50 having title 52, hyperlinks 54A, 54B, 54C, and 54D, textual information 56, and graphical images 58A and 58B. *Id.* at 2:54-57. Figure 1 shows web page 50 has not been authenticated, whereas Figure 2 shows web page 50 has been authenticated. *Id.* at 2:54-61. The authenticated web page shown in Figure 2, unlike the non-

authenticated web page shown in Figure 1, includes authenticity stamp 60. *Id.*

The '191 patent discloses an exemplary environment using an authentication server. *Id.* at Abstract; *see id.* at 3:26–55, Fig. 4. In that embodiment, a web server at a web site receives a request for information from user's web browser and, prior to sending the requested web page to the user's computer, the web server submits information to an authentication server. *Id.* at 3:41–51. The authentication server adds authentication information to the request for information. *Id.* at 3:50–53. “The information which includes the authentication information is returned to the web server[,] which then sends the web page including the authentication information to the user [computer].” *Id.* at 3:52–55. The '191 patent also describes combining the logic of an authentication server with the logic of a web server. *Id.* at 4:57–58.

The '191 patent further discloses that an authentication server is not always necessary. *Id.* at 8:17–18 (“In alternative embodiments, there is no authentication server.”). In such an embodiment, for example, a web server receives a request for a web page. *Id.* at 4:5–14. “If the [web] page is to be authenticated, the page is dynamically signed with a private key and additional information... .” *Id.* at 4:14–16. The signed web page then is returned to the user's computer, and the user's computer verifies the authenticity of the web page, using a public key to verify the digital signature. *Id.* at 4:18–23. After verification of the digital signature, the user computer “can validate the authentication of the [web] page.” *Id.* at 4:23–24.

D. Illustrative Claims of the '191 Patent

Claims 1, 17, 29, 31, and 32 of the '191 patent are independent and generally relate to methods, authentication systems, and a computer-readable medium for inserting an authenticity key into formatted data (claim 17) or to create formatted data (claims 1, 31, 32), and sending (or returning) formatted data having an authenticity key (claims 1, 29, 31). Claims 1 and 17, reproduced below, are illustrative of the claimed subject matter:

1. A method comprising:

transforming, at an authentication host computer, received data by inserting an authenticity key to create formatted data; and returning, from the authentication host computer, the formatted data to enable the authenticity key to be retrieved from the formatted data and to locate a preferences file,

wherein an authenticity stamp is retrieved from the preferences file.

17. An authentication system comprising:

an authentication processor configured to insert an authenticity key into formatted data to enable authentication of the authenticity key to verify a source of the formatted data and to retrieve an authenticity stamp from a preferences file.

Ex. 1001, 12:9–18, 12:62–67.

II. DISCUSSION

A. *Covered Business Method Patent*

AIA section 18 establishes a post-grant review proceeding “for review of the validity of covered business method patents.” § 18(a)(a). The statute defines a “covered business method patent” as “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” AIA § 18(d)(1); *see* 37 C.F.R. § 42.301(a). Congress provided a specific exception to this definition of a covered business method patent—“the term does not include patents for technological inventions.” *Id.*

As a threshold matter in considering whether to institute a review, the Board determined, after considering the Petition and Patent Owner’s Preliminary Response (Paper 7), that the ’191 patent is a covered business method patent and is eligible for a covered business method patent review. Inst. Dec. 13–18; *see* AIA § 18(a)(1)(E) (“[t]he Director may institute a transitional proceeding [under § 18] only for a patent that is a covered business method patent.”). During the covered business method patent review, Patent Owner again contested whether the ’191 patent is a covered business method patent. PO Resp. 23–41.

1. *Financial Product or Service*

First, Patent Owner contends the ’191 patent is ineligible for covered business method patent review because its invention is not directed to a financial product or service and can be used by institutions other than financial institutions. PO Resp. 27–34. Specifically, Patent Owner contends that covered “financial products

and services” include “only financial products such as credit, loans, real estate transactions, check cashing and processing, financial services and instruments, and securities and investment products.” PO Resp. 25.

The reasoning of Patent Owner’s contention was rejected during rule-making and, more recently, by the Federal Circuit. During rule-making, the Office stated:

The suggestion to clarify that the term “financial product or service” is limited to the products or services of the financial services industry is not adopted. Such a narrow construction of the term would limit the scope of the definition of covered business method patents beyond the intent of section 18(d)(1) of the AIA.

77 Fed. Reg. 48,734 , 48,736 (Aug. 14, 2012). The Federal Circuit recently affirmed the Office’s position: “We agree with the USPTO that, as a matter of statutory construction, the definition of ‘covered business method patent’ is not limited to products and services of only the financial industry, or to patents ... directly affecting the activities of financial institutions such as banks and brokerage houses.” *Versata Dev. Grp., Inc. v. SAP Am., Inc.*, 2015 WL 4113722 at *16 (Fed. Cir. July 9, 2015). As the court points out, “[t]he plain text of the statutory definition contained in § 18(d)(1)—‘performing ... operations used in the practice, administration, or management of a financial product or service’—on its face covers a wide range of finance-related activities.” *Id.*

The method and apparatus claimed by the ’191 patent perform operations used in the practice, administration, or management of a financial product or service and are incidental to a financial activity. The written description of the ’191 patent discloses a need by

financial institutions to ensure customers are confident that the financial institution's web page is authentic (Ex. 1001, 1:28–33). Additionally, the '191 patent discloses alternative embodiments of the invention as being used by financial institutions (*id.* at 8:21–23, 11:23–40, 11:52–67).

The '191 patent relates to authenticating a web page and claims a particular manner of doing so. Ex. 1001, 1:16–18, 12:9–18. The '191 patent is directed to solving problems related to providing a web site to customers of financial institutions. Thus, the '191 patent covers the ancillary activity related to a financial product or service of Web site management and functionality and so, according to the legislative history of the AIA, the method and apparatus of the '191 patent perform operations used in the administration of a financial product or service.

We recognize that the legislative history of the AIA has “competing statements from various legislators with regard to the possible scope of [these] issues.” *Versata Dev. Grp.*, 2015 WL 4113722 at *12. We note nonetheless that at least one legislator viewed “customer interfaces” and “Web site management and functionality,” which are at issue here, as ancillary activities intended to be encompassed by the language “practice, administration and management” of a financial product or service. 157 Cong. Rec. S1364–65 (daily ed. Mar. 8, 2011) (statement of Sen. Schumer) (indicating the language “practice, administration and management” of a financial product or service “is intended to cover any ancillary activities related to a financial product or service, including, without limitation, marketing, customer interfaces, Web site management and functionality, transmission or management of data, servicing, under-

writing, customer communications, and back office operations—e.g., payment processing, stock clearing”).

Although not determinative, Patent Owner’s allegations of infringement of claims of the ’191 patent by approximately fifty financial institutions is a factor weighing toward the conclusion that the ’191 patent claims a method or apparatus that at least is incidental to a financial activity, even if other types of companies also practice the claimed invention. *See* Pet. 12 (representing Patent Owner has sued approximately fifty financial institutions).

We have considered whether the Board’s determination that the ’191 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 should be changed in light of the Patent Owner’s Response. *See* Inst. Dec. 15; AIA § 18(d)(1); 37 C.F.R. § 42.301(a). For the foregoing reasons, we maintain our determination.

2. Exclusion for Technological Inventions

The definition of “covered business method patent” in section 18 of the AIA expressly excludes patents for “technological inventions.” AIA § 18(d)(1); *see* 37 C.F.R. § 42.301(a). 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).

The Office published a notice identifying examples of certain claim drafting techniques that typically would not render an invention a “technological inven-

tion.” Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,764 (Aug. 14, 2012). These are:

- (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.

Id.

The Board concluded at institution that the '191 patent was not for a technological invention. Inst. Dec. 15–18. Patent Owner also contends that the '191 patent is not eligible for covered business method patent review because the invention of the '191 patent is “for a machine that implements a technological solution.” PO Resp. 34 (initial capitalization removed); *see id.* at 34–41.

Specifically, Patent Owner contends the claims of the '191 patent solve the technical problem of distinguishing authentic data for web pages from fraudulent data sent by a fraudulent web site. PO Resp. 34–35. Patent Owner contends that the claimed subject matter as a whole provides a technological solution—a computer-implemented system that includes a processor, an authenticity stamp, and an authenticity key organized

into a specific structure, function and operation—that is novel and nonobvious. *Id.* at 35–39.

We consider whether the claimed subject matter as a whole has a technological feature that solves a technical problem using a technical solution. *See Versata Dev. Grp.*, 2015 WL 4113722 at *17 (putting aside the regulation’s definition of novel and nonobvious because “presumably the invention under review, since it has already been covered by an issued patent, was earlier determined by the USPTO to be novel and nonobvious” and analyzing whether the patent was for a technological invention based on whether the patent has a technological feature that solves a technical problem using a technical solution).

Neither the problem addressed nor the solution that solves the problem addressed by the ’191 patent is technological. As Patent Owner acknowledges, the problem addressed is distinguishing authentic web pages sent by a legitimate web site from fraudulent web pages sent by a fraudulent site. *See* PO Resp. 34. To solve the problem that users have difficulty distinguishing authentic from non-authentic web pages, the invention as a whole displays an icon or other “authenticity stamp” to indicate to the user that the web site is authentic. *See* Ex. 1001, Abstract (“The present invention provides for an icon with an additional level of functionality that allows a user to validate that current information (e.g., a web page) originates from the true owner...”), 2:58–60, Figs. 1, 2 (disclosing that a web page that has been authenticated according to the techniques described by the ’191 patent includes “all of the information in the same format as the non-authenticated page” and also includes an “authenticity stamp.”), 12:9–14:31 (all claims require retrieving an authenticity stamp from a preferences file); *see also* PO

Resp. 2 (describing the problem of fraudulent web pages from an Internet user's point of view).

Displaying an authenticity stamp to indicate to the user that the web site is authentic is not a technological solution. This is indicated by the functional nature of the claims. For instance, some claims require “verifying authenticity ... based on the authenticity key” or “validating [a web page] based on the authenticity key,” without specifying the technical operations to be used to verify or validate other than the general statement “based on the authenticity key.” Ex. 1001, 12: 23–25 (claim 3), 12:48–51 (claim 13).

A feature of the solution is an “authenticity key.” The technological features for the authenticity key are not recited by the claims. Rather, the claims recite how the authenticity key is used—inserting an authenticity key or a second authenticity key into data or data having an authenticity key (independent claims 1, 17, 29, 31, 32; dependent claims 13, 23), receiving an authenticity key from a third party (claim 11), verifying or validating data based on an authenticity key (claims 3, 13), displaying data in response to the verification of the authenticity key (claim 4).

Moreover, the '191 patent discloses using cryptographic techniques to generate the authenticity key and verify authenticity, without specifying cryptographic algorithms for encryption and decryption. *See id.* at 6:28–32. Instead, the '191 patent incorporates by reference a cryptography text (*id.* at 10:44–48), which further undermines Patent Owner's contention that the invention of the '191 patent has a technological feature that solves a technical problem using a technical solution. *See Versata Dev. Grp.*, 2015 WL 4113722 at *17 (citing 77 Fed. Reg. at 48,764) (explaining that the Of-

Office Trial Practice Guide indicates mere “recitation of known technologies,” “reciting the use of known prior art technology,” and “combining prior art structures to achieve the normal, expected, or predictable result of that combination” do not help support a finding that the invention is within the technological invention exception).

The independent claims recite that the authenticity stamp is retrieved from a preferences file and dependent claims 5 and 6 further recite the authenticity stamp is displayed for certain data. *Id.* at 12:17–18 (claim 1), 12:29–32 (claims 5 and 6), 12:66–67 (claim 17), 14:9–10 (claim 29), 14:21–22 (claim 31), 14:31 (claim 32). Further, the ’191 patent describes an authenticity stamp as having a number of variations, including graphics only, text only, text and graphics, audio, blinking (Ex. 1001, 2:67–3:7), but does not describe novel or nonobvious technology used to implement those features.

Moreover, Patent Owner’s contention that subject matter of the invention solves a technological problem using a technical solution is undermined by disclosures of the ’191 patent indicating the components of the computer system are known technologies. *See Versata Dev. Grp.*, 2015 WL 4113722 at *17 (citing 77 Fed. Reg. at 48,764) (explaining that the Office Trial Practice Guide indicates mere “recitation of known technologies,” “reciting the use of known prior art technology,” and “combining prior art structures to achieve the normal, expected, or predictable result of that combination” do not help support a finding that the invention is within the technological invention exception). For example, the ’191 patent discloses known computer systems and devices running known operating systems (Ex. 1001, 3:30–34, 10:30–35, 11:7–12), known user input devices (*id.* at 11:3–6), and known networks and net-

working and communication protocols (*id.* at 3:38-44, 10:67-11:3, 11:12-17). The '191 patent further discloses that the system is programmed using known programming and scripting languages, and known data structures (*id.* at 10:35-40), and discloses that the system uses “conventional techniques for data transmission, signaling, data processing, network control, and the like” (*id.* at 10:41-44).

We are not persuaded that the claimed subject matter, as a whole, requires any specific, unconventional software, computer equipment, cryptography algorithms, processing capabilities, or other technological features. Furthermore, Patent Owner’s identification of allegedly novel or unobvious steps, such as limitations in the independent claim and dependent claims 2 and 4 (PO Resp. 36), does not persuade us that any of the steps require the use of specific computer hardware alleged to be novel and unobvious over the prior art. 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 does not render the claimed subject matter a technological invention. *See* 77 Fed. Reg. at 48,764.

Having considered Patent Owner’s Response, we maintain the determination that the '191 patent is not a technological invention.

3. Eligible for Covered Business Method Patent Review

Having determined that the '191 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 and does not fall within the exception for tech-

nological inventions, we maintain our determination that the '191 patent is eligible for a covered business method patent review.

B. Claim Construction

In a covered business method patent review, a claim in an unexpired patent shall be given its broadest reasonable construction, in light of the specification of the patent in which it appears. 37 C.F.R. § 42.300(b); *cf. In re Cuozzo Speed Techs., LLC*, 793 F.3d 1268, 1278, 1279 (Fed. Cir. 2015) (regarding a similar broadest reasonable construction standard for an *inter partes* review, the court held “Congress implicitly approved the broadest reasonable interpretation standard in enacting the AIA,” and “the standard was properly adopted by PTO regulation.”), *reh’g en banc denied*, 793 F.3d 1297 (Fed. Cir. 2015). Under that standard, claim terms are presumed to be given their ordinary and customary meaning as would be understood by one of ordinary skill in the art in the context of the entire disclosure. *In re Translogic Tech., Inc.*, 504 F.3d 1249, 1257 (Fed. Cir. 2007). Any special definition for a claim term must be set forth in the specification with reasonable clarity, deliberateness, and precision. *In re Paulsen*, 30 F.3d 1475, 1480 (Fed. Cir. 1994). A particular embodiment appearing in the written description should not be read into the claim if the claim language is broader than the embodiment. *In re Van Geuns*, 988 F.2d 1181, 1184 (Fed. Cir. 1993). We construe the terms below and discuss terms relative to prior art disclosures in accordance with these principles.

The parties each propose constructions for various claim terms and oppose several of one another’s proposed constructions. We address disputed terms as necessary for this decision.

The parties also refer to claim constructions from prior litigation involving the '191 patent. Pet. 15–19; PO Resp. 14–19; *see also* Ex. 2002 (Mem. Op. and Order, *Secure Access, LLC v. Bank of Am. Corp.*, No. 6:10-cv-00670 (E.D. Tex. July 9, 2012, ECF No. 461) (“Markman Order”). We apply a different claim construction standard than that applied by a district court, and are not generally bound by a judicial construction of a claim term. *Power Integrations, Inc. v. Lee*, No. 2014-1123, 2015 WL 4757642, at *6 (Fed. Cir. Aug. 12, 2015). Nonetheless, we are mindful of the judicial constructions of the terms “authenticity key,” “preferences file,” and “authenticity stamp.” Markman Order 21. Those terms, however, need not be construed expressly for this decision, so we need not determine whether those constructions are consistent with the broadest reasonable construction of the terms. *Cf. Power Integrations*, 2015 WL 4757642, *7 (“We do not hold that the board must in all cases assess a previous judicial interpretation of a disputed claim term.”).

1. “*Received Data*”

Independent claims 1, 31, and 32 recite “received data.”⁵ Patent Owner proposes, with support of its declarant Jonathan Katz, Ph.D., that “transforming, at an authentication host computer, received data” (recited in independent claim 1), “instructions to format received data by inserting an authenticity key to create formatted data” (recited in independent claim 31), and “the

⁵The court determined that no construction was necessary for “received data.” Markman Order 13–14. The court also rejected both Patent Owner’s proposed construction of “data indicative of at least part of a web page” and the defendants’ proposed construction of “a webpage or other document requested by the user.” *Id.*

authentication host computer receives the data to create received data” (recited in independent claim 32) require the authentication host computer “to receive data from outside of itself.” PO Resp. 8–9; Ex. 2006 ¶¶ 19, 24.

As made clear by Patent Owner’s arguments concerning prior art references, Patent Owner further proposes that each of independent claims 1, 31, and 32, which recite “received data,” be construed additionally to require data sent from a device. PO Resp. 43–44 (arguing prior art is insufficient because it discloses “the same server that creates a document, also signs the document”). Petitioner opposes construing “received data” and the limitations which recite “received data” as data sent from another device (“outside of itself”) because the ’191 patent discloses an embodiment in which the logic of the authentication server and the logic of the web server is combined on the same server. Reply 2 (citing Ex. 1001, 8:17–19); *see* Ex. 1001, 4:57–58 (“the logic of the authentication server may be combined with the logic of the web server”). Petitioner’s declarant Paul C. Clark, D. Sc. supports Petitioner’s position. Ex. 1017 ¶ 4 (citing Ex. 1001, 4:57–58, 8:17–19).

As an initial matter, in accordance with the plain language of the claims and because the ’191 patent does not provide any special meaning for the term “received data,” we construe “received data” to mean “data that has been received.” The term “received data” implies data has been received but does not itself require the data to be received at a particular time, in a particular manner, by a particular device (such as an authentication host computer), or from a particular device (such as a device other than an authentication host computer).

None of independent claims 1, 31, or 32 expressly recites from where the received data is sent, much less recites expressly that the data is sent from a device other than the authentication host computer. Of independent claims 1, 31, and 32, only independent claim 32 expressly requires a particular device—“an authentication host computer”—to receive data. Independent claims 1 and 31 require acting on received data in a certain manner—to transform (claim 1), or format (claim 31), received data in a certain manner to create formatted data. Thus, none of claims 1, 31, or 32 expressly requires an authentication host computer to receive data from a device other than the authentication host computer, as Patent Owner contends.

In reciting “transforming, at an authentication host computer, received data,” independent claim 1 requires the transforming be performed by a particular device—“an authentication host computer.” In reciting “received data,” claim 1 impliedly requires data have been received but does not require the data to be received by a particular device, such as an authentication host computer.

This construction is consistent with the '191 patent because claim 1 recites “an authentication host computer,” a term that does not appear in the '191 patent other than in the claims and does not recite “an authentication server,” a term that does appear in the written description of the '191 patent.⁶ Because the '191 patent discloses embodiments that do not require an authenti-

⁶ Patent Owner apparently equates the recited “authentication host computer” with the “authentication server” disclosed in the '191 patent. *See, e.g.*, PO Resp. 9–13 (relying on an “authentication server” depicted in Ex. 1001, Figs. 9, 10 for support of Patent Owner’s contention that the recited “authentication host computer” receives data from a web server).

cation server, we will not equate the claim term “authentication host computer” with the disclosed authentication server. See Ex. 1001, 4:5–43, Fig. 5 (using a web server that digitally signs without involving a separate authentication server), *id.* at 4:57–58 (describing a combined web server and authentication server). This view is confirmed by the prosecution history of the ’191 patent. See *Microsoft Corp. v. Proxyconn, Inc.*, 789 F.3d 1292, 1298 (Fed. Cir. 2015) (“The PTO should also consult the patent’s prosecution history in proceedings in which the patent has been brought back to the agency for a second review.”). The applicants during examination deliberately removed “authentication server” from a pending claim. Ex. 1005, 112 (deleting “authentication server” from application claim 8 in response to the Office action dated July 16, 2008). Later to address a rejection that the claim did not recite patent-eligible subject matter, the applicants added “an authentication host computer”—not “authentication server”—to claim 1. *Id.* at 93 (adding “authentication host computer” to application claim 1 in response to the Office action dated January 9, 2009).

Additionally, during examination, the applicants removed from claim 1 a limitation specifying a source from which the data was received and then deleting the receiving step entirely. *Id.* at 165 (changing “receiving data *from* a client” to “receiving data *for* a client” in claim 1 in response to the Office action dated October 18, 2007), 111 (deleting “receiving data for a client to create received data” in application claim 1 in response to the Office action dated July 16, 2008).

Thus, the applicants deliberately broadened claim 1 by removing a limitation specifying from where the data is received. This further confirms our determination that the transformation limitation in claim 1 should not

be construed to require the authentication host computer to receive data from outside of itself or from another device (such as a client computer or a web server), which is a more narrow construction than the plain language of the claim requires.

We turn to independent claim 31, which does not require an authentication host computer. Patent Owner contends that independent claim 31 requires an authentication host computer to receive data outside of itself and further requires the authentication host computer to receive data from another device. PO Resp. 42 (“The combination of [the prior art references] does not teach ‘transforming, at an authentication host computer, received data’... *as similarly recited in independent claims 31 and 32*”) (initial capitalization removed; emphasis added).

Independent claim 31 does not recite an “authentication host computer” but rather recites a “computer readable medium having ... instructions to format received data.” We are not persuaded that the recited instructions must be executed by an authentication host computer because other embodiments are described by the ’191 patent, among them an embodiment using a web server that digitally signs without involving separate authentication server (Ex. 1001, 4:5–43, Fig. 5) and a combined web server and authentication server (*id.* at 4:57–58).

Turning to independent claim 32, the plain language “the authentication host computer receives the data to create received data” requires the authentication host computer to receive data. We are not persuaded, however, that independent claim 32 requires the authentication host computer to receive data from

outside of itself or from another device, as Patent Owner contends.

First, we credit Dr. Clark’s testimony (Ex. 1017) supporting Petitioner’s position (Pet. 2) that the authentication host computer need not receive data from outside of itself or from another device. Dr. Clark’s testimony is based on the disclosure of the ’191 patent of an embodiment combining the logic of the authentication server and the web server (Ex. 1001, 4:57–58, 8:17–18).

Neither Patent Owner nor its declarant address persuasively how this disclosure of a combined web server and authentication server (*id.* at 4:57–58) or the use of the term authentication server in the ’191 patent (as opposed to claimed “an authentication host computer”) would affect how one of ordinary skill in the art would understand the scope of independent claim 32.

We, therefore, determine that independent claims 1, 31, or 32 do not require an authentication host computer to receive data from outside of itself or from a device other than the authentication host computer.

2. *“Authenticity Key” and “Locating a Preferences File”*

Independent claims 1, 29, 31, and 32 each recites some limitation regarding the authenticity key and locating a preferences file. Independent claim 1 recites “returning ... the formatted data to enable the authenticity key to be retrieved from the formatted data and to locate a preferences file.” Independent claim 29 recites “the authenticity key enables location of a preferences file.” Independent claim 31 recites “the authenticity key is retrieved from the formatted data to locate a preferences file.” Similarly, independent claim 32 re-

cites “retrieving, by the client computer, the authenticity key from the formatted data to locate a preferences file.”

Independent claim 17 does not recite a locating a preferences file but recites retrieving something from a preferences file. Specifically, independent claim 17 recites “an authentication processor configured to insert an authenticity key into formatted data to enable authentication of the authenticity key to verify a source of the formatted data and to retrieve an authenticity stamp from a preferences file.”

The parties dispute whether these claims require the preferences file to be hidden and require “the authentication key to provide the ability to determine a location of a preference file,” as Patent Owner contends (PO Resp. 19–22). For the following reasons, we do not construe the independent claims 1, 17, 29, 31, and 32 to require the preferences file to be hidden or to require the authentication key be used to, or provides the ability to, determine a location of a preference file.

Preferences File Need Not Be Hidden

Turning first to whether the claims require the recited “preferences file” to be hidden, Patent Owner contends that all of the challenged claims require the “preferences file” to be hidden—its location not to be known. None of the independent claim recite expressly hiding or obscuring the location of the preferences file, or that the location of the preferences file is hidden or obscured. In support of its position, Patent Owner relies on a preferred embodiment disclosed in the written description in which the location of the preferences file is obscured. *See, e.g.*, PO Resp. 20 (citing Ex. 1001, 4:37–40). Patent Owner’s contentions seem to require

the location of the preferences file to be concealed, rather than merely not being known. *Id.* at 21, 50.

In response, Petitioner opposes, indicating “to enable the authenticity key ... to locate a preferences file” and similar claim terms do not require the location of the preferences file to be hidden. Reply 2–3. Petitioner acknowledges that the ’191 patent describes the file location of the preferences file as “not readily known to the” user computer. *Id.* at 3 (quoting Ex. 1001, 4:37–38). With support of its declarant, Petitioner contends that, even so, “the location is not hidden to everyone.” *Id.* (citing 1017 ¶ 6).

Furthermore, the ’191 patent indicates that “the location of the preferences file is not readily known” to the user computer in an exemplary embodiment.

Petitioner correctly notes that the ’191 patent does not require a preferences file be hidden but only discloses the location may be obscured or not readily known in preferred, but not all, embodiments. Ex. 1001, 4:5–7, 37–40 (indicating in an exemplary embodiment, “the location of the preferences file is not readily known” to the user computer, so the user computer “must get the preferences key to determine the location of the preferences file”). In another example, the ’191 patent indicates that “[p]referably, the preferences file is placed in a random directory to help obscure the location of the preferences file.” *Id.* at 9:53–55 (emphasis added). Thus, the ’191 patent does not require a preferences file be hidden but only discloses the location may be obscured or not readily known in preferred, but not all, embodiments.

We decline to read limitations into a claim from these preferred embodiments described in the Specification when the claim language is broader than the em-

bodiment. *In re Am. Acad. of Sci. Tech Ctr.*, 367 F.3d 1359, 1364 (Fed. Cir. 2004); *In re Van Geuns*, 988 F.2d at 1184. Here, the claim language is broader than the preferred embodiments describing the location of the preferences file as obscured or not readily known and, therefore, should not be narrowed by embodiments in the '191 patent. Furthermore, the '191 patent does not set forth a special definition for that claim term with reasonable clarity, deliberateness, or precision that would impose a special meaning requiring the location of the preferences file be obscured or hidden. See *In re Paulsen*, 30 F.3d at 1480.

Accordingly, the term “to locate a preferences file” in claims 1, 31, and 32, as well as enabling “location of a preferences file” in claim 29, do not require the location of the preferences file be obscured or hidden. Nor does “enabl[ing] authentication of the authenticity key ... to retrieve an authenticity stamp from a preferences file,” as recited in independent claim 17, require the preferences file to be obscured or hidden.⁷

Enabling the Authenticity Key to Locate a Preferences File

Petitioner contends that none of the claims require the formatted data or the authenticity key be used to locate the preferences file. Pet. 15–16. Rather, Petitioner contends independent claims 1, 29, 31, and 32 only require “enabling, by an authenticity key as a precondition, a process of determining a preferences file.” *Id.* at 16.

⁷ Patent Owner includes this limitation of claim 17 in the heading of its argument but does not explain why this particular limitation would require locating a preferences file. PO Resp. 19–22.

Patent Owner does not challenge directly whether the authenticity key must be used to locate the preferences file. Patent Owner, however, contends that the claims require “the authentication key to provide the ability to determine a location of a preference file.” PO Resp. 19–20, 50.

We agree with Petitioner that none of the claims require the authenticity key to locate the preferences file or have the ability to determine the location of a preferences file. First, none of the independent claims recite the authenticity key being used to locate the preferences file. Nor is there evidence of written description support for such an interpretation—the ’191 patent does not disclose using an authenticity key to locate the preferences file. Rather, as noted previously, the ’191 patent discloses in a preferred embodiment that a preferences key, which is different than an authenticity key, is used to locate the preferences file. *See* Ex. 1001, 4:38–40.

Petitioner’s proposed construction of independent claims 1, 29, 31, and 32 as “enabling, by an authenticity key as a precondition, a process of determining a preferences file” better comports with the claims and written description of the ’191 patent. Pet. 16. For example, the ’191 patent discloses that after verification of a received digital signature, the preferences key is requested and subsequently used to determine the location of the preferences file. *See* Ex. 1001, 4:22–40 (referring to Fig. 5). The verification of the received digital signature must occur before the preferences key can be requested and used to determine the location of the preferences file. In other words, verification of the received digital signature is a precondition of requesting and using the preferences key to determine the location of the preferences file. Thus, verification of the re-

ceived digital signature enables—supplies the opportunity for⁸—the requested preferences key.

Thus, we agree with Petitioner that none of the claims require the formatted data or the authenticity key be used to locate the preferences file.

C. Obviousness Over SHTTP and Arent

Petitioner asserts that claims 1–32 of the '191 patent are unpatentable under 35 U.S.C. § 103 over SHTTP and Arent. Pet. 19–71. To support its contentions, Petitioner provides analysis, relying on declaration testimony of Dr. Clark. *Id.* (citing Ex. 1002). Patent Owner responds, relying on declaration testimony of Dr. Katz. PO Resp. 41–79 (citing Ex. 2006).

1. Principles of Law Regarding Obviousness

To prevail in challenging claims 1–32 of the '191 patent, Petitioner must demonstrate by a preponderance of the evidence that the claims are unpatentable. 35 U.S.C. § 326(e); 37 C.F.R. § 42.1(d).

Under 35 U.S.C. § 103(a), a claim is unpatentable if the differences between the claimed subject matter and the prior art are such that the subject matter, as a whole, would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 406 (2007). The question of obviousness is resolved on the basis of underlying factual determinations including the following: (1) the scope and content of the prior art; (2) any differ-

⁸ AMERICAN HERITAGE DICTIONARY 605 (3d ed. 1992) (defining “enable” as “1. To supply the means, knowledge, or opportunity; make able”) (Ex. 3001).

ences between the claimed subject matter and the prior art; (3) the level of ordinary skill in the art; and (4) objective evidence of nonobviousness. *Graham v. John Deere Co.*, 383 U.S. 1, 17–18 (1966).

2. *Level of Ordinary Skill in the Art*

In determining whether an invention would have been obvious at the time it was made, 35 U.S.C. § 103 requires us to determine the level of ordinary skill in the pertinent art at the time of the invention. *Graham*, 383 U.S. at 17. “The importance of resolving the level of ordinary skill in the art lies in the necessity of maintaining objectivity in the obviousness inquiry.” *Ryko Mfg. Co. v. Nu-Star, Inc.*, 950 F.2d 714, 718 (Fed. Cir. 1991). The person of ordinary skill in the art is a hypothetical person who is presumed to have known the relevant art at the time of the invention. *In re GPAC, Inc.*, 57 F.3d 1573, 1579 (Fed. Cir. 1995). The level of ordinary skill in the art is reflected by the prior art of record. *Okajima v. Bourdeau*, 261 F.3d 1350, 1355 (Fed. Cir. 2001). Factors that may be considered in determining the level of ordinary skill in the art include, but are not limited to, the types of problems encountered in the art, the sophistication of the technology, and educational level of active workers in the field. *Id.* In a given case, one or more factors may predominate. *Id.* Generally, it is easier to establish obviousness under a higher level of ordinary skill in the art. *Innovation Toys, LLC v. MGA Entm’t, Inc.*, 637 F.3d 1314, 1323 (Fed. Cir. 2011) (“A less sophisticated level of skill generally favors a determination of nonobviousness ... while a higher level of skill favors the reverse.”).

Petitioner’s expert adopted the level of ordinary skill in the art at the time of the invention used by Patent Owner’s expert. *See* Ex. 2006 ¶ 8 (testimony by

Patent Owner's declarant identifying the level of ordinary skill); Ex. 1002 ¶ 29 (testimony by Petitioner's declarant). We do not disagree with the parties. Therefore, one of ordinary skill in the art would have a bachelor's degree in computer science, computer engineering, or an equivalent field and least two years of work experience in the area of information technology.

3. *Priority Date of Claims 1–32*

As a threshold matter, we turn to the issue of whether Arent can be asserted in this covered business method patent review. Arent is a patent, which issued from an application filed on June 30, 1997—a date prior to the earliest effective filing date claimed by the '191 patent—September 9, 1999. Thus, on this record, we find Arent is prior art at least under 35 U.S.C. § 102(e) to the challenged claims. Under AIA § 18(a)(1)(C), however, prior art under 35 U.S.C. § 102(e) is not available for consideration in a covered business method patent review.

Petitioner asserts that Arent is prior art under 35 U.S.C. § 102(a) and, as such, is available for consideration in a covered business method patent review. Pet. 21. Petitioner asserts that September 6, 2000 is the earliest date of which the '191 patent is entitled to claim benefit, because the provisional application (Ex. 1007), of which the '191 patent claims benefit, does not provide the requisite support for any of the claims. *Id.* at 19–20. Thus, according to Petitioner, Arent, which issued January 25, 2000, is prior art under 35 U.S.C. § 102(a), because Arent issued before the effective filing date of the '191 patent. *Id.* at 21.

Specifically, Petitioner, with support from its declarant Dr. Clark asserts that the provisional applica-

tion does not disclose “the combinations of an ‘authenticity key,’ ‘preferences file,’ and ‘authenticity stamp’ recited in each independent claim. Pet. 20 (citing Ex. 1002 at 18, ¶ 37). Petitioner asserts “[a]t best, the provisional application only generically discloses using a shared secret between a merchant and a consumer for authentication.” Pet. 20. Patent Owner does not contest Petitioner’s assertions.

The provisional application, on its face, is a “new invention disclosure form” for an invention titled “Enhanced Browser Security System.” Ex. 1007, 4. “The invention provides for an icon with an additional level of functionality to allow the consumer to validate the current web page originates from the true owner of the icon (and is not in fact a mere copy).” *Id.* “The invention proposes to utilize the shared secret data created as part of being” a credit card holder of a particular credit card company. *Id.* at 5–6.

We agree with Petitioner and its declarant that the provisional application does not disclose the claimed authenticity key or preferences file or the claimed use thereof, as recited in each of independent claims 1, 17, 29, 31, and 32. The provisional application describes the invention in a few sentences. The scarcity of detail fails to provide sufficient disclosure of the claimed steps.

For example, we see no disclosure of inserting any data in the provisional application, much less inserting something that could be identified as an authenticity key. Although a shared secret is disclosed, the shared secret is not described as being inserted into the web page or any other data. *See id.* at 5–6 (“The invention proposes to utilize the shared secret data created as part of being” a credit card holder of a particular credit card company.). Moreover, the record evidence indi-

cates that the provisional application does not disclose the recited “authenticity key.” Pet. 20 (citing Ex. 1002 at 18, ¶ 37).

Thus, we agree with Petitioner that the provisional application lacks written description support for “authenticity key,” which is recited by all claims in the ’191 patent. Accordingly, we determine Arent is prior art under 102(a) to the ’191 patent and is available for consideration in this covered business method patent review.

4. Summary of the SHTTP Document

Petitioner represents that the SHTTP Document is prior art under 35 U.S.C. §§ 102(a) and 102(b), having been published in July 1996, more than a year prior to the earliest effective filing date claimed by the ’191 patent. The SHTTP document is a draft document of the Internet Engineering Task Force (“IETF”) describing the Secure HyperText Transfer Protocol (“SHTTP protocol”). Ex. 1009, 1. The SHTTP protocol is a method “for securing messages sent using the HyperText Transfer Protocol (“HTTP”), which, in turn, forms the basis for the World Wide Web.” Ex. 1009, 1. Thus, the SHTTP provides secure communication mechanisms between a client computer and a server to enable commercial transactions. Ex. 1009, 2.

According to the SHTTP document, digital signatures may be used in the SHTTP protocol. *See, e.g.*, Ex. 1009, 5 (¶ 1.4.1), 32 (¶ 6.4.3, ¶ 7.1.1). For example, the SHTTP document describes a “digital signature enhancement” in which “an appropriate certificate may ... be attached to the message.” *Id.* at 5 (¶ 1.4.1). Also the SHTTP document describes a server or third party digitally signing a document to create a signed document,

which is cached in the server's storage and later sent to a client computer and used to verify the authenticity of the signed document. *See id.* at 32–33. Petitioner refers to this type of digital signature as “static pre-signing.” Reply 5 (citing Ex. 1009, 8–9, 32–33). The SHTTP document also describes “recursive encapsulation” of messages. Ex. 1009, 33. In recursive encapsulation, a signed message, which includes a digital signature attached to a document, becomes “the inner content” of a new SHTTP message. *Id.* at 33–34. Thus, in recursive encapsulation a message includes another message.

The SHTTP document also describes displaying, on the client computer, a visual indicator of the security of the transaction and indicating the identity of the signer of the signed document. *See id.* at 31.

5. *Summary of Arent*

Arent describes authenticating online transaction data. Ex. 1010, Abstract. A validation process is initiated when a user initiates an electronic transaction, and the validation process “determin[es] authenticity of data related to the transaction, such as the identity of a transaction party.” *Id.* If the data are authentic, Arent's process displays a “certification indicator,” which may be a graphic with user defined text and may be customized by a user. *Id.*

Arent's Figure 6 is set forth below:

HONEST JOE'S COMPUTERS
If you can't trust Honest Joe, who can you trust?

This Month's UNBELIEVABLE Specials:

250 Mhz Famous Make Computer, 32 MB Ram, 5GB Hard Drive, Monitor, Printer, \$2000 of software:
HONEST JOE'S UNBELIEVABLE PRICE: \$499.00!

Do it in Laser Color! Famous Make Color Laser Printer, 16 MILLION colors, 25 pages per minute:
Elsewhere \$5000.
HONEST JOE'S UNBELIEVABLE PRICE: \$699.00!

To order, just click the box next to the item you want, fill in your name address and credit card number, and click the "Buy!" button, and your new computer product will be on its way!

Name:

Street:

City, State Zip:

Credit Card:

Expiration:

BUY!

510
500
520
100

FIG. 6

Figure 6 illustrates an example of certification indicator with a user-defined component. Certification indicator 500 includes standard component 510 and user-defined component 520 consisting of a text string selected by the user and stored in a database with user preference information. *Id.* at 4:51–60, 7:24–25, 7:33–37. After the merchant has been authenticated, components 510 and 520 of the certification indicator are retrieved from storage and combined to form certification indicator 500, which is displayed on top of merchant's web page 100 offering computers for sale. *Id.* at 4:67–5:7.

Arent also describes computer program instructions “for performing authentication tests on web site proprietors and on other on-line transaction parties, and for authenticating data related to on-line transac-

tions.” *Id.* at 5:63–67. “The instructions also have the ability to determine whether or not an offer presented to a user (e.g., via a web site) has been digitally signed by the party making the offer, as well as whether or not other information displayed to the user ... is authentic.” *Id.* at 6:2–6.

6. *Petitioner’s Proposed Combination*

Petitioner asserts the combination of the SHTTP document and Arent would have conveyed to one of ordinary skill in the art every limitation of claims 1–32 and one of ordinary skill in the art would have reason to combine the references in the manner Petitioner proposes. Pet. 22–71. Patent Owner opposes. PO Resp. 41–79. For the reasons discussed below, we determine Petitioner has demonstrated by a preponderance of the evidence that the claims are unpatentable.

Similar to the disclosure of the ’191 patent of using digital signatures to verify the authenticity of a web page, Petitioner generally relies on the description of the SHTTP document of digitally signing, by a server or third party, a document “by attaching” a digital signature to create a signed document, the authenticity of which can be verified using the digital signature. *See, e.g.*, Pet. 20 (citing Ex. 1009, 32–33); *id.* at 65 (citing Ex. 1009, 5). Petitioner further relies on the SHTTP document’s disclosure of displaying a visual indicator of web page authenticity. *Id.* (citing Ex. 1009, 31) (“While preparing a secure message, the browser should provide a visual indication of the security of the transaction.”). Petitioner relies on Arent’s “implementation of a personalized visual indicator of authenticity” and using a visual indicator “in response to verifying the digital signature inserted into a web page.” Pet. 21.

For example, regarding independent claim 1, Petitioner asserts that the SHTTP document would have conveyed to one of ordinary skill in the art “transforming, at an authentication host computer, received data by inserting an authenticity key to create formatted data; and returning, from the authentication host computer, the formatted data.” *Id.* at 23, 25–27. According to Petitioner, the SHTTP document’s description of a server or third party digitally signing a document to create a signed document discloses the recited “transforming” (digitally signing), the recited “an authentication host computer” (a server or third party that signs the document), the recited “received data” (the document that is signed), the recited “authenticity key” (digital signature), and the recited “formatted data” (the signed document). *Id.* at 23. Also, according to Petitioner, the SHTTP document’s description of placing the signed document in the cache of the server or sending it to a client discloses the recited “returning, from the authentication host computer, the formatted data.” *Id.*

Petitioner asserts the combination of the SHTTP document and Arent would have conveyed to one of ordinary skill in the art “returning, from the authentication host computer, the formatted data to enable the authenticity key to be retrieved from the formatted data and to locate a preferences file, wherein an authenticity stamp is retrieved from the preferences file,” as recited in claim 1. *Id.* at 24. According to Petitioner, showing a visual indicator of security discloses the recited “authenticity stamp.” *Id.* Furthermore, Petitioner contends Arent’s description of storing customization information for the visual indicator “in individual databases for each user” discloses the recited “prefer-

ences file” from which the authenticity stamp is retrieved. *Id.*

In another example, Petitioner relies on the SHTTP document’s disclosure of recursive encapsulation, a server receiving a “static pre-signed” message from a third party, and a digital signature “certificate chain” as disclosing inserting a second authenticity key, as recited in claims 10, 13, 23, and 26. *Id.* at 36 (indicating the SHTTP document discloses a second digital signature being added to a message).

7. *Analysis of Patent Owner’s Contentions*

Patent Owner contends that Petitioner’s proposed combination of the SHTTP document and Arent does not teach all of the limitations recited by claims 1–32. PO Resp. 41–70. Patent Owner also contends that Petitioner fails to provide a sufficient reason to combine the teachings of the SHTTP document and Arent. PO Resp. 70–79.

In general, Patent Owner’s arguments unduly focus on individual elements, without considering what the teachings of the SHTTP document—such as teachings concerning digital signatures and digitally signing documents—and Arent would have suggested to one of ordinary skill in the art regarding the claimed subject matter as a whole. *See, e.g.*, PO Resp. 46 (arguing Petitioner failed to show that SHTTP teaches “inserting”); 48 (arguing Petitioner failed to show that SHTTP teaches “returning”). In addition, Patent Owner’s contentions attack an individual reference or disclosure, without consideration as to what the combined teachings would have conveyed to one of ordinary skill in the art. *See, e.g.*, PO Resp. 53–54 (contending the SHTTP

document only teaches display of an unverified document).

We find these approaches to be unpersuasive in demonstrating that Petitioner has failed to meet its burden. Some of Patent Owner’s contentions seem more appropriate to challenges based on anticipation, which requires a prior art reference to disclose, expressly or inherently, every limitation of the claim as arranged in the claim. See *Net MoneyIN, Inc. v. VeriSign, Inc.*, 545 F.3d 1359, 1369 (Fed. Cir. 2008). In contrast “[t]he test for obviousness is what the combined teachings of the references would have suggested to those having ordinary skill in the art.” *In re Mouttet*, 686 F.3d 1322, 1332 (Fed. Cir. 2012) (“[T]he test for obviousness is what the combined teachings of the references would have suggested to those having ordinary skill in the art.” (citing *In re Keller*, 642 F.2d 413, 425 (CCPA 1981))). Additionally, we note the rather high level of ordinary skill in the art, which requires a bachelor’s degree in computer science and at least two years of work experience, which weighs in favor of a finding of obviousness. *Innovention Toys*, 637 F.3d at 1323 (“A less sophisticated level of skill generally favors a determination of nonobviousness ... while a higher level of skill favors the reverse.”). We also find unpersuasive contentions based on overly narrow interpretation of the claims.

We address Patent Owner’s contentions *ad seriatim*.

“Transforming, at a host computer, received data”

Patent Owner contends that Petitioner’s combination of the SHTTP document and Arent does not teach “transforming, at an authentication host computer, re-

ceived data,” recited by independent claim 1 or similar limitations recited in claims 31 and 32. PO Resp. 42–44. According to Patent Owner, the proposed combination falls short because the claims require the authentication host computer to receive data from outside itself from another device, which the combination does not do. *Id.* Rather, Patent Owner contends, with support from its declarant, the SHTTP document only describes that the same server creates and signs a document. *Id.* at 43–44 (citing Ex. 2006 ¶¶ 22–23).

For the reasons discussed previously, we do not agree with Patent Owner that claim 1 requires the authentication host computer to receive data from outside of itself from another device. Although Patent Owner and its declarant are correct in asserting the SHTTP document describes that the same server creates and signs a document, Patent Owner’s contention is insufficient in view of the scope of the challenged claims. Thus, we are not persuaded by Patent Owner’s contentions that are based on incorrect interpretation of the claims.

Patent Owner does not contest that the SHTTP document discloses expressly that “a server might wish to sign the document” and applying a digital signature by attaching an appropriate certificate to the message. Ex. 1009, 5 (§ 1.4.1), 32 (§ 7.1.1). Based on this disclosure, we determine that a preponderance of the evidence weighs in favor of supporting Petitioner’s contention that signing a document, as disclosed in SHTTP document, would have conveyed to one of ordinary skill in the art the recited “transforms, at an authentication host computer, received data.” Pet. 23, 25.

In addition, and in response to Patent Owner’s contention that signing a document is insufficient to dis-

close the recited “received data,” Petitioner further explains, with support of its declarant, that SHTTP document discloses a software application signature process (“S-HTTP”) on the server (corresponding to the recited “authentication host computer”) receives data from a separate software application web process (“HTTP”) on the same hardware server. Reply 4⁹ (citing Ex. 1016, 13:18–14:14, 15:4–10, 25:14–26:3); *see, e.g.*, Ex. 1016, 25:4–6 (citing Ex. 1009 (SHTTP document), 8–9 (§ 2.3.3)). We agree that the SHTTP document discloses an authentication host computer receiving data from another component on the server (Reply 4 (citing Ex. 1016, 13:18–14:14, 15:4–10, 25:14–26:3)), which is not precluded by the claims and comports with the embodiment of the ’191 patent that combines the authentication server logic with web server logic (Ex. 1001, 4:57–58).

Inserting an Authenticity Key

Independent claims 1, 17, 31 and 32 each recite “inserting an authenticity key.” Independent claims 1, 31, and 32 require inserting an authenticity key *to create* formatted (or received) data, whereas independent claim 17 recites “inserting an authenticity key *into* formatted data.” Independent claim 29 does not re-

⁹ We note that Patent Owner had adequate notice of Petitioner’s further explanation of signing digitally documents as disclosed by SHTTP document. Petitioner’s position noted above was discussed in the deposition of Petitioner’s declarant in response to Patent Owner’s challenge that SHTTP document description of signing digitally was insufficient. *See* Ex. 1016, 13:18–14:14, 15:4–10, 25:14–26:3. Notably, Patent Owner’s deposition of Petitioner’s declarant took place nearly a month prior to the date when Patent Owner’s Response was filed. *See* Ex. 1016 (transcript of November 25, 2014 deposition of Petitioner’s declarant); Paper 21 (Patent Owner Response) filed December 22, 2014.

quire an authenticity key be inserted, only that formatted data has an authenticity key.

The '191 patent indicates an authenticity key can be a digital signature (*id.* at 4:14–16) and depicts an exemplary authenticity key in Figure 11 (*id.* at 2:35, 8:3–4). *See* Ex. 1002 ¶ 34 (Petitioner’s declarant confirming the same). Figure 11 is set forth below:

```
<OBJECT ID="Checker" CLASSID="CLSID:B2157787-7492-11D4-8296-
00609430A416"
CODEBASE="APge.dll"
SIGN="Tud9LuaH9v5QMQcHGUAmtDNhvZ3nGtJEHUMIGIsORV8v7JF9fp
IBiq3Jod0SvdCqQxq+4DzXc
SDK+5r6dbpJMTKiZQWLJpwNJuuJSS+cfywEXdQHxcOpRt8Hryi833Bg41s
AIT+SCg5j7DBlzsvVwohe
chGYv5476AOavkoJrD4="></OBJECT>
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Figure 11 shows a few lines of various numbers and letters and, according to Petitioner’s declarant, shows a digital signature. *Id.* at ¶ 34.

As noted previously, Petitioner generally relies on the description of the SHTTP document a server or third party digitally signing a document. Pet. 23, 25. Further Petitioner’s declarant testifies that the SHTTP document’s description of attaching a digital signature discloses the recited “inserting an authenticity key.” Ex. 1002 ¶ 48. Thus, Petitioner asserts, with support from its declarant, that “transforming ... received data by inserting an authenticity key to create formatted data” would have been obvious in light of the disclosure of the SHTTP document of signing documents and attaching a digital signature to a message. *See, e.g.*, Pet. 23, 25.

Patent Owner contends that the broadest reasonable construction of “inserting” does not encompass “attaching” and, thus, the Petition falls short. PO Resp.

13–14, 45–47 (citing Ex. 2006 ¶ 24).¹⁰ Petitioner opposes. Reply 2, 4–5.

In the portion of its declarant’s testimony cited by Patent Owner, however, Dr. Katz does not testify that the SHTTP document does not teach “inserting an authenticity key” because the SHTTP document only discloses “attaching.” Ex. 2006 ¶ 24. Rather, Dr. Katz testifies that the combination of the SHTTP document and Arent does not teach the transforming limitation because, according to Dr. Katz, the SHTTP document only teaches “the document that is signed is a static document originating at a server or third party.” *Id.*

We are not persuaded by Patent Owner’s argument, which amounts to a challenge to the word “attach” in the SHTTP document without sufficient consideration of what the teachings of the SHTTP document—such as teachings concerning digital signatures and digitally signing documents—and Arent would have suggested to one of ordinary skill in the art regarding the claimed subject matter as a whole. *In re Mouttet*, 686 F.3d at 1332.

¹⁰ We note that the parties refer to our treatment of “inserting” in our Institution Decision. PO Resp. 13–14; Reply 2. In that decision, we addressed Patent Owner’s argument in its Preliminary Response argument that “inserting” did not encompass “attaching.” Paper 7, 38. We determined expressly “on this [institution] record and for purposes of institution, the broadest reasonable construction of ‘inserting an authenticity key’ and ‘insert an authenticity key’ encompasses attaching an authenticity key to the received data to create formatted data.” Inst. Dec. 9. Patent Owner understood the preliminary nature of our discussion of “inserting” in the Institution Decision. *See* PO Resp. 45 (noting “[the Board, based upon an initial preliminary construction,” made a determination for institution purposes).

Examining the difference between the prior art's teaching of "attaching" a digital signature and the claimed subject matter as a whole, which recites "transforming ... received data by inserting an authenticity key to create formatted data," we find the difference to be insignificant. First, the SHTTP document teaches "attaching," which involves, according to Patent Owner, attaching something "to other data," with the attached data "being kept separate from the other data." PO Resp. 14; Pet. 23, 25 (citing Ex. 1009, 32–33), 65 (citing Ex. 1009, 5). This is similar to inserting something into other data, as required by the claim. Second, the SHTTP document and the claimed subject matter both attach or insert, respectively, the same type of data—a digital signature—to other data. *See, e.g.*, Pet. 23 (indicating a digital signature corresponds to the recited "authenticity key"), 25; Ex. 1001, 4:14–18, 8:39–43 (stating "an exemplary authenticity key contains [an] hidden signature object[]," which may be an encoding of a digital signature, among other data. Third, attaching a digital signature to a document (as disclosed by the SHTTP document) at least changes the document that is signed from not having an attachment to having an attachment. Thus, because the SHTTP document discloses changing the document, the SHTTP document discloses something remarkably similar to "transforming¹¹ ... received data ... to create formatted data," as required by the claimed subject matter.

No persuasive testimony exists in the record that inserting a digital signature would be beyond the level of ordinary skill in the art at the time of the invention.

¹¹ AMERICAN HERITAGE DICTIONARY 1901 (3d ed. 1992) (defining "transform" as "1. To change markedly the appearance or form of") (Ex. 3001).

Rather, the evidence shows that digital signatures and signing digitally documents were well known and standard practice at the time of the invention. *See, e.g.*, Pet. 20 (citing Ex. 1002 ¶ 39); Ex. 1009, 5, 32–33; Ex. 1010, 3:35–39. We also note the lack of description in the plain language of the claims or the written description of the '191 patent to provide how to insert an authenticity key. Other than the claim language and the summary of invention that repeats verbatim the claim language, the '191 patent only discloses “the authenticity key is inserted into the web page.” Ex. 1001, 8:1–3 (describing Fig.10, block 610); *see id.* at 1:55–57 (summary of invention). This further supports a determination that inserting (rather than attaching) a digital signature would not be beyond the level of ordinary skill in the art at the time of the invention. Notably, the '191 patent discloses a digital signature is a type of authenticity key. *See, e.g.*, Ex. 1001, Fig. 11.

For these reasons, we determine a preponderance of the evidence favors a finding that the SHTTP document would have conveyed to one of ordinary skill in the art “inserting a digital signature” and, thus, “inserting an authenticity key.”

We agree with Petitioner and its declarant that the SHTTP document also would have conveyed to one of ordinary skill in the art inserting a digital signature through its description of recursive encapsulation of messages and digital signatures. Ex. 1009, 33 (§ 7.1.4); *see, e.g.*, Pet. 23 (asserting digitally signing discloses the required transformation limitation), 25 (citing Ex. 1009, 32–33); Reply 5 (discussing SHTTP document’s description of placing a digital signature into underlying data in recursive encapsulation; citing Ex. 1009, 33); Hearing Tr. 8:12–10:9. In recursive encapsulation, a signed message, which includes a digital signature at-

tached to a document, is “the inner content” of a new SHTTP message. *See id.* at Ex. 1009, 33–34. Thus, the message with a digital signature being encapsulated by another message would have conveyed that the digital signature (along with the original message) is inserted in the second message. This understanding is confirmed by Petitioner’s declarant Dr. Clark testifies, such recursive encapsulation inserts “the digital signature into the underlying data and including the signed data ‘as the inner content’ of a new SHTTP message. Ex. 1017 ¶ 12 (citing Ex. 1009, 33).¹² In addition, Dr. Clark’s testimony here also undercuts Dr. Katz’s testimony (Ex. 2006 ¶ 24) that the SHTTP document only discloses “static” signing and, as such, would not have conveyed to one of ordinary skill in the art the required “inserting.”

¹² We note that Patent Owner had adequate notice of Petitioner’s further explanation of signing digitally documents as disclosed by the SHTTP document. First, the SHTTP document discloses recursive encapsulation on the page frequently cited by Petitioner in its Petition regarding the SHTTP document’s disclosure of digital signatures. *See* Ex. 1009, 33 (§ 7.1.4) (titled “Recursive Encapsulation”); *see, e.g.*, Pet. 25 (citing Ex. 1009, 32–33 for the “transforming” limitation in claim 1). Also, in responding in his deposition, to Patent Owner’s question concerning how a document is signed in the SHTTP document, Dr. Clark described the extensions of the SHTTP protocol that inserted a signature with an encoded message as “inner content,” using the MOSS (“MIME Object Security Services”) or PKCS-7 format. Ex. 1015, 26:12–28:4. Notably, Patent Owner’s deposition of Petitioner’s declarant took place nearly a month prior to the date when Patent Owner’s Response was filed. *See* Ex. 1016 (transcript of November 25, 2014 deposition of Petitioner’s declarant); Paper 21 (Patent Owner Response) filed December 22, 2014. In addition, Petitioner argued this in its case in chief at the oral hearing. *See* Hearing Tr. 8:12–10:9.

Returning the formatted data

Patent Owner asserts that the SHTTP document does not disclose “returning, from the authentication host computer, the formatted data,” as recited in claim 1, and similar limitations recited in independent claims 31 and 32. PO Resp. 47–49. According to Patent Owner, the claim limitation “requires the formatted data to be sent by the authentication host computer to the same location from which it received the data,” because such a construction is consistent with everyday examples of “returning” to the location from which an item, such as a gift or a purchase, originated. Resp. 47–48. Patent Owner’s declarant Dr. Katz testifies that, because claim 1 requires an authentication host computer to receive data, one of ordinary skill in the art would have understood the “returning” limitation “to require the formatted data to be returned to the same location from which the authentication host computer received the data.” Ex. 2006 ¶ 25; *see* PO Resp. 48 (Ex. 2006 ¶ 25).

Petitioner opposes Patent Owner’s construction but asserts that, even so, the SHTTP document teaches this limitation as interpreted by Patent Owner. Reply 5–6. According to Petitioner, the SHTTP document, in teaching the signed document is placed into the cache of the server or sent to a client when a client makes a new request to the server, would have conveyed to one of ordinary skill in the art the “returning” limitation. *See* Pet. 26 (citing Ex. 1009, 32–33). Petitioner’s declarant confirms Petitioner’s position. *See* Ex. 1002 ¶ 48 (citing Ex. 1009, 32–33).

Dr. Katz does not address specifically Petitioner’s assertion that “placing the signed document in the cache of a server” discloses the “returning” limitation.

We weigh Dr. Katz’s testimony accordingly. *See, e.g., Yorkey v. Diab*, 601 F.3d 1279, 1284 (holding the Board has discretion to give more weight to one item of evidence over another “unless no reasonable trier of fact could have done so”); *In re Am. Acad.*, 367 F.3d at 1368 (“[T]he Board is entitled to weigh the declarations and conclude that the lack of factual corroboration warrants discounting the opinions expressed in the declarations.”).

We are not persuaded by Patent Owner’s argument, which unduly focuses on the word “returning” in the SHTTP document without sufficient consideration of what the teachings of the SHTTP document—such as storing the signed document in its cache before sending to a client in response to a client’s new request—and Arent would have suggested to one of ordinary skill in the art regarding the claimed subject matter as a whole. *In re Mouttet*, 686 F.3d at 1332.

Even assuming that the claimed “returning” requires “returning to the same location from which the data was received, after examining the differences between the prior art’s teaching and the claimed subject matter as a whole, we determine the differences to be minimal. There is no persuasive evidence in the record that sending to the same location would have been beyond the skill level of one of ordinary skill in the art at the time of the invention, for instance, in view of the disclosure of sending signed documents to a client. Thus, on balance, we determine that the weight of the evidence supports Petitioner’s contention, confirmed by its declarant, that the SHTTP document would have conveyed, to one of ordinary skill in the art, sending the signed document to the same location from which it was received.

Claims 31 and 32 do not require returning the formatted data to the same location from which it was received, in contrast to Patent Owner's contends (PO Resp. 49). Claim 31 does not recite receiving data from a client but only recites "format received data" a limitation that does not specify where the received data originates. Further, claim 31 recites "to return the formatted data to *a* client" (emphasis added), a limitation that lacks an antecedent basis referring to a client recited elsewhere in the claim.

Similarly, claim 32 recites "receiving, at a client computer, formatted data from a authentication host computer wherein the authentication host computer receives the data to create received data." Claim 32 recites that the formatted data is received at a client computer. Claim 32, however, does not recite expressly from where the authentication host computer receives its data, much less expressly requiring the authentication host computer to receive its data from the client computer that receives the formatted data, as proposed by Patent Owner. PO Resp. 49.

There is no dispute that the SHTTP document discloses sending a signed document to a client. For these reasons, we determine a preponderance of the evidence favors a finding that the combination of the SHTTP document and Arent would have conveyed to one of ordinary skill in the art "returning, from the authentication host computer, the formatted data to enable the authenticity key to be retrieved from the formatted data and to locate a preferences file," as recited in independent claim 1; "instructions to return the formatted data to a client," as recited in independent claim 31; and "receiving, at a client computer, formatted data from a authentication host computer," as recited in independent claim 32.

To enable the authenticity key to be retrieved from the formatted data and to locate a preferences file

Patent Owner argues the proposed combination of prior art does not disclose the enabling limitation as recited in independent claim 1, or similarly recited in independent claims 17, 29, 31, and 32, because the claims require a hidden preferences file or the authenticity key to provide the to determine the location of the preferences file. PO Resp. 49–51. Previously we explained that we do not agree with Patent Owner that the claims require the formatted data or the authenticity key be used to locate the preferences file or require that the preferences file be hidden. Thus, for the reasons previously discussed, we are not persuaded Patent Owner’s contentions demonstrates that Petitioner failed to meet its burden.

Retrieving an authenticity stamp from the preferences file

Regarding independent claims 1, 17, 29, 31, and 32, Patent Owner additionally contends that Arent does not disclose “retrieving an authenticity stamp from the preferences file.” PO Resp. 51–52. According to Patent Owner, because Arent’s certification indicator (which Petitioner alleges corresponds to the recited “authenticity stamp”) is generated dynamically from components stored separately in a software wallet (which Petitioner alleges corresponds to the recited “file”), the combination of the SHTTP document and Arent does not disclose the retrieving limitation, as purportedly required by all of the independent claims. *Id.* Patent Owner further contends that none of the individual components of Arent’s certification indicator “indicate that the information such as a web page has been authenticated and is from a valid source.” PO Resp. 52.

We determine that Petitioner’s position is supported by a preponderance of the evidence. First, the independent claims do not limit how the authenticity stamp is stored within the preferences file and so, the claim language itself does not preclude storing the authenticity stamp as multiple components that are retrieved and then assembled. Second, the ’191 patent describes that the preferences file is read “to determine the authenticity stamp and how it is to be displayed.” Ex. 1001, 4:38–41. This supports Petitioner’s position that Arent’s disclosure of assembling a certification indicator from multiple stored components discloses the recited authenticity stamp. *See, e.g.*, Pet. 27; Reply 6–7. Third, in his deposition, Dr. Clark supported Petitioner’s position and confirmed his opinion that Arent’s disclosure of assembling a certification indicator from multiple stored components discloses the recited authenticity stamp. Ex. 1016, 48:18–53:13.¹³

Additionally, Patent Owner seems to argue that Arent does not disclose an authenticity stamp as arranged in the claim, an argument more appropriate to refute an anticipation challenge. PO Resp. 51–52 (contending that Arent’s certification indicator is assembled from components retrieved from a file) . Patent Owner’s arguments do not address persuasively what the disclosure of Arent in combination with the SHTTP document would have suggested to one of ordinary skill in the art regarding the claimed subject matter as a whole. *Mouffet*, 686 F.3d at 1332.

¹³ As noted previously, this deposition of Dr. Clark occurred nearly a month before Patent Owner’s Response was filed.

Conclusion regarding independent claims 1, 17, 29, 31, and 32

Accordingly, we determine that Petitioner has demonstrated by preponderance of the evidence that the combination of the SHTTP document and Arent would have conveyed to one of ordinary skill in the art the additional limitations recited in independent claims 1, 17, 29, 31, and 32.

Displaying the formatted data in response to the verification of the authenticity key

Claim 4, which depends indirectly from independent claim 1 and directly depends from claim 3, further recites “displaying the formatted data in response to the verification of the authenticity key.” For this additional limitation, Petitioner relies on the SHTTP document disclosure of optionally displaying unverified documents that indicate their unverified status and Arent’s disclosure of displaying a wallet only after validation of a user ID and password. Pet. 30 (citing Ex. 1009, 5; Ex. 1010, 20:5–37). As Petitioner’s declarant explains, the cited portion of the SHTTP document discloses displaying content only once the content is verified; “otherwise, the system reports a failure.” Ex. 1002 ¶ 59 (citing Ex. 1009, 5 in opining about claim 4).

Patent Owner contends that the SHTTP document only teaches display of an unverified document, and neither the SHTTP document nor Arent teaches “either the received data or the inserted authenticity key.” PO Resp. 53–54. Patent Owner’s contentions amount to attacks on the references individually without consideration of what the teachings of the references would have suggested to one of ordinary skill in the art. *See Mouttet*, 686 F.3d at 1332.

Accordingly, we determine that the Petitioner has demonstrated by preponderance of the evidence that the limitations recited in claim 4 would have been obvious to one of ordinary skill in the art.

The authenticity stamp is displayed for a graphical image within the formatted data

Claim 6, which indirectly depends from independent claim 1 and directly depends from claim 3, further recites “the authenticity stamp is displayed for a graphical image within the formatted data.” Petitioner specifically relies on Arent’s disclosure of a display of the certification indicator of the authentication “as a graphic that floats above the merchant web page,” as shown in Arent’s Figure 6. Pet. 33.

Patent Owner challenges that the display of “a graphic floating above the merchant web page” discloses the limitation further recited in claim 6. PO Resp. 54. According to Patent Owner,¹⁴ claim 6 requires the authenticity stamp be displayed *within the formatted data. Id.*

Based on the ’191 patent, and as confirmed by the prosecution history of the ’191 patent, we do not agree with Patent Owner’s interpretation of claim 6 and, thus, are not persuaded by Patent Owner’s arguments predicated on a misunderstanding of the scope of claim 6. Rather than requiring the authenticity stamp be displayed *within the formatted data* (as Patent Owner contends), claim 6 requires the authenticity stamp to be

¹⁴ Although Patent Owner cites Dr. Katz’s declaration concerning claim 10 (PO Resp. 54 (citing Ex. 2006 ¶ 27)), the cited portion of Dr. Katz’s testimony does not support Patent Owner’s interpretation of claim 6.

displayed *for a graphical image* and the graphical image, in turn, is within the formatted data.

Further, the applicants amended claim 6 during examination to add the phrase “within the formatted data” immediately after the phrase “graphical image.” Ex. 1005, 111 (amendment in response to the Office action dated July 16, 2008). *See Microsoft Corp.*, 789 F.3d at 1298 (“The PTO should also consult the patent’s prosecution history in proceedings in which the patent has been brought back to the agency for a second review.”).

In accordance with the precepts of English grammar, the position of the words in a sentence is the principal means of showing their relationships, and modifiers should be placed next to the words that they modify. William Strunk, Jr. & E.B. White, *The Elements of Style* 28, 30 (4th ed. 2000); *In re Hyatt*, 708 F.2d 712, 714 (Fed. Cir. 1983) (“A claim must be read in accordance with the precepts of English grammar.”); *see, e.g., HTC Corp. v. IPCOM GmbH & Co., KG*, 667 F.3d 1270, 1274-75 (Fed. Cir. 2012) (citing Strunk & White for the proposition that, in interpreting claim language, modifiers should be placed next to the words that they modify). Thus, a reader may assume that the graphical image is within the formatted data and the authenticity stamp is displayed for a graphical image. Claim 5, from which claim 6 directly depends, supports this assumption, because claim 5 recites “the authenticity stamp is displayed for formatted data that is verified.” Thus, in claim 5, the authenticity stamp is displayed *for* something (“formatted data that is verified”) and not *within the formatted data*.

Furthermore, the ’191 patent describes “an alternative embodiment” in which a web page includes

graphical images of a car and a globe, and authenticity stamps also are displayed on the web page and “embedded” in each of the graphical images.” Ex. 1001, 3:16–20 (referring to Fig. 3); *id.* at 2:54–57, 64–67 (referring to Fig. 2 depicting a web page 50 having an authenticity stamp 60 (depicting a diamond with text “Joe’s Seal of Approval”) and graphical images 58A, 58B of a car and a globe). Figure 3 of the ’191 patent depicts two authenticity stamps, one for each of the two graphical images. Notably, in Figure 3 both the authenticity stamps and graphics are depicted on the web page. Thus, this alternative embodiment is consistent with an authentication stamp being displayed for a graphical image and the graphical image being within the formatted data.

We agree with Petitioner, however, that Arent’s disclosure of a certification indicator that floats above the merchant web page and displayed for the web page would have conveyed the additional subject matter recited in claim 6. Pet. 33; Reply 7. We note that Arent’s merchant web page depicts a “BUY” graphic image. We also note the similarity of the examples depicted Arent’s Figures 4–6, on which Petitioner relies, with the alternative embodiment in Figure 3 of the ’191 patent showing an authenticity stamp “A-OKAY” displayed with a graphic image (a car or a globe) displayed on a web page. More specifically, Arent’s Figures 4–6 show a certification indicator that is proof of certification of the merchant and a “BUY” graphic image displayed on a merchant’s web page.

As discussed previously, the issue here is what the combination would have conveyed to one of ordinary skill in the art, not whether the prior art discloses the claimed elements as arranged in the claim. Thus, on balance and for these reasons, we determine the pre-

ponderance of the evidence favors the Petitioner's position that the combination of the SHTTP document and Arent would have conveyed to one of ordinary skill in the art the additional limitation recited in claim 6—"the authenticity stamp is displayed for a graphical image within the formatted data."

Accordingly, we determine that the Petitioner has demonstrated by preponderance of the evidence that the limitations recited in claim 6 would have been obvious to one of ordinary skill in the art.

Inserting a second authenticity key into the formatted data; validating the formatted data based on the authenticity key; receiving formatted data from a third party

Claims 10, 13, 23, and 26 each require "inserting a second authenticity key into the formatted data." For these limitations, Petitioner relies on the SHTTP document's description of recursive encapsulation in which a second digital signature can be added to a document. Pet. 36–37 (regarding claim 10), 39–40 (regarding claim 13), 49 (regarding claim 23), 54 (regarding claim 26) (all of which cite Ex. 1009, 32–33). Claim 13 and 26 each further require "validating the formatted data based on the authenticity key." For this additional limitation, Petitioner relies on the combination of the SHTTP document and Arent. For instance, with regard to this limitation recited in claim 13, Petitioner relies on the SHTTP document's disclosure of conveying certificates for use in verifying the signature of the signed document (Ex. 1009, 13, 33) and Arent's disclosure of testing the authenticity of a merchant's supplied proof of certification (Ex. 1010, 3:55–63, Fig. 4). With regard to the same validating limitation recited in claim 26, Petitioner relies on the SHTTP document's disclosure of using

cached signed documents to authenticate data (Ex. 1009, 32–33).

As an initial matter, claims 10, 13, 23, and 26 each requires performing the step of inserting an authenticity key a second time. There is insufficient evidence that repeating the inserting step is more difficult or, even, substantially different technically, than performing the inserting step the first time. Nor is there sufficient evidence that performing the step a second time would yield a new or unexpected result than performing the inserting step the first time. *See In re Harza*, 274 F.2d 669, 671 (CCPA 1960) (“It is well settled that the mere duplication of parts has no patentable significance unless a new and unexpected result is produced.”).

Patent Owner challenges the “second authenticity key” limitations recited in claims 10, 13, and 23 using the same arguments that we found unpersuasive regarding inserting authenticity key recited in the independent claims. PO Resp. 55–57, 60–61, and 63–65.

Patent Owner also contends the SHTTP document’s disclosure of the server receiving and caching a signed document from a third party (in Ex. 1009, 32–33) and the SHTTP document’s disclosure of recursive encapsulation (Ex. 1009, 33–34) would not have conveyed to one of ordinary skill in the art “the authentication processor is further configured to receive the formatted data having the authenticity key and, to insert a second authenticity key into the formatted data.” PO Resp. 63–65. According to Patent Owner, the SHTTP document’s disclosure of a server receiving a signed document from a third party relates to a “context in which the server is untrusted and does not have a signing

key” and so the server, without a signing key, could not sign the received signed document a second time. *Id.*

We do not agree. As disclosed by the SHTTP document, recursive encapsulation creates a message that includes another message having a signed document. *See* Ex. 1009, 33, §§ 7.1.3–7.1.4 (stating, after discussing the server receiving a signed document in §§ 7.1.1–7.1.2, “[i]t is also possible ... to sign the underlying data... . In order to do this, one would take the signed document” and, after attaching additional headers, recursively encapsulate the message so it can be sent).

Claim 22, which depends from independent claim 17, also requires the authentication processor to be configured to receive the formatted data from a third party. For this additional limitation, Petitioner relies on the SHTTP document’s disclosure discussed above of receiving a signed document from a third party. Pet. 48–49 (citing Ex. 1009, 32–33); Reply 9.

Patent Owner challenges, using similar logic to that discussed previously with respect to claim 23—that the SHTTP document’s server receives a signed document but does not insert an authenticity key into the formatted data. For the reasons discussed above, we are not persuaded.

Accordingly, we determine that Petitioner has demonstrated by preponderance of the evidence that the combination of the SHTTP document and Arent would have conveyed to one of ordinary skill in the art the additional limitations recited in claims 10, 13, 22, 23, and 26.

Receiving the authenticity key from a third party

Claim 11, which depends from independent claim 1, further recites “the authenticity key is received from a

third-party.” According to antecedent basis, the authenticity key that is inserted into the formatted data is the same authenticity key that is received from a third-party. For this additional limitation, Petitioner relies on the SHTTP document’s disclosure of the server receiving a signed document from a third party, which has been discussed previously. Pet. 37 (citing Ex. 1009, 32–33). As Petitioner notes, the received signed document includes the signature. *Id.* As such, according to Petitioner, the SHTTP document would have conveyed to one of ordinary skill in the art receiving a digital signature (which according to the Petitioner corresponds to the recited “authenticity key”) from a third-party.

Patent Owner contends that the SHTTP document does not disclose the additional limitation in claim 11 because the claim requires the server to receive the authenticity key and the data in which the authenticity key is to be inserted from two different devices. PO Resp. 57–58. We do not agree with Patent Owner that claim 11 precludes receiving both the data and the authenticity key from the same third party. As discussed previously, claim 1 does not specify from where the received data is received.

Furthermore, we agree with Petitioner that the SHTTP document, discloses the server receiving a document signed by a third party and, as such, discloses the received document includes an authenticity key. Ex. 1009, 32–33. Applying recursive encapsulation to the signed document (including an authenticity key) results in a new message that includes the received message, which includes the digital signature (corresponding to the recited authenticity key). Accordingly, the encapsulation of the received message having the digital signature (i.e., authenticity key) to create a new

message, results in the new message having a digital signature. Because the digital signature is within the new message, the SHTTP document discloses “transforming, at an authentication host computer, received data by inserting an authenticity key to create formatted data” “wherein the authenticity key is received from a third-party.” *See* Ex. 1009, 32–33, §§ 7.1.1–7.1.4. We note that the claim does not require “inserting the authenticity key” to be encoding the received data with the same authenticity key.

For the foregoing reasons, we determine that Petitioner has demonstrated by preponderance of the evidence that the combination of the SHTTP document and Arent would have conveyed to one of ordinary skill in the art the additional limitations recited in claim 11.

Retrieving additional data based on the received data

Claim 12, which depends from independent claim 1, additionally recites “retrieving additional data based on the received data.” Claim 25, which depends from independent claim 17, similarly recites “the authentication processor is further configured to receive additional data based the formatted data.”

For the additional limitations received in claim 12 in its combination of the SHTTP document and Arent, Petitioner relies on Arent’s disclosure of a hyperlink that allows a user to enter financial information to be used for a purchase. Pet. 38. Regarding the additional limitation recited in claim 25, Petitioner relies on Arent’s disclosure of receiving order information based on the web page. Pet. 52.

Regarding claim 25, Patent Owner acknowledges Arent discloses the merchant server receives order information based on the web page. PO Resp. 67. Patent

Owner contends, however, that Petitioner fails to explain how the order information is based on the merchant's web page. Patent Owner's contentions are unduly narrow in view of the broad claim language "based on" in claim 25. Because the information relates to a sales transaction with the merchant, we determine Arent's order information related to a merchant's web page is "based on" the merchant's web page.

For similar reasons, we agree the Arent's hyperlink allowing a user to enter financial information for a purchase would have conveyed to one of ordinary skill in the art retrieving additional data "based on" the received data. Patent Owner additionally asserts that the Petition is deficient regarding claim 12 because of its purported deficiency regarding "receiving data" from outside itself (PO Resp. 58–59), which we do not find persuasive for the reasons given previously.

For these reasons, we determine that Petitioner has demonstrated by preponderance of the evidence that the combination of the SHTTP document and Arent would have conveyed to one of ordinary skill in the art the additional limitations recited in claims 12 and 25.

A plurality of images are only known by a client and challenge server.

Claims 14 and 27 each recite "a plurality of images are only known by a client and challenge server." For the limitation "a plurality of images are only known by a client and challenge server," Petitioner asserts that Arent's description of allowing a user to select a certification indicator out of a pool of media items discloses the plurality of images, as recited in claims 14 and 27. Pet. 41 (citing Ex. 1010, 4:55–58, 5:40–43), 55–56 (citing

Ex. 1010, 5:37–43). There is no dispute that Arent discloses a pool of images known by a client and a server.

For the foregoing reasons, we determine that Petitioner has demonstrated by a preponderance of the evidence that the combination of SHTTP document and Arent would have conveyed to one of ordinary skill in the art “a plurality of images are only known by a client and challenge server” as recited in claims 14 and 27.15

15 Patent Owner challenges claim 27 on the basis that Petitioner argued that Arent discloses the “claimed ‘the plurality of images are *already known by a client and a challenge server.*’” PO Resp. 68 (emphasis in original). Petitioner acknowledged the typographical error in its Petition that stated “already known” instead of the recited “only known.” Hearing Tr. 51:1–13. We find this error to be harmless in that claim 14 recites a nearly identical limitation “a plurality of images are only known by a client and challenge server” and relied on substantially the same portions of Arent. *Compare* Pet. 41 (citing Ex. 1010, 4:55–58, 5:40–43) *with id.* at 55–56 (citing Ex. 1010, 5:37–43).

Retrieving additional data based on the received data

Claim 24, which depends from independent claim 17, additionally recites “the authentication processor is further configured to receive a preferences key from a third party.” For this additional limitation, Petitioner further relies on Arent’s disclosure that preferences information may be stored on a network server site but accessed only after the user enters a user name and password from a local device. Pet. 51. According to Petitioner, the user name and password supplied from a user device would have conveyed to one of ordinary skill in the art receiving a preferences key from a third

party. *Id.* Petitioner seems to reason that Arent’s user name and password would have conveyed the recited “preferences key” because the user name and password are required to modify preference information. *Id.* Petitioner further seems to reason that, because a user operates a different device to supply the user name and password to the network server site, Arent’s disclosure would have conveyed to one of ordinary skill in the art the network server site receiving a preferences key from a third party—another device.

Based on an exemplary embodiment disclosed in the ’191 patent, Patent Owner contends that a preferences key must be a key, must be decrypted, and must determine the location of a preferences file. Resp. 22 (citing Ex. 1001 4:24–43), 66. We are not persuaded that the cited exemplary embodiment of the ’191 patent, which mentions using a preferences key to determine the location of the preferences file, imposes such limitations on the recited “preferences key.” We must be careful not to read a particular embodiment appearing in the written description into the claim if the claim language is broader than the embodiment. *In re Van Geuns*, 988 F.2d at 1184; *see also Superguide Corp. v. DirecTV Enters, 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.”); *In re Self*, 671 F.2d at 1348 (stating that it is well established that limitations not appearing in the claims cannot be relied upon for patentability).

Here, the claim language is broader than the embodiment in the ’191 patent. In reciting “a preferences key,” claim 24 does not relate the recited “preferences key” to another element of the claim by antecedent ba-

sis. Thus, claim 24 does not impose particular structural or functional limitations on the recited “a preferences key.” Similarly, claim 24 does not relate the recited “a third party” to another element of the claim by antecedent basis or impose particular structural or functional limitations.

In view of the breadth of claim 24 and the disclosure of Arent of a user device sending a user name and password to network server site to modify preferences information, we determine that Petitioner has demonstrated by preponderance of the evidence that the combination of SHTTP document and Arent would have conveyed “a preferences key received from a third party” to one of ordinary skill in the art.

Color or positioning of a graphic image within the formatted data is configurable

Claim 30, depends from independent claim 29 and additionally recites “at least one of color or positioning of a graphic image within the formatted data is configurable.” There is no dispute that Arent discloses personalization based on color. Ex. 1010, 11:65 (indicating preferences for Wallet color could be set up); *see* Pet. 61–63 (citing Ex. 1010, 11:65). Petitioner asserts that, based on Arent’s disclosures of personalization based on color and user customization of a certification indicator, the combination of SHTTP document and Arent would have conveyed to one of ordinary skill in the art the required configurable color or positioning of a graphic image within the formatted data.

Patent Owner asserts the combination is insufficient because Arent’s certification indicator floats above the merchant web page, which is a contention

with which we do not agree for the reasons given previously.

8. *Additional Limitations Recited by Dependent Claims 2, 3, 5, 7–9, 15, 16, 18–21, and 28*

Petitioner addresses each limitation of claims 2, 3, 5, 7–9, 15, 16, 18–21, and 28, which depend (directly or indirectly) from either independent claim 1 or independent claim 17. *See generally* Pet. 27–43, 46–56. Having reviewed the papers submitted by the parties and the evidence cited therein, we determine that Petitioner has demonstrated by a preponderance of the evidence that the SHTTP document and Arent would have conveyed to one of ordinary skill in the art the subject matter of claims 2, 3, 5, 7–9, 15, 16, 18–21, and 28.

9. *Reason to Combine*

We have determined that Petitioner has established by a preponderance of the evidence that the SHTTP document and Arent would have conveyed to one of ordinary skill in the art the limitations recited in claims 1–32. Our inquiry continues because “rejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness.” *In re Kahn*, 441 F.3d 977, 988 (Fed. Cir. 2006).

Petitioner contends, with support of its declarant, combining the SHTTP document and Arent would apply known technologies using known techniques and would not yield any unexpected or unpredictable results. *Id.* at 22 (citing Ex. 1002, 20). Petitioner further contends, also with support of its declarant, that one of ordinary skill in the art would have known readily how

to implement the features of Arent’s personalized indicators in the system described by the SHTTP document. *Id.* at 25 (citing Ex. 1002, 23). Petitioner, also with support of its declarant, provides a reason one of ordinary skill in the art would have combined the references—preventing unauthorized counterfeiting of the stamp. *Id.* at 22 (citing Ex. 1002, 20). Petitioner indicates that this reason is an advantage of using a personalized certification indicator disclosed expressly by Arent. *Id.* (citing Ex. 1010, 4:42–50).

Patent Owner contends that Petitioner failed to provide the necessary reason to combine the teachings of the SHTTP document and Arent. PO Resp. 70–79. Patent Owner contends that Dr. Clark’s testimony is unsupported and conclusory and, as such, should receive little or no weight. *Id.* at 76–79. Patent Owner also contends that Dr. Clark failed to provide objective evidence regarding the predictable combination of known techniques. *Id.* Additionally, Patent Owner contends that Dr. Clark fails to explain how the scope and the content of the prior art would have lead one of ordinary skill in the art to the claimed invention (*id.* at 76) and involves impermissible hindsight (*id.* at 75).

We find Petitioner has provided articulated reasoning with some rational underpinning. *See KSR*, 550 U.S. at 418 (“there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness”). Petitioner provides, with its declarant’s support, articulated reasoning with some rational underpinning as to why one of ordinary skill in the art would have combined the references. Pet. 22 (citing Ex. 1002, 20). Notably, the reason given—preventing unauthorized counterfeiting of the personalized certification indicator—is disclosed expressly by Arent. Although the rote application of the teaching-

suggestion-motivation test (or TSM test), requiring an express teaching in the prior art, is inappropriate, “[t]here is no necessary inconsistency between the idea underlying the TSM test and the *Graham* analysis.” *KSR*, 550 U.S. at 419.

Moreover, as noted by the Court in *KSR*, “the combination of familiar elements according to known methods is likely to be obvious when it does no more than yield predictable results.” *KSR*, 550 U.S. at 416. There is no evidence that features of Arent’s personalized indicators in the system described by the SHTTP document would be beyond the level of one of ordinary skill in the art. The claims here are directed to computers and computer programming, not chemical processes or compounds. We again note the rather high level of ordinary skill in the art, which requires a bachelor’s degree in computer science and at least two years of work experience, as another factor favoring a finding of obviousness. *Innovation Toys*, 637 F.3d at 1323 (“A less sophisticated level of skill generally favors a determination of nonobviousness ... while a higher level of skill favors the reverse.”).

Finally, Patent Owner’s contentions seem to suggest bodily incorporation from one disclosed system to another is required. *Id.* at 75 (Patent Owner contends that Petitioner “failed to explain how one of ordinary skill in the arts *could* have combined the teachings” of the references) (emphasis added). A determination of obviousness is based not on bodily incorporation of parts from one disclosed system into another, but what the combined teachings would have suggested to one with ordinary skill in the art. *In re Mouttet*, 686 F.3d at 1332; *In re Keller*, 642 F.2d at 425. It is not necessary that the particular structures of the references be physically combinable, unchanged, to render obvious

the claimed invention. *In re Sneed*, 710 F.2d 1544, 1550 (Fed. Cir. 1983).

10. Conclusion Regarding Obviousness

We have resolved the question of obviousness based on factual determinations of (1) the scope and content of the prior art; (2) differences between the subject matter of challenged claims and the teachings of the prior art; and (3) the level of ordinary skill in the art. *Graham*, 383 U.S. at 17–18. Patent Owner did not put forth any objective evidence of nonobviousness.

For the foregoing reasons, we determine that Petitioner has established by a preponderance of the evidence that the subject matter recited in claims 1–32 of the '191 patent as a whole would have been obvious to one of ordinary skill in the art in view of the teachings of the SHTTP document and Arent. *See* 35 U.S.C. § 103(a).

D. Patent Owner's Motion to Exclude

Patent Owner seeks to exclude “Supplemental Demonstrative Information Prepared by Paul C. Clark” (Ex. 1018). Petitioner opposes, arguing that Exhibit 1018 is Dr. Clark’s notes used during his deposition. We did not refer to or rely on Exhibit 1018 in this Final Written Decision. As such, we need not reach the merits as to Patent Owner’s Motion to Exclude.

Accordingly, Patent Owner’s Motion to Exclude certain evidence (Ex. 1018) is dismissed as moot.

III. CONCLUSION

Petitioner has proven by a preponderance of the evidence that the subject matter of claims 1–32 of the '191 patent would have been obvious to a person of or-

dinary skill in the art in view of the teachings of the SHTTP document and Arent.

Patent Owner's Motion to Exclude is dismissed as moot.

IV. ORDER

Accordingly, it is hereby

ORDERED that, based on a preponderance of the evidence, claims 1–32 of U.S. Patent No7,631,191 B2 are held unpatentable;

FURTHER ORDERED that Patent Owner's Motion to Exclude is dismissed; and

FURTHER ORDERED that, because this is a Final Written Decision, the 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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APPENDIX C

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

PNC BANK, NATIONAL ASSOCIATION, U.S. BANK, NATIONAL ASSOCIATION, and U.S. BANCORP,
Petitioner,

v.

SECURE ACCESS, LLC,
Patent Owner.

Paper 43

Entered: September 8, 2015

Case CBM2014-00100

Patent 7,631,191 B2

Before BARBARA A. BENOIT, TRENTON A. WARD, and GEORGIANNA W. BRADEN, *Administrative Patent Judges.*

BENOIT, *Administrative Patent Judge.*

DECISION

Institution of Covered Business Method Patent Review

37 C.F.R. § 42.208

II. INTRODUCTION

PNC Bank, National Association (“PNC”), U.S. Bank, National Association, and U.S. Bancorp (together, “U.S. Bank; collectively with PNC, “Petitioner”) filed a Petition (Paper 3, “Pet.”) requesting a review under the transitional program for covered business method patents of U.S. Patent No. 7,631,191 B2 (Ex. 1001, “the ’191 patent”). Secure Axxess, LLC (“Patent Owner”) filed a Preliminary Response (“Prelim. Resp.”). Paper 7. The Board has jurisdiction under 35 U.S.C. § 324.¹

The standard for instituting a covered business method patent review is set forth in 35 U.S.C. § 324(a), which provides as follows:

THRESHOLD.—The Director may not authorize a post-grant review to be instituted unless the Director determines that the information presented in the petition filed under section 321, if such information is not rebutted, would demonstrate that it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable.

Petitioner challenges the patentability of claims 1-32 of the ’191 patent under 35 U.S.C. §§ 101, 103, and 112. Taking into account Patent Owner’s Preliminary Response, we determine the information presented in the Petition demonstrates it is more likely than not that the challenged claims are unpatentable. Accordingly, pursuant to 35 U.S.C. § 324, we authorize a covered business method patent review to be instituted as to claims 1-32 of the ’191 patent.

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

A. *Related Matters*

Petitioner represents that the '191 patent has been asserted against PNC in *Secure Access, LLC v. PNC Bank, National Ass'n*, Case No. 6:13-cv-00722-LED (E.D. Tex.) and has been asserted against U.S. Bank in *Secure Access, LLC v. U.S. Bank, National Ass'n*, Case No. 6:13-cv-00717-LED (E.D. Tex.). Pet. 2, Paper 6. Petitioner also identifies sixteen other court proceedings in which Patent Owner has asserted the '191 patent. *See* Pet. 2-3; *see also* Paper 6 (Patent Owner's Related Matters).

Petitioner also identifies a request for an *inter partes* review of the '191 patent filed by a different petitioner—*EMC Corp. v. Secure Access, LLC*, Case IPR2014-00475 (PTAB), Paper 3. Pet. 3.

B. *The '191 Patent*

The '191 patent relates to authenticating a web page, such as “www.bigbank.com.” Ex. 1001, Abstract, 1:16-18, 1:28-34. The '191 patent explains that customers can be deceived by web pages that appear to be authentic, but are not. *See id.* at 1:28-34. A web page that has been authenticated according to the techniques described by the '191 patent includes “all of the information in the same format as the non-authenticated page.” *Id.* at 2:58-60. The authenticated web page, however, also includes an “authenticity stamp.” *Id.* at 2:60-62.

Figures 1 and 2 are set forth below:

100a

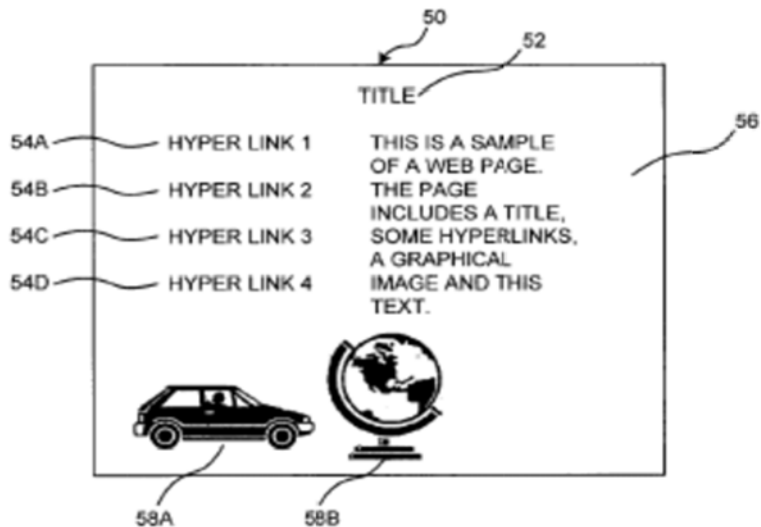


Figure 1

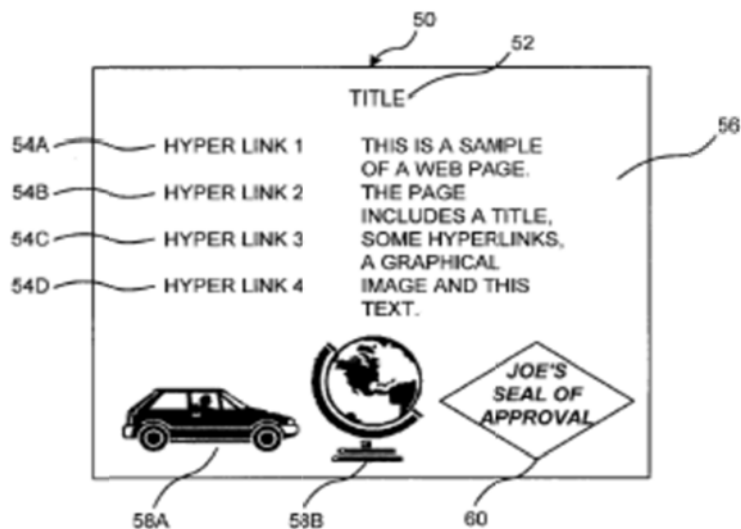


Figure 2

Figures 1 and 2 each show web page 50 having title 52, hyperlinks 54A, 54B, 54C, and 54D, textual information 56, and graphical images 58A and 58B. *Id.* at 2:54-57. Figure 1 shows web page 50 has not been authenticat-

ed, whereas Figure 2 shows web page 50 has been authenticated. *Id.* at 2:54-61. The authenticated web page shown in Figure 2, unlike the non-authenticated web page shown in Figure 1, includes authenticity stamp 60. *Id.*

C. Illustrative Claims

Petitioner challenges all thirty-two claims of the '191 patent. Claims 1, 17, 29, 31, and 32 are independent claims. Claims 1 and 29 are illustrative of the claims at issue and read as follows:

1. A method comprising:

transforming, at an authentication host computer, received data by inserting an authenticity key to create formatted data; and

returning, from the authentication host computer, the formatted data to enable the authenticity key to be retrieved from the formatted data and to locate a preferences file,

wherein an authenticity stamp is retrieved from the preferences file.

29. An authentication system comprising:

an authentication processor configured to send formatted data having an authenticity key to a client, wherein the authenticity key enables location of a preferences file, and wherein an authenticity stamp is retrieved from the preferences file.

D. Asserted Grounds of Unpatentability

Petitioner asserts that the challenged claims are unpatentable based on the following grounds:

Basis	Challenged Claims	References
§ 101	1-32	
§ 103	1-32	SHTTP ² and Arent ³
§ 103	1-32	SHTTP, Arent, and Palage ⁴
§ 112	1-16, 29-32	

III. ANALYSIS

A ground of unpatentability can be instituted only if the petition supporting the ground demonstrates that it is more likely than not that at least one challenged claim is unpatentable. 37 C.F.R. § 42.208(c). In the analysis that follows, we discuss facts as they have been presented thus far in this proceeding. Any inferences or conclusions drawn from those facts are neither final nor dispositive of any issue related to any ground on which we institute review.

A. Claim Construction

We begin our analysis with claim construction. *Bancorp Servs., L.L.C. v. Sun Life Assurance Co. of Canada*, 687 F.3d 1266, 1273–74 (Fed. Cir. 2012) (“[I]t will ordinarily be desirable—and often necessary—to resolve claim construction disputes prior to a § 101 analysis, for the determination of patent eligibility requires a full understanding of the basic character of the claimed subject matter.”). In a covered business method patent review, a claim in an unexpired patent shall

² E. RESCORLA & A. SCHIFFMAN, *The Secure HyperText Transfer Protocol*, the Internet Engineering Task Force (July 1996) (Ex. 1009) (“SHTTP”).

³ U.S. Patent 6,018,724, issued Jan. 25, 2000 (Ex. 1010) (“Arent”).

⁴ U.S. Patent 6,018,801, issued Jan. 25, 2000 (Ex. 1011) (“Palage”).

be given its broadest reasonable construction in light of the specification of the patent in which it appears. 37 C.F.R. § 42.300(b). Under the broadest reasonable construction standard, claim terms are given their ordinary and customary meaning, as would be understood by one of ordinary skill in the art in the context of the entire disclosure. *In re Translogic Tech., Inc.*, 504 F.3d 1249, 1257 (Fed. Cir. 2007).

The parties submit proposed constructions for several different claim terms. Pet. 15-19; Prelim. Resp. 9-18. For purposes of this decision, we only construe “insert [or “inserting”] an authenticity key” and “received data.” We also determine, on this record, whether the recited authenticity key itself is required to locate a preferences file. No other terms in the challenged claims require express construction for this decision.

1. “insert an authenticity key” or “inserting an authenticity key”

Each of independent claims 1, 31, and 32⁵ recites “inserting an authenticity key to create formatted data,” and independent claim 17 recites “an authentication processor configured to insert an authenticity key into formatted data.”

Neither Petitioner nor Patent Owner proposes an express construction for inserting an authenticity key. As made clear by Patent Owner’s arguments concerning the asserted prior art, Patent Owner contends the recited “inserting” does not encompass “attaching” an authentication key to a document. Prelim. Resp. 38. Rather, according to Patent Owner, “transforming, at

⁵ More precisely, claim 32 recites “inserting an authenticity key to create the formatted data.”

an authentication host computer, received data by inserting an authenticity key to create formatted data,” as recited in claim 1, requires “inserting the [authentication key] into data received by a host computer.” *Id.*

The '191 patent does not set forth a special definition for “insert” or “inserting.” Accordingly, we look to the ordinary meaning of the term “insert”—to put or set into, between, or among.⁶ The '191 patent describes an authenticity key being inserted into a web page, without further elaboration as: “The logic of FIG. 10 then moves to block 610 where the authenticity key is *inserted* into the web page.” Ex. 1001, 8:1-3 (emphasis added); *see also id.* at 1:55-57, Fig. 10 (block 610). The '191 patent’s use of “insert” is consistent with its ordinary meaning, which encompasses “being put into.”

On this record, we disagree with Patent Owner that “insert” is limited to being put into, and does not encompass being attached to, because Patent Owner has not shown where this term is set forth in the '191 patent in a manner sufficient to supersede the ordinary meaning of the term “insert.” If an inventor acts as his or her own lexicographer, the definition must be set forth in the specification with reasonable clarity, deliberateness, and precision. *Renishaw PLC v. Marposs Societa' per Azioni*, 158 F.3d 1243, 1249 (Fed. Cir. 1998). Patent Owner’s construction of “insert” fails to account sufficiently for its ordinary meaning, which is not limited “to put into” but encompasses “to put between or among.”

The broadest reasonable construction of “inserting,” including inserting by putting among something,

⁶ AMERICAN HERITAGE DICTIONARY 933 (3d ed. 1992) (defining “insert” as “1. To put or set into, between, or among”).

encompasses attaching an authentication key to something. Further, the claim language recites “formatted data” (rather than a web page⁷), and so is broader than the embodiment of inserting the authenticity key into the web page. Thus, the claim language is not limited to the embodiment “of inserting into a web page,” which appears in the written description. *See In re Van Geuns*, 988 F.2d 1181, 1184 (Fed. Cir. 1993); *see also Thorner v. Sony Computer Entm’t Am. LLC*, 669 F.3d 1362, 1365 (Fed. Cir. 2012) (It is not enough that the only embodiment, or all of the embodiments, contain a particular limitation to limit a claim to that particular limitation.).

Accordingly, on this record and for purposes of institution, the broadest reasonable construction of “inserting an authenticity key” and “insert an authenticity key” encompasses attaching an authenticity key to the received data to create formatted data.

2. “received data”

Independent claim 1 recites “transforming, at an authentication host computer, received data by inserting an authenticity key to create formatted data.” Neither Petitioner nor Patent Owner proposes an express construction for “received data,” as recited in claim 1. As made clear by Patent Owner’s arguments concerning the asserted prior art, however, Patent Owner contends that “received data,” as recited in claim 1, is limited to data received by the authentication host computer and “sent from elsewhere”—presumably, a device other than the authentication host computer. Prelim. Resp. 39.

⁷ Claim 2, which depends from claim 1, additionally recites “wherein the formatted data is a web page.”

Claim 1 does not recite expressly from where the received data originates. Moreover, Patent Owner has not provided sufficient evidence at this juncture to persuade us that “received data” recited in claim 1 is limited to data sent from a device other than the authentication host computer. Thus, the broadest reasonable construction of “received data” encompasses receiving data sent from a component in or associated with the authentication host computer.

3. “authenticity key” “to locate a preferences file”

One issue raised by Petitioner is whether a preferences file is located by the authenticity key. Petitioner contends that none of the claims require the authenticity key be used to locate the preference file and that the written description only discloses that a preference key, which is different than an authenticity key, is used to locate the preferences file. Pet. 7; *see also* Ex. 1001, 4:38-40 (“Thus, the plug-in 114 must get the preferences key to determine the location of the preferences file.”). Petitioner asserts that, if Patent Owner “argues that the authenticity key itself locates a preference file,” claims 1-32 would have been obvious over SHTTP, Arent, and Palage. Pet. 71-72.

Patent Owner does not contend that the authenticity key itself locates a preferences file. Rather, Patent Owner proposes the construction of the term “authenticity key” should be “information that (1) indicates that a page should be authenticated and (2) may be used to support authentication.” Prelim. Resp. 10; *see id.* at 45. Patent Owner also contends that each of the independent claims only requires “the authenticity key to provide the ability to determine a location of a preference file.” Pet. 15. For support, Patent Owner relies

on a preferred embodiment disclosed in the written description in which the preferences file is hidden and its location is determined only after the authenticity key is verified. Pet. 16-17 (citing Ex. 1001, 4:37-38, 4:16-25, 9:53-57). According to Patent Owner, an authenticity key enables or provides the ability to determine the location of the preferences file, for example, if determining the location of the preferences file is performed only if the authentication key is verified. Pet. 17.

None of the claims expressly requires that the authenticity key itself locates a preferences file or is used to locate a preferences file. For example, claim 1 recites “returning, from the authentication host computer, the formatted data to enable the authenticity key to be retrieved from the formatted data and to locate a preferences file.” As such, claim 1 does not require expressly that the authenticity key itself locates a preferences file or is used to locate a preferences file, only that the authenticity key enables locating a preferences file. Similarly to claim 1, independent claim 29 recites “wherein the authenticity key enables location of a preferences file.”

Independent claim 17 recites “to insert an authenticity key into formatted data to enable authentication of the authenticity key to verify a source of the formatted data and to retrieve an authenticity stamp from a preferences file. Although claim 17 recites “to retrieve an authenticity stamp from a preferences file,” claim 17 does not recite locating a preferences file, much less reciting that the preferences file is located by an authenticity key.

Independent claims 31 recites “wherein the authenticity key is retrieved from the formatted data to locate a preferences file,” and independent claim 32 recites

“retrieving, by the client computer, the authenticity key from the formatted data to locate a preferences file.” Each of these claims requires retrieving the authenticity key from the formatted data to locate a preferences file. Patent Owner contends, however, these claims only require the authenticity key to provide the ability to determine a location of a preferences file. Pet. 15.

Neither Patent Owner nor Petitioner contends that the authenticity key itself locates a preferences file or is used to locate a preferences file. On this record, we are not persuaded that any claim in the '191 patent requires the authenticity key to locate a preferences file.

B. Standing

Section 18 of the AIA provides for the creation of a transitional program for reviewing covered business method patents. Section 18 limits reviews to persons or their privies who have been sued or charged with infringement of a “covered business method patent.” AIA § 18(a)(1)(B); *see also* 37 C.F.R. § 42.302. As discussed above in section I-A, Petitioner represents it has been sued for infringement of the '191 patent and is not estopped from challenging the claims on the grounds identified in the Petition. Pet. 2, 14; *see also* Paper 6.

The parties dispute whether the '191 patent is a “covered business method patent,” as defined in the AIA and 37 C.F.R. § 42.301. *See* Pet. 18-35; Prelim. Resp. 15-31. “[T]he term ‘covered business method patent’ means 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); *see* 37 C.F.R. § 42.301(a).

We conclude that the ’191 patent meets the definition of a “covered business method patent” for the reasons set forth below, and Petitioner has standing to file a petition for a covered business method patent review.

1. Financial Product or Service

One requirement of a covered business method patent is for the patent to “claim[] a method or corresponding apparatus for performing data processing or other operations used in the practice.” AIA § 18(d)(1); *see also* 37 C.F.R. § 42.301(a). The legislative history of the AIA “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.’” 77 Fed. Reg. 48,374, 48,735 (Aug. 14, 2012) (quoting 157 Cong. Rec. S5432 (daily ed. Sept. 8, 2011)).

Petitioner contends the ’191 patent meets the financial product or service requirement, because the patent specification includes discussions of financial services using the claimed systems and processes, and because Patent Owner has sued approximately fifty financial institutions, including banks. Pet. 11-12.

In response, Patent Owner contends that financial products and services include “only financial products such as credit, loans, real estate transactions, check cashing and processing, financial services and instruments, and securities and investment products.” Pet. 20; *see also* Pet. 18-20. According to Patent Owner, the ’191 patent claims an authentication server that authenticates data (such as a web page) from a service.

Pet. 25, 28. As such, Patent Owner contends the '191 patent is not a covered business method patent, because (1) the claimed method and apparatus can be used by a business generally, and (2) the claim language is devoid of any financial or monetary terms. Pet. 20, 22-25. Patent Owner further contends that asserting the '191 patent against financial institutions is not sufficient to demonstrate the '191 patent claims activities that are financial in nature, incidental to a financial activity, or complementary to a financial activity. Prelim. Resp. 26-28.

Based on the record before us, we determine that the method and apparatus claimed by the '191 patent are incidental to a financial activity. The written description of the '191 patent discloses a need by financial institutions to ensure customers are confident that the financial institution's web page is authentic (Ex. 1001, 1:28-33); alternative embodiments of the invention are disclosed as being used by financial institutions (*id.* at 8:21-23) and used in commerce, including (i) transacting business over a network, such as the Internet (*id.* at 10:65-11:3); and (ii) selling of goods, services, or information over a network (*id.* at 17-21). Although not determinative, Patent Owner's many suits alleging infringement of claims of the '191 patent by financial institutions is a factor, weighing toward the conclusion that the '191 patent claims a method or apparatus that at least is incidental to a financial activity.

Because the method and apparatus claimed by the '191 patent are incidental to a financial activity, the '191 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. *See* 37 C.F.R. § 42.301(a).

2. Exclusion for Technological Inventions

The definition of “covered business method patent” in Section 18 of the AIA expressly excludes patents for “technological inventions.” AIA § 18(d)(1); *see also* 37 C.F.R. § 42.301(a). 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). The following claim drafting techniques, for example, typically do not render 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, 48,764 (Aug. 14, 2012).

Petitioner indicates that the ’191 patent is not directed to a technological invention, because the claims do not solve a technical problem using a technical solution. Pet. 13-14. More specifically, according to Petitioner, the ’191 patent is directed to solving a non-technical problem—ensuring customers are confident that web pages are authentic. *Id.* at 13. As noted by

Petitioner, the claims recite only known computer components and do not claim specialized technology, such as encryption algorithms, for authenticating a web page. *Id.* at 13-14.

Patent Owner disagrees. Prelim. Resp. 28-35. Patent Owner contends that every claim of the '191 patent “solves the technical problem of distinguishing authentic data (e.g., data for web pages) sent by a legitimate site from fraudulent data sent by a fraudulent site.” *Id.* at 29. Patent Owner further contends the claimed subject matter, as a whole, recites a technological solution—a computer system, including an authentication system, an authentication key, and authentication stamp, that executes a particular series of steps. *Id.* at 30, 31.

Although the claimed steps of the '191 patent may be an allegedly novel and nonobvious process, based on the record before us, we find that the technological features of the claimed steps are directed to using known technologies. *See* 77 Fed. Reg. at 48,764 (indicating use of known technologies does not render a patent a technological invention). The patent specification indicates that components of the computer system used in the claimed authentication process are known technologies. For example, the written description discloses known computer systems and devices running known operating systems (Ex. 1001, 3:30-34, 10:30-35, 11:7-12), known user input devices (*id.* at 11:3-6), and known networks and networking and communication protocols (*id.* at 3:38-44, 10:67-11:3, 11:12-17). The patent specification further discloses that the system is programmed using known programming and scripting languages, and known data structures (*id.* at 10:35-40), and discloses that the system uses “conventional techniques for data

transmission, signaling, data processing, network control, and the like” (*id.* at 10:41-44).

Furthermore, the patent specification describes using known cryptography techniques for encrypting and decrypting the authenticity key. *See id.* at 6:28-32. Also, the patent specification incorporates by reference a cryptography text. *Id.* at 10:44-48. The recited authentication stamp is described as having a number of variations, including graphics only, text only, text and graphics, audio, blinking (Ex. 1001, 2:67-4), but does not describe novel or nonobvious technology used to implement those features.

Patent Owner has not shown persuasively that the claimed subject matter, as a whole, requires any specific, unconventional software, computer equipment, cryptography algorithms, processing capabilities, or other technological features. Patent Owner’s identification of allegedly novel or unobvious steps, such as limitations in the independent claim and dependent claims 2 and 4 (Prelim. Resp. 30), does not persuade us that any of the steps require the use of specific computer hardware alleged to be novel and unobvious over the prior art. 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 does not render the claimed subject matter a technological invention. *See* 77 Fed. Reg. at 48,764.

We also have considered whether the claimed subject matter solves a technical problem using a technical solution, as contended by Patent Owner, (Prelim. Resp. 29, 34-35), but, because we conclude that the claimed subject matter, as a whole, does not recite a technological feature that is novel and unobvious over the prior art, the ’191 patent is not directed to a technological in-

vention, which is excluded from a covered business method patent review.

Accordingly, the '191 patent is eligible for a covered business method patent review.

*C. Asserted Ground that Claims 1-32
Are Unpatentable Under § 101*

Petitioner challenges claims 1-32 of the '191 patent as directed to patent-ineligible subject matter under 35 U.S.C. § 101. Pet. 72-77. Patent-eligible subject matter is defined in 35 U.S.C. § 101:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

There are, however, three limited, judicially-created exceptions to the broad categories of patent-eligible subject matter in § 101: laws of nature; natural phenomena; and abstract ideas. *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289, 1293 (2012). The Supreme Court has made clear that the test for patent eligibility under § 101 is not amenable to bright-line categorical rules. *See Bilski v. Kappos*, 130 S. Ct. 3218, 3222 (2010).

3. Whether the Claims Are Directed to an Abstract Idea

Petitioner challenges each claim of the '191 patent as failing to recite patentable subject matter under § 101, because the claims fall within the judicially created exception encompassing abstract ideas. Pet. 73-76. In *Alice Corp. Pty, Ltd. v. CLS Bank International*, 134 S. Ct. 2347 (2014), the Supreme Court reiterated the framework set forth previously in *Mayo*, “for distin-

guishing 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 1291, 1297). 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 on the [ineligible concept] itself.’ ” *Id.* (alteration in original) (quoting *Mayo*, 132 S. Ct. at 1294).

Turning to the Petition, Petitioner, relying on the framework set forth in *Mayo* and followed in *Alice*, asserts that claims 1-32 are unpatentable under § 101, because the claims are drawn to patent-ineligible “abstract ideas, with only insignificant, well-known subject matter added.” Pet. 73; *see also* Pet. 73-76. Patent Owner disagrees. Prelim. Resp. 56-65.

In determining whether a method or process claim recites an abstract idea, we must examine the claim as a whole. *Alice*, 134 S. Ct. at 2355 n. 3. Claim 1, as a whole, relates to a computer-implemented method to transform data in a particular manner—by inserting an authenticity key to create formatted data, enabling a particular type of computer file to be located and from which an authenticity stamp is retrieved. On its face, there is nothing immediately apparent about these

physical steps that would indicate the claim is directed to an abstract idea.

Moreover, claim 1, as a whole, is distinguishable from the patent-ineligible abstract concepts found in *Alice* or *Bilski*. *Alice* involved “a method of exchanging financial obligations between two parties using a third-party intermediary to mitigate settlement risk.” *Alice*, 134 S. Ct. at 2356. *Bilski* involved the concept of hedging risk, which the Court deemed “a method of organizing human activity.” *Bilski*, 130 S. Ct. at 3222. Like the concept of hedging risk in *Bilski*, *Alice*’s “concept of intermediated settlement” was held to be “‘a fundamental economic practice long prevalent in our system of commerce.’” *Alice*, 134 S. Ct. at 2356. Similarly, the Court in *Alice* found that “[t]he use of a third-party intermediary ... is also a building block of the modern economy.” *Id.* “Thus,” the Court held, “intermediated settlement ... is an ‘abstract idea’ beyond the scope of § 101.” *Id.*

Petitioner asserts that claim 1 is an abstract idea, because it is nothing more than computerizing a purported centuries old practice of placing a trusted stamp or seal on a document to indicate the authenticity of the document. Pet. 74. Petitioner’s position is unpersuasive, because as indicated by Patent Owner (Prelim. Resp. 64-65), Petitioner does not tie adequately the claim language to the purported abstract concept of placing a trusted stamp or seal on a document. Although the claim recites retrieving an authenticity stamp, the claim does not recite placing the stamp, much less doing so on a paper document, presumably as “centuries-old” practices have done. Similarly, the claim does not recite a paper document. Moreover, claim 2, which depends from claim 1, additionally re-

cites that the formatted data is a web page, not a paper document.

We also find that Petitioner does not provide sufficient persuasive evidentiary support that the placing of a trusted stamp or seal on a document is “a fundamental economic practice” or a “building block of the modern economy.” *See Alice*, 134 S. Ct. at 2356 (citing various references concerning the concept of intermediated settlement, including an 1896 reference).

Petitioner further asserts claim 1 is patent-ineligible abstract idea, because it “relates to nothing more than manipulating and collecting data.” Pet. 73 (citing *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1370 (Fed. Cir. 2011); *In re Grams*, 888 F.2d 835, 840 (Fed. Cir. 1989)). Patent Owner disagrees, indicating that claim 1 recites (1) transforming at an authentication host computer, received data (a) by inserting an authenticity key (b) to create formatted data; and (2) returning, from the authentication host computer, the formatted data (a) to enable the authenticity key to be retrieved from the formatted data and (b) to locate a preferences file. Prelim. Resp. 58-59.

Petitioner’s reliance on *CyberSource* and *Grams* is unpersuasive. In *CyberSource*, the Federal Circuit indicated that mere collection and organization of data does not satisfy the transformation prong in the machine-or-transformation test. *See CyberSource*, 654 F.3d at 1370. The Federal Circuit also indicated that the mere manipulation or reorganization of data also did not satisfy the transformation prong. *See id.* at 1375. The Federal Circuit concluded, however, that the claims at issue were to a patent-ineligible abstract idea, not merely because of the collection, organization, and manipulation of data, but because all the claimed steps

could be performed in the human mind, which is not the case here. *See id.* at 1373, 1376-77. Rather, the challenged claims specifically recite “transforming ... received data by inserting an authenticity key to create formatted data,” thereby authenticating a web page with an authenticity stamp. Thus, the claims require a fundamental change to the data; a change that cannot be performed in the human mind.

Although the Federal Circuit in *Grams* held that data gathering steps cannot make an otherwise non-statutory claim statutory, the court did not indicate that a claim with only data gathering steps and a mathematical algorithm necessarily always would be non-statutory. *Grams*, 888 F.3d at 840 (quoting *In re Meyer*, 688 F.2d 789, 794 (CCPA 1982)).

Claim 1 of the '191 patent recites “transforming ... at an authentication host computer” and “returning ... from the authentication host computer,” which are not immediately apparent as being limited to data gathering. As such, on this record, claim 1 can be distinguished from claims in *Grams*, which rely on data gathering as the recited physical steps. Petitioner does not provide further arguments specifically addressing limitations in claims 2-32 (*see generally* Pet. 73-76).

For these reasons, we are not persuaded by Petitioner’s assertion that claims 1-32 are patent-ineligible abstract ideas. As such, we need not turn to the second step in the *Mayo* framework to look for additional elements that can transform the nature of the claim into a patent-eligible application of an abstract idea.

4. Whether the Claims Satisfy the Machine-or-Transformation Test

Petitioner also contends that claims 1-32 are unpatentable under § 101, because the claims are not tied to any particular machine and transform no article into a different state or thing, and thus do not satisfy the machine-or-transformation test. We understand that the machine-or-transformation test is a useful tool, but is not sole test for whether an invention is a patent-eligible process under § 101. *See Bilski* 130 S. Ct. at 3227.

Petitioner asserts claim 1 does not transform an article into a different state or thing. Pet. 76. Rather, according to Petitioner, the transforming limitation in claim 1 is merely manipulation or reorganization of data, which is not patent eligible. Pet. 76-77 (citing *CyberSource*, 654 F.3d 1375).

We are not persuaded that “transforming ... received data by inserting an authenticity key to create formatted data” fails to satisfy the transformation prong. The claim language recites “transforming” one thing (“received data”) “to create” something else (“formatted data”) and further recites a particular manner of transforming (“by inserting an authenticity key”).

Petitioner does not provide persuasive argument or supporting evidence to support its position that the transforming limitation is merely manipulation or reorganization of data. Because Petitioner has not persuaded us that claim 1 does not meet the transformation prong of the machine-or-transformation test, we need not consider Petitioner’s other assertions that claim 1 does not meet the machine prong of the test. Furthermore, Petitioner does not provide further ar-

guments regarding claims 2-32 (*see generally* Pet. 76-77), thus, we are not persuaded claims 1-32 fail to satisfy the machine-or-transformation test.

Therefore, having considered the information provided in the Petition, as well as Patent Owner's Preliminary Response, we are not persuaded Petitioner has demonstrated that it is more likely than not that the claims challenged in the Petition are unpatentable under 35 U.S.C. § 101.

D. Asserted Ground of Obviousness Over SHTTP and Arent

Petitioner asserts that claims 1-32 of the '191 patent are unpatentable under 35 U.S.C. § 103 over SHTTP and Arent.

1. Priority Date of Claims 1-32

Petitioner asserts that Arent, which issued January 25, 2000, is prior art under 35 U.S.C. § 102(a), because Arent issued before the effective filing date of the '191 patent. Pet. 21. Petitioner asserts that September 6, 2000 is the earliest date of which the '191 patent is entitled to claim benefit, because the provisional application (Ex. 1007), of which the '191 patent claims benefit, does not provide the requisite support for any of the claims. Pet. 19-20. Petitioner asserts "[a]t best, the provisional application only generically discloses using a shared secret between a merchant and a consumer for authentication." Pet. 20.

For purposes of this decision, we agree with Petitioner (Pet. 20) that the provisional application does not disclose an authenticity key, as recited in each of independent claims 1, 17, 29, 31, and 32. Accordingly, on this record, we agree with Petitioner that *Arent* is prior art under 102(a) to the '191 patent.

2. *Overview of Asserted Prior Art*

SHTTP is a draft document of the Internet Engineering Task Force (“IETF”) describing the Secure HyperText Transfer Protocol, which provides secure communication between a client computer and a server to enable commercial transactions. Ex. 1007, 1, 2. SHTTP describes a server attaching a digital signature to a document, which creates a signed document to be sent to a client computer and used to verify the authenticity of the signed document. *See id.* at 32-33. SHTTP also describes displaying, on the client computer, a visual indicator of the security of the transaction and indicating the identity of the signer of the signed document. *See id.* at 31.

Arent describes authenticating online transaction data. Ex. 1010, Abstract. A validation process is initiated when a user initiates an electronic transaction, and the validation process “determine[es] authenticity of data related to the transaction, such as the identity of a transaction party.” *Id.* If the data are authentic, Arent’s process displays a “certification indicator,” which may be a graphic with user defined text and may be customized by a user. *Id.*

Arent’s Figure 4 is set forth below:

HONEST JOE'S COMPUTERS

If you can't trust Honest Joe, who can you trust?

This Month's UNBELIEVABLE Specials:

250 Mhz Famous Make Computer, 32 MB Ram, 5GB Hard Drive, Monitor, Printer, \$2000 of software:
HONEST JOE'S UNBELIEVABLE PRICE: \$499.00!

Do it in Laser Color! Famous Make Color Laser Printer, 16 MILLION colors; 25 pages per minute:
Elsewhere \$5000,
HONEST JOE'S UNBELIEVABLE PRICE: \$699.00!

To order, just click the box next to the item you want, fill in your name address and credit card number, and click the "Buy!" button, and your new computer product will be on its way!

Name:

Street:

City, State Zip:

Credit Card:

Expiration:

BUY!

400 digitally Certified
web site

100

FIG. 4

Figure 4 illustrates an example certification indicator. *Id.* at 4:16-17. As shown, certification indicator 400 is displayed on the user's device "as a graphic that floats above merchant web page 100." *Id.* at 4:17-20. Arent teaches that a user-customized certification indicator stored on the user's device helps protect a user from an unscrupulous merchant counterfeiting a certification indicator. *See id.* at 4:34-50. Arent's Figure 6 is set forth below:

HONEST JOE'S COMPUTERS
If you can't trust Honest Joe, who can you trust?

This Month's UNBELIEVABLE Specials:

250 Mhz Famous Make Computer, 32 MB Ram, 5GB Hard Drive, Monitor, Printer, \$2000 of software:
HONEST JOE'S UNBELIEVABLE PRICE: \$499.00!

Do it in Laser Color! Famous Make Color Laser Printer, 16 MILLION colors, 25 pages per minute:
Elsewhere \$5000.
HONEST JOE'S UNBELIEVABLE PRICE: \$699.00!

To order, just click the box next to the item you want, fill in your name address and credit card number, and click the "Buy!" button, and your new computer product will be on its way!

Name:

Street:

City, State Zip:

Credit Card:

Expiration:

BUY!

510
500
520
100

FIG. 6

Figure 6 illustrates an example of certification indicator with a user-defined component. Certification indicator 500 includes standard component 510 and user-defined component 520 consisting of a text string selected by the user and stored in a database with user preference information. *Id.* at 4:51-60, 7:24-25, 7:33-37. After the merchant has been authenticated, components 510 and 520 of the certification indicator are retrieved from storage and combined to form certification indicator 500, which is displayed on top of merchant's web page 100. *Id.* at 4:67-5:7.

3. Analysis

Regarding independent claim 1, Petitioner relies on SHTTP for "teaching transforming, at an authentica-

tion host computer, received data by inserting an authenticity key to create formatted data; and returning, from the authentication host computer, the formatted data.” Pet. 23.

With respect to claim 1, Petitioner contends the document of SHTTP discloses the recited “received data,” SHTTP’s server discloses the recited “authentication host computer,” and SHTTP’s description of the server digitally signing the document discloses the recited “transforming, at an authentication host computer, received data.” Pet. 23. Petitioner further contends that SHTTP’s digital signature discloses the recited “authenticity key,” and SHTTP’s signed document discloses the recited “formatted data.” *Id.* Petitioner then contends that SHTTP’s attaching the digital signature to the document discloses “inserting an authenticity key to create formatted data.” *Id.* Petitioner further contends that sending the signed document to a client computer discloses “returning, from the authentication host computer, the formatted data.” *Id.*

Petitioner relies on the combination of SHTTP and Arent for disclosing the additional limitations in claim 1—“to enable the authenticity key to be retrieved from the formatted data and to locate a preferences file, wherein an authenticity stamp is retrieved from the preferences file.” In particular, according to Petitioner, SHTTP describes enabling a client to retrieve the digital signature from the signed document, which discloses retrieving the authenticity key from the formatted data. Pet. 24.

Petitioner relies on Arent as describing one way to implement SHTTP’s visual indicator of security. Pet. 21. Petitioner also contends Arent’s description that the customization information for the certification indi-

cator is stored in an individual database for a user discloses the recited “preferences file.” *Id.* Petitioner relies on SHTTP’s digital signature and visual indicator of security in combination with Arent’s display of a certification indicator after receiving a digital signature from the merchant as disclosing the recited “to enable the authenticity key to be retrieved from the formatted data and to locate a preferences file.” Pet. 26 (citing, e.g., Ex. 1010, 3:38-42).

Petitioner further relies on Arent’s certification indicator as disclosing the recited “authenticity stamp” and Arent’s database, which stores user-entered components of a certification indicator, as disclosing the recited “preferences file.” Pet. 26-27. Petitioner contends Arent’s description of retrieving a user-specific text string from the database to form a user-customized certification indicator displayed over a merchant’s web page discloses retrieving the authenticity stamp from a preferences file. Pet. 27.

Petitioner contends, with support from its declarant Paul C. Clark (Ex. 1002), “[i]t would have been obvious to a person of ordinary skill in the art at the time of the invention to apply the teachings of *Arent* to implement the visual indicator suggested by” SHTTP. Pet. 22. According to Petitioner, it would have been obvious to combine the references in the proposed manner, because making that combination would be applying known technologies using known techniques and would not yield unexpected or unpredictable results. Pet. 22 (citing Ex. 1002 at 20, ¶ 45). Also, according to Petitioner, Arent describes advantages of using its customized certification indicator, including preventing unauthorized counterfeiting of the certification indicator. *Id.*

In challenging the Petition, Patent Owner asserts that the combination of SHTTP and Arent does not teach “transforming, at an authentication host computer, received data by inserting an authenticity key to create formatted data,” as recited in independent claim 1 or similar limitations recited in independent claims 17, 29, 31, and 32. Prelim. Resp. 37-40. For this limitation, Petitioner relies on SHTTP’s description of attaching a digital signature to a document as disclosing inserting an authenticity key to create formatted data, as recited in claim 1. According to Patent Owner, attaching a digital signature is not sufficient to disclose or suggest inserting the digital signature into data received by the host computer. Prelim. Resp. 38. For the reasons stated in section II.A.1, on this record, we determine that the claim language encompasses transforming received data by attaching an authenticity key to the received data to create formatted data. Thus, we are not persuaded by Patent Owner’s assertion. Also, we are persuaded, for the reasons stated in section II.A.1 and on this record, that inserting an authenticity key into data required by independent claims 17, 29, 31, and 32 encompasses attaching an authenticity key to received data. *See* Prelim. Resp. 39-40.

Also, regarding the transformation limitation of claim 1 (or similar limitations recited in independent claims 17, 29, 31, and 32), Patent Owner asserts that Petitioner “failed to show that SHTTP teaches that an authentication host computer transforms data that it receives to create formatted data,” because claim 1 “requires an authentication server to receive data sent from elsewhere and transform that data.” Prelim. Resp. 38-39. For the reasons stated in section II.A.2, on this record, we are not persuaded that “received data” recited in claim 1 is limited to data that is sent from

a device other than the authentication host computer and, thus, does not require receiving data sent from a component in or associated with the authentication host computer.

Second, Patent Owner asserts that SHTTP does not disclose “returning, from the authentication host computer, the formatted data,” as recited in claim 1, and similar limitations recited in independent claims 31 and 32. Prelim. Resp. 40-42. According to Patent Owner, the claim limitation “requires the formatted data to be sent by the authentication host computer to the same location from which it received the data,” because such a construction is consistent with everyday examples of “returning” to the location from which an item, such as a gift or a purchase, originated. Prelim. Resp. 40-41.

We are not persuaded, at this juncture, that independent claim 1, when read as a whole, requires returning the formatted data to the same location from which it was received and sending a signed document to a client computer does not disclose the returning limitation. Claim 1 does not recite expressly the location to which the formatted data is returned. Furthermore, on this record, Patent Owner fails to demonstrate persuasively how one skilled in the art would have understood the returning limitation.

Nor are we persuaded, at this juncture, that independent claims 31 and 32 require formatted data to be sent to the client from which data was received, as Patent Owner contends (Pet. 42). Claim 31 does not recite receiving data from a client but only recites “format received data” a limitation that does not specify where the received data originates. Further, claim 31 recites “to return the formatted data to *a* client” (emphasis

added), a limitation that lacks an antecedent basis referring to a client recited elsewhere in the claim.

Similarly, claim 32 recites “receiving, at a client computer, formatted data from a authentication host computer wherein the authentication host computer receives the data to create received data.” Claim 32 recites that the formatted data is received at a client computer. Claim 32, however, does not recite expressly from where the authentication host computer receives its data, much less expressly requiring the authentication host computer to receive its data from the client computer that receives the formatted data, as proposed by Patent Owner. Prelim. Resp. 42.

For these reasons, we are persuaded by Petitioner that the combination of SHTTP and Arent, more likely than not, discloses or suggests the limitations in claim 1. Also, on this record and for purposes of institution, we are satisfied that Petitioner’s articulated reason to combine the references to arrive at the claimed invention is supported by sufficient rational underpinnings. *See KSR Int’l. Co. v. Teleflex, Inc.*, 550 U.S. 398, 418 (2007) (an apparent reason to combine known elements in the fashion claimed should be made explicit).

Similarly, having reviewed the Petition, we are persuaded that the combination of SHTTP and Arent proposed by Petitioner, more likely than not, discloses or suggests the limitations in claims 2-32, and we are satisfied, for purposes of institution and on this record, that Petitioner’s articulated reasons to combine the references to arrive at the claimed inventions recited in claims 2-32 are supported by sufficient rational underpinnings. *See generally* Pet. 27-71.

Accordingly, having considered the information in the Petition and Patent Owner’s Preliminary Response,

we conclude Petitioner has demonstrated it is more likely than not that claims 1-32 would have been obvious over SHTTP and Arent.

E. Asserted Ground of Obviousness Over SHTTP, Arent, and Palage

In the alternative, Petitioner asserts that, if Patent Owner asserts that the authenticity key itself locates a preferences file, claims 1-32 of the '191 patent are unpatentable under 35 U.S.C. § 103 over SHTTP, Arent, and Palage. Pet. 71. Patent Owner proposes the broadest reasonable construction of “to enable the authenticity key ... to locate a preferences file,” as recited in claim 1, requires “the authenticity key to provide the ability to determine a location of a preference file.” Prelim. Resp. 15. For the reasons stated in section II.A.3, we are not persuaded that any claim in the '191 patent requires the authenticity key to locate a preferences file.

Accordingly, this alleged ground of unpatentability is redundant to the challenge based on SHTTP and Arent, on which we institute an *inter partes* review. Accordingly, we do not authorize an *inter partes* review on this asserted ground of unpatentability. See 37 C.F.R. § 42.208(a); see also 35 U.S.C. § 324(a).

F. Asserted Ground that Claims 1-16 and 29-32 Are Unpatentable Under the First Paragraph of § 112

In the alternative, Petitioner asserts that, if Patent Owner asserts that the authenticity key itself locates a preferences file, then claims 1-16 and 29-32 of the '191 patent do not satisfy the written description requirement of 35 U.S.C. § 112, first paragraph. Pet. 77. For the reasons stated in section II.A.3, we are not persuaded that any claim in the '191 patent requires the

authenticity key to locate a preferences file. Therefore, we do not institute a review on this asserted ground. *See* 37 C.F.R. § 42.208(a); *see also* 35 U.S.C. § 324(a).

IV. CONCLUSION

For the foregoing reasons, we determine that the information presented in the Petition establishes that it is more likely than not that claims 1-32 of the '191 patent are unpatentable. Any discussion of facts in this Decision are made only for the purposes of institution and are not dispositive of any issue related to any ground on which we institute review. The Board has not made a final determination under 35 U.S.C. § 328(a) with respect to the patentability of the challenged claims. Our final determination will be based on the record as fully developed during trial.

V. ORDER

For the foregoing reasons, it is

ORDERED that pursuant to 35 U.S.C. § 324(a), a covered business method patent review is hereby instituted as to claims 1-32 of the '191 patent for the following ground: claims 1-32 under 35 U.S.C. § 103 as being unpatentable over SHTTP and Arent;

FURTHER ORDERED that pursuant to 35 U.S.C. § 324(d) and 37 C.F.R. § 42.4, notice is hereby given of the institution of a trial; the trial commencing on the entry date of this Order; and

FURTHER ORDERED that the trial is limited to the grounds identified above and no other grounds set forth in the Petition are authorized.

APPENDIX D

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

SECURE AXCESS, LLC,

Appellant

v.

PNC BANK NATIONAL ASSOCIATION, U.S. BANK NA-
TIONAL ASSOCIATION, U.S. BANCORP, BANK OF THE
WEST, SANTANDER BANK, N.A., ALLY FINANCIAL,
INC., RAYMOND JAMES & ASSOCIATES, INC.,
TRUSTMARK NATIONAL BANK, NATIONWIDE BANK,
CADENCE BANK, N.A., COMMERCE BANK,

Appellees

2016-1353

Appeal from the United States Patent and Trade-
mark Office, Patent Trial and Appeal Board in No.
CBM2014-00100.

Decided: February 21, 2017

Before PROST, Chief Judge, NEWMAN, PLAGER*, LOURIE,
DYK, MOORE, O'MALLEY, REYNA, WALLACH, TARANTO,
CHEN, and HUGHES, Circuit Judges.**

TARANTO, Circuit Judge, with whom MOORE, Circuit
Judge, joins, concurs in the denial of rehearing en banc.

* Circuit Judge Plager participated only in the decision on
panel rehearing.

** Circuit Judge Stoll did not participate.

O'MALLEY, Circuit Judge, concurs in the denial of rehearing en banc.

REYNA, Circuit Judge, concurs in the denial of rehearing en banc.

LOURIE, Circuit Judge, with whom PROST, Chief Judge, DYK, WALLACH, and HUGHES, Circuit Judges, join, dissents from the denial of rehearing en banc.

DYK, Circuit Judge, with whom WALLACH and HUGHES, Circuit Judges, join, dissents from the denial of rehearing en banc.

PLAGER, Circuit Judge, concurs in the denial of panel rehearing.

PER CURIAM.

ORDER

Appellees U.S. Bank National Association and U.S. Bancorp and appellees PNC Bank National Association; Santander Bank, N.A.; and Nationwide Bank filed separate petitions for rehearing en banc. A response to the petitions was invited by the court and filed by the appellant Secure Access, LLC. Two motions for leave to file amici curiae briefs were also filed and granted by the court.

The petitions were referred to the panel that heard the appeal, and thereafter the petitions, response, and briefs of amici curiae were referred to the circuit judges who are in regular active service. A poll was requested, taken, and failed.

Upon consideration thereof,

IT IS ORDERED THAT:

The petitions for panel rehearing are denied.

The petitions for rehearing en banc are denied.

133a

The mandate of the court will be issued on June 13,
2017.

FOR THE COURT

June 6, 2017
Date

/s/ Peter R. Marksteiner
Peter R. Marksteiner
Clerk of Court

TARANTO, Circuit Judge, with whom MOORE, Circuit Judge, joins, concurring in the denial of rehearing en banc.

This case involves a targeted and time-limited program—“a transitional post-grant review proceeding for review of the validity of covered business method [CBM] patents.” Leahy–Smith America Invents Act (AIA) § 18(a)(1), Pub. L. No. 112-29, 125 Stat. 284, 329 (2011). The program is now more than halfway through its specified eight-year life; it is set to expire in a little over three years. AIA § 18(a)(3). The program has consistently been small in scale, unlike the permanent program for inter partes reviews (IPR), 35 U.S.C. §§ 311–319, and the issue presented in this case has arisen only rarely. Although the statute grants relevant rulemaking authority to the Director of the Patent and Trademark Office (PTO), AIA § 18(a)(1), the legal issue comes to this court unaccompanied by any regulation except one that, regarding this issue, merely incorporates the statutory language. 37 C.F.R. § 42.301(a). On the question thus presented, the panel opinion in this case adopts a resolution that soundly resolves an ambiguity in the statutory language and is consistent with every one of our precedents and with a number of Patent Trial and Appeal Board decisions dating to when the program began. In these circumstances, further review of the CBM issue here would be a poor use of judicial resources. Should an extension of the CBM program in some form be deemed desirable, congressional redrafting is a better process through which to address the issues raised by the statute’s current language.¹

¹ The present case now involves only claim 24 of U.S. Patent No. 7,631,191, challenged on anticipation and obviousness grounds.

The statutory language defines the essential gateway qualification for entry into the CBM program: a CBM patent is one “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” AIA § 18(d)(1) (emphasis added). That language makes one thing unambiguously clear and leaves a familiar ambiguity as to a second textual issue.

The clear prescription is that what counts is what the patent *claims*—which, as the panel explained, is a matter of proper claim construction, in which the specification plays a large role (the roster of litigation defendants does not). In this case, there is not even a contention that any claim, properly construed, incorporates any requirement based on the specification’s mention of banks or any reference to “use[] in the practice, administration, or management of a financial product or service.” AIA § 18(d)(1). It is undisputed that the claims in this case all apply to certain computer access technologies, whether or not they are used in the practice, administration, or management of a financial product or service.

The second textual issue, addressing the words that follow “claims” in section 18(d)(1), is whether the

All other claims of the patent were determined to be unpatentable in a separate IPR (requested by persons other than appellees here), and the present panel affirmed. *See Secure Access, LLC v. EMC Corp.*, No. 2016-1354, 2017 WL 676603 (Fed. Cir. Feb. 21, 2017). Appellees may challenge remaining claim 24 in court if Secure Access alleges that they infringe that claim. The PTO may also further review claim 24, e.g., through an ex parte reexamination (initiated sua sponte or at someone’s request, 35 U.S.C. § 303) or through an IPR (if properly requested, *see* 35 U.S.C. § 315(b), (e)).

verb “claims” applies to *both* the “method or corresponding apparatus” language *and* the “used in the practice, administration, or management of a financial product or service” language or, instead, applies just to the “method or corresponding apparatus” language. This is a common type of ambiguity where a verbal phrase precedes a predicate that expressly or implicitly has two parts. *Cf. Global-Tech Appliances, Inc. v. SEB S.A.*, 563 U.S. 754, 760–61, 766 (2011) (recognizing ambiguity as to whether, in the phrase “induces infringement,” the implicit knowledge requirement in “induce” applies not just to the act that infringes but also to its infringing character; resolving the ambiguity by requiring knowledge of both). The panel resolved the ambiguity by reading “claims” as reaching both parts of the predicate (much as Global-Tech did for its similar ambiguity): the latter portion (“used in ...”) as well as the former (“method or corresponding apparatus ...”) must be referenced among what is claimed, explicitly or implicitly, in at least one claim of the patent.

That resolution is not just a textually familiar one; it is in accord with all of our court’s precedents. Even before *Unwired Planet, LLC v. Google Inc.*, 841 F.3d 995 (Fed. Cir. 2016), we read section 18(d)(1) in this way. In *Blue Calypso, LLC v. Groupon, Inc.*, 815 F.3d 1331 (Fed. Cir. 2016), we explained that “§ 18(d)(1) directs us to examine the claims when deciding whether a patent is a CBM patent.” *Id.* at 1340. And in approving the standard applied by the Board in a number of decisions that had rejected CBM status, we said: “each of these cases *properly focuses on the claim language at issue* and, finding *nothing explicitly or inherently financial in the construed claim language*, declines to institute CBM review.” *Id.* (emphases added). The

panel opinion in the present case reflects the same interpretation.

All of our precedents also accord with this interpretation on their facts. Each of our cases finding a petition proper under the CBM program has involved a reference to a financial element (shorthand for the statutory “used in ...” phrase) in at least one claim. In *Blue Calypso*, the language of claim 1 of the patent at issue—“subsidizing the qualified subscriber according to the chosen subsidy program,” *id.* at 1339 (quoting U.S. Patent No. 7,664,516, col. 7, lines 39–40)—established that “the claims of the Blue Calypso Patents are directed to methods in which advertisers *financially* induce ‘subscribers’ to assist their advertising efforts,” *id.* at 1340 . Financial claim elements were present, too, in *SightSound Technologies, LLC v. Apple Inc.*, 809 F.3d 1307, 1311, 1315–16 (Fed. Cir. 2015) (claiming methods for “selling the desired digital video or digital audio signals to [a party] for a fee through telecommunications lines”), and *Versata Development Group, Inc. v. SAP America, Inc.*, 793 F.3d 1306, 1311–13, 1327 (Fed. Cir. 2015) (claiming product grouping and pricing software).

The same is true of DataTreasury’s Ballard patents, U.S. Patent Nos. 5,910,988 and 6,032,137, which helped prompt enactment of the CBM program. *See DataTreasury Corp. v. Fid. Nat’l Info. Servs., Inc.*, 669 F. App’x 572, 573 (Fed. Cir. 2016) (affirming the Board’s rejection of challenged claims of the ’988 and ’137 patents in CBM proceedings), *cert. denied*, 137 S. Ct. 1338 (2017). Each of the two Ballard patents contains at least one claim directed to “the practice, administration, or management of a financial product or service.” For example: In the ’137 patent, every independent claim (thus every claim) contains a require-

ment regarding “transactions from checks.” ’137 patent, claims 1, 26, 42, 43. In the ’988 patent, claims 3–8, 28, 45, 50, 87, 92, 96, 101, and 113 refer to “electronic transactions from credit cards, smart cards[,] and debit cards”; claims 51, 55, 64, 70, 75–77, and 102–109 refer to credit cards, debit cards, credit-card transactions or statements, or bank statements; and more generally, every independent claim (thus every claim) contains a requirement regarding “receipts” (and some also refer to “transactions”), ’988 patent, claims 1, 16, 42, 46, 84, 88, 93, 97, 102, 106, 110, 114, 118, 121. Those patents plainly are CBM patents under the panel ruling in the present case. Nothing similar appears, expressly or by construction, in the claims of the patent at issue here.

The panel’s reading of the statute accords as well with several Board decisions, dating back to the launching of the CBM program, that rejected CBM status for similar reasons. See *Fairchild Semiconductor Corp. v. In-Depth Test LLC*, CBM2015-00060, 2015 WL 4652717, at *5–6 (P.T.A.B. Aug. 3, 2015) (rejecting CBM status for semiconductor devices, despite ubiquitous use in the financial system, because the “statutory language . . . requires us to focus on the challenged claims rather than speculate on possible uses of products recited in the claims”); *Par Pharm., Inc. v. Jazz Pharm., Inc.*, CBM2014-00149, -00150, -00151, -00153, 2015 WL 216987, at *5–6 (P.T.A.B. Jan. 13, 2015) (rejecting CBM status because “our focus is firmly on the claims” and petitioner had not “analyze[d] the claim language, in detail and in context, to explain how the claim language recites method steps involving the movement of money or extension of credit in exchange for a product or service”); *PNC Fin. Servs. Grp., Inc. v. Intellectual Ventures I LLC*, CBM2014-00032, 2014 WL 2174767, at *6 (P.T.A.B. May 22, 2014) (rejecting CBM status of com-

puter file-security patent, despite suit against financial institutions, because “the focus is on the claims”).

The panel’s reading of the statutory language, and all of the just-cited authorities, reflect the common-sense, circumscribed scope of what Congress said it was targeting—certain “*business method* patents.” In contrast, the alternative resolution of the statutory ambiguity—excluding the “used in . . .” qualifier from what must be “claimed” (explicitly or implicitly)—would produce a meaning not plausibly attributed to Congress.

Under that resolution of the ambiguity, the language would refer to any claim to any “*method or corresponding apparatus for performing data processing or other operations,*” AIA § 18(d)(1) (emphases added)—a phrase of vast scope—as long as that method or apparatus is, in fact, “used in the practice, administration, or management of a financial product or service” by someone somewhere, *id.*, even when no claim of the patent at issue refers explicitly or implicitly to such a use. Even if we restricted our focus to the financial industry, such a “used in fact” resolution of the textual ambiguity would reach patents claiming computers, networks, phone apps, HVAC, glass (in offices and on computer screens), and far more: they are all in fact used in carrying out the transactions that characterize banking. That is an implausible understanding of what Congress meant by “business method,” especially, as the panel noted, in light of the restrictions Congress imposed on the other new programs for PTO reconsideration of issued patents, notably, the IPR program.²

² In *Cuozzo Speed Technologies, LLC v. Lee*, 136 S. Ct. 2131 (2016), the dissent cited a patent claiming “tempered glass” as an example of a plainly improper reading of the “CBM” definition. *Id.* at 2155 (Alito, J., dissenting).

In fact, the breadth of a “used in fact” resolution of the textual ambiguity is even greater than that. This court has read section 18(d)(1)’s “used in ...” language very broadly, to go well beyond the financial industry—seemingly to include, for example, any money-transfer activity in normal selling, no matter what product is sold, be it pharmaceuticals, medical devices, or anything else. *Versata*, 793 F.3d at 1325 (“[T]he definition of ‘covered business method patent’ 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.”); see *SightSound*, 809 F.3d at 1315–16. That broad concept of “the practice, administration, or management of a financial product or service,” accepted by the panel in this case, makes the consequences of the “used in fact” resolution of the statutory ambiguity even more implausibly extreme.

In dissent, Judge Lourie has advanced a different statutory interpretation in an effort to avoid the unreasonable breadth of a “used in fact” reading of the text. That alternative focuses on aspects of the specification not even contended to limit claim scope and the list of defendants sued under the patent. In my view, there are at least two important problems with that focus.

First, the relied-on considerations do not have a sound grounding in the statutory text. Section 18(d)(1) defines a qualifying patent by what it “claims,” as determined by claim construction, not mere non-limiting embodiments in the specification and not who has been sued first. Moreover, if the “use[] in the practice, administration, or management of a financial product or service” need not be reflected in the “claims,” what is left, as a textual alternative, is only that such use in fact occur. It should not matter how that fact (which

often will be indisputable, as with goods sold or computers or glass, etc.) is proved, whether through the specification's non-limiting (merely exemplary) identification of uses or the patentee's infringement complaints or any other evidence.

Second, the dissent's effort to confine the scope of the CBM program to the intended "business method patents" boundary is also intrinsically indeterminate to an unacceptable degree. What record of lawsuits should count? What happens when more suits are brought? What mention of banking or other particular applications in the specification should count—short of having a claim-narrowing effect? Indeterminacy in the standard for deciding Board jurisdiction, it seems to me, should be avoided for much the same reasons as those the Supreme Court has recited in rejecting indeterminate standards for court jurisdiction. *See Bolivarian Republic of Venezuela v. Helmerich & Payne Int'l Drilling Co.*, 137 S. Ct. 1312, 1321 (2017) (for "a jurisdictional matter," "clarity is particularly important") (citing *Hertz Corp. v. Friend*, 559 U.S. 77, 94–95 (2010)).³

³ *See Hertz*, 559 U.S. at 94–95 ("[A]dministrative simplicity is a major virtue in a jurisdictional statute. *Sisson v. Ruby*, 497 U.S. 358, 375 (1990) (Scalia, J., concurring in judgment) (eschewing 'the sort of vague boundary that is to be avoided in the area of subject-matter jurisdiction wherever possible'). Complex jurisdictional tests complicate a case, eating up time and money as the parties litigate, not the merits of their claims, but which court is the right court to decide those claims.... Complex tests produce appeals and reversals, encourage gamesmanship, and, again, diminish the likelihood that results and settlements will reflect a claim's legal and factual merits. Judicial resources too are at stake.... [C]ourts benefit from straightforward rules under which they can readily assure themselves of their power to hear a case.... [¶] Simple jurisdictional rules also promote greater predictability. Predictability is valuable to corporations making business and investment deci-

For at least those reasons, I believe, the panel’s resolution of the statutory issue is sound, on its own terms and compared to the alternatives, and comports with all of our precedent. It also avoids the implausible-breadth and indeterminacy problems of the alternatives.⁴ And this case does not present other issues about coverage of a patent by AIA § 18.⁵

sions.... Predictability also benefits plaintiffs deciding whether to file suit in a state or federal court.”).

⁴ The CBM program, within its basic “business method” limits, is further narrowed by an exception for “technological inventions,” AIA § 18(d)(1), but that exception cannot sensibly be understood as serving the primary boundary-defining function for the program. “Technological invention” is a phrase with no established meaning; and the Director, granted regulatory authority to specify its scope, § 18(d)(2), has defined the term to call for a full anticipation and obviousness analysis. 37 C.F.R. § 42.301(b). That is not a gateway determination, let alone one that avoids problems of indeterminacy.

⁵ Questions have been raised, in two nonprecedential Board decisions Judge Lourie cites in dissenting from denial of en banc rehearing, about whether § 18 coverage that would otherwise exist is eliminated by the patent owner’s disclaimer of particular claims of the patent under 35 U.S.C. § 253. We have not reviewed those decisions, and the Director has not regulated on the questions raised. Without suggesting the contours of a proper analysis, I note two points of possible relevance. First, a disclaimer of a patent claim does not require that the patent be treated, for all legal purposes, as if it never contained the claim. *See Rembrandt Wireless Techs., LP v. Samsung Elecs. Co.*, 853 F.3d 1370, 1382 (Fed. Cir. 2017). Second, as a general rule, a court’s jurisdiction depends on the facts at the time of the complaint and is not defeated by later actions of the defendant (a disclaimer is basically a surrender of rights with prejudice). *See, e.g., Cent. Pines Land Co., L.L.C. v. United States*, 697 F.3d 1360, 1365–66 (Fed. Cir. 2012); *Ford Motor Co. v. United States*, 688 F.3d 1319, 1326 (Fed. Cir. 2012).

If Congress chooses to consider extending or revising the CBM program, it might of course conclude that a different definition of the scope of a CBM program is preferable. It is free to do so, and to address the relevant practical, policy, and textual issues in pursuing its aims. In the meantime, investment of further judicial resources to struggle with the issues as an interpretive matter is not worthwhile for this sunseting, comparatively little-used program.

The particular issue presented has arisen only rarely—which would not be true if Board panels had commonly been finding CBM status with no express or implicit claim reference to a “use[] in the practice, administration, or management of a financial product or service.” Where the issue arises in the next three years or so, the panel decision here clarifies matters. And where a patent does not qualify for CBM review, other remedies are available, including the IPR program for anticipation and obviousness challenges of the sort presented here, reexamination on similar grounds, and the traditional remedy of litigation in the district courts. As to litigation, it is worth noting that, for many patent-eligibility challenges under 35 U.S.C. § 101 of the sort often presented in CBM reviews (though not in this case), recent experience makes clear that relatively fast adjudications are now often available in court.

O'MALLEY, *Circuit Judge*, concurring in the denial of rehearing en banc.

I concur in the court's order denying rehearing en banc in this matter. I do so for the reasons articulated by Judge Plager in his opinion concurring in the denial of panel rehearing.

REYNA, *Circuit Judge*, concurring in the denial of rehearing en banc.

I agree with the analysis expressed in Judge Plager's opinion concurring in the denial of panel rehearing. For the reasons stated in Judge Plager's opinion, I concur in the court's order denying rehearing en banc.

LOURIE, *Circuit Judge*, with whom PROST, *Chief Judge*, DYK, WALLACH, and HUGHES, *Circuit Judges*, join dissenting from the denial of rehearing en banc.

For reasons stated in my dissent from the panel’s decision and those that follow, I respectfully dissent from the court’s decision not to rehear this case en banc. The panel held that “the statutory definition of a [covered business method (“CBM”)] patent requires that the patent have a claim that contains, however phrased, a *financial activity element*.” *Secure Access, LLC v. PNC Bank Nat’l Ass’n*, 848 F.3d 1370, 1381 (Fed. Cir. 2017) (emphasis added). However, I believe that conclusion is contrary to the statutory language, congressional intent, and our case law.

Although not every error by a panel is en bancable, the statutory interpretation question presented here certainly satisfies the requirements for en banc review, *see, e.g., Suprema, Inc. v. Int’l Trade Comm’n*, 796 F.3d 1338, 1344–45 (Fed. Cir. 2015) (en banc) (petition for en banc rehearing granted to consider whether certain acts were covered by 19 U.S.C. § 1337). In particular, both the Federal Rules of Appellate Procedure and our Internal Operating Procedures (“IOPs”) provide that en banc review is available for cases that involve “a question of exceptional importance.” FED. R. APP. P. 35(a)(2); IOP 13(2)(b). Additionally, our IOPs provide that “maintaining uniformity of decisions” is an appropriate basis to grant rehearing en banc. IOP 13(2)(a).

The interpretation of the statutory language “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,” Leahy-Smith America Invents Act (“AIA”), Pub. L. No. 112–29, § 18(d)(1), 125

Stat. 284, 329–31 (2011),⁶ presents an en bancable issue. There may be many patents whose identity as a CBM patent either will be at issue during the life of this statutory provision in proceedings before the Board, or would have been at issue under the correct statutory interpretation. A subsidiary issue is whether “a financial activity element” must appear in a claim of the patent in order for a claimed process to qualify as a CBM patent. If it must, then this case illustrates how the intent of Congress to provide for special examination of CBM patents can be subverted by an unduly limited interpretation of the statute.

As we have recognized, concerns “regarding litigation abuse over business method patents ... caused Congress to create a special program for these patents in the first place.” *Versata Dev. Grp., Inc. v. SAP Am., Inc.*, 793 F.3d 1306, 1325 (Fed. Cir. 2015), *cert. denied*, 136 S. Ct. 2510 (2016). To avoid “expensive litigation” over invalid patents, Congress created CBM review to be an “inexpensive and speedy alternative to litigation—allowing parties to resolve these disputes more efficiently rather than spending millions of dollars in litigation costs.” Ltr. From Rep. Smith, Chairman of the House Judiciary Comm., to Sens. Kyl, Schumer, Leahy, and Grassley, dated Sept. 8, 2011, *reprinted in* 157 Cong. Rec. S7413-02 (daily ed. Nov. 14, 2011) [hereinafter Rep. Smith Ltr.]; *see also* 157 Cong. Rec. S1363 (daily ed. Mar. 8, 2011) (statement of Sen. Schumer) (“The [CBM program] is designed to provide a cheaper, faster alternative to district court litigation over the validity of business-method patents. This program

⁶ Section 18 of the AIA, pertaining to CBM review, is not codified. References to AIA §§ 3, 6, and 18 herein are to the statutes at large.

should be used instead of, rather than in addition to, civil litigation.”). Congress intended for the CBM program “to be construed as broadly as possible” to allow the PTO “to correct egregious errors that were made in the granting of a wide range of business method patents.” Rep. Smith Ltr.; *see also* 157 Cong. Rec. S1364–65 (daily ed. Mar. 8, 2011) (statement of Sen. Schumer).

The panel majority’s interpretation severely limiting what constitutes a CBM patent under AIA § 18 and what may be considered in making that determination clearly frustrates Congress’s intent in establishing CBM review. The Patent Trial and Appeal Board (“the Board”) has had to apply the panel majority’s incorrect statutory interpretation in denying institution of CBM reviews. *See, e.g., Ford Motor Co. v. Versata Dev. Grp., Inc.*, CBM2016-00100, slip op. at 2 (P.T.A.B. Mar. 20, 2017) (Turner, APJ., concurring) (“Because of *Secure Access* ... we cannot interpret what may be explicitly absent from independent claims by looking to the written description. Thus, even though independent claims ... are sufficiently broad to cover their use with financial products, and the clear intent was for them to be applied to financial products, they cannot render the ’825 patent to be subject to a covered business method patent review.”); *Twilio Inc. v. Telesign Corp.*, CBM2016-00099, slip op. at 13 (P.T.A.B. Feb. 27, 2017) (explaining “our focus is on what the ’792 patent claims, not solely the exemplary embodiments described in the Specification, some of which are related to finance and some of which are not” (citing *Secure Access*, 848 F.3d at 1379–80)); *see also* Br. of the Clearing House Payments Co., L.L.C. & Fin. Servs. Roundtable at 4–6, *Secure Access, LLC v. PNC Bank Nat’l Ass’n*, No. 16-1353 (Fed. Cir. Apr. 20, 2017), ECF No. 150 [hereinafter Clearing House Amicus Br.].

Additionally, patent owners have selectively disclaimed dependent claims that on their face seem to include “a financial activity element” to avoid CBM institution. *See, e.g., Ford*, slip op. at 2 (Turner, APJ., concurring) (“Had [dependent] claim 5 not been disclaimed, it is readily apparent that claim 5 would have been found to be a [CBM].”); *Twilio*, slip op. at 2, 9; Clearing House Amicus Br. at 6–8. As an amicus points out, “[a]lthough a broader independent claim and its narrower dependent claims both *necessarily* cover the financial product or service [covered by the dependent claims], now an artful drafter may eliminate the narrower claims (or the ‘financial activity element[s]’ that they recite) to dodge CBM review.” Clearing House Amicus Br. at 7 (third alternation in original). Thus, despite the panel majority’s assurance that “the phrasing of a qualifying claim does not require particular talismanic words,” *Secure Access*, 848 F.3d at 1381, the practical effect of its holding promotes that result. Such a result “elevate[s] form over substance” and allows “[c]lever drafting” to “avoid PTO review under [the CBM provisions]” in contravention of congressional intent. 157 Cong. Rec. S1364 (daily ed. Mar. 8, 2011) (statement of Sen. Schumer).

For at least these reasons, the fact that CBM review is currently set to sunset on September 16, 2020, AIA § 18(a)(3), does not diminish the current importance of this issue. Congress may “extend[] or mak[e] permanent [the CBM] program in the future.” See Rep. Smith Ltr. Because we generally do not have authority to review Board decisions denying institution of CBM review, *see Versata*, 793 F.3d at 1315 (explaining “we are not here called upon to review the determination by the PTAB whether to institute a CBM review, and indeed the statute expressly instructs that

we may not” (citing 35 U.S.C. § 324(e)), it was especially important that we correct this erroneous statutory interpretation now.

Moreover, the availability of *inter partes* review (“IPR”) and post grant review (“PGR”) does not support denying en banc rehearing in this case. CBM review permits validity challenges to issued patents that are not available in an IPR, e.g., pursuant to §§ 101, 112. *Compare* AIA § 18(a)(1), *with* 35 U.S.C. § 311(b). Although CBM review and PGR permit the same types of validity challenges, AIA § 18(a)(1), only patents that have a claim with a priority date on or after March 16, 2013 are subject to PGR, *id.* §§ 3(n)(1), 6(f)(2)(A). Additionally, a petition for PGR must be filed within nine months of the patent’s grant or reissuance. 35 U.S.C. § 321(c). Thus, PGR is not available for the majority of patents about which Congress expressed specific concern in creating CBM review, i.e., “poor business-method patents” that issued “during the late 1990’s through the early 2000’s.” H.R. REP. 112-98, at 54 (2011), *reprinted in* 2011 U.S.C.C.A.N. 67, 84; *see also* 157 Cong. Rec. S1363 (daily ed. Mar. 8, 2011) (statements of Sens. Pryor, Leahy, and Schumer).

Regarding the specifics of this case, the panel determined that the patent at issue was not a CBM patent and that the Board therefore erroneously reviewed its validity under the CBM provisions of the AIA. I submit this was incorrect, and the result of that decision frustrates the clear intent of Congress in enacting the CBM portion of the AIA.

The statute defines a CBM patent as “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). The claims of the ’191 patent are surely claims to “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.” *Id.* (emphasis added).

Claim 1 recites “[a] method comprising: transforming ... received data ... to create formatted data” ’191 patent col. 12 ll. 9–18. Claim 17 recites “[a]n authentication system comprising: an authentication processor configured to insert an authenticity key into formatted data to enable authentication of the authenticity key to verify a source of the formatted data” *Id.* col. 12 ll. 62–67. There can be little doubt that such claims meet the “method or corresponding apparatus for performing data processing” limitation of the statute.

They also satisfy the “used in the practice, administration, or management of a financial product or service” language of the statute. Examination of the ’191 patent makes clear that the invention is to be used in the management of a financial service. The exemplary embodiment is described, *inter alia*, as follows:

The customer and merchant may represent individual people, entities, or business. The bank may represent other types of card issuing institutions, such as credit card companies, card sponsoring companies, or third party issuers under contract with financial institutions.... The bank has a computing center shown as a main frame computer. However, the bank computing center may be implemented in other forms, such as a mini-computer, a PC server, a network set of computers, and the like.... Any

merchant computer and bank computer are interconnected via a second network, referred to as a payment network. The payment network represents existing proprietary networks that presently accommodate transactions for credit cards, debit cards, and other types of financial/banking cards. The payment network is a closed network that is assumed to be secure from eavesdroppers. Examples of the payment network include the American Express®, VisaNet® and the Veriphone® network. In an exemplary embodiment, the electronic commerce system is implemented at the customer and issuing bank. In an exemplary implementation, the electronic commerce system is implemented as computer software modules loaded onto the customer computer and the banking computing center. The merchant computer does not require any additional software to participate in the online commerce transactions supported by the online commerce system.

Id. col. 11 ll. 22–67. Similarly, the '191 patent uses “bigbank.com” as the only exemplary URL. *Id.* col. 1 ll. 29–33, col. 8 ll. 21–23. *No other applications of the invention are described in the patent.*

If there were any doubt of the use of the invention in financial management, the identity of the companies the patent owner has sued for infringement of the '191 patent should settle the matter. *See, e.g.*, 157 Cong. Rec S1365 (daily ed. Mar. 8, 2011) (statement of Sen. Schumer) (“[I]f a patent holder alleges that a financial product or service infringes its patent, that patent shall be deemed to cover a ‘financial product or service’ for purposes of this amendment regardless of whether the asserted claims specifically reference the type of prod-

uct [or] service accused of infringing.”). Their litigation pattern speaks volumes about what they believe their invention is “used” for. Secure Access filed complaints alleging that numerous companies infringe the ’191 patent by “using” the invention.

Moreover, at oral argument before the panel, Secure Access’s counsel, in response to a question, stated that no companies have been sued other than financial institutions. Oral Argument at 7:15–7:30, *Secure Access, LLC v. PNC Bank N.A.*, No. 16-1353 (Fed. Cir. Nov. 2, 2016), available at http://www.cafc.uscourts.gov/oral-argumentrecordings?title=&field_case_number_value=20161353&-field_date_value2%5Bvalue%5D%5Bdate%5D=&=Search.

Additionally, indicating the importance of this issue, we have received amicus briefs, including from organizations that represent the interests of financial entities, urging us to rehear the panel’s decision en banc. These financial entities obviously know that this patent is a CBM patent. No amicus briefs were received arguing against rehearing.

The patent at issue here clearly is a patent claiming methods and apparatuses used in the practice of a financial product or service. The written description of the ’191 patent, in accordance with the requirements of the statute, *see* 35 U.S.C. § 112, tells us that the invention is to be used for financial management. *See* ’191 patent col. 11 ll. 22–67; *see also id.* col. 1 ll. 29–33, col. 8 ll. 21–23. The inventors, complying with the statute, 35 U.S.C. § 112, thus told us what the invention is to be used for. The claims recite an invention *used in the practice* of a financial product, and the uses are described in the written description of the patent. The panel majority’s interpretation of the statute, which a

majority of the court has determined not to review en banc, flies in the face of that plain fact.

The fact that a “financial activity element” does not appear in the claim does not mean that the patent is not used in the practice of a financial service. CBM patents are not even limited to financial services products and services. *See Versata*, 793 F.3d at 1325 (holding that “the definition of ‘covered business method patent’ 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”); *see also Blue Calypso, LLC v. Groupon, Inc.*, 815 F.3d 1331, 1338 (Fed. Cir. 2016) (affirming the Board’s decision “declin[ing] to limit application of CBM review to patent claims tied to the financial sector”); *id.* at 1339 n.2 (explaining the Board correctly concluded that claims referring to “an incentive program” were eligible for CBM review where the patent “repeatedly, and almost exclusively discloses ‘incentive’ and ‘incentive program’ in a financial context”) (internal citation omitted); *SightSound Techs., LLC v. Apple Inc.*, 809 F.3d 1307, 1315 (Fed. Cir. 2015) (explaining *Versata* “foreclosed” limiting the CBM patent definition to patents “directed to the management of money, banking, or investment or credit”).

Although the statute states “a patent that claims,” this does not suggest that the reference to the financial product or service has to be in the claim language itself, rather than in the specification. Requiring financial language to be in the claims is inconsistent with the legislative background of this provision. “This section grew out of concerns originally raised ... about financial institutions’ inability to ... clear checks electronically ... without infringing the so-called Ballard patents, patents number 5,910,988 and 6,032,137.” 157 Cong. Rec.

S1379 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl). The majority opinion would hold that the independent claims of one of these Ballard patents, U.S. Patent No. 5,910,988, do not fall under CBM review because they make no reference to financial products or services.⁷ *See also* 157 Cong. Rec. S5432 (daily ed. Sept. 8, 2011) (statement of Sen. Schumer: “Even the notorious ‘Ballard patents’ do not refer specifically to banks or even to financial transactions.”).

Finally, as a matter of patent law, claims do not necessarily need to recite uses of products. Certainly, claims to products or apparatus do not, and AIA § 18(d)(1) refers to a “method or corresponding apparatus.” If a method claim otherwise satisfies the requirements of 35 U.S.C. § 112, it need not recite an ultimate use.

In my view, the Board correctly concluded that the “method and apparatus claimed by the ’191 patent perform operations used in the practice, administration, or management of a financial product or service,” in accordance with the CBM patent statutory definition. *PNC Bank, N.A. v. Secure Access, LLC*, CBM2014-00100, 2015 WL 5316490, at *5 (P.T.A.B. Sept. 8, 2015). It is true that the Board also used overly broad language in stating in the alternative that the “method and apparatus claimed by the ’191 patent ... *are incidental to a financial activity*,” *id.* (emphasis added), and that “the ’191 patent claims a method or apparatus that at least is incidental to a financial activity, even if other

⁷ To be sure, four dependent claims (out of the fifty total claims) refer to “credit cards” in U.S. Patent No. 5,910,988. The PTO guidelines now indicate that a patent is CBM-eligible as long as one of its claims is CBM-eligible. *See* 77 Fed. Reg. 48736. However, there is no suggestion that this type of subtlety was the basis for which the notorious Ballard patents were CBM-eligible.

types of companies also practice the claimed invention.” *Id.* at *6. However, overstatement does not change the basic fact that, as the written description of the patent itself indicates, the invention is directed to a method and apparatus used in financial management, as referred to in the statute. *See, e.g., Blue Calypso*, 815 F.3d at 1339 n.2.

The panel majority disparaged the clear use of this invention in the practice of a financial product or service by worrying that the CBM program would have “virtually unconstrained reach” and that “a patent would qualify [for CBM review] if it claimed a method or corresponding apparatus for performing *any* operations that happen to be used in ‘the practice, administration, or management of a financial product or service.’” *Secure Access*, 848 F.3d at 1379 (emphasis in original). The answer to such concerns is that we need not probe the limits of the statutory language by reciting all sorts of non-financial products to show that a sensible interpretation of this statute must include what *Secure Access* itself considers to be a financial product. Common sense is not precluded from use in interpreting statutes and claims. *See Price Waterhouse v. Hopkins*, 490 U.S. 228, 241 (1989) (“We need not leave our common sense at the doorstep when we interpret a statute.”). I agree that the subject matter of the claim must have a particular relation to a financial product or service, and not merely be an incidentally-used invention like a lightbulb or ditch-digging. *Cf. Unwired Planet, LLC v. Google, Inc.*, 841 F.3d 1376, 1382 (Fed. Cir. 2016).

Moreover, the statutory language itself places limits on the definition of a CBM patent that the panel majority largely ignores. The definition expressly excludes “patents for technological inventions,” AIA

§ 18(d)(1), although this issue was not decided by the panel in this case.

Additionally, the definition may be further limited by the sensible application of statutory canons of construction. For example, the panel majority's concern regarding the potential breadth of "other operations" in the statute may be alleviated by application of canons of statutory construction such as *noscitur a sociis* and *ejusdem generis*. See e.g., *Washington State Dep't of Soc. & Health Servs. v. Guardianship Estate of Keffeler*, 537 U.S. 371, 384 (2003) ("[U]nder the established interpretative canons of *noscitur a sociis* and *ejusdem generis*, '[w]here general words follow specific words in a statutory enumeration, the general words are construed to embrace only objects similar in nature to those objects enumerated by the preceding specific words.'" (quoting *Circuit City Stores, Inc. v. Adams*, 532 U.S. 105, 114–15 (2001) (second alteration in original)); *Jarecki v. G. D. Searle & Co.*, 367 U.S. 303, 307 (1961) ("The maxim *noscitur a sociis*, that a word is known by the company it keeps, while not an inescapable rule, is often wisely applied where a word is capable of many meanings in order to avoid the giving of unintended breadth to the Acts of Congress."). The statute here specifies "*data processing* or other operations used in ... a financial product or service," AIA § 18(d)(1) (emphasis added), so that inventions that are widely different from these are not likely to be improperly caught by this language.

I therefore respectfully dissent from the court's denial to rehear this case en banc. I would hold that applying the correct statutory interpretation, the '191 patent is a CBM patent because it claims methods and systems used in the practice of a financial product, as indicated by the written description, notwithstanding

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that a “financial activity element” does not appear in the claims.

DYK, *Circuit Judge*, with whom WALLACH and HUGHES, Circuit Judges, join, dissenting from the denial of rehearing en banc.

I join Judge Lourie’s dissent. I write separately to point out that this case also presents a predicate question of whether the “financial product or service” issue is appealable under the AIA. In *Versata Development Group, Inc. v. SAP America, Inc.*, 793 F.3d 1306, 1323 (Fed. Cir. 2015), a panel of this court held that the issue was appealable. Subsequent panels, bound by *Versata*, have reached the same result.⁸ In my view, *Versata* wrongly held that the appeal bar does not apply to the question of whether the Board correctly determined that a patent is CBM-eligible because it involves a “financial product or service.” Such reviews are inconsistent with the statute as interpreted in *Cuozzo Speed Technologies, LLC v. Lee*, 136 S. Ct. 2131 (2016), which held that the appeal bar in Section 314(d), identical to the appeal bar here, precludes review.⁹

I

AIA § 18(a)(1) provides that CBM proceedings “shall be regarded as, and shall employ the standards and procedures of, a post-grant review.” The post-grant review (“PGR”) provisions, in turn, provide that

⁸ *Unwired Planet, LLC v. Google Inc.*, 841 F.3d 1376, 1379 (Fed. Cir. 2016); *Blue Calypso, LLC v. Groupon, Inc.*, 815 F.3d 1331, 1338 (Fed. Cir. 2016); *SightSound Techs., LLC v. Apple Inc.*, 809 F.3d 1307, 1314 (Fed. Cir. 2015).

⁹ I note that our court is currently considering the scope of *Cuozzo* as presented in *Wi-Fi One, LLC v. Broadcom Corp.*, No. 2015-1944 (en banc), which relates to whether *Achates Reference Publishing, Inc. v. Apple Inc.*, 803 F.3d 652 (Fed. Cir. 2015), should be overruled. *Achates* held that the one-year time bar of § 315(b) is subject to the § 314(d) appeal bar. 803 F.3d at 658.

“[t]he determination by the Director whether to institute a postgrant review under this section shall be final and nonappealable.” 35 U.S.C. § 324(e). Section 18(a)(1) thus bars review of the decision to institute review of a CBM patent. That decision to institute includes the issue of whether the patent is a covered business method patent. The statute provides that “[t]he Director may institute a [CBM] proceeding only for a patent that is a covered business method patent.” AIA § 18(a)(1)(E) (emphasis added). A patent is a covered business method patent if it “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).

Based on the plain language of 35 U.S.C. § 324(e) and AIA § 18(a)(1)(E), it is my view that the appeal bar precludes review of the institution decision, including whether the financial product or service requirement is satisfied. Whether a patent qualifies as a CBM is necessarily part of the *institution* decision that is nonappealable.

II

This court addressed the § 324(e) appeal bar in *Versata* before the Supreme Court’s decision in *Cuozzo*. The panel held that § 324(e) does not bar our review of the Board’s determination that a patent is CBM-eligible, because the court is reviewing “the ultimate authority of the PTAB to invalidate a patent ... [and] the restriction of [this authority in] § 18 to CBM patents.” *Versata*, 793 F.3d at 1319. *Versata* concludes that even where CBM-eligibility is determined exclusively at the institution stage, this somehow permeates

into the final written decision and, in turn, implicates PTAB authority, so that § 324(e) does not bar review.¹⁰ It seems to me that *Versata*'s reasoning is inconsistent with *Cuozzo*, which interpreted the same language in § 314(d).

First, *Cuozzo* specifically holds that the appeal bar is not limited to interlocutory appeals, and that we are thus not “free to review the initial decision to institute review [even] in the context of the agency’s final decision.” 136 S. Ct. at 2140.

Second, *Cuozzo* directly holds that the appeal bar encompasses questions of statutory authority. *Cuozzo*'s challenge, which the Supreme Court deemed barred, presented the question of whether the Board exceeded its statutory authority by instituting IPR in violation of § 312(a)(3) because there was no valid IPR petition. The statutory authority questions that are barred are thus closely tied” to the decision to institute. *Cuozzo* teaches that the appeal bar

applies where the grounds for attacking the decision to institute ... consist of questions that are closely tied to the application and interpretation of statutes related to the Patent Office’s decision to initiate review. This means that we need not, and do not, decide the precise effect of [the appeal bar] on appeals that implicate

¹⁰ Specifically, the *Versata* panel found that “[i]nstitution and invalidation are two distinct actions,” and that these distinct stages of a post-grant review “do not become the same just because the agency decides certain issues at both stages of the process. Nor do they become the same just because the agency chooses ... to decide an issue *determining final-action authority at the initiation stage and then does not revisit the issue later.*” *Versata*, 793 F.3d at 1319 (emphasis added).

constitutional questions, that depend on other less closely related statutes, or that present other questions of interpretation that reach, in terms of scope and impact, well beyond “this section.”

136 S. Ct. at 2141 (citation omitted). Because the “Director may *institute* a [CBM] proceeding only for a patent that is a covered business method patent,” AIA § 18(a)(1)(E) (emphasis added), determining what is a CBM is not only “closely tied” to the institution decision, but is expressly part of the institution decision itself. Indeed, it would be difficult to see how the CBM review program, as a five-part statute—where the requirement for institution is discussed in Section (a) and the definition for what is a CBM is discussed in Section (d)—can be read as separating the institution decision from the definition of what is a covered business method patent. The two are not just “closely tied,” but are inextricably intertwined.

Third, as here, an institution decision that determines whether a patent involves a financial product or service is well within the appeal bar. It does not constitute the “shenanigans” that *Cuozzo* held could be appealed, where

the agency ... act[s] outside its statutory limits by, for example, canceling a patent claim for indefiniteness under § 112 in inter partes review. Such shenanigans may be properly reviewable ... [and the] reviewing courts [can] set aside agency action that is ... in excess of statutory jurisdiction.

136 S. Ct. at 2141–42 (quotation marks and citations omitted). This passage cannot mean that every statutory authority issue is reviewable, since the Court spe-

cifically held that the statutory limit of § 312(a)(3) is not appealable. Rather, the Supreme Court appears to deem reviewable “shenanigans” to concern, for example, agency reliance on grounds for invalidation other than those permitted by the statute, since those grounds necessarily carry forward to the final written decision.

In light of *Cuozzo*, my view is that *Versata* is wrong in holding that the § 324(e) appeal bar does not preclude our review of the Board’s determination of what is a CBM patent, and that, therefore, the issue here was nonappealable.

PLAGER, *Circuit Judge*, concurring in the denial of panel rehearing.

The view that this court’s panel opinion in *Secure Access*¹¹ was designed to accomplish, or inadvertently resulted in, a significant narrowing of the Director’s ability to institute covered business method (“CBM”) reviews is mistaken, and often overstated. See the several amicus briefs in this case. Such overstatements may cause some Patent Trial and Appeal Board (“Board”) judges to shy away from using the CBM process in cases in which CBM review otherwise would be proper, but if so it is the misunderstanding that is the cause, not the opinion in *Secure Access*. The court properly rejected requests to undertake a do-over.

The discussion in the court’s issued opinion in *Secure Access* consists of two substantive sections: 1) on the statute at issue, America Invents Act (“AIA”) § 18(d)(1)¹², and the Board’s interpretation and application of the statute in this case; and 2) on the scope of this court’s authority in fashioning the proper remedy for the appeal before us.

With regard to the statute, the court’s opinion, as it must, follows the court’s governing precedents—most directly the express holding in our recent case of *Unwired Planet*, to the effect that it is error for the Board to add to the statute phrases like “incidental to a financial activity.”¹³ See Judge Taranto’s opinion concurring in the denial of rehearing en banc, at 4–6, for a detailed

¹¹ *Secure Access, LLC v. PNC Bank Nat’l Ass’n*, 848 F.3d 1370 (Fed. Cir. 2017).

¹² Pub. L. No. 112-29, 125 Stat. 284, 331 (2011).

¹³ *Unwired Planet, LLC v. Google Inc.*, 841 F.3d 1376, 1379–82 (Fed. Cir. 2016).

review of the cases and Board opinions; I concur fully in Judge Taranto's views regarding this case, expressed in his opinion.

The *Secure Access* opinion explains why the statute read as a whole results in a focus on the claims of the patent, and on the necessity for at least one claim to show how the patent claims a method or apparatus for performing operations used in the practice of a financial product or service, as the statute requires. It is not enough for the claim simply to be "incidental to a financial activity." (Judge Lourie, in his dissent to the denial of en banc, seems to agree: "the subject matter of the claim must have a particular relation to a financial product or service, and not merely be an incidentally-used invention like a light-bulb or ditch-digging." Op. at 11.)

To meet the statutory test, *Secure Access* does not require that the claim specifically use the term "financial," nor even specifically mention the financial product or service to which the invention is addressed: "a qualifying claim does not require particular talismanic words." 841 F.3d at 1381. Nor is consideration limited to only the words in the claim as written: "A claim in a patent does not live in isolation from the rest of the patent ... claims must be properly construed—that is, understood in light of the patent's written description" *Id.* at 1378.

In this case, the claims in *Secure Access* were construed by the Board in light of the written description, and on appeal we found those claim constructions consistent with the Board's approved standard for claim construction. *Id.* at 1382. But the claim constructions related only to certain design characteristics of the technology, a technology designed generally to authen-

ticate a webpage; they were not aimed at the issue here, that is, the question how, if at all, was this invention particularly to be used in the performance of a financial product or service.

Judge Lourie in his opinion suggests that the court on appeal could make an apparently common sense connection between the claims and the rest of the patent. Presumably, we could do this by interpreting the claims in light of the written description as meeting the statutory standard. Certainly the patent's written description in places has language that might support such a conclusion. The thought is a perfectly sensible one, but the answer lies in the difference between an appeal from a district court and an appeal from an administrative agency.

When an appeal is from the judgment of a district court, it is the judgment, not the trial court's opinion, that is on appeal; the appellate court can affirm on any ground the record supports. By contrast, when the appeal is from an administrative agency—and the Board is such an agency—the appellate court can only review the record on appeal and the decision of the agency in light of that record. The appellate court cannot stray afield to determine how the matter at issue could have been resolved had the agency explained its decision differently, perhaps under a different theory. It is what the agency said it decided that is the subject of the appeal.

As the Supreme Court made clear in *SEC v. Chenery Corp.*, 332 U.S. 194, 196 (1947):

[A] reviewing court, in dealing with a determination or judgment which an administrative agency alone is authorized to make, must judge the propriety of such action solely by the

grounds invoked by the agency. If those grounds are inadequate or improper, the court is powerless to affirm the administrative action by substituting what it considers to be a more adequate or proper basis. To do so would propel the court into the domain which Congress has set aside exclusively for the administrative agency.

To be clear—at issue is not whether we can correct a claim construction made by the Board in the course of its determination regarding the validity *vel non* of a patent properly before it. As an appellate court, of course we can. The issue rather is whether, in the absence of some basis in law supporting the Board’s undertaking review of a patent pursuant to a governing statute, may we reinterpret the Board’s decision, and the record underlying that decision, in order to correct somehow for the absence of compliance with that statutory authority—*Chenery* tells us we cannot.

That leads naturally to the second issue dealt with in *Secure Access*—the proper remedy to correct the Board’s error in its interpretation and application of the statutory standard. Absent anything in the Board decision that supports a conclusion that one or more of the claims at issue in *Secure Access* meets the statutory standard—and in the panel majority’s view there was not a single claim at issue that could “qualify this patent,” *Secure Access*, 848 F.3d at 1382—the only proper conclusion was a reversal of the decision. The agency does not have statutory authority to pursue this decisional route in this case.¹⁴

¹⁴ Though it is not an issue in this case, our precedents make clear that on final written decision from the Board, this court has a constitutional obligation as an Article III court to ensure that final

That of course does not pre-judge the merits of the patent, or of the original petition for Board review. Assuming no other statutory obstacles, the patent and its claims are subject to review in a district court action, or in the course of other Board reviews. Since the validity of the patent is tested as of the issuance of the patent, and not on the basis of subsequent events or activities by the owner, the litigation history of the issued patent is irrelevant for that reason, as well as for the reasons noted in the panel opinion.

In sum, the panel opinion in *Secure Access* fits comfortably in this court's tradition of carefully considered opinions based on precedent and respect for legislative requirements in the law. The obituaries being issued for CBM reviews in consequence of *Secure Access* are at best premature. In another few years they may be appropriate if Congress does not renew the statute or something like it; in the meantime, the court properly declined further review of the matter in this case.

actions by an administrative agency subject to the court's jurisdiction are valid and proper. See *Versata Dev. Grp., Inc. v. SAP Am., Inc.*, 793 F.3d 1306, 1314–23 (Fed. Cir. 2015), *cert. denied*, 136 S. Ct. 2510 (2016); see also *Marbury v. Madison*, 1 Cranch 137, 177 (1803).

APPENDIX E**RELEVANT STATUTORY PROVISIONS****35 U.S.C. § 141. Appeal to Court of Appeals for the Federal Circuit**

(a) EXAMINATIONS.—An applicant who is dissatisfied with the final decision in an appeal to the Patent Trial and Appeal Board under section 134(a) may appeal the Board's decision to the United States Court of Appeals for the Federal Circuit. By filing such an appeal, the applicant waives his or her right to proceed under section 145.

(b) REEXAMINATIONS.—A patent owner who is dissatisfied with the final decision in an appeal of a reexamination to the Patent Trial and Appeal Board under section 134(b) may appeal the Board's decision only to the United States Court of Appeals for the Federal Circuit.

(c) POST-GRANT AND INTER PARTES REVIEWS.—A party to an inter partes review or a post-grant review who is dissatisfied with the final written decision of the Patent Trial and Appeal Board under section 318(a) or 328(a) (as the case may be) may appeal the Board's decision only to the United States Court of Appeals for the Federal Circuit.

(d) DERIVATION PROCEEDINGS.—A party to a derivation proceeding who is dissatisfied with the final decision of the Patent Trial and Appeal Board in the proceeding may appeal the decision to the United States Court of Appeals for the Federal Circuit, but such appeal shall be dismissed if any adverse party to such derivation proceeding, within 20 days after the appellant

has filed notice of appeal in accordance with section 142, files notice with the Director that the party elects to have all further proceedings conducted as provided in section 146. If the appellant does not, within 30 days after the filing of such notice by the adverse party, file a civil action under section 146, the Board's decision shall govern the further proceedings in the case.

(July 19, 1952, ch. 950, 66 Stat. 802; Pub. L. 97-164, title I, §163(a)(7), (b)(2), Apr. 2, 1982, 96 Stat. 49, 50; Pub. L. 98-622, title II, §203(a), Nov. 8, 1984, 98 Stat. 3387; Pub. L. 106-113, div. B, §1000(a)(9) [title IV, §§4605(c), 4732(a)(10)(A)], Nov. 29, 1999, 113 Stat. 1536, 1501A-571, 1501A-582; Pub. L. 107-273, div. C, title III, §§13106(c), 13206(b)(1)(B), Nov. 2, 2002, 116 Stat. 1901, 1906; Pub. L. 112-29, §7(c)(1), Sept. 16, 2011, 125 Stat. 314.)

35 U.S.C. § 311. Inter partes review

(a) **IN GENERAL.**—Subject to the provisions of this chapter, a person who is not the owner of a patent may file with the Office a petition to institute an inter partes review of the patent. The Director shall establish, by regulation, fees to be paid by the person requesting the review, in such amounts as the Director determines to be reasonable, considering the aggregate costs of the review.

(b) **SCOPE.**—A petitioner in an inter partes review may request to cancel as unpatentable 1 or more claims of a patent only on a ground that could be raised under section 102 or 103 and only on the basis of prior art consisting of patents or printed publications.

(c) **FILING DEADLINE.**—A petition for inter partes review shall be filed after the later of either—

(1) the date that is 9 months after the grant of a patent; or

(2) if a post-grant review is instituted under chapter 32, the date of the termination of such post-grant review.

(Added Pub. L. 106–113, div. B, §1000(a)(9) [title IV, §4604(a)], Nov. 29, 1999, 113 Stat. 1536, 1501A-567; amended Pub. L. 107–273, div. C, title III, §13202(a)(1), (c)(1), Nov. 2, 2002, 116 Stat. 1901, 1902; Pub. L. 112–29, §6(a), Sept. 16, 2011, 125 Stat. 299; Pub. L. 112–274, §1(d)(2), Jan. 14, 2013, 126 Stat. 2456.)

35 U.S.C. § 314. Institution of inter partes review

(a) **THRESHOLD.**—The Director may not authorize an inter partes review to be instituted unless the Director determines that the information presented in the petition filed under section 311 and any response filed under section 313 shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.

(b) **TIMING.**—The Director shall determine whether to institute an inter partes review under this chapter pursuant to a petition filed under section 311 within 3 months after—

(1) receiving a preliminary response to the petition under section 313; or

(2) if no such preliminary response is filed, the last date on which such response may be filed.

(c) **NOTICE.**—The Director shall notify the petitioner and patent owner, in writing, of the Director's determination under subsection (a), and shall make such notice available to the public as soon as is practicable. Such notice shall include the date on which the review shall commence.

(d) **NO APPEAL.**—The determination by the Director whether to institute an inter partes review under this section shall be final and nonappealable.

(Added Pub. L. 106–113, div. B, §1000(a)(9) [title IV, §4604(a)], Nov. 29, 1999, 113 Stat. 1536, 1501A-568; amended Pub. L. 107–273, div. C, title III, §13202(a)(3), (c)(1), Nov. 2, 2002, 116 Stat. 1901, 1902; Pub. L. 112–29, §6(a), Sept. 16, 2011, 125 Stat. 300.)

35 U.S.C. § 324. Institution of post-grant review

(a) **THRESHOLD.**—The Director may not authorize a post-grant review to be instituted unless the Director determines that the information presented in the petition filed under section 321, if such information is not rebutted, would demonstrate that it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable.

(b) **ADDITIONAL GROUNDS.**—The determination required under subsection (a) may also be satisfied by a showing that the petition raises a novel or unsettled legal question that is important to other patents or patent applications.

(c) **TIMING.**—The Director shall determine whether to institute a post-grant review under this chapter pursuant to a petition filed under section 321 within 3 months after—

(1) receiving a preliminary response to the petition under section 323; or

(2) if no such preliminary response is filed, the last date on which such response may be filed.

(d) **NOTICE.**—The Director shall notify the petitioner and patent owner, in writing, of the Director's determination under subsection (a) or (b), and shall make such notice available to the public as soon as is practicable. Such notice shall include the date on which the review shall commence.

(e) **NO APPEAL.**—The determination by the Director whether to institute a post-grant review under this section shall be final and nonappealable.

(Added Pub. L. 112–29, §6(d), Sept. 16, 2011, 125 Stat. 306.)

**Leahy-Smith America Invents Act, Pub. L. No. 112-39,
§ 18, 125 Stat. 284, 329 (2011)**

SEC. 18. TRANSITIONAL PROGRAM FOR COVERED BUSINESS METHOD PATENTS.

(a) TRANSITIONAL PROGRAM.—

(1) ESTABLISHMENT.—Not later than the date that is 1 year after the date of the enactment of this Act, the Director shall issue regulations establishing and implementing a transitional post-grant review proceeding for review of the validity of covered business method patents. The transitional proceeding implemented pursuant to this subsection shall be regarded as, and shall employ the standards and procedures of, a postgrant 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.

(B) 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.

(C) A petitioner in a transitional proceeding who challenges the validity of 1 or more claims in a covered business method patent on a ground raised under section 102 or 103 of title 35, United States Code, as in effect on the day before the effective date set forth in section

3(n)(1), may support such ground only on the basis of—

(i) prior art that is described by section 102(a) of such title of such title (as in effect on the day before such effective date); or

(ii) prior art that—

(I) discloses the invention more than 1 year before the date of the application for patent in the United States; and

(II) would be described by section 102(a) of such title (as in effect on the day before the effective date set forth in section 3(n)(1)) if the disclosure had been made by another before the invention thereof by the applicant for patent.

(D) The petitioner in a transitional proceeding that results in a final written decision under section 328(a) of title 35, United States Code, with respect to a claim in a covered business method patent, or the petitioner's real party in interest, may not assert, either in a civil action arising in whole or in part under section 1338 of title 28, United States Code, or in a proceeding before the International Trade Commission under section 337 of the Tariff Act of 1930 (19 U.S.C. 1337), that the claim is invalid on any ground that the petitioner raised during that transitional proceeding.

(E) The Director may institute a transitional proceeding only for a patent that is a covered business method patent.

(2) EFFECTIVE DATE.—The regulations issued under paragraph (1) shall take effect upon the expiration of the 1-year period beginning on the date of the enactment of this Act and shall apply to any covered business method patent issued before, on, or after that effective date, except that the regulations shall not apply to a patent described in section 6(f)(2)(A) of this Act during the period in which a petition for postgrant review of that patent would satisfy the requirements of section 321(c) of title 35, United States Code.

(3) SUNSET.—

(A) IN GENERAL.—This subsection, and the regulations issued under this subsection, are repealed effective upon the expiration of the 8-year period beginning on the date that the regulations issued under to paragraph (1) take effect.

(B) APPLICABILITY.—Notwithstanding subparagraph (A), this subsection and the regulations issued under this subsection shall continue to apply, after the date of the repeal under subparagraph (A), to any petition for a transitional proceeding that is filed before the date of such repeal.

(b) REQUEST FOR STAY.—

(1) IN GENERAL.—If a party seeks a stay of a civil action alleging infringement of a patent under section 281 of title 35, United States Code, relating to a transitional proceeding for that patent, the court shall decide whether to enter a stay based on—

(A) whether a stay, or the denial thereof, will simplify the issues in question and streamline the trial;

(B) whether discovery is complete and whether a trial date has been set;

(C) whether a stay, or the denial thereof, would unduly prejudice the nonmoving party or present a clear tactical advantage for the moving party; and

(D) whether a stay, or the denial thereof, will reduce the burden of litigation on the parties and on the court.

(2) REVIEW.—A party may take an immediate interlocutory appeal from a district court's decision under paragraph (1). The United States Court of Appeals for the Federal Circuit shall review the district court's decision to ensure consistent application of established precedent, and such review may be de novo.

(c) ATM EXEMPTION FOR VENUE PURPOSES.—In an action for infringement under section 281 of title 35, United States Code, of a covered business method patent, an automated teller machine shall not be deemed to be a regular and established place of business for purposes of section 1400(b) of title 28, United States Code.

(d) DEFINITION.—

(1) IN GENERAL.—For purposes of this section, the term “covered business method patent” means 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.

(2) REGULATIONS.—To assist in implementing the transitional proceeding authorized by this subsection, the Director shall issue regulations for determining whether a patent is for a technological invention.

(e) RULE OF CONSTRUCTION.—Nothing in this section shall be construed as amending or interpreting categories of patent-eligible subject matter set forth under section 101 of title 35, United States Code.