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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

EPICOR SOFTWARE CORPORATION,[1]
Petitioner,

v.

PROTEGRITY CORPORATION,
Patent Owner.

CBM2015-00002
Patent 6,321,201 B1

Before KEVIN F. TURNER, MEREDITH C. PETRAVICK, and GREGG I. ANDERSON, *Administrative Patent Judges.*

TURNER, *Administrative Patent Judge.*

FINAL WRITTEN DECISION
Covered Business Method Patent Review
35 U.S.C. § 328(a) and 37 C.F.R. § 42.73

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[1] During the course of the proceeding, Petitioner separated one of its business units from Epicor Software Corporation to APTOS, Inc. Both entities are indicated as being real parties-in-interest. *See* Paper 26.

I. INTRODUCTION

A. Background

Epicor Software Corporation ("Petitioner") filed a Petition[2] (Paper 8, "Pet.") requesting a review under the transitional program for covered business method patents of claims 1, 5, 19, 20, and 27–31 of U.S. Patent No. 6,321,201 B1 (Ex. 1001, "the '201 Patent"). Protegrity Corporation ("Patent Owner") filed a Preliminary Response (Paper 12, "Prelim. Resp."). Pursuant to 35 U.S.C. § 324, we instituted this trial on the following ground:

Ground	**Prior Art**	**Challenged Claims**
§ 101	n/a	1, 5, 19, 20, and 27–31

Paper 17 ("Dec.").

Subsequently, Patent Owner filed a Patent Owner's Response. Paper 27 ("Resp."). Petitioner filed a Reply to Patent Owner's Response. Paper 34 ("Reply"). As well, Patent Owner filed a Motion to Exclude Evidence. Paper 37 ("Mot. Exclude"). Petitioner filed an Opposition to Patent Owner's Motion to Exclude (Paper 39, "Opp. to Mot. Exclude"), and Patent Owner filed a Reply to the Opposition to the Motion to Exclude (Paper 42). Patent Owner also filed a Motion for Observation Regarding Cross Examination of Reply Witness Mr. Bruce Schneier. Paper 38 ("Mot. Observation"). Petitioner filed an Opposition to Patent Owner's Motion for Observation. Paper 40.

An oral hearing was held on November 13, 2015. A transcript of the

[2] We refer to the Amended Petition for Covered Business Method Patent Review. Paper 8.

hearing is included in the record. Paper 44 ("Tr.").

We have jurisdiction under 35 U.S.C. § 6(c). This Final Written Decision is issued pursuant to 35 U.S.C. § 328(a) and 37 C.F.R. § 42.73.

B. Related Matters

Petitioner identifies *Protegrity Corp. v. Epicor Software Corp.*, No. 3:13-cv-01781-JBA (D. Conn. Dec. 2, 2013) as a related district court proceeding. Pet. 4. Patent Owner identifies numerous other related district court matters that would be affected by a decision in this proceeding. *See* Paper 6, 3–5.

The '201 Patent is also the subject of pending proceedings CBM2015-00014, CBM2015-00021, and CBM2015-00030. The '201 Patent was also the subject of Reexamination No. 90/011,364, with some originally issued claims confirmed and cancelled, one claim amended, and several claims added.

U.S. Patent No. 8,402,281 B2 is a continuation of the '201 Patent (Ex. 1004, "the '281 Patent"). The '281 Patent is the subject of pending proceedings CBM2014-00182, CBM2015-00006 and CBM2015-00010. The '281 Patent was also the subject of terminated proceedings CBM2014-00024 and CBM2014-00121, where those proceedings terminated due to settlement between the parties.

C. The '201 Patent

The '201 Patent, titled "Data Security System for a Database having Multiple Encryption Levels Applicable on a Data Element Value Level," issued on November 20, 2001, based on Application No. 09/027,585, filed

on February 23, 1998. The '201 Patent claims priority as a continuation application to PCT/SE97/01089, filed on June 18, 1997.

The '201 Patent is concerned with protecting data against unauthorized access. Ex. 1001, 2:21–34. The '201 Patent states that "in other fields, such as industry, banking, insurance, etc[.], improved protection is desired against unauthorized access to the tools, databases, applications[,] etc.[,] that are used for administration and storing of sensitive information." *Id*. at 1:27–39. Figure 4 is reproduced below.

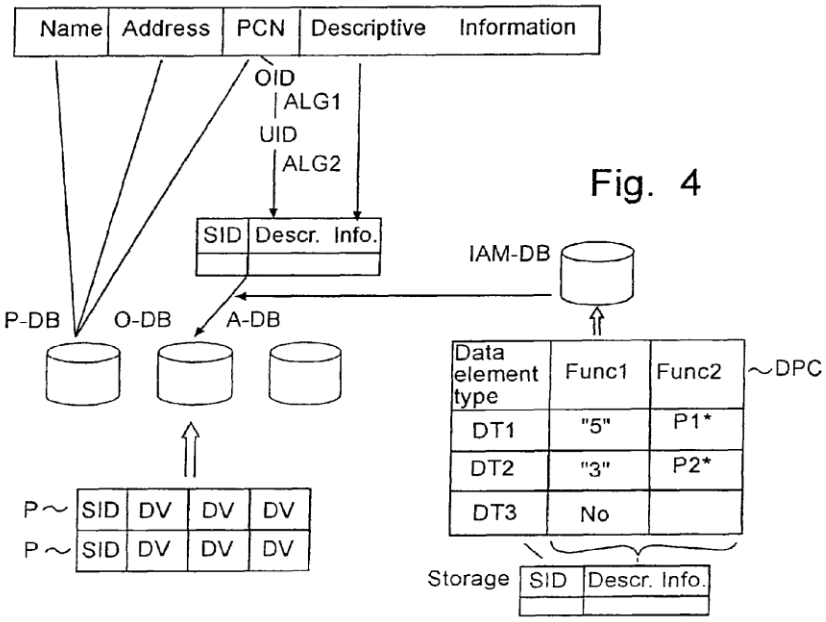

Fig. 4

Figure 4 depicts the '201 Patent's system

The system shown in Figure 4 includes an operative database (O-DB) and another database, IAM-DB. O-DB database contains data element values DV that are to be protected. *Id*. at 5:53–58. IAM-DB database contains a data protection catalogue (DPC), which stores protection attributes (e.g., P1*) for data element types (e.g., DT1) that are associated with data element values DV. *Id.* at 9:29–51. The protection attributes state rules for processing the corresponding data element values DV. *Id*. at 3:46–

51. For example, a protection attribute indicates the degree to which data element value DV is encrypted (*id.* at 7:57–63) or indicates that only accepted, or certified, programs are allowed to process data element value DV (*id.* at 9:20–28). *See id*. at 4:45–65. When a user initiates an attempt to process a certain data element value DV, a compelling calling is created to data protection catalogue DPC to obtain the protection attributes associated with the data element type for data element value DV. *Id*. at 2:54–61. The processing of data element value DV is then controlled in conformity with the protection attributes. *Id*. at 2:64–67, 3:55–65. Thus, the individual data element or data element type becomes the controlling unit for determining the level of protection. *Id*. at 4:33–38.

Claim 1 of the ’201 Patent is illustrative of the claims at issue, with all other challenged claims being dependent thereon, and read as follows:

> 1. A method for processing of data that is to be protected, comprising:
>
> storing the data as encrypted data element values (DV) in records (P) in a first database (O-DB), the first database (O-DB) having a table structure with rows and columns, each row representing a record (P) and each combination of a row and a column representing a data element value (DV), in the first database (O-DB) each data element value (DV) is linked to a corresponding data element type (DT);
>
> storing in a second database (IAM-DB) a data element protection catalogue (DPC), which contains each individual data element type (DT) and one or more protection attributes stating processing rules for data element values (DV), which in the first database (O-DB) are linked to the individual data element type (DT);
>
> for each user-initiated measure aiming at processing of a given data element value (DV) in the first database (O-DB), initially producing a calling to the data element protection

> catalogue for collecting the protection attribute/attributes associated with the corresponding data element type, and
>
> controlling the user's processing of the given data element value in conformity with the collected protection attribute/attributes.

II. ANALYSIS

A. Claim Construction

The Board interprets claims of unexpired patents using the broadest reasonable construction in light of the specification of the patent in which they appear. 37 C.F.R. § 42.300(b); *In re Cuozzo Speed Techs., LLC*, 793 F.3d 1268, 1278–79 (Fed. Cir. 2015), *cert. granted sub nom. Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 890 (2016) (mem.).

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). Any special definition for a claim term must be set forth with reasonable clarity, deliberateness, and precision. *In re Paulsen*, 30 F.3d 1475, 1480 (Fed. Cir. 1994).

In our Institution Decision, we construed two terms specifically: "processing rules" and "data element type." Dec. 14–17. Although apparently not taking issue with our construction of "processing rules," Patent Owner argues that our construction for "data element type" should be modified, and that we implicitly applied "an unreasonably broad definition to the term 'database.'" Resp. 17–26. We address these contentions below.

i. Database

Although we did not explicitly construe the claim term "database," Petitioner proposed that the broadest reasonable construction of database is "an organized collection of structured data."[3] Pet. 13–14. According to Petitioner, its proposed construction is the same construction taken by Patent Owner in a district court proceeding concerning the parent '201 Patent. *Id.*

Patent Owner argues that Petitioner's proposal is unreasonably broad and proposes that the broadest reasonable construction of "database" is "a data processing system for managing an organized collection of structured data." Resp. 18–25. Patent Owner argues that Petitioner's proposed construction is unreasonably broad in the context of the '201 Patent because the database must be construed to allow for the database to make automatic and compelling callings to the data element protection catalogue. *Id.* at 19. Patent Owner argues that its construction is consistent with the '201 Patent and is supported by the testimony of its declarants Mr. Mattsson and Dr. Direen, Petitioner's declarant Mr. Schneier, and Dr. Shamos and supported by certain database manuals and technical definitions of the era. *Id*. at 19–23.

a. Claim Language

"Claim construction begins, as it must, with the words of the claims." *Vehicular Techs. Corp. v. Titan Wheel Int'l,* 141 F.3d 1084, 1088 (Fed. Cir.

[3] In the Final Written Decision for CBM2014-00182, we determine that the broadest reasonable construction of "database" is "an organization of structure data." The addition of the word "collection" to the construction we adopted in CBM2014-00182, however, provides no meaningful distinction between the constructions as an organized structure of data implies a collection of data.

1998) (citing *Bell Commc'ns Research, Inc. v. Vitalink Commc'ns Corp.*, 55 F.3d 615, 619–20 (Fed. Cir. 1995)). Independent claim 1 recites "[a] method for processing of data that is to be protected" that includes, among other steps, "storing the data as encrypted data element values (DV) in records (P) in a first database (O-DB)" and "storing in a second database (IAM-DB) a data element protection catalogue (DPC)." Ex. 1001, 11:12–24. Independent claim 1 also recites that the first database has a table structure with rows and columns. As such, claim 1, and the other challenged claims that depend therefrom, recites that the database comprises or stores different types of data.

Claim 1 and the claims dependent on claim 1 do not recite that the database performs any other function, other than the storage of data. Although claim 1 recites that for each user-initiated measure aiming at processing of a given data element, a calling to the data element protection catalogue is initially produced, the claim does not specify what element produces the calling. *See id.* at 11:29–32. Additionally, independent claim 8, although not a challenged claim, recites an apparatus having a database that stores data to be protected. Ex. 1001, *Ex Parte* Reexamination Certificate 1:24–51 (amended claim 8). This latter claim was amended during reexamination to recite that the apparatus, not the database, controls the user's processing of the data according to the data processing rules, and the apparatus, not the database, also produces the compelling calling to the data element protection catalogue. *Id.* at *Ex Parte* Reexamination Certificate 1:41–51.

The words of the claims of the ’201 Patent, thus, are consistent with Petitioner’s proposed construction as being the broadest reasonable construction.

b. Written Description

The written description is “always highly relevant” in construing a claim, and “it is the single best guide to the meaning of a disputed term.” *Vitronics Corp. v. Conceptronic, Inc.*, 90 F.3d 1576, 1582 (Fed. Cir. 1996). The written description of the ’201 Patent provides specific definitions of many terms (Ex. 1001, 2:64–3:43) but does not contain a definition of “database.”

The claimed database for storing a plurality of data portions corresponds to the O-DB database disclosed in the ’201 Patent. The O-DB database is part of a larger “database management system” that includes multiple databases. *Id.* at 5:49–6:12, Fig. 3. Similar to the other databases, the O-DB database is described as containing data and, in particular, data to be protected. *Id*. at 5:53–58. Contrary to Patent Owner’s argument (Resp. 20), the ’201 Patent does not describe the O-DB database, or any other database, as performing any other data processing or managing functions. In particular, the ’201 Patent does not describe that the O-DB database produces the compelling calling to the data protection catalogue. *See* Ex. 1001, 10:44–58 (“is first collected by the system”); *see id.* at Abstract, 2:54–61, 3:51–65, 4:16–22, 7:57–61 (describing a compelling calling to a data protection catalogue, but failing to describe the compelling calling being produced by the O-DB database).

The database managing system includes not only a number of databases, but also, a number of modules. *Id.* at 6:13–45 (“The data system

in FIG. 3 further comprises a hardware component 10, a control module 20 (IAM-API), and a program module 30 (PTY-API)."); Fig. 3. The modules include control module 20, also labeled as an Information Assets Manager Application Program Interface ("IAM-API"), which "controls the handling of the types of data protection that the system can supply" and "carries out the processing requested via API . . . programing interface." *Id.* at 6:34–39, Fig. 3.

Petitioner's proposed construction as the broadest reasonable construction is consistent with the written description of the '201 Patent.

c. Declarant Testimony

Patent Owner proffers the testimony of declarants Mr. Mattsson and Dr. Direen in support of its proposed construction. Resp. 19 (citing Ex. 2045 ¶¶ 27–29; Ex. 2046 ¶¶ 58–59). Mr. Mattsson testifies that "[d]efintions vary among practitioners but, generally, a database is meant to be a collection of data whereby the data is held so that it can be retrieved, manipulated, reported on, managed, queried, and protected" and that in the context of the '201 Patent the database does more than store data, such as manage or process the data. Ex. 2045 ¶¶ 27–30. Specifically, Mr. Mattsson testifies that "the Specification describes how the first database must 'automatically produce[] a system calling to the data element protection catalogue'" and that Petitioner's construction "does not provide for how system callings (or any calling or processing) could take place if database is only to mean the data that is managed by the system." *Id.* ¶ 31.
Dr. Direen's testimony is substantially the same as Mr. Mattsson's testimony. *See* Ex. 2046 ¶¶ 54–59.

Mr. Mattsson's and Dr. Direen's testimony is unpersuasive because it is inconsistent with the '201 Patent. As discussed above, the '201 Patent describes the O-DB as one database in a larger database management system. Ex. 1001, 5:49–6:12. The '201 Patent describes the O-DB database as containing data and describes the modules of the larger database management system as performing data processing. *Id.* at 5:53–58, 6:13–45.

The '201 Patent does not describe the O-DB database as producing the compelling calling. *See* Ex. 1001, 10:44–58 ("is first collected by the system"); *see id.* at Abstract, 2:54–61, 3:51–65, 4:16–22, 7:57–61 (disclosing a compelling calling to a data protection catalogue, but failing to describe the compelling calling being produced by the O-DB database). The assertion that the compelling calling is produced by the O-DB database is only found in Patent Owner's arguments, Mr. Mattsson's testimony, and Dr. Direen's testimony, and not the '201 Patent. See, *e.g.*, Ex. 2045 ¶¶ 12–16, 22, 29; Ex. 2046 ¶ 57. Extraneous features should not be read into the claim. *Renishaw PLC v. Marposs Societa' per Azioni*, 158 F.3d 1243, 1249 (Fed. Cir. 1998); *E.I. du Pont de Nemours & Co. v. Phillips Petroleum Co.*, 849 F.2d 1430, 1433 (Fed. Cir. 1988). In that regard, "extrinsic evidence may be used only to assist in the proper understanding of the disputed limitation; it may not be used to vary, contradict, expand, or limit the claim language from how it is defined, even by implication, in the specification or file history." *Bell Atl. Network Servs. v. Covad Commc'ns Grp.*, 262 F.3d 1258, 1269 (Fed. Cir. 2001); *see Vitronics*, 90 F.3d at 1584 ("expert testimony, which was inconsistent with the specification and file history, should have been accorded no weight").

Further, we give little weight to Mr. Mattsson's testimony because Mr. Mattsson is not a disinterested witness. Mr. Mattsson is Patent Owner's Chief Technology Officer (Ex. 2045 ¶ 1) and has an interest in the outcome of this proceeding.

Patent Owner also argues that the testimony of Petitioner's declarant Mr. Schneier and the testimony of Dr. Shamos, a declarant from a related proceeding, support its proposed construction. Resp. 21–23 (citing Ex. 2043, 71:23–72:5, 76:2–6; Ex. 2044, 36:10–37:24). Mr. Schneier's and Dr. Shamos's testimony, however, does not support Patent Owner's proposed construction, but supports Petitioner's proposed construction as the broadest reasonable construction. Mr. Schneier agreed, when questioned by Patent Owner, that a reasonable interpretation of database is "a system that includes blobs of data in the organization and structure to make that works" (Ex. 2043, 76:2–6), but Mr. Schneier also testifies that Petitioner's proposed construction is a reasonable definition that "coincided with what the patent seemed to say" (*id.* at 76:16–77:2; Ex. 1002 ¶¶ 21–23). Likewise, Dr. Shamos testifies that "database" can have multiple definitions (Ex. 2044, 36:10–37:24), but Dr. Shamos also testifies that in the context of the '201 Patent and under the broadest reasonable interpretation standard "database" means an "organized collection of structured data" (*id.* at 37:25–38:8). The Board construes claims using the *broadest* reasonable construction in light of the specification of the patent in which they appear. 37 C.F.R. § 42.300(b).

d. Database Manual and Technical Encyclopedia

Patent Owner also proffers a database manual and a technical entry for "database management system" of a technical encyclopedia to support its

construction. Resp. 22–23 (citing Exs. 2049, 2050). This extrinsic evidence is also unpersuasive as both the database manual and the encyclopedia entry are directed to a database management system, as opposed to simply a database.

e. Broadest Reasonable Construction of "Database"

We determine that the broadest reasonable construction, in light of the specification of the '201 Patent, and the proffered evidence, of "database" is "an organized collection of structured data." As discussed above, this construction is consistent with the words of the claims, the disclosure of the '201 Patent, the testimony of Mr. Schneier and Dr. Shamos and the position taken by Patent Owner in the related district court proceeding. We are not persuaded by Patent Owner's arguments, Patent Owner's declarants' testimony, database manual, or technical encyclopedia that this construction is unreasonably broad.

ii. Data Element Type

In our Decision to Institute, we determined that the broadest reasonable construction, in light of the specification, of "data element type" is "identification of a specific category of data," as proposed by Petitioner and disclosed in the Specification. Dec. 16–17 (citing Pet. 13–14; Ex. 1001 3:1–6). Patent Owner contends that a portion of the construction, "identification of," is not supported and is not accurate, and should be omitted from the construction. Resp. 23–24. As we are not persuaded that there is any appreciable difference in scope, with or without the addition of "identification of," we adopt Patent Owner's construction, such that the broadest reasonable construction, in light of the specification of the '201

Patent, and the proffered evidence, of "data element type" is "a specific category of data."

Patent Owner also raises the issue that we described claim 1 as not requiring data element types (Dec. 13), that this was contrary to the specification and the claims, and that our construction of "data element type" should take that into consideration. Resp. 23–26. We acknowledged the misstatement in response to Patent Owner's Request for Rehearing, acknowledging the error and determining it to be *de minimis* with respect to our claim construction and initial determinations. Paper 45, 11–12.

iii. Processing Rule

In our Decision to Institute, we determined that the broadest reasonable construction, in light of the specification, of "data processing rule" is "rules for processing data," as proposed by Petitioner. Dec. 14–16 (citing Pet. 14). Patent Owner does not dispute this construction in its Patent Owner's Response.

For the reasons proffered by Petitioner (Pet. 14–15), the broadest reasonable construction, in light of the specification of the '201 Patent, of "data processing rules" is "rules for processing data." *See* Dec. 14–16.

iv. Other Proposed Constructions

Petitioner also proposed a construction of "encryption/encrypted." Pet. 15. For the purposes of our review of the claims of the '201 Patent, however, no explicit construction of any other claim term is needed.

B. Standing to Seek Covered Business Method Patent Review

Section 18 of the AIA[4] provides for the creation of a transitional program for reviewing covered business method patents. Section 18 limits review to persons or their privies that have been sued or charged with infringement of a "covered business method patent," which does not include patents for "technological inventions." AIA §§ 18(a)(1)(B), 18(d)(1). 37 C.F.R. § 42.302 states "[c]harged with infringement means a real and substantial controversy regarding infringement of a covered business method patent exists such that the petitioner would have standing to bring a declaratory judgment action in Federal court."

Petitioner states that it was charged with infringement of the '201 Patent in *Protegrity Corp. v. Epicor Software Corp.*, No. 3:13-cv-01781 (D. Conn.). Pet. 11–12. Patent Owner does not dispute this statement.

i. Financial Product or Service

A covered business method patent "claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, except that the term does not include patents for technological inventions." AIA § 18(d)(1). The "legislative history explains that the definition of covered business method patent was drafted to encompass patents 'claiming activities that are financial in nature, incidental to a financial activity or complementary to a financial activity.'" 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)

[4] Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284, 329 (Sept. 16, 2011) ("AIA").

(Final Rule) (quoting 157 Cong. Rec. S5432 (daily ed. Sept. 8, 2011) (statement of Sen. Schumer)). The legislative history indicates that "financial product or service" should be interpreted broadly. *Id.*; *see Versata Dev. Grp., Inc. v. SAP America, Inc.*, 793 F.3d 1306, 1323–26 (Fed. Cir. 2015).

A patent need have only one claim directed to a covered business method to be eligible for review. 77 Fed. Reg. at 48,736 (Response to Comment 8).

Petitioner contends that the '201 Patent "claims a method for performing data processing or other operations that are at least incidental to the practice, administration, or management of a financial product or service" and, thus, is a covered business method patent. *See* Pet. 6–8.

Patent Owner contends that the '201 Patent does not claim a financial service or product. Resp. 54–58. Patent Owner argues that "not a single word in any single claim of the '201 Patent . . . is purportedly directed to a 'financial product or service.'" Resp. 57.

We do not interpret the statute as requiring the literal recitation of terms of data processing of financial products or services. As recognized in the legislative history: "[t]o meet this [eligibility] requirement the patent need not recite a specific financial product or service. Rather, the patent claims must only be broad enough to cover a financial product or service." 157 Cong. Rec. S1365 (daily ed. Mar. 8, 2011) (statement of Sen. Schumer).

In this regard, claim 1 recites "controlling the user's processing of the given data element value in conformity with the collected protection attribute/attributes." The Specification discloses that protection attributes are used to protect against unauthorized access of a data portion in a

database (*see* Ex. 1001, 4:26–32) and that banking is a field where protection against unauthorized access to databases that are used for administering and storing sensitive information is desired. *Id*. at 1:27–31; *see also id*. at Fig. 5, 11:1–10 (describing an example where "Social Allowance" and "Housing Allowance" are the protected data and "Financial manager" is an authorized user). Banking is a financial activity.

Likewise, Patent Owner's declarant Dr. Direen testifies that "[t]he *standard examples, which are examples of market concern*, are protecting data items such as credit card numbers and social security number[s]." Ex. 2046 ¶ 27 (emphasis added). Dr. Direen's testimony discusses such an example. *Id.* ¶¶ 11, 14, 27–49; Figs. 1–15. In Dr. Direen's example, the data portions include credit card numbers, credit card PIN numbers, and salary information; the data categories include credit card number and salary; and the data processing rules include credit card protection attributes and salary protection attributes. *See*, *e.g.*, *id.* ¶¶ 31, 34, 44; Figs. 1, 10. Credit card numbers, credit card PIN numbers, and salary are all data which are financial in nature.

Although not sufficient on its own, the '201 Patent is classified in 705/51 of the Office's patent classification system. *See* 77 Fed. Reg. at 48,739; *see Versata*, 793 F.3d at 1324, n.14 (noting that while Class 705 "apparently served as the original template for the definition of a 'covered business method,' . . . [it] was thought to be too narrow" (citation omitted)); Pet. 6. Class 51—"Usage protection of distributed data files" is a subclass indented under subclass 705/50—"Subject matter including cryptographic apparatus or methods uniquely designed for or utilized in . . . the processing of financial data." Classification Definitions (Jan. 2012),

http://www.uspto.gov/web/patents/classification/uspc705/defs705.htm.

We are persuaded by Petitioner that at least claim 1 encompasses activities that are financial in nature, incidental to a financial activity, or complementary to a financial activity. *See* 77 Fed. Reg. at 48,735.

We are not persuaded by Patent Owner's argument that previous Board decisions demonstrate that the '201 Patent is not a covered business method patent. Resp. 54–57 (citing *PNC Fin. Servs Grp., Inc. v. Intellectual Ventures I, LLC,* Case CBM2014-00032, slip op. at 10 (PTAB May 22, 2014) (Paper 13); *J.P. Morgan Chase & Co. v. Intellectual Ventures II LLC,* Case CBM2014-00160, slip op. at 11 (PTAB Jan. 29, 2015) (Paper 11); *Salesforce.com Inc. v. Applications in Internet Time, LLC,* Case CBM2014-00162 (PTAB Feb. 2, 2015) (Paper 11)). The cited previous Board decisions are not precedential and are not binding on this panel.

Nonetheless, we have reviewed the allegedly conflicting decisions. Our review of these decisions, however, reveals that the determination of whether the patent is a covered business method patent rests upon the specific facts of those proceedings. For example, in *PNC Financial Services*, the Board determined that a showing that the patent was asserted against a financial service in an infringement proceeding was not enough to establish that the patent was a covered business method patent. *See PNC Fin. Servs*, CBM2014-00032, Paper 13 at 14. The Board stated that whether an allegedly infringing product was a financial service was just one factor and that the Petitioners had not shown how "the '298 patent, either through its claims, Specification, or prosecution history, encompasses 'activities that are financial in nature, incidental to a financial activity or complementary to a financial activity.'" *Id*. at 13–14. Similarly, in *J.P. Morgan* and

Salesforce, the Board determined whether the patent was a covered business method patent based upon the particular facts of those proceedings. Patent Owner does not establish that the facts in those proceedings are sufficiently similar to the facts in this proceeding. As discussed above, we determined, based upon the facts in this proceeding, that the '201 Patent is a covered business method patent.

We are also not persuaded by Patent Owner that the '201 Patent is not a covered business method patent, because "the entire reason behind the invention contradicts any allegation that the invention of the '201 Patent is incidental to a financial service or product." Resp. 58. According to Patent Owner, the Swedish Data Inspection, AB, mandated protection legislation for personally-identifiable information to protect students and "[t]hey did not, however, mandate data protection solely for financial institutions." *Id.* (citing Ex. 2022 ¶¶ 14–16 (testimony of Mr. Mattsson); Ex. 2040 (U.S. Patent No. 5,606,610, which allegedly discloses Patent Owner's first attempt to comply with the Swedish legislation)).

The '201 Patent makes no mention of the Swedish legislation or that the legislation was for the protection of students. The '201 Patent makes no mention of students at all. Notably, U.S. Patent No. 5,606,610, which Patent Owner argues was also the result of the Swedish legislation, likewise fails to mention the Swedish legislation or the need to protect student data, but does disclose that banking is a sector where it is essential that stored data be protected against unauthorized access. *See* Ex. 2040, 1:13–15.

We are persuaded by Petitioner that a preponderance of the evidence shows that at least claim 1 of the '201 Patent encompasses 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.

ii. Technological Invention

The definition of "covered business method patent" in Section 18(d)(1) of the AIA does not include patents for "technological inventions." To determine whether a patent is for a technological invention, we consider "whether the claimed subject matter as a whole recites a technological feature that is novel and unobvious over the prior art; and solves a technical problem using a technical solution." 37 C.F.R. § 42.301(b). Both prongs must be satisfied in order for the patent to be excluded as a technological invention.

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, 48,763–64 (Aug. 14, 2012).

a. A Technological Feature that Is Novel and Unobvious over the Prior Art

Petitioner argues that the '201 Patent is not for a technological invention because none of the claims recite a technological feature that is

novel and nonobvious over the prior art. Pet. 8–11. According to Petitioner, "[n]one of the '201 claim limitations, taken alone or in combination, rises to the level of a technological feature, let alone a novel and unobvious one." Pet. 9–10. Patent Owner argues that "[t]he evidence demonstrates that the claims of the '201 Patent recite technological features that were novel and nonobvious over the prior art at the time of the invention." Resp. 59.

We are persuaded by Petitioner that the '201 Patent is not for a technological invention because at least claim 1 does not satisfy the first prong of the test. Claim 1 does not recite a technological feature that is novel or unobvious over the prior art. Claim 1 recites a method that is "storing" data in multiple "databases," and controlling a user's processing "in conformity with the collected protection attribute/attributes." Data processing computers having databases, which store the data, and controlling access thereto, were known at the time of filing the '201 Patent. *See* Ex. 1001, 1:20–31; Pet. 10–11.

Although Patent Owner argues that the claims recite technological features that were novel and unobvious over the prior art, Patent Owner, does not specify which claimed technical features are allegedly novel and unobvious. *See* Resp. 58–62. Patent Owner appears to argue that the novel and unobvious technological features rely on a database that is "much more complex than a collection of stored data" and that "[a]pplying the correct construction of database demonstrates the novel and nonobvious aspects of the '201 Patent." *See* Resp. 60–61, n.16. Patent Owner's argument, however, is unpersuasive because, as discussed in section II(A)(i) above, when the claim term "database" is given its proper, broadest reasonable

construction, in light of the ’201 Patent, claim 1 does not require these alleged features.

We are persuaded by Petitioner that a preponderance of the evidence shows that at least claim 1 does not recite a technological feature that is novel or unobvious over the prior art and does not satisfy the first prong of the test. The ’201 Patent, thus, is a covered business method patent that is not a technological invention.

b. Solves a Technical Problem with a Technical Solution

Petitioner argues that the ’201 Patent is not for a technological invention because none of the claims solve a technical problem using a technical solution. Pet. 10–11. According to Petitioner, the ’201 Patent is directed to the problem of granting access to data only if associated rules are satisfied, which is solved by maintaining a database of data and a separate data protection table that has rules. *Id.* at 10. Petitioner argues that such a use of a data processing computer with databases is known technology. *Id.* at 10–11.

Patent Owner argues that the ’201 Patent is for a technological invention, because it solves a technical problem with a technical solution. Resp. 29–35, 58–62. According to Patent Owner, the ’201 Patent solves three problems: 1) “separation of duties,” thereby “prevent[ing] the [database administrator] from accessing the data” (*id*. at 34); 2) “the ability to implement data protection at the data element level [in the database] without requiring application-level changes to the various computer programs and applications that were seeking to retrieve protected data from the database” (*id*.); and 3) providing “data element level protection across many brands of databases (e.g., Oracle, IBM DB2, Informix, and Microsoft)

that a company might be using in-house" (*id*. at 34–35). The alleged solution is "data to be protected in a first database, while the rules for protection were stored outside that database and thus outside the purview of the [database administrator]." *Id*. at 35.

We are persuaded by Petitioner that the '201 Patent does not solve a technical problem with a technical solution. *See* Pet. 10–11. The '201 Patent discloses that its objective is "to increase the protection against unauthorized access to sensitive information." Ex. 1001, 2:21–24; *see also id*. at 2:3–18, 1:15–17 (describing that the '201 Patent "concerns . . . a method and apparatus for data processing . . . for accomplishing increased protection against unauthorized processing of data").

None of the three technical problems identified by Patent Owner are described in the '201 Patent. *See* Resp. 29–35. The '201 Patent makes no mention of a need to protect data from a database administrator, to eliminate application-level changes to the various computer programs and applications that were seeking to retrieve protected data from the database, or to provide protection across many brands of databases. *Id*. Likewise, the '201 Patent does not describe the technical solution, alleged by Patent Owner, because the '201 Patent does not describe a first database that calls out to the second database, as discussed above in section II(A)(ii). The claims of the '201 Patent also do not require the alleged technical solution. Neither claim 1 nor any other claim requires specifically that a first database calls out to a second database.

Further, the cited testimony of Mr. Schneier does not support Patent Owner's argument. *See* Resp. 59 (citing Ex. 2043, 90:15–91:9). We do not find his testimony to be persuasive because it arose in the context of a

"philosophical debate" about problems generally, such as "legal problem[s]" and "social problem[s]." Ex. 2043, 90:15–91:9. We are not convinced that 37 C.F.R. § 42.301(b) should be satisfied through the process of elimination, such that problems and solutions are determined to be "technical" because they do not fall into categories of "legal," "social," or "spiritual." Under such a rubric, simple algebraic problems and solutions could be technical in nature, but we are not persuaded that would be the intent of the regulation.

We are persuaded by Petitioner that a preponderance of the evidence shows that at least claim 1 does not solve a technical problem using a technical solution, and, thus, at least claim 1 also does not satisfy the second prong. Thus, the '201 Patent is a covered business method patent that is not a technological invention.

For the reasons discussed above, we are persuaded by Petitioner that the '201 Patent is eligible for covered business method patent review.

C. 35 U.S.C. § 101

i. Section 101 Subject Matter Eligibility

For claimed subject matter to be patentable eligible, it must fall into one of four statutory classes set forth in 35 U.S.C. § 101: a process, a machine, a manufacture, or a composition of matter. The Supreme Court recognizes three categories of subject matter that are ineligible for patent protection: "laws of nature, physical phenomena, and abstract ideas." *Bilski v. Kappos*, 561 U.S. 593, 601 (2010) (internal quotations and citation omitted). A law of nature or an abstract idea by itself is not patentable; however, a practical application of the law of nature or abstract idea may be deserving of patent protection. *Mayo Collaborative Servs. v. Prometheus*

Laboratories, Inc., 132 S. Ct. 1289, 1293–94 (2012). To be patentable, however, a claim must do more than simply state the law of nature or abstract idea and add the words "apply it." *Id*.

In *Alice Corp. Pty, Ltd. v. CLS Bank Int'l*, 134 S. Ct. 2347 (2014), the Supreme Court recently clarified the process for analyzing claims to determine whether claims are directed to patent-ineligible subject matter. In *Alice*, the Supreme Court applied the framework set forth previously in *Mayo*, "for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those 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 the additional elements 'transform the nature of the claim' into a patent-eligible application." *Id*. (quoting *Mayo*, 132 S. Ct. at 1298, 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 upon the [ineligible concept] itself.'" *Id*. (alteration in original) (quoting *Mayo*, 132 S. Ct. at 1294). Further, the "prohibition against patenting abstract ideas 'cannot be circumvented by attempting to limit the use of the formula to a particular technological environment' or adding 'insignificant postsolution activity.'" *Bilski*, 561 U.S. at 610–11 (quoting *Diamond v. Diehr*, 450 U.S. 175, 191–92 (1981)).

Accordingly, utilizing this framework, we review Petitioner's

contention that claims 1, 5, 19, 20, and 27–31 of the ’201 Patent are directed to ineligible subject matter.

ii. Ineligible Concept

Petitioner contends that the claims of the ’201 Patent are merely directed to an abstract idea of determining whether access to data should be granted based on whether one or more rules are satisfied. Pet. 21–23. Patent Owner disputes that the challenged claims of the ’201 Patent are directed to an abstract idea. *See* Resp. 26–43. According to Patent Owner, “protection of data in a first database through rules stored in a second database” provides a solution to a problem “necessarily rooted in computer technology.” *Id.* at 27; *see id.* at 32–38 (citing *DDR Holdings, LLC v. Hotel.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014)).

Of the challenged claims, only claim 1 is an independent claim, and all of the other challenged claims depend directly or indirectly on claim 1. Claim 1 is directed to a method of processing data that is to be protected and is nominally within the process category of statutory subject matter. Statutory class, however, is not by itself determinative of whether a claim is directed to patent eligible subject matter. “Regardless of what statutory category (‘process, machine, manufacture, or composition of matter,’ 35 U.S.C. § 101) a claim’s language is crafted to literally invoke, we look to the underlying invention for patent-eligibility purposes.” *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1374 (Fed. Cir. 2011). *See Alice*, 134 S. Ct. 2358–59; *Bancorp Servs. v. Sun Life Assurance Co.*, 687 F.3d 1266, 1275 (Fed. Cir. 2012).

Independent claim 1 recites a data processing method that grants access to a data element value if the rules associated with a data element

type that is associated with the requested data element value is satisfied. Ex. 1001, 11:12–37. Claim 1 also requires a database that comprises the data element values, where the database has a table structure with each combination of a row and a column representing a data element value. *Id.* A data element protection catalogue is in a second database and comprises data processing rules that must be satisfied before the data element value can be accessed. *Id.* The data processing rules are linked with the data element type. *Id.* Thus, independent claim 1 recites a method that grants access to a requested data element value if the rules associated with a data element type that is associated with the requested data element value are satisfied. *Id*.

Given the above, we are persuaded by Petitioner that the claims are directed to the abstract idea of determining whether access to data should be granted based on whether one or more rules are satisfied. Patent Owner raises several counter arguments that we address below.

Patent Owner argues that solution provided by the ’201 Patent is necessarily rooted in computer technology because is addresses the protection of data in a first database through rules stored in a second database. Resp. 27–28 (citing *DDR Holdings*, 773 F.3d 1245). Patent Owner continues that the claims of the ’201 Patent are directed to a specific solution for protecting data at the data element level in a databases through use of rules stored in a separate database. *Id*. at 27. We do not agree.

The claims in *DDR Holdings* are described as providing a result that “overrides the routine and conventional sequence of events.” *DDR Holdings*, 773 F.3d at 1258. The databases and access rules recited in claim 1 perform their normal functions and achieve expected results. The protection of data in a database at the data element level still comports with

the abstract idea of determining whether access to data should be granted based on whether one or more rules are satisfied. Similarly, storing the rules in a separate database does not change the expected operation of the rules or the database, merely the location of those rules.

Patent Owner also argues that the claims of the '201 Patent cannot preempt the use of the abstract idea in all fields, because the Petition and supporting declaration show that there are other way of implementing "rule-based data access control," none of which do so at the data element level based on rules stored in an external database. Resp. 29 (citing Pet. 40–50; *Bilski v. Kappos*, 561 U.S. 611–12). This is not persuasive, however, because the elements that Patent Owner determines to be outside the abstract idea, i.e., access control at the data element level based on rules stored in an external database, may simply be a particular technological environment, as discussed in the next section.

iii. Inventive Concept

Next, we look for additional elements that can "transform the nature of the claim" into a patent-eligible application of an abstract idea. That is, we determine whether the claims include an "inventive concept," i.e., an element or combination of elements sufficient to ensure that the patent in practice amounts to significantly more than a patent on the abstract idea itself. *Alice*, 134 S. Ct. at 2357. The Supreme Court in *Alice* cautioned that merely limiting the use of abstract idea "to a particular technological environment" or implementing the abstract idea on a "wholly generic computer" is not sufficient as an additional feature to provide "practical assurance that the process is more than a drafting effort designed to monopolize the [abstract idea] itself." *Alice*, 134 S. Ct. at 2358.

a. Independent Claim 1

Petitioner argues that the claims contain "only inconsequential limitations that are insufficient to render them patent-eligible." Pet. 24. In this regard, Petitioner argues that the claims recite only generic computer elements and functions that were well-known and conventional. *Id*.; *see id.* at 23–27. Petitioner argues that the steps of maintaining a database of data element values and maintaining a separate data element protection catalogue are simply data-gathering steps and that receiving a request to access a data element value and granting access to that value are insignificant pre- and post-solution activity. *Id.* at 25. Petitioner states that "[t]he remaining method steps likewise fail practically to limit the abstract idea of controlling user processing based on obtained attributes – these are well known and purely conventional limitations." *Id*. Petitioner, further, argues that even when the claimed steps are considered as an ordered combination, they require nothing more than the routine and conventional use of a computer, having a database and a processor. *Id.* at 26.

Claim 1 requires the steps of storing data in databases, where some data are stored as encrypted data element values, associated with a data element type, and a plurality of data processing rules, associated with a data element type, are stored in a separate data protection catalogue. Ex. 1001, 11:15–28. Data processing computers having separate databases, which store associated data and associated attributes, were well-known and conventional at the time of filing the '201 Patent. *See* Ex. 1002 ¶ 18; Ex. 1005, 192–194, 202, 213 (describing relational databases). Storing data and associated rules in separate databases is nothing more than routine data gathering and does not transform the abstract idea into a patent-eligible

invention. *See CyberSource*, 654 F.3d at 1370. Claim 1 also recites that the first database has a table structure with rows and columns, which is also conventional and was well-known. Restricting access to columns or fields of databases is well-understood and conventional activity. *See* Ex. 1002 ¶ 36; Ex. 1005, 194, 214 (discussing access right to column and fields within records). Well-understood, routine, conventional activity does not add significantly more to the abstract idea. *Mayo*, 132 S. Ct. at 1298.

Claim 1 further requires that for each user-initiated measure aiming at processing of a given data element value, a calling is produced to the data element protection catalogue for the protection attributes of the data element type. Ex. 1001, 11:29–34. This is well-understood, routine, conventional activity that does not add significantly more to the abstract idea. *Mayo*, 132 S. Ct. at 1298; *see* Pet. 24–25; Ex. 1005, 192–194 (discussing decision rules).

Claim 1 finally requires that user's processing of the requested data element value occurs in conformity with the collected protection attributes. Ex. 1001, 11:35–37. Such granting of access to a user is merely a conventional post-solution activity. Conventional post-solution activity is not sufficient to transform the abstract idea into patent-eligible subject matter. *See Parker v. Flook*, 437 U.S. 584, 590–92 (1978).

Even when the claim elements are considered as a combination, they add nothing that is not already present when the elements are considered separately. *Alice*, 134 S. Ct. at 2359. Claim 1 conveys nothing more meaningful than the fundamental concept of determining whether access to data should be granted based on whether one or more rules are satisfied.

Upon review of Petitioner's analysis and supporting evidence and taking into account Patent Owner's arguments, discussed below, we are persuaded by Petitioner that independent claim 1 does not recite additional elements that transform the claim into a patent-eligible application of an abstract idea.

We are not persuaded by Patent Owner's arguments that the claims require additional elements that transform that abstract idea into a patent eligible application (Resp. 43–49) because they are based upon an overly narrow construction of the claimed elements, as discussed in section II(A)(i) above, i.e., the ability of the first database calling out to the data protection catalogue, and based on additional elements not recited or required by the claims, as discussed in section II(B)(ii) above.

In addition, we are not persuaded by Patent Owner's argument regarding *DDR Holdings*. *See* Resp. 26–28. Unlike the claimed combination of elements in *DDR Holdings*, the claims of the '201 Patent appear to combine elements according to their known functions to achieve routine and conventional results. *See DDR Holdings*, 773 F.3d at 1257–58. As discussed above, we are persuaded that the databases and access rules recited in claim 1 perform their normal functions and achieve expected results.

Patent Owner proffers declarations from Mr. Bill Schmidt (Ex. 2047), Mr. Kurt Pachik (Ex. 2048), and Mr. Ulf Mattsson (Ex. 2045) to demonstrate that the '201 Patent provides a novel and nonobvious solution to a problem deeply rooted in computer technology. Resp. 32–35. The declarations allegedly show that the invention of the '201 Patent was used to protect the formula for Coca-Cola from unauthorized access by database

administrators or system administrators. *Id.* Mr. Schmidt's, Mr. Pachik's, and Mr. Mattsson's declarations, however, fail to establish a nexus between the system provided to Coca-Cola and the claims of the '201 Patent. Mr. Schmidt makes no mention of the '201 Patent and provides no details as to the system implemented by Coca-Cola. *See* Ex. 2047. Mr. Pachik, a former employee of Patent Owner, testifies that he "assisted in implementing the solution provided in U.S. Patent Nos. 6,321,201 and 8,402,281 . . . for Coca-Cola" but provides no details of the system. *See* Ex. 2048 ¶ 5. Mr. Mattsson, Chief Technology Officer of Patent Owner, testifies generally to the technology disclosed in the '201 Patent, but makes no mention of the system implemented by Coca-Cola. *See* Ex. 2045. Thus, we are not persuaded by the declarations of Mr. Schmidt, Mr. Pachik, and Mr. Mattsson that the '201 Patent provides a novel and nonobvious solution to a problem deeply rooted in computer technology.

b. Dependent Claim 5

Petitioner argues that the dependent claims do not "contribute significant or material limitations to the abstract idea, or tie to any specific computer the abstract idea of rule-based data access." *See* Pet. 26–27. According to Petitioner, these dependent claims recite fundamental and well-known concepts of limiting access within a computer system and, thus, do not add anything significant to the abstract idea. *Id.*

Patent Owner argues, with respect to claim 5, that the claim is directed to the very goal of the '201 Patent, i.e., protecting data in a database at the data element level using encryption. Resp. 49–50. Patent Owner argues this is a significant technical innovation because the prior art showed user-based protection of data in a database. *Id.*

Claim 5 requires that protection attributes state rules for encryption of the data element values. Ex. 1001, 11:54–57. Encrypting data using a cryptographic key and providing the key to authorized users is well-understood and conventional activity. *See* Ex. 1002 ¶ 36; Ex. 1005, 178, 206, 213, 229–230. Encrypting on a field level was also known. Ex. 1005, 151. Encrypting data using cryptographic keys is well-known conventional activity. Well-understood, routine, conventional activity does not add significantly more to the abstract idea. *Mayo*, 132 S. Ct. at 1298.

As such, we are persuaded by Petitioner that the additional elements of dependent claim 5 provide no meaningful limitations to the abstract idea.

c. Dependent Claims 19 and 20

Dependent claims 19 and 20 require the storage of the data element types and processing rules as specific types of data within the data element protection catalogue. Ex. 1001, *Ex Parte* Reexamination Certificate 1:55–65 (with claim 19 being corrected by a Certificate of Correction). Petitioner argues that these additional elements provide no meaningful limitation to the abstract idea. Pet. 26–27. Patent Owner disputes that the additional elements provide no meaningful limitation. Resp. 50. Patent Owner argues that the '201 Patent demonstrates that the claimed association between data element types and data element values was novel. *Id*. We do not agree with Patent Owner.

Encryption and other processed performed on a field level were known. Ex. 1005, 151. Simply storing data in particular forms, without more, is a well-understood, routine, conventional activity that does not add significantly more to the abstract idea. *Mayo*, 132 S. Ct. at 1298.

As such, we are persuaded by Petitioner that the additional elements

of dependent claims 19 and 20 provide no meaningful limitation to the abstract idea.

d. Dependent Claims 27–31

Petitioner argues that the dependent claims do not "contribute significant or material limitations to the abstract idea, or tie to any specific computer the abstract idea of rule-based data access." *See* Pet. 26–27. According to Petitioner, claims 27–31 mere provide "that collection of attributes occurs for every user or every user action . . . [and] that the database protection catalogue is inaccessible to a user and/or physically separate from the first database." *Id*.

Patent Owner argues that Petitioner has presented no evidence to show that requiring security measures for every data request was well-known, or that storing databases in different locations or replicating databases for redundancy was well-known in the art. Resp. 50–52. We agree with Patent Owner.

The Petitioner has not established that the additional limitations required by dependent claims 27–31 are not significant or material. Unlike the other dependent claims, Petitioner's evidence does not establish sufficiently that the elements recited in these dependent claims, are well-understood, routine, conventional activities that do not add significantly more to the abstract idea. Additionally, our review of the prior art grounds presented in the Petition, upon which we did not institute, does not provide any support that the claimed elements of claims 27–31 were disclosed in the prior art references. Pet. *passim*. Thus, we determine that Petitioner fails to establish by a preponderance of the evidence that claims 27–31 are patent-ineligible under 35 U.S.C. § 101.

III. MOTION TO EXCLUDE

Patent Owner moves to exclude Exhibit 1002, Declaration of Mr. Bruce Schneier, from the record. Mot. Exclude. Patent Owner contends that the Schneier Declaration should be excluded because Mr. Schneier's declaration is improper under Federal Rule of Evidence ("FRE") 702, because his declaration is incomplete and based on another expert's opinion, and that Mr. Schneier's declaration is substantially more prejudicial than probative under FRE 403 due to the lack of credibility. Mot. Exclude 1.

We are not persuaded by Patent Owner's argument that Mr. Schneier's declaration should be excluded under FRE Rule 702 or 403. Patent Owner's arguments attack the sufficiency and credibility of Mr. Schneier's testimony. As the Board has noted in numerous cases, "the Board, sitting as a non-jury tribunal with administrative expertise, is well-positioned to determine and assign appropriate weight to the evidence presented in this trial, without resorting to formal exclusion that might later be held reversible error." *See, e.g.*, *Liberty Mutual Insurance Co. v. Progressive Casualty Insurance Co.*, CBM2012-00002, Paper 66 at 70 (PTAB Jan. 23, 2014); *Gnosis S.P.A., et al. v. S. Alabama Medical Science Foundation*, IPR2013-00118, Paper 64 at 43 (PTAB June 20, 2014); *S.E.C. v. Guenthner*, 395 F. Supp. 2d 835, 842 n.3 (D. Neb. 2005); Opp. to Mot. Exclude 4. We, thus, are not persuaded by Patent Owner to exclude Exhibit 1002 and Patent Owner's Motion to Exclude is denied.

Nonetheless, we address Patent Owner's arguments regarding the credibility of Mr. Schneier's testimony because Patent Owner makes similar arguments in its Patent Owner Response. *See* Resp. 39–41. Patent Owner

argues that we should give no weight to Mr. Schneier's testimony because Mr. Schneier's declaration does not provide a complete list of references that he relied upon. *Id.* at 41. We find this argument unpersuasive, because as Petitioner point outs, Petitioner provided a list in response to Patent Owner's objections, as provided for by 37 C.F.R. § 42.64(2). Opp. to Mot. Exclude 1–2. Further, although Mr. Schneier testifies that he did review Dr. Shamos' testimony, Mr. Schneier's testimony indicates that his testimony is based upon his review of the prior art, in particular Denning, and that his testimony is similar to Dr. Shamos' testimony because his testimony "had a lot of similarities to the book we relied upon." Ex. 2043, 150:3–151:10.

We are also not persuaded that Mr. Schneier is unqualified to testify as an expert. As Petitioner points out, Mr. Schneier has a Master's Degree in Computer Science and holds over 79 patents relating to cryptology, computer security, and electronic commerce. Opp. to Mot. Exclude 4–5; *See* Ex. 1002 ¶¶ 1–7 (discussing additional credentials and qualifications). Given this, we are persuaded that Mr. Schneier is qualified to testify as an expert as to what a person of ordinary skill in the art would know or understand during the relevant time frame.

IV. MOTION FOR OBSERVATIONS

On October 15, 2015, Patent Owner filed a Motion for Observation Regarding Cross Examination of Reply Witness Mr. Bruce Schneier. Mot. Observation. Patent Owner's observations comment on the cross-examination testimony of Petitioner's declarant Mr. Bruce Schneier (Ex. 2043) given on June 12, 2015. *Id.* at 1. The Motion for Observation

indicates that it was filed pursuant to authorization in the Scheduling Order (Paper 18). Mot. Observation 1.

The scheduling order states "[a] motion for observation on cross-examination provides the parties with a mechanism to draw the Board's attention to relevant cross-examination testimony of a reply witness because no further substantive paper is permitted after the reply" and refers to the Office Patent Trial Practice Guide. Paper 18, 4–5. The Trial Practice Guide states:

> In the event that *cross-examination occurs after a party has filed its last substantive paper on an issue*, such cross-examination may result in testimony that should be called to the Board's attention, but the party does not believe a motion to exclude the testimony is warranted. The Board may authorize the filing of observations to identify such testimony and responses to observations, as defined below.

77 Fed. Reg. at 48,767–68 (emphasis added).

The scheduling order authorizes the filing of such a motion for observations regarding cross-examination of a reply witness by Due Date 4. Mr. Schneier cross-examination testimony was given on June 12, 2015, prior to Patent Owner filing its Patent Owner's Response, on June 24, 2105. The cross-examination did not occur after Patent Owner filed its last substantive paper.

Patent Owner's Motion for Observation, thus, is improper. The Scheduling Order did not authorize Patent Owner to file a Motion for Observation of cross-examination that occurred *prior* to Patent Owner filing its last substantive paper on an issue, the Patent Owner's Response and Patent Owner did not seek other authorization for such. The improper observations are akin to an unauthorized sur-reply to argument made in

Petitioner's Reply. We, thus, expunge Patent Owner's unauthorized observations from the record. *See* 37 C.F.R. § 42.7(a). Additionally, we expunge Petitioner's Opposition to that Observation (Paper 40) as being unnecessary.

V. CONCLUSION

We determine that Petitioner has demonstrated by a preponderance of the evidence that claims 1, 5, 19, and 20 are unpatentable under 35 U.S.C. § 101 as being directed to non-statutory subject matter.

This is a Final Written Decision of the Board under 35 U.S.C. § 328(a). Parties to the proceeding seeking judicial review of this Decision must comply with the notice and service requirements of 37 C.F.R. § 90.2.

VI. ORDER

In consideration of the foregoing, it is hereby:

ORDERED that claims 1, 5, 19, and 20 of U.S. Patent No. 6,321,201 B1 are *unpatentable*;

FURTHER ORDERED that claims 27–31 of U.S. Patent No. 6,321,201 B1 are not shown to be *unpatentable* over the corresponding ground of covered business method patent review as asserted and instituted;

FURTHER ORDERED that Patent Owner's Motion to Exclude is *denied*;

FURTHER ORDERED that Patent Owner's Motion for Observation (Paper 38) and Petitioner's Opposition to that Observation (Paper 40) are *expunged* from the record.

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