

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

SQUARE, INC.,
Petitioner,

v.

PROTEGRITY CORPORATION,
Patent Owner.

CBM2015-00014
Patent 6,321,201 B1

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

TURNER, *Administrative Patent Judge*.

DECISION ON REQUEST FOR REHEARING
37 C.F.R. § 42.71(d)

I. INTRODUCTION

Square, Inc. (“Petitioner”) filed a Petition (Paper 3) requesting a review under the transitional program for covered business method patents of U.S. Patent No. 6,321,201 B1 (Ex. 1001, “the ’201 Patent”). Protegrity Corporation (“Patent Owner”) filed a Preliminary Response (Paper 12).

The Board instituted covered business method patent review of the '201 Patent based upon the following grounds:

Ground	Prior Art	Challenged Claims
§ 101	n/a	1–7 and 18–35
§ 103	Hoffman and Codd	1, 5, 6, 18, and 27–29
§ 103	Hoffman, Codd, and Laribi	2 and 19–26
§ 103	Hoffman, Codd, and Shear	3 and 7
§ 103	Hoffman, Codd, and Johansson	3 and 4
§ 103	Hoffman, Codd, and Friedman	6
§ 103	Hoffman, Codd, and Du	30–35

Paper 17 (“Decision”).

Patent Owner filed a Request for Rehearing asking the Board to expand the panel and reconsider its Decision. Paper 19 (“Req.”). We have considered Patent Owner’s request, but decline to modify our Decision in view of the Request, or expand the panel for reconsideration.

II. ANALYSIS

A. *Standard of Review*

When rehearing a decision on petition, the Board will review the decision for an abuse of discretion. *See* 37 C.F.R. § 42.71(c). An abuse of discretion may be determined if a decision is based on an erroneous interpretation of law, if a factual finding is not supported by substantial evidence, or if the decision represents an unreasonable judgment in weighing relevant factors. *See Arnold Partnership v. Dudas*, 362 F.3d 1338, 1340 (Fed. Cir. 2004).

The party challenging the decision has the burden of showing a decision should be modified, and the request for rehearing must identify specifically all matters the party believes the Board misapprehended or

overlooked. 37 C.F.R. § 42.71(d). In its Request for Rehearing, the dissatisfied party must (1) “specifically identify all matter that party believes the Board misapprehended or overlooked” and (2) identify the place where each matter was previously addressed. *Id.*

B. Patent Owner’s Requests for Rehearing

i. Expanded Panel Request

Patent Owner requests that the panel be expanded to at least five administrative patent judges because, according to Patent Owner, our Decision conflicts with other non-precedential decisions regarding the issue of standing to institute covered business method patent review. *See* Req. 1–2.

Discretion to expand a panel rests with the Chief Judge, who, on behalf of the Director, may act to expand a panel on a suggestion from a judge or panel. *AOL Inc. v. Coho Licensing LLC*, Case IPR2014-00771, slip op. at 2 (PTAB Mar. 24, 2015) (Paper 12) (informative). “[P]arties are not permitted to request, and panels do not authorize, panel expansion.” *Id.* The Chief Judge was informed of Patent Owner’s request, and the Chief Judge declined to expand the panel.

ii. CBM Standing — Financial Product or Service

Patent Owner argues that the Board overlooked its arguments concerning standing in a covered business method patent review. Req. 2–6. In particular, Patent Owner argues that the Board overlooked its argument that the claim language does not describe the use of the claimed data processing method as for a financial service and failed to address conflicting panel decisions raised by the Patent Owner. *Id.* According to Patent Owner,

“CBM review is not intended for patents that may be relevant to the financial industry but which do not claim activities involved in a financial activity.” *Id.* at 3.

We did not overlook Patent Owner’s argument. *See* Decision 10. As we stated in our Decision, 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.” *Id.* at 9–11 (quoting 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) (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. Decision 9.

We do not interpret the statute as requiring the literal recitation of the terms 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).

Claim 1 recites, “one or more protection attributes stating processing rules for data element values” and “controlling the user’s processing of the

given data element value in conformity with the collected protection attribute/attributes.” The Specification discloses the claimed data processing rules are used to protect against unauthorized access of a data portion in a database. *See* Ex. 1001, 4:33–41. The data processing rules can restrict which user or program can access or process the data portion in a database. *Id.* at 4:11–16; 9:20–28. The Specification discloses 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. Banking is a financial activity. Further, Figure 5 of the ’201 Patent depicts an example of a user interface by which a person can alter the data processing rules. *Id.* at 11:1–5; Fig. 5. In the example, a “Financial manager” or “Controller” is a person who is authorized to access a data portion, which is depicted as a “Social allowance” or “Housing allowance” data element type. *See id.* at Fig. 5.

Patent Owner also argues that “the Board erroneously imposed a financial service field of use into claim 1 based on a single word in the Background Art discussion.” Req. 4. As noted above, however, multiple portions of the Specification of the ’201 Patent discuss financial processes, and not merely one specific section. Patent Owner also argues that Figure 5 and its accompanying discussion are drawn to “*personal* data of an identifiable person,” and not “incidental or complementary to the practice, administration, or management of a financial product or service.” *Id.* We are not persuaded that discussion of “Housing allowance” and “Social Allowance” (Ex. 1001, 11:6–7), are somehow divorced from a financial product or service.

We, thus, are not persuaded by Patent Owner that we abused our discretion in determining that at least claim 1 encompasses a method for performing data processing or other operations that are at least incidental or complementary to the practice, administration, or management of a financial product or service.

Patent Owner also argues that we overlooked its argument regarding allegedly conflicting non-precedential Board decisions, in particular *PNC Financial Services Grp., Inc. v. Intellectual Ventures I, LLC*, CBM2014-00032 (PTAB May 22, 2014)(Paper 13); *J.P. Morgan Chase & Co. v. Intellectual Ventures II LLC*, CBM2014-00160 (PTAB Jan. 29, 2015) (Paper 11); and *Salesforce.com, Inc. v. Applications in Internet Time, LLC*, CBM2014-00162 (PTAB Feb. 2, 2015)(Paper 11). Req. 4–6. Patent Owner cites these decisions to support its argument that a method, which could be used in the financial service industry, is not necessarily eligible for covered business method review. *Id.*

The decisions cited by the Patent Owner 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 Financial Services*, CBM2014-00032, slip op. 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, thus, are not persuaded by Patent Owner’s argument that we abused our discretion in determining that at least claim 1 encompasses a method for performing data processing or other operations that are at least incidental or complementary to the practice, administration, or management of a financial product or service.

iii. Technical Solution and Technological Problem

Patent Owner argues that the Board overlooked its argument that the ’201 Patent recites a technological feature that is novel and unobvious over the prior art or solves a technological problem with a technological solution. Req. 6–8. Patent Owner argues that the Board failed to analyze the claims as whole. *Id.*

We did not overlook Patent Owner’s argument in the Preliminary Response. *See* Decision 12–13. First, in the Preliminary Response, Patent Owner argues:

The claims of the ’201 Patent recite technological features that were novel and unobvious over the prior art at the time of the invention. For example, claim 1 (and its dependent claims) requires an unconventional data protection table and a specific association between data processing rules and data element

types or data element values. The '201 Patent's claims are directed to protection of data in a first database based on rules stored in a second database.

Prelim. Resp. 22–23 (citation to the '201 Patent omitted). As we stated in our Decision, a patent need have only one claim directed to a covered business method to be eligible for review (Decision 9), and we determined at least claim 1 does not recite a technological feature that is novel or unobvious over the prior art (*id.* at 13–14). Patent Owner's argument in the Preliminary Response is not commensurate with the scope of claim 1. Claim 1 recites a data processing method that requires maintaining two separate databases, but data processing computers having databases, which store the data, were known at the time of filing the '201 Patent. *See* Decision 13 (citing Ex. 1001, col. 1, ll. 20–31); *see* Ex. 1002 ¶¶ 16–18. Further, a database containing access rules for a data element value in a separate database were known at the time of filing the '201 Patent. *See id.* Mere recitation of known technologies, such as . . . databases typically do not render a patent a technological invention. Decision 11 (citing 77 Fed. Reg. at 48,763–64).

Contrary to Patent Owner's argument, claim 1 does not require an unconventional data protection table, and the mere association between data processing rules and data element types is not novel, as discussed in the Decision. Decision 13–14.

Second, in the Preliminary Response, Patent Owner argues:

The technical problem, as explained by the '201 Patent specification, is the incomplete data protection in a database that was provided by prior art protection methods and systems, such as “shell protections,” under which data “can often relatively easily be subjected to unauthorized access.” Ex. 1001 at 2:3–18. The '201 Patent provides a solution to the problem

of how to protect information stored in a database from users who might have appropriate access to the database, but should be denied access to sensitive *types* of records in the database.

The technical solution provided by the '201 Patent is (i) associating each data element type with one or more protection attributes “which are stored in a separate data element protection catalogue” and (ii) making compelling calls to the data element protection catalogue when data is requested. *Id.* at 3:44–4:33.

Prelim. Resp. 23.

As we stated in our Decision, we were persuaded by Petitioner that the '201 Patent fails to solve a technical problem with a technical solution. Decision 13–14. As discussed in our Decision, claim 1 recites a data processing method that grants access to data only if associated rules are satisfied. The method requires a database comprising data element values, and a separate database comprising data processing rules associated with the data element types. As discussed above, these features were known at the time of filing the '201 Patent.

We, thus, are not persuaded by Patent Owner that we abused our discretion in determining that at least claim 1 of the '201 Patent does not recite a novel or unobvious technological feature and does not solve a technological problem with a technological solution.

vi. Data Element Type Requirements

Patent Owner points out that the claims of the '201 Patent expressly require both encryption and protection at the data element level, and that our statement that “claim 1 does not require data element types or encryption elements” is clearly erroneous. Req. 8–11 (citing Decision 13). We agree with Patent Owner that the statement is incorrect, but that single statement does not negate the other analyses provided in the Decision.

In the Decision, we discussed the proper construction of the claim term “data element type,” as well as data processing rules related to encryption. Decision 14–17. As such, the Decision evidences that the challenged claims recite both encryption and data element types. Thus, we agree that our statement that “claim 1 does not require data element types or encryption elements” is incorrect. The statement was made in the context of determining whether claim 1 solves a technical problem using a technical solution, where we remain persuaded that it does not. We remain persuaded, as discussed above, that at least claim 1 of the ’201 Patent does not recite a novel or unobvious technological feature and does not solve a technological problem with a technological solution, notwithstanding the errant statement.

We further note that Patent Owner did not present evidence that showed that “databases of the time could not call out to a second database because such functionality was believed to not be possible.” Req. 9, n.1. Additionally, we are not persuaded, from the claim language or the Specification that it is the database itself that performs the calling. For example, the Specification discloses that control module 20 controls the handling of the data protection. Ex. 1001 6:34–39. As well, claim 1 does not recite what element therein produces the calling, and claim 8 was amended during reexamination to recite that it is the “apparatus,” generally, that produces the calling. *Id.* at 24–25.

Patent Owner does argue that associating each data element type with one or more protection attributes and making compelling calls to the data element protection catalogue when data are requested, was thought impossible, but that is not necessarily the same as calling out to a second database generally. *See* Prelim. Resp. 23–24. Similarly, Patent Owner

argues that “such an approach was not possible,” and “this separation was previously not possible,” but does not provide facts or evidence supporting the more general assertion made in the rehearing request.

Thus, although we acknowledge the error in our statement made in the Decision, that error was *de minimis*, and we are not persuaded by Patent Owner that we abused our discretion in ultimately determining that claim 1 of the ’201 Patent fails to recite a technological feature that is novel and unobvious over the prior art or solves a technological problem with a technological solution.

v. Abstract Idea

Patent Owner argues that the Board overlooked its argument that the ’201 Patent is not directed to an abstract idea because the ’201 Patent “provides a solution to a problem necessarily rooted in computer technology.” Req. 11–12 (citing *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014)). Patent Owner states that “[t]he ’201 Patent comprises a novel and unobvious solution to a long-felt problem in the industry; namely, the ability to have field-level protection of data to prevent those with administrative responsibilities from having too much access to confidential information.” *Id.* at 12.

We did not overlook Patent Owner’s argument regarding patent-eligibility in reaching our Decision. As we stated in our Decision, we were not persuaded by Patent Owner’s argument in the Preliminary Response. Decision 20–21 (citing Prelim. Resp. 31–36). In the Preliminary Response, Patent Owner argues that the claims are directed toward protection of data in a database on a more granular level, namely at the data element level. Prelim. Resp. 34 (“the ’201 Patent is not directed to some abstract idea, but

rather a specific improvement in computing technologies to protect data in a database at the data element level.”); *see also* Req. 11. However, the abstract idea we identified is that of “determining whether access to a given data element value in a database should be granted based on whether one or more rules are satisfied.” Decision 20–21. *See also* Pet. 24. As such, the abstract idea goes directly to the concept of protecting data at the data element level.

Patent Owner also argues that Petitioner identified the claims as being drawn to methods of “shell protection,” which is not commensurate with the disclosure of the ’201 Patent, and the Petitioner failed to properly analyze the ’201 Patent, unnecessarily undercutting the complexity disclosed therein. Req. 11–12. We did not overlook Patent Owner’s argument that Petitioner failed to provide sufficient analysis and evidence, but rather found it to be unpersuasive. *See* Decision 21–22. The analysis and evidence provided in a petition must be sufficient to make and support the arguments therein, and we remain persuaded that the claims of the ’201 Patent are directed to determining whether access to a given data element value in a database should be granted based on whether one or more rules are satisfied. *Id.*

Patent Owner also argues that the claims are directed to more than a generic computing device. Req. 11–12. “Computers do not come with the ability to perform field-level or data portion-level encryption.” *Id.* Such arguments, however, are not commensurate with the scopes of the contested claims, where those claims are drawn to processing of protected data, using conventional databases. Although the claims can be applied to “prevent those with administrative responsibilities from having too much access to

confidential information” (*id.* at 12), nothing in the subject claims themselves explicitly recites or suggests such an intrinsic utility.

We, thus, are not persuaded by Patent Owner that we abused our discretion in determining that the claims of the ’201 Patent are more likely than not directed to a patent-ineligible abstract idea.

vi. Disclosures of Hoffman and Codd

Patent Owner argues that Hoffman’s formularies, according to its own description, are a set of procedures and cannot be equivalent to a data protection catalogue. Req. 12. Patent Owner continues that formularies are linked to users, whereas the data protection catalogue “requires that protection attributes be linked to data element types independent of the user.” *Id.* at 13. We disagree that we overlooked this argument and/or distinction because we addressed the same in the Decision. *See* Decision 27 (discussing that we are persuaded that access rules encompass procedures disclosed in Hoffman). Additionally, challenged claims, like claim 1, do not recite that the protection attributes are independent of the user, only that “protection attributes stat[e] processing rules for data element values (DV).”

Patent Owner also argues that we ignored the inconsistent interpretations of Hoffman provided by Petitioner’s expert, and that we ignored the lack of concrete evidence supporting the contentions made by Petitioner that Hoffman’s formularies satisfy multiple claim limitations. Req. 13. We cannot agree, as we addressed Patent Owner’s arguments in the Decision, and provided a clear description of the portions of Hoffman relied upon in the Petition. *See* Decision 26–27.

Patent Owner also argues that we overlooked evidence and argument demonstrating that Hoffman does not disclose a database comprising rows

and columns, and that such omissions belie the suggestions that relational databases were well-known. Req. 13. Similarly, Patent Owner argues that Codd requires rows to have the same set of “attributes,” and thus have a limited structure, such that if combined with Hoffman, the combination would not establish a database having a table structure. Req. 14 (citing Ex. 1006, 399). We do not agree. We fully addressed, in the Decision, the use of relational databases, relying on Codd and another reference, as well as distinctions between different data structures. See Decision 25–26 (citing Ex. 1023 ¶¶ 80–83). Additionally, we are not persuaded that one of ordinary skill in the art would have limited his or her own view to Codd’s “limited” table structure when viewing the combination of Hoffman and Codd, simply choosing to bodily incorporate one into the other. See *In re Sneed*, 710 F.2d 1544, 1550 (Fed. Cir.1983). As such, we are not persuaded that we overlooked or misapprehended any of Patent Owner’s arguments.

Patent Owner also argues that we misapprehended Patent Owner’s arguments that Hoffman lacks a second database. Req. 14. Patent Owner continues that even if the blocks “ACCESS” and “CONTROL” in Hoffman are considered databases, they would be two separate databases and that they cannot be a single second database as required by claim 1. *Id.* We do not agree. The “comprising” language found in claim 1 connotes that the claim is not exclusively limited to just the elements recited. See *Mars Inc. v. H.J. Heinz Co.*, 377 F.3d 1369, 1376 (Fed. Cir. 2004). Further, we concur with Petitioner’s declarant that “one of ordinary skill in the art would understand that placing the data protection mechanism in *a separate database* from the data being protected is a preferred implementation of the database structure.” Ex. 1023 ¶ 90 (emphasis added). Implementing the blocks “ACCESS” and

“CONTROL” in Hoffman as a single database would have been motivated to ordinarily skilled artisans for the reasons supplied by Petitioner’s declarant. *Id.*

Patent Owner also reiterates our error in finding that “claim 1 does not require data element types or encryption elements,” discussed above, and argues that any representation of a data protection catalogue in Hoffman and Codd was compared to a scope of claim 1 that we misapprehended. Req. 15. As discussed above, we acknowledge the claim error, but we are not persuaded that we misinterpreted the scope of claim 1, or that we applied an improper claim interpretation in determining the efficacy of the grounds relying on Hoffman and Codd.

As such, we are not persuaded by Patent Owner that we abused our discretion in determining the challenged claims of the ’201 Patent to be more likely than not unpatentable under 35 U.S.C. § 103 over Hoffman, Codd, and other cited references, as proposed by Petitioner.

C. Conclusion

We are not persuaded of an abuse of discretion by Patent Owner.

III. ORDER

In consideration of the foregoing, it is hereby:

ORDERED that the Request for Rehearing is *denied*.

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