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Paper No. 39
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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.

CBM2015-00030
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 18.

I. INTRODUCTION

A. Background

Epicor Software Corporation ("Petitioner") filed a Petition (Paper 1, "'30 Pet.") 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 8). Pursuant to 35 U.S.C. § 324, we instituted this trial on the following ground:

Ground	**Prior Art**	**Challenged Claim8**
§ 101	n/a	8

Paper 13 ("'30 Dec.").

Subsequently, Patent Owner filed a Patent Owner's Response. Paper 26 ("'30 Resp."). Petitioner filed a Reply to Patent Owner's Response. Paper 27 ("'30 Reply"). As well, Patent Owner filed a Motion to Exclude Evidence. Paper 30 ("Mot. Exclude"). Petitioner filed an Opposition to Patent Owner's Motion to Exclude (Paper 32, "Opp. to Mot. Exclude"), and Patent Owner filed a Reply to the Opposition to the Motion to Exclude (Paper 35). Patent Owner also filed a Motion for Observation Regarding Cross Examination of Reply Witness Mr. Bruce Schneier. Paper 31 ("Mot. Observation"). Petitioner filed an Opposition to Patent Owner's Motion for Observation. Paper 33.

An oral hearing was held on November 13, 2015. A transcript of the hearing is included in the record. Paper 37 ("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. '30 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 prior proceedings CBM2015-00002, CBM2015-00014, and CBM2015-00021. 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 prior 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.

We further note that the grounds alleged in the '30 Petition are identical to those proffered in CBM2015-00002, except that those grounds are raised against only claim 8 in the instant proceeding. *See* CBM2015-00002, Paper 8 ("'02 Pet."). As such, the instant Decision will make reference to the Decision to Institute (Paper 17, "'02 Decision") and the Final Written Decision (Paper 46, "'02 FWD") in CBM2015-00002.

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 March 19, 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. Further discussion of the ’201 Patent may be found at ’02 FWD 3–6.

Claim 8 of the ’201 Patent is the sole claim at issue and reads as follows:

> 8. An apparatus for processing data that is to be protected, comprising:
>
> a first database (O-DB) for storing said data as encrypted data element values (DV) in records (P), said 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 said first database (O-DB) each data element value (DV) is linked to a corresponding data element type (DT);
>
> a second database (IAM-DB) for storing 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);
>
> said apparatus being adapted, in each user-initiated measure aiming at processing a given data element value (DV) in the first database (O-DB), to initially produce a calling to the data element protection catalogue for collecting the protection attribute/attributes associated with the corresponding data element types, and
>
> said apparatus being adapted to control the user's processing of the given data element value in conformity with the collected protection attribute/attributes.

II. ANALYSIS

A. Claim Construction

In the Decision to Institute, we construed specific limitations of the challenged claim. *See* '30 Dec. 6–7. The claim terms that we provided specific constructions for are provided below:

Claim Term	**Construction**
processing rules	rules for processing data
data element type	identification of a specific category of data

Herein, like in the '02 proceeding, 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,'" supplying the same arguments presented in CBM2015-00002. '30 Resp. 15–23. *Compare* '30 Resp. 15–23, *with* '02 Resp. 17–26. Based on the language of claim 8, we construe the same claim limitations as discussed in CBM2015-00002, and we incorporate our prior analysis and discussion regarding claim construction ('02 FWD 6–14) herein.

In addition, Patent Owner argues that the claim term in claim 8, "initially produc[ing] a calling," should be read as "the database itself that produces the calling to the data element protection catalogue," as compared to the operating system or the individual field producing the calling. Resp. 23 (citing Ex. 1001, 3:53–61; Ex. 2047 ¶ 22; Ex. 2046 ¶ 40). We do not agree. As discussed in '02 FWD and incorporated above, we are persuaded that the application 40, control module 20, and program module 30 handle system calls in the '201 Patent, and the calling need not be produced by the first database itself.

B. Standing to Seek Covered Business Method Patent Review

In our Institution Decision and Final Written Decision for CBM2015-00002, we considered Petitioner's standing to seek covered business method patent review of the '201 Patent. *See* '02 Decision 8–13; '02 FWD 15–24. In the instant proceeding, Patent Owner again disputes that standing, arguing that claim 8 is not directed to a financial product and that it provides a technical solution to a technical problem, but those arguments are largely identical, expect for the references to claim 8. *Compare* '30 Resp. 50–57, *with* '02 Resp. 53–62.

Although we acknowledge that Patent Owner's discussion and arguments focus on claim 8, we note that only one claim of a subject patent need be shown to be directed to a covered business method patent for institution of a proceeding to commence. *See SAP Am., Inc. v. Versata Dev. Grp., Inc.*, slip op. at 26, CBM2012-00001 (PTAB Jan. 9, 2013) Paper No. 36 ("the presence of a single claim is sufficient to institute a covered business method review"). Having found the same previously ('02 FWD 15–24) for the same patent and parties, we incorporate our prior analysis and discussion herein. Upon this record, we determine that Petitioner has established that at least one claim of the '201 patent recites 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.

C. 35 U.S.C. § 101

i. Availability of § 101

As an initial matter, Patent Owner argues that § 101 is not available to

challenge patentability in a covered business method patent review, because it is not included in 35 U.S.C. §§ 282(b)(2) or (3). '30 Resp. 24–25.

We disagree. Under the AIA, any ground that could be raised under §§ 282(b)(2) or (3) can be raised in a post-grant review or (with exceptions not relevant here) in a covered business method patent review. The final rules implementing post-grant review and covered business method patent review in the Federal Register state that the "grounds available for post-grant review include 35 U.S.C. [§§] 101 and 112, with the exception of compliance with the best mode requirement." 77 Fed. Reg. 48,680, 48,682 (Aug. 14, 2012). This interpretation is consistent with both the relevant case law and the legislative history. *See, e.g., Mayo Collaborative Servs. v. Prometheus Lab., Inc.*, 132 S. Ct. 1289, 1305 (2012) (addressing invalidity under § 101 when it was raised as a defense to an infringement claim); *Graham v. John Deere Co.*, 383 U.S. 1, 12 (1966) (stating that the 1952 Patent Act "sets out the conditions of patentability in three sections," citing 35 U.S.C. §§ 101, 102, and 103); *Dealertrack, Inc. v. Huber*, 674 F.3d 1315, 1330 n.3 (Fed. Cir. 2012); H.R. Rep. No.112-98, at 47 (2011); 157 Cong. Rec. S1375 (daily ed. Mar. 8, 2011).

Additionally, the Federal Circuit has decided that covered business method patent reviews may include challenges under § 101. *See Versata Dev. Grp., Inc. v. SAP Am., Inc.*, 793 F.3d 1306, 1329–30 (Fed. Cir. 2015). Thus, § 101 is a proper ground for a review under the transitional program for covered business method patents.

ii. 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. Within these statutory classes, 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*, 132 S. Ct. at 1293–94. 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 International*, 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 claim 8 of the '201 Patent is directed to ineligible subject matter.

iii. Ineligible Concept

Petitioner contends that claim 8 of the '201 Patent is merely directed to an abstract idea of protecting sensitive data by control of the user's processing of a given data element value in conformity with the collected protection attributes. '30 Pet. 21–23. Patent Owner disputes that the claim 8 of the '201 Patent is directed to an abstract idea. *See* '30 Resp. 25–43. 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 26; *see id.* at 33–39 (citing *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014)).

Claim 8 is directed to an apparatus for processing data that is to be protected and is nominally within the machine 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. at 2358–59; *Bancorp Servs. v. Sun Life Assurance Co.*, 687 F.3d 1266, 1275 (Fed. Cir. 2012).

Claim 8 recites an apparatus 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, *Ex Parte* Reexamination Certificate 1:24–51. Claim 8 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 and for each user-initiated processing of a given data element value, the associated protection attributes are collected through a calling produced by the apparatus. *Id*. Thus, claim 8 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 claim 8 is directed to the abstract idea of control of user processing of data based on attributes in a catalogue. '30 Pet. 22. We agree that claim 8 merely requires the maintenance of data and attributes in separate databases and controlling a user's processing of those data based on the attributes. *Id*.

Patent Owner raises several counter arguments, but those arguments are largely identical to those raised in the '02 proceeding, expect for the references to claims 8. *Compare* '30 Resp. 25–43, *with* '02 Resp. 26–43.

As such, we do not find Patent Owner's arguments to be persuasive and we incorporate our prior analysis herein. See '02 FWD 26–28.

We are also mindful of recent admonishments by the Federal Circuit that the first step of our analysis should not be *pro forma* when the claims are directed to improvements in software. *See Enfish, LLC v. Microsoft Corp.*, No. 2015-1244, 2016 WL 2756255, at *4 (Fed. Cir. May 12, 2016) ("We thus see no reason to conclude that all claims directed to improvements in computer-related technology, including those directed to software, are abstract and necessarily analyzed at the second step of *Alice*, nor do we believe that *Alice* so directs"). We are not persuaded, however, that the instant claim is directed to a specific improvement to the way computers operate. As discussed above and in '02 FWD, the abstract idea of the instant claim is directed to determining whether access to data should be granted based on whether one or more rules are satisfied. The databases and access rules recited in claim 8 perform their normal functions and achieve expected results. *See* '30 Pet. 21–23. Additionally, 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. As such, we remain persuaded that the invention of claim 8 is directed to an abstract idea.

iv. 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 (quoting *Mayo*, 132 S. Ct. at 1297).

Petitioner argues that claim 8 contains "only inconsequential limitations that are insufficient to render them patent-eligible." '30 Pet. 24. Petitioner argues that independent claim 8 recites only the generic computer elements and functions that were well known and conventional. *Id*. Petitioner argues that the elements of providing a first database for storing data and a catalogue of attributes as well as calling up the attributes and controlling a user's processing (e.g., granting access) are merely pre- or post-processing steps that are essential to the abstract idea. *Id.* at 25. Petitioner states that "[t]he remaining limitations 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 if the claimed limitations are considered as an ordered combination, they do nothing more than add the use of the abstract idea on some unspecified generic computer. *Id*. at 26.

Claim 8 requires first and second databases which store data, 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, *Ex Parte* Reexamination Certificate 1:26–40. 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 ¶ 19; 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 8 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 ¶ 38; 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 8 further requires that for each user-initiated measure aimed at the 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, *Ex Parte* Reexamination Certificate 1:41–47. 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 8 finally requires that user's processing of the requested data element value occurs in conformity with the collected protection attributes. Ex. 1001, *Ex Parte* Reexamination Certificate 1:48–51. 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 8 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 claim 8 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 previously.

Patent Owner raises several counter arguments, but those arguments are largely identical to those raised in the '02 proceeding, expect for the references to claims 8. *Compare* '30 Resp. 43–49, *with* '02 Resp. 43–49. As such, we do not find Patent Owner's arguments to be persuasive and we incorporate our prior analysis herein. See '02 FWD 31–34.

III. MOTION TO EXCLUDE

Patent Owner moves to exclude Exhibit 1002, Declaration of Mr. Bruce Schneier, from the record. Mot. Exclude. This filing is largely identical to a similar filing in CBM2015-00002, with the exception that the

instant Motion to Exclude also seeks to exclude Ex. 1014 as well, in addition to Ex. 1002, by the same affiant on the same basis. *Compare* CBM2015-00030, Paper 30, *with* CBM2015-00002, Paper 37. We are not persuaded by Patent Owner's argument that Mr. Schneier's declarations should be excluded for the same reasons provided previously. *See* '02 FWD 35–36.

IV. MOTION FOR OBSERVATIONS

On October 19, 2015, Patent Owner filed a Motion for Observation Regarding Cross Examination of Reply Witness Mr. Bruce Schneier. Mot. Observation. This filing is largely identical to a similar filing in CBM2015-00002. *Compare* CBM2015-00030, Paper 31, *with* CBM2015-00002, Paper 38. Also similar to the CBM2015-00002 proceeding, Petitioner filed its Opposition to that Observation in response.

Similar to the CBM2015-00002 proceeding, we find that the cross-examination of Mr. Bruce Schneier occurred before Patent Owner filed its last substantive paper, making Patent Owner's Motion for Observation improper. *See* '02 FWD 36-38. 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 claim 8 is 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 claim 8 of U.S. Patent No. 6,321,201 B1 is *unpatentable*;

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

FURTHER ORDERED that Patent Owner's Motion for Observation (Paper 31) and Petitioner's Opposition to that Observation (Paper 33) are *expunged* from the record.

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