

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

SQUARE, INC.,
Petitioner,

v.

THINK COMPUTER CORPORATION,
Patent Owner.

Case CBM2015-00067
Patent 8,396,808 B2

Before TONI R. SCHEINER, MICHAEL W. KIM, and
BART A. GERSTENBLITH, *Administrative Patent Judges*.

KIM, *Administrative Patent Judge*.

DECISION
Denying Covered Business Method Patent Review
37 C.F.R. § 42.208

I. INTRODUCTION

A. *Background*

Square, Inc. (“Petitioner”) filed a Petition to institute a covered business method patent review of claims 1–11, 13–17, and 19–22 of U.S. Patent No. 8,396,808 B2 (Ex. 1001, “the ’808 patent”). Paper 3 (“Pet.”). Think Computer Corporation (“Patent Owner”) filed a Preliminary Response. Paper 9 (“Prelim. Resp.”). Pursuant to Board authorization (Paper 10), Petitioner and Patent Owner each filed a supplemental briefing on the application of 35 U.S.C. § 325(d) to the instant proceeding. Paper 11 (“Reply”); Paper 12 (“Sur-Reply”). We have jurisdiction under 35 U.S.C. § 324(a), which provides that a covered business method patent review may not be instituted “unless . . . the information presented in the petition . . . demonstrates that it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable.” For the reasons given below, we do not institute a covered business method patent review in this proceeding.

B. *Related Proceedings*

Petitioner and Patent Owner indicate that the ’808 patent is the subject of the following co-pending federal district court proceeding: *Think Computer Corp. v. Square, Inc.*, No. 5:14-cv-01374-PSG (N.D. Cal. Mar. 25, 2014). Pet. 15; Paper 7, 2. The parties also indicate that the ’808 patent is involved in the following covered business method patent review proceeding involving the same parties: CBM2014-00159 (“CBM ’159”). Pet. 15; Paper 9, 2.

C. Asserted Grounds of Unpatentability and Evidence of Record

Petitioner challenges the claims as follows, all on the basis of obviousness under 35 U.S.C. § 103(a):

References	Claims Challenged
Tumminaro, ¹ Ogilvy, ² and Ondrus II ³	1, 2, 6–10, 13, 14, and 19–22
Tumminaro, Ogilvy, Ondrus II, and Dalzell ⁴	3, 5, and 17
Tumminaro, Ogilvy, Ondrus II, Dalzell, and Carlson ⁵	4
Tumminaro, Ogilvy, Ondrus II, and Elston ⁶	11
Tumminaro, Ogilvy, Ondrus II, and Tripp ⁷	15
Tumminaro, Ogilvy, Ondrus II, and Deschryver ⁸	16
Bemmel, ⁹ Dalzell, Ondrus II	8 and 19

Petitioner relies also upon declaration testimony of Dr. Norman M. Sadeh-Konieczpol, Ph.D. in support of its challenges. Dr. Sadeh-Konieczpol's Declaration is dated January 28, 2015, and is provided as Exhibit 1015.

¹ U.S. Pat. App. Pub. No. 2007/0255652 A1, pub. Nov. 1, 2007 (Ex. 1011).

² PCT Pub. No. WO 2006/000021 A1, pub. Jan. 5, 2006 (Ex. 1012).

³ Jan Ondrus & Yves Pigneur, *Coupling Mobile Payments and CRM in the Retail Industry*, Proceedings of the IADIS International Conference, E-Commerce 2004, 221 (Dec. 14–16, 2004) (Ex. 1016).

⁴ U.S. Pat. App. Pub. No. 2003/0204447 A1, pub. Oct. 30, 2003 (Ex. 1006).

⁵ U.S. Pat. App. Pub. No. 2007/0185785 A1, pub. Aug. 9, 2007 (Ex. 1008).

⁶ U.S. Pat. App. Pub. No. 2002/0143655 A1, pub. Oct. 3, 2002 (Ex. 1013).

⁷ U.S. Pat. App. Pub. No. 2006/0143087 A1, pub. June 29, 2006 (Ex. 1009).

⁸ PCT Pub. No. WO 2007/008686 A2, pub. Jan. 18, 2007 (Ex. 1010).

⁹ U.S. Pat. App. Pub. No. 2008/0046366 A1, pub. Feb. 21, 2008 (Ex. 1005).

II. ANALYSIS

A. *Background*

In CBM '159, Petitioner challenged the same claims as challenged in the instant proceeding, under the same statutory basis, 35 U.S.C. § 103. CBM '159, Paper 3. Specifically, Petitioner challenged each of the same claims as obvious over two sets of prior art references, one set with Bemmell as a base reference, and another set with Tumminaro as a base reference. All asserted obviousness grounds in CBM '159 using Tumminaro included an Ondrus reference¹⁰ (“Ondrus I”), and the asserted obviousness challenge to dependent claims 8 and 19 in view of Bemmell also included Ondrus I. We did not institute a covered business method patent review on any ground including Ondrus I in CBM '159 because “Petitioner has not demonstrated that [this reference] qualifies as a citable reference under AIA § 18(a)(1)(C).” CBM '159, Paper 9 at 14. We did, however, institute a covered business method patent review on every other challenged ground in CBM '159. Thus, effectively, a covered business method patent review was instituted in CBM '159 as to every challenged claim, except for claims 8 and 19. The trial in CBM '159 is in an advanced stage, the Patent Owner having filed both a Motion to Amend and an Opposition to CBM Review. CBM '159, Papers 20, 21. In this proceeding, Petitioner asserts the following:

In this Petition, Petitioner offers Jan Ondrus & Yves Pigneur, *Coupling Mobile Payments and CRM in the Retail Industry*, Proceedings of the IADIS International Conference E-

¹⁰ Jan Ondrus and Yves Pigneur, *An Architecture for Mobile Payments and Couponing in the Retail Industry*, 17th Bled eCommerce Conference, eGlobal (June 21–23, 2004) (Ex. 1007).

Commerce 2004 221 (Nitya Karmakar & Pedro Isaias, eds., Dec. 2004) (“Ondrus II”) (Ex. 1016) as a substitute for Ondrus I.

Pet. 2. More specifically, Petitioner asserts the following:

Ondrus II (submitted as Ex. 1015) replaces Ondrus I from CBM2014-00159, in which the Board found that Petitioner had failed to demonstrate that Ondrus I qualifies as a citable reference. Paper 9 at 14-15. Ondrus II includes disclosures also recited in Ondrus I and, as set forth in detail below, qualifies as a citable reference.

Pet. 11.

B. Principles of Law

Our statutory authority to institute a covered business method patent review derives from 35 U.S.C. § 324(a), which provides that a review may not be instituted “unless . . . the information presented in the petition . . . demonstrates that it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable.” As we have recognized in analogous proceedings, “Congress did not mandate that an *inter partes* review must be instituted under certain conditions. Rather, by stating that the Director—and by extension, the Board—*may not* institute review *unless* certain conditions are met, Congress made institution discretionary.” *Intelligent Bio-Systems, Inc. v. Illumina Cambridge Ltd.*, Case IPR2013-00324, slip op. at 4 (PTAB Nov. 21, 2013) (Paper 19). In determining whether to institute a covered business method patent review, the Board may “deny some or all grounds for unpatentability for some or all of the challenged claims.” 37 C.F.R. § 42.208(b); *see* 35 U.S.C. § 324(a).

Furthermore, a petitioner is not entitled to unlimited challenges against a patent:

In determining whether to institute or order a proceeding under . . . chapter 31, the Director may take into account whether, and reject the petition or request because, the same or substantially the same prior art or arguments previously were presented to the Office.

35 U.S.C. § 325(d). Allowing almost identical challenges to the same claims, of the same patent, on the same statutory basis, by the same Petitioner, risks harassment of patent owners and frustration of Congress's intent in enacting the Leahy-Smith America Invents Act. *See* H.R. Rep. No. 112-98, pt.1, at 48 (2011) ("While this amendment is intended to remove current disincentives to current administrative processes, the changes made by it are not to be used as tools for harassment or a means to prevent market entry through repeated litigation and administrative attacks on the validity of a patent. Doing so would frustrate the purpose of the section as providing quick and cost effective alternatives to litigation."); *see also ZTE Corp. v. ContentGuard Holdings, Inc.*, Case IPR2013-00454, slip op. at 6 (PTAB Sept. 25, 2013) (Paper 12) ("A decision to institute review on some claims should not act as an entry ticket, and a how-to guide, for the same Petitioner . . . to challenge those claims which it unsuccessfully challenged in the first petition."). Furthermore, in construing our authority to institute a covered business method patent review under 37 C.F.R. § 42.208, we are mindful of the guidance provided in § 42.1(b): "[37 C.F.R. § 42] shall be construed to secure the just, speedy, and inexpensive resolution of every proceeding." *Id.*

C. Analysis

In the Preliminary Response and Sur-Reply, Patent Owner argues that the Board should exercise its discretion to deny the Petition under 35 U.S.C. § 325(d). Prelim. Resp. 3–7; Sur-Reply 1–2. We have reviewed the Petition, the Preliminary Response, and the supplemental briefing on 35 U.S.C. § 325(d) provided by the parties, as well as the relevant evidence discussed in those papers. Based on the specific facts of this case, we exercise our discretion under 35 U.S.C. § 325(d) to deny institution of a covered business method patent review in this proceeding.

1. Claims 1–7, 9–11, 13–17, and 20–22

In CBM ’159, we have already instituted a covered business method patent review of each of claims 1–7, 9–11, 13–17, and 20–22 on a ground of obviousness. CBM ’159, Paper 9. We are unpersuaded that instituting an additional review on the same statutory basis, between the same parties, and for the same claims would further the goal of a “just, speedy, and inexpensive resolution of every proceeding.” 37 C.F.R. § 42.1(b). Accordingly, on these facts, we exercise our discretion in declining to institute a review of claims 1–7, 9–11, 13–17, and 20–22 on an obviousness ground additional to that already instituted in CBM ’159. 37 C.F.R. § 42.208(b); *see* 35 U.S.C. § 324(a).

2. Claims 8 and 19

For claims 8 and 19, Petitioner is requesting, essentially, a second chance to address these claims in this proceeding by substituting Ondrus II to address the deficiencies of Ondrus I. Pet. 2, 11–13, 29–37, 42, 44–46, 64–78; CBM ’159, Paper 3 at 38–42, 51–74. Other than such a substitution, Petitioner presents almost exactly the same grounds and analysis concerning

the obviousness of claims 8 and 19 in this proceeding, as was set forth in CBM '159. For example, Petitioner presents almost exactly the same word-for-word rationale for combining Ondrus II with Bemmell and Dalzell, as was presented for combining Ondrus I with Bemmell and Dalzell in CBM '159. Pet. 72; CBM '159, Paper 3 at 38–39. Indeed, the only differences we are able ascertain readily are changes to exhibit citations. In another example, the quotations attributed to Ondrus I and Ondrus II in the relevant portions of the respective claim charts concerning claim 8 are identical. Pet. 42; CBM '159, Paper 3 at 39. On these facts, the Board, accordingly and unquestionably, has discretion under § 325(d) to deny institution of this ground, “because[] the same or substantially the same prior art or arguments previously were presented to the Office.”

In response to our determination in CBM '159 that “Petitioner has not demonstrated that [this reference] qualifies as a citable reference under AIA § 18(a)(1)(C)” (CBM '159, Paper 9 at 14), Petitioner presents a plethora of supporting evidence that Ondrus II constitutes prior art under 35 U.S.C. §§ 102(a) and (b), and is citable prior art under AIA § 18(a)(1)(C). Pet. 11–13 (citing Exs. 1016–1025). Petitioner offers no persuasive explanation, however, as to why Ondrus II and its supporting exhibits could not have been presented in CBM '159, or why their assertions in this proceeding makes Petitioner’s challenge to claims 8 and 19 meaningfully different than the challenge to claims 8 and 19 in CBM '159. Specifically, the Board’s previous institution decision in CBM '159 provided Petitioner with a guide on how to address the deficiencies of Ondrus I, and now Petitioner attempts to persuade us that it would be expedient and just to allow them “a second bite at the apple.” We decline Petitioner’s invitation to do so.

Petitioner asserts “the currently proposed grounds were not previously considered on the merits (i.e., not ‘presented in the context of the statute or substantively before the Board) and there is no substantive “roadmap.”” Reply 1–3. We disagree. As set forth above, the currently proposed ground was before the Board previously in CBM ’159, with Ondrus I instead of substantively identical Ondrus II. In CBM ’159, Ondrus I was determined to not constitute prior art, a determination which has a basis in statute, and these “statutory deficiencies” identified in CBM ’159 with respect to Ondrus I provided Petitioner with a substantive “roadmap” concerning how to present Ondrus II.

Petitioner asserts additionally that “this petition does not implicate concerns of PO harassment as it was the specifically agreed upon vehicle for economically addressing the current prior art.” Reply 1–3. Petitioner’s assertions are misplaced, as this assertion goes to characterizations of conduct of the Patent Owner in this proceeding, a basis that we indicated would not be considered in light of Petitioner’s delay in bringing the issue to the Board’s attention. Paper 10.

Petitioner asserts further that “the ‘Ondrus I’ reference was previously submitted based on good faith belief it represents prior art for purposes of CBM review – i.e., ‘Ondrus II’ is not previously available art withheld for any strategic purpose.” Reply 1. As an initial matter, we are unclear as to the relevance of good faith in this analysis. There is no mention of good faith in § 325(d), and in any case, presumably when a petitioner files a petition, the petitioner believes that all proposed grounds of unpatentability are valid. Nevertheless, certain grounds are routinely denied a trial because an underlying reference is not prior art, as was the case in CBM ’159, and to

allow an unsuccessful petitioner to file another petition based simply on a good faith belief the previously submitted reference was prior art would eviscerate § 325(d).

Furthermore, even if good faith is relevant, we are unpersuaded it is sufficient to outweigh all of the above considerations, especially where Petitioner has not explained why Ondrus II and its supporting exhibits could not have been presented in CBM '159.

For the reasons set forth above, we are not apprised of a reason that merits subjecting Patent Owner to defend claims 8 and 19 on a ground that could have been brought in CBM '159. Accordingly, as indicated above, we exercise our discretion under 35 U.S.C. § 325(d) to deny the Petition and decline to institute a covered business method patent review of claims 8 and 19 with respect to the challenges asserted in the Petition, because it presents merely “the same or substantially the same prior art or arguments” already presented to us.

III. ORDER

For the reasons given, it is
ORDERED that no trial is instituted.

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For PETITIONER:

Michael T. Rosato
Robin L. Brewer
WILSON SONSINI GOODRICH & ROSATI, P.C.
mrosato@wsgr.com
rbrewer@wsgr.com

For PATENT OWNER:

Sean Goodwin
Michael Aschenbrener
ASCHENBRENER LAW, P.C.
sgg@aschenbrenerlaw.com
mja@aschenbrenerlaw.com