

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

AMERICAN EXPRESS COMPANY AND AMERICAN EXPRESS
TRAVEL RELATED SERVICES COMPANY, INC.,
PETITIONER,

v.

SIGNATURE SYSTEMS, LLC,
PATENT OWNER.

Case CBM2015-00153
Patent 8,423,402

Before MICHAEL P. TIERNEY, JAMES A. TARTAL, and PATRICK M.
BOUCHER, *Administrative Patent Judges*.

TIERNEY, *Administrative Patent Judge*.

DECISION

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

I. INTRODUCTION

American Express Company and American Express Travel Related Services Company, Inc. (“American Express” or “Petitioner”) filed a Petition (“Pet.”) on June 12, 2015, to institute a covered business method patent review of claims 1–16 of U.S. Patent No. 8,423,402 (Ex. 1001, “the ’402 patent”). Paper 1. Signature Systems, LLC. (“Patent Owner”) filed a Preliminary Response (“Prelim. Resp.”) to the Petition on September 30, 2015. Paper 14. We have jurisdiction under 35 U.S.C. § 324. *See* § 18(a) of the Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284, 329 (2011) (“AIA”).

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

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

Upon consideration of the information presented, we have decided not to institute a covered business method patent review.

A. Related Proceedings

Petitioner indicates that the ’402 patent is asserted in a litigation titled *Signature Systems, LLC., v. American Express Company and American Express Travel Related Services Company, Inc.*, Case No. 1:15-cv-20063-RNS, filed January 9, 2015. Pet. 4-5. Additionally, the ’402 patent was the subject of request for supplemental examination 96/000,096, and a

subsequent *ex parte* reexamination. Prelim. Resp. 2. A Reexamination Certificate issued on November 24, 2015, canceling claims 3, 4, 7, 8, 11, 12, 15 and 16 and amending all of the independent claims, claims 1, 5, 9 and 13. Ex. 3001.¹

B. The '402 Patent (Ex. 1001)

The '402 patent states that its invention allows a user to purchase goods or services using awards points accumulated and held by a variety of award programs. Ex. 1001, 3:64–66. Specifically, the '402 patent is directed to a computer-implemented system and method for operating a rewards points program where a user earns rewards from various independent entities, each of which tracks the user's earned rewards. *Id.* at Abstract. The system and method accumulates all the user's earned rewards and allows them to be converted into a corresponding amount of reward points of a second type at a predetermined reward server conversion rate. *Id.* at 14:5–9. The user can redeem some or all the second type of reward points to purchase a service or an item. *Id.* at Abstract.

The '402 patent describes the rewards computers as any type of accessible server capable of holding data about a user along with a corresponding earned value. *Id.* at 5:44–47. Preferably, the rewards computers are accessible by a user through the Internet using a user computer with the user freely navigating to sites by means well known in the art. *Id.* at 5:61–63, 6:5–24.

¹ Exhibit 3001 is a copy of the '402 Patent Ex Parte Reexamination Certificate, which has been entered into the electronic record.

C. Illustrative Claims

As issued, the '402 patent contained sixteen claims, each of which is challenged by Petitioner. During reexamination, all four independent claims were amended. Reexamination certificate claim 1 is illustrative and reproduced below:²

1. A computer-implemented method for earning, exchanging and redeeming reward points comprising the steps of:
 - a user [executing a plurality of first purchase transactions using a credit card linked to a credit card reward program of a first reward issuing entity, each of the first purchase transactions] earning a first set of reward points of a first type from a [the] first reward issuing entity ~~as result of a first transaction executed between the user and the first reward issuing entity~~;
 - a reward server computer [,] associated with the first reward issuing entity and comprising a plurality of reward accounts, each of said reward accounts associated with a different user[,] storing [each of] the first set [sets] of reward points of the first type in a [one of the plurality of] reward ~~account~~ [accounts] on the reward server computer [associated with the user] ;
 - a reward exchange computer storing in a reward exchange account a second set of reward points of a second type earned by the user as a result of a second transaction executed between the user and a second reward issuing entity which is different from the first reward issuing entity;
 - the reward server computer providing a web page to a [selected one of a plurality of] user ~~computer~~ [computers, the selected user computer associated with the user,] the web page comprising a control for initiating communication over a computer network between the reward server computer and the reward exchange computer;

² Matter enclosed in heavy brackets [] appeared in the patent, but has been deleted and is no longer a part of the patent; matter printed in italics indicates additions made to the patent.

the reward server computer receiving from the user operating the user computer a selection of the control from the web page and, in response, initiating communication over the computer network with the reward exchange computer to exchange a quantity of reward points of the first type, designated by the user operating the user computer, from the reward account on the reward server computer into reward points of the second type for adding to the reward exchange account on the reward exchange computer by:

decreasing the quantity of reward points of the first type designated by the user from the reward account on the reward server computer,

causing the reward exchange computer to

convert the quantity of reward points of the first type decreased from the reward account on the reward server computer into a corresponding amount of reward points of the second type at a predetermined reward server conversion rate,

add the corresponding amount of reward points of the second type to the reward exchange account, and

combine the corresponding amount of reward points of the second type added to the reward exchange account with the second set of reward points of the second type previously stored in the reward exchange account, and

conveying consideration to the reward exchange computer, the consideration having a value equivalent to the quantity of reward points of the first type decreased from the reward account on the reward server computer;

the user requesting the reward exchange computer to redeem at least some of the combined reward points of the second type from the reward exchange account for an item selected by the user; and

the reward exchange computer redeeming the requested combined reward points of the second type from the reward exchange account by decreasing the reward exchange account by the combined reward points of the second type requested to be redeemed by the user for the item selected by the user.

D. The Asserted Grounds

Petitioner challenges the claims based upon § 101 as well as § 103.

For § 103, Petitioner relies upon the following prior art:

“American Express Creates Membership Reward^{SSM}: Loyalty Program Combining Travel, Retail and Food,” Newslink, October 18, 1995 (“Newslink”) (Ex. 1004)

U.S. Patent 5,774,870 June 30, 1998 Storey (Ex. 1005, “Storey”)

Admitted Prior Art—Background Section and Figure 1 of the ’402 Patent (Ex. 1001, “APA”)

Petitioner contends that the challenged claims are unpatentable under 35 U.S.C. § 101 and § 103 based on the following specific grounds (Pet. 27):

Basis	Reference(s)	Claims challenged
§ 101		1–16
§ 103	Newslink in view of Storey and APA	1–16

II. ANALYSIS

Pursuant to 35 U.S.C. § 324(a), a covered business method patent review may not be instituted unless the information presented in the petition shows that it is more likely than not that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition. As we have recognized in other proceedings, Congress did not mandate that a covered business method patent 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. *See, e.g., Intelligent Bio-Systems, Inc. v. Illumina Cambridge Ltd.*, Case IPR2013-00324, slip op. at 4 (PTAB Nov. 21, 2013) (Paper 19).

The '402 patent issued on April 16, 2013, with sixteen claims. Ex. 1001. Petitioner filed its Petition on June 12, 2015, challenging all of the issued claims. Pet. 27.

Prior to the filing of the Petition, Patent Owner filed a Request for Supplemental Examination of the '402 patent. Ex. 2001. The Supplemental Examination Request sought to have the '402 patent claims re-evaluated under 35 U.S.C. §101 in view of *Alice Corp. v. CLS Bank Int'l*, 134 S. Ct. 2347 (2014). *Id.* at 16. A Supplemental Examination Certificate was issued on April 30, 2015, and on May 12, 2015, ex parte reexamination was ordered for the '402 patent. Exs. 2002, 2003. On May 22, 2015, a non-final Office action issued, which rejected all claims of the '402 patent as unpatentable under 35 U.S.C. § 101. Ex. 2004.

The Examiner and Patent Owner met for an in-person interview on June 24, 2015, to discuss the issues raised in the non-final Office Action. Ex. 2006. On June 29, 2015, as “excellent progress was made towards resolving the issues regarding the eligibility of the claims,” Patent Owner amended all of the independent claims, claims 1, 5, 9 and 13, and cancelled dependent claims 3–4, 7–8, 11–12 and 15–16. Ex. 2007, 2–8, 12. For example, claim 1 was amended to recite several new limitations, including that a user execute “a plurality of first purchase transactions using a credit card linked to a credit card reward program of a first reward issuing entity,” and that a reward server computer provide a web page to a “selected one of a plurality of” user computers, with “the selected user computer associated with the user.” *Id.* at 2.

A Notice of Intent to Issue Supplemental Examination Certificate was mailed on September 10, 2015. Ex. 2010. The Examiner stated in the Notice that Patent Owner’s amended claims no longer encompassed ““using

advertising as an exchange or currency.”’ *Id.* at 3. The Examiner determined that the amended claims as a whole amounted to significantly more than the fundamental economic practice of tracking reward points associated with credit card purchases. *Id.* A Reexamination Certificate was then issued on November 24, 2015, with the amended claims.

The Petition was filed June 12, 2015, and does not address the newly added limitations first presented by Patent Owner in its June 29, 2015, amendment.

Patent Owner contends that Petitioner would not be prejudiced by the denial of the Petition. Prelim. Resp. 11. According to Patent Owner, Petitioner may elect to file a new Petition for Covered Business Method Patent Review of the ’402 patent should they desire to do so. *Id.* Patent Owner states that denying institution would allow Petitioner an opportunity to review the reexamination file in order to determine whether they wish to proceed with a new Petition directed to the amended claims. *Id.*

We are persuaded that the particular facts of this proceeding counsel against institution. Our decision whether to institute a covered business method patent review must be based on the claims of the ’402 patent as it exists today. *See* 35 U.S.C. § 324(a). Petitioner challenged original claims 1–16, which Patent Owner has either cancelled or amended during ex parte reexamination. *See* Ex. 3001. Original claims 1–16, as challenged by Petitioner, no longer exist, and any decision as to the patentability of original claims 1–16 we might reach in this proceeding would be moot and purely advisory. We do not see how the efficient administration of the Office, or the just, speedy, and inexpensive resolution of every proceeding, would be secured by instituting a covered business method patent review in this proceeding. 37 C.F.R. § 42.1(b).

In denying institution, we do not reach the merits of the unpatentability arguments in the Petition, and express no opinion on those arguments at this time. Furthermore, based on the current record, we agree with Patent Owner that Petitioner is not prejudiced as they may elect to file a new Petition directed to the amended claims.³

III. ORDER

In consideration of the foregoing, it is hereby:

ORDERED that the Petition is denied as to the originally issued challenged claims 1–16 of the '402 patent.

³ Based on the current record, we are aware of no statutory bar or other impediment to Petitioner filing another petition seeking covered business method patent review of the '402 patent.

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Patent 8,423,402

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