

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

WALGREEN CO., AHOLD U.S.A., INC., DELHAIZE AMERICA, LLC,
and PUBLIX SUPER MARKETS, INC.,
Petitioner,

v.

ADVANCED MARKETING SYSTEMS, LLC,
Patent Owner.

Case CBM2016-00013
Patent 8,538,805 B2

Before THOMAS L. GIANNETTI, TREVOR M. JEFFERSON, and
MITCHELL G. WEATHERLY, *Administrative Patent Judges*.

GIANNETTI, *Administrative Patent Judge*.

FINAL WRITTEN DECISION
35 U.S.C. § 328(a) and 37 C.F.R. § 42.73

Walgreen Co., Ahold USA, Inc., Delhaize America, LLC, and Publix Super Markets, Inc. (collectively “Petitioner”) filed a Petition (Paper 2, “Pet.”) pursuant to 35 U.S.C. §§ 321–329 seeking to institute a covered business method patent review of claim 1 of U.S. Patent 8,538,805 B2 (Ex. 1001, “the ’805 patent”). Advanced Marketing Systems, LLC (“Patent Owner”) filed a Preliminary Response. Paper 5 (“Prelim. Resp.”).

We granted Petitioner’s request (Paper 6; “Institution Decision”) and instituted a covered business method patent review of the challenged claim on the following two grounds:

1. lack of written description under 35 U.S.C. 112, ¶ 1; and
2. anticipation by Nichtberger¹ under 35 U.S.C. § 102.

Subsequent to institution, Patent Owner filed a Patent Owner Response. Paper 22 (“PO Resp.”). Petitioner filed a Reply. Paper 31 (“Pet. Reply”). Neither party requested an oral hearing, and none was held.

The Board has jurisdiction under 35 U.S.C. § 6(b). This Final Written Decision is issued pursuant to 35 U.S.C. § 328(a) and 37 C.F.R. § 42.73. For the reasons that follow, we determine that Petitioner shown, by a preponderance of the evidence, that claim 1 of the ’805 patent is not patentable.

¹ U.S. Patent 4,882,675 (Ex. 1007).

I. BACKGROUND

A. The '805 patent (Ex. 1001)

The '805 patent is titled “Promotion on Processor and Management System.” The Abstract describes the subject matter as follows:

A data processing system employs a unique coded promotional vehicle to attract customers into retail establishments for the purchase of discounted goods. The promotional vehicle includes coupon styled graphics integrated with a code to allow data tracking by the store pursuant to purchases by that customer. The promotional vehicle is easier and less costly to distribute compared to the prior art, avoids cutting of coupons, and post purchase redemptions. The system further allows more targeted discounting at a lower cost, and substantially reducing fraud by eliminating post purchase coupon processing and redemption. Additionally, the system provides for selective deactivation of the code for each discount used by redemption of the vehicle without deactivating the code for the discounts not used so that the code may remain selectively active for future use.

Ex. 1001, Abstract.

The invention of the '805 patent employs a specifically constructed multi-discount incentive production vehicle (MDV) distributed to select customers. *Id.* at col. 5, ll. 51–54. The MDV includes a specific multi-function code embedded in or associated with the vehicle, to identify the customer and permit tracking of the promotion through redemption. *Id.* at col. 5, ll. 54–58. This subject matter of the '805 patent is illustrated by Figure 1 of the patent, which follows:

FIG. 1

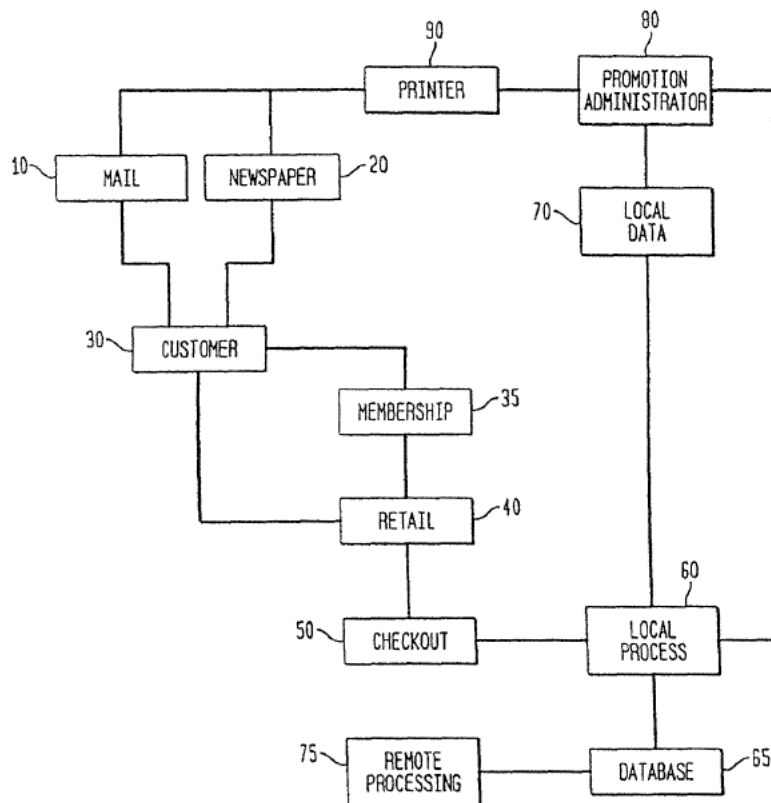


Figure 1 is described in the '805 patent as a block diagram of the invention. Ex. 1001, col. 5, ll. 15–16. As described further in the patent, in Figure 1, customer 30 receives an MDV via one of two paths: mail distribution 10 or newspaper/magazine 20. *Id.* at col. 6, ll. 17–21. Next, customer 30 visits retail store 40 with the MDV. *Id.* at col. 6, ll. 34–35. After shopping concludes, during the checkout process 50, the MDV is scanned and processed with that transaction. *Id.* at col 6, ll. 35–37. The MDV is checked for authenticity, and items purchased that are subject to a discount are tracked, with the total amount charged to that customer adjusted accordingly. *Id.* at col. 6, ll. 37–40.

In one example described in the specification, the customer retains the MDV and uses it to assist in his or her next shopping trip to the super market. Ex. 1001, col. 10, ll. 7–8. At check-out, the super market employs scanning equipment to read both the MDV and the products selected by the customer for purchase. *Id.* at col. 10, ll. 13–15. The scanning equipment is connected to a computer that compares the purchases with a file storing information regarding the products promoted with the MDV. *Id.* at col. 10, ll. 15–18. This comparison is facilitated by the unique identifier provided on the MDV, which associates the promotion to the stored file. *Id.* at col. 10, ll. 18–20.

As promoted items listed on the MDV are scanned during checkout, the system flags these items as purchased and applies the discount to the price provided to the customer. *Id.* at col. 10, ll. 20–23. The computer may thereafter deactivate the promotion for that product to insure that the MDV is not used again to duplicate the discount for the purchased items. *Id.* at col. 10, ll. 23–26. The MDV, however, remains active, to the extent certain promoted items were not purchased by the customer during this or previous shopping visits and the time period set for the promotion has not expired. *Id.* at col. 10, ll. 26–29. This allows the customer to return to the store with the MDV and to take advantage of the remaining promotions on the MDV that have not been used. *Id.* at col. 10, ll. 29–32.

B. Illustrative Claim

Claim 1, the only claim challenged, is reproduced here:

1. A data processing system for tracking and processing a plurality of in-store discounts to potential purchasers of plural products during the checkout process, wherein said discounts are

each associated with a specific one of said plural products, said system comprising:

a discount vehicle, characterized by two or more of said discounts, including descriptive material to provide information at least identifying the products and their associated discounts;

a customer account associated with a customer identification code, the customer account comprising two or more of said discounts of the discount vehicle selected by a customer to be associated with the customer account, the customer account being associated with a select code that permits tracking of said customer account during checkout, said select code uniquely identifying all the discounts for all of the plural products associated with the customer account;

wherein the customer identification code is inputted by the customer to access the customer account;

a checkout processing terminal including computer based tracking of individual purchasers' purchased products and the prices thereof, wherein said processing terminal includes a device for receiving the select code during checkout; and

a data processor attached to said checkout terminal for receiving information regarding transactions associated with checkout, selected products and the discounts associated with the select code forming a part of the transactions, and processing said discounts in accord with said select code;

wherein said data processor selectively deactivates the select code for only particular discounts, of the plurality of discounts, associated with the purchased products by redemption of the select code associated with the customer account such that the select code remains active for future use with yet unused ones of the plurality of discounts associated with said plural products, said data processor being further connected to memory for storing data associated with said transaction.

C. Related Proceedings

Patent Owner states that it has asserted the '805 patent in *Advanced Mktg. Sys., LLC v. Walgreen Co.*, No. 6:15-cv-00137 (E.D. Tex. Feb. 20,

2015); *Advanced Mktg. Sys., LLC v. Ahold USA, Inc.*, No. 1:15-cv-1686 (M.D. Pa. Feb. 19, 2015); *Advanced Mktg. Sys., LLC v. Delhaize America, Inc.*, No. 1:15-cv-00635 (M.D. N.C. Feb. 23, 2015); and *Advanced Mktg. Sys., LLC v. Publix Super Markets, Inc.*, No. 3:15-cv- 00247 (M.D. Fla. Mar. 3, 2015). Paper 3, 1. In addition, Patent Owner identifies a number of litigations and petitions for covered business method reviews involving related patents. *Id.* at 2.

D. Real Party-in-Interest

The Petition identifies Walgreen Co.; Ahold U.S.A., Inc.; Publix Super Markets, Inc.; Delhaize America, LLC; and Quotient Technology Inc. (formerly Coupons.com Inc.) as the real parties-in-interest. Pet. 1. Patent Owner does not challenge this assertion.

II. ANALYSIS

A. Standing

Petitioner stated that it has been sued for infringement of the '805 patent and is not estopped from challenging the patent claims. Pet. 14. Patent Owner does not contest this. We determined, therefore, that Petitioner has standing to seek review of the '805 patent under Section 18 of the AIA. Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011) ("AIA") § 18(a)(1)(A); *see* 37 C.F.R. § 42.302. Institution Decision 7.

B. Financial Product or Service

A covered business method patent is "a patent that 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.” AIA § 18(d)(1); *see* 37 C.F.R. § 42.301(a). Petitioner contends that the requirement is met because the challenged patent claim recites a data processing system for tracking and processing in store discounts to potential purchasers of products. Pet. 4. Petitioner also relies on the recitations in the claim of a “discount vehicle” and a “customer account.” *Id.* at 4–5.

In our Institution Decision (at pp. 7–8), we concluded that the “financial product or service” requirement is met. Patent Owner’s Response does not challenge this determination. Accordingly, we do not address this issue further but rely instead on our previous findings and analysis.

C. Technological Invention Exclusion

The AIA excludes from covered business method patent review patents for a “technological invention.” AIA § 18(d)(1). In our Institution Decision (at pp. 8–9) we were persuaded that the exclusion for “technological inventions” does not apply here. We agreed with Petitioner that the focus of the ’805 patent specification is the MDV, not the data processing system components in claim 1. Pet. 11–12. The specification itself suggests that the system components are “conventional” and “existing.” *Id.* at 12–13. We concluded, therefore, that ’805 patent is a covered business method patent eligible for review. Institution Decision 9. Patent Owner’s Response does not challenge this determination. Accordingly, we do not address this issue further but rely instead on our previous findings and analysis.

D. Claim Construction

In a covered business method patent review, claim terms in an unexpired patent are construed according to their broadest reasonable interpretation in light of the specification of the patent in which they appear.

37 C.F.R. § 42.300(b); Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,766 (Aug. 14, 2012). Under that 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). Only terms which are in controversy need to be construed, and then only to the extent necessary to resolve the controversy. *See Vivid Techs., Inc. v. Am. Sci. & Eng'g, Inc.*, 200 F.3d 795, 803 (Fed. Cir. 1999).

For purposes of this Decision, we determine that the following are the only terms requiring our consideration.

1. “*discount vehicle*”

Petitioner contends that this term should be construed as “a paper-based article including representations of product discounts printed thereon.” Pet. 20. Petitioner relies mainly on the specification, particularly Figures 3A–3B, and the descriptions thereof of the MDV as a paper-based article. *Id.* at 21–24. Petitioner asserts, “[n]owhere does the specification describe the MDV in any other form.” *Id.* at 22. In our Institution Decision (at pp. 10–11), we stated “we are not prepared to construe ‘discount vehicle’ as a paper-based article.”

Patent Owner does not agree with Petitioner’s construction, but for the purposes of this proceeding states that “this point is moot.” PO Resp. 16. Taking into account our analysis of *Nichtberger, infra*, we agree and therefore do not further construe this term.

2. “*select code*”

This term appears once in the ’805 patent specification:

A sample processing sequence is provided in FIG. 2. Beginning with Start Block 100, logic continues to block 110, wherein the MDV is printed with a *select code*. In accordance with the above process, the same code is placed on plural vehicles for a single promotion, and no customer identification is provided within the code.

Ex. 1001, col. 6, ll. 66–col. 7, l. 4 (emphasis added). Based on this description in the specification, we construed this term to mean a code that is placed on a discount vehicle for a single promotion identifying the discounts. Institution Decision 11. Patent Owner does not appear to dispute this construction, stating: “[f]or the purpose of this proceeding, Patent [O]wner agrees that the term ‘select code’ is selectively deactivated for only particular discounts.” PO Resp. 16. We therefore see no reason to change our construction from the Institution Decision.

3. “*selectively deactivates the select code*”

This term appears in the following phrase from claim 1: “selectively deactivates the select code for only particular discounts.” Petitioner contends that this should be construed as requiring “ensuring that the select code cannot be used to obtain a product discount that was already obtained.” Pet. 27. Petitioner relies for support on the context of the claim language and the prosecution history. *Id.*

Patent Owner states its agreement with Petitioner on the definition of the phrase “said select code can be selectively deactivated for only particular discounts.” PO Resp. 16. Patent Owner contends that the term “selective deactivation” means “the deactivation of a select code for at least one discount of a discount vehicle.” *Id.* at 18. Patent Owner further contends

that the term “during the checkout process,” appearing in the preamble of claim 1, limits “the structure and intended purpose of use of the discount vehicle to, in particular, when it may be selectively deactivated.” *Id.* at 13.

Petitioner responds that the preamble term “during the checkout process” is used to state an intended use, not a limitation. Pet. Reply 2. Petitioner points out also that neither the prosecution history of the ’805 patent nor the patent specification supports Patent Owner’s argument. *Id.* at 3–5.

Petitioner’s argument that we should apply the general rule that a preamble which merely recites an intended purpose for an apparatus does not limit the apparatus is persuasive. Pet. Reply 2. We note that the preamble of claim 1 recites a “data processing system for tracking and processing a plurality of in-store discounts to potential purchasers of plural products during the checkout process.” Ex. 1001. By its plain terms, the phrase “during the checkout process” modifies “for tracking and processing,” which in turn modifies the “data processing system.” Thus, we find that the term beginning with “for” and ending with “process” states an intended use and is not necessary to give life, meaning, and vitality to the claim. .

In support of its argument based on the preamble, Patent Owner cites three portions of the specification as describing “what occurs during checkout.” PO Resp. 13–14. These portions fail to demonstrate that deactivation must occur “during the checkout process.” See Pet Reply 4–5.

The first and third cited portions describe the checkout process as using a Point-Of-Sale (“POS”) processor that may include a barcode reader, and as involving “data processing performed locally within the retail outlet

and/or remotely via network connections.” PO Resp. 14 (citing Ex. 1001, col. 4, ll. 43–47; col. 5, ll. 1–9.) The second cited portion explains that the discount vehicle may include “coded data located in separate locations [other than a “single code”] for reading during the check-out process.”

Id. (citing Ex. 1001, col. 4, ll. 56–58). We are not persuaded that these cited portions of the specification support Patent Owner’s argument. None demonstrates that “during the checkout process” as recited in the preamble is intended to limit the deactivation of the select code. All three excerpts focus on reading the code, not deactivation. Accordingly, based on our review of the record before us, and for the foregoing reasons, we determine that the term “during the checkout process” recited in the preamble does not limit claim 1 in the way asserted by Patent Owner.

Similar to its argument based on the preamble of claim 1, Patent Owner asserts that “during checkout” as recited in the body of the claim limits the time at which the select code must be selectively deactivated. PO Resp. 14. For the following reasons, we disagree.

Patent Owner’s argument is not supported by the language of the claim. As noted, just as the preamble does not limit claim 1 as asserted by Patent Owner, neither does the body of the claim. The term “during checkout” appears twice in the body of claim 1. The first refers to “tracking of [a] customer account.” The second refers to “tracking” and a device for “receiving the select code” during checkout. Neither instance refers to selective deactivation. *See* Pet. Reply 5–6. Thus, even if we were to accept Patent Owner’s argument that “during checkout” is limiting, the limitation would relate to when the claimed data processing system tracks and

processes discounts, and not to when the “select code” is “selectively deactivated” for particular discounts. *Id.* at 6.

Nor is Patent Owner’s argument supported by the specification. As Patent Owner acknowledges, the specification describes selective deactivation as follows:

As promoted items listed on the MDV are scanned during checkout, the system flags these items as purchased and applies a discount to the price provided to the customer. The computer *may thereafter deactivate* the promotion for that product to insure that the MDV is not used again to duplicate the discount for the purchased item. The MDV, however, remains active to the extent promoted items were not purchased by the customer during this or previous shopping visits, and the time period set for the promotion has not expired (typically 45 to 90 days).

PO Resp. 16 (quoting Ex. 1001, col. 10, ll. 20–29) (emphasis added). This portion of the specification describes two events occurring “[a]s promoted items listed on the MDV are scanned during checkout,” namely, flagging items as purchased and applying a discount to the price. This passage also indicates that the data processing system with which the discount vehicle is used (i.e., the computer) “may thereafter deactivate” discounts. Thus, the specification makes it clear that selective deactivation need not occur during checkout, as argued by Patent Owner, but may occur “thereafter.”

Patent Owner states that its construction differs from Petitioner’s construction in that Patent Owner would include certain other language, which it contends is “provided in the specification.” PO Resp. 17. Included are the following: (emphasis added, citations omitted):

1) Selective deactivation takes place *after a promoted item is scanned* as the plain language of the patent provides.

2) *Applying a discount* is not selective deactivation since the deactivation takes place after the discount is applied.

3) The purpose of selective deactivation is to insure that the MDC is not used again to duplicate redeemed discount.

4) Redemption is not the same as expiration of the particular discount since one must redeem the discount for the particular discount to be selectively deactivated.

We do not agree that either the specification or language of the claims supports this interpretation. Patent Owner's supporting citations are to opinion testimony of its expert, Dr. Kursh, not the patent specification. Furthermore, as Petitioner points out, the listed restrictions do not require selective activation to take place after check out ends, only after an item is scanned or a discount applied. *See* Pet. Reply 8.

We have considered Dr. Kursh's testimony on this issue and do not find it convincing. For example, he relies on the portion of the '805 patent specification quoted above that indicates that deactivation may occur after checkout. Ex. 2015 ¶ 44. Dr. Kursh admits that "[t]he usage of the word 'may' can also allow selective deactivation after checkout." *Id.* at 45. We do not find convincing his further explanation that this passage, which states that deactivation "may" occur after checkout, really means that deactivation occurs during checkout. *Id.* Nor do we find his other specification references convincing, including his references to Figure 1 and "immediate assessments" of flagged information. None describes restricting deactivation of the select code to after checkout.

For the foregoing reasons, we agree with Petitioner that claim 1 does not require deactivation of the select code "during the checkout process" or "during checkout."

E. Lack of Written Description Under 35 U.S.C. § 112, ¶ 1

A patent claim must be supported by written description in the specification, as required in 35 U.S.C. § 112, ¶ 1, to be patentable. For the specification to provide sufficient written description support for a claimed invention, the “description must clearly allow persons of ordinary skill in the art to recognize that [the inventor] invented what is claimed.” *In re Gosteli*, 872 F.2d 1008, 1012 (Fed. Cir. 1989).

Claim 1 of the ’805 patent refers to a “customer account.”

Specifically, the claim states:

a customer account associated with a customer identification code, the customer account comprising two or more of said discounts of the discount vehicle selected by a customer to be associated with the customer account, the customer account being associated with a select code that permits tracking of said customer account during checkout, said select code uniquely identifying all the discounts for all of the plural products associated with the customer account.

Ex. 1001, col. 10, l. 62–col 11, l. 3 (emphasis added). Petitioner contends that this element lacks written description support in the specification.

Pet. 46–48. In particular, Petitioner asserts that in the ’805 patent, “[b]ecause customers receive the MDV only after discounts have been selected and the MDV printed, consumer input is never involved in the selection process, and at no time is a customer given the ability to select which discounts they desire to be on the MDV.” *Id.* at 47.

More specifically, Petitioner asserts that the written description requirement is not met because the specification of the ’805 patent does not describe “the customer account comprising two or more of said discounts of the discount vehicle *selected by a customer* to be associated with the

customer account.” Pet. 46. According to Petitioner, this concept is “fundamentally at odds with, the specification of the ’805 patent.” *Id.* at 46–47. Petitioner explains that the MDV described in the ’805 patent is distributed to users “through physical means” such by mail or as a newspaper or magazine insert. *Id.* at 47. Thus, according to Petitioner, “it is a promotion administrator who prints and delivers the discount vehicle to the customer, and it is the promotion administrator that is responsible for the selection of the discounts to be delivered to each individual.”

Id.

Patent Owner responds by asserting that the customer’s selection of discounts in the claim does not refer to the “initial discount vehicle.” PO Resp. 9. Patent Owner further contends that customer selection of discount vehicles is “fully described” in the specification. *Id.* As an example, Patent Owner points to the “checklist” shown in Figure 6A (and Figure 6B) of the ’805 patent. *Id.* at 9. Further, as evidence that the patent describes “customer selection of discounts to be associated with a customer account,” Patent Owner points to the storing of data during checkout.

Id.

Petitioner responds that there is no disclosure in the patent of how marking a check box on the MDV in Figures 6A and 6B of the ’805 patent would result in the addition of a discount to the consumer’s account.

Pet. Reply 14. Figure 6B follows:

FIG. 6B



Figures 6A and 6B are described as the front and rear views, respectively, of a multi-coupon vehicle.

We agree with Petitioner that Figures 6A and 6B do not disclose customer selection of discounts associated with a customer account. The checklist boxes shown at the bottom of the discount vehicle in Figure 6B are nothing more than a manual shopping list. The instructions to the shopper state: "For your convenience, mark the items you want and those you've

purchased in the boxes.” The items referred to are those selected by the store, not the shopper.

There is no description in the ’805 patent relating this manual checklist to a consumer account identified by Patent Owner. The specification indicates that the checkboxes are used merely for the consumer’s convenience, “to track the discounts of the MDV which have been used and those which remain available.” *Id.* at col. 9, ll. 33–35. At no point does the specification refer to markings on the checkboxes being relayed or stored in any data file. Additionally, we find that the specification indicates that the products appearing on the MDV for which a discount is provided are selected by promotion administrator 80, not the consumer. *Id.* at col. 6, ll. 48–51. We are persuaded, therefore, by Petitioner’s argument that this figure and the related description in the specification do not provide sufficient written description support for the invention of claim 1.

In our Institution Decision (at p. 18), we said we were not persuaded that Patent Owner had identified a “customer account,” much less established customer selection of discounts to be associated with the account. We said that Patent Owner’s Preliminary Response indicated that the MDV is the customer account, and the customer selection occurs when the customer chooses an item subject to a discount. *Id.* We therefore agreed with Petitioner that for claim 1, this description does not satisfy the written description requirement of 35 U.S.C § 112, ¶ 1. *Id.* Among other reasons, the claim refers to the customer account as separate from the discount vehicle. Moreover, “customer account” and “discount vehicle” are differentiated. *See* discussion of “discount vehicle,” *supra*. Accordingly,

we concluded that more likely than not, Petitioner would prevail on this challenge. *Id.*

Patent Owner recognizes that the specification does not mention “customer account.” PO Resp. 5. Thus, Patent Owner contends that the terms “customer profile” or “profile” in the ’805 patent specification and the term “customer account” in the claims are synonyms. *Id.*

We are not persuaded that the “customer profile” described in the specification of the ’805 patent is a synonym for a “customer account” in the claims. PO Resp. 5. To the contrary, the use of different terms in different places in a patent indicates that they are not the same. *Chicago Bd. Options Exchange, Inc. v. Int’l Securities Exchange*, 677 F.3d 1361, 1369 (Fed. Cir. 2012). Patent Owner does not point us to where in the specification the terms are used interchangeably. *Cf. Edwards Lifesciences LLC v. Cook, Inc.*, 582 F.3d 1322, 1329 (Fed. Cir. 2009)(“In this case, the specification consistently uses the words ‘graft’ and ‘intraluminal graft’ interchangeably.”).

But even if we were to agree that “customer account” and “customer profile” were synonyms, Patent Owner does not explain how the specification describes associating the discounts “selected by the user” with the customer profile, as the claim requires. We agree with Petitioner that the description of the collection of redeemed discounts at checkout would not meet this requirement. Pet. Reply 14–15. If it did, there would be no need for the selective deactivation of codes for unredeemed discounts, as only redeemed discounts would be stored in the customer account. *Id.* at 15.

We are not persuaded, either, by the testimony of Patent Owner’s expert, Dr. Kursh, concerning a hypothetical “data base table” that would

store data during checkout. Ex. 2015, ¶¶ 98–100. Patent Owner’s reliance on this cited testimony as supporting conclusions that might be drawn by an ordinarily skilled artisan about the alleged selection by customers of discounts or association of selected discounts with the customer account is misplaced. Nowhere in this analysis does Dr. Kursh point to where this table is described in the ’805 patent specification. Instead, he testifies that his testimony relates to hypothetical data fields that “could well appear” in the patent. Ex. 2015, 153:4–14. See Pet. Reply 10 n.11.²

We have considered Patent Owner’s other arguments and do not find them persuasive. We conclude therefore that Petitioner has demonstrated by a preponderance of the evidence that the ’805 patent does not provide a written description of the subject matter of claim 1 sufficient to satisfy 35 U.S.C. § 112, ¶ 1.

F. Anticipation by Nichtberger (Ex. 1007)

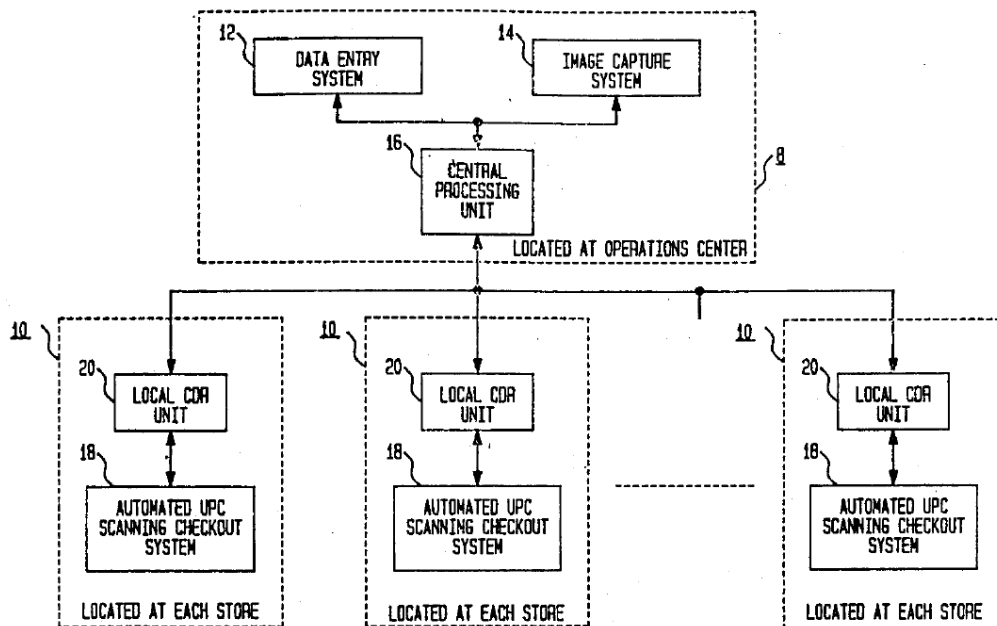
In support of its anticipation challenge, Petitioner presents an element-by-element analysis of claim 1 in relation to Nichtberger, and relies also on the declaration testimony of Dr. Michael Lewis. Pet. 55–80; Ex. 1008 (“Lewis Decl.”). We have reviewed Petitioner’s analysis of Nichtberger in relation to claim 1 and Patent Owner’s response. For the reasons set forth below, we find that Nichtberger describes each element of claim 1. We

² We found Dr. Kursh’s testimony to be evasive and therefore give it minimal weight. For example, he frequently quibbled over the meaning of common words such as “performed” (Ex. 1024, 82:1); “pertained” (*id.* at 98:22–23); “changing” (*id.* at 103:7–8); “discuss” (*id.* at 248:19); “expressly” (*id.* at 267:24–268:1); and “separate” (*id.* at 277:10–11).

therefore determine that Petitioner has demonstrated that Nichtberger anticipates claim 1.

1. Nichtberger Overview

Nichtberger was issued on November 21, 1989, and, therefore, qualifies as prior art to the '805 patent under 35 U.S.C. § 102(b).³ Nichtberger describes a system in which “[c]ents-off merchandise coupons are distributed and redeemed immediately and electronically.” Ex. 1007, Abstract. Nichtberger’s system includes a local coupon distribution and redemption (CDR) unit 20. *Id.* at col. 5, ll. 1–4. This is illustrated by Figure 1 of Nichtberger, reproduced below:



³ The earliest possible effective filing date for the '805 patent is February 19, 1998.

Figure 1 of Nichtberger is a block diagram of the overall system described in the patent. *Id.* at col. 4, ll. 12–13. As shown in the Figure, CDR 20 is located in a store and presents information about available discounts to customers, who may select one or more of the discounts for redemption. *Id.* at col. 5, ll. 4–16. After discount selection, CDR 20 prints a “selection list” or “reminder,” which bears a description of the selected products/discounts and a number or UPC barcode representing the customer’s account number or a receipt number that is associated in CDR 20 with the selections made by the customer. *Id.* at col. 13, l. 65–col. 14, l. 4.

At checkout, the customer presents the selection list to store personnel, who scan the UPC barcode or use the receipt number to retrieve the customer’s selected discounts. *Id.* at col. 17, ll. 30–52. At checkout, the cash register terminal or local processor compares the customer’s selection of discounts to the products presented for purchase and applies credit accordingly. *Id.* at col. 17, ll. 52–56. Any discounts redeemed during checkout are stored in a record in CDR 20. *Id.* at col. 17, ll. 56–61.

Nichtberger also provides for what are termed “partial redemptions”:

Selected “coupons” may remain on the file for up to six days given that a seven day interval between uses of the special card is preferably defined. The interval between uses may be varied as desired, and the period during which selected coupons may remain on file may be varied correspondingly. Likewise, partial redemptions may be added as a feature, allowing customers to use some of their “coupons” immediately and others later in the six day period. After six days, the CDR unit 20 preferably purges unused “coupons.”

Ex. 1007, col. 18, ll. 10–19. Nichtberger’s system also deletes redeemed discounts from the customer’s selected discounts. *Id.* at col. 19, ll. 46–51;

Fig. 9. Any discounts that are redeemed would not be “re-offered” by the system for at least a predetermined time period. *Id.* at col. 29, ll. 37–46.

2. Analysis

Petitioner describes in detail, with specific citations to Nichtberger, how that reference describes each element of claim 1. Pet. 56–80. For example, Petitioner describes how Nichtberger’s CDR 20 prints a coupon selection list (or receipt) for the customer, including a product description and coupon discount value for each selected coupon. *Id.* at 55. Petitioner identifies this list as the “discount vehicle” of claim 1. *Id.* Petitioner also explains how this list can be used with Nichtberger’s data processing system. *Id.* at 55–56. As noted, Petitioner relies also on declaration testimony from Dr. Lewis, identifying specific portions of Nichtberger’s disclosure with every other element of claim 1. Lewis Decl. ¶¶ 72–92. After consideration of the entire record, we agree with and therefore adopt Petitioner’s analysis of Nichtberger in relation to claim 1.

We now consider Patent Owner’s counter-arguments.

a. “during the checkout process” and “during checkout”

Patent Owner’s principal argument is based on its assertion that the claim 1 preamble recitation of “during the checkout process” is limiting. PO Resp. 19–25. Patent Owner contends that Nichtberger fails to meet this limitation. *Id.* at 21. For the reasons discussed *supra*, we agree with Petitioner that the claim should not be so limited, especially the selective deactivation feature. We, therefore, are not persuaded by Petitioner’s argument that this preamble limitation distinguishes claim 1 from Nichtberger. *See* Pet. Reply 2–12.

Likewise, we are not persuaded by Patent Owner's argument that the presence of the limitation "during checkout" in the body of claim 1 applies to deactivation of the select code. *See* discussion *supra*. For this additional reason, Patent Owner's argument that Nichtberger does not teach deactivation during the checkout process fails to distinguish claim 1 from Nichtberger.

b. "selectively deactivates"

To meet this limitation of claim 1, Petitioner demonstrates that Nichtberger uses a "redemption flag" in file 162 to keep track of specific discounts that have been redeemed and prevent future use of redeemed discounts. Pet. 77. Petitioner relies on Nichtberger's description of "flagging" of previously redeemed discounts in connection with item 166 in the flow diagram of Figure 9. *Id.* at 77–78 (citing Ex. 1007, col. 19, ll. 31–38; col. 19, ll. 46–51, Fig. 9).

Patent Owner responds that Nichtberger does not teach selective deactivation. PO Resp. 18–21. Patent Owner contends that Nichtberger "only teaches a redemption removal." *Id.* at 20. We do not agree that Nichtberger fails to disclose selective activation. Petitioner's citations to Nichtberger demonstrate a teaching of selective deactivation. Pet. 76–80; Lewis Decl. ¶¶ 88–89. For example, Nichtberger describes deactivation of previously redeemed discounts in connection with the flow diagram of Figure 9. Ex. 1007, col. 19, ll. 31–59. As described in Nichtberger, at step 166 of that figure, a test is performed to see whether the redemption flag is on. *Id.* at col. 19, ll. 46–47. If so, CDR 20 deletes that selection from the selection transaction record, as indicated at step 172. *Id.* at col. 19, ll. 48–50. If not, processing of the coupon proceeds. *Id.* at col. 9, ll. 50–51. We

agree that at least this description supports Petitioner's contention that this limitation of claim 1 is met by Nichtberger.

We are not persuaded by Patent Owner's alternative argument that there is a distinction between deleting a record from the customer file when a coupon is redeemed and "deactivating" the record. PO Resp. 20–21. Patent Owner does not provide any citations to the '805 patent specification that would support this distinction. Nor are we persuaded by the dictionary definitions provided by Patent Owner that such a distinction would be consistent with the intrinsic record. Accordingly, we conclude that this argument does not distinguish claim 1 from Nichtberger.

c. "customer account associated with a select code"

Patent Owner presents an argument that Nichtberger fails to teach a customer account "*associated with [a] select code . . . uniquely identifying all the discounts.*" PO Resp. 31. According to Patent Owner, the barcode on the printed coupon selection list in Nichtberger does not meet this element. PO Resp. 34–36. This argument is not persuasive. As Petitioner points out, a barcode described in the '805 patent specification identifies the coupons by identifying a file storing information regarding the discounts on the MDV. Pet. Reply 24. Similarly, in Nichtberger, the barcode relates to an account number that is associated with a file containing the customer coupon selections. *Id.* at 24–25. Thus, we agree with and adopt Petitioner's analysis demonstrating that there is "no real distinction" between the Nichtberger's bar code and the claimed select code. Therefore, we find that this claim language is met by Nichtberger. *Id.* at 25.

d. “select code uniquely identifying all discounts”

Patent Owner argues that Nichtberger fails to describe “‘exactly one’ select code uniquely identifying all the discounts.” PO Resp. 30, 38. We note that claim 1 does not, expressly, require “exactly one select code.” The precise words in the claim are “uniquely identifying all discounts.” Thus, Patent Owner’s response quotes language that does not appear in the claim. For the additional reasons expressed below, this argument is not persuasive.

First, Patent Owner argues that the barcode on Nichtberger’s selection list identifies customers, rather than “discounts” as required in claim 1. PO Resp. 34 (“The UPC code is a code associated with a customer number only”). Patent Owner’s argument is unpersuasive. Nichtberger states that a “receipt number [on the selection list] allows the system to match up the customer’s selections with his purchases to effect a redemption at checkout.” Ex. 1007, col. 14, ll. 4–7. Nichtberger also indicates that the receipt number can be encoded in a UPC format that can be scanned by standard scanning system. *Id.* at col. 28, ll. 37–43. Petitioner points out that Patent Owner’s argument is contrary to the ’805 patent specification, which “indirectly identifies the coupons by identifying ‘a file’ storing information regarding the discounts on the MDV.” Pet. Reply 23 (citing Ex. 1001, col. 10, ll. 13–20). We agree with and adopt Petitioner’s analysis. Therefore, for the reasons stated, we conclude that Petitioner has demonstrated by a preponderance of evidence that the barcode on Nichtberger’s selection list is used to identify the discounts selected by the customer as in claim 1.

Next, Patent Owner argues that Nichtberger requires two codes rather than a select code that “uniquely identifies all the discounts,” as required by the claim. PO Resp. 35–36. Patent Owner’s argument is unpersuasive

because the use in claim 1 of the transitional term “comprising” makes the claim open-ended. Thus, the claim does not preclude the presence of other codes, such as Nichtberger’s magnetic strip or the code on a customer’s special card.⁴ *Georgia-Pacific Corp. v. U.S. Gypsum Co.*, 195 F.3d 1322, 1327 (Fed. Cir. 1999), *modified on reh’g on other grounds*, *Georgia-Pacific Corp. v. U.S. Gypsum Co.*, 204 F.3d 1359 (Fed. Cir. 2000).

We are persuaded, also, by Petitioner’s argument that the specification describes using multiple codes. Pet. Reply 25 (citing Ex. 1001, col. 4, ll. 56–63, col. 5, ll. 54–63, col. 6, ll. 52–65, col. 7, ll. 15–18). Thus, we find that consistent with the claim language and specification, the word “uniquely” does not require one code and only one code. For example, a customer who has one of Nichtberger’s special cards will still be provided with a selection list having a barcode to be scanned during checkout to access and obtain the discounts shown on the list. Ex. 1007, col. 14, ll. 4–7, col. 28, ll. 30–43.

For all the reasons explained above, we determine that Petitioner has demonstrated by a preponderance of evidence that Nichtberger describes a select code “uniquely identifying all discounts” that meets claim 1.

e. “a customer account associated with a customer identification code”

Petitioner relies on several aspects of Nichtberger’s disclosure to meet this element. Pet. 62–67. For example, as an exemplary “discount vehicle” Petitioner points to the “special card” embodiment described in Nichtberger.

⁴ This “special card” embodiment of Nichtberger (Ex. 1007) is illustrated in Figure 2 and described in col. 5, l. 45–col. 6, l. 23.

Id. at 62. This card identifies the customer by a UPC code and a magnetic stripe. *Id.* As described by Petitioner, “[t]he special card is given a ‘special card number’ that is linked to the customer applying for the card, and once the card is issued to a customer, ‘the record is permanently activated on the master file under the card number assigned.’” Pet. 63 (citing Ex. 1007, col. 6, ll. 18–23). As Petitioner further explains, when a customer selects two or more coupons presented on CDR unit 20, those coupons are added to the customer’s selection record associated with the special card number. *Id.* Petitioner also identifies in Nichtberger a unique number (different from the customer code) printed on the coupon selection list in UPC code format as meeting the “select code” requirement. Pet. 68; Lewis Decl. ¶ 80 (citing Ex. 1007, col. 28, ll. 30–35). *See discussion supra.*

Patent Owner challenges this assertion on a number of grounds, none of which is persuasive. Principally, Patent Owner contends that Nichtberger differs from the claimed invention because “Nichtberger is directed to a system for distributing, redeeming and clearing merchandise coupons to alleviate the problems associated with physical handling of coupons.” PO Resp. 28. Patent Owner further asserts: “Nichtberger, at the most, merely teaches a local in-store electronic coupon distribution and redemption (CDR) system that allows a customer to select coupons in a store, save the selection, and optionally print a receipt of a selection list as a reminder to the customer.” *Id.* at 30.

Patent Owner’s argument fails because it mischaracterizes Nichtberger as a paper-based system, and does not take into account Nichtberger’s disclosure of the customer’s electronically maintained

selection record discussed *supra*. Accordingly, we are persuaded by Petitioner's argument that this element of claim 1 is met by Nichtberger.

III. CONCLUSION

Petitioner has demonstrated by a preponderance of the evidence that claim 1 of the '805 patent is anticipated by Nichtberger. Petitioner has also demonstrated by a preponderance of evidence that claim 1 of the '805 patent is unpatentable because it is not sufficiently supported by written description as required under 35 U.S.C. § 112, ¶ 1.

IV. ORDER

For the reasons given, it is:

ORDERED that claim 1 of the '805 patent is unpatentable under 35 U.S.C. § 102(b), and

FURTHER ORDERED that claim 1 of the '805 patent is unpatentable under 35 U.S.C. § 112, ¶ 1 as not being sufficiently supported by written description, and

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

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