

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

GOOGLE INC.,
Petitioner,

v.

KLAUSTECH, INC.,
Patent Owner.

Case CBM2016-00096
Patent 6,128,651 C1

Before MICHAEL R. ZECHER, CHRISTOPHER M. KAISER, and
KEVIN W. CHERRY, *Administrative Patent Judges*.

ZECHER, *Administrative Patent Judge*.

DECISION
Denying Petitioner's Request for Rehearing
37 C.F.R. § 42.71(d)

I. INTRODUCTION

Petitioner, Google Inc. (“Google”), timely filed a Request for Rehearing under 37 C.F.R. § 42.71(d). Paper 11 (“Req. Reh’g”). Google’s Request for Rehearing seeks reconsideration of the Decision not to institute a covered business method (“CBM”) patent review of U.S. Patent No. 6,128,651 C1 (Ex. 1001, “the ’651 patent”). Paper 10 (“Decision” or Dec.”). In particular, we denied institution as to claims 20, 21, 23–26, 28, and 29 (“challenged claims”) of the ’651 patent because the information presented in the Petition did not establish that this patent qualifies as a CBM patent that is eligible for review, as defined by § 18(d)(1) of the America Invents Act (“AIA”). Dec. 2–3, 16.

In its Request for Rehearing, Google contends that our determination not to institute a CBM patent review was improper for two reasons. First, Google argues that we misapprehended or overlooked unrebutted testimony, cited in the Petition, regarding the scope of “retaining . . . a record,” as recited in each of independent claims 20 and 25. Req. Reh’g 3–7. Second, Google argues that, in assessing the scope of the “retaining . . . a record” claim element, we misapprehended or overlooked statements by Patent Owner, KlausTech, Inc. (“KlausTech”), and supporting testimony regarding these statements that were against KlausTech’s own interest. *Id.* at 7–13. Google argues that proper consideration of either of these two pieces of evidence compels a conclusion that the challenged claims recite operations used in the practice, administration, or management of a financial product or service, such that the ’651 patent should be found eligible for a CBM patent review. *Id.* at 2.

We have considered the arguments presented by Google in its Request for Rehearing, but we discern no reason to modify the Decision not to institute a CBM patent review. We, therefore, *deny* Google’s Request for Rehearing.

II. STANDARD OF REVIEW

A party requesting rehearing bears the burden of showing that the decision should be modified. 37 C.F.R. § 42.71(d). The party must identify specifically all matters we misapprehended or overlooked, and the place where each matter was addressed previously in a motion, an opposition, or a reply. *Id.* When rehearing a decision on a petition, we review the decision for an abuse of discretion. 37 C.F.R. § 42.71(c). An abuse of discretion may be indicated if a decision is based on an erroneous interpretation of law, if a factual finding is not supported by substantial evidence, or if the decision represents an unreasonable judgment in weighing relevant factors. *Star Fruits S.N.C. v. United States*, 393 F.3d 1277, 1281 (Fed. Cir. 2005); *Arnold P’ship v. Dudas*, 362 F.3d 1338, 1340 (Fed. Cir. 2004); *In re Gartside*, 203 F.3d 1305, 1315–16 (Fed. Cir. 2000). With this in mind, we address the arguments presented by Google in turn.

III. ANALYSIS

A.

Google contends that our determination that the ’651 patent is not a CBM patent eligible for review—because the “retaining . . . a record” claim element is not financial in nature—is arbitrary, based on an erroneous conclusion of law, and based on clearly erroneous fact findings, thereby

resulting in an abuse of discretion. Req. Reh’g 3. Google asserts that we are required to evaluate all testimonial evidence from its expert, Mr. Andrew Schulz (Ex. 1003), cited in the Petition, and we must do so “in the light most favorable to the petitioner” in deciding whether to institute a CBM review. *Id.* at 3–4 (quoting 37 C.F.R. § 42.208(c)).

According to Google, we did not follow these requirements because we misapprehended or overlooked Mr. Schulz’s testimony that a person of ordinary skill in the art would have understood that the claimed “record” in the ’651 patent is generated and retained solely to process payments for ad placements. Req. Reh’g 4. In particular, Google quotes Mr. Schulz’s testimony that a person of ordinary skill in the art “would have understood that the only reason ‘records’ are generated and retained in [independent] claims 20 and 25 (and their dependent claims) is for processing payments for ad placements.” *Id.* at 5 (emphasis omitted) (quoting Ex. 1003 ¶ 31).

Google states that it cited to this specific testimony from Mr. Schulz in the Petition at pages 15 and 21 and in the Reply at pages 3–4, but we never acknowledged or discussed this cited testimony in our Decision. *Id.* at 5. Google then argues that, based on Mr. Schulz’s testimony, we did not have to “speculate or assume” the express or inherent scope of the “retaining . . . a record” claim element because Mr. Schulz’s testimony establishes that it is solely for the purpose of compensation and billing and, therefore, is expressly or inherently financial in nature. *Id.* at 5–7.

We disagree that we misapprehended or overlooked Mr. Schulz’s testimony as it was presented to us in the Petition and Reply. The Reply did not cite to Mr. Schulz’s testimony at all, but instead relied on citations to the Petition and disclosures in the ’651 patent in arguing that the “retaining . . . a

record” claim limitation is financial in nature. *See* Reply 3–4 (citing Pet. 13–15; Ex. 1001, Abstract, 2:28–33, 3:32–35, 3:40–43, 4:32–37, Fig. 1). The Petition relied on the same disclosures from the ’651 patent and provided an additional citation to Mr. Schulz’s testimony in support of Google’s argument that “[t]he sole disclosed reason for retaining these claimed ‘records’ of the displayed advertisements, as the specification explains, is to provide a mechanism for ‘compensating’ publisher websites and for ‘billing’ advertisers on the basis of ad content presentation times.” Pet. 14–15 (citing Ex. 1001, Abstract, 2:28–33, 3:32–35, 3:40–43, 4:32–37, Fig. 1; Ex. 1003 ¶¶ 26, 28, 31, 37, 40); *see also id.* at 15 (“[T]he patent discloses ‘retaining’ of records for the purpose of ‘compensating’ publisher websites and ‘billing’ advertisers on the basis of ad content presentation times.” (citing Ex. 1003 ¶ 31)). Mr. Schulz, in turn, relies on the same portions of the ’651 patent’s disclosure cited in the Petition and Reply as a basis for his opinion. *See* Ex. 1003 ¶ 31 (citing Ex. 1001, Abstract, 2:28–33, 3:32–35, 3:40–43, 4:32–37, Fig. 1)

Our Decision explicitly addressed Google’s argument that the sole purpose of the record retention required by the challenged claims is for compensation and billing, and relying on the ’651 patent’s disclosure—as the Petition, Reply, and Mr. Schulz’s testimony directed us to—we determined Google’s position was not persuasive. Dec. 9–10, 12–13. In particular, we noted that the language used in the abstract and specification of the ’651 patent was permissive and optional (e.g., “audit trail from which websites *can be* compensated for ad display and advertisers billed for the ad display,” “record *may be* used to compensate,” and “[u]tilizing this record, advertisers *can be* billed”), and we did not find this language to limit the

scope of the challenged claims. *Id.* at 12–13 (citing Ex. 1001, Abstract, 2:46–48, 4:34–36, 4:44–45).

In the Request for Rehearing, Google improperly attempts to re-argue its position, quoting for the first time a sentence from Mr. Schulz’s testimony repeating Google’s position that “the only reason ‘records’ are generated and retained in [independent] claims 20 and 25 (and their dependent claims) is for processing payments for ad placements,” and characterizing Mr. Schulz’s testimony as “unrebutted.” Req. Reh’g 5 (emphasis omitted) (quoting Ex. ¶ 31). This newly-quoted testimony is flawed for the same reasons we discussed in our Decision. That is, Mr. Schulz relies on permissive and optional language as a basis for his opinion. *See* Ex. 1003 ¶ 31 (quoting Ex. 1001, Abstract (“websites *can be* compensated for ad display and advertisers billed for the ad display” (emphasis added))); *id.* at 4:32–37 (“record *may be* used to compensate” (emphasis added))). These optional compensation and billing aspects, however, are nowhere recited in the challenged claims. *See Blue Calypso, LLC v. Groupon, Inc.*, 815 F.3d 1331, 1340 (Fed. Cir. 2016) (“[AIA] § 18(d)(1) directs us to examine *the claims* when deciding whether a patent is a CBM patent.”); *see also Secure Axxess, LLC v. PNC Bank Nat’l Ass’n*, 848 F.3d 1370, 1378–79 (Fed. Cir. 2017) (“[T]he written description alone cannot substitute for what may be missing in the patent ‘claims,’ and therefore does not in isolation determine CBM status.”).

Moreover, the ’651 patent itself rebuts Mr. Schulz’s testimony that the “*only* reason ‘records’ are generated and retained . . . is for processing payments for ad placements,” Ex. 1003 ¶ 31 (emphasis added). On the contrary, the ’651 patent teaches retaining the record for the reason of

allowing “advertising control to be maintained.” Ex. 1001, 3:40–43. In other words, the existing data in the record identifying which ads have already been displayed and timed out is used for the purpose of altering the ads and ad content available for the next display. *See id.* at 3:12–23.

Independent claims 20 and 25 are illustrative of this use as they recite using the record for “retaining . . . the timer timeout of the ad content,” and “transmitting . . . new ad content . . . in response to receipt of the timer timeout report.” *Id.* at Reexamination Certificate, 2:43–49, 3:40–45.

According to the ’651 patent, an added benefit is that a database, having been automatically generated as a necessary control for distributed advertising, also “*can be* used for compensation of the website and a billing record.” Ex. 1001, 3:59–60 (emphasis added). But these unclaimed compensation and billing aspects that are described in the specification of the ’651 patent are, at most, complementary and incidental to the claimed use of the record for allowing new ad and ad content to be determined based on the timer timeout data retained in the record. Moreover, if an advertiser entered into an alternative billing arrangement with the website operator that was not based on the time in which the advertisements were displayed on the website, such as a flat fee billing arrangement, the record need not be used for any financial purpose at all. Regardless, even if we were to assume that the record is used for compensation and billing as mentioned in the specification of the ’651 patent, because this billing feature is unclaimed and, therefore, only complementary or incidental to the use of the record that is actually recited in the challenged claims, it is insufficient to qualify the ’651 patent as a CBM patent eligible for review. *See Secure Axxess*, 848

F.3d at 1381; *Unwired Planet, LLC v. Google Inc.*, 841 F.3d 1376, 1382 (Fed. Cir. 2016).

In summary, we are not persuaded by Google’s arguments that we abused our discretion in the Decision, or misapprehended or overlooked Mr. Schulz’s supporting testimony, in determining that the “retaining . . . a record” claim element does not qualify the ’651 patent as a CBM patent eligible for review. As discussed above, we directly addressed and found unpersuasive Google’s arguments that the claimed “record” is solely for the purpose of compensation and billing. Mr. Schulz’s testimony to the same point, moreover, is based on the same permissive and optional language concerning the compensation and billing aspects disclosed in the abstract and specification of the ’651 patent that Google relied on, and which we addressed in our Decision. Put simply, Mr. Schulz draws conclusions regarding CBM eligibility that are unsupported by the intrinsic evidence of the ’651 patent, and are entitled to little or no weight.

B.

Google also contends that the Decision misapprehended or overlooked Mr. Schulz’s testimony regarding KlausTech’s statements against its interest in assessing the scope of the “retaining . . . a record” claim element. Req. Reh’g 7–13. Google states that KlausTech and the named inventor of the ’651 patent made several statements in the co-pending district court case that characterize the claim scope of the ’651 patent as being financial in nature and, although we acknowledged this testimony in the Decision, we “explicitly chose to disregard this evidence.” *Id.* at 8–10. Google argues that these statements must be accounted for in the original formulation of claim scope, and for the first time, cites to three cases from the U.S. Court of

Appeals for the Federal Circuit in contending that our conclusion was based on a legal error. *Id.* at 10–12. Furthermore, Google asserts that Mr. Schulz presented un rebutted testimony regarding the statements against interest, and testified that these statements confirmed Mr. Schulz’s own assessment as to the scope of the challenged claims. *Id.* at 8–9.

We do not agree with Google that, in our Decision, we misapprehended or overlooked evidence of KlausTech’s and the named inventor’s statements in the co-pending district court case regarding their characterizations of the ’651 patent. We did not “explicitly cho[o]se to disregard” this evidence as Google states, but on the contrary, we explicitly considered this evidence. Dec. 15–16. We acknowledged Google’s argument that in the co-pending district court case, KlausTech and the named inventor characterized the ’651 patent as being financial in nature, and we also acknowledged that the specification of the ’651 patent indicates that retaining a record of a displayed advertisement may be used for compensation and billing purposes. *Id.* at 15. We further found, however, that Google did not propose any claim constructions that are financial in nature, nor could we find any limitations in the claims directed to the compensation and billing aspects discussed in the specification. *Id.* at 12, 15. Accordingly, because we have been instructed by the Federal Circuit that the focus must be on the claims for purposes of determining CBM eligibility, we found that the specification and district court statements were insufficient to overcome the language of the claims for purposes of determining whether the ’651 patent is a CBM patent eligible for review. *Id.* at 15–16.

We also disagree with Google that our conclusion in this regard was based upon a legal error. Google contends that Federal Circuit case law establishes that inventor admissions are used as evidence to limit claims to particular embodiments. Req. Reh’g 11–12. Here, we are not presented with the issue of whether any of the challenged claims should be limited to a particular embodiment, but rather whether any of the challenged claims contain language that is financial in nature that would qualify the ’651 patent as a CBM patent eligible for review. Although KlausTech’s and the named inventor’s statements envision that a billing transaction will occur, this billing transaction would occur outside of the recited claim steps at a later time than the ad display being performed in those claim steps. And although the claimed “record” would be used to facilitate this future billing transaction, the fact that an element of a recited claim may be used later in the practice of a financial transaction is not enough to qualify a patent as eligible for CBM review when that use is not recited explicitly or inherently in the claim itself. *See Secure Axxess*, 848 F.3d at 1378–79.

The alleged admissions against interest that Google offers as evidence do not concern any particular claim limitation, but instead are general characterizations of the ’651 patent, its claims, and how they may be used. *See* Req. Reh’g 8–9. Such general characterizations do not qualify a patent as eligible for CBM review when the construed claim language does not contain anything explicitly or inherently financial. *See Blue Calypso*, 815 F.3d at 1340 (finding unpersuasive an argument comparing the titles of patents in assessing whether a patent is eligible for CBM review because “[AIA] § 18(d)(1) directs us to examine *the claims* when deciding whether a patent is a CBM patent”). Here, the same document that Google relies on as

containing KlausTech’s statements against interest likewise contains KlausTech’s proposed constructions of the terms of the challenged claims, albeit under the district court claim construction standard. *See* Ex. 1007, 11–26.¹ Notably, Google does not point to any of these proposed constructions as being financial in nature. *See Secure Axxess*, 848 F.3d at 1379 (use of invention as a sale of a good or service must “be part of the claim as properly construed”).

For all these reasons, we disagree with Google that KlausTech cannot, on the one hand, generally state that “[t]he invention taught and claimed in the ’651 patent [allows website owners] to simply and easily monetize their traffic,” and at the same time “exclude such operations to ‘monetize’ the traffic.” *Req. Reh’g* 10–11 (quoting Ex. 1007, 7 (emphasis omitted)). The issue for purposes of determining whether the ’651 patent is a CBM patent eligible for review is not whether KlausTech may be excluded from using its claimed invention to monetize traffic, as “nearly everything that is invented can and likely will be used in someone’s sale of a good or service.” *Secure Axxess*, 848 F.3d at 1379; *see also Unwired Planet*, 841 F.3d at 1382 (“Likewise, it cannot be the case that a patent covering a method and corresponding apparatuses becomes a CBM patent because its practice could involve a potential sale of a good or service.”). Instead, the issue is whether the challenged claims include financial language that would qualify the ’651 patent as a CBM patent eligible for review. The statements that Google relies on merely foresee the claimed invention as having the benefit of making it simpler and easier for website owners to receive advertising

¹ All references to the page numbers in Exhibit 1007 are to the page numbers inserted by Google at the bottom-center of each page.

revenue. *See* Req. Reh’g 8, 11. Without claims directed to a method or apparatus “used in the practice, administration, or management of a financial product or service,” the facilitation of future sales is not enough to qualify the ’651 patent as a CBM patent eligible for review. *See Unwired Planet*, 841 F.3d at 1382 (“It is not enough that a sale has occurred or may occur, or even that the specification speculates such a potential sale might occur.”).

Lastly, Google contends that we also misapprehended or overlooked Mr. Schultz’s testimony regarding the alleged statements against interest. Req. Reh’g 8–9. Mr. Schulz offers testimony regarding these statements at paragraphs 27 and 30 of his declaration. Ex. 1003 ¶¶ 27, 30. Neither the Petition nor the Reply, however, presents and develops this testimony in a manner that explains how it adds anything to Google’s arguments. Specifically, the Request for Rehearing directs us to pages 14–15 of the Petition (Req. Reh’g 8–9), but only page 14 of the Petition cites to Mr. Schulz’s paragraph 30, and only in support of Google’s statement that the named inventor described the main objective of the ’651 patent as being the underlying “business model.” *See* Pet. 13–14. This is, again, yet another generic characterization that does not focus on the challenged claims and is insufficient to qualify the ’651 patent as a CBM patent eligible for review.

The Request for Rehearing also directs us to pages 23 and 53 of the Petition (Req. Reh’g 8–9), but these pages contain arguments as to whether the challenged claims are directed to a technological invention, and whether these claims include additional elements amounting to significantly more than the underlying abstract idea of presenting and monetizing online advertisements. *See* Pet. 23, 53. The discussion at pages 23 and 53 of the Petition cites to Mr. Schulz’s declaration not in regard to the alleged

statements against interest, but in regard to Google's contentions that the '651 patent addresses a business problem and provides a business process for tracking ad placements. *See id.* We did not misapprehend or overlook these issues, but rather did not reach them because the Petition failed to establish in the first instance that the challenged claims satisfy the financial prong of the definition of a CBM patent set forth in § 18(d)(1) of the AIA.

IV. CONCLUSION

For the foregoing reasons, Google has not demonstrated that we abused our discretion in determining not to institute a CBM patent review of the '651 patent. In particular, Google has not persuaded us that we incorrectly determined that the challenged claims are not financial in nature, that we did not give appropriate consideration to statements made in the co-pending district court case by KlausTech and the named inventor, or that we misapprehended or overlooked Mr. Schultz's testimony as to either of these issues.

V. ORDER

Accordingly, it is ORDERED that Google's Request for Rehearing is DENIED.

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