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Paper 50
Entered: July 25, 2018

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

DISH NETWORK CORPORATION and
DISH NETWORK L.L.C.,
Petitioner,

V.

CUSTOMEDIA TECHNOLOGIES, L.L.C.,
Patent Owner.

Case CBM2017-00032
Patent 9,053,494 B2

Before MEREDITH C. PETRAVICK, MICHAEL W. KIM, and KALYAN K. DESHPANDE, *Administrative Patent Judges*.

PETRAVICK, *Administrative Patent Judge*.

FINAL WRITTEN DECISION
Covered Business Method Patent Review
35 U.S.C. § 328(a) and 37 C.F.R. § 42.73

I. INTRODUCTION

A. Background

DISH Network Corporation and DISH Network L.L.C. (collectively, "Petitioner"), filed a Petition requesting a covered business method ("CBM") patent review of claims 1–7, 16–19, 23–28, 32–36, 39, 41, and 43 of U.S. Patent No. 9,053,494 B2 (Ex. 1003, "the '494 patent"). Paper 1 ("Pet."). Customedia Technologies, L.L.C. ("Patent Owner") filed a Preliminary Response to the Petition. Paper 7.

Pursuant to 35 U.S.C. § 324, CBM patent review was instituted on claims 1–7, 16–19, 23–28, 32–36, 39, 41, and 43 of the '494 patent. Paper 10 ("Inst. Dec."). We instituted CBM patent review on the ground of claims 1–7, 16–19, 23–28, 32–36, 39, 41, and 43 being unpatentable under 35 U.S.C. § 101.

After institution, Patent Owner filed a Corrected Patent Owner's Response (Paper 24, "PO Resp.") and disclaimed claims 5, 25, 39, and 43 (Ex. 2006). Petitioner filed a Reply to the Patent Owner's Response (Paper 38, "Pet. Reply"). Patent Owner filed a Sur-Reply (Paper 40, "PO Sur"), and Petitioner filed a Response to the Sur-Reply (Paper 41, "Pet. Sur").

An oral argument was held March 5, 2018. A transcript of the hearing is included in the record. Paper 45 ("Tr.").

After oral hearing, the Supreme Court issued its decision in *SAS Institute Inc. v. Iancu*, 138 S. Ct. 1348 (2018) on April 24, 2018. In response, the Board issued an Order instituting trial on the ground of claims

17, 18, 23, 24, 28, and 29[1] under 35 U.S.C. § 112, 2nd paragraph.[2] *See* Paper 46. Aside from Patent Owner "incorporat[ing] by reference the arguments in its Preliminary Response (Paper 7) and the Board's reasons in the Institution Decision (Paper 10) for denying institution of those grounds" (Paper 48), the parties waived additional briefing. Paper 47.

This Decision is a final written decision under 35 U.S.C. § 328(a) as to the patentability of the challenged claims. Based on the complete record, we determine that claims 1–4, 6, 7, 16–19, 23, 24, 26–28, 32–36, and 41[3] of the '494 patent are unpatentable.

B. Related Proceedings

Section 18 of the America Invents Act governs the transitional program for covered business method patent reviews. Leahy-Smith America Invents Act ("AIA"), Pub. L. No. 112–29, § 18, 125 Stat. 284, 329–31 (2011); *see also* 37 C.F.R. §§ 42.300–304 (setting forth the rules governing the transitional program for covered business method patents). Section 18(a)(1)(B) of the AIA limits such reviews to persons, or their privies, that have been sued or charged with infringement of a covered business method patent. *See also* 37 C.F.R. § 42.302 (setting forth who may petition for a

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[1] As dependent claims 5 and 25 were disclaimed (Ex. 2006) by the time of our Order (Paper 46), no trial was instituted on those claims. 37 C.F.R. § 42.107(e) ("No *inter partes* review will be instituted based on disclaimed claims.").

[2] The '494 patent has an effective filing date before the effective date of the section of the Leahy-Smith America Invents Act, Pub. L. No. 112–29, § 4(c), (e), 125 Stat. 284, 296–97 (2011), that revised 35 U.S.C. § 112. *See supra* § I.B.2. Thus, we refer to the prior version of § 112 in this decision.

[3] Claims 5, 25, 39, and 43 are not included in our determination because they were disclaimed (Ex. 2006).

covered business method patent review). In compliance with 37 C.F.R. § 42.302(a), Petitioner certifies that it has been sued for infringement of the '494 patent. Pet. 2–3. The '494 patent is the subject of *Customedia Technologies, L.L.C. v. DISH Network Corporation*, Case No. 2:16-cv-00129 (JRG) in the United States District Court for the Eastern District of Texas. *See* Pet. 1; Paper 5, 2.

Petitioner also filed two petitions requesting *inter partes* review of the '494 patent. *See* Paper 5, 2. Those petitions are the subject of *DISH Network Corp. v. Customedia Technologies, L.L.C.*, Case No. IPR2017-00717 (PTAB Jan. 18, 2017) and *DISH Network Corp. v. Customedia Technologies, L.L.C.*, Case No. IPR2017-00724 (PTAB Jan. 18, 2017). We issue final written decisions in those *inter partes* reviews simultaneously with this final written decision.

C. The '494 Patent[4]

The '494 patent discloses a digital data management system, one object of which is to "[r]ent/lease storage space in [a] user[']s Data Box to

[4] The '494 patent claims priority as a continuation of Application No. 10/848,238 (now U.S. Patent No. 8,719,090 ("'090 patent")), which was filed on May 18, 2004 as a continuation of Application No. 09/383,994 ("'994 application"), filed on August 26, 1999. Ex. 1003, [63]. The '994 application, in turn, claims priority as a continuation-in-part of Application No. 08/873,584 ("'584 application"), filed on June 12, 1997. *Id.* Petitioner asserts that the challenged claims of the '494 patent are not entitled to priority to the '584 application, because it does not provide sufficient support for the advertising-related elements of the challenged claims. Pet. 18–20; *see* 35 U.S.C. § 120. Petitioner argues that "[e]ach and every disclosure of 'advertising' and any variation thereof was added in [the '994 application]." Pet. 19. Thus, according to Petitioner, the challenged claims of the '494 patent are entitled to a priority date no earlier than the

personalize and target advertising to the individual preferences of the user." Ex. 1003, 4:5–10; *see id.* at 3:30–4:12. The disclosed system has a local host Data Management System and Audio/Video Processor Recorder-player ("VPR/DMS") unit, which allows for program reception, recording, processing, download, and playback, as well as a remote Account-Transaction Server ("ATS"), which stores and provides programming information for use with the VPR/DMS unit. *Id.* at 4:13–19, 21:42–44.

The '494 patent discusses advertising operations of the system in which broadcaster content provider 41 transmits advertising data to VPR/DMS 30, and the advertising data is recorded on built-in, non-movable storage device 14. *Id.* at 30:50–31:15. Figure 16 is reproduced below.

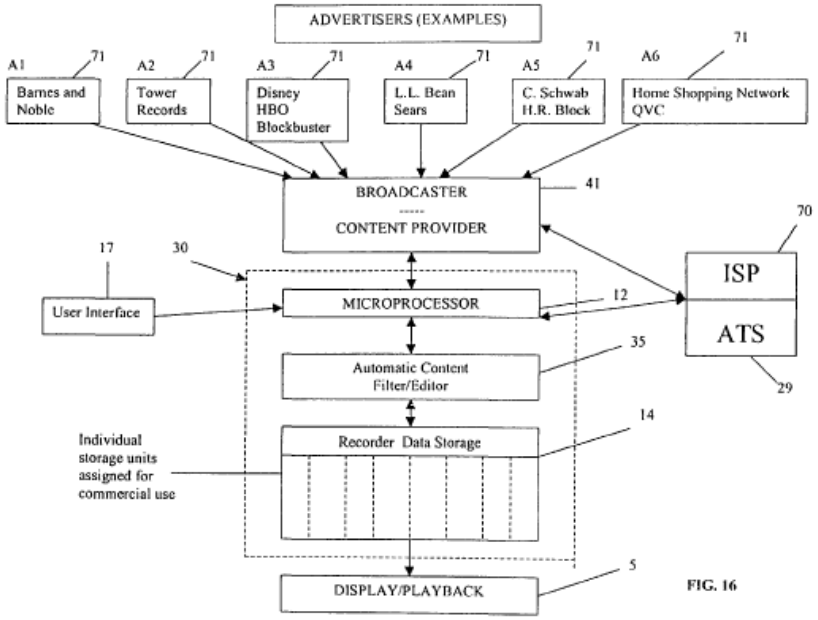

Figure 16 "illustrates the communication pathways between advertisers 71, a broadcaster content provider 41, and . . . VPR/DMS 30." *Id.* at 30:60–63.

filing date of the '994 application, August 26, 1999. *Id.* at 20. Patent Owner does not dispute Petitioner's assertion.

The ’494 patent explains that programmable “[a]dvertising ‘sections’ or ‘spaces’ or ‘data boxes’” within VPR/DMS 30 “may be reserved, rented, leased or purchased from [an] end user, content providers, broadcasters, cable/satellite distributor, or other data communications companies administering the data products and services.” *Id.* at 31:44–64. For example, a cable distributor may provide a customer with a set-top box containing VPR/DMS 30 with built-in non-movable storage device 14, which has “certain areas that are reserved and controlled by the cable company” and that can be sold or leased to advertisers. *Id.* at 31:64–32:6.

Advertisements that are customer specific, based on customer selection or activity history monitoring, can be delivered to the advertising sections of VPR/DMS 30 and selectively recorded onto the “designated advertising ‘sections.’” *Id.* at 32:7–15; *see id.* at 31:49–60. According to the ’494 patent, this provides benefits for both the advertiser and customer, including “maximizing content, establishing customer qualifications, and ultimately producing more cost efficient advertising.” *Id.* at 32:17–21.

D. Illustrative Claim

Of the challenged claims of the ’494 patent, claims 1, 19, and 33 are independent. Claim 1, reproduced below, is illustrative:

> 1. A system for providing targeted advertising to a multimedia content end user, comprising:
>
> at least one storage device, wherein at least one of said at least one storage device comprises at least one addressable and reserved storage space for storing digital advertising data;
>
> at least one processor; and

> software implemented by said at least one processor wherein said software comprises a program to reserve said at least one addressable storage space and wherein said software further comprises a program to select particular advertising data suitable for targeting to at least one end user based upon predefined criteria data, wherein particular advertising data is stored in said at least one addressable and reserved storage space and is accessible to the at least one end user.

II. ANALYSIS

A. Claim Construction

Petitioner and Patent Owner dispute the construction of certain claim terms. Pet. 23–28; PO Resp. 34–46. We apply the constructions of those terms set forth in Paper 49 in this decision.

B. Covered Business Method Review

Section 18(d)(1) of the AIA defines a CBM patent as "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, except that the term does not include patents for technological inventions." *See also* 37 C.F.R. § 42.301(a) (stating the same). To determine whether a patent is a CBM patent, "§ 18(d)(1) directs us to examine the claims when deciding whether a patent is a [covered business method] patent." *Blue Calypso, LLC v. Groupon, Inc.*, 815 F.3d 1331, 1340 (Fed. Cir. 2016) (stating that "the claims at issue in the instant case have an express financial component in the form of a subsidy, or financial inducement, that encourages consumers to participate in the distribution of advertisements"); *Unwired Planet, LLC v. Google, Inc.,* 841

F.3d 1376, 1382 (Fed. Cir. 2016) ("CBM patents are limited to those with claims that are directed to methods and apparatuses of particular types and with particular uses 'in the practice, administration, or management of a financial product or service.'").

In our Institution Decision, we determined that Petitioner had shown that the '494 patent is eligible for CBM review. Inst. Dec. 6–14. Patent Owner urges us to reconsider and determine that the '490 patent is not eligible for CBM review. *See* PO Resp. 2–34. We conclude that our original determination is correct.

1. Financial Product or Service

Petitioner contends that the '494 patent claims, specifically challenged independent claims 1, 19, and 33 and their dependent claims, are "used in the practice, administration, or management of a financial product or service," because they are directed to "targeted advertising and monitoring of consumer purchasing information." Pet. 5–7; *see* Pet. Reply 2–10. Petitioner directs our attention to the recitation of "providing targeted advertising" in claims 1, 19, and 33; "monitoring a *product rental or purchase*" in claims 5, 25, and 39; and an "optimal advertising placement option is based upon analysis of . . . *advertising rates*, ad placement timing, [and/or] *cost effectiveness*" in claim 43. *Id.* at 5 (quoting Ex. 1003, 46:13–14, 46:51–52, 48:20–21, 49:2, 49:59–60, 51:18–21) (alteration in original). Petitioner contends that its position is supported by the U.S. Court of Appeals for the Federal Circuit's decision in *Blue Calypso, LLC v. Groupon, Inc.*, 815 F.3d 1331 (Fed. Cir. 2016), which determined "that claims involving the distribution of advertisements qualified as a financial activity." Pet. 6.

In our Decision on Institution, we found the following:

> Here, we are persuaded by Petitioner's showing that the '494 patent satisfies the "financial product or service" requirement. Independent claims 1, 19, and 33, and thus their dependent claims, are directed to a system or device for "providing targeted advertising" to end user(s) in which "particular advertising data," "targeted" to user(s) based on certain "criteria data," is made "accessible," "present[ed]," or "deliver[ed]" to user(s). Ex. 1003, 46:13–28, 48:20–32, 49:59–50:13; Pet. 5. Several dependent claims add express financial elements to these systems and devices. Specifically, as Petitioner points out, challenged dependent claims 5, 25, and 39[] recite that "suitability criteria data is collected by at least one method selected from the group consisting of . . . monitoring a *product rental or purchase* by an end user." Ex. 1003, 48:46–52, 48:61–49:3, 50:34–45 (emphasis added); Pet. 5. In addition, challenged dependent claim 43 requires a system configured to produce "at least one optimal advertising placement option for delivering targeted advertising data . . . based upon analysis of at least one criteria from a group consisting of: a total number of customers, customer profile data, customer suitability data, customer demographics, . . . *advertising rates*, . . . *cost effectiveness*, and combinations thereof." Ex. 1003, 51:8–21 (emphases added); *see id.* at 32:19–21; Pet. 5.
>
> Accordingly, at least claims 5, 25, 39, and 43 recite a system or device for providing targeted advertising to user(s) based on the collection and/or analysis of data directed to expressly financial activities or elements, including product purchases and rentals, advertising rates, or cost effectiveness. On this record, we are persuaded that at least these claims of the '494 patent recite an "apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service," as prescribed by the AIA's definition of a covered business method patent, and more generally, "contain[] . . . a financial activity element," consistent with Federal Circuit precedent interpreting and applying this definition. AIA § 18(d)(1); *Secure Axcess*, 848 F.3d at 1381.

Inst. Dec. 8–9. Additionally, in a footnote, we noted that dependent claims 8, 53, and 55, which Petitioner does not challenge, recite limitations corresponding to challenged claims 5, 25, 29, and 43. *Id.* at 9, fn. 3.

After institution of trial, Patent Owner disclaimed claims 5, 25, 39, and 43, but not claims 8, 53, and 55. PO Resp. 3 (citing Ex. 2006). Patent Owner presents several assertions with respect to relying on these now disclaimed claims as the jurisdictional basis for conducting a covered business method review. PO Resp. 2–34.

a. Effect of Disclaimer

Patent Owner asserts that, regardless of whether or not dependent claims 5, 25, 39, and 43 meet the finance prong for CBM eligibility, because Patent Owner disclaimed those claims, pursuant to 35 U.S.C. § 253, those claims must be treated as never having existed, and cannot constitute the basis for CBM eligibility. PO Resp. 2–8. Patent Owner asserts further that, in as much as Petitioner may rely on *J.P. Morgan Chase & Co. v. Intellectual Ventures II LLC*, Case No. CBM2014-00157, Paper 40 (PTAB Jan. 12, 2016) for the proposition that post-institution disclaimers should be treated differently, the reasoning in *J.P. Morgan Chase* is erroneous, and should not be followed. *Id.* at 6. Petitioner does cite *J.P. Morgan Chase*, and also asserts the following:

> Patent Owner compounds its misapplication of law by arguing that post-institution disclaimer of claims strips the Board of its authority to consider those claims. PO Response at 2-8. This argument is also foreclosed by the Board's decision in *Facebook, Inc. v. Skky*[,] CBM2016-00091 (Paper 12) (precedential) (PTAB Sep. 28, 2017). There, an expanded panel held that CBM eligibility is "determined based on the claims of the challenged patent as they existed ***at the time of the decision whether to institute***." *Id.* at 6.[] Moreover, other panels of the Board have

> previously reasoned that the Board need not determine "whether petitioner has standing throughout the proceeding." *JP Morgan Chase & Co. v. Intellectual Ventures II LLC,* CBM2014-00157 (Paper 40) at 11 (PTAB Jan. 12, 2016). Because Patent Owner chose not to disclaim any claims before institution, the Board was correct to consider them when determining CBM eligibility.

Pet. Reply 3–4 (footnote omitted). On the merits, we agree with Petitioner.

Belated post-institution disclaimer of claims reciting a "financial activity element" does not affect our CBM patent review eligibility determination. "CBM patent review eligibility is determined based on the claims of the challenged patent ***as they exist at the time of the decision whether to institute***." *Facebook*, slip op. at 11 (emphasis added). Section 18(a)(1)(E) of the AIA provides that "[t]he Director may *institute* a transitional proceeding only for a patent that is a covered business method patent" (emphases added). Section 18(d)(1) of the AIA defines a "covered business method patent" as "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" (emphasis added). Hence, the decision whether to institute a CBM patent review is based on whether a patent "is" a covered business method patent, which in turn is based on what the patent "claims" *at the time of the Decision on Institution*—not as the claims may exist at some later time after institution. *See Facebook,* slip op. at 6. In other words, *Facebook* instructs us as to the effect of disclaimed claims at the time of the decision to institute review, but does not instruct us as to the treatment of disclaimed claims after a patent has been determined to be eligible for CBM review and a trial has been instituted.

When the relevant claims are a part of the relevant patent at the time of the decision on institution, they may be considered in determining whether that patent is eligible for CBM patent review at the time of institution. Any belated disclaimer is an improper attempt to seek the specific relief set forth in 37 C.F.R. § 42.207 without complying with the rule's timeliness requirement. Specifically, under 37 C.F.R. § 42.207, titled "Preliminary response to petition," a "patent owner may file a preliminary response to the petition . . . setting forth the reasons why no post-grant review should be instituted." The rule also provides that "[t]he patent owner may file a statutory disclaimer under 35 U.S.C. 253(a) in compliance with § 1.321(a) of this chapter, disclaiming one or more claims in the patent," and "[n]o post-grant review will be instituted based on disclaimed claims." In short, when a patent owner timely files a statutory disclaimer before institution, "[n]o post-grant review will be instituted based on disclaimed claims."

Disclaimed claims are not considered in determining whether a patent is eligible for CBM patent review if a patent owner timely files a statutory disclaimer before institution. *See Facebook*, slip op. at 4 (denying institution on the sole ground that the patent is not eligible for CBM patent review because, when the patent owner filed a statutory disclaimer before its preliminary response, the panel treated the disclaimed claims as if they never existed and declined to consider petitioner's arguments that were based on the disclaimed claims). In such a situation, the Board and parties can avoid the cost and expense of the instant trial, assuming no other claim can provide standing.

The Board's rules are "construed to secure the just, speedy, and inexpensive resolution of every proceeding." 37 C.F.R. § 42.1(b). The rules, including 35 C.F.R. §§ 42.1(b) and 42.207, were promulgated with the consideration of "the effect of any such regulation on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to timely complete proceedings instituted under this chapter." 35 U.S.C. § 326(b). We decline to construe our rules and procedures to encourage dilatory tactics.

A patent owner's reliance on 35 U.S.C. § 253, to persuade us to that post-Institution Decision claim disclaimer can eliminate our CBM jurisdiction, is misplaced. While our reviewing court has "held that a disclaimer relinquishes the rights of the patent owner," its "precedent and that of other courts have not readily extended the effects of disclaimer to situations where others besides the patentee have an interest that relates to the relinquished claims." *Rembrandt Wireless Techs.*, 853 F.3d at 1383−84. That is relevant here because a denial of institution does not leave a petitioner any worse off, in that petitioner is still free to challenge the patent in other forums, such as district court, and on all grounds. But, after institution of a CBM patent review, we are required by 35 U.S.C § 328(a) to "issue a final written decision with respect to the patentability of" the challenged claims in the instituted CBM patent review. Once that final written decision is issued, petitioner is subject to certain estoppels. AIA § 18(a)(1)(D) ("The petitioner . . . may not assert, either in a civil action . . . or in a proceeding before the International Trade Commission . . . that the claim is invalid on any ground that the petitioner raised during that transitional proceeding."). Accordingly, because, after institution, both the

petitioner and the Board also have interests that relate to the relinquished claims, we are persuaded that related post-institution disclaimer of claims reciting a "financial activity element" does not affect our CBM patent review eligibility determination. *Cf. Guinn v. Kopf*, 96 F.3d 1419, 1422 (Fed. Cir. 1996) (holding disclaimer of an allegedly interfering claim did not divest the Board of jurisdiction over the declared interference proceeding).

There is no dispute that dependent claims 5, 25, 39, and 43 were not disclaimed at the time of institution. *Compare* Inst. Dec. 10 (entered July 28, 2017); Ex. 2006 (entered Oct. 4, 2017). Accordingly, their consideration in determining whether the '494 patent is CBM eligible, at the time of institution, was proper, and the subsequent disclaimer does not deprive us of jurisdiction here.

b. Statutory and Regulatory Jurisdiction

Patent Owner acknowledges the Institution Decision's statement, "that dependent claims 8, 53, and 55, which are not challenged, recite limitations corresponding to challenged claims 5, 25, 39, and 43 discussed in the Petitioner and our analysis." PO Resp. 8 (quoting Inst. Dec. 9, fn. 3). Patent Owner argues that "[t]he Board may not rely on Claims 8, 53, and 55 to justify CBM review," because Petitioner did not expressly raise claims 8, 53, and 55 in the Petition. PO Resp. 8–12. According to Petitioner, 35 U.S.C. § "324 cabins the Board's review" to only those claims expressly raised in Petition, regardless of whether other claims recite the same pertinent limitations. *Id.* at 12.

Patent Owner's argument is moot because, as we explained in our Institution Decision, "at least claims 5, 25, 39, and 43 recite a system or device . . . directed to expressly financial activities or elements, including

product purchases and rentals, advertising rates, or cost effectiveness." Inst. Dec. 9. Patent Owner does not dispute that Petitioner expressly points to claims 1, 5, 19, 25, 33, and 39 in the Petition. *See* PO Resp. 8–9, 12; Pet. 5.

c. Express Financial Component

Petitioner argues that the '494 patent claims, specifically challenged independent claims 1, 19, and 33 and their dependent claims, are "used in the practice, administration, or management of a financial product or service," because they are directed to "targeted advertising and monitoring of consumer purchasing information." Pet. 5–7; *see* Pet. Reply 4–8. Petitioner directs our attention to the recitation of "monitoring a *product rental or purchase*" in claims 5, 25, and 39; and an "optimal advertising placement option is based upon analysis of . . . *advertising rates*, ad placement timing, [and/or] *cost effectiveness*" in claim 43. Pet. 5 (quoting Ex. 1003, 46:13–14, 46:51–52, 48:20–21, 49:2, 49:59–60, 51:18–21) (alteration in original).

Patent Owner disagrees that claims 5, 25, 39, and 43 recite an express financial element, because none of claims 5, 25, 29, and 43 recites any type of financial transaction, inducement, or subsidy of the type at issue in *Blue Calypso* or *Google Inc. v. Zuili*, CBM2016-00021, Paper 11 (PTAB June 1, 2016). PO Resp. 18–26. For claims 5, 25, and 39, Patent Owner argues that the recitation of "monitoring a product rental or purchase by at least one of the end users" is not a financial activity, because it is part of a larger scheme that describes how routine targeted advertising occurs." *Id.* at 22–24. For claim 43, Patent Owner argues that the recitations of "advertising rates" and "cost effectiveness" are likewise only methods of collecting data that may be used to target. *Id.* at 34.

As an initial matter, we note that the determination of whether a patent claims an express financial product is not limited to whether it claims a financial transaction, financial inducement or subsidy of the types at issue in *Blue Calypso* and *Zuili*. To determine whether a patent meets the "financial product or service" requirement of the AIA's definition of a covered business method patent, we must determine whether the patent includes a claim that "[w]hen properly construed in light of the written description," "contains, however phrased, a financial activity element." *Secure Axcess, LLC v. PNC Bank Nat'l Ass'n*, 848 F.3d 1370, 1381 (Fed. Cir. 2017) (*vacated as moot* 2018 WL 2186184 (Mem) *1). [5] The statutory definition extends to claims that cover a "wide range of finance-related activities," *Versata*, 793 F.3d at 1325, or that are "financial in nature," *Unwired Planet, LLC v. Google Inc.*, 841 F.3d 1376, 1380 n.5 (Fed. Cir. 2016). To the extent Patent Owner implies that claims must recite an actual sale of a good or service to meet the "financial product or service" requirement (*see e.g.,* PO Resp. 24 ("do not claim a financial transaction"))

[5] Petitioner presents the language "financial activity element," citing *Secure Axcess, LLC v. PNC Bank National Association*, 848 F.3d 1370, 1381 (Fed. Cir. 2017). Pet. Reply 5–6. That decision, however, was recently vacated as moot by the Supreme Court. *Secure Axcess, LLC v. PNC Bank National Association*, 2018 WL 2186184 *1 (May 14, 2018) (Mem.) ("The petition for a writ of certiorari [is] granted. The judgment is vacated as moot, and the case is remanded to the United States Court of Appeals for the Federal Circuit with instructions to remand the case to the Patent Trial and Appeal Board to vacate the Board's order."). Patent Owner uses the language "express financial component," as set forth in *Blue Calypso*, 815 F.3d at 1340. We discern little substantive difference between that phrase and "financial activity element." Accordingly, we substitute all further references to "financial activity element" with "express financial component."

the Federal Circuit's decision in *Versata* is to the contrary. In *Versata*, the Federal Circuit held that a patent claiming methods "for determining a price" of a product—but not reciting any sale of a product—to be a covered business method patent. 793 F.3d at 1312–13, 1323–26.

Nonetheless, we are persuaded that claims 5, 25, 39, and 43 of the '494 patent are similar to the claims in *Blue Calypso*, which the Federal Circuit found to fall within the AIA's definition of a covered business method patent. *See* 815 F.3d at 1335–41; Inst. Dec. 10. The claims at issue in that case recited systems and methods for distributing advertising using a "subsidy," which the Board construed to mean "financial assistance given by one to another." *Id.* at 1336, 1339–40. The Federal Circuit determined that the claims had "an express financial component in the form of a subsidy, or financial inducement, that encourages consumers to participate in the distribution of advertisements" and, thus, affirmed the Board's conclusion that the patent met the "financial product or service" requirement. *Id.* at 1340–41. Here, for example, claim 43 requires producing an optimal advertising placement options (i.e., an advertising order) for delivering targeted advertising data, based upon at least advertising rates and cost effectiveness. Ex. 1003, 51:8–21; *see id.* at 31:48–54. In other words, claim 43 recites a system for distributing advertising according to a placement order that takes into account advertising rates and cost. Ex. 1003, 51:8–21.

We also are not persuaded that claims 5, 25, 39, and 43 of the '494 patent are not similar to the claims in *Zuili*, which the Board found to fall within the AIA's definition of a covered business method patent. As Patent Owner states, "[i]n *Zuili*, the Board instated CBM review because it determined that paying a provider for every click in a pay-per-click system

as describe by the claims was a financial in nature. . . ." *Zuili*, CBM2016-00021, Paper 11. Likewise, here, claim 43 requires producing an optimal advertising order for delivering advertisements, based upon at least advertising rates and cost effectiveness. Ex. 1003, 51:8–21; *see id.* at 31:48–54. Both claims relate to financial transactions for advertising.

We determine that Petitioner has met its burden of demonstrating that at least one claim of the '494 patent is or was, directed to an apparatus for performing data processing used in the practice, administration, or management of a financial product or service. Consequently, the '494 patent satisfies the "financial product or service" component of the definition for a covered business method patent under § 18(d)(1) of the AIA.

2. Technological Invention

As set forth above, the definition for "covered business method patent" does not include patents for "technological inventions." AIA § 18(d)(1); *see also* 37 C.F.R. § 42.301(a) (stating the same). To determine whether a patent falls within this exception, our rules prescribe a two-prong approach whereby we consider "whether the claimed subject matter as a whole [(1)] recites a technological feature that is novel and unobvious over the prior art; and [(2)] solves a technical problem using a technical solution." 37 C.F.R. § 42.301(b). Further, the following claim drafting techniques would not typically render a patent a "technological invention":

> (a) Mere recitation of known technologies, such as computer hardware, communication or computer networks, software, memory, computer-readable storage medium, scanners, display devices or databases, or specialized machines, such as an ATM or point of sale device.

> (b) Reciting the use of known prior art technology to accomplish a process or method, even if that process or method is novel and non-obvious.
>
> (c) Combining prior art structures to achieve the normal, expected, or predictable result of that combination.

Office Patent Trial Practice Guide ("Trial Practice Guide"), 77 Fed. Reg. 48,756, 48,764 (Aug. 14, 2012).

Pursuant to the two-prong framework, Petitioner argues that the claims of the '494 patent do not meet either prong. Pet. 6–9 (citing Ex. 1001). Turning to the first prong, we consider whether the claimed subject matter as a whole recites a technological feature that is novel and unobvious over the prior art. With respect to the first prong, Petitioner argues that the '494 patent claims recite no more than "known computer-related structures and techniques." Pet. 8. As support, Petitioner contends that the specification admits that the recited technical features were known in the art. *Id.* at 7–8. Moreover, Petitioner, with supporting testimony from Dr. Negus, argues that the claim limitations were disclosed previously by prior art references. *Id.* at 8; *see id.* at 34, 40–76; Ex. 1008 ¶¶ 391–942, 950–987.

Patent Owner disagrees. PO Resp. 30–32. Patent Owner argues that "[s]pecifically, the use of reserved storage space for advertising data in the '494 Patent was novel and unobvious over the prior art." *Id.* at 30. For support, Patent Owner first "incorporates by reference" its responses filed in IPR2017-00717 and IPR2017-00724 and the Boards' reason for denying

some anticipation and obvious grounds in those proceedings. *Id.* at 30.[6] Patent Owner next cites to certain statements made in a Notice of Allowability in the prosecution history of the related '090 patent. PO Resp. 30–31 (citing Ex. 1002, 433–434, ¶¶ 14–15). For example, the Patent Owner's points to the examiner's statement that "the closest prior art . . . does not teach or suggest at least one data storage section being reserved for advertising data." *Id.* at 31 (citing Ex. 1002, 433 ¶ 14–15). Those statements concern the combination of specific prior art patents, such as U.S. Patent No. 5,758,257 to Herz and U.S. Patent No. 5,721,827 to Logan cited during prosecution. *See* Ex. 2007, 4 ¶¶ 14–15. Patent Owner finally asserts that Petitioner conceded, "the PTO refused to issue the patent until the definite, concrete structure of a reserved storage section for advertising data was included." PO Resp. 31 (citing Ex. 2004, 4–5).

Patent Owner's assertions, concerning anticipation and obviousness over the prior art asserted in the IPR2017-00717 and IPR2017-00724 and in the Notice of Allowability, are misplaced. Whether Petitioner met its burden of showing, that a claim is anticipated or obvious over the cited prior art, is not commensurate with a determination that the claimed subject matter, as a whole, recites a technological feature that is novel and unobvious over the prior art. *See* 37 C.F.R. § 42.301(b); Pet. Reply 8. While the former analysis focuses on the novelty or obviousness of the claim as a whole, the latter analysis focuses on the novelty or obviousness of *specific, discrete* technological features recited in the claim as a whole.

[6] Such incorporation by reference is inappropriate. Rule 42.6(a)(3) states "[a]rguments must not be incorporated by reference from one document into another document." 37 C.F.R. § 42.6(a)(3).

In any event, Patent Owner's citation to the Notice of Allowability, in the prosecution history of the related '090 patent, does not support its argument that "the use of reserved storage space for advertising data in the '494 Patent was novel and unobvious over the prior art" (PO Resp. 30). The Notice of Allowability actually states the opposite:

> Marsh et al. (US 6876974 B1) teaches [at least one data storage section being reserved for advertising data storage] literally as a designated portion of the storage device 206 having a predetermined memory capacity (e.g., 10 MB) which is specifically reserved for storage of advertisements at the time the client system software is installed. This is done to assure there is sufficient space for advertising to support the special email application taught by March et al.

Ex. 1002, 4 ¶ 14 (emphasis omitted); *see also* Pet. Reply 8 (citing Ex. 1002, 433 (also ¶ 14 of the Notice of Allowability).

Further, the '494 patent, itself, tells us that all other possible technological features of the claims are known. As Petitioner states:

> Every claim limitation recited in the '494 Patent was "known" in the art, as admitted by the '494 Patent. *See e.g.,* Ex. 1001 at Abstract; 4:57–60; 5:3–6; 6:41–[50]; 13:23–28; 13:51–57; 13:63–67; 14:2–5; 14:26–50; 15:1–15; 15:40–43; 18:39–44; 24:66–25:5; and 37:29–32.

Pet. 7. For example, the '494 patent repeatedly discloses storage device 14 to be "any medium known in the art for storing electronic data." Ex. 1003, 13:22–28, 24:66–25:7; *see id.* at [57], 5:3–6, 15:1–5, 21:42–22:2. Similarly, the '494 patent refers to the use of "standard A/V inputs (e.g., RCA video in and video out, Super VHS, or any other A/V input/output ports known in the art)." *Id.* at 13:63–14:5, *see id.* at 14:26–30. The written description refers to the components of the disclosed system generally by reference to their function, without technical details that would imply or be expected of new

technical features. *See, e.g.*, *id.* at 14:26–59 (software, microprocessor, processing means), 31:44–32:17 (storage sections), 32:43–48 (software), 39:4–9 (processor). For example, the specification repeatedly discloses storage device 14 to be "any medium known in the art for storing electronic data." Ex. 1003, 13:22–28, 24:66–25:7; *see id.* at [57], 5:3–6, 15:1–5, 21:42–22:2. Similarly, the specification refers to the use of "standard A/V inputs (e.g., RCA video in and video out, Super VHS, or any other A/V input/output ports known in the art)." *Id.* at 13:63–14:5, *see id.* at 14:26–30. Dr. Negus's testimony also provides persuasive support that each recited component and functionality was known in the art. Ex. 1008 ¶¶ 391–942, 950–987.

Patent Owner's citation to Defendant's Motion to Exclude in Part the Testimony of Plaintiff's Damages Expert, Paul C. Benoit from the related District Court proceeding also does not support its argument. PO Resp. 31–32 (citing Ex. 2004, 4–5); *see also* PO Resp. 68–71. Contrary to Patent Owner's argument, the cited statements do not show that the Petitioner concede that the claimed technical features were novel and unobvious. *See* Ex. 2004, 4–5. Rather, we are persuaded by Petitioner' argument that the statements are not a concession because "[t]hese statements come from a damages expert reply report responding to theories presented by Patent Owner's own technical and damages experts in the underlying district court case. As a part of his analysis, the expert was required to assume validity . . . ." Pet. Reply. 19–20 (emphasis omitted).

Considering each claim limitation, as well as each explicit citation to the specification expressly set forth in the Petition, we are persuaded that Petitioner has met its burden of showing, via analysis and evidence

explicitly set forth on pages 6–7 of the Petition, that independent claim 1, as a whole, does not recite a technological feature that is novel or unobvious.

Turning to the second prong for determining whether a patent is for a "technological invention," we recognize that Patent Owner presents assertions directed to whether the claimed invention solves a technical problem using a technical solution. PO Resp. 32–34; *see also id.* at 55–63 (in the context of a ground of unpatentability under 35 U.S.C. § 101, assertions that patents are directed to a technological solution to a technological problem). We, however, need only assess whether one of the prongs set forth in 37 C.F.R. § 42.301(b) is deficient to determine whether the claims of the '494 patent are not for a "technological invention." *See Apple Inc. v. Ameranth, Inc.*, 842 F.3d 1229, 1240 (Fed. Cir. 2016) ("We need not address this argument regarding whether the first prong of 37 C.F.R. § 42.301(b) was met, as we affirm the Board's determination on the second prong of the regulation—that the claimed subject matter as a whole does not solve a technical problem using a technical solution"). As set forth above, we are persuaded by Petitioner's explanation as to why the claimed subject matter, as a whole, does not recite a technological feature that is novel and non-obvious over the prior art, and, therefore, we are satisfied that Petitioner has met its burden of showing that the '494 patent is not for a "technological invention."

3. Conclusion

For the reasons set forth above, we are persuaded that Petitioner has met its burden of demonstrating that the '494 patent is a CBM patent eligible for review.

D. Asserted Ground under 35 U.S.C. § 101

Petitioner argues, and Patent Owner disputes, that claims 1–4, 6–7, 16–19, 23, 24, 26–28, 32–36, and 41 are directed to patent-ineligible subject matter under 35 U.S.C. § 101. Pet. 29–76; PO Resp. 46–71.

1. Principles of Law

An invention is patent-eligible if it claims a "new and useful process, machine, manufacture, or composition of matter." 35 U.S.C. § 101. The Supreme Court, however, has long interpreted § 101 to include implicit exceptions: "[l]aws of nature, natural phenomena, and abstract ideas" are not patentable. *E.g.*, *Alice Corp. Pty. Ltd. v. CLS Bank Int'l*, 134 S. Ct. 2347, 2354 (2014).

In determining whether a claim falls within the abstract ideas exception, we are guided in our analysis by the Supreme Court's two-step framework, described in *Mayo* and *Alice*. *Id.* at 2355 (citing *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289, 1296–97 (2012)). In accordance with that framework, we first determine whether the claim is "directed to" a patent-ineligible abstract idea. *See Alice*, 134 S. Ct. at 2356. We evaluate "the focus of the claimed advance over the prior art to determine if the claim's character as a whole is directed to excluded subject matter." *Affinity Labs of Tex., LLC v. DIRECTV, LLC*, 838 F.3d 1253, 1257 (Fed. Cir. 2016) (internal quotation marks omitted). "[W]hen considering claims purportedly directed to 'an improvement of computer functionality,' we 'ask whether the focus of the claims is on the specific asserted improvement in computer capabilities . . . or, instead, on a process that qualifies as an 'abstract idea' for which computers are invoked merely as a tool." *Smartflash LLC v. Apple, Inc.*, 680 Fed. Appx. 977, 982 (Fed. Cir.

Mar. 1, 2017) (quoting *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1335–36 (Fed. Cir. 2016).

The following method is then used to determine whether what the claim is "directed to" is an abstract idea:

> [T]he decisional mechanism courts now apply is to examine earlier cases in which a similar or parallel descriptive nature can be seen—what prior cases were about, and which way they were decided. *See, e.g., Elec. Power Grp.*, 830 F.3d at 1353–54. That is the classic common law methodology for creating law when a single governing definitional context is not available. *See generally* Karl N. Llewellyn, The Common Law Tradition: Deciding Appeals (1960). This more flexible approach is also the approach employed by the Supreme Court. *See Alice*, 134 S. Ct. at 2355–57. We shall follow that approach here.

Amdocs (Israel) Limited v. Openet Telecom, Inc., 841 F.3d 1288, 1294 (Fed. Cir. 2016) (footnote omitted).

If the claim is "directed to" a patent-ineligible abstract idea, we then consider the elements of the claim—both individually and as an ordered combination—to assess whether the additional elements transform the nature of the claim into a patent-eligible application of the abstract idea. *Alice*, 134 S. Ct. at 2355. This is a search for an "inventive concept"—an element or combination of elements sufficient to ensure that the claim amounts to "significantly more" than the abstract idea itself. *Id.*

2. Step One – Abstract Idea

Petitioner, with supporting testimony from Dr. Negus, argues that each of the challenged claims is directed to the abstract idea of "delivering targeted advertising to a user." Pet. 33–38; *see* Ex. 1004 ¶¶ 943–944, 963. According to Petitioner, these claims are "directed to nothing more than a computer implemented application of" targeted advertising in a "generic

technological environment" using "well-known components" and "routine" activities. Pet. 33–34, 39; Ex. 1004 ¶¶ 944–945. Petitioner asserts the specification "reveals that the claims are not directed to any improvement in hardware or software" by indicating that the "hardware used to implement the claimed system were merely generic components of known computer systems." Pet. 34, 39; *see* Ex. 1008 ¶ 949. Petitioner contends that targeted advertising is a "well-known and long-established concept" that was performed by humans without computers, and is similar to concepts that courts have found to be patent-ineligible abstract ideas. Pet. 33–39 (citing Ex. 1009, 1:26–45 and numerous cases); *see* Ex. 1008 ¶¶ 943–944.

We agree. The preambles of independent claims 1, 19, and 33 expressly state as much. In particular, the preamble of claims 1 and 33 provide: "A system for providing targeted advertising to a multimedia content end user" (claim 1) or "a plurality of multimedia content end users" (claim 33). Ex. 1003, 46:13–14, 49:59–60. Likewise, claim 19's preamble refers to "[a] device for providing targeted advertising to an end user." *Id.* at 48:20–21. Taking claim 1 as a representative example, the remainder of the claim recites certain tangible components, namely a "storage device" and specifically, an "addressable and reserved storage space"; a "processor"; and "software implemented by" the processor. *Id.* at 46:13–28. The claim further requires the following functionalities: the processor "reserv[ing]" the storage space; the processor "select[ing] particular advertising data suitable for targeting to at least one end user based upon predefined criteria data"; the storage space "storing digital advertising data" and specifically, the "particular advertising data"; and the "particular advertising data" being

"accessible to" the user. *Id.* Thus, we are persuaded that claim 1, taken as a whole, is focused on the concept of providing targeted advertising to a user.

Further, the claims merely invoke computers as a tool to implement the concept of targeted advertising, and are not directed to any improvement in computer functionality. *See* Pet. 34; Ex. 1008 ¶¶ 944–945. The claims recite generic components and functionality. For example, in claim 1, the required components, outlined above—a storage device and specifically, a storage space, a processor, and software— are conventional. The recited functionalities—reserving the storage space for advertising data, selecting advertising data targeted to a user, storing that data, and making that data accessible to the user—are likewise basic and routine. As Petitioner points out, the specification expressly acknowledges that some of the tangible components of the recited system were known. *See* Pet. 7–8, 33–34, 40–75; Ex. 1008 ¶ 949. For instance, the specification refers to storage device 14 as "any medium known in the art for storing electronic data" and similarly, "any storage device for audio/video information known in the art." Ex. 1003, 13:22–28, 15:1–5, 24:66–25:7; *see id.* at [57], 5:3–6, 21:42–22:2. The testimony of Petitioner's declarant, Dr. Negus, also persuade us that each recited component and functionality was generic, conventional, and known. Ex. 1008 ¶¶ 945, 949–954; *see id.* ¶¶ 955–987.

The concept of delivering targeted advertising to a user is similar to concepts determined to be patent-ineligible in other cases. *See* Pet. 37–40. For example, in *Affinity Labs*, the Federal Circuit determined that the concept of providing out-of-region access to regional broadcast is an abstract idea. *Affinity Labs*, 838 F.3d at 1258. Similarly, in *Smartflash*, the Federal Circuit determined that claims reciting a method and a terminal for

controlling access to and retrieving multimedia content were directed to the abstract idea of "conditioning and controlling access to data based on payment." *Smartflash,* 680 Fed. Appx. at 982. Like claim 1, the claims at issue in *Smartflash* recited the use of components of a computer, such as a processor having code to receive multimedia content and code to control access to the multimedia content according to use rules and a memory storage. *Id.* at 4–6. The Federal Circuit determined that the claims "invoke computers merely as tools to execute fundamental economic practices." *Id.* at 10; *see also Ultramerical, Inc. v. Hulu*, *LLC,* 772 F.3d 709, 716 (Fed. Cir. 2014) (finding computer-implemented system claim merely recited the abstract idea of offering media content in exchange for viewing an advertisement, along with routine additional steps such as restrictions on public access). Of particular relevance, in *Intellectual Ventures I LLC v. Capital One Bank (USA)*, the Federal Circuit determined that system claims related to "customizing web page content" based on "navigation data" (e.g., time of day) and "information known about the user" (e.g., viewer's location or address) were directed to the abstract idea of "information tailoring"—a "fundamental . . . practice long prevalent" and "practiced in our society." 792 F.3d at 1369–70. The court reasoned that there is, and can be, no dispute "that newspaper inserts had often been tailored based on information known about the customer," e.g., location, or "that television commercials for decades tailored advertisements based on the time of day," e.g., "a television channel might . . . present a commercial for children's toys during early morning cartoon programs but beer during an evening sporting event." *Id.*

Patent Owner argues that "[t]he '494 Patent, like the '090 Patent before it, is directed to solving the technical problem of how to ensure that the end user's storage device has enough storage for targeted advertising by claiming a system to deliver, control, and store the advertising data on local receivers in reserved data storage sections" and not to an abstract idea. PO Resp. 49; *see also* PO Sur. 2. Patent Owner relies upon the testimony of Dr. Kesan to support its argument. PO Resp. 32–35 (citing Ex. 2003, 1024–1043). Dr. Kesan testifies, "the '090 Patent discloses a system that breaks up the total memory of a device into separate data storage sections," which "provide to the end-user and each data supplier a virtual memory allocation out of the larger memory area." Ex. 2004 ¶ 1026. Patent Owner's argument, and Dr. Kesan's testimony, is unpersuasive because it is not commensurate with the scope of the independent claims. The claims do not require the advertising data storage section to have any specific structure, such as separate portions that are allocated to a user or a data supplier. Nor do the claims require that data, other than advertising data, be stored on the same device. *See* Paper 49, 9–12 (construction of storage device). The claims do not require that the storage space store any data, other than advertising data.

Further, Patent Owner does not direct our attention to any technical details in the specification that would be suggested or expected of new technical features. Based on our review of the specification, we see no such disclosures and, instead, view the specification as describing the disclosed components predominantly by function. *See, e.g.*, *id.* at 14:26–59 (software, microprocessor, processing means), 31:44–32:17 (storage sections), 32:43–48 (software), 39:4–9 (processor). The specification of the '494 patent does

not disclose the Patent Owner's alleged technical problem of a user filling up a storage space so that advertising data cannot be stored. *See* PO Resp. 47 (citing to the prosecution history of the related '494 patent but not to Ex. 1003).

Patent Owner relies upon statements, made by Petitioner's damages experts in the related district court case, to assert that "[i]n the district court, DISH conceded that the claims' 'character as a whole' is *not* directed to targeted advertising but rather a discrete technological solution to a technological problem." PO Resp. 68–71 (reproducing statements of Paul C. Benoit and Christopher Bakewell from Exs. 2004, 2005). As Petitioner points out, however, "[t]hese statements come from a damages expert reply report responding to theories presented by Patent Owner's own technical and damages experts in the underlying district court case. As a part of his analysis, the expert was required to assume . . . validity . . . ." Pet. Reply. 19–20 (emphasis omitted).

Patent Owner argues that the claim here is like the claims in cases, such as *Visual Memory LLC v. NVIDIA Corp.*, 867 F.3d 1253 (Fed. Cir. 2017), *Enfish, LLC v. Microsoft Corp.,* 822 F.3d 1327 (Fed. Cir. 2016), *Thales Visionix Inc. v. United States,* 850 F.3d 1343 (Fed. Cir. 2017), and *Core Wireless Licensing S.A.R.L. v. LG Electronics, Inc.,* 880 F.3d 1356 (Fed. Cir. 2018). *See* PO Resp. 55–63; PO Sur. 1–3. Patent Owner contends that, like in those cases, the claims requires a specific memory structure that solves a technological problem in the art and improves the functioning of computers. *See* PO Resp. 56–57 ("Claim 1 of the '494 Patent requires a specific memory structure—reserve storage space . . . "); PO Sur. 1–3 ("modifying the typical computer memory configuration to reserve storage

space just for advertising data"). Patent Owner's argument is unpersuasive, because it is not commensurate with the scope of the claims. The claims do not require the storage space to store data other than advertising data. *See* Paper 49, 9–12 (construction of storage device).

For the reasons discussed above, Petitioner's evidence and analysis sufficiently show that the claims of the '494 patent is directed to the patent-ineligible abstract idea of delivering targeted advertising to a user.

3. Step Two – Inventive Concept

Turning to step two, Petitioner argues the challenged claims fail to recite any "inventive concept" sufficient to amount to "significantly more" than the abstract idea of delivering targeted advertising. Pet. 40–56. The Petition and Dr. Negus's declaration proffer a detailed element-by-element analysis asserting that the claims recite only well-known structures and "generic computing components," as well as "insignificant" and "routine" activity—as evidenced by the specification and the prior art. *Id.* at 40–75; Ex. 1008 ¶¶ 950–987. Patent Owner argues that independent claims 1, 19, and 33 contain an "inventive concept" and recite an "unconventional technological solution of reserved storage space." PO Resp. 63–68 (citing Ex. 2003 ¶¶ 1044–1045).

Having considered the parties' arguments and evidence, we are persuaded by Petitioner's showing that the challenged claims do no more than recite conventional components performing routine functions to implement the abstract idea of delivering targeted advertising to a user and, thus, do not amount to "significantly more" than the abstract idea itself. *See* Pet. 40–75; Ex. 1008 ¶¶ 950–987. Although Patent Owner attempts to classify the recited systems and devices as "unconventional" (*see* PO Resp.

65) we are unable to discern readily, on this record, any such unconventionality in the claimed components and capabilities.

We are persuaded that the recited storage device and space; processor; and software are generic components present in computers and many other electronic devices. We further are persuaded that the reservation of storage space, as well as selection, storage, and accessibility of advertising data, as required by the claim, are basic functions of these components. *See, e.g.*, *Alice*, 134 S. Ct. at 2360 (determining that "purely functional and generic" hardware was insufficient to render claims patent eligible, given that "[n]early every computer will include a 'communications controller' and 'data storage unit' capable of performing the basic [recited] calculation, storage, and transmission functions"). As discussed in our analysis of step one, the '494 patent specification and Dr. Negus's testimony provide compelling evidence in this regard. *See* Pet. 40–47; Ex. 1008 ¶¶ 950–954; *Amdocs (Isr.) Ltd. v. Openet Telecom, Inc.*, 841 F.3d 1288, 1294 (Fed. Cir. 2016) (explaining that recent Federal Circuit cases suggest "considerable overlap between step one and step two" of the *Mayo*/*Alice* framework).

Patent Owner's argues that the dependent claims 3, 26, and 32 "contain[] additional structure in addition to the reserved storage space." PO Resp. 65. First, Patent Owner argues that claim 3 "also includes a 'central control unit in communication with [the] end user receiver, wherein [the] central control unit processes profile data associated with the . . . end user to generate . . . predefined criteria data, and [to] manage[] delivery of the particular advertising data . . . for automatically storing . . . in [an] addressable and reserved storage space.'" *Id.* (quoting Ex. 1003 at 46:33–40). Patent Owner's argument is unpersuasive because, as Dr. Negus's

testifies, the use of a central control unit to control user's receivers was well known, and required nothing more than providing generic computing components. Ex. 1008 ¶ 965 (citing Ex. 1003, Abstract).

Next, Patent Owner argues that claims 26 and 32, as well as independent claim 33 and its dependents, "require at least more than one storage section or partition," and that this shows how "the solution claimed, is technical in nature and not the implementation of an abstract idea using conventional or routine techniques." PO Resp. 66. Patent Owner's argument is unpersuasive, because the plain language of claims 26, 32, and 33 does not require "at least more than one storage section or partition" storing user programming as well as advertising data. Ex. 1003, 49:4–11, 49:55–58, 49:59–50:13. Further, as Dr. Negus testifies, using a partition of a hard disk, as opposed to a separate storage device, was well known and nothing more than providing generic computing components. Ex. 1008 ¶ 979 (citing Ex. 1003, Abstract, 5:3–6, 13:23–28, 15:1–3, 15:8–14, 24:66–25:5).

Whether taken individually, or as a whole, the claim limitations are nothing more than insignificant post-solution activity that does not provide any "inventive concept." *See, e.g.*, *Mayo,* 132 S. Ct. at 1294 ("[T]he prohibition against patenting abstract ideas cannot be circumvented by … adding insignificant post solution activity.")

Thus, on this record, we are persuaded that the elements of each challenged claim, considered individually and as an ordered combination, lack an inventive concept to transform the claim into a patent-eligible application of the abstract idea of delivering targeted advertising to a user.

4. Conclusion

For the reasons given, Petitioner has shown that claim 1–4, 6–7, 16–19, 23, 24, 26–28, 32–36, and 41 are unpatentable under 35 U.S.C. § 101.

E. Asserted Ground under 35 U.S.C. § 112, Second Paragraph

Petitioner contends that claims 17, 18, 23, 24, and 28 are unpatentable as indefinite under 35 U.S.C. § 112, second paragraph. Pet. 76–82. In the Preliminary Response, Patent Owner disputes these assertions (Prelim. Resp. 46–50) and, in our July 28, 2017 Institution Decision, we denied institution on this ground because

> the arguments and evidence in the Petition lack the particularity and detail required by 35 U.S.C. § 322(a)(3) and 37 C.F.R. § 42.22(a)(2), and fail to demonstrate that it is more likely than not that claims 5, 17, 18, 23–25, 28, and 39 of the '494 patent are unpatentable as indefinite under 35 U.S.C. § 112, second paragraph.

Inst. Dec. 32–40. In response to *SAS Institute Inc. v. Iancu*, 138 S. Ct. 1348 (2018), we issued an Order instituting trial on the ground of claims 17, 18, 23, 24, 28, and 29 being unpatentable under 35 U.S.C. § 112, 2nd paragraph. *See* Paper 46. Patent Owner filed a paper "incorporat[ing] by reference the arguments in its Preliminary Response (Paper 7) and the Board's reasons in the Institution Decision (Paper 10) for denying institution of those grounds." Paper 48. Petitioner declined to file a reply. *See* Paper 47, 2 ("Petitioner . . . indicated that it would not file replies.").

For the reasons stated on pages 32–40 of our Institution Decision, which we adopt here, Petitioner fails to show by a preponderance of the evidence that claims 17, 18, 23, 24, and 28 are unpatentable under 35 U.S.C. § 112, 2nd paragraph.

III. CONCLUSION

Petitioner has met its burden of demonstrating that the '494 patent is covered business method patent eligible for review. Petitioner has also met its burden of demonstration by a preponderance of the evidence that claims 1–4, 6–7, 16–19, 23, 24, 26–28, 32–36, and 41 are unpatentable under 35 U.S.C. § 101. Petitioner fails to meet its burden of demonstrating by a preponderance of the evidence that claims 17, 18, 23, 24, and 28 are unpatentable under 35 U.S.C. § 112, 2nd paragraph.

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

IV. ORDER

It is:

ORDERED that claims 1–4, 6–7, 16–19, 23, 24, 26–28, 32–36, and 41 of the '494 patent are *unpatentable.*

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