

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

XEROX CORP., ACS TRANSPORT SOLUTIONS, INC.,
XEROX TRANSPORT SOLUTIONS, INC.,
CONDUENT INC., and
NEW JERSEY TRANSIT CORP.,
Petitioner,

v.

BYTEMARK, INC.,
Patent Owner.

Case CBM2018-00011
Patent 8,494,967 B2

Before JOSIAH C. COCKS, BRIAN J. McNAMARA, and
BARRY L. GROSSMAN, *Administrative Patent Judges*.

GROSSMAN, *Administrative Patent Judge*.

DECISION
Denying Request for Rehearing
37 C.F.R. § 42.71

I. INTRODUCTION

A. Background

Xerox Corp., ACS Transport Solutions, Inc., Xerox Transport Solutions, Inc., Conduent Inc., and New Jersey Transit Corp. (collectively “Petitioner”) timely filed a Request for Rehearing (Paper 13, “Req. Reh’g.”) requesting rehearing of our decision denying institution of a Covered Business Method (“CBM”) patent review of claims 1–6, 17–23, and 34 of U.S. Patent No. 8,494,967 B2 (Ex. 1001, “the ’967 patent”). Paper 12 (“Decision” or “Dec.”). The reason for our denial was that “we determine[d] that Petitioner has not established that the ’967 patent is a ‘covered business method patent’ pursuant to the statutory definition in § 18(d)(1) of the AIA.”¹ Dec. 3.

Petitioner seeks rehearing because, in Petitioner’s view, the Board (1) overlooked the recited financial activities of claims 1, 2 17, 18, and 19 (Req. Reh’g. 2), and (2) misapprehended the standard for CBM review (*id.*).

For the reasons stated below, we deny Petitioner’s Request.

II. ANALYSIS

When rehearing a decision on institution, the Board reviews the decision for an abuse of discretion. 37 C.F.R. § 42.71(c). An abuse of discretion may arise if the decision is based on an erroneous interpretation of law, if a factual finding is not supported by substantial evidence, or if an unreasonable judgment is made in weighing relevant factors. *Star Fruits S.N.C. v. U.S.*, 393 F.3d 1277, 1281 (Fed. Cir. 2005); *Arnold P’ship v.*

¹ See § 18(d)(1) of the Leahy-Smith America Invents Act (“AIA”), Pub. L. No. 112-29, 125 Stat. 284 (2011).

Dudas, 362 F.3d 1338, 1340 (Fed. Cir. 2004); *In re Gartside*, 203 F.3d 1305, 1315–16 (Fed. Cir. 2000).

The burdens and requirements of a request for rehearing are stated in 37 C.F.R. § 42.71(d):

(d) Rehearing. . . . The burden of showing a decision should be modified lies with the party challenging the decision. The request must specifically identify all matters the party believes the Board misapprehended or overlooked, and the place where each matter was previously addressed in a motion, an opposition, or a reply.

We address below, in the order presented in the Request for Rehearing, the matters Petitioner asserts we overlooked or misapprehended.

A. Claims 2 and 19

Claims 2 and 19 are dependent claims that depend from independent claims 1 and 18, respectively. Ex. 1001, 14:28—40; 16:41–52. Claim 2 is directed to a method “for obtaining visual validation of the possession of a purchased electronic ticket on a user's computer device for presentation to a ticket taker.” Ex. 1001, 14:2–4 (the preamble to claim 1). Claim 19 is similar, directed to a corresponding “system for obtaining visual validation of the possession of a purchased electronic ticket.” *Id.* at 16:15–17 (the preamble to claim 18). A ticket taker cannot validate an electronic ticket unless it has been purchased. Thus, purchasing an electronic ticket is a condition precedent to validating the ticket.

Petitioner asserts that claim 19 is “similar” to claim 2. Req. Reh’g. 3. We agree, for purposes of this analysis. Thus, claims 2 and 19 stand or fall together. Accordingly, we focus our analysis, as did Petitioner, on the specific language of claim 2.

To put dependent claim 2 in context, we first look to the elements and limitations recited in independent claim 1.

Independent claim 1 recites the method steps of:

receiving from the user's computer device a token associated with the received request;

determining whether a token associated with the purchased electronic ticket has been stored in a data record associated with the received request, and if it has, whether the received token is valid

Ex. 1001, 14:15–20.

Dependent claim 2 adds to independent claim 1 the method step that if it is determined that a token has not been stored, “initiating confirmation that the purchased electronic ticket has been purchased,” and, in dependence on such confirmation, “storing a token in the data record associated with the purchased electronic ticket; and transmitting to the user’s computer device a visual validation display object corresponding to the purchased electronic ticket.” *Id.* at 14:28–37.

Petitioner asserts we “overlooked the recited financial activities of claims 2 and 19 that comprise active, contemporaneous financial operations.” Req. Reh’g. 3–4. Petitioner states correctly:

Claim 2, similar to claim 19, recites ‘in response to the determining whether a token associated with the **purchased** electronic ticket has been stored results in a determination that no such token has been stored, initiating **confirmation** that the **purchased** electronic ticket has been **purchased**’ and ‘in dependence on such **confirmation**, storing a token in the data record associated with the **purchased** electronic ticket.’

Id. at 3 (quoting language from claim 2, with emphasis added by Petitioner).

Petitioner argues that the phrase “initiating confirmation that the purchased electronic ticket has been purchased” in claim 2 “is an active, affirmative, and contemporaneous recitation of a financial operation.” *Id.* Petitioner cites no evidence or authority to support its argument that “initiating confirmation” of a past act, a purchased ticket, is a “recitation of a financial operation” sufficient to establish that claims 2 and 19 recite a covered business method. See 37 C.F.R. § 42.304(a) (“The petitioner must demonstrate that the patent for which review is sought is a covered business method patent . . .”).

Petitioner also argues that the phrase “in dependence on such confirmation” in claim 2 “is actively, affirmatively, contemporaneously, and directly conditioned on a financial operation.” Req. Reh’g. 3. Petitioner concludes that “claims 2 and 19 recite affirmative language that directly requires financial activity.” *Id.* Petitioner cites no evidence or authority that support this conclusion.

According to Petitioner, the Board:

overlooked the financial activities in claims 2 and 19 that are independently financial in nature and occur contemporaneously with the ticket purchase, thereby qualifying for CBM review under the management or administration of a financial product or service for a previously purchased electronic ticket.

Id. at 4. We disagree.

The Decision addressed specifically the scope of claims 2 and 19.

Dec. 20. For these claims, we concluded:

Petitioner does not direct us to any persuasive evidence to support its argument that these dependent claims recite 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.

Id. at 21.

In order to be eligible for a CBM review, the challenged patent must “claim[] 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). We construed the scope of all the challenged claims, including claims 2 and 19, based on the words in the claims and the Specification of the ’967 patent. Dec. 12–16. Proper claim construction demands interpretation of the entire claim in context, not a single element in isolation. *Hockerson-Halberstadt, Inc. v. Converse Inc.*, 183 F.3d 1369, 1374 (Fed. Cir. 1999). While certain terms may be at the center of the claim construction debate, the context of the surrounding words of the claim also must be considered in determining the ordinary and customary meaning of those terms. *ACTV, Inc. v. Walt Disney Co.*, 346 F.3d 1082, 1088 (Fed. Cir. 2003).

We also interpreted the claims in light of the Specification (Dec. 14–16), which is a basic tool in reaching a proper claim construction. *In re Smith Int’l.*, 871 F.3d 1375, 1382–83 (Fed. Cir. 2017) (“The correct inquiry . . . is an interpretation that corresponds with what and how the inventor describes his invention *in the specification*, *i.e.*, an interpretation that is ‘*consistent with the specification.*’”) (emphases added). “The construction that stays true to the claim language and most naturally aligns with the patent’s description of the invention will be, in the end, the correct construction.” *Renishaw PLC v. Marposs Societa’ per Azioni*, 158 F.3d 1243, 1250 (Fed. Cir. 1998) (citations omitted).

Thus, we did not overlook the limitations in claims 2 and 19 cited by Petitioner. We determined, based on the construed scope of the challenged

claims, that Petitioner did not meet its burden of demonstrating that the patent for which review is sought is a covered business method patent. *See* 37 C.F.R. § 42.304(a).

B. Claims 1, 17, and 18

Claims 1, 17, and 18 are independent claims. Petitioner argues that “the Board overlooked the recited financial activities of claims 1, 17 and 18 for the management or administration of a ***purchased electronic ticket***.” Req. Reh’g. 5.

It is Petitioner’s position that “the claimed validation, purchase verification, purchase confirmation, and activation” are “independently financial in nature.” *Id.* Petitioner cites no evidence or authority to support this argument. Petitioner also argues that the claimed validation, purchase verification, purchase confirmation, and activation “are directed to the management or administration of the purchased ticket.” *Id.* Again, Petitioner does not cite any evidence or authority to support this argument. Petitioner concludes that “the Board overlooked the administration or management of the previously purchased ticket by way of the claimed operations.” We disagree.

It is undisputed that the determination of whether a patent is eligible for CBM review is based on the challenged claims of the patent. *E.g. see Blue Calypso, LLC v. Groupon, Inc.*, 815 F.3d 1331, 1340 (Fed. Cir. 2016), (“§ 18(d)(1) directs us to examine the claims when deciding whether a patent is a CBM patent.”). In our Decision, we reviewed the claim language (Dec. 12–14) and the Specification (*id.* at 14–16) to construe the challenged claims. Based on this review, we held:

The claims are directed to a person validating an electronic ticket based on a visual object. We find nothing explicitly or inherently financial in the claim language. There are no limitations recited that are directed to the practice, administration, or management of a financial product or service.

Dec. 14. Thus, contrary to Petitioner’s argument, we did not overlook the claim language or consideration of the statutory standard of whether claims 1, 17, and 18 recite 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. *See* AIA § 18(d)(1). We applied the proper legal test to the properly construed claims. The claims are directed to validating a ticket. There is no persuasive evidence, authority, or argument that validating a ticket is the practice, administration, or management of a financial product or service.

Moreover, the mere fact that a claim involves a past, present, or future purchase is not enough to convert the claim into a claim eligible for a CBM review. *Unwired Planet, LLC v. Google Inc.*, 841 F.3d 1376, 1382 (Fed. Cir. 2016). As stated in *Unwired Planet*, and in our Decision (*see* Dec. 11), whether a patent “claims activities ‘incidental to’ or ‘complementary to’ a financial activity” is *not* “the legal standard to determine whether a patent is a CBM patent.” *Unwired Planet* at 1382. For example, a patent “does not become a CBM patent because of its incidental or complementary use in banks.” *Id.* Similarly, a patent covering a method and corresponding apparatuses does not become a CBM patent “because its practice could involve a potential sale of a good or service.” *Id.* “*It is not enough that a sale has occurred or may occur, or even that the specification speculates such a potential sale might occur.*” *Id.* (emphasis added). As the Federal

Circuit noted, “[a]ll patents, at some level, relate to potential sale of a good or service. *Id.*

C. “*Financial in Nature*”

Petitioner argues that “[t]he Board misapprehended the standard for CBM review by failing to consider that the challenged claims are financial in nature.” Req. Reh’g. 6–8. Again, we disagree. We expressly recognized that consideration of whether a claimed invention was “financial in nature” was consistent with the statutory definition of covered business method patent. Dec. 11, n.5. We also recognized the breadth of products and services to which CBM review applies. *Id.* at 12.

Petitioner criticizes our “financial in nature” analysis because it was cited in a discussion of the Specification of the ’967 patent. Req. Reh’g. 8. Petitioner fails to appreciate that our discussion of the Specification was in the context of our claim construction analysis. In discussing the Specification, we stated “[t]he Specification fully supports the construction of the claims as being directed to validating a previously purchased ticket, and not directed to the practice, administration, or management of a financial product or service.” Dec. 14. Following our analysis, we concluded that “[w]e find nothing explicitly or inherently financial in nature in these passages from the Specification, *which support the claimed invention*. These disclosures are not directed to the practice, administration, or management of a financial product or service. *Id.* at 15 (emphasis added).

We did not misapprehend the standard for CBM review by failing to consider that the challenged claims are “financial in nature.” We cited, discussed, and specifically considered whether the claims are “financial in nature.” We concluded they are not.

D. Incidental or Complementary Activities

Petitioner argues that “[t]he Board also misapprehended the standard for CBM review by failing to distinguish between the *expressly recited* financial activities of the challenged claims and the *unclaimed* incidental or complementary activities as in *Unwired Planet*.” Req. Reh’g. 9 (emphasis added). According to Petitioner, the *Unwired Planet* decision applies to *unclaimed* incidental or complimentary activities in a specification, and not, as we have here, *expressly claimed* financial activities.” *Id.* (emphasis added). Petitioner misconstrues our analysis and *Unwired Planet*.

In our Decision, after construing the scope of representative claim 1, we stated:

At best, validating a purchased ticket may be complementary to the purchase of a ticket. Complementary activity, however, does not establish CBM review eligibility. *Unwired Planet*, 841 F.3d at 1382 (Whether a patent “claims activities ‘incidental to’ or ‘complementary to’ a financial activity” is *not* “the legal standard to determine whether a patent is a CBM patent.”)

Dec. 14. Petitioner’s analysis misconstrues the clear and specific holding of *Unwired Planet*. In *Unwired Planet*, the Federal Circuit stated:

We hold that the Board’s reliance on *whether the patent claims* activities “incidental to” or “complementary to” a financial activity as the legal standard to determine whether a patent is a CBM patent was not in accordance with law.

Unwired Planet, 841 F.3d 1382 (emphasis added). The clear holding in *Unwired Planet* is directed to the *patent claims*, i.e., the claimed invention. The holding is *not* limited to “unclaimed incidental or complimentary activities in a specification,” as argued by Petitioner. Req. Reh’g. 9. We applied this clear holding to the claimed invention in our analysis. We are

not persuaded that we “misapprehended the standard for CBM review,” as argued by Petitioner.

E. Post-Sale or After Purchase Activities

Petitioner also asserts that “[t]he Board additionally misapprehended the standard for CBM review by disqualifying the challenged claims on the basis that they recite “post-sale” or “after purchase” activities. Req. Reh’g. 10 (citing Dec. 12). Petitioner misconstrues our Decision.

On the page of our Decision cited by Petitioner (page 12), we discussed the challenged claims. We stated:

The challenged claims each recite that the claimed invention is limited to obtaining visual validation of a previously purchased electronic ticket. The visual validation occurs at the time the electronic ticket is presented to a ticket taker when the ticket purchaser is seeking entry to the ticketed event. Thus, the claimed activity, visual validation, occurs *after* the purchase has occurred.

Dec. 12. We followed this statement with an analysis of the claim language and the patent Specification that supported our statement. *Id.* at 12–16. Thus, we construed the challenged claims as limited to obtaining visual validation of a previously purchased electronic ticket.

We did not establish a bright-line test that excluded the challenged claims from a CBM review because they recited “post-sale” or “after purchase” activities. We merely construed the scope of the challenged claims and stated that the claimed activity, visual validation, occurs *after* the purchase has occurred. *Id.* at 12. We also stated that “a patent does *not* become a CBM patent merely because it involves the sale of a good or service. *Id.* (citing *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.”)). Thus, under the interpretation of the statutory standard by our reviewing court that we applied, the recitation in the claim that a sale has occurred does not automatically establish, or automatically preclude, that the claim is eligible for a CBM. The statutory test is that the claim must recite “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). We concluded that the test was not satisfied here.

III. CONCLUSION

Based on the analysis above, the Decision was not based on an erroneous interpretation of law, and all factual findings were supported by substantial evidence. Petitioner has not established that the Decision was based on an abuse of discretion, or that the Decision misapprehended or overlooked any substantive matter. Accordingly, we deny the request for rehearing.

IV. ORDER

In consideration of the foregoing, it is hereby:

ORDERED that the request for rehearing is denied.

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