

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 CBM2018-00018
Patent 9,239,993 B2

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

COCKS, *Administrative Patent Judge*.

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

I. INTRODUCTION

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 12, “Req. Reh’g.”) requesting rehearing of our decision denying institution of a Covered Business Method (“CBM”) patent review of claims 1–17 and 22–24 of U.S. Patent No. 9,239,993 B2 (Ex. 1001, “the ’993 patent”). Paper 11 (“Decision” or “Dec.”). The reason for our denial was that “we determine[d] that Petitioner has not established that the ’993 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, 8, 11, 14, and 23 (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. Claim 23

Claim 23 depends from independent claim 8. Claim 8 is directed to a “system for validating previously purchased electronic tickets for utilization of a service monitored by a ticket taker” and includes recitation of a “central computer system,” a “remote display device,” and a “secured validating display object.” Ex. 1001, 14:61–15:24.² Claim 23 adds the feature: “wherein the central computer system transmits the secured validating display object to the remote display device in dependence on completion of a purchase of the previously purchased electronic ticket.” *Id.* at 16:27–30. Thus, claim 23 specifies that a ticket taker cannot validate an electronic ticket unless it has been purchased. Purchasing an electronic ticket is a condition precedent to validating the ticket.

² It appears the claims of the ’993 patent refer to a “secured validation display object” interchangeably with a “secured validating display object.”

Petitioner asserts we “overlooked the recited financial activities of claim 23 that comprise active, contemporaneous financial operations.” Req. Reh’g. 3–4. Petitioner states:

Claim 23 recites “wherein the central computer system transmits the secured **validating** display object to the remote display device **in dependence on completion of a purchase** of the previously **purchased** electronic ticket.” As such, the claimed financial activity in claim 23 recites transmitting the display object “in dependence on completion of a purchase.” “Completion of a purchase” is an active, affirmative, and contemporaneous recitation of a financial operation. In addition, “dependence on completion of a purchase” is actively, affirmatively, contemporaneously, and directly conditioned on a financial operation.

Id. at 3 (quoting language from claim 23, with emphasis added by Petitioner). According to Petitioner, the panel “overlooked the financial activities in claims 23 that actively and contemporaneously cover the management or administration of a financial product or service for a previously purchased electronic ticket.” *Id.* at 4.

In particular, in the Decision, we addressed specifically the scope of claim 23. Dec. 20. In that regard, we concluded that, in connection with certain dependent claims, including claim 23, “Petitioner also does not present any persuasive evidence that the content of any of those dependent claims establishes a system for performing data processing or other operations used in the practice, administration, or management of a financial product or service.” *Id.* at 21. In reaching that conclusion, we were, and are, unpersuaded that Petitioner had identified adequate evidence or authority to support its argument that an act of transmitting a particular component, here a secured validating display object, based on a prior event, i.e., the act of

completion of a purchase of a ticket, is a “recitation of a financial operation” sufficient to establish that claims 23 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 simply does not now explain persuasively why the transmission of a secured validating display by a computer system in the course of validating a ticket that had been purchased constitutes activity that is “active[] and contemporaneous[]” with the “management or administration of a financial product or service.” *See* Req. Reh’g 3–4.

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). After considering the Petition, we determined that Petitioner did not meet its burden of demonstrating that the patent for which review is sought is a covered business method patent. Although Petitioner may disagree with our determination as to claim 23, disagreement is not, itself, a proper basis for requesting rehearing. Here, Petitioner does not identify persuasively that we misapprehended or overlooked any matter in reaching a determination other than that desired by Petitioner.

B. Claims 11 and 14

Claims 11 and 14 also ultimately depend from claim 8. Claim 11 adds “wherein the remote display device receives and stores the secured validation display object prior to verification of the purchase of the previously purchased electronic ticket.” Ex. 1001, 15:29–34. Claim 14 adds “wherein the secured validation display object is further comprised of data

parameters that are configured to be used by the remote display device to perform the purchase validation.” *Id.* at 15:40–44.

Petitioner contends that recitation in claims 11 and 14 pertaining to “verification of the purchase” of the electronic ticket and “purchase validation” are “financial activities.” Req. Reh’g 5. Petitioner also contends that “claims 11 and 14 recite operations directly dependent on the financial activities – ‘prior to verification of the purchase’ and ‘data parameters to be use[d]’ ‘to perform the purchase validation.’” *Id.* Petitioner then urges that “[c]laims 11 and 14 positively recite active and contemporaneous verification of a financial operation within the claim language.” *Id.* In essence, Petitioner is of the view that the recited acts in claims 11 and 14 directed to “verification” or “validation” of a purchased ticket in association with the system of claim 8 constitute “contemporaneous financial activities” that render those claims eligible for CBM review. *Id.*

As we observed in the Decision, the abstract of the ’993 patent summarizes the invention as “a novel system and method for distributing electronic ticketing such that the ticket is verified at the entrance to venues by means of an animation or other human perceptible verifying visual object that is selected by the venue for the specific event.” Dec. 4. To that end, we noted that the ’993 patent employs validation procedures that serve to limit piracy and prevent the use of tickets that have not been purchased from being used to access an event. *See id.* at 5. Those validation procedures serve to validate “purchased” tickets as opposed to tickets that are invalid or non-purchased. Independent claim 8 describes a system that validates a purchased ticket, and dependent claims 11 and 14 recite features pertaining to “verification” or “validation” of such purchase. Tickets are only valid if

thy have been purchased. A “purchase” of a ticket, thus, is understood simply as a condition precedent to trigger successful employ of ticket validation procedures described and claimed in the ’993 patent, with a goal towards preventing ticket piracy. In our view, Petitioner does not explain persuasively why the initial or preliminary act or acts associated with validating a ticket’s status as “purchased” to give rise to piracy preventing ticket validation procedures becomes “contemporaneous financial activity.” We, thus, are not persuaded that we misapprehended or overlooked any matter in declining to institute a CBM review in connection with claims 11 and 14.

C. 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. Petitioner takes the 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. 11–13) and the Specification (*id.* at 13–15) 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 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.*

As discussed above, the claims are directed to validating a ticket. Petitioner does not provide persuasive evidence, authority, or argument that validating a ticket is the practice, administration, or management of a financial product or service. And, similar to our observations above, we are not persuaded that acts of initial verification as purchased before such ticket validation gives rise to a different conclusion.

D. “Financial in Nature”

Petitioner also generally 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. 7–11. 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. 10, n.5. We also recognized the breadth of products and services to which CBM review applies. *Id.* at 11.

Petitioner criticizes our “financial in nature” analysis because it was cited in a discussion of the Specification of the ’993 patent. Req. Reh’g. 9. Petitioner does not 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. 13. 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 14 (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.

E. Incidental or Complementary Activities

Petitioner further 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. 10 (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.* at 10–11(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. 13. 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. 10. 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.

F. Post-Sale or After Purchase Activities

Lastly, Petitioner 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. 112 (citing Dec. 9, 11, and 13). Petitioner misconstrues our Decision.

On the page 11 of our Decision, we discussed the challenged claims:

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.

We followed this statement with an analysis of the claim language and the patent Specification that supported our statement. *Id.* at 11–15. 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 11. 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 ORDERED that the request for rehearing is *denied*.

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