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Paper 30
Entered: November 29, 2021

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

SQUARE, INC.,
Petitioner,

v.

ELECTRONIC RECEIPTS DELIVERY SYSTEMS, LLC,
Patent Owner.

CBM2020-00015
Patent 8,534,551 B2

Before JUSTIN T. ARBES, LYNNE E. PETTIGREW, and MIRIAM L. QUINN, *Administrative Patent Judges.*

QUINN, *Administrative Patent Judge*.

JUDGMENT
Final Written Decision
Determining All Challenged Claims Unpatentable
35 U.S.C. § 328(a)

I. INTRODUCTION

Square, Inc. ("Petitioner") filed a Petition requesting covered business method ("CBM") patent review of claims 1–20 of U.S. Patent No. 8,534,551 B2 (Ex. 1001, "the '551 patent"). Paper 1 ("Pet."). Electronic Receipts Delivery Systems, LLC ("Patent Owner") did not file a Preliminary Response. However, Mr. Leigh Rothschild, named inventor of the '551 patent, allegedly acting as representative of Patent Owner, filed a Preliminary Response. Paper 7 ("Prelim. Resp."). After considering Mr. Rothschild's filing and the information presented in the Petition, we instituted a CBM patent review. *See* Paper 12 ("Decision on Institution" or "Dec."). In the Decision on Institution, we concluded that the Petition demonstrated that at least one claim of the '551 patent is more likely than not unpatentable under the asserted grounds. Dec. 7, 43–44.

Pursuant to our Order, Patent Owner made a proper appearance through counsel of record, and obtained leave to file a late Patent Owner Response. Papers 10, 19, 20, 23. Patent Owner filed a Response challenging only whether Petitioner had standing to file the Petition in this proceeding. Paper 25 ("PO Resp."). Petitioner filed a Reply addressing the standing issue. Paper 28 ("Reply"). Patent Owner was permitted to file a sur-reply, but did not do so. *See* 37 C.F.R. § 42.23(b); Paper 13, 8; Paper 23, 5. No hearing was held in this proceeding. Paper 29.

We have jurisdiction under 35 U.S.C. § 6. In this Final Written Decision, the applicable evidentiary standard is a preponderance of the evidence. *See* 35 U.S.C. § 326(e); 37 C.F.R. § 42.1(d). And, this Final Written Decision is issued pursuant to 35 U.S.C. § 328(a) and 37 C.F.R. § 42.73.

For the reasons explained below, we conclude that Petitioner has demonstrated by a preponderance of the evidence that claims 1–20 are unpatentable as being directed to ineligible subject matter. We also conclude that claims 1–20 are unpatentable under the asserted prior art grounds.

A. The '551 Patent (Ex. 1001)

The '551 patent, entitled "System and Method for Issuing Digital Receipts for Purchase Transactions Over a Network," was filed on February 1, 2011, and issued on September 17, 2013. Ex. 1001, codes (10), (54), (22), (45). The '551 patent discloses that customers routinely receive receipts for goods or services purchased at the time of purchase, and the receipts are customarily in paper form. *Id.* at 2:5–7. The '551 patent further discloses that the problem with paper receipts is that they are often lost or discarded by the purchaser. *Id.* at 2:17–18. Therefore, as described in the '551 patent, a need exists for techniques to facilitate providing customers with receipts for goods or services purchased that can be accessible by the customer at a time after the point of sale. *Id.* at 2:22–25. Figure 1, reproduced below, illustrates a system for issuing and managing credit card accounts.

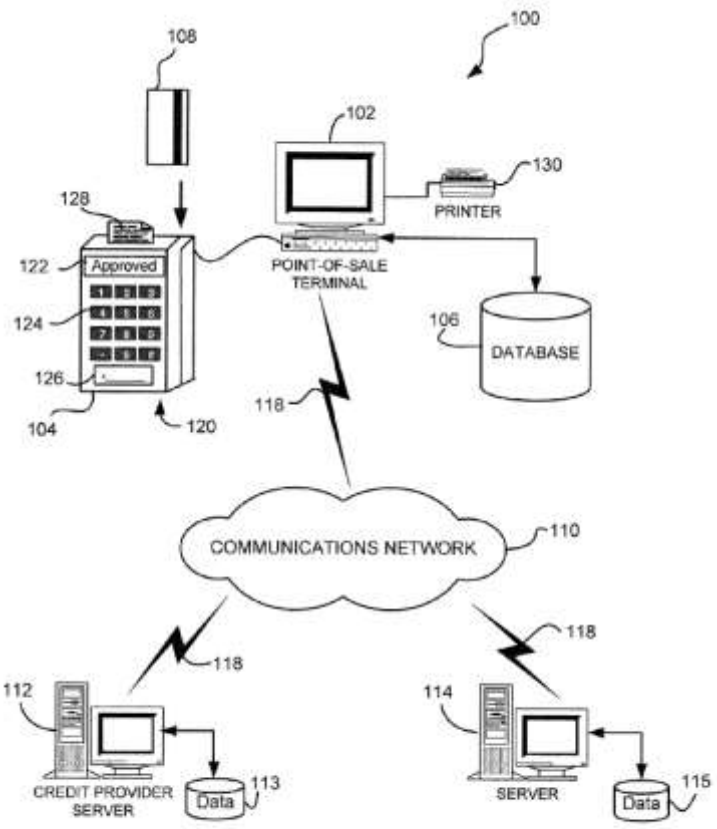

FIG. 1

Figure 1 illustrates system 100 for issuing and managing a plurality of credit cards. *Id.* at 4:11–12. System 100 includes point-of-sale ("POS") terminal 102 for completing a purchasing transaction and input/output ("I/O") customer transaction terminal 104. *Id.* at 4:12–15. I/O terminal 104 includes electronic data capture ("EDC") swipe reader 120 for reading information from credit card 108, display 122 for providing information to a customer, keypad 124 for customer entry of information, and touch screen 126 for receiving a customer's signature. *Id.* at 4:15–20. I/O terminal 104 may also include a printing mechanism for printing receipts; alternatively the POS terminal may include printer 130 for printing receipts, terms, offers, etc. *Id.* at 4:20–23. System 100 further includes database 106 that includes records on customers or holders of national credit cards. *Id.* at 4:23–25.

Figure 6, reproduced below, illustrates a method for issuing digital receipts for purchase transactions.

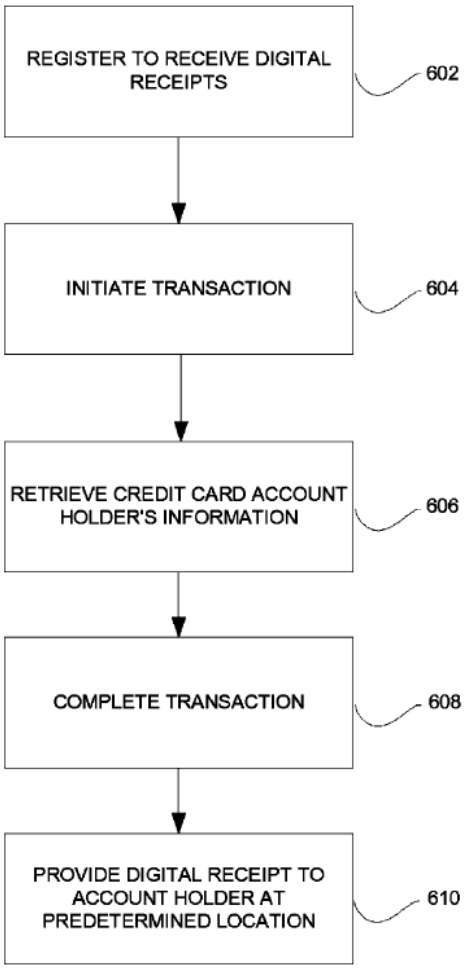

FIG. 6

Figure 6 is a flow diagram illustrating a method for issuing digital receipts for purchase transactions. *Id.* at 3:60–61. At step 602, a customer registers to receive digital receipts. *Id.* at 8:27–28. After the customer is registered to receive digital receipts, at step 604, the customer initiates a purchase transaction with a merchant. *Id.* at 9:15–17. At step 606, terminal 102 reads the credit card information via I/O terminal 104 and uses this

information to receive the credit card holder's information from database 106. *Id.* at 9:23–26. At step 608, the customer completes the purchase by selecting which credit card account she would like to use. *Id.* at 9:26–28. At step 610, the processor of terminal 102 then selects the relevant purchase receipt information and forwards this information to the account holder at a predetermined location. *Id.* at 9:34–36.

B. Illustrative Claim

Petitioner challenges all 20 claims of the '551 patent. Pet. 3. Claims 1, 11, and 16 are independent. Ex. 1001, 10:56–11:8, 11:38–58, 12:13–35. Claims 2–10 depend directly or indirectly from claim 1, claims 12–15 depend directly or indirectly from claim 11, and claims 17–20 depend directly or indirectly from claim 16. *Id.* at 11:9–37, 11:59–12:12, 12:36–58. Illustrative claim 1 is reproduced below with each limitation enumerated for ease of reference.

> 1. A method for issuing a purchase transaction receipt over a network, the method comprising:
>
> [i] receiving, by at least one server in communication with the network, a registration request to receive digital receipts in association with a first credit card account;
>
> [ii] storing, by the at least one server, at least one first customer record in a database, the at least one first customer record associating the first credit card account with a destination associated with a first customer;
>
> [iii] receiving, at the at least one server from a point-of-sale terminal, information identifying the first credit card account and information about a transaction;
>
> [iv] retrieving, by the at least one server, the at least one first customer record from the database based on the information identifying the first credit card account;

> [v] initiating a charge of an amount of the transaction to the first credit card account; and
>
> [vi] automatically transmitting a digital receipt for the transaction to the destination associated with the first customer without input from the first customer.

Id. at 10:56–11:8.

C. Grounds of Unpatentability

This proceeding involves the following grounds:

Claims Challenged	Statutory Basis	Reference(s)/Basis
1–20	§ 101	Patent-eligibility
1, 7, 8, 11, 13–16, 19, 20	§ 102(b)	Moran[1]
2, 12, 17	§ 103(a)	Moran, Schultz[2]
1, 7, 8, 11, 13–16, 19, 20	§ 103(a)	Moran
1, 7, 8, 11, 13–16, 19, 20	§ 103(a)	Moran, Tognazzini[3]
2, 12, 17	§ 103(a)	Moran, Tognazzini, Schultz

Petitioner supports its assertions of unpatentability with a declaration from Jonathan Hochman. Ex. 1004 ("Hochman Decl.").

D. Related Matters

The '551 patent is involved in the following district court litigations: *Electronic Receipts Delivery Systems LLC v. Shake Shack Enterprises, LLC*, Case No. 1:19-cv-02949 (N.D. Ohio); and *Electronic Receipts Delivery Systems LLC v. Int'l Restaurant Mgmt. Group, Inc.*, Case No. 1:19-cv-25256 (S.D. Fla.). Pet. 1.

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[1] U.S. Patent No. 6,185,542 B1, issued Feb. 6, 2001 ("Moran") (Ex. 1009).
[2] U.S. Patent App. Pub. No. 2001/0029483 A1, published Oct. 11, 2001 ("Schultz") (Ex. 1012).
[3] U.S. Patent No. 5,739,512, issued Apr. 14, 1998 ("Tognazzini") (Ex. 1008).

II. ANALYSIS

A. Claim Construction

For petitions filed on or after November 13, 2018, "a claim of a patent . . . shall be construed using the same claim construction standard that would be used to construe the claim in a civil action under 35 U.S.C. § 282(b), including construing the claim in accordance with the ordinary and customary meaning of such claim as understood by one of ordinary skill in the art and the prosecution history pertaining to the patent." 37 C.F.R. § 42.200 (2019); *see also Phillips v. AWH Corp.*, 415 F.3d 1303, 1312–14 (Fed. Cir. 2005).

The parties do not identify claim constructions necessary for the Board to resolve the issues in this proceeding. Pet. 12; *see generally* Prelim. Resp.; PO Resp. We determine that it is unnecessary to expressly construe any claim term. *See Nidec Motor Corp. v. Zhongshan Broad Ocean Motor Co.*, 868 F.3d 1013, 1017 (Fed. Cir. 2017); *Vivid Techs., Inc. v. Am. Sci. & Eng'g, Inc.*, 200 F.3d 795, 803 (Fed. Cir. 1999) (only terms in controversy must be construed and only to the extent necessary to resolve the controversy).

B. CBM Patent Review Eligibility

Under § 18(a)(1)(E) of the Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011) ("AIA"), we may institute a transitional review proceeding only for a covered business method patent. A "covered business method patent" is a patent that "claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service,

except that the term does not include patents for technological inventions." AIA § 18(d)(1); *see also* 37 C.F.R. § 42.301 (defining "[c]overed business method patent" and "[t]echnological invention"). A patent need have only one claim directed to a covered business method to be eligible for review. *See* Transitional Program for Covered Business Method Patents—Definitions of Covered Business Method Patent and Technological Invention; Final Rule, 77 Fed. Reg. 48,734, 48,736 (Aug. 14, 2012). Thus, we must "examine *the claims* when deciding whether a patent is a CBM patent." *Blue Calypso, LLC v. Groupon, Inc.*, 815 F.3d 1331, 1340 (Fed. Cir. 2016).

In our Decision on Institution, we found that Petitioner had standing to file the Petition, had shown that claims of the '551 patent were directed to a financial product or service, and had shown that the claims were not for "technological inventions." Dec. 9–16. The entirety of Patent Owner's Response in this case focuses on a challenge to Petitioner's standing. For instance, Patent Owner contends that Petitioner has not shown sufficient standing because: (a) Petitioner's standing assertions are insufficient; (b) Petitioner has not been sued for or been charged with infringement; and (c) Petitioner has not shown that it is a real party-in-interest or privy of a party sued or charged with infringement. PO Resp. 2–17. We address each of these issues in our analysis of Petitioner's standing below.

1. Petitioner's Standing

Section 18(a)(1)(B) of the AIA requires that Petitioner, or its real party in interest or privy, "has been sued for infringement of the patent or has been charged with infringement under that patent."

The Petition states that "its customers and real parties-in-interest – Shake Shack Enterprises, LLC ('Shake Shack') and International Restaurant Management Group, Inc. ('IRMG') – have been sued for infringement based on their alleged use of Petitioner's point-of-sale products and services in the related district court litigations," and "its products and services have been 'charged with infringement' in the Shake Shack and IRMG cases." Pet. 9–10 (citing Ex. 1016, Ex. 1017, Ex. 1018 (complaints and service)). Petitioner further identifies Shake Shack and IRMG as real parties-in-interest for purposes of this proceeding in its mandatory notice information. *Id.* at 1.

(a) Petition's Standing Assertions are Sufficient

Patent Owner argues that the Petition's statements regarding standing are "most limited." PO Resp. 4–5. Relying on an unrelated Board case, Patent Owner contends that where a Petitioner makes "only the most limited statements regarding standing," the assertion is conclusory and the Petition should have been denied. *Id.* (emphasis omitted).[4] Patent Owner acknowledges, however, that Petitioner supports its contention of standing with two complaints and an answer filed in the underlying district court litigation. *Id.* at 6 (referring to Exhibits 1016, 1017, and 1018). These documents, Petitioner points out, show that, although Petitioner had not been directly sued for infringement, it has been accused of infringing the '551 patent, at a minimum because Patent Owner's Answer and Affirmative Defenses to Petitioner's Complaint in Intervention in the Shake Shack case

[4] Patent Owner cites *Global Tel*Link Corp. v. Securus Technologies, Inc.*, CBM2014-00166, Paper 17 (PTAB Feb. 6, 2015) (Decision Denying Institution).

charge Petitioner with infringement. Reply 5–6, 8–9 (referring to Exhibit 1018).

We agree with Petitioner that the statements in the Petition concerning standing, though succinct, are not conclusory and insufficient because they state facts, together with evidence of record, that show sufficiently the underlying district court litigation filings in which Patent Owner accuses Petitioner's products of infringing (a fact that Patent Owner does not refute). The Petition also provides several reasons for Petitioner's standing, in addition to alleging that Petitioner's products and services have been accused of infringement. Pet. 9. The Petition also states that Petitioner's customers, the defendants in the underlying district court limitation, are Petitioner's real parties-in-interest and privies. *Id.* at 9–10. The Petition cites support for these statements with filings in the district court litigation, as stated above. And, in particular, Exhibit 1018, the Answer and Affirmative Defenses filed by Patent Owner in district court, in response to Petitioner's Complaint in Intervention, states that Petitioner "directly infringes, indirectly infringes, contributes to infringement or induces infringement of at least one of the valid and enforceable claims of [the '551 patent], either literally or under the doctrine of equivalents." Ex. 1018, 4. Accordingly, the Petition makes a credible and factually-supported assertion of standing that is sufficient to consider on the merits. Patent Owner's argument to the contrary is not persuasive.

(b) Petitioner Charged With Infringement

Patent Owner argues that Petitioner has not been sued for infringement. PO Resp. 6–7. According to Patent Owner, Petitioner's standing stems from a mere allegation that "its products and services have

been 'charged with infringement' in the underlying related district court litigation." *Id.* at 7. Patent Owner asserts that the statement is "not true," because Petitioner "Square Inc." is nowhere mentioned in the complaint. *Id.* Rather, the alleged standing, according to Patent Owner, is conferred via Petitioner's products, not a charge of infringement against Petitioner itself. *Id.* Therefore, there is no proof that Petitioner "has been explicitly charged" with infringement. *Id.* at 8. Patent Owner's argument is not persuasive.

The Petition does assert that Petitioner's *products and services* have been "charged with infringement," Pet. 10, but that statement does not foreclose reading that allegation as a charge of infringement against Petitioner. Under 37 C.F.R. § 42.302(a), "[c]harged with infringement means a real and substantial controversy regarding infringement of a covered business method patent exists such that the petitioner would have standing to bring a declaratory judgment action in Federal court." "[W]here a patent holder accuses customers of direct infringement based on the sale or use of a supplier's equipment, the supplier has standing to commence a declaratory judgment action if," for instance, "there is a controversy between the patentee and the supplier as to the supplier's liability for induced or contributory infringement based on acts of direct infringement by its customers." *Arris Group, Inc. v. British Telecomm. PLC*, 639 F.3d 1368, 1375 (Fed. Cir. 2011); *see also ABB Inc. v. Cooper Indus.*, LLC, 635 F.3d 1345 (Fed. Cir. 2011) (holding federal court had subject matter jurisdiction over claim for declaratory judgment of noninfringement where the plaintiff "had an interest in determining whether it would be liable for indemnification, which turned on whether [its contractor] would be liable for infringement").

Further, an allegation of direct infringement of a U.S. patent against the manufacturer's customers may amount to an implicit allegation of indirect infringement against the manufacturer. *Arris Group*, 638 F.3d at 1375–76. Petitioner has shown persuasively that it sought to intervene in the district court litigation against its customers to "seek a declaratory judgement that [the] Square Register and Square's other products and services do not infringe any valid claim of the '551 [p]atent." Ex. 1034, 3; Reply 10–11. Patent Owner, the plaintiff in that suit, consented to the motion. Ex. 1034, 7; Reply 11. The district court granted Petitioner's motion to intervene and Petitioner filed its Complaint in Intervention in district court, deeming Petitioner the "true defendant" in the dispute. *See* Reply 6; Ex. 1018.

There is no question that the underlying district court litigation in which Petitioner seeks to assert non-infringement of the '551 patent stems from Patent Owner's allegations that Petitioner's products directly or indirectly infringe the '551 patent. These facts prove that Petitioner's involvement in the district court litigation as an intervenor, together with Patent Owner's accusation of infringement in its Answer and Affirmative Defenses, show a real and substantial controversy between Patent Owner and Petitioner. And the record shows that a federal court indeed has exercised jurisdiction over Patent Owner's claim of infringement against Petitioner as intervenor, with Petitioner actually defending such a claim. This is sufficient to conclude that at the time of the filing of the Petition, Petitioner had been charged with infringement, and, therefore, had standing to file the Petition in this proceeding.

Patent Owner's arguments to the contrary are not persuasive. PO Resp. 16–17. Patent Owner focuses on the absence of any direct communication between Petitioner and Patent Owner prior to the filing of the CBM proceeding, an absence which, Patent Owner contends, shows that there is no charge of infringement. *Id.* at 17. Patent Owner also argues it denied that any "actual and justiciable controversy" exists between Petitioner (Intervenor in district court) and Patent Owner. *Id.* The record belies these arguments.

First, direct communication between the parties is not the only way to show a charge of infringement has been made or that a case or controversy exists for purposes of CBM patent review standing. In *Texas Association of Realtors v. Property Disclosure Technologies*, CBM2015-00069, Paper 15 at 7 (PTAB July 28, 2015) (Decision), which Patent Owner cites, the Board stated that there is "no bright-line rule" for determining whether a declaratory judgement action satisfies Article III's case-or-controversy requirement. The Board stated, "[b]asically, the question in each case is whether the facts alleged, under all the circumstances, show that there is a substantial controversy, between parties having adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment." *Id.* (citing *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 127 (2007)). The Board applied an "all-circumstances" framework in its analysis and weighing several factors found that lack of direct contact between Petitioner and Patent Owner showed that there was no imminent danger of being sued for infringement. CBM2015-00069, Paper 15 at 8–9. That is a far cry from the facts we have before us, where Patent Owner's

Answer and Affirmative Defenses charge Petitioner of directly, indirectly, or contributorily infringing the '551 patent. Ex. 1018, 4.

Second, Patent Owner relies on the Answer discussed above in which it "denies the allegations contained in Paragraph 17 of the Complaint in Intervention." Ex. 1018 ¶ 17. Paragraph 17 of the Complaint alleges a justiciable controversy exists between Petitioner and Patent Owner. Ex. 1031 ¶ 17. But although the Answer responds that Petitioner's allegations require no answer or are otherwise denied, Patent Owner chose to assert an Affirmative Defense charging Petitioner with infringement as stated above. Ex. 1018, 4. This action by Patent Owner belies its argument that no justiciable controversy exists between Petitioner and Patent Owner.

(c) Petitioner's Customers as Privies

The Petition sets forth that two of Petitioner's customers, i.e., Shake Shack and IRMG, sued for infringement in district court, are privies of Petitioner. Pet. 9–10. Patent Owner argues that there is no proof that the entities sued for infringement in district court are customers of Petitioner. PO Resp. 11–14. In particular, Patent Owner alleges that Petitioner's website does not represent that they are customers—rather, the website refers to them as "sellers," which is an antonym of a customer. *Id.* at 12. Furthermore, Patent Owner argues that there is no evidence of indemnification, and that this is a requirement for Petitioner to show that its customers are privies for purposes of standing. *Id.* at 14–16. These arguments are not persuasive.

First, the fact that Petitioner refers to its customers as "Square seller[s]" does not mean that they are not customers of Square. The term "sellers" seems to refer to the customer's use of Petitioner's products in the

course of selling products or services, for instance, using a Square register—therefore they are sellers, with respect to commerce in general, but at the same time also are Petitioner's customers. Ex. 2005. Second, there is no requirement that a claim for indemnification be shown for a customer to qualify as a privy of Petitioner. For instance, the Board's precedential decision in *Ventex Co., Ltd. v. Columbia Sportswear North America, Inc.*, IPR2017-00651, Paper 148 (PTAB Jan. 24, 2019) (Order), finds parties in privity without any showing of indemnification. Indeed, *Ventex* holds that parties may be privies by showing a pre-existing substantive legal relationship in the form of a contract or legal agreement to supply a service or product accused of infringement. *Id.* at 12–13. In any event, Petitioner asserts here and in district court that the sued entities are its customers and that the lawsuit accuses Petitioner's products of infringement. Ex. 1031 ¶¶ 7–8, 15; Ex. 1032 (infringement claim charts identifying Petitioner's products); *see also* Ex. 2005 ("General Terms of Service"); Pet. 10; Reply 3–4, 6, 7–8. It is unquestionable, on the full record before us, that the accused product in the underlying litigation has been supplied by Petitioner to its customer, with services provided under a pre-existing relationship of vendor-supplier, and, as such, the sued customer is a privy of Petitioner for purposes of standing.

In conclusion, we determine that Petitioner has standing to bring a CBM patent review of the '551 patent under § 18(a)(1)(B) of the AIA for two independent reasons. First, as stated above, Petitioner has been charged with infringement. And second, Petitioner's privies have been sued for infringement. Accordingly, we now proceed to address the additional requirement of CBM patent review eligibility.

2. Financial Product or Service

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." AIA § 18(d)(1); 37 C.F.R. § 42.301(a); *see also 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.'" (quoting AIA § 18(d)). A CBM patent can be interpreted to encompass patents claiming activities that are financial in nature. 77 Fed. Reg. at 48735; *Blue Calypso*, 815 F.3d at 1338–41 (determining that a patent was a CBM patent because it claimed activities that are financial in nature); *Unwired Planet*, 841 F.3d at 1380 n.5 (stating that "we endorsed the 'financial in nature' portion of the standard as consistent with the statutory definition of 'covered business method patent' in *Blue Calypso*"); *Versata Dev. Grp., Inc. v. SAP Am., Inc.*, 793 F.3d 1306, 1324–25 (Fed. Cir. 2015) ("[The statute] on its face covers a wide range of finance-related activities.").

Petitioner contends the challenged claims of the '551 patent "are financial-in-nature and are incidental to a financial activity – *i.e.*, credit card sales." Pet. 5–6 (citing Hochman Decl. ¶ 83). According to Petitioner, the claims all recite "'issuing a [purchase / digital] receipt' for a transaction wherein a customer's credit card information is received and stored, a transaction for a certain amount is initiated or verified, and a digital receipt is sent regarding the transaction." *Id.* at 6 (citing Ex. 1001, 10:56–11:8, 11:38–58, 12:14–36 (claims 1, 11, 16)). As contended by Petitioner, these

activities expressly concern a sales transaction for goods or services and are, therefore, financial in nature. Pet. 6.

Patent Owner's Response does not address the issue. However, we considered in our Decision on Institution the Preliminary Response argument that the '551 patent is not directed to any financial product or service. Dec. 11–12 (citing Prelim. Resp. 7). In particular, we considered the argument that the claims describe a technological solution to a technical problem of delivering receipts to the preferred address of the users. *Id.* (addressing the argument that the claims recite receiving requests, storing user information and other credit card related information of a user, initiating a transaction, and automatically transmitting digital receipts to a user preferred address). We determined that the argument of whether the claims solve a technical problem is irrelevant to this part of the analysis because the financial product or service analysis focuses on the financial nature of the claimed limitations, not on whether an alleged technological feature of the claim solves a technical problem. *Id.* at 12.

We conclude that the claims recite a financial product or service. Claim 1 recites using a point-of-sale terminal to receive credit card information, initiating a charge to the credit card, and transmitting a digital receipt. Ex. 1001, 10:65–67, 11:4–8. Thus, claim 1 requires the use of a financial product, namely the use of the credit card (i.e., a financial product) and handling the information related to that credit card in connection with a service of providing a digital receipt for a sales transaction (i.e., a financial service). Accordingly, this claim recites a method for performing operations directly involving a financial product and a service. Claims 11 and 16 similarly recite the point-of-sale terminal in connection with a credit card

transaction and the transmission of a digital receipt. *Id.* at 11:40–43, 11:55–58, 12:25–36. Accordingly, we determine that the '551 patent claims a method and apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service.

3. Technological Invention

The CBM statute explicitly excludes from review those patents that are "for technological inventions." AIA § 18(d)(1); *see also* 37 C.F.R. § 42.301(a). Thus, even if a patent includes claims that would otherwise be eligible for treatment as a CBM patent, review of the patent is precluded if the claims cover only technological inventions. 37 C.F.R. § 42.301(a). To determine whether a patent is for a technological invention, the Board considers: "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).

The following claim-drafting techniques typically do not render a patent claim 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.

Patent Trial and Appeal Board Consolidated Trial Practice Guide (Nov. 2019), 43, 84 Fed. Reg. 64,280 (Nov. 21, 2019), *available at* https://www.uspto.gov/TrialPracticeGuideConsolidated (hereinafter referred to as "*Consolidated TPG*").

The Federal Circuit has held that a claim does not include a "technological feature" if its "elements are nothing more than general computer system components used to carry out the claimed process." *Blue Calypso*, 815 F.3d at 1341; *see also Versata*, 793 F.3d at 1327 (stating that "the presence of a general purpose computer to facilitate operations through uninventive steps does not change the fundamental character of an invention").

As stated in the previous section, at the institution stage we addressed a dispute as to whether the claims recite a technological feature that solves a technical problem. Dec. 14. For instance, the presented issue involved whether the claims of the '551 patent (1) recite a technological feature that is novel and unobvious over the prior art; and (2) solve a technical problem using a technical solution. Pet. 7–9; Prelim. Resp. 8–11. Petitioner argued, on the one hand, that the challenged claims of the '551 patent recite "processes or systems using generic computer hardware performing known functions." Pet. 7 (citing Hochman Decl. ¶¶ 84–85). Petitioner further argued that the challenged claims of the '551 patent do not solve any technical problems with a technical solution because the stated problem of paper receipts being "lost or discarded by the purchaser" is a "real-world, non-technical problem, not a problem specific to computer technology." *Id.* at 8–9 (citing Hochman Decl. ¶ 86) (emphasis omitted).

On the other hand, the Preliminary Response alleged that the claims of the '551 patent recite a novel and unobvious technological feature, in addition to arguing that the claims solve a technical problem of providing receipts to customers. Prelim. Resp. 8, 10. That technical problem, the argument goes, relates to how to provide a digital electronic receipt to a customer, at a time of purchase, together with providing a "solicitation," thereby solving the technical problem of reaching a large number of customers at the same time to enable a merchant to provide to a customer an additional purchase or upgrade opportunity. *Id.* at 9. Patent Owner did not present any technological invention analysis in the Patent Owner Response. But we nevertheless address below the arguments presented at the institution stage together with our analysis.

We find that the subject matter of the '551 patent claims is not a "technological invention" under AIA § 18(d)(1) and 37 C.F.R. § 42.301(a). As we stated in our Decision on Institution, the alleged problem of providing receipts to customers is a business problem, not a technical problem. Dec. 15; *see* Hochman Decl. ¶ 86. Improving the dissemination of solicitation information to a wider recipient base also is a business problem, not a technical problem. As the '551 patent explains, "the problem with paper receipts is that many times they are lost or discarded by the purchaser." Ex. 1001, 2:17–18. Thus, the specification states, "a need exists for techniques to facilitate providing customers with receipts for goods or services purchased that can be accessible by the customer at a time after the point of sale." *Id.* at 2:22–25. These stated problems highlight a need to improve a business process of providing sales receipts. That the

improved process involves a computer does not convert a business problem into a technical problem. *Consolidated TPG* at 43.

Furthermore, there is no aspect of the recited technology that is improved to achieve the recited transmissions of data between the recited components. Hochman Decl. ¶ 86 (stating that "[d]ealing with paper receipts is not a problem specific to computer technology, and the '551 [p]atent deals with this problem in a conventional manner that does not improve the functioning of any computer component or technology at all"). In other words, the recited components perform their normal, expected functions, and, thus, we do not see the claims as reciting a technological solution to the stated problems. We acknowledge that the claims recite a "server," "database," and "point-of-sale terminal" to effect the delivery of digital receipts to customers. But reciting known technologies does not automatically transform the recited subject matter into a technological invention. *See Consolidated TPG* at 43; *Blue Calypso*, 815 F.3d at 1341; Hochman Decl. ¶ 84 (opining that the claim recites generic components and technologies used in conventional ways), ¶ 85 (testifying that the claimed computer components were generic and conventional by 2005, because servers, Internet, databases, and POS terminals were well-known, conventional, and in widespread use by 2005).

Accordingly, we conclude that the '551 patent does not claim a "technological invention," and, therefore, is not excluded from CBM patent review.

4. Conclusion for CBM Eligibility

We find that Petitioner has standing because it has been charged with infringement and, in the alternative, because its customers are privies that

have been sued for infringement of the '551 patent. We conclude that Petitioner has demonstrated that at least one claim of the '551 patent is directed to a financial activity and does not recite a technological invention. Accordingly, we find that the '551 patent is eligible for CBM patent review.

C. Level of Ordinary Skill in the Art

In determining whether the challenged claims are unpatentable here, we consider the level of ordinary skill in the pertinent art at the time of the invention. *Graham v. John Deere Co.*, 383 U.S. 1, 17 (1966). "The importance of resolving the level of ordinary skill in the art lies in the necessity of maintaining objectivity in the obviousness inquiry." *Ryko Mfg. Co. v. Nu-Star, Inc.*, 950 F.2d 714, 718 (Fed. Cir. 1991). The "person of ordinary skill in the art" is a hypothetical construct, from whose vantage point obviousness is assessed. *In re Rouffet*, 149 F.3d 1350, 1357 (Fed. Cir. 1998). "This legal construct is akin to the 'reasonable person' used as a reference in negligence determinations" and "also presumes that all prior art references in the field of the invention are available to this hypothetical skilled artisan." *Id.* (citing *In re Carlson*, 983 F.2d 1032, 1038 (Fed. Cir. 1993)).

Petitioner proffers that

> [a] person of ordinary skill in the art . . . would have a Bachelor's degree in Computer Science, Computer Engineering, Data Science or Electrical Engineering or any undergraduate degree plus three to five years of professional experience in software development, computer programming, or network engineering or equivalent additional formal education such as graduate studies, or work experience to replace formal education.

Pet. 13 (citing Hochman Decl. ¶¶ 16–22). There is no dispute as to whether Petitioner's proffered level of ordinary skill in the art is appropriate in this

case. We do not find it necessary to define the level of skill with specificity save to note that the level of ordinary skill is evidenced by the prior art of record. *See Okajima v. Bourdeau,* 261 F.3d 1350, 1355 (Fed. Cir. 2001) (stating that the absence of specific findings on the level of skill in the art does not give rise to reversible error where the prior art itself reflects an appropriate level and a need for testimony is not shown).

D. Subject Matter Eligibility Under § 101

Petitioner asserts that claims 1–20 of the '551 patent are directed to patent–ineligible subject matter under 35 U.S.C. § 101. Pet. 66–96. Petitioner argues that the challenged claims are directed to the abstract idea of "issuing a receipt for a purchase transaction" (Pet. 67–81), and that the claims do not recite an inventive concept (Pet. 81–93). Patent Owner presents no argument concerning whether the '551 patent claims are directed to eligible subject matter under § 101. However, we note that at the institution stage we considered the arguments presented in the Preliminary Response. Dec. 16 (citing Prelim. Resp. 14–33).

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 (2018). However, the Supreme Court has long interpreted 35 U.S.C. § 101 to include implicit exceptions: "[l]aws of nature, natural phenomena, and abstract ideas" are not patentable. *E.g.*, *Alice Corp. v. CLS Bank Int'l*, 573 U.S. 208, 216 (2014).

In determining whether a claim falls within an excluded category, we are guided by the Supreme Court's two-step framework, described in *Mayo*

and *Alice*. *Id.* at 217–18 (citing *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 75–77 (2012)). In accordance with that framework, we first determine what concept the claim is "directed to." *See id.* at 219 ("On their face, the claims before us are drawn to the concept of intermediated settlement, *i.e.*, the use of a third party to mitigate settlement risk."); *see also Bilski v. Kappos*, 561 U.S. 593, 611 (2010) ("Claims 1 and 4 in petitioners' application explain the basic concept of hedging, or protecting against risk.").

Concepts determined to be abstract ideas, and thus patent ineligible, include certain methods of organizing human activity, such as fundamental economic practices (*Alice*, 573 U.S. at 219–20; *Bilski*, 561 U.S. at 611); mathematical formulas (*Parker v. Flook*, 437 U.S. 584, 594–95 (1978)); and mental processes (*Gottschalk v. Benson*, 409 U.S. 63, 69 (1972)). Concepts determined to be patent eligible include physical and chemical processes, such as "molding rubber products" (*Diamond v. Diehr*, 450 U.S. 175, 191 (1981)); "tanning, dyeing, making water-proof cloth, vulcanizing India rubber, smelting ores" (*id.* at 183 n.7 (quoting *Corning v. Burden*, 56 U.S. 252, 267–68 (1853))); and manufacturing flour (*Benson*, 409 U.S. at 69 (citing *Cochrane v. Deener*, 94 U.S. 780, 785 (1876))).

In *Diehr*, the claim at issue recited a mathematical formula, but the Supreme Court held that "[a] claim drawn to subject matter otherwise statutory does not become nonstatutory simply because it uses a mathematical formula." *Diehr*, 450 U.S. at 176; *see also id.* at 191 ("We view respondents' claims as nothing more than a process for molding rubber products and not as an attempt to patent a mathematical formula."). Having said that, the Supreme Court also indicated that a claim "seeking patent

protection for that formula in the abstract . . . is not accorded the protection of our patent laws, . . . and this principle cannot be circumvented by attempting to limit the use of the formula to a particular technological environment." *Id.* (citing *Benson* and *Flook*); *see, e.g.*, *id.* at 187 ("It is now commonplace that an *application* of a law of nature or mathematical formula to a known structure or process may well be deserving of patent protection.").

If the claim is "directed to" an abstract idea, we turn to the second step of the *Alice* and *Mayo* framework, where "we must examine the elements of the claim to determine whether it contains an 'inventive concept' sufficient to 'transform' the claimed abstract idea into a patent-eligible application." *Alice*, 573 U.S. at 221 (quotation marks omitted). "A claim that recites an abstract idea must include 'additional features' to ensure 'that the [claim] is more than a drafting effort designed to monopolize the [abstract idea].'" *Id.* (quoting *Mayo*, 566 U.S. at 77). "[M]erely requir[ing] generic computer implementation[] fail[s] to transform that abstract idea into a patent-eligible invention." *Id.*

The PTO published revised guidance on the application of § 101. *2019 Revised Patent Subject Matter Eligibility Guidance*, 84 Fed. Reg. 50 (Jan. 7, 2019) ("Guidance").[5] Under the Guidance, we first look to whether the claim recites (1) any judicial exceptions, including certain groupings of abstract ideas (*i.e.*, mathematical concepts, certain methods of organizing human activity such as a fundamental economic practice, or mental

[5] We also have considered the October 2019 Patent Eligibility Guidance Update at https://www.uspto.gov/sites/default/files/documents/peg_oct_2019_update.pdf. And we note that the Guidance has been incorporated in the MPEP under Section 2106, Patent Subject Matter Eligibility.

processes); and (2) additional elements that integrate the judicial exception into a practical application (*see* MPEP § 2106.05(a)–(c), (e)–(h) (Rev. 10.2019 June 2020)).

Only if a claim (1) recites a judicial exception and (2) does not integrate that exception into a practical application, do we then look to whether the claim:

> (3) adds a specific limitation beyond the judicial exception that is not "well-understood, routine, conventional" in the field (*see* MPEP § 2106.05(d)); or
>
> (4) simply appends well-understood, routine, conventional activities previously known to the industry, specified at a high level of generality, to the judicial exception.

See Guidance, 84 Fed. Reg. at 56.

2. Step 1: Statutory Category

The first step of the eligibility determination asks if the claim is to a process, machine, manufacture, or composition of matter. The parties present no substantive dispute for consideration in this step. Claim 1 is directed to a method for issuing a purchase transaction receipt over a network, and thus constitutes a claim to a process. Each of claims 11 and 16 is directed to a machine. Ex. 1001, 11:38–39 (reciting in claim 11 a terminal for issuing a digital receipt for a purchase transaction), 12:14–16 (reciting in claim 16 a computer readable medium having instructions embodied thereon for issuing a purchase transaction receipt over a network).

Accordingly, we determine that claims 1–20 are directed to at least one statutory category.

3. Step 2A, Prong One: Judicial Exception

The Guidance breaks the first step of the *Alice/Mayo* test for judicial exceptions into two prongs. Guidance 53. Step 2A, Prong 1 asks whether the claims *recite* a judicial exception. *Id.* at 54. Petitioner asserts that the challenged claims are unpatentable under § 101 because they recite ineligible subject matter—the abstract idea of "issuing a receipt for a purchase transaction." Pet. 67 (citing Hochman Decl. ¶¶ 175–178). As argued by Petitioner, issuing receipts for a purchase transaction is nothing more than a fundamental economic practice. *Id.* at 74. Finally, Petitioner argues the process of issuing receipts could be performed with pencil and paper rather than electronically. *Id.* at 76–78.

Patent Owner does not present argument on whether the claims recite a judicial exception.[6] However, during the institution stage, we noted and considered the argument in the Preliminary Response that Petitioner "fails to articulate a prima facie case of subject matter ineligibility" because the Petition does not "identify the specific limitations in [the] claims, either individually or in combination, that are alleged to recite an abstract idea." Dec. 20 (citing Prelim. Resp. 17–18 and noting also the argument that recited technological features are not a fundamental economic practice or an abstract idea).

[6] By not contesting the merits of Petitioner's unpatentability grounds in its Response, Patent Owner waived any such arguments. *See Novartis AG v. Torrent Pharms. Ltd.*, 853 F.3d 1316, 1330 (Fed. Cir. 2017); *In re NuVasive, Inc.*, 842 F.3d 1376, 1380–81 (Fed. Cir. 2016); Paper 13, 8 ("Patent Owner is cautioned that any arguments not raised in the response may be deemed waived.").

We determine that each of claims 1, 11, and 16 recites an abstract idea. We start our analysis with claim 1. Petitioner provides an annotated version of claim 1, reproduced below, that illustrates the distinction between a claimed transaction and a component.

Claim 1
1. A method for issuing a purchase transaction receipt over a network, the method comprising:
[i] receiving, by at least one server in communication with the network, a registration request to receive digital receipts in association with a first credit card account;
[ii] storing, by the at least one server, at least one first customer record in a database, the at least one first customer record associating the first credit card account with a destination associated with a first customer;
[iii] receiving, at the at least one server from a point-of-sale terminal, information identifying the first credit card account and information about a transaction;
[iv] retrieving, by the at least one server, the at least one first customer record from the database based on the information identifying the first credit card account;
[v] initiating a charge of an amount of the transaction to the first credit card account; and
[vi] automatically transmitting a digital receipt for the transaction to the destination associated with the first customer without input from the first customer.

Claim 1 above is reproduced from the Petition illustrating in yellow the transactions related to issuing a receipt and in blue the recited

components "implemented in a generic computer environment" for performing that abstract idea. Pet. 68. Petitioner further annotates claim 1 to provide identifiers for each limitation. *Id.* For this part of the analysis, we address specifically limitation [vi], which recites "automatically transmitting a digital receipt for the transaction to the destination associated with the first customer without input from the first customer." Limitation [vi] recites transmission of a credit card receipt according to instructions previously provided by the credit card user, which constitutes a fundamental economic practice, one of the certain methods of organizing human activity identified in the Guidance as a judicial exception. *See* Pet. 74 (arguing that issuing receipts for a purchase transaction is "nothing more than the organization of a fundamental and economic activity"). The claim's recitation of an "automatic[]" transmission does not alter the fundamental business transaction recited in the claim: providing a customer a receipt for a credit card charge. The limitation provides no *technological* detail of how to automate the transmission of such a receipt or how to effectuate the delivery to a "destination." *See OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1363 (Fed. Cir. 2015) ("At best, the claims describe the automation of the fundamental economic concept of offer-based price optimization through the use of generic-computer functions.").

The recitation of a "digital" receipt does not alter our analysis either. The modifier adds only that the receipt is in electronic form. The claim language, however, is silent as to how such a receipt is generated or otherwise prepared for transmission to the credit card user. There is no *technological* detail that would place the "digital" receipt outside of an

abstract idea of a fundamental economic practice of providing a credit card receipt to a customer.

The other recited limitations also support our determination that the claims are directed to an abstract idea of a fundamental economic practice. For instance, in its simplest form the claimed process includes three basic steps: registering a customer e-mail address for receiving credit card digital receipts (steps [i]—[ii]), initiating a credit card transaction for a sales transaction of the customer (steps [iii]—[v]), and transmitting the digital receipt in accordance with the information received and stored in steps [i] and [ii]. Thus, the claim explains the basic concept of providing a credit card receipt to a customer. These recited steps place no meaningful limit on the claim scope, as the claim lacks specificity as to how any computer or database is specially programmed to perform the claimed steps. *See Dealertrack, Inc. v. Huber*, 674 F.3d 1315, 1333 (Fed. Cir. 2012) ("Simply adding a 'computer aided' limitation to a claim covering an abstract concept, without more, is insufficient to render the claim patent eligible.").

Each of claims 11 and 16 also recites the automatic transmission of a digital receipt for a credit card transaction to a user. Petitioner provides an explanation accounting for those claims, *see id.* at 93–94, and our analysis of claim 1 concerning the determination of an abstract idea equally applies to those claims.

We determine that Petitioner has shown that claims 1, 11, and 16 recite a fundamental economic practice, which is one of certain methods of organizing human activity identified in the Guidance as a judicially excepted abstract idea.

4. Step 2A, Prong Two: Practical Application

Step 2A, Prong Two asks whether the claims are "directed to" a judicial exception or whether the claims integrate the judicial exception into a practical application. Guidance 53 (explaining the practical application test responds to "a growing body of decisions . . . distinguish[ing] between claims that are 'directed to' a judicial exception . . . and those that are not"). A practical application is one where the claim "will apply, rely on, or use the judicial exception in a manner that imposes a meaningful limit on the judicial exception, such that the claim is more than a drafting effort designed to monopolize the judicial exception." *Id.* at 54. The Guidance states that we evaluate whether there are additional elements recited in the claim beyond the judicial exception, and then that we evaluate those elements individually and in combination to determine if a practical application has been made. *Id.* at 54–55.

Examples of limitations that are indicative of "integration into a practical application" can include:

1) Improvements to the functioning of a computer, or to any other technology or technical field —*see* MPEP § 2106.05(a);

2) Applying the judicial exception with, or by use of, a particular machine —*see* MPEP § 2106.05(b);

3) Effecting a transformation or reduction of a particular article to a different state or thing —*see* MPEP § 2106.05(c); and

4) Applying or using the judicial exception in some other meaningful way beyond generally linking the use of the judicial exception to a particular technological environment, such that the claim as a whole is more than a drafting effort designed to monopolize the exception —*see* MPEP § 2106.05(e).

In contrast, limitations that are not indicative of "integration into a practical application" may merely include:

1) Adding the words "apply it" (or an equivalent) with the judicial exception, or mere instructions to implement an abstract idea on a computer, or merely uses a computer as a tool to perform an abstract idea —*see* MPEP § 2106.05(f);

2) Adding insignificant extra-solution activity to the judicial exception —*see* MPEP § 2106.05(g); and

3) Generally linking the use of the judicial exception to a particular technological environment or field of use —*see* MPEP § 2106.05(h).

Petitioner asserts that the challenged claims are abstract because they do not improve any specific technology. Pet. 78. As argued by Petitioner, the limitations in the claims merely recite functional results and lack any specialized technology or specificity regarding how to carry out recited functional results. *Id.* at 80.

We determine that, based on the full trial record, the claims of the '551 patent do not integrate the alleged abstract idea into a practical application. As stated in our prong 1 analysis, the words "automatic[]" and "digital" recited in limitation [vi] of claim 1 fail to impart any technological detail, and thus no technological improvement, into the fundamental economic practice of providing a credit card receipt to a customer.

Other limitations do not, either alone or in combination with limitation [vi], limit meaningfully the abstract idea because they are insignificant extra-solution activity. An example in which a judicial exception is not integrated into a practical application is when "an additional element adds insignificant extra-solution activity to the judicial exception." Guidance, 84 Fed. Reg. at 55. The term "extra-solution activity" can be

understood as activities incidental to the primary process or product that are merely a nominal or tangential addition to the claim. MPEP § 2106.05(g); *see also Flook*, 437 U.S. at 590 (holding that a step of adjusting an alarm limit variable was "post-solution activity"). For instance, limitations [i] and [iii] are directed to insignificant extra-solution activity of data gathering or collection. Limitation [i], for instance, recites receiving a registration request to receive digital receipts and limitation [iii] recites receiving information about a transaction with a particular credit card. *See, e.g.*, *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 715–17 (Fed. Cir. 2014) (finding that consulting and updating a log is a data-gathering step, and, therefore, insufficient to transform the abstract idea into patent-eligible subject matter and finding that a transaction between customer and provider is a manipulation of public or private legal obligations that cannot meet the machine-or-transformation test because they are not physical objects or substances).

Further limitations merely use a computer as a tool to perform the abstract idea. For instance, limitations [ii] and [iv] are directed to the server storing received data in a database and retrieving database records according to the credit card account. Storing information in a "database," as recited in the claims, does not constitute an improvement of the computer functionality. There is no detail of how the database itself is functionally or structurally improved. *See BSG Tech LLC v. BuySeasons, Inc.*, 899 F.3d 1281, 1287–88 (Fed. Cir. 2018) (finding that improved use of a database to store and retrieve information does not show improvement to the database's functionality). Also, the use of a general purpose computer, such as the recited "server," that applies the judicial exception, by use of conventional

computer functions, does not show that the claims integrate the judicial exception into a practical application. *Ultramercial*, 772 F.3d at 716–17. This analysis equally applies to claim 11's recitations of "a communication mechanism,"[7] "one or more computing devices,"[8] and "the terminal"[9]). These devices are recited functionally and generically to perform the same or substantially similar functions as those recited in claim 1.

Limitation [v] is directed to a purely financial transaction of charging the credit card for the transaction amount (for which the receipt is provided). This limitation does not integrate the abstract idea into a practical application because it is itself part of the abstract idea. The fundamental economic practice of providing a receipt for a credit card transaction involves the underlying financial transaction of charging the credit card account. *See id.* at 715 (receiving payment from an ad sponsor describes an abstract idea). Accordingly, limitation [v] does not integrate the fundamental financial activity of providing a credit card receipt into a practical application.

Thus, none of the additional limitations [i] through [vi] recited in claim 1 and similarly recited in claims 11 and 16, either alone or in combination, are directed to a practical application because they comprise extra-solution activity combined with generic computer components that merely implement the abstract idea on a computer. Claim 16's recitations of

[7] This limitation is described in the specification as a communication link (Ex. 1001, 5:51–53), a communications device (*id.* at 5:21–24), or an input device (*id.* at 2:62–63), depending on the embodiment.
[8] This limitation is described in the specification as a server (*id.* at 3:24–30, 8:5–9) or as a processor (*id.* at 9:34–36), depending on the embodiment.
[9] This limitation is described in the specification as a point-of-sale terminal (*id.* at 9:36–40).

"instructions" also do not transform that claim into a practical application. Claim 16's instructions embodied in a computer readable medium place the implementation of the abstract idea into a computer-readable format. These "instructions" are recited in a result-focused functional language, tracking the method steps of claim 1, and as such add nothing more to the abstract idea. *See Intellectual Ventures I LLC v. Capital One Fin. Corp.*, 850 F.3d 1332, 1341–42 (Fed. Cir. 2017) (finding that additional limitations provided only a result-oriented solution and lacked details as to how the computer performed the modifications, which was equivalent to the words "apply it").

Although Patent Owner does not raise any arguments concerning unpatentability under § 101, during the institution phase we noted arguments in the Preliminary Response, such as that Petitioner failed to identify whether additional elements recited in the claim, considered individually or in combination, are beyond the abstract idea, and that the claims integrate an alleged abstract idea into a practical application. *See* Dec. 19–28; Prelim. Resp. 19. Additionally, we noted the argument that the claims "reflect an improvement in the functioning of a computer, or an improvement to [another] technology or technical field." Prelim. Resp. 21, 23 (also presenting the argument that the claims recite "features that implement the alleged judicial exception with a particular machine that is integral to the [claims]"). We considered the argument that "[w]hile the receipts mentioned in various prior [art references] may be helpful to a customer, there is no standard or organized way of receiving, storing, accessing, analyzing and utilizing these received receipts and other drawbacks that exist," and "[t]o address this problem," the claims recite "a system and/or method to facilitate customers to receive, store, and retrieve digital receipts

in a single or standard format for goods or services purchased that can be accessible by the customer at a time after the point of sale." *Id.* at 22. In short, we considered whether the claimed steps "improve the usability of a digital receipt management and transmission system over the conventional hand operated receipt systems which are slow and cannot serve to millions of customers at the same time." *Id.* at 23.

In our determination at institution that the arguments presented in the Preliminary Response were not persuasive, we stated that reliance on an alleged "single or standard format" for digital receipts for serving "millions of customers" as a practical application was misplaced because no limitation of claim 1, for example, requires a particular standardized "format" for the digital receipt. Dec. 28; *see also Synopsys, Inc. v. Mentor Graphics Corp.*, 839 F.3d 1138, 1149 (Fed. Cir. 2016) ("The § 101 inquiry must focus on the language of the Asserted Claims themselves."). Moreover, claim 1 is broadly directed to a method for issuing a single receipt to a customer for a single transaction, and, therefore, the claim does not recite an application for serving "millions of customers" as argued. *See* Ex. 1001, 10:56–11:8.

We also determined that the recited limitations, considered alone and in combination, recite generally gathering, retrieving, and analyzing the data that concerns a credit card account and executing a customer's preference to deliver the credit card receipt to a particular destination. Dec. 28. The claim language fails to integrate the abstract idea into a practical application because it recites no technical detail, i.e., no particular way of implementing the issuing of the credit card sales receipt. *See ChargePoint, Inc. v. SemaConnect, Inc.*, 920 F.3d 759, 769–70 (Fed. Cir. 2019) (finding claims directed to abstract idea where broad claim language "would cover any

mechanism for implementing network communication on a charging station," rather than a specific way of doing so). Further, none of the limitations, either alone or in combination, reveal an improvement in the technology. Rather, computer components such as a "server," a "database," and a "point-of-sale terminal" are recited as conventional tools for the execution of the recited method. Pet. 78–79 (citing Hochman Decl. ¶ 179). Their use merely links the fundamental economic practice of credit card transactions and providing a receipt for such transactions to the computer technology environment. *See* Guidance, 84 Fed. Reg. at 54–55; *see also Dealertrack*, 674 F.3d at 1333 ("Simply adding a 'computer aided' limitation to a claim covering an abstract concept, without more, is insufficient to render the claim patent eligible.").

Claims 11 and 16 recite limitations similar in scope to the claim 1 limitations discussed above. Petitioner provides an explanation accounting for those claims, and our analysis of claim 1, as stated above, equally applies to those claims. *See* Pet. 93–94. For the reasons set forth above, we are persuaded that claims 1, 11, and 16 do not integrate the recited abstract idea into a practical application.

5. Step 2B: Inventive Concept

A claim directed to an abstract idea with no practical application may be rendered patent eligible if it "provide[s] an inventive concept (*i.e.*, whether the additional elements amount to significantly more than the exception itself)." Guidance 56. This would be the case, for example, when a claim "[a]dds a specific limitation or combination of limitations that are not well-understood, routine, conventional activity in the field." *Id.*

Petitioner asserts the challenged claims do not embody an inventive concept that is significantly more than the abstract idea. Pet. 81. As contended by Petitioner, the claimed elements are well-known, routine, and generic components arranged in their conventional manner. *Id.* at 82–83 (citing Ex. 1001, 8:28–36, 2:3–38, 5:37–42, 5:51–53; Hochman Decl. ¶¶ 183–184). Petitioner further argues that the combination of claimed elements also does not provide an inventive concept because the claimed features are "described and claimed generically rather than with the specificity necessary to show how those components provide a concrete solution to the problem addressed by the patent." *Id.* at 89 (quoting *Affinity Labs of Tex., LLC v. Amazon.com, Inc.*, 838 F.3d 1266, 1271–72 (Fed. Cir. 2016); citing *RecogniCorp, LLC v. Nintendo Co.*, 855 F.3d 1322, 1328 (Fed. Cir. 2017)).

We determine that the claims of the '551 patent do not claim an inventive concept. We agree with Petitioner that the claimed elements were well-known, routine, and generic components arranged in their conventional manner. Pet. 83. As Petitioner points out, the Specification of the '551 patent describes that the network recited in all the claims "can just be 'the Internet.'" *Id.* (citing Ex. 1001, 2:34–38). The software program described in the '551 patent Specification "may be uploaded to, and executed by, a machine, e.g., POS terminal 102 or server 112, comprising any suitable architecture such as a personal computer, a workstation or server." *Id.* at 4:66–5:2. Thus, the claims may be implemented with conventional computer devices.

Indeed, the Specification describes machine 200 as having generic computer components: CPU, RAM, ROM, input/output interface such as a

keyboard, cursor control device such as a mouse or joystick, and a display device. *Id.* at 5:3–8. The POS terminals are also described generically; they use logical connections with remote computers, such as "a personal computer, a server, a router, a network PC, a peer device or other common network node, and typically includes many or all of the elements described . . . relative to the machine 200." *Id.* at 5:37–42; *see also* Hochman Decl. ¶¶ 63–65 (opining that it was well known for point-of-sale terminals to be operated as desktop computers with a barcode scanner or other peripherals). The database is described functionally and generically, as a repository of credit card customer records, and including two tables to store personal information for the customer and a credit card account table. *Id.* at 4:23–56. POS terminal 102 and remote server 114 use "standard" database software for storing data in and retrieving data from the database. *Id.* at 7:34–38, 7:59–8:2. These descriptions paint the picture of generic computing devices performing their known functions and behaving like conventional and routine components of a computerized process.

Patent Owner does not present any argument. However, at institution we considered the Preliminary Response argument that the claimed invention relates to "an unconventional arrangement [of] features for digital receipt generation, transmission, storage, and management, as well as to enable a merchant to provide to a customer additional purchase/upgrade opportunity for the merchandise or services that they have purchased." Dec. 29–31; Prelim. Resp. 32–33.

We reiterate here what we stated at the institution stage—that there is no evidence that the claimed computer components are arranged in an unconventional manner. And, we also stated, the fact that these computer

components may provide functionality to add further purchase/upgrade opportunities does not change the fact that the computer devices recited in the claims as a whole are generic computer components arranged in a conventional manner for performing the functions of receiving data, storing data, retrieving the data, generating data, and outputting data. *See* Hochman Decl. ¶ 85.

We determine that the limitations of claims 1, 11, and 16, individually or in combination, do not "'transform the nature of the claim' into a patent-eligible application." *Alice*, 573 U.S. at 217–18 (quoting *Mayo*, 566 U.S. at 78–79). Thus, Petitioner has shown by a preponderance of the evidence that claims 1, 11, and 16 of the '551 patent are unpatentable under 35 U.S.C. § 101.

6. Dependent Claims

As explained above, claims 2–10 depend directly or indirectly from claim 1, claims 12–15 depend directly or indirectly from claim 11, and claims 17–20 depend directly or indirectly from claim 16. Ex. 1001, 11:9–37, 11:59–12:12, 12:36–58. Applying the same analysis for each limitation of these dependent claims, our conclusion does not differ from our above conclusions for independent claims 1, 11, and 16. *See* Pet. 94–96 (analysis of the dependent claims). Patent Owner does not present any argument concerning the dependent claims and the Preliminary Response did not address any limitations of the dependent claims. *See generally* Prelim. Resp.

We determine that Petitioner also has shown by a preponderance of the evidence that claims 2–10, 12–15, and 17–20 of the '551 patent are unpatentable under 35 U.S.C. § 101. For instance, claims 2–6, 12, 17, and 18 recite different aspects of a solicitation (such as warranty, upgrades,

rebates, etc.) provided with the digital receipt. Ex. 1001, 11:9–24, 11:59–12:3, 12:37–49. Petitioner argues, and we agree, that these dependent claims also recite fundamental economic practices and do not recite any technology to achieve or implement the recited solicitation. Pet. 95 (citing Hochman Decl. ¶¶ 188–192; Ex. 1012 ¶¶ 7, 34).

As for dependent claims 7–10, 13–15, and 19–20, Petitioner argues, and we agree, that these claims recite that "the receipt is stored in a database for later download by the customer, including into a 'spreadsheet program' or 'financial software program' to manipulate the information in the receipt." Pet. 95–96 (citing Hochman Decl. ¶¶ 61–75; Ex. 1010, 1). These claims recite extra-solution activity of storing and downloading data. *E.g.*, *Apple, Inc., v. Ameranth*, 842 F.3d 1229, 1241–42 (Fed. Cir. 2016) (holding that printing or downloading generated menus constituted insignificant extra-solution activity). Furthermore, extra-solution activity is recited in other dependent claims that use a software program to manipulate information in the digital receipt because these claims merely address the use of a generic computer to render the data into a format useful to the user. *See Alice*, 573 U.S. at 225 ("Using a computer to create and maintain 'shadow' accounts amounts to electronic recordkeeping—one of the most basic functions of a computer."); *Ultramercial*, 772 F.3d at 716 (reciting "[a]dding routine additional steps such as updating an activity log"); *Versata*, 793 F.3d at 1334 (reciting "conventional and well-known limitations involving a computer[,]e.g., storing pricing information"); *see also* Ex. 1001, 10:1–6 (stating the user can download the receipt using conventional, off-the-shelf hardware and software).

Accordingly, these dependent claims do not recite anything more than applying the abstract idea of a fundamental economic practice—providing credit card digital receipts with a generic computer and program—without transforming the nature of the invention into a patent-eligible application.

7. Conclusion

We determine that Petitioner has shown that the challenged claims of the '551 patent recite an abstract idea, the claims also lack integration into a practical application, and the generic computer components recited in those claims do not transform the claims into patent-eligible applications of that idea. Petitioner, thus, has shown by a preponderance of the evidence that claims 1–20 of the '551 patent are unpatentable under 35 U.S.C. § 101.

E. Overview of Cited Prior Art References

1. Overview of Moran (Ex. 1009)

Moran is entitled "Communication of Transaction Data Via the Internet" and is directed to a system and method in which a store computer controlling a point of service terminal automatically transmits, via email, transaction data to a personal computer of a customer making the transaction. Ex. 1009, code (54), 1:62–67. The transaction data includes the actual items purchased with price and the grocery code of each item. *Id.* at 1:67–2:2. Figure 1, reproduced below, illustrates an example system.

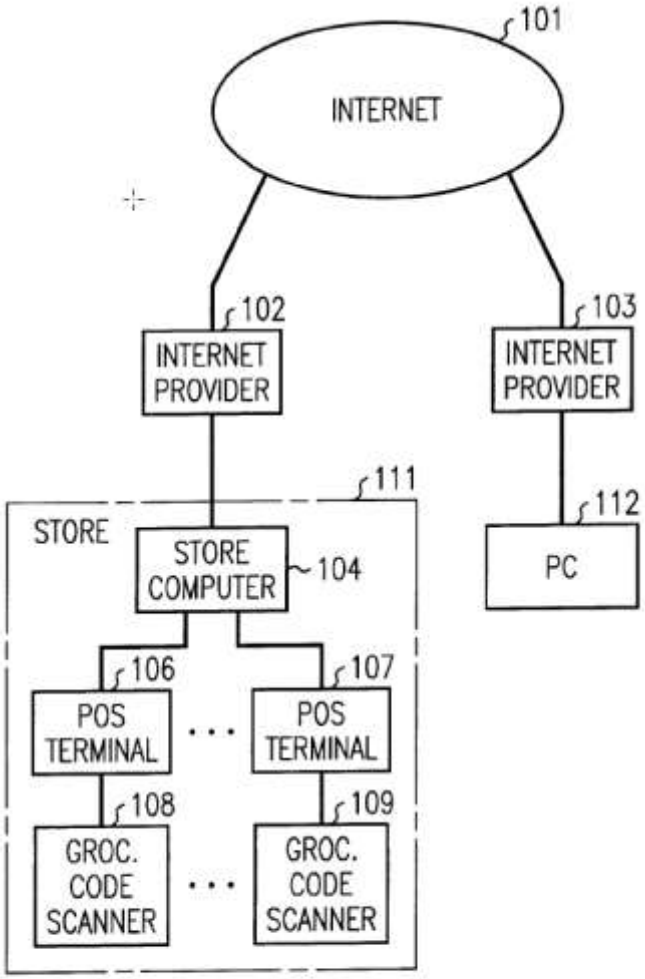

FIG. 1

Figure 1 illustrates a system that implements the transmission of transaction data to a customer. *Id.* at 2:25–26. Store 11 has store computer 104 that controls POS terminals 106–107. *Id.* at 2:26–27. After a transaction is complete, store computer 104 transmits an email message containing transaction data to personal computer ("PC") 112 via Internet Providers 102 and 103 and Internet 101. *Id.* at 2:29–31, 2:51–54. The transaction data can then be retrieved at some later point in time by PC 112

either under manual control of the customer or automatically by PC 112. *Id.* at 2:55–59.

2. Overview of Schulz (Ex. 1012)

Schulz is entitled "Electronic Transaction Receipt System and Method" and relates to issuing an electronic receipt for a sales transaction that includes a hyperlink associated with a post-sale interaction with the product seller, product manufacturer, or parties that are involved with the product itself, such as a product return procedure, a product warranty procedure, or a product registration procedure. Ex. 1012, code (54), ¶ 10. Figure 1, reproduced below, illustrates an example issuance of an electronic receipt having a hyperlink.

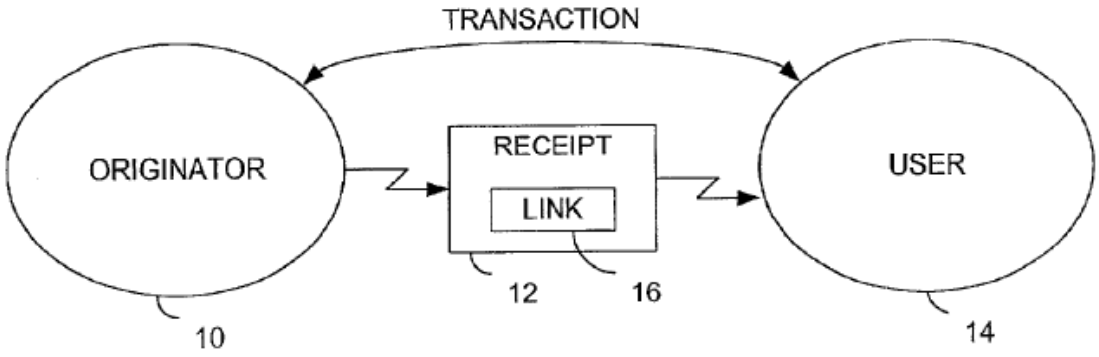

FIG. 1

As illustrated in Figure 1, in a transaction, originator 10 issues electronic receipt 12 to a user. *Id.* ¶ 28. More specifically, in response to an indication of a completion of the transaction, originator 10 generates and transmits receipt 12 to user 14 via a network. *Id.* ¶ 28. Receipt 12 has link 16 that associates it with additional functionality. *Id.* ¶ 28.

3. Overview of Tognazzini (Ex. 1008)

Tognazzini is entitled "Digital Delivery of Receipts" and is directed to an apparatus, system, process, and software which permits the elimination of paper receipts by storing or transmitting receipt information digitally. Ex. 1008, code (54), 2:17–20. Figure 1, reproduced below, illustrates an example generation of a digital receipt.

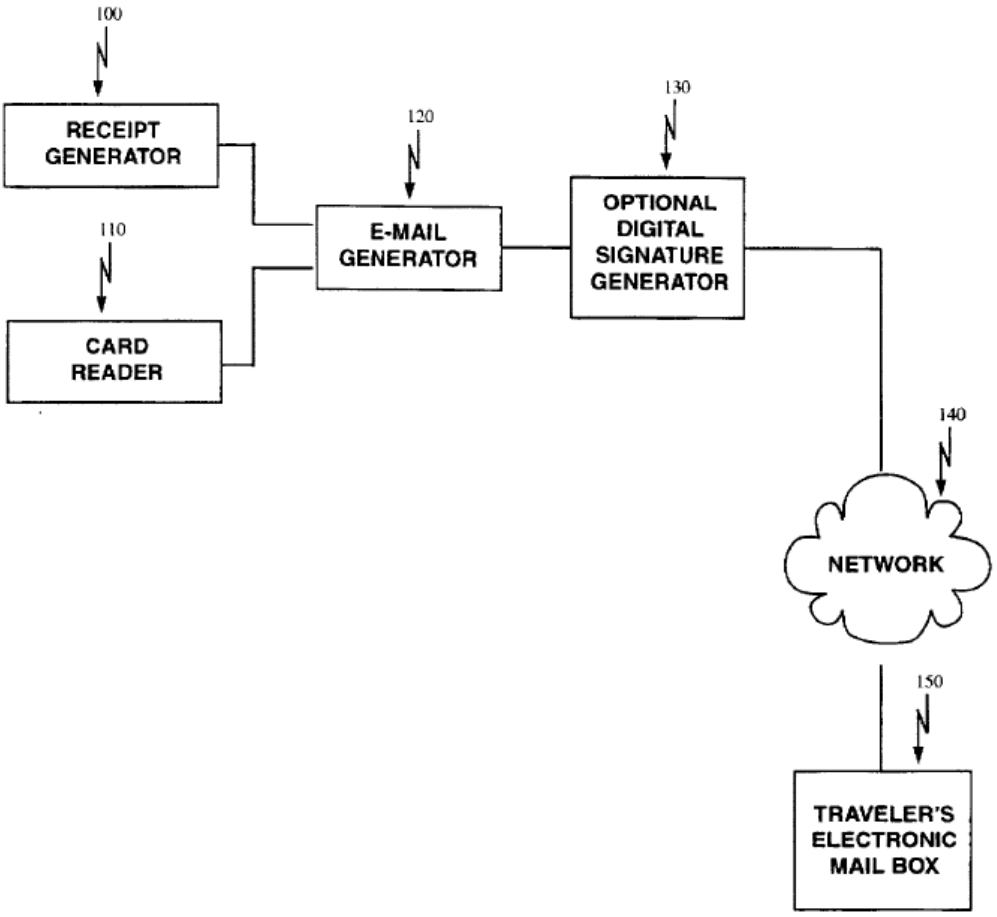

Figure 1

Figure 1 illustrates generating a receipt in a commercial transaction once payment has been made. *Id.* at 4:49–50. At 100, a receipt is generated.

Id. at 4:52–53. At 110, a card reader scans a card having stored thereon an electronic mail ("[e]-mail") address for the delivery of receipts. *Id.* at 4:55–58. At 120, an e-mail generator assembles the information from the receipt generator and the card reader into an e-mail message suitable for transmission across a network 140, such as the Internet. *Id.* at 4:63–66. At 130, optional digital signatures are generated and applied to the receipt information. *Id.* at 4:67–5:2. At 150, an electronic version of the receipt is sent to a recipient's electronic mail box. *Id.* at 5:12–13.

F. Anticipation by Moran Under § 102(b)

Petitioner asserts that claims 1, 7, 8, 11, 13–16, 19, and 20 are anticipated by Moran. Pet. 27–47. Patent Owner does not present any argument concerning anticipation by Moran. *See generally* PO Resp. However, at institution we considered the arguments presented in the Preliminary Response, which are repeated here in the interest of providing a complete record. After considering Petitioner's contentions and any argument in opposition, we are persuaded that Petitioner has demonstrated by a preponderance of the evidence that claims 1, 7, 8, 11, 13–16, 19, and 20 are unpatentable because they are anticipated by Moran.

i. Independent Claims 1, 11, and 16

Moran discloses a method in which a store computer controlling a POS terminal, at which a transaction has been performed, automatically transmits via email *transaction data* to a personal computer of a customer making the transaction, which is done as an email message via the Internet. *See* Pet. 27–28; Ex. 1009, 1:62–2:3. The transaction data in Moran is a

purchase transaction receipt. *Id.* at 28; Ex. 1009, 3:28–36, Abstr., 1:67–2:2, Fig. 2.

(1) Limitation [i]—receiving . . . a registration request to receive digital receipts in association with a first credit card account

Claim 1 recites various computer devices that Moran also discloses. For instance, Moran discloses store computer 104 as the "server" of claims 1 and 16 because it is described as a computer that controls POS terminals and is connected to a network and communicates with Internet providers to communicate with personal computers of users of the system. Pet. 29, 32, 46; Ex. 1009, 2:25–32, 2:51–54. Moran's store computer acts as a central system that controls and processes requests from the individual POS terminals, which comprise standard computers, and thus Moran's store computer constitutes a server. Pet. 32; Ex. 1009, 2:25–41, 3:9–54; Hochman Decl. ¶¶ 63–65, 98–99. Moran's store computer (i.e., the server), in communication with the POS terminals, receives customers' registrations of their e-mail addresses. Pet. 30; Ex. 1009, 2:66–3:1, 3:1–6, 3:14–19, 3:37–46, 3:43–48; Hochman Decl. ¶¶ 98–103, 105. Based on these disclosures, we find that a customer wishing to register with the store would provide the personal credit card and email address information via a POS terminal, information which is then received and stored by the store computer. This satisfies claim limitation [i] of claim 1 and substantively similar limitation of claim 16 because the server (Moran's store computer) receives a registration request to receive digital receipts in association with a credit card account.[10]

[10] Claim 11 does not recite a correspondingly similar limitation.

(2) Limitation [ii]—storing . . . at least one first customer record in a database

Claim 1 requires that a server store the customer record in a database and that the customer record associate the first credit card account with a destination associated with a first customer. Claim 16 recites substantively similar language. Claim 11 does not require a server, but recites storing in a database two records, the first credit card account record and a customer record. The customer record includes the indication of a destination, associated with the customer, for digital receipts. Petitioner has shown by a preponderance of the evidence that Moran discloses these limitations.

Moran discloses that the store computer stores the customer's credit card account information and an associated email address in a database because it describes storing a record for the customer at the store computer or in a common database that the store computer accesses. Pet. 34–35; Ex. 1009, 2:66–3:6, 3:9–19, Fig. 2. The credit card account of the customer is associated with the preferred e-mail destination because Moran describes in Figure 2 that store computer (at step 202) determines if an e-mail address has been assigned to the card read by the POS terminal, by checking the previously stored record of the e-mail address. Pet. 35; Ex. 1009, 3:9–19, Fig. 2. This determination would involve checking the common database that Moran describes as storing all the card numbers and associated email addresses. Pet. 36–37; Ex. 1009, 3:14–23, 3:9–26. Thus, because Moran describes storing the credit account records in a common database and also determining whether previously registered e-mail addresses are associated with a particular credit account record, we find that Moran discloses two records: a credit card account record which has the credit card information

and a customer record which has the customer indication of a preferred email address. Consequently, Moran discloses limitation [ii] of claim 1 and the similarly recited limitations in claims 11 and 16.

(3) Limitation [iii]—receiving . . . information identifying the first credit card account and information about a transaction

Claims 1 and 16 require that the server receive the recited information from a POS terminal. Claim 11 also requires that the credit card account identifier and information about an account is received from a point-of-sale terminal. Petitioner has shown by a preponderance of the evidence that Moran discloses these limitations.

Moran states that during a transaction, "store computer 104 receive[s] credit card information from a POS terminal" and uses that information to "determine[] if the credit card number has an associated email address." Pet. 37; Ex. 1009, 2:66–3:6. Petitioner argues, and we agree, that Moran's store computer, i.e., the server, receives information about a transaction from the POS terminals during the purchasing of goods, as the store computer has access to all items, prices, and bar codes that are being purchased at the POS terminal. Pet. 38; Ex. 1009, 2:38–42, 3:28–54. Moran therefore discloses that its store computer (i.e., the recited "server") receives credit card account information and information about a transaction during the purchasing of goods. Consequently, Moran discloses limitation [iii] of claim 1 and similarly recited limitations in claims 11 and 16.

(4) Limitation [iv]—retrieving . . . the at least one first customer record from the database based on the information identifying the first credit card account

Claims 1 and 16 require that the server retrieve from the database the customer record based on the credit card information received in limitation [iii]. Claim 11 does not require a server, but rather, it recites "one or more computing devices" performing the function in limitation [iii] in addition to verifying the credit card account for the amount of the transaction and determining the destination associated with the customer. Petitioner has demonstrated by a preponderance of the evidence that Moran discloses these limitations.

Petitioner shows that Moran's store computer (i.e., server) retrieves the customer record from the common database because Moran describes determining if the received credit card information has an associated e-mail address and this e-mail address would be stored in a "record" in the common database (or alternatively in the store computer itself). Pet. 38–39; Ex. 1009, 2:66–3:6, 3:9–26; Hochman Decl. ¶ 111. Thus, we agree that in order to check whether the customer's credit card is associated with a previously registered e-mail address, Moran retrieves the "customer record" that stores that information associated with the credit card account and determines the e-mail destination for the customer to receive the digital receipt.

As for the additional limitation recited in claim 16, we find that Moran also discloses that the function of verifying the credit card account for the amount of the transaction is performed by the store computer, which uses "the credit card number to process the transaction for payment in a standard manner." Pet. 44; Ex. 1009, 3:1–8; Hochman Decl. ¶ 125. We discuss this limitation here because claim 16 recites this verification function

together with the other functions described above and ascribed to the "one or more computing devices," which correspond to Moran's store computer. *See* Pet. 44; Ex. 1001, 11:49–54; Ex. 1009, 3:1–8. Consequently, we determine that Moran discloses limitation [iv] of claim 1 and similarly recited limitations of claims 11 and 16 (including the additional limitation discussed above).

(5) Limitation (v)—initiating a charge of an amount of the transaction to the first credit card account

Moran describes that the store computer uses the credit card number to process the transaction for payment. Pet. 39; Ex. 1009, 2:66–38. Accordingly, we are persuaded that Petitioner has demonstrated by a preponderance of the evidence that Moran discloses initiating a charge of the transaction amount to the credit card account as required in limitation [v] of claims 1 and 16.[11]

(6) Limitation (vi)—automatically transmitting a digital receipt for the transaction to the destination associated with the first customer without input from the first customer

Claims 1, 11, and 16 all require the automatic transmission of the digital receipt to the customer-defined destination, without input from said customer. Claim 11, however, ascribes the function to the "terminal," while claims 1 and 16 do not recite any particular structure performing the transmission. Petitioner demonstrates by a preponderance of the evidence that Moran discloses this limitation.

[11] Claim 11 does not recite a corresponding limitation, and, therefore, is not discussed in this analysis.

As stated previously, Moran discloses a method in which the store computer "automatically transmits via email transaction data to a personal computer of a customer making the transaction." Pet. 39 (citing Ex. 1009, 1:62–2:7) (emphasis omitted). This disclosure shows that the transaction data, which constitutes a digital receipt, is "automatically" transmitted by the store computer, without any customer input. *Id.* at 39–40; Ex. 1009, 3:28–57.

Claim 11 requires that this transmission is performed by a "terminal," which Petitioner argues the store computer also discloses. Pet. 42–43. For instance, claim 11, drafted from the perspective of a "terminal for issuing a digital receipt for a purchase transaction," recites that the terminal is configured to perform the automatic transmission. Ex. 1001, 11:55–58. Petitioner posits, and we agree, that Moran's store computer also discloses claim 11's terminal. Pet. 43. For instance, we understand that the '551 patent describes a "terminal" in the same vein as a personal computer, workstation, or server. Ex. 1001, 4:61–5:62. Accordingly, because Moran's store computer automatically transmits the digital receipt as stated above, such a function is performed by a "terminal" as required by claim 11.

Therefore, we determine that Moran discloses limitation [vi] of claim 1 and similarly recited limitations of claims 11 and 16 (including the "terminal" as discussed above).

(7) Conclusion

From the above disclosures and the cited evidence in the Petition, we agree that Moran discloses the method of claim 1, the terminal of claim 11,

and the computer-readable medium of claim 16.[12] We are persuaded that, in accordance with the claimed limitations, Moran's store computer receives a registration of the email address associated with the credit card account (limitation [i]), stores in the common database the email address associated with the credit card account (limitation [ii]), receives (at a communication mechanism of the store computer) the credit card account and transaction information from the POS terminal (limitation [iii]), retrieves the database record to determine the email associated with the credit card account (limitation [iv]), processes the credit card transaction (limitation [v]), and automatically forms and delivers an email with the transaction data or "digital receipt" (limitation [vi]). Accordingly, we find that Moran anticipates claims 1, 11, and 16.

At institution we considered the argument in the Preliminary Response that Moran fails to disclose checking user preferences regarding the intent of the customer to receive digital receipts and the location for receiving the receipt before transmitting it. *See* Dec. 39; Prelim. Resp. 13–14. We were not persuaded by the argument and determined that Moran shows that a customer "register[s]" an email address for receiving the transaction data, which is mapped to the "digital receipt," and that such a registration shows that a customer submits to store computer 104 the recited registration request. Pet. 31 (citing Hochman Decl. ¶¶ 98–103). We were further persuaded by Petitioner's reliance on Moran, which discloses

[12] Claim 16 recites a "computer readable medium having instructions embodied thereon," and Petitioner has demonstrated that Moran's store computer and terminals, which perform the claimed functions, would necessarily have the software that when executed performs the recited instructions. Pet. 46 (citing Hochman Decl. ¶¶ 132–133).

automatically determining "if the credit card number has an associated email address." *Id.* at 38 (citing Ex. 1009, 2:66–3:6). These disclosures show that Moran receives the customer's preference, stores the customer's preference in the database, and checks that preference automatically when determining whether the credit card has an associated email address before transmitting the digital receipt.

In conclusion, Petitioner has demonstrated by a preponderance of the evidence that claims 1, 11, and 16 are anticipated by Moran.

ii. Dependent Claims 7, 8, 13–15, 19, and 20

Petitioner has provided a mapping of the further limitations recited in dependent claims 7, 8, 13–15, 19, and 20 to disclosures in Moran. Pet. 40–42, 44–47. Patent Owner does not present argument concerning these claims.

(1) Claims 7 and 19

Claim 7 depends from claim 1, and recites "storing the digital receipt on the at least one server; and providing access to the digital receipt at a time after completion of the transaction." Claim 19 recites functionally identical limitations, but depends from claim 16 and recites "instructions" to perform the recited limitations. Petitioner shows that Moran's store computer stores the digital receipt because in the process of forming the message with the information, it would be necessary for the store computer to store the message during construction of the message and for further transmission. Pet. 40–41 (citing Hochman Decl. ¶ 116). Furthermore, Petitioner shows that Moran provides access to the digital receipt after completion of the transaction because the e-mail server allows for automatic "accessing of e-

mail so as to obtain transaction data" (i.e., the digital receipt). *Id.* at 41 (emphasis omitted); Ex. 1009, 3:56–4:9. We determine that Petitioner has demonstrated by a preponderance of the evidence that Moran anticipates claims 7 and 19.

(2) Claims 8 and 20

Claim 8 recites depends from claim 7, and recites "providing access to the digital receipt comprises permitting download of the digital receipt to a terminal of the first customer." Claim 20 recites functionally identical limitations, but depends from claim 19 and recites "instructions" to perform the recited limitations. Petitioner shows that the customer terminal in Moran allows access of the transaction data (i.e., digital receipt) by downloading it from the e-mail server, which received it from Moran's store computer. Pet. 42 (citing Ex. 1009, 3:56–4:9); Hochman Decl. ¶¶ 118–119. We determine, therefore, that Petitioner has demonstrated by a preponderance of the evidence that Moran anticipates claims 8 and 20.

(3) Claim 13

Claim 13 depends from claim 11, and recites "wherein the terminal is further configured to transmit the digital receipt to a remote server for storing the digital receipt." Petitioner argues that, as discussed for claim 7, Moran's store computer (i.e., the recited "terminal") transmits the digital receipt to a remote e-mail server that stores the digital receipt for access by the customer's personal computer. Pet. 44. We agree that Moran's store computer transmits the digital receipt to a remote e-mail server in the process of providing access as recited in claim 7. Ex. 1009, 3:56–4:9.

We determine, therefore, that Petitioner has demonstrated by a preponderance of the evidence that Moran anticipates claim 13.

(4) Claim 14

Claim 14 depends from claim 11, and further recites "at least one second database configured to store the digital receipt." Petitioner argues that Moran's store computer transmits the digital receipt to the remote e-mail server and that such an e-mail server corresponds to the "second database configured to store the digital receipt." Pet. 45. Petitioner relies on the testimony of Mr. Hochman that a person of ordinary skill in the art "would understand that an Internet provider storing email messages (containing digital receipts) would necessarily utilize a database to store the messages for its customers to retrieve in the future." Hochman Decl. ¶ 129. This testimony is unrebutted, consistent with the disclosure of Moran, and persuasive. We also note that Mr. Hochman defines "database" as "any organized collection of data, stored and accessed electronically from a computer system." *Id.* We credit this testimony and find it persuasive.

We determine, therefore, that Petitioner has demonstrated by a preponderance of the evidence that Moran anticipates claim 14.

(5) Claim 15

Claim 15 depends from claim 14, and further recites "wherein the terminal is further configured to provide to the customer access to the digital receipt." Petitioner argues that, as discussed with respect to claim 7, Moran's store computer provides access to the digital receipt by e-mailing the transaction data to the customer's personal computer via an e-mail server and the customer can access and download it therefrom. Pet. 45–46 (citing

Hochman Decl. ¶¶ 130–131); Ex. 1009, 3:56–4:9. We determine, therefore, that Petitioner has demonstrated by a preponderance of the evidence that Moran anticipates claim 13.

(6) Conclusion

Having reviewed the Petition's information as described above, we determine that Petitioner has demonstrated by a preponderance of the evidence that dependent claims 7, 8, 13–15, 19, and 20 are unpatentable as anticipated by Moran.

G. Obviousness Over Moran and Schultz Under § 103

Petitioner asserts that claims 2, 12, and 17 would have been obvious over Moran and Schultz. Pet. 47–54.

Claims 2, 12, and 17 recite various aspects of solicitation. For instance, claim 2 recites "providing at least one solicitation with the digital receipt." Claim 12 recites "wherein the one or more computing devices are configured to select at least one solicitation based on the information about the transaction and to transmit the at least one solicitation to the destination associated with the customer." And claim 17 recites "instructions to provide at least one solicitation with the digital receipt." Petitioner relies on Schultz's product advertisements included with e-mail receipts. Pet. 52; Ex. 1012 ¶ 7. Petitioner also relies on Schultz's coupon offer that is directed to the buyer and identified in the sales transaction, where the digital receipt can include a warranty button, register product button, or check rebates button, all of which are based on the products involved in the transaction. Pet. 53–54; Ex. 1012 ¶¶ 41, 48, Fig. 9. We are persuaded that these disclosures show that it was known in the art of e-mailed receipts to include

solicitations related to the product or the transaction, such as upselling a warranty.

Petitioner proffers that a person of ordinary skill in the art would have recognized as beneficial the combination of issuing a digital receipt with providing a solicitation because it "could possibl[y] reduce the time associated with the entire transaction in itself, thereby making the transaction more suitable for the busy customer." *Id.* at 50 (citing Ex. 1003, 166–67 (prosecution history)) (alteration in original). Petitioner also points out that Moran discloses the use of a store club card for automatically obtaining discounts on purchased groceries, thereby teaching that it would be advantageous for the customer to automatically receive discounts during a transaction. *Id.* (citing Ex. 1009, 2:41–49). We are persuaded, by these arguments and cited evidence in support, that a person of ordinary skill in the art would have had reasons to combine the solicitation teachings of Schultz with the Moran system.

Patent Owner does not challenge any of Petitioner's arguments or evidence. Having reviewed the ground presented and as discussed above, we determine that Petitioner has shown by a preponderance of the evidence that claims 2, 12, and 17 are unpatentable as obvious over the combined teachings of Moran and Schulz.

H. Additional Obviousness Grounds

As further alternate grounds, Petitioner asserts that claims 1, 7, 8, 11, 13–16, 19, and 20 would have been obvious over Moran alone or Moran and Tognazzini, and that claims 2, 12, and 17 would have been obvious over Moran, Tognazzini, and Schultz. Pet. 54–63.

These alternate grounds are premised on the argument that, to the extent that Moran fails to disclose certain limitations of independent claims 1, 11, and 16, such limitations would have been obvious to a person of ordinary skill in the art, at the time of the claimed invention, in light of either the knowledge of a person of ordinary skill in the art or the disclosure of Tognazzini. *Id.* at 54–59. For instance, Petitioner contends that Moran's disclosure of the recited "server" and the "database" might be in dispute, and, therefore, Petitioner argues that certain limitations pertaining to those components would have been obvious based on Moran. *Id.* at 57 ("As such, it would have been obvious to a [person of ordinary skill in the art] that the 'common database' in Moran could be a server with a database, such that it would correspond to the 'server' and 'database' limitations recited in independent Claims 1 and 16."). In any event, Petitioner also relies on Tognazzini as teaching the recited "server." *Id.* at 59–62. Petitioner proffers that a person of ordinary skill in the art would have been motivated to combine the teachings of Moran and Tognazzini because the combination "involves the use of known techniques to improve similar devices in a predictable way" and a "[person of ordinary skill in the art] would have had a reasonable expectation of success in implementing Moran's 'common database' as disclosed in Tognazzini." *Id.* at 60 (citing Hochman Decl. ¶ 166).

Because we determine that Moran discloses a server and the database as required in claims 1, 11, and 16, and Petitioner has proven that Moran anticipates the claims, we do not need to reach the additional arguments as to why the limitations would have been obvious based on Moran alone. Nevertheless, we note that "it is well settled that a disclosure that anticipates

under § 102 also renders the claim invalid under § 103, for anticipation is the epitome of obviousness." *See Realtime Data, LLC v. Iancu*, 912 F.3d 1368, 1373 (Fed. Cir. 2019) (citations and internal quotation marks omitted). Thus, Petitioner has proven by a preponderance of the evidence that the claims would have been obvious based on Moran.

We also note that Tognazzini teaches a server and that Moran teaches the "common database" as described above with respect to the anticipation ground. And we find that Petitioner has presented by a preponderance of the evidence that it would have been obvious for a person of ordinary skill in the art to rely on additional "server" teachings of Tognazzini to implement a server with a common database in Moran. Pet. 60 (Hochman Decl. ¶ 166). Patent Owner presents no argument regarding these alternative grounds.

Having reviewed the Petition's information, we determine that Petitioner has shown by a preponderance of the evidence that claims 1, 7, 8, 11, 13–16, 19, and 20 would have been obvious over Moran alone or in combination with Tognazzini.

Further, Petitioner has provided a mapping of the further limitations recited in dependent claims 2, 12, and 17 to disclosures in Schultz. Pet. 51–54, 62–63. We have already determined above that Petitioner demonstrated those claims would have been obvious over the combination of Moran and Schultz, and, therefore, that analysis and determination are equally applicable to the ground concerning the combination of Moran, Schultz, and Tognazzini, for the "server" and common database combination of teachings described above. We determine, therefore, that Petitioner has shown by a preponderance of the evidence that claims 2, 12, and 17 would have been obvious over Moran, Tognazzini, and Schultz.

III. CONCLUSION

We have determined that Petitioner has shown by a preponderance of the evidence that the challenged claims are unpatentable as follows:

Claims	35 U.S.C. §	Reference(s)/Basis	Claims Shown Unpatentable	Claims Not shown Unpatentable
1–20	101	Eligibility	1–20	
1, 7, 8, 11, 13–16, 19, 20	102(b)	Moran	1, 7, 8, 11, 13–16, 19, 20	
2, 12, 17	103	Moran, Schultz	2, 12, 17	
1, 7, 8, 11, 13–16, 19, 20	103	Moran	1, 7, 8, 11, 13–16, 19, 20	
1, 7, 8, 11, 13–16, 19, 20	103	Moran, Tognazzini	1, 7, 8, 11, 13–16, 19, 20	
2, 12, 17	103	Moran, Tognazzini, Schultz	2, 12, 17	
Overall Outcome			1–20	

IV. ORDER

In consideration of the foregoing, it is hereby:

ORDERED that claims 1–20 of the ’551 patent have been proven to be unpatentable; and

FURTHER ORDERED because this is a Final Written Decision, parties to this proceeding seeking judicial review of the Decision must comply with the notice and service requirements of 37 C.F.R. § 90.2.

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