

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

PRICELINE.COM and BOOKING.COM B.V.,
Petitioner,

v.

DDR HOLDINGS, LLC,
Patent Owner.

Case IPR2018-00482
Patent 7,818,399 B1

Before GREGG I. ANDERSON, PATRICK M. BOUCHER, and
STACY B. MARGOLIES, *Administrative Patent Judges*.

BOUCHER, *Administrative Patent Judge*.

FINAL WRITTEN DECISION
35 U.S.C. § 318(a) and 37 C.F.R. § 42.73

In response to a Petition (Paper 1, “Pet.”) filed by Priceline.com LLC and Booking.com B.V. (collectively, “Petitioner”), we instituted an *inter partes* review of claims 1, 3, 7, 9, 13–16, and 18 of U.S. Patent No.

7,818,399 B1 (“the ’399 patent”).¹ Paper 18 (“Dec.”). During the trial, DDR Holdings, LLC (“Patent Owner”) filed a Response (Paper 30, “PO Resp.”), to which Petitioner filed a Reply (Paper 34, “Reply”). Patent Owner filed a Motion to Exclude evidence filed by Petitioner, which Petitioner opposed, and to which Patent Owner replied. Papers 39, 44, 48.² In addition, Patent Owner filed a Motion for Observations related to deposition testimony of Petitioner’s witness, to which Petitioner responded, and which we have considered. Papers 38, 43. An oral hearing was held with the parties, and a copy of the transcript was entered into the record. Paper 52 (“Tr.”).

We have jurisdiction under 35 U.S.C. § 6. This Decision is a Final Written Decision under 35 U.S.C. § 318(a) as to the patentability of the claims on which we instituted trial. Based on the record before us, Petitioner has not shown, by a preponderance of the evidence, that claims 1, 3, 7, 9, 13–16, and 18 of the ’399 patent are unpatentable.

¹ The Petition was also filed by Tourico Holidays, Inc., TicketNetwork, Inc., and Travel Holdings, Inc. Those parties subsequently settled with DDR Holdings, LLC, and we terminated the proceeding with respect to those parties. Paper 16.

² A correction to the Motion was also filed as Paper 49.

I. BACKGROUND

A. *The '399 Patent*

1. *Overview*

The '399 patent “relates to a system and method supporting commerce syndication.” Ex. 1001, 1:21–22. The patent is particularly focused on the implementation of “affiliate” marketing systems on the Internet, which Petitioner’s expert, Peter Kent, describes as follows:

Most commonly known as affiliate marketing (though the world’s largest system, owned by Amazon.com, actually uses the term associate rather than affiliate), the concept is simple. If website owner A sends a visitor from his website to the ecommerce site owned by website owner B, and if that visitor makes a purchase from the website owned by owner B, then owner B pays owner A a commission. Thus, merchants could “hire” armies of online sales people, and pay for results.

Ex. 1002 ¶ 18. As the '399 patent itself explains, with such affiliate marketing systems, “companies let third-party website owners list a subset of their goods (e.g., 10 of Amazon.com’s millions of books, selected by the website owner) and promote them as they choose within their websites.” Ex. 1001, 2:17–20.

Although the '399 patent acknowledges that “[t]he benefits of affiliate programs are significant,” it also recognizes that “the greater benefit almost always accrues not to the affiliate, but to Amazon.com and other online stores.” *Id.* at 2:25–31. In particular, the patent identifies a “fundamental drawback of the affiliate programs” as “the loss of the visitor to the vendor,” because, with such an arrangement, the vendor is “able to lure the visitor

traffic away from the affiliate.” *Id.* at 2:31–39. The patent describes a solution to this problem by “includ[ing] a data store including a look and feel description associated with a host website.” *Id.* at 4:47–49.

A particular solution described in the patent relevant to the challenged claims involves three distinct parties: a “host,” which is an operator of a website, a “merchant” selling a product, and an “outsource provider” that facilitates maintaining the look and feel of the host website when a link to a product of the merchant is selected. *See id.* at 22:9–12 (“There are three main parties in the outsourced e-commerce relationship, excluding the end consumer. These parties include Merchants, Hosts, and the e-commerce outsource provider.”). The patent states that a typical embodiment “will include a data store including a look and feel description associated with a host website, a communications link to a visitor computer, and a processor.” *Id.* at 4:47–50. The patent adds:

The processor performs the tasks of capturing a look and feel description associated with a host website, storing the captured look and feel description in the data store, providing the host website with a link that link correlates the host website with a commerce object for inclusion within a page on the host website and which, when activated, causes the processor to serve an e-commerce supported page via the communication link with a look and feel corresponding to the captured look and feel description of the host website associated with the provided link and with content based on the commerce object associated with the provided link.

Id. at 4:50–61. In other embodiments described by the '399 patent, but less relevant to the challenged claims, the three parties fold into two, with one party playing the dual role of host and merchant. *Id.* at 22:12–13.

According to the '399 patent, “[m]erchants are the producers, distributors, or resellers of the goods to be sold through the outsource provider.” *Id.* at 22:17–18. “A Host is the operator of a website that engages in Internet commerce by incorporating one or more link[s] to the e-commerce outsource provider into its web content.” *Id.* at 22:45–47. And the “outsource provider” has a number of functions that provide support services between merchants and hosts, which may be illustrated with a description of a typical overall transaction process flow. *See id.* at 22:61–23:23.

In such a typical transaction process, a customer visits a host website and “through contextually relevant content, becomes interested in a product offered.” *Id.* at 23:28–29. The customer selects the item by clicking a product image or similar link, “taking her to [] dynamically generated web pages which retain the look and feel of the referring Host and are served by the e-commerce outsource provider.” *Id.* at 23:30–35. After browsing through and selecting certain offered products, “the customer initiates the checkout procedure, never leaving the Host website.” *Id.* at 23:36–45. A secure checkout interface appears, “still consistent in look and feel with the Host’s referring website,” and the customer provides billing and shipping information. *Id.* at 23:46–51. The customer is returned to another section of the host’s website, “possibly just returning to the page in which the offer

was placed.” *Id.* at 23:52–55. The outsource provider passes the order to the merchant, which receives and logs the order before assembling and shipping the order to the customer. *Id.* at 23:56–62. Settlement is effected by the outsource provider periodically remitting payment to the merchant for filled orders and remitting payment to hosts for commissions earned. *Id.* at 23:64–67.

2. *Illustrative Claim*

Claim 1, the only independent claim challenged, is illustrative of the claims at issue, and is reproduced below.

1. A method of an outsource provider serving web pages offering commercial opportunities, the method comprising:

(a) automatically at a server of the outsource provider, in response to activation, by a web browser of a computer user, of a link displayed by one of a plurality of first web pages, recognizing as the source page the one of the first web pages on which the link has been activated;

(i) wherein each of the first web pages belongs to one of a plurality of web page owners;

(ii) wherein each of the first web pages displays at least one active link associated with a commerce object associated with a buying opportunity of a selected one of a plurality of merchants; and

(iii) wherein the selected merchant, the outsource provider, and the owner of the first web page are each third parties with respect to one another;

(b) automatically retrieving from a storage coupled to the server pre-stored data associated with the source page; and then

(c) automatically with the server computer-generating and transmitting to the web browser a second web page that includes:

- (i) information associated with the commerce object associated with the link that has been activated, and
- (ii) a plurality of visually perceptible elements derived from the retrieved pre-stored data and visually corresponding to the source page.

Ex. 1001, 26:43–27:3.

B. Evidence Relied Upon

Petitioner relies on the following references.

Arnold	US 6,016,504	Jan. 18, 2000	Ex. 1003
Moore	US 6,330,575 B1	Dec. 11, 2001	Ex. 1007
Voorhees	US 2009/0144176 A1	June 4, 2009	Ex. 1008
Gregory	US 6,490,567 B1	Dec. 3, 2002	Ex. 1009

Digital River Brochure (Ex. 1004)

Digital River April 1997 Website (“April 1997 Website”) (Ex. 1005)

Digital River December 1997 Website (“December 1997 Website”) (Ex. 1006)³

³ Petitioner asserts that certain of its challenges “utilize three different printed publications describing the Digital River system,” i.e., Exhibits 1004, 1005, and 1006. Pet. 7 n.1. Patent Owner does not challenge Petitioner’s position (*see id.*) that “[t]his art may be viewed individually and as two or more together as a whole.” *See generally* PO Resp. Both parties often refer to the three publications collectively in their briefs. Consistent with Petitioner’s usage, we also refer collectively to the three publications as “the Digital River Publications.”

Petitioner further relies on Declarations of its witness, Peter Kent. Exs. 1002, 1019. Mr. Kent was cross-examined by Patent Owner, and transcripts of his depositions were entered into the record. Exs. 1018, 2031. Patent Owner provides a Declaration by Arthur M. Keller, Ph.D. Ex. 2025. No cross-examination testimony of Dr. Keller was entered into the record.

C. Asserted Grounds of Unpatentability

Petitioner challenges claims 1, 3, 7, 9, 13–16, and 18 under 35 U.S.C. § 103(a) over the following combinations of references.

References	Claims Challenged
Arnold and the Digital River Publications	1, 3, 7, 9, 13–16, and 18
Arnold, the Digital River Publications, and Gregory	13–16
Moore and Voorhees	1, 3, 7, 9, 13–16, and 18
Moore, Voorhees, and Gregory	13–16

D. Real Parties in Interest

Petitioner identifies The Priceline Group Inc., Priceline.com LLC, Priceline Partner Networks, Booking.com B.V., Booking.com Holding B.V., Priceline.com Bookings Acquisition Co., Ltd., Priceline.com International Ltd., Priceline.com Holdco U.K. Ltd., and Priceline.com Europe Holdco, Inc. as real parties in interest. Paper 47, 1. Patent Owner identifies only itself as a real party in interest. Paper 26, 1.

E. Related Proceedings

The parties identify the following district court proceedings as related to this proceeding: (1) *DDR Holdings, LLC v. Priceline.com, LLC*, No. 1:17-cv-498 (D. Del.); (2) *DDR Holdings, LLC v. Booking.com B.V.*, No. 1:17-cv-499 (D. Del.); (3) *DDR Holdings, LLC v. Ticketnetwork, Inc.*, No. 1:17-cv-500 (D. Del.); (4) *DDR Holdings, LLC v. Shopify, Inc.*, No. 1:17-cv-501 (D. Del.); and (5) *DDR Holdings, LLC v. Travel Holdings, Inc.*, No. 1:17-cv-502 (D. Del.).⁴ Paper 26, 1; Paper 47, 2–3. In addition, Petitioner identifies *DDR Holdings, LLC v. Hotels.com, L.P.*, 954 F. Supp. 2d 509 (E.D. Tex. 2013) as related; both parties identify the appeal of that district court case in *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014). Paper 26, 1; Paper 47, 3.

Petitioner further identifies two reexamination proceedings as related, both of which included appeals to the Board: (1) *Ex parte DDR Holdings, LLC*, Appeal No. 2009-0013987, Reexamination Control No. 90/008,374 (BPAI April 16, 2010); and (2) *Ex parte DDR Holdings, LLC*, Appeal No. 2009-0013988, Reexamination Control No. 90/008,375 (BPAI April 16, 2010). Paper 47, 5–6.

In addition, the parties identify several *inter partes* review proceedings as involving related patents: (1) IPR2018-01008; (2) IPR2018-01009; (3) IPR2018-01010; (4) IPR2018-01011; (5) IPR2018-01012; and

⁴ Patent Owner indicates that three of these five proceedings have been consolidated under No. 1:17-cv-498, and that the parties to the other two proceedings have settled. Paper 26, 1.

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(6) IPR2018-01014. Paper 26, 2; Paper 47, 6–7. Petitioner has been joined as a party to each of those proceedings as a result of decisions on joinder motions filed in IPR2019-00435, IPR2019-00436, IPR2019-00437, IPR2019-00438, IPR2019-00439, and IPR2019-00440.

Both parties also identify U.S. Patent Appl. No. 15/582,105 as related to the '399 patent. Paper 26, 2; Paper 47, 6.

II. MOTION TO EXCLUDE EVIDENCE

As noted above, Petitioner filed two Declarations by its expert, Mr. Kent, who was accordingly deposed twice. Exs. 1002 (first Declaration), 1018 (transcript of first deposition), 1019 (second Declaration), 2031 (transcript of second deposition). At the beginning of Mr. Kent's first deposition, Petitioner produced Exhibit 1017 and subsequently asked questions about that exhibit on redirect examination. See Ex. 1018, 4:1–6. Patent Owner objected at the time “to the production of these exhibits for the first time here now at the beginning of this deposition apparently purporting to supplement the expert's opinions in ways that are not immediately obvious to me as being consistent with the expert's report.” *Id.* at 6:20–25, 122:13–14 (“Object to the introduction of these exhibits in this proceeding at this time.”). At the oral hearing before the Board, Petitioner confirmed that Exhibit 1017 was only “given to the other side, the Patent Owner's lawyers[,] at the start of the deposition.” Tr. 14:14–16.

The exhibit's genesis remained unclear until the oral hearing, when Petitioner represented that “[t]his drawing was prepared by Mr. Kent to

further illustrate the -- what was discussed in his petition and in his original declaration.” *Id.* at 14:8–10. During the deposition itself, Mr. Kent did not claim to have prepared Exhibit 1017 himself. *See* Ex. 1018, 4:1–6, 122:2–12; Paper 39, 2 (“Exhibit 1017 . . . purports to be a summary exhibit that the witness did not state he himself had prepared.”); Tr. 38:17–24 (“There is no testimony in the record, other than counsel's representation here today that the Exhibit 1017 or the charts . . . was prepared by the witness, by Dr. Kent. . . . There's no evidence in the record as to where they came from. . . . So Counsel made a representation, which is the first we've heard of it.”).

During his first deposition, cross-examination of Mr. Kent was also limited to the Moore-Voorhees challenge, with Patent Owner posing no questions related to the Arnold–Digital River challenge. *See generally* Ex. 1018, 7:10–121:23. Nevertheless, Petitioner's redirect examination included extensive questioning regarding the Arnold–Digital River challenge, often guided by the content of pages 2 and 3 of Exhibit 1017. *See id.* at 128:3–137:5, 147:17–148:22, 164:18–168:17.

Patent Owner moves to exclude pages 2 and 3 of Exhibit 1017, as well as the redirect testimony addressing the Arnold–Digital River challenge at Mr. Kent's first deposition. Paper 39, 1–2. In addition, Patent Owner contends that “Petitioner's counsel pervasively and unrestrainedly asked leading questions of Mr. Kent in re-direct examination in both of his depositions,” and moves to exclude multiple portions of Mr. Kent's redirect testimony on that basis. *Id.* at 2–4. Although Patent Owner identifies those portions of the testimony it moves to exclude, it does not specifically address

the basis for its assertion that the testimony was elicited from leading questions. Instead, Patent Owner asserts generically that “[t]he leading nature of the questioning in each of those instances is clear and unmitigated.” *Id.* at 4.

1. Exhibit 1017

Patent Owner moves to exclude pages 2 and 3 of Exhibit 1017 (the pages pertaining to “Arnold” and “Arnold & Digital River”) as unauthenticated hearsay. *Id.* at 1, 3. According to Patent Owner, “[n]owhere . . . do the materials filed at the time of the Reply authenticate Exhibit 1017; they do not even explain who prepared it.” *Id.* at 3. Patent Owner adds that Petitioner did not “elicit authenticating information in either deposition.” *Id.* at 3. We are not persuaded by Patent Owner’s arguments that pages 2 and 3 of Exhibit 1017 are inadmissible. Rather, any concerns we may have regarding those pages of the exhibit are properly addressed as a matter of the weight to be accorded to them, which we discuss below in the context of our substantive analysis.

Petitioner contends that Exhibit 1017 “is not prior art, is not used for the truth of the matter asserted, and introduces no new material.” Paper 44, 10. Instead, Petitioner asserts, “Exhibit 1017 is merely an accurate depiction of what is already expressed textually in the Petition and Exhibit 1002.” *Id.* (citing Ex. 1018, 170:25–171:3). Petitioner also characterizes the exhibit as a “demonstrative exhibit.” *See id.* (“Contrary to Patent Owner’s bare allegations, such a summary demonstrative exhibit requires no

authentication beyond what was elicited during the re-direct of Mr. Kent, namely that the exhibit accurately reflects and summarizes his positions expressed in Ex. 1002.”); Tr. 17:6–8 (“That's what it is. It’s a demonstrative exhibit and we wanted to make sure everything was there for them so that they could ask questions about it, if they so chose.”). Although Petitioner uses that characterization to bolster its position that the exhibit should not be excluded, Petitioner also seemingly relies on it as evidence in its Reply. *See* Reply 3. In addition, at the oral hearing, Petitioner rejected the suggestion that, as a demonstrative exhibit, Exhibit 1017 “can be excluded and we can talk about it as a demonstrative.” Tr. 17:10–13 (“To be clear, Your Honor, we would like it in the record.”).

Nevertheless, we do not find the identified pages of the exhibit to be hearsay, as they are introduced as Mr. Kent’s summary of his opinions and are not out-of-court statements introduced to prove the truth of the matter asserted. Fed. R. Evid. 801(c); *see* 37 C.F.R. § 42.62(b) (generally applying the Federal Rules of Evidence to postgrant proceedings). In addition to Petitioner representing that the exhibit was “prepared by Mr. Kent,” Mr. Kent himself agreed that “the information [he’s] shown on page 3 of 6 of Petitioner Exhibit 1017 summarize[s] the information that is contained in [his] declaration and in the Arnold and Digital River references.” Tr. 14:8–10; Ex. 1018, 136:21–137:5. Mr. Kent explained that “Yes, it's -- it's -- it's a summary. And, again, there’s probably more references within the documents, but -- but these are examples of where you can find support for these ideas.” Ex. 1018, 137:2–5. Although that explanation was made in

response to a question by Petitioner's counsel on redirect examination, we find insufficient basis to discount Mr. Kent's assertion as a statement of his personal understanding and belief. Furthermore, because page 2 of Exhibit 1017 is a summary of Mr. Kent's understanding of Arnold, as incorporated into the combination illustrated by page 3 of the exhibit, we find that Mr. Kent's testimony equally supports the admissibility of page 2. Not only does the record support that Exhibit 1017 was prepared by the witness and therefore part of his testimony, the exhibit was entered into the record of this proceeding on November 17, 2018 and cited in Mr. Kent's Supplemental Declaration (Ex. 1019 ¶ 13), before Mr. Kent's second deposition. *See generally* Ex. 2031 (second deposition of Mr. Kent held on March 13, 2019). Patent Owner was thus afforded sufficient opportunity to cross-examine Mr. Kent with respect to the content of the exhibit.⁵ Accordingly, we deny that aspect of Patent Owner's motion that seeks to exclude pages 2 and 3 of Exhibit 1017.

2. Redirect Examination Regarding the Arnold–Digital River Combination

Patent Owner moves to exclude the redirect examination regarding the Arnold–Digital River combination of Mr. Kent's first deposition as beyond the scope of Patent Owner's cross-examination. Paper 39, 1–2. Petitioner

⁵ We recognize that Patent Owner's Motion to Exclude was filed at a time when the origin of Exhibit 1017 was unclear. As we note above, it was only at the oral hearing that Petitioner clarified that the exhibit was prepared by Mr. Kent. Tr. 14:8–10. This clarification reinforces our conclusion that the identified pages of the exhibit are not hearsay.

responds that that aspect of Patent Owner's motion should be denied "because the testimony and exhibit pages in question were squarely within the scope of Patent Owner's cross-examination." Paper 44, 4.

As a factual matter, we agree with Patent Owner that the scope of redirect examination exceeded the scope of cross-examination in Mr. Kent's first deposition. As Patent Owner aptly notes, "[i]n Mr. Kent's first deposition, Patent Owner's counsel did not examine Mr. Kent *at all* about Arnold or the Digital River Publications." Paper 39, 1. We disagree with Petitioner that this "split[s] hairs" and that scope should be viewed more expansively. *See* Paper 44, 4–5.

In most jurisdictions, the scope of redirect examination is limited to the scope of cross-examination, but our governing regulations include no such express limitation on the scope of redirect examination. *See, e.g., U.S. v. Riggi*, 951 F.2d 1368, 1375 (3d Cir. 1991) (noting that the Federal Rules of Evidence "do not directly address redirect . . . examination," but that "[t]he tradition in the federal courts has been to limit the scope of redirect examination to the subject matter brought out on cross-examination"); 37 C.F.R. § 42.53(d)(5) (limiting scope of cross-examination in Office post-grant proceedings to scope of direct testimony, but no corresponding limitation on scope of redirect examination). Rather, the scope of redirect examination is left to the Board's discretion. *See* 37 C.F.R. § 42.5(a) ("The Board may determine a proper course of conduct in a proceeding for any situation not specifically covered by this part.").

Indeed, the discretionary nature of this issue is illustrated by the two interlocutory Board orders to which Patent Owner directs our attention. In *Stewart Title Guaranty Co. v. Segin Software, LLC*, Case CBM2014-00051 (PTAB Sept. 18, 2014) (Paper 28), a single judge addressed a telephone call that was made to the Board during a paused deposition. The scope of redirect examination was limited, but the order specifically noted that “there are trial vehicles for limiting the impact of testimony that was improper, including objections to evidence, motions to exclude and observations on testimony.” *Stewart Title*, slip op. at 2. In *Marvell Semiconductor, Inc. v. Intellectual Ventures I LLC*, Case IPR2014-00553 (PTAB Apr. 8, 2015) (Paper 28), a three-judge panel explicitly limited the scope of redirect examination, but did so under circumstances that involved third-party witnesses who were compelled to testify. In the context of the instant proceeding, we agree with Petitioner that Patent Owner would have acted more fruitfully if it had paused the deposition to call the Board for clarification on the permissible scope of redirect examination, as was done in the *Stewart Title* case that Patent Owner cites. See Paper 44, 1–3.

Although we decline, after the fact, to exclude the redirect testimony addressing the combination of Arnold and the Digital River Publications, that is not to say that we are without concern regarding the nature and purpose of that testimony. Particularly in combination with Exhibit 1017—which guided much of that redirect testimony and which we find at least provides clarification regarding the extent to which Petitioner relies on the teachings of the Digital River Publications—the facts suggest that Petitioner

used the opportunity for redirect examination to attempt to repair deficiencies in its original Petition that we identified in our Institution Decision. Dec. 16 (“Petitioner makes conclusory statements regarding the teaching in the Digital River Publications, without sufficiently explaining how particular disclosures in the references teach the claimed features.”). We are mindful of this context, and mitigate the weight we accord the testimony in light of this context.

For these reasons, we deny this aspect of Patent Owner’s motion.

3. *Leading Testimony*

Patent Owner moves to exclude the entirety of Mr. Kent’s redirect testimony from his first deposition as elicited by “leading with the document” because of Petitioner’s use of Exhibit 1017. Paper 39, 2–3. In addition, Patent Owner also contends that Petitioner used leading questions on redirect in both depositions. *Id.* at 3–4; *see also id.* at 1 (Patent Owner stating that it moves to exclude “certain re-direct testimony of Petitioner’s expert Mr. Kent as having been elicited by means of leading questions by Petitioner’s counsel”). In doing so, Patent Owner provides a laundry list of citations, but provides no argument specific to any of the questions posed by Petitioner. *Id.*

Patent Owner makes its argument regarding “leading with the document” generically, without any specific identification of particular questions that it contends were improperly leading. *See id.* at 3. To the extent this argument is based on the use of an inadmissible document, we

disagree. Specifically, we deny the motion with respect to this argument in light of our conclusion that pages 2 and 3 of Exhibit 1017 are not inadmissible. We also agree with Petitioner that, with respect to its identification of allegedly leading questions, “Patent Owner’s briefing is vague, inadequate, and does not put the Board or Petitioners on notice of Patent Owner’s actual contention.” Paper 44, 7. As Petitioner asserts, “[d]espite providing nearly a full page of citations to questions that Patent Owner alleges were leading—either in the question itself or as a result of an exhibit in the witness’s possession—Patent Owner never specifically explains why *any one* of the questions in [] its laundry list of citations is actually leading.” *Id.* at 7–8.

Although we have perused the questions identified by Patent Owner, it is not universally apparent that the leading nature of the questions is “clear and unmitigated,” as Patent Owner contends. See Paper 39, 4. For example, in one instance identified by Patent Owner, Petitioner asked Mr. Kent, “And -- and with respect to Moore, does Moore talk about the Internet?” Ex. 1018, 140:23–24. Petitioner went on to direct Mr. Kent’s attention to a specific portion of Moore that refers to the “World Wide Web” and asked, “Is that the Internet?” *Id.* at 141:2–12. Such questions, which call merely for a yes-or-no answer, have insufficient context for us to conclude, in the absence of some reasoning that Petitioner might respond to, that they are improperly leading. Nevertheless, in evaluating the weight accorded to specific testimony, we consider the circumstances under which that testimony was elicited.

Moreover, this is not a situation like that in *Universal Remote Control, Inc. v. Universal Electronics, Inc.*, Case IPR2014-01146, slip op. at 7 (PTAB Dec. 10, 2015) (Paper 36), to which Patent Owner directs our attention. In that proceeding, the entire redirect examination at issue consisted of only three questions and their responses. *Universal Remote Control*, slip op. at 6. That is quite unlike the long list of citations that Patent Owner provides in the instant proceeding. In light of Patent Owner's insufficient explanation, thereby depriving Petitioner of a meaningful opportunity to respond, we also deny the motion with respect to this aspect.

4. Summary

In light of the foregoing considerations, we deny Patent Owner's Motion to Exclude Evidence.

III. ANALYSIS

A. Legal Principles

A claim is unpatentable for obviousness under 35 U.S.C. § 103(a)⁶ if the differences between the claimed subject matter and the prior art are “such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which

⁶ The Leahy-Smith America Invents Act (“AIA”) included revisions to 35 U.S.C. § 103 that became effective on March 16, 2013. Because the '399 patent issued from an application filed before March 16, 2013, we apply the pre-AIA versions of the statutory bases for unpatentability.

said subject matter pertains.” *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 406 (2007). The question of obviousness is resolved on the basis of underlying factual determinations, including: (1) the scope and content of the prior art; (2) any differences between the claimed subject matter and the prior art; (3) the level of skill in the art; and (4) when in evidence, objective indicia of non-obviousness, i.e., secondary considerations. *Graham v. John Deere Co.*, 383 U.S. 1, 17–18 (1966).

Additionally, the obviousness inquiry typically requires an analysis of “whether there was an apparent reason to combine the known elements in the fashion claimed by the patent at issue.” *KSR*, 550 U.S. at 418 (citing *In re Kahn*, 441 F.3d 977, 988 (Fed. Cir. 2006) (requiring “articulated reasoning with some rational underpinning to support the legal conclusion of obviousness”)); see *In re Warsaw Orthopedic, Inc.*, 832 F.3d 1327, 1333 (Fed. Cir. 2016) (citing *DyStar Textilfarben GmbH & Co. Deutschland KG v. C.H. Patrick Co.*, 464 F.3d 1356, 1360 (Fed. Cir. 2006)).

To prevail on its challenges, Petitioner must demonstrate by a preponderance of the evidence that the claims are unpatentable. 35 U.S.C. § 316(e); 37 C.F.R. § 42.1(d). “In an [*inter partes* review], the petitioner has the burden from the onset to show with particularity why the patent it challenges is unpatentable.” *Harmonic Inc. v. Avid Tech., Inc.*, 815 F.3d 1356, 1363 (Fed. Cir. 2016) (citing 35 U.S.C. § 312(a)(3) (requiring *inter partes* review petitions to identify “with particularity . . . the evidence that supports the grounds for the challenge to each claim”)). This burden never shifts to Patent Owner. See *Dynamic Drinkware, LLC v. National Graphics*,

Inc., 800 F.3d 1375, 1378 (Fed. Cir. 2015) (citing *Tech. Licensing Corp. v. Videotek, Inc.*, 545 F.3d 1316, 1326–27 (Fed. Cir. 2008)) (discussing the burden of proof in *inter partes* review). Furthermore, Petitioner does not satisfy its burden of proving obviousness by employing “mere conclusory statements.” *In re Magnum Oil Tools Int’l, Ltd.*, 829 F.3d 1364, 1380 (Fed. Cir. 2016).

B. Level of Skill in the Art

Petitioner contends that a person of ordinary skill in the art “would be an individual with an understanding of coding languages used to develop websites, the basic functions of the World Wide Web, Web-site development and Web-application development, and online commerce, and at least three years practical experience working with computers in a networked environment.” Pet. 10 (citing Ex. 1002 ¶ 59). In addition, according to Petitioner, a person of ordinary skill in the art “may have a computer science degree or equivalent, and the possession of such a degree without additional experience would not be sufficient to make someone a POSITA.” *Id.* According to Petitioner, this level of skill “is also evidenced by the prior art itself,” such that a person of ordinary skill in the art “would have been familiar with well-known ecommerce functionality and technology, which would include utilizing outsource service providers, design matching different Web pages, and commonly utilized features of ecommerce websites.” *Id.* (citing Ex. 1002 ¶¶ 18–26, 31–57).

Patent Owner does not specifically advocate for a particular level of ordinary skill in the art, but its Declarant, Dr. Keller, asserts that he “ha[s] reviewed Mr. Kent’s formulation defining the level of skill or a person of ordinary skill and the art and ha[s] no material substantive dispute.”

Ex. 2025 ¶ 13. In turn, Mr. Kent’s formulation generally parallels Petitioner’s articulation. *See* Ex. 1002 ¶ 59.

Because there is no apparent dispute between the parties, and because Petitioner’s articulation is both reasonable and supported by Mr. Kent’s testimony, we adopt Petitioner’s proposed level of skill for this Decision.

C. Claim Construction

In an *inter partes* review proceeding based on a petition filed prior to November 13, 2018, the Board interprets claims of an unexpired patent using the broadest reasonable construction in light of the specification of the patent in which they appear. *See* 37 C.F.R. § 42.100(b) (2017); *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2144–46 (2016) (upholding the use of the broadest reasonable interpretation standard). Under the broadest reasonable interpretation standard, claim terms generally are given their ordinary and customary meaning, as would be understood by one of ordinary skill in the art at the time of the invention. *In re Translogic Tech., Inc.*, 504 F.3d 1249, 1257 (Fed. Cir. 2007). An inventor may provide a meaning for a term that is different from its ordinary meaning by defining the term in the specification with reasonable clarity, deliberateness, and precision. *In re Paulsen*, 30 F.3d 1475, 1480 (Fed. Cir. 1994).

In the Institution Decision, we provided the following preliminary constructions of terms that appear in claim 1. Dec. 10–13.

“merchants”	producers, distributors, or resellers of the goods or services to be sold
“commerce object”	a product (goods or services), a product category, a catalog, or an indication that product (goods or services), product category, or catalog should be chosen dynamically
“outsource provider”	a party, independent from the host associated with the commerce object and from the merchant of the commerce object, that provides e-commerce support services between merchant(s) and host(s)

In addition, although we did not expressly provide a preliminary construction of “owner,” we explicitly noted that “‘owner’ and ‘host,’ as used in the construction of ‘outsource provider,’ refer to the same entity.” *Id.* at 13.

Patent Owner comments on these preliminary constructions, such as by expressing a preference that “merchant” be construed in the singular rather than in the plural, but generally accepts the constructions. PO Resp. 6–8. Petitioner does not further remark on these terms as a matter of claim construction in its Reply. Because Patent Owner’s comments do not cause us to reevaluate those preliminary constructions, we adopt them for this Final Written Decision.

D. Grounds Based on Arnold and the Digital River Publications

1. Arnold

Arnold “relates to a computer method and system for tracking product sales, and more particularly to a method and system for tracking sales on the Internet.” Ex. 1003, 1:6–8. Arnold describes two kinds of websites:

(1) “content-rich sites” that attract web surfers, and (2) “selling sites” on which products are sold. *Id.* at 2:40–50. In making this distinction, Arnold addresses a “problem for the selling sites [of] get[ting] the potential customers who are at the content-rich sites to know that the selling site has a product that is available to be sold on the Web.” *Id.* at 2:45–48.

Accordingly, Arnold teaches a system in which a “Virtual Outlet” (“VO”) website provides visitors with commerce information and links to products of a third-party merchant. *Id.* at Abst., 8:9–24.

Figure 1B of Arnold is reproduced below.

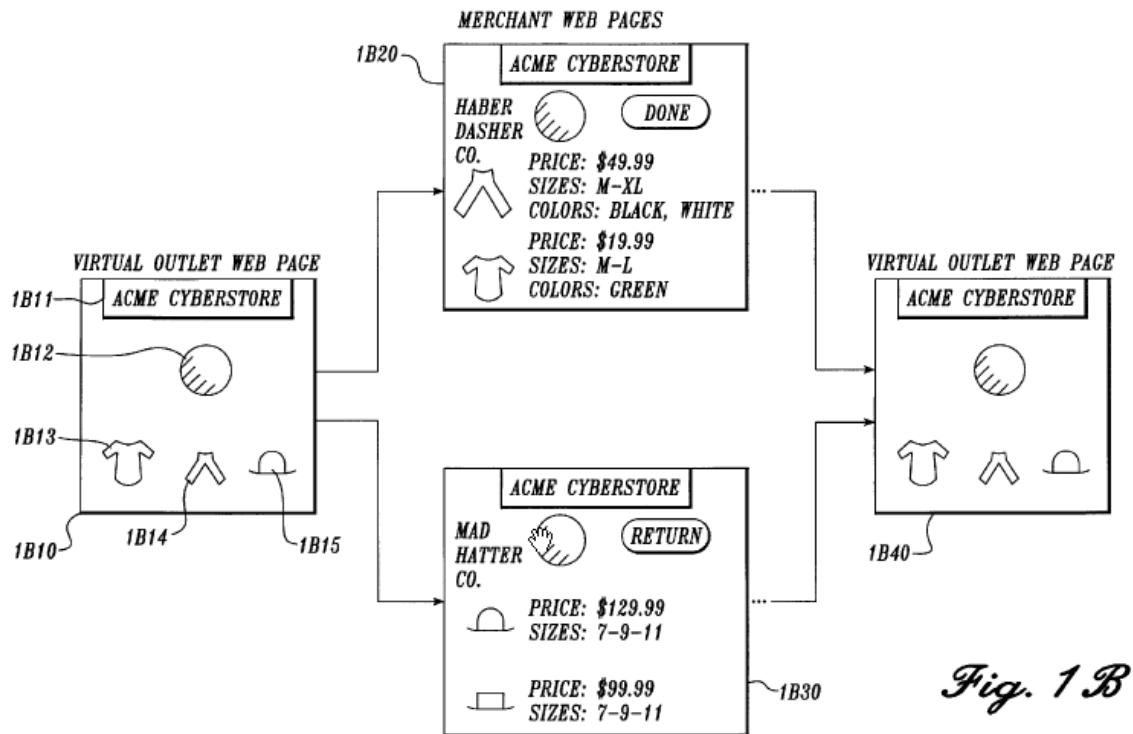


Fig. 1B

Figure 1B illustrates a sequence of web pages as seen by a customer of a VO, which is named "Acme Cyberstore." *Id.* at 7:30–33. In this example, the VO offers to sell shirts, pants, and hats, with shirts and pants sold through a merchant named "HaberDasher Company" and hats sold through a merchant named "MadHatter Company." *Id.* at 7:33–36. A customer visiting the Acme Cyberstore website may be presented with the VO webpage 1B10. *Id.* at 7:36–37. In addition to banner 1B11 and logo 1B12, which identify the VO, the webpage includes images 1B13, 1B14, 1B15 of products offered for sale.

Upon selection of one of the products, the customer is directed to one of merchant webpages 1B20, 1B30, depending on the product selected. *Id.* at 7:41–44. For example, if the customer selects a shirt or pants, the

HaberDasher Company dynamically generates webpage 1B20 by accessing a database that “specifies a Web page layout that is preferably a layout similar to that of the Web page for the AcmeCyberstore.” *Id.* at 7:54–60. “For example, the layout may indicate the contents of the banner, logo, and background color of the Web page.” *Id.* at 7:60–62. As illustrated, a similar webpage 1B30 dynamically generated by the MadHatter Company is provided if the customer selects a hat. When the customer has completed the purchase, the customer can select a return icon to return to webpage 1B40, indicated at the right of the drawing. *Id.* at 8:4–6.

2. Digital River Publications

According to Petitioner, the Digital River Publications are a Digital River brochure (Exhibit 1004) and printouts from the Digital River website from 1997 (Exhibits 1005 and 1006). Pet. 7–8. The Digital River brochure includes advertising statements, such as one touting that Digital River’s “account team will develop an integrated back-end commerce system tailored just to your site so your customers will feel that they’ve never left your page. All they’ll see is the Digital River icon in the corner of their screen reassuring them that their transaction will be secure, easy, accurate and immediate.” Ex. 1004, 3. Another statement proclaims that “[a]s a client of Digital River, you will become part of the Digital River Network. Network members will be able to link between each other’s sites so that compl[e]mentary products can be bundled, and the consumer experience enhanced; not to mention the added opportunity for sales revenue.” *Id.*

One of the website printouts states that “Digital River’s Secure Sales System (SSS) brings together software manufacturers and dealers[,] enabling them to sell and deliver product via the Internet.” Ex. 1005, 1. That website printout adds that “it will appear to the consumer as if the transaction is being processed by the manufacturer or dealer while the Digital River SSS is handling the whole transaction ‘behind the scenes.’” Ex. 1005, 1–2. The other website printout states that “the entire transaction takes place in the selling environment you’ve created, surrounded by the look and feel of your identity.” Ex. 1006, 5.

According to Petitioner, a person of ordinary skill in the art “would have understood that each of the Digital River Publications discusses a single system—the DR SSS—and would therefore view these references as a combined teaching as of their respective publication dates.” Pet. 19 (citing Ex. 1002 ¶ 84). Patent Owner does not dispute that statement, and our analysis does not turn on whether the individual Digital River references are considered as separate references or as a “combined teaching,” as Petitioner advocates. But even if they are treated as a single reference, we note that general characteristics of the *system* they describe are beyond the scope of prior art that may properly be considered in an *inter partes* review.

35 U.S.C. § 311(b) (“A petitioner in an inter partes review may request to cancel as unpatentable 1 or more claims of a patent only on a ground that could be raised under section 102 or 103 and *only on the basis of prior art consisting of patents or printed publications.*”) (emphasis added). Rather, we are permitted only to consider the documents themselves for what they

disclose, regardless of specific features that may additionally be included in a purported *system* to which they may relate.

3. Combination of Arnold and the Digital River Publications

Petitioner contends that the subject matter of claims 1, 3, 7, 9, 13–16, and 18 would have been obvious over Arnold and the Digital River Publications, and that the subject matter of claims 13–16 would have been obvious over Arnold, the Digital River Publications, and Gregory. Pet. 20–39, 67–70.

For claim 1, the only challenged independent claim, Petitioner asserts that the combination of Arnold and the Digital River Publications teaches the limitation “wherein the selected merchant, the outsource provider, and the owner of the first web page are each third parties with respect to one other.” Pet. 27. Petitioner relies on Arnold for disclosing the owner of the first web page (a virtual outlet owner) and the selected merchant, and relies on the Digital River Publications for teaching the outsource provider. *Id.*

Petitioner also asserts that the combination of Arnold and the Digital River Publications teaches “automatically at a server of the outsource provider . . . recognizing as the source page the one of the first webpages on which the link has been activated.” *Id.* at 24–25. Petitioner asserts that Arnold teaches the recognizing functionality and that, based on the teachings of the Digital River Publications, an ordinarily skilled artisan would have been motivated to outsource that functionality to a server of an outsource provider. Reply 4–7.

Petitioner also asserts that the combination of Arnold and the Digital River Publications teaches “automatically retrieving from a storage coupled to the server pre-stored data associated with the source page.” Pet. 27–30. Petitioner argues that Arnold discloses using pre-stored data to customize a dynamically generated Web page to the appearance of a referring source page. *Id.* at 29–30. Petitioner asserts that the Digital River Brochure discloses an “integrated back-end commerce system tailored just to your site so your customers will feel that they’ve never left your page” and that an ordinarily skilled artisan would have understood that “data from the source page containing visual elements of the source page would be stored within” the Digital River system “to allow those pages to be served.” *Id.* at 29–30. Petitioner alternatively argues that a person of skill in the art would have found it obvious to store data “at a database accessible to the system generating those Web pages.” *Id.* at 30. Petitioner also cites to disclosures in Arnold and the Digital River Publications as pertaining to the limitation of claim 1 of “automatically with the server computer-generating and transmitting to the web browser a second web page.” *Id.* at 30–31.

At the oral hearing, Petitioner explained that its contentions can be distilled into reliance on Arnold as teaching “all the functionality that is at issue,” and reliance on the Digital River Publications as teaching outsourcing to a third party outsource provider. *See* Tr. 6:3–11, 8:10–14. This distillation is evident also from the cross-examination testimony of Petitioner’s expert, Mr. Kent, who explained, “We’re simply taking the

conceptual teaching [of the Digital River Publications] and saying, hey, we can take this stuff and outsource it.” Ex. 2031, 25:16–18.

Petitioner fails persuasively to show that the combination of Arnold and the Digital River Publications teaches the subject matter of claim 1, or that one of ordinary skill in the art would have been motivated to combine the teachings of Arnold and the Digital River Publications in the manner recited in claim 1. A fundamental problem with Petitioner’s showing is that Petitioner fails persuasively to explain how combining the Digital River Publications with Arnold teaches the recited functions. Petitioner repeatedly refers to the Digital River Publications as disclosing a “back end,” but is nonspecific about how such a teaching of a “back end” would have been combined with the teachings of Arnold in the manner recited in claim 1. *See* Pet. 9, 17, 21, 24, 26, 29.

Petitioner asserts that a person of ordinary skill in the art “would have recognized the advantages of shifting *certain processing tasks* to an outsource provider in light of the teachings of these references.” Pet. 22 (emphasis added). This assertion is based on Petitioner’s contention that a person of skill in the art “would have recognized that the *Arnold* merchant system performed substantially the same functions as the [Digital River Secure Sales System (DR SSS)] (an outsource provider) for sales transactions referred to the merchant system by a [Virtual Outlet (VO)].” *Id.* at 21–22.

The Digital River Brochure generally discloses providing “an integrated back-end commerce system tailored just to your site so your

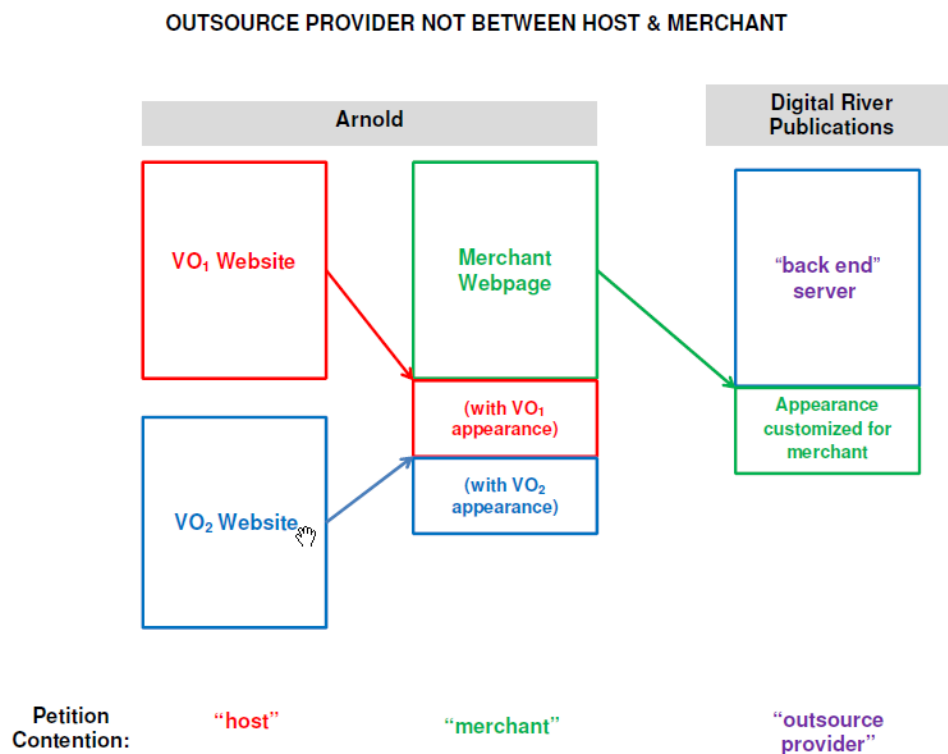
customers will feel that they've never left your page.” Ex. 1004, 3. One of the Digital River website printouts similarly generically states that “it will appear to the consumer as if the transaction is being processed by the manufacturer or the dealer while the Digital River [Secure Sales System] is handling the whole transaction ‘behind the scenes.’” Ex. 1005, 1–2.

Petitioner fails to point to any teaching in any of the Digital River Publications of how the “back-end” system works “behind the scenes.” Thus, Petitioner does not persuasively show that the Digital River Publications would have taught one of ordinary skill in the art to modify the teachings of Arnold to include an outsource provider with a server that is used in the specific manner recited in claim 1 or would have motivated a skilled artisan to make such a combination.

Specifically, Petitioner fails persuasively to show that the combination teaches “automatically *at a server of the outsource provider*, in response to activation, by a web browser of a computer user, of a link displayed by one of a plurality of first web pages, recognizing as the source page the one of the first pages on which link has been activated” (emphasis added).

Petitioner also fails to show that the combination teaches “automatically retrieving from a storage *coupled to the server* pre-stored data associated with the source page” (emphases added) and “automatically *with the server* computer-generating and transmitting to the web browser a second page . . . ” (emphasis added). As discussed above, the claim requires that the outsource provider be a third party with respect to both the selected merchant and the owner of the first web page.

Based on the teachings of Arnold and the Digital River Publications, Patent Owner asserts that the Petition “refers to a proposed combination in which, as taught by Arnold, the host (VO) would link to a merchant, which, following the teaching of Digital River and the Petition’s suggestion, would in turn link to the Digital River SSS server, which would then provide ‘back end’ processing of some but not all tasks for the merchant site.” PO Resp. 52. Patent Owner provides the following drawing to illustrate its view of the proposed combination. Ex. 2029.



In discussing Patent Owner’s characterization of the combination, illustrated by Patent Owner’s drawing above, Patent Owner’s expert, Dr. Keller adds the following: “[I]n this combination, the Petition inaccurately characterized the Digital River server as an ‘outsource provider’ because the Digital River

server would not be ‘between’ the two. It would just be providing back-end transaction processing for the merchant.” Ex. 2025 ¶ 80.

Patent Owner has put forward persuasive evidence and argument that one of ordinary skill in the art would have understood the Digital River Publications merely to teach providing back-end processing for the merchant and that Petitioner has not shown that the Digital River Publications teach providing services between a merchant and a host. See PO Resp. 51; Ex. 2025 ¶¶ 76, 77. Patent Owner relies on our construction of “outsource provider” (“a party. . . that provides e-commerce support services between merchant(s) and host(s)”) in arguing that Petitioner has not shown the combination of Arnold and the Digital River Publications teaches the claimed outsource provider. PO Resp. 54–55, 56; Ex. 2025 ¶ 82. We agree with Patent Owner that Petitioner fails to point to any specific teaching in the Digital River Publications of providing e-commerce support services between merchants and hosts.

Petitioner disputes Patent Owner’s characterization of how Petitioner proposes to combine Arnold and the Digital River Publications, relying on Exhibit 1017 to illustrate its proposed combination. Reply 3. According to Petitioner, its combination proposes to transform Arnold’s two-party system into a three-party system by outsourcing certain functionalities of Arnold’s merchant system:

[T]he Petition discussed a combination in which the following functionalities were outsourced from *Arnold*’s merchant system to an outsource provider server: (i) serving transaction Web pages; (ii) customizing the transaction Web pages to have the

appearance of the referring VO website; (iii) processing sales transactions; and (iv) providing customer reporting to operators of VOs.

Id. (citing Pet. 20–32; Ex. 1002 ¶¶ 98–120; Ex. 1017); *see also* Pet. 21–22 (identifying the same four functionalities of Arnold’s “merchant system” and stating that a person of ordinary skill in the art would have found it advantageous to outsource such functionalities to a third-party outsource provider). Petitioner relies on Exhibit 1017 to purportedly illustrate how Petitioner maps the limitations of claim 1 to the proposed combination. *See* Reply 3 (citing Ex. 1017); Ex. 1017, 1–3. But Petitioner’s contentions regarding which functions are outsourced lacks sufficient support drawn from the teachings of the Digital River Publications. Instead, Petitioner’s proposed combination appears improperly guided by hindsight to reconstruct the invention. *See In re Fritch*, 972 F.2d 1260, 1266 (Fed. Cir. 1992) (“It is impermissible to use the claimed invention as an instruction manual or ‘template’ to piece together the teachings of the prior art so that the claimed invention is rendered obvious.” (citation omitted)). Petitioner’s Exhibit 1017 does not persuasively fill in the gaps in the disclosures of the underlying references.

At the oral hearing, we asked Petitioner to identify “[w]hat in Digital River specifically shows outsourcing those merchant functions.” Tr. 9:16–17. Evidently constrained by the limits of what the Digital River Publications actually disclose, Petitioner resorted to the level of skill in the art to address this request for specificity:

So your question with respect to what is it in Digital River, it is within the level of skill of one in the art -- of a person of skill in the art. And the question is, what would a person of skill in the art understand, of course, when it's reading these references, and if you read the Digital River references, it says okay, as an outsource provider, if I outsource the transaction processing, which is what we're talking about here, the shopping cart functionality, it's going to allow me to engage in E-commerce; it's going to save me money; and it's going to be a good thing. And so that's my answer to your question.

Id. at 10:9–17. Although “[a] person of ordinary skill in the art is also a person of ordinary creativity, not an automaton,” *KSR*, 550 U.S. at 421, there may be limits in a particular case as to how much gap-filling may be based on such creativity. *See Arendi S.A.R.L. v. Apple Inc.*, 832 F.3d 1355, 1361 (Fed. Cir. 2016); *DSS Tech. Mgmt., Inc. v. Apple Inc.*, 885 F.3d 1367, 1374–75 (Fed. Cir. 2018) (reliance on ordinary creativity to supply a missing limitation requires same “searching” inquiry as reliance on common sense).

In this instance, we find the testimony of Petitioner's expert, Mr. Kent, insufficient to support Petitioner's position, particularly in light of concessions made by Mr. Kent on cross-examination. In his Declaration, Mr. Kent does not explain how the Digital River Publications teach outsourcing *the functions recited in claim 1* to a server of the outsource provider. *See* Ex. 1002 ¶¶ 99, 100, 107–120. Nor does Mr. Kent provide a persuasive explanation supported by evidence in the record for concluding that the claimed functions would have been outsourced based on a general teaching of outsourcing in the Digital River Publications. *See id.* In addition, Mr. Kent conceded that his and Petitioner's reliance on the concept

of outsourcing derived from the Digital River Publications “does not mean doing it using the specific implementation that is taught by Digital River.” Ex. 2031, 28:1–13; *see also id.* at 27:15–16 (“[A]gain, it’s the conceptual teaching, not the specific technology.”).

When asked which functions would be outsourced in the combination, Mr. Kent responded (referring to paragraphs 15 to 57 and 70 to 97 of his declaration) that “I don’t discuss that beyond a more general statement that a person skilled in the art would be able to work with this technology.” *Id.* at 104:1–20. And Mr. Kent acknowledged that he does not offer any explanation of *how* the selected functionality would be outsourced beyond a general reliance on the concept of outsourcing: “That is correct. I don’t -- I don’t describe any form of technical combination where we take Digital River and combine it with Arnold in a technical sense, absolutely.” *Id.* at 13:5–12; *see also id.* at 29:13–16 (agreeing that Mr. Kent does not “say how you would remove those functions from Arnold and place them on an outsource server”). That is, Mr. Kent insufficiently explains how the imprecisely specified combination would meet the specific functionality of the server of the outsource provider recited in claim 1.

The testimony of Patent Owner’s expert, Dr. Keller, is consistent in identifying these deficiencies in Petitioner’s reasoning, including addressing Petitioner’s theory (illustrated on page 3 of Exhibit 1017) in which “the Digital River server is considered as potentially *substituting* for the Arnold merchant server.” Ex. 2025 ¶ 82. Dr. Keller asserts that he has “not seen anything in either the Petition or the new exhibit [i.e., Exhibit 1017] pointing

to any part of any reference (including the Digital River Publications) or explaining any logical reasoning explaining any motivation to create such a combination.” *Id.* Based on our independent review of Petitioner’s briefs and Mr. Kent’s testimony, we agree with that assessment. In evaluating whether Petitioner adequately shows that one of skill in the art would combine the references in this way, we also agree with Dr. Keller that, because “the Digital River Publications teach that it is desirable to act as a ‘back end’ for the merchant and to create an appearance acceptable to the merchant,” it follows “logically [that] the Digital River Publications at most teach that the Digital River server maintains a consistent experience only for customers who may navigate to the Digital River server from links on the merchant’s own site.” *Id.* Petitioner has not provided evidence or persuasive reasoning for us to reach a different conclusion.

For these reasons, we conclude that Petitioner does not persuasively show that the combination of Arnold and the Digital River Publications teaches the subject matter of claim 1 or that a person of ordinary skill in the art would have been motivated to combine the teachings of Arnold and the Digital River Publications in the manner claimed. Accordingly, we conclude that Petitioner does not show, by a preponderance of the evidence, that the subject matter of claims 1, 3, 7, 9, 13–16, and 18 would have been obvious over Arnold and the Digital River Publications, nor that the subject matter of claims 13–16 would have been obvious over Arnold, the Digital River Publications, and Gregory.

E. Grounds Based on Moore and Voorhees

1. Moore

Moore describes “methods and apparatus for providing a scalable distributed Internet commerce system.” Ex. 1007, 1:11–13. In doing so, Moore addresses three “major functions,” namely: (1) “the virtual presentation, using text, graphics, or otherwise, of a merchant’s products to customers[, which] is sometimes called the ‘electronic storefront’ or ‘Web storefront,’ or in the case of a catalog merchant, the ‘electronic catalog’”; (2) “maintenance of inventory, stock, pricing, and availability of each product, as well as tracking sales and revenues”; and (3) “performing the electronic transactions for payment in a secure environment, where the collection of a customer’s payment information, such as a credit card, is performed.” *Id.* at 2:4–19.

Figure 4 of Moore is reproduced below.

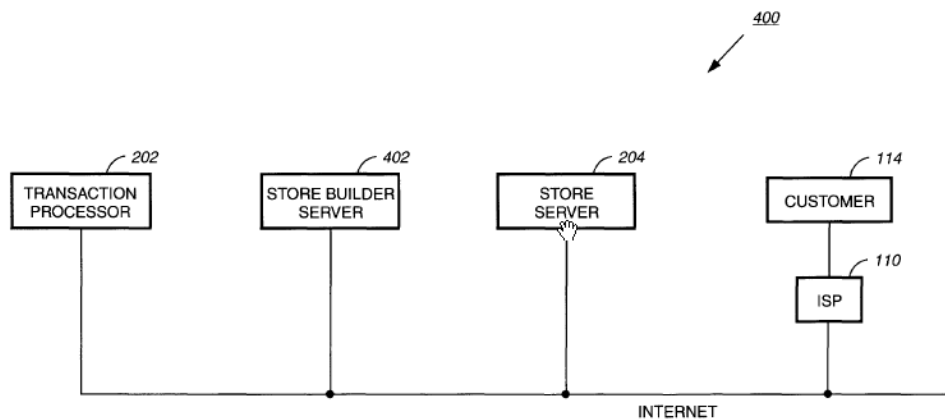


FIG. 4 PRIOR ART

Figure 4 illustrates distributed electronic commerce system 400 in which the three functions of product presentation, database management, and transaction processing are distributed among different servers, rather than integrated into a single server as was sometimes previously done. *Id.* at 4:23–33, 4:43–46, 5:51–53. Specifically, in this distributed system, “Store Server” 204 allows a customer to browse the content of a web storefront, *id.* at 6:12–14; “Store Builder Server” 402 manages a shopping-basket function in response to customer selections, *id.* at 6:16–38; and “Transaction Processor” 202⁷ establishes a secure connection to allow the customer to provide payment information, but “is not involved until money is ready to be transferred,” *id.* at 6:44–55.

In the system, Store Server 204 “performs one basic service, and that is to present the multi-media content to the customer in order to let the customer shop.” *Id.* at 7:28–30. “The format of this presentation is controlled by the merchant,” such as by using a “Development Tool” that “allows the merchant to design, build, and publish a web site in a short period of time.” *Id.* at 7:30–32, 8:41–43. Store Builder Server 402 is used “to help the merchant get his Web storefront up and running,” and “to provide the shopping basket for the customer.” *Id.* at 7:49–50, 7:61–62. Transaction Processor 202, which is managed by a transaction service provider, “has only one general responsibility, and that is to process the

⁷ Although the drawing identifies “Transaction Processor 202,” Moore describes functions of the system in terms of “Transaction Server 202,” on which is maintained “Transaction Processor 102.” Ex. 1007, 4:46–51.

customer's information.” *Id.* at 8:2–4. “This involves getting the information from the customer and transferring it to the merchant.” *Id.* at 8:4–5.

The Development Tool, which may be downloaded from Store Builder Server 402, breaks the design process down into four steps: (1) selection of a Web site (industry) category; (2) collection of optional page header and footer information; (3) selection of defaults for a background color or image, and for a page style; and (4) filling in the content of each page. *Id.* at 10:44–61. Although we do not reproduce the sequence of drawings used by Moore to illustrate the Development Tool, we make two particular observations about them. First, these four steps are described in a section of Moore titled “Building a Page” and illustrated in Figures 6–14. *Id.* at 10:43–11:67. The last of these drawings, Figure 14, includes a step for “PUBLISHING THE SITE,” and Moore provides the following explanation:

When the pages are all created, the Development Tool allows the merchant to upload or publish the Web pages to a site specified by the merchant. The merchant must, of course, provide the login ID and password. FIG. 14 shows a screen which prompts the merchant for the publishing information.

Id. at 11:62–67.

Second, in a separate section titled “Interfacing with a Distributed Electronic Commerce System,” Moore refers to Figures 15 and 16 in describing a “preferred embodiment” that uses a special URL referred to as a “price URL.” *Id.* at 12:1–32. “The price URL has attached an encrypted

message that contains a text description of the item for sale, including a picture, its costs, quantity of measure, the merchant's ID, several fields used to customize the Buy Page that is created from the attached data, and a special signature from the Store Builder Server.” *Id.* at 12:12–18. In addition, “[t]he Store Builder Server is able to decrypt the price URL data and convert it into an HTML page (a Buy Page),” an example of which is illustrated with Figure 16. *Id.* at 12:25–28.

2. Voorhees

Voorhees addresses the problem of electronic-commerce retailers losing customers when redirected to a seller website. Ex. 1008 ¶ 6. Voorhees illustrates its solution to that problem in the context of “the jewelry trade.” *Id.* ¶ 25.

Figure 1 of Voorhees is reproduced below.

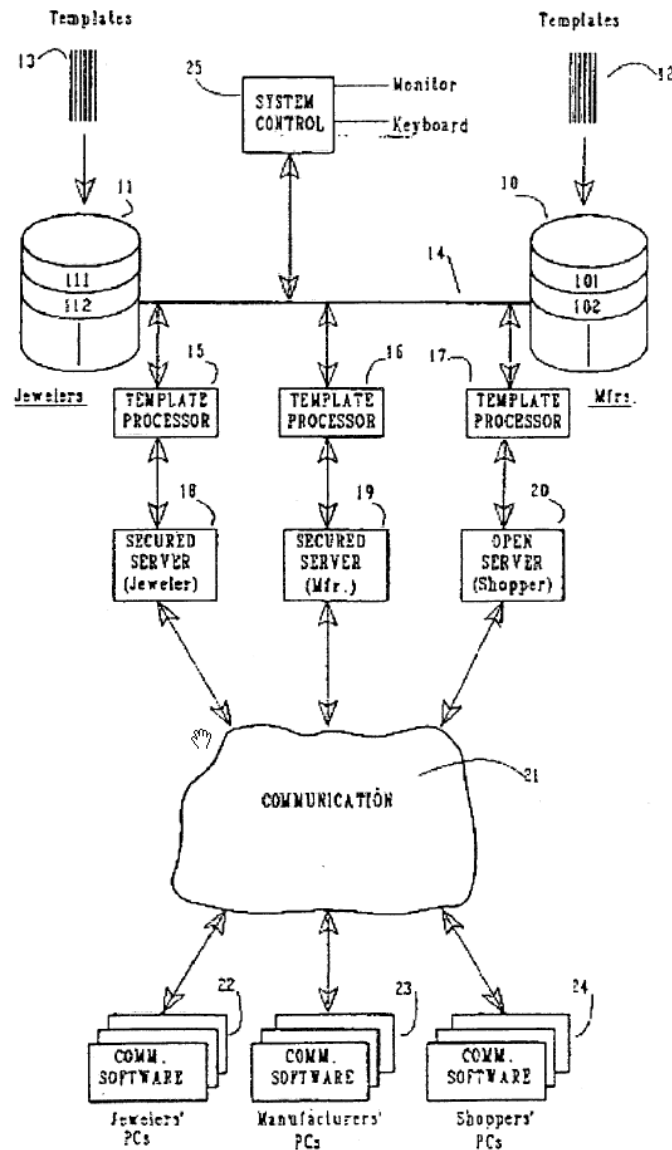


Figure 1

Figure 1 depicts a system in which “[a] plurality of shoppers can access the system to view information provided by a plurality of retail jewelers acting in concert with a plurality of jewelry manufacturers.” *Id.* ¶ 26. Jewelers, manufacturers, and shoppers interface with the system using respective communications software 22, 23, 24. *Id.* Database 11 is associated with

multiple retail jewelers, with datasets 111, 112, etc. corresponding to particular jewelers accessible on the system. *Id.* ¶¶ 28–29. Database 10 is similarly associated with multiple jewelry manufacturers, with datasets 101, 102, etc. corresponding to particular manufacturers represented on the system. *Id.* ¶¶ 28–29. Information stored in database 10 may include “display objects that may be provided by manufacturers for displaying the manufacturer’s wares within the jeweler’s web page.” *Id.* ¶¶ 32, 33.

A shopper who accesses the system is provided with a display determined by templates 13 and the particular jeweler’s dataset, and may include display objects provided by manufacturers, as determined by templates 12 and a manufacturer’s dataset. *Id.* ¶ 30. Specifically,

[t]o respond to a shopper’s request, . . . information contained in templates 13 specifies the general format of a display screen for a jeweler, and the general format is “filled in” with information unique to the particular jeweler whom the shopper has requested, according to content information found in the dataset (such as the jeweler’s name and address, for example) associated with that jeweler.

Id. ¶ 32. The jewelry store may agree to arrange products for particular manufacturers into “virtual boutiques” that mimic online the kiosks found in brick-and-mortar jewelry stores. *Id.* ¶¶ 33–34. In such instances, the system dynamically generates a webpage with each product in the “virtual boutique” such that “it appears incorporated in the retailer’s web page.” *Id.* ¶¶ 46–47.

3. *Combination of Moore and Voorhees*

For the reasons explained below, Petitioner does not persuasively show that the combination of Moore and Voorhees teaches “automatically with the server computer-generating and transmitting to the web browser a second web page that includes . . . a plurality of visually perceptible elements derived from the pre-stored data.”

In describing the reasons for why a person of ordinary skill in the art would have combined the teachings of Moore and Voorhees, Petitioner characterizes these references as “both directed to ecommerce solutions that utilize websites including links that trigger display of dynamically generated Web pages to display information about products for sale.” Pet. 44. According to Petitioner, the distributed ecommerce system of Moore is “complementary” to the organization of information for multiple retailers and manufacturers taught by Voorhees. *Id.* at 46–47. Accordingly, Petitioner argues that it would have been obvious to combine the teachings of Moore and Voorhees to arrive at “a system where products of a merchant can be linked from a referring site, and buy pages can be served from an outsource provider in response, where the buy pages retain the appearance of the referring site’s storefront.” *Id.* at 47–48.

For the claim limitation of “automatically retrieving from a storage coupled to the server pre-stored data associated with the source page,” Petitioner asserts that either Moore discloses this feature or that “it would have been obvious to a [person of ordinary skill in the art] to store the content (*e.g.*, the HTML, images, etc.) of the Web pages (*e.g.*, the Web

storefront and the buy pages) designed by the merchant using *Moore*'s tool at a storage coupled to the builder/transaction server.” Pet. 58–59.

Petitioner also asserts that Voorhees “discloses multiple databases storing data (*e.g.*, HTML, images, and other content) used to construct and serve pages[,] allowing products of a third party to be offered for sale on a merchant's website while maintaining the visual appearance of the merchant's website on those pages.” *Id.* at 59 (citing, *e.g.*, Ex. 1002 ¶ 156).

For the claim limitation of “a plurality of visually perceptible elements derived from the retrieved pre-stored data and visually corresponding to the source page,” Petitioner asserts that Moore teaches this feature. *Id.* at 60–61. Specifically, Petitioner contends that a person of ordinary skill in the art “would have understood that *Moore* discloses [that] all of the Web pages, including the buy page(s), contain headers and/or footers that provide visually perceptible elements corresponding to the source page, such as company name, logo, URLs, and/or email address information.” *Id.* at 60–61 (citing, *e.g.*, Ex. 1007, Fig. 15, 7:48–60, 12:23–24). Petitioner “[a]dditionally” asserts that Voorhees “teaches the benefits of maintaining visual continuity of a source page when displaying third party commerce objects, and provides examples of why a [person of ordinary skill in the art] would find it obvious to implement such features in ecommerce systems,” such as that disclosed in Moore. *Id.* at 61 (citing, *e.g.*, Ex. 1002 ¶ 160).

The interplay of various recitations of independent claim 1 is key to understanding the deficiency in Petitioner's position. According to part

(c)(ii) of the claim, “a second web page” is “automatically with the server computer-generat[ed] and transmitt[ed] to the web browser.” Ex. 1001, 26:63–64. Such a “second web page . . . includes . . . a plurality of visually perceptible elements . . . visually corresponding to the source page.” *Id.* at 26:63–27:3. The second web page includes these “visually perceptible elements” in addition to the “information associated with the commerce object,” which is recited in part (c)(i) of the claim. *Id.* at 26:66–67. Further, the claim specifies that these “visually perceptible elements” must be “derived from the retrieved pre-stored data,” which are specified by part (b) of the claim as “automatically retriev[ed] from a storage coupled to the server.” *Id.* at 26:60–61, 27:1–2. The “server” from which the “pre-stored data” are retrieved is, in turn, specified by the claim to be “a server of the outsource provider.” *Id.* at 26:46. The claim thus requires that visually perceptible elements be derived from pre-stored data that are automatically retrieved from a storage coupled to a server of the outsource provider, i.e. a third party distinct from the “selected merchant” and the “owner of the first web page.” *See id.* at 26:57–59.

Particularly relevant to evaluating the sufficiency of Petitioner’s showing is the factual issue of whether Moore uses different templates for designing the owner’s web storefront and the owner’s buy pages. *See* PO Resp. 11–16 (Patent Owner requesting factual finding on this issue).⁸ Under

⁸ Patent Owner requests other factual findings related to Moore and Voorhees. *See* PO Resp. 17–24. We resolve herein only those factual issues necessary to support our conclusions.

Petitioner's reading of Moore, the "default" headers and footers described in connection with Figure 7 of Moore apply both to the storefront pages and to the Buy Pages. Conversely, under Patent Owner's reading of Moore, such "default" headers and footers are limited to the storefront pages. That is, according to Patent Owner, "Moore's Development Tool does not use information provided during the creation of Store Server pages to create Buy Pages." *Id.* at 12 (citing Ex. 2025 ¶ 23). Petitioner disagrees and casts Patent Owner's position as a "mischaracteriz[ation]" of Moore's teachings. Reply 15–16.

As we note above in our general summary, Moore has a well-defined delineation between its description of building the storefront pages and using a price URL to interface with a distributed ecommerce system by way of a Buy Page. This is reflected in the use of different textual sections and a logical separation between the two distinct phases by including a publication step in Figure 14. In addition to highlighting this delineation, Patent Owner observes a degree of redundant duplication that would be present under Petitioner's reading of Moore:

For example, Figure 8 shows a dialog that allows a user to select a background or image for the store pages. But Figure 15 shows a second control for specifying the background of the Buy Page. That control would be pointless if the prior selection specified a common background for both store pages and Buy Pages. . . . Likewise Figure 15 has separate and redundant controls to select text color, size, and background, and Petitioner's witness has no explanation for that either.

PO Resp. 13 (citing Ex. 1018, 28:16–29:16; Ex. 2025 ¶ 23). In doing so, Patent Owner not only supports its position with testimony by Dr. Keller, but also observes that “Petitioner’s witness admits that his declaration expressed no opinion about how the two ‘background configuration buttons interoperate.’” *Id.* (citing Ex. 1018, 26:2–18).

The overall structure of Moore thus more strongly supports Patent Owner’s reading. In particular, we agree with Patent Owner that there would be little point to providing duplicative control over specifying the background of the Buy Page, and—in light of that overall structure—neither Petitioner nor its expert provide convincing reasons otherwise. *See* Ex. 1019 (Mr. Kent suggesting that “defaults” may be set up for all pages, including both storefront pages and Buy Pages, and that such defaults may be overridden for the Buy Pages).

In addressing the claim limitation of automatically generating and transmitting “a second web page that includes . . . a plurality of visually perceptible elements derived from the pre-stored data,” Petitioner relies on an ambiguity in Figure 16 (an example of a Buy Page). It is undisputed that Figure 16 shows no headers and footers, but Petitioner points out that the portions of the Buy Page where those would be seen are absent from the drawing, as evident from the vertical scroll bar seen on the right side of the drawing. Reply 16. But this ambiguity is insufficient to counter our finding that Moore uses different templates for designing the owner’s web storefront and the owner’s Buy Pages.

The elements Petitioner identifies as the recited “plurality of visually perceptible elements,” such as headers, footers, company name, logo, URLs, and/or email address information, are disclosed in Moore as elements of the storefront pages. *See* Pet. 60–61; Reply 21; Ex. 1007, Figs. 6–14 (illustrating screens for building a Web page), Fig. 15 (illustrating a dialog box for a price URL), Fig. 16 (illustrating a Buy Page), 3:64–4:17, 7:48–60, 11:4–15 (describing using a company name and logo for a default page header and a URL and email addresses for a default footer, as illustrated in Figure 7), 12:23–28. That is, Moore discloses that they are elements used for the recited “first web pages.” Moore does not expressly state that the elements in the header and footer illustrated in Figure 7 can also be used in the Buy Page. Moore thus does not disclose that those elements are for the recited “second web page” that is required to be computer-generated and transmitted by a server of an outsource provider.

Mr. Kent testifies that “[t]o the extent that it is argued that there is no teaching that the header and footer are included on the buy pages, it would have been obvious to do so because including such design elements on every page was a common practice in Web page design at the time of the alleged invention.” Ex. 1002 ¶ 153. We give little weight to this testimony, which provides insufficient support for the assertion that this feature, which is not expressly taught by Moore, was “common practice.” *See generally DSS Tech. Mgmt.*, 885 F.3d at 1374–75 (requiring “searching” inquiry for reliance on “ordinary creativity” to supply a missing claim limitation). Mr.

Kent provides no contemporaneous evidence in support of his conclusory statement. *See* Ex. 1002 ¶ 153.

Furthermore, the evidence does not support such a conclusion “if interpreted to refer to pages served by *different server systems in an outsource-sales system*, as the sentence suggests.” PO Resp. 34–35. As Patent Owner asserts, Mr. Kent’s Declaration “does not contain any explicit statement contending that the ‘common practice’ of including ‘design elements on every page’ applied (at the relevant time period) to an outsource page served off-site by a different server system.” *Id.* at 35. Patent Owner’s position is consistent with Moore, which (as discussed above) draws a distinction between the building of storefront pages and using a price URL to interface with a distributed ecommerce system by way of a Buy Page. *See* Ex. 1007, 10:43–11:67 (description of building storefront pages), 12:1–32 (description of interfacing with a distributed ecommerce system); Ex. 2025 ¶¶ 29, 33.

Combining the teachings of Voorhees with those of Moore does not mitigate this deficiency. We agree with Patent Owner that “Voorhees says absolutely nothing about having design elements of a retail jeweler’s web pages appear on pages served by a different server system offsite.” PO Resp. 36 (citing Ex. 2025 ¶ 48). In the absence of express teaching of the limitation in either reference, Petitioner’s reliance on Mr. Kent’s unsupported assertion that it was “common practice” is insufficient. Petitioner therefore does not persuasively show that the combination of Moore and Voorhees teaches “automatically with the server computer-

generating and transmitting to the web browser a second web page that includes . . . a plurality of visually perceptible elements derived from the pre-stored data.”

Accordingly, we conclude that Petitioner does not demonstrate, by a preponderance of the evidence, that independent claim 1 is unpatentable under 35 U.S.C. § 103(a) over Moore and Voorhees. We similarly conclude, by virtue of the dependence of claims 3, 7, 9, 13–16, and 18 from claim 1, that Petitioner also does not demonstrate, by a preponderance of the evidence, that those claims would have been obvious over Moore and Voorhees, nor that claims 13–16 would have been obvious over Moore, Voorhees, and Gregory.

IV. ORDER

It is

ORDERED that, based on a preponderance of the evidence, claims 1, 3, 7, 9, 13–16, and 18 of U.S. Patent No. 7,818,399 B1 have not been shown to be unpatentable;

FURTHER ORDERED that Patent Owner’s Motion to Exclude (Paper 48) is *denied*; and

FURTHER ORDERED that, because this is a final written decision, parties to this proceeding seeking judicial review of our decision must comply with the notice and service requirements of 37 C.F.R. § 90.2.

IPR2018-00482
Patent 7,818,399 B1

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