IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE PATENT TRIAL AND APPEAL BOARD

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YAHOO! INC.
Petitioner

v.

ALMONDNET, INC.
Patent Owner.

COVERED BUSINESS METHOD
REVIEW OF U.S. PATENT NO. 8,244,582

"Method And Stored Program For Accumulating Descriptive Profile Data Along With Source Information For Use In Targeting Third-Party Advertisements"

PETITION FOR COVERED BUSINESS METHOD REVIEW OF U.S. PATENT NO. 8,244,582 CHALLENGING CLAIMS 1-6, 9, AND 10

Covered Business Method Review No. CBM2017-00052

TABLE OF CONTENTS

I. INTRODUCTION 1

II. MANDATORY NOTICES 2

A. Real Party-in-Interest Under 37 C.F.R. § 42.8(b)(1) 2

B. Related Matters Under 37 C.F.R. § 42.8(b)(2) 2

1. Related Patent Office Proceedings 2

2. Related Litigation 2

C. Lead and Backup Counsel Under 37 C.F.R. § 42.8(b)(3) and Service Information Under 37 C.F.R. § 42.8(b)(3)-(4) 2

D. Payment of Fees Under 37 C.F.R. § 42.15(b) 3

III. OVERVIEW OF THE '582 PATENT 3

A. The Specification 4

1. The specification is directed to well-known techniques of collecting and selling information 6

2. The specification is directed to financial activity 6

B. The Claims 8

C. The Prosecution History 11

IV. LEVEL OF SKILL IN THE ART 16

V. CONSTRUCTION OF THE CHALLENGED CLAIMS 17

A. "Unaffiliated Third Party" Should Be Construed as "Parties That Engage in Arm's Length Transactions to Buy and Sell Profiles" 18

1. The specification characterizes the "present invention" as including "unaffiliated third parties" that buy and sell profiles and thus defines that term 19

2. The '582 patent's specification also defines the term "unaffiliated third parties" through clear and consistent usage 23

3. Any definition of "unaffiliated third party" that excludes a contract to buy and sell profiles would read out the preferred embodiment 26

B. "Third-Party Advertisements" Should Be Construed as "Paid Announcements" 27

VI. THE '582 PATENT IS ELIGIBLE FOR COVERED BUSINESS METHOD REVIEW 28

A. The Claims of the '582 Patent Are Directed To a "Financial Activity" 29

1. Dependent claims 2 and 12 require "payment" according to a "predetermined arrangement" and are therefore directed to financial activity 30

2. Independent Claims 1 and 11 require an "unaffiliated third parties" that engage in arm's length transactions to buy and sell information and are therefore directed to financial activity 31

3. Independent claims 1 and 11 require "third-party advertisements" that are "paid announcements" 32

4. The '582 patent's specification makes plain that it is a patent "used in the practice, administration, or management of a financial product or service" 33

B. The Claims of the '582 Patent Are Not Directed To a "Technological Innovation" 34

VII. YAHOO HAS STANDING AND IS NOT ESTOPPED FROM CHALLENGING THE '582 PATENT 38

VIII. GROUND 1: THE CHALLENGED CLAIMS ARE UNPATENTABLE UNDER 35 U.S.C. § 101 38

A. The Challenged Claims Are Directed To an "Abstract Idea" 39

B. The Challenged Claims Do Not Include an "Inventive Concept" That Is "Significantly More" Than an "Abstract Idea".....45

1. The limitations of Claim 1 do not constitute an "inventive concept" 47

2. The limitations of the dependent claims do not constitute an "inventive concept".....55

3. Even when taken as a whole, the claims do not add any inventive concept 63

IX. CONCLUSION.....65

EXHIBITS CITED

YAHOO EXHIBIT NO.	DESCRIPTION
Ex. 1001	U.S. Patent No. 8,244,582, entitled "Method And Stored Program For Accumulating Descriptive Profile Data Along With Source Information For Use In Targeting Third-Party Advertisements"
Ex. 1002	Declaration of Stephen Gray
Ex. 1003	Resume of Stephen Gray
Ex. 1004	Complaint, *AlmondNet, Inc. et al. v. Yahoo! Inc.*, No. 1:16-cv-01557-ILG-SMG (E.D.N.Y.), filed on March 30, 2016
Ex. 1005	*The American Heritage College Dictionary*, 4th ed. (2002).
Ex. 1006	*The American Heritage College Dictionary*, 3rd ed. (1997).
Ex. 1007	File History of U.S. Patent Application No. 09/593993
Ex. 1008	File History of U.S. Patent Application No. 11/099,861
Ex. 1009	File History of U.S. Patent Application No. 12/186,918
Ex. 1010	File History of U.S. Patent Application No. 13/115,949
Ex. 1011	File History of U.S. Patent Application No. 13/585,779
Ex. 1012	File History of U.S. Patent Application No. 13/948,661
Ex. 1013	File History of U.S. Patent Application No. 14/204,958
Ex. 1014	U.S. Patent No. 5,918,014, entitled "Automated Collaborative Filtering in World Wide Web Advertising"
Ex. 1015	U.S. Patent No. 5,948,061, entitled "Method of Delivering, Targeting, and Measuring Advertising Over Networks"
Ex. 1016	Tim Berners-Lee *et al*., *Hypertext Transfer Protocol – HTTP/1.0*, Internet Engineering Task Force (May 1996), *available at* https://tools.ietf.org/html/rfc1945
Ex. 1017	T Berners-Lee & D. Connolly, *Hypertext Markup Language – 2.0*, Internet Engineering Task Force (Nov. 1995), *available at* https://tools.ietf.org/html/rfc1866
Ex. 1018	D. Kristol & L. Montulli, *HTTP State Management Mechanism*, Internet Engineering Task Force (Feb. 1997), *available at* https://tools.ietf.org/html/rfc2109
Ex. 1019	Tim Berners-Lee, *Information Management: A Proposal*, CERN (May 1990), *available at* http://www.w3.org/History/1989/proposal.html

Ex. 1020	Tim Berners-Lee, *Uniform Resource Locators (URL)*, Internet Engineering Task Force (Mar. 21, 1994), *available at* http://www.w3.org/Addressing/URL/url-spec.txt
Ex. 1021	Tim Berners-Lee, *The Original HTTP as defined in 1991*, W3C (1991), *available at* http://www.w3.org/Protocols/HTTP/AsImplemented.html
Ex. 1022	Barry M. Leiner *et al.*, *Brief History of the Internet*, Internet Society (Oct. 15, 2012)
Ex. 1023	Mark Tungate, *Adland: A Global History of Advertising* (2d Ed. 2013)
Ex. 1024	Bradley Johnson, *Interactive; Planet Oasis Gives Web Sites Promotion Clout*, Advertising Age (July 8, 1996), *available at* http://adage.com/article/news/interactive-planet-oasis-web-sites-promotion-clout/78467/
Ex. 1025	Robbin Zeff & Brad Aronson, ADVERTISING ON THE INTERNET (2d Ed. 1999)
Ex. 1026	Duncan Jones, *The History of Pay Per Click (PPC) Marketing* (Sept. 23, 2014), https://www.duncanjonesnz.com/history-of-ppc-marketing/
Ex. 1027	U.S. Patent No. 5,774,670, entitled "Persistent Client State in a Hypertext Transfer Protocol Based Client-Server System"

I. INTRODUCTION

Pursuant to 35 U.S.C. § 321, § 18 of the Leahy-Smith America Invents Act, and 37 C.F.R. § 42.300 *et seq.*, Yahoo! Inc. ("Yahoo") respectfully requests that the Board initiate a transitional post-grant review proceeding for covered business method patents for U.S. Patent No. 8,244,582 (the "'582 Patent") (Ex. 1001).

The '582 patent describes a system that implements an age-old concept: collecting information about potential customers, and selling that information to advertisers who want to reach those potential customers. This "invention" is a classic example of an unpatentable abstract idea. It attempts to patent a "basic building block" (*see Bilski v. Kappos*, 561 U.S .293, 310-12 (2010)) of human thinking – a concept as simple as the adage, "know your audience." This basic concept, on its own, cannot be patented. Yet there is nothing inventive in the claim elements to render this abstract idea patentable. The claims apply a well-known advertising concept (collecting and selling information about customers) to a forum for advertising (the Internet). Simply implementing an unpatentable idea using modern computer technology does not render a claimed invention patentable. *Alice Corp. Pty. Ltd. v. CLS Bank Int'l*, 134 S. Ct. 2347, 2358 (2014).

Yahoo accordingly petitions for review and cancellation of claims 1-6, 9, and 10 of the '582 Patent on the grounds that the claims recite abstract ideas and are not patentable under 35 U.S.C. § 101.

II. MANDATORY NOTICES

A. Real Party-in-Interest Under 37 C.F.R. § 42.8(b)(1)

Yahoo! Inc. is the real party-in-interest for this Petition.

B. Related Matters Under 37 C.F.R. § 42.8(b)(2)

1. Related Patent Office Proceedings

Petitioners are not aware of any related proceedings at the U.S. Patent Office.

2. Related Litigation

The '582 patent is asserted in *AlmondNet, Inc. et al. v. Yahoo! Inc.*, No. 1:16-cv-01557-ILG-SMG (E.D.N.Y.). (*See* Ex. 1004.)

C. Lead and Backup Counsel Under 37 C.F.R. § 42.8(b)(3) and Service Information Under 37 C.F.R. § 42.8(b)(3)-(4)

Petitioners provide the following counsel and service information. Pursuant to 37 C.F.R. § 42.10(b), a Power of Attorney accompanies this Petition.

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D. Payment of Fees Under 37 C.F.R. § 42.15(b)

The undersigned authorizes the Office to charge the fee required for this Petition for Covered Business Method Review to Deposit Account No. 50-5708. Any additional fees that might be due are also authorized.

III. OVERVIEW OF THE '582 PATENT

The '582 Patent, which issued from U.S. Patent Application No. 13/115,949, filed March 25, 2011, claims priority to December 13, 1999 through a series of U.S. patents and a foreign application:

Priority Application No.	Priority Claim	Filing Date	Status
12/186,918	Continuation	Aug. 6, 2008	Issued as Pat. No. 7,979,307 ("'307 patent")
11/099,861	Divisional	Apr. 6, 2005	Issued as Pat. No. 7,428,493 ("'493 patent")
09/593,993	Continuation	June 14, 2000	Issued as Pat. No. 6,925,440 ("'440 patent")
Israeli Patent Application No. 133489	Foreign Application Priority Claim	Dec. 13, 1999	

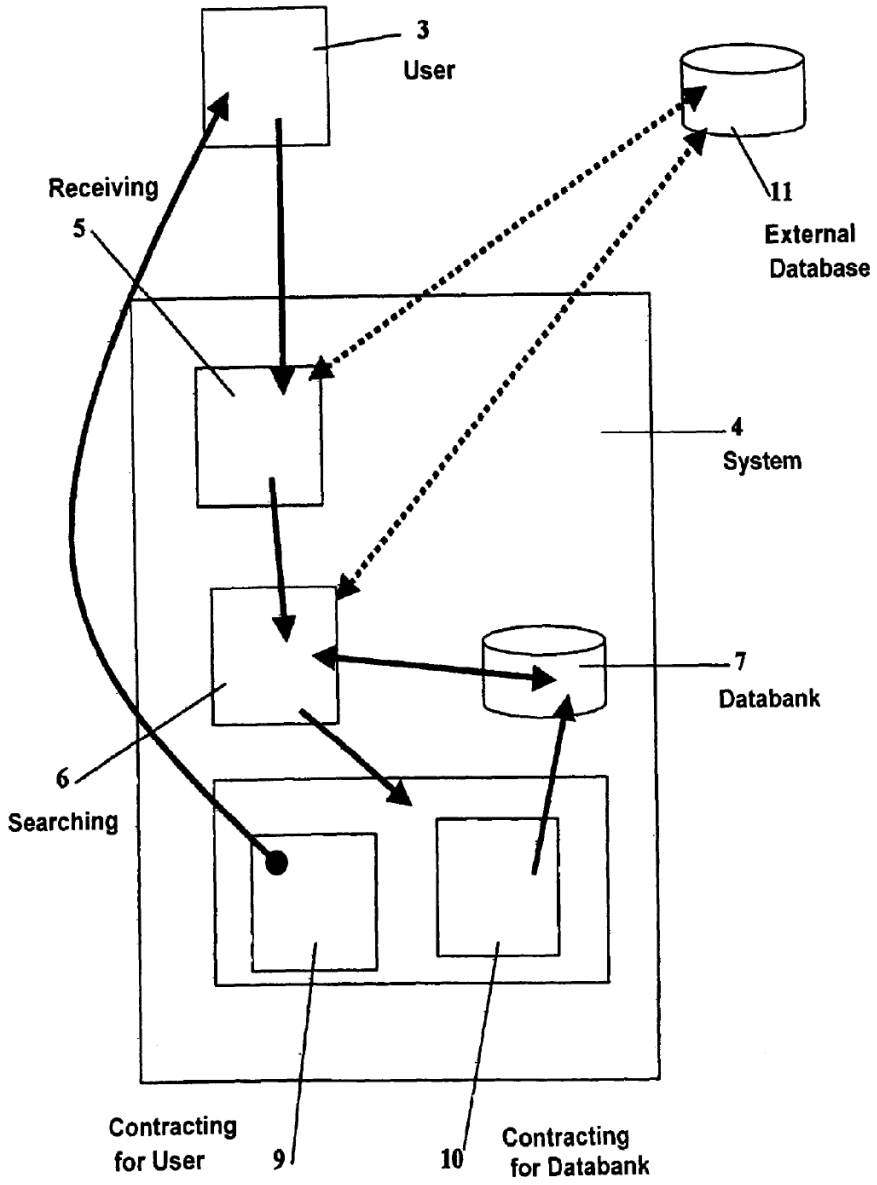
In addition, U.S. Patent Application No. 13/585,779, filed on August 14, 2012 and issued as U.S. Patent No. 8,494,904 ("the '904 patent") on July 23, 2013,

is a continuation of the ‘582 patent; U.S. Patent Application No. 13/948,661, filed July 23, 2013 and issued as U.S. Patent No. 8,775,249 (“the ‘249 patent”) on July 8, 2014, is a continuation of the ‘904 patent; and U.S. Patent Application No. 14/204,958 (“the ‘958 application”), filed on March 11, 2014, is a continuation of the ‘249 patent.

A. The Specification

The ‘582 patent describes a “mercantile” (*i.e.*, “commerc[ial]”) method for collecting information about potential customers, and selling that information to advertisers who want to reach those potential customers. (Ex. 1001 at Abstract.) That sale may occur through a “brokerage,” which provides a database of information advertisers may use for targeting advertisements. (*Id*. at Title, Abstract.)

The ‘582 specification includes only high-level descriptions and lacks any meaningful technical details. The specification, for example, merely repeats examples of how the system may be used. (*Id*. at 3:30-52; 8:42-57; 8:62 – 9:6.) The figures are generic, non-descript flow charts that likewise add no meaningful detail. FIG. 2, for example, is a generic block diagram that purportedly illustrates a system that uses the “descriptive profile mercantile method” referenced throughout the patent – and its implementation details are financial, with recitations of “***contracting***” for a user or “***contracting***” for a databank, rather than any technical details (*id.* at 4:55-56):



The '582 patent is clear, however, that it is directed to the abstract idea of collecting and selling customer information. The patent is also unambiguously related to financial activity – specifically, monetizing the collected information.

1. The specification is directed to well-known techniques of collecting and selling information

The '582 patent does not purport to have invented the idea of collecting and selling customer information to third parties, and indeed acknowledges that such a concept was known in the prior art. (*Id*. at 1:57-59.) Rather, the patent purports to improve on prior art data collection techniques by assigning economic value to specific bits of information. (*Id.* at 1:62-65.) Or, as more succinctly stated by the '582 patent, "[t]he present invention comes to provide a means for making viable the ***economic commerce in information attributes.***" (*Id*. at 3:53-59.) For example, a "user" (or, as referred to in the claims, an "unaffiliated third part[y]" that operates a web site) ***contracts*** with the system to purchase information about "visitors" to various web sites. (*Id.* at 7:58-65.) When a person visits those web sites, the sites redirect a portion of the visitor's page to the system so that the system can collect information about the visitor, through, for example, a "cookie." (*Id.* at 3:62-4:14.) The information about the visitor is then stored on the system, and is transmitted to a different unaffiliated third party (an advertiser, for example, who sees the visitor as a potential customer and desires information about that visitor) after that different unaffiliated third party (the advertiser) pays for the information. (*Id*. at 7:66 – 8:51.)

2. The specification is directed to financial activity

The '582 patent is unambiguously directed to financial activity. Indeed, the very improvement the '582 patent provides over the prior art is to assign monetary

value to collected information; the specification's "summary of the invention" states that "[t]he ***present invention*** comes to provide a means for making viable the ***economic commerce in information attributes***." (*Id.* at 3:53-61.) The specification consistently describes the "invention" as directed to financial activity:

- "The ***present invention*** operates best on a brokerage representation model; and thereby provides a means for making viable the ***economic commerce in information attributes***." (*Id.* at Abstract.)
- "[T]he ***present invention*** relates to a ***mercantile*** method directed to brokerage of attributes of information." (*Id.* at 1:29-31.)
- "The ***present invention*** generally relates to a descriptive-profile ***mercantile method*** . . . ." (*Id.* at 3:30-31.)
- "The ***present invention*** comes to provide a means for making viable ***the economic commerce*** in information attributes." (*Id.* at 3:53-61.)
- "Other types of ***contracts*** and other types of ***pricing structures*** are available for the user in his interactions with the 'system of the ***present invention'***. . . ." (*Id.* at 4:39-43.)
- "According to another embodiment of the ***present invention***, contracting includes selecting a ***pricing structure*** according to a rating of the user." (*Id.* at 5:37-39.)

- "In the context of the preferred embodiment of the ***present invention***, 'pricing structure' relates to the ***price and payments*** for date exchanged by the user and the system." (*Id.* at 7:40-42.)
- "***This invention*** relates to gaining an ability to ***buy, sell***, broker, and trade specific pieces of data between two disjoint parties . . . ." (*Id.* at 8:13-18.)
- "[T]he ***present invention*** is directed to the value of details of a profile . . . ." (*Id.* at 10:26-28.)

B. The Claims

Not only does the '582 specification discuss financial activity extensively, such activity is ***expressly*** required by the claims. Claim 1 and its dependent claims are reproduced below, with annotated claim limitations for ease of reference (financial-activity related limitations are emphasized):

Challenged Claims	
Claim 1	
1a	An automated method of collecting profiles of Internet-using entities, the method comprising:
1b	(a) electronically receiving at a programmed computer system coupled to a global computer network, from at least one server controlled by one of ***a plurality of unaffiliated third parties***, a partial profile of an entity that uses a user computer coupled to the global computer network and accessing a website, which partial profile is available to one of the third parties and contains at least one profile attribute related to the entity, and automatically with the computer system storing the received partial profile;

1c	(b) wherein receiving the partial profile is achieved as a result of automatic electronic URL redirection from a portion of a page of the website accessed by the user computer;
1d	(c) automatically with the computer system electronically adding the received partial profile to a maintained profile believed to be related to the same entity;
1e	(d) automatically with the computer system generating and storing an electronic record of which of the plurality of unaffiliated third parties contributed to the maintained profile particular profile attributes;
1f	(e) wherein the maintained profile, including the added partial profile, comprises data used in targeting ***third-party advertisements*** to the user computer over the global computer network.
Claim 2	
2a	The method of claim 1 further comprising, in accordance with ***a*** predetermined arrangement, automatically using the electronic record of which of the plurality of unaffiliated third parties contributed to the maintained profile particular profile attributes to create electronic data used to identify ***a payment amount due to the unaffiliated third party*** as a result of using at least one of the profile attributes in the partial profile contributed by that third party in targeting the third-party advertisements to the entity's computer over the global computer network.
Claim 3	
3a	The method of claim 1 wherein the computer system electronically adding the received partial profile to a maintained profile believed to be related to the same entity comprises the computer system adding the received partial profile to a maintained profile believed related to the same entity on account of the received partial profile and the maintained profile being related to the same user computer.
Claim 4	
4a	The method of claim 3 wherein the computer system determines that the received partial profile and the maintained profile are related to the same user computer by automatically reading a cookie on the user computer.
Claim 5	
5a	The method of claim 1 further comprising automatically with the computer system electronically maintaining an electronic record of

	which unaffiliated third party contributed, to the maintained profile, the profile attributes used in targeting the advertisements.
Claim 6	
6a	The method of claim 1 further comprising automatically with the computer system electronically determining whether the received partial profile contains any profile attributes about the entity that were not previously contained in a maintained profile.
Claim 9	
9a	The method of claim 1 further comprising automatically with the computer system selecting profile attributes from the maintained profile based on the source thereof.
Claim 10	
10a	The method of claim 1 further comprising automatically with the computer system electronically reading a cookie previously stored on the entity's computer, as a result of the URL redirection.

Other, non-challenged claims in the '582 patent likewise include express, financial-related limitations. These non-challenged claims are relevant because, as discussed below, even if a single, non-challenged claim is directed to financial activities, the '582 patent is eligible for CBM review. *See Emerson Elec. Co. v. SPICO*, LLC, CBM2016-00095, Paper No. 41, at 7 n.2 (P.T.A.B. Jan. 23, 2017) ("[T]here is no requirement that only challenged claims may be considered for purposes of determining a patent is eligible for covered business method review."). The terms related to financial activity are highlighted below:

Non-Challenged Claims That Include Financial Limitations	
Claim 11	
11a	A tangible, non-transitory data storage medium comprising indicia of instructions for a processor to perform a method of collecting profiles of Internet-using entities, the method comprising:
11b	(a) electronically receiving at a programmed computer system coupled to a global computer network, from at least one server controlled by one of ***a plurality of unaffiliated third parties***, a partial profile of an

	entity that uses a user computer coupled to the global computer network and accessing a website, which partial profile is available to one of the third parties and contains at least one profile attribute related to the entity, and automatically with the computer system storing the received partial profile;
11c	(b) wherein receiving the partial profile is achieved as a result of automatic electronic URL redirection from a portion of a page of the website accessed by the user computer;
11d	(c) automatically with the computer system electronically adding the received partial profile to a maintained profile believed to be related to the same entity;
11e	(d) automatically with the computer system generating and storing an electronic record of which of the plurality of unaffiliated third parties contributed to the maintained profile particular profile attributes;
11f	(e) wherein the maintained profile, including the added partial profile, comprises data used in targeting ***third-party advertisements*** to the user computer over the global computer network.
Claim 12	
10a	The data storage medium of claim 11 wherein the indicia of instructions instruct the processor to perform a method that further comprises: in accordance with a predetermined arrangement, automatically using the electronic record of which of the plurality of unaffiliated third parties contributed to the maintained profile particular profile attributes to create electronic data used to identify ***a payment amount due to the unaffiliated third party*** as a result of using at least one of the profile attributes in the partial profile contributed by that third party in targeting the third-party advertisements to the entity's computer over the global computer network.

C. The Prosecution History

As discussed above, the '582 patent claims priority to December 13, 1999 through a series of U.S. patents and a foreign patent application.

Since most of this prosecution history occurred prior to the Supreme Court's *Alice* decision, neither the '582 patent nor it ancestors were scrutinized under the

modern standard for patent eligibility. Not surprisingly, much of the prosecution history therefore has little relevance to this petition, with a few expectations.

First, as described below, the claims of the '249 and '440 patents were initially rejected for failing to claim patent eligible subject matter. Under the then-applicable standards, the applicant overcame these rejections by amending the claims to require that certain steps be performed "automatically, by a computer" or "electronically." Similarly, the applicant stated during prosecution of the '307 patent, as part of a summary of an examiner interview, that the Examiner deemed the claims patent-eligible because "the [claim] term 'automatically' implies a machine." While such generic computer implementation may have sufficed under then-applicable standards, merely performing certain steps "automatically," "electronically," or "with a computer" cannot confer patent eligibility on an abstract idea under the modern *Alice* standard.

Second, as described below, the applicant expressly abandoned the only application in this patent family pending after the Supreme Court issued its *Alice* decision—the '956 application—rather than give the Examiner an opportunity to evaluate the claims under the modern *Alice* standard and issue an office action.

The following is a brief summary of the prosecution histories for each of the parents of the '582 patent and relevant descendant applications:

The '249 Patent: The application that resulted in the '249 patent was filed on July 23, 2013 with only a single claim, which was rejected as unpatentable under 35 USC § 101, among other reasons. (Ex. 1013 at 68-73.) Specifically, the examiner found claim 1 to relate to an "abstract idea," and to include insufficient details to pass the then-standard "machine or transformation" test. *Id.* The Examiner suggested amending the claims to require the method to be performed "automatically, by a computer" to overcome this rejection.

In response, the applicant canceled the pending claim, added new claims that were a "modified version" of the claims issued in the '249 patent (*id.* at 54), and included the Examiner's suggested language. (*Id.* at 45-56.) The claims were ultimately allowed after overcoming a subsequent double-patenting rejection. (*Id.* at 13-17, 32, 35-40.)

It should be noted that the '249 patent was prosecuted, and the issue notification was mailed, ***before*** the Supreme Court's decision in *Alice*. The claims of the '249 patent would not have overcome a § 101 rejection under the new *Alice* standard simply by adding the words "automatically" and requiring that the method be performed on a computer. *See OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1363 (Fed. Cir. 2015) (finding that performing a step "automatically" merely involves "relying on a computer to perform routine tasks more quickly or more accurately[, which] is insufficient to render a claim patent eligible").

The '904 patent: The '904 patent was filed on August 14, 2012, and had a very short prosecution history. It was subject to a single double-patenting rejection, and was allowed after the applicant filed a terminal disclaimer. (Ex. 1011 at 13-17, 38, 46-50.)

The '582 patent: The '582 patent was filed on May 25, 2011, and had a very short prosecution history. It was subject to a single rejection on double-patenting grounds and was allowed after the applicant filed a terminal disclaimer. (Ex. 1010 at 7-11, 22-23, 26-30, 51-52.)

The '307 patent: The application that issued as the '307 patent was filed on August 6, 2008, and originally included 7 claims (application claims 40-47). (Ex. 1009 at 284-85.) The claims were all initially rejected as anticipated. (*Id.* at 57-62.) The applicant argued that the prior art failed to show certain aspects of the invention; the Examiner rejected that argument, and issued a final office action. (*Id.* at 41-47, 50-54.) In that office action, the Examiner reasserted the previous rejection. (*Id.* at 41-47.) After an interview, the applicant amended the claims to require, among other things, that the process be performed "automatically" by the "computer system". (*Id.* at 23-32, 38-40.) The reason for adding this language was, according to the applicant, to address potential § 101 issues (*id.* at 29):

> In addition, assignee's representative suggested in the interview presenting claim amendments to comply with Office policy post-*Bilski*. The examiner replied that, in his opinion, the claims as written (pre-amendment) met Section 101 requirements under Bilski because the term "automatic" implies a machine necessarily. Nevertheless, assignee here amends the claims to insert explicit reference to the computer system, to avoid doubt, and the examiner had no objection to such added clarity. Such amendments are not necessary for patentability, nor does making express what was implicit before narrow the claims in any way.

Importantly, the '307 patent was prosecuted ***before*** the Supreme Court's decision in *Alice*. But under the modern *Alice* standard, the presence of generic computer implementation in the claims of the '307 patent—whether implicitly due to the recitation of "automatic" or due to the express recitation of a "computer system"—cannot confer patent eligibility. *See Alice*, 134 S. Ct. at 2358.

The '493 patent: The '493 patent was filed on April 5, 2005 with 39 claims, which were eventually replaced with 53 new claims. (Ex. 1008 at 70-78, 241-46, 302-16.) Most of the claims were rejected as obvious over several prior references, while several of the dependent claims were found to have allowable subject matter. (*Id*. at 52-58.) The claims were allowed after the applicant amended the claims to expressly require "royalty payment[s]." (*Id*. at 17-24, 33-45.) This specific addition to the claims was expressly cited by the Examiner as a reason for allowing the claims. (*Id*. at 23.)

The '440 Patent: The '440 patent was filed on June 14, 2000, with 13 original claims. (Ex. 1007 at 308-12.) The claims were initially rejected as anticipated by

the prior art, as well as unpatentable under 35 U.S.C. § 101. (*Id.* at 177-184.) According to the Examiner (who was applying a pre-*Alice* patentability standard), the claims were unpatentable because they did not "necessarily require a computer or computer network implementation." (*Id.* at 179.) The applicant amended the claims to expressly require that the method was performed "electronically," which prompted the Examiner to withdraw the § 101 rejection. (*Id.* at 166-175, 139-45.) The claims however, were yet again rejected as anticipated in a final office action. (*Id.* at 139-45.) After two requests for continued examination and repeated final and non-final office actions rejecting the claims as anticipated and obvious (*id.* at 41-50, 54-61, 83-92, 102-08, 125-34), the claims were ultimately allowed (*id.* at 17-24).

The '956 Application: The '956 application was the only application claiming priority to the '582 patent pending after the Supreme Court issued its *Alice* decision. However, before issuance of even the first office action, the applicant "request[ed] that the '956 application be expressly abandoned," thereby depriving the Examiner of an opportunity to evaluate the pending claims in light of the now-applicable *Alice* standard. (Ex. 1013 at 1-3.)

IV. LEVEL OF SKILL IN THE ART

In December 1999, a person of ordinary skill in the art relating to the '582 Patent would be someone with a Bachelor's degree in Electrical Engineering, Computer Engineering, Computer Science, or the like or someone having equivalent

work experience. In addition, a person of ordinary skill in the art would have two years' experience with design and development of client-server class systems that operate over the Internet. (*See* Ex. 1002 ¶ 52.)

V. CONSTRUCTION OF THE CHALLENGED CLAIMS

In a post-grant review, claim terms in an unexpired patent are given their broadest reasonable interpretation ("BRI") in view of the specification in which they appear. 37 C.F.R. § 42.100(b); *see also Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2142 (2016) ("[T]he statute allows the Patent Office to issue rules 'governing inter partes review,' § 316(a)(4), and the broadest reasonable construction regulation is a rule that governs inter partes review.").

For purposes of this petition, two terms require construction: "unaffiliated third parties," which the specification defines to mean "parties that engage in arm's length transactions to buy and sell profiles"; and "third-party advertisements," whose ordinary meaning in light of the specification is "paid announcements."

No construction of any other claim term is required.[1] Petitioner proposes that the remaining claim terms take on their ordinary and customary meaning that they

[1] Petitioner takes no position in this petition as to whether the claims are indefinite, and its statement that no construction is required should not be interpreted to mean that the terms are definite.

would have to a POSITA at the time of the invention. Indeed, Patent Owner has recently served infringement contentions in the litigation, but did not identify any terms that have any "special" meaning. Petitioner reserves the right to respond and/or offer alternative constructions to any proposed claim constructions offered by Patent Owner.

These constructions are offered to comply with 37 C.F.R. §§ 42.100(b) and 42.104(b)(3) solely for purposes of this Petition and do not necessarily reflect appropriate claim constructions in litigation. *See, e.g.*, *In re Trans Texas Holdings Corp.*, 498 F.3d 1290, 1297 (Fed. Cir. 2007). Petitioner, therefore, reserves the right to pursue alternative constructions, including where Petitioner does not herein propose an express construction, in district court. And district courts have recognized that a petitioner's claim construction positions in an IPR and the PTAB's decision on the same are not controlling in district court litigation. *See Shire Dev. LLC v. Amneal Pharmas. LLC*, No. 15-2865 (RBK/JS), 2016 WL 4119940, at *4 n.3 (D.N.J. Aug. 2, 2016); *Biscotti Inc. v. Microsoft Corp.*, No. 2:13-cv-01015-JRG-RSP, 2016 WL 6611487, at *7 n.5 (E.D. Tex. Nov. 9, 2016).

A. "Unaffiliated Third Party" Should Be Construed as "Parties That Engage in Arm's Length Transactions to Buy and Sell Profiles"

This term is defined by the specification in two ways. First, the specification repeatedly refers to the "present invention" as including unaffiliated third parties that contract to buy and sell profiles. It is well-settled that such unequivocal statements

regarding the "present invention" serve to "limit[] the scope of the invention." *Verizon Servs. Corp. v. Vonage Holdings Corp.*, 503 F.3d 1295, 1308 (Fed. Cir. 2007). Second, and separately, the '582 patent clearly and consistently describes "third parties" as those that contract to buy and sell profiles. *See Bell Atl. Network Servs., Inc. v. Covad Commc'ns Grp., Inc.*., 262 F.3d 1258, 1268 (Fed. Cir. 2001) ("The specification acts as a dictionary when it expressly defines terms used in the claims ***or when it defines terms by implication***.") (emphasis added). To the extent Patent Owner argues that the claims do not cover financial activity, any other interpretation of the claims would read out the preferred (and only) embodiment; such an interpretation is "rarely, if ever" correct. *See Vitronics Corp. v. Conceptronic, Inc.*, 90 F.3d 1576, 1583 (Fed. Cir. 1996); *see also Google Inc. v. Zuili*, CBM2016-00008, Paper No. 57, at 14 (P.T.A.B. Apr. 24, 2017) (stressing that "the claim limitations are to be understood ***in light of the specification***," and finding on that basis that "the clicks recited in claim 1 are on their face financial transactions") (emphasis added).

1. The specification characterizes the "present invention" as including "unaffiliated third parties" that buy and sell profiles and thus defines that term

As discussed above, the specification characterizes the alleged invention as an improvement over prior art monetization techniques for data mined from web site visitors and sold to what it refers to as "unaffiliated third parties." The specification

stresses that "[i]n the context of the preferred embodiment of the ***present invention,*** 'user' relates to an individual, web site, search-robot and/or other type of software agent that ***interacts with the system by virtue of their contracting a juncture in the data–communications topology . . . for the purpose of acquiring some potential economic or other value in connection with that attribute data.***" (Ex. 1001 at 7:66 – 8:6.) And the specification confirms that "the ***value of such attribute*** will ***only*** become well understood with the implementation of the present method ***in the electronic commerce marketplace***." (*Id.* at 3:55-59.) The specification further clarifies that "***[t]his invention*** relates to gaining an ability to ***buy, sell***, broker, and trade specific pieces of data ***between two disjoint parties***." (*Id.* at 8:13-18.) The specification repeatedly stresses that the "***present invention***" lies in the monetization of this collected data. (*Id.* at 3:53-54 ("The ***present invention*** comes to provide a means for making viable the ***economic commerce in information attributes."***); *see also* Abstract ("The ***present invention*** operates best on a brokerage representation model; and thereby provides a means for making viable the ***economic commerce in information attributes***.").) Indeed, the '582 specification indicates that ***"[t]he present invention*** generally relates to a ***descriptive-profile mercantile method***." (*Id.*

at 3:30-33.) This "mercantile method" includes "contracting"[2] between the "user," *i.e.*, the unaffiliated third party, and "the databank."[3] (*Id.* at 3:30-52; 5:4-26.) The "***present invention***" also includes, according to the specification, a computer program that facilitates "profile mercantile activities" by creating a contract with the third party to sell profile information. (*Id.* at 6:4-57.) Likewise, the "***present invention***" relates to a "computer system" that contracts between a third party and the computer system to sell profile information. (*Id.* at 6:58 – 7:19.)

Unequivocal statements, such as these, which describe features of the "the

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[2] The "Glossary" section of the '582 patent defines a "[c]ontract" as "[a]n agreement between a user [*e.g.*, web site operator] and a system incorporating the method of the present invention wherein ownership of an attribute or a right to represent an attribute is transferred from one party to another [*i.e.*, from or to the unaffiliated third party] ***for an agreed consideration***." (*Id.* at 3:7-11.)

[3] The specification refers to the claimed "unaffiliated third party" as a "user." (*Compare id.* at 16:40-41 (claiming "from at least one ***server controlled by one of a plurality of unaffiliated third parties***, an electronically URL-redirected partial profile of an entity that uses a user computer coupled to the global computer network and accessing ***a website***") with *id.* at 8:32-36 ("A visitor arrives at ***a web site of the user***.").)

present invention" of the patent, serve to "limit[] the scope of the invention." *See, e.g.*, *Verizon*, 503 F.3d at 1308; *Regents of Univ. of Minn. v. AGA Med. Corp.*, 717 F.3d 929, 936 (Fed. Cir. 2013) (construing term narrowly in accordance with description of "present invention"); *Honeywell Int'l, Inc. v. ITT Industries, Inc.*, 452 F.3d 1312, 1318 (Fed. Cir. 2006) (holding statements about "the present invention" definitional).[4] This is particularly the case where those statements reflect a central function of the alleged invention, such as the contracting between third parties in the '582 patent. *See, e.g.*, *Microsoft Corp. v. Multi-Tech Sys., Inc.*, 357 F.3d 1340, 1351 (Fed. Cir. 2004) (construing "multiplexing" to require prioritization of voice data over computer data because the specification made clear that the prioritization was "central to the functioning of the claimed invention"); (*see also* Ex. 1002 ¶ 60). Accordingly, on this basis alone, the specification has defined the term "unaffiliated third party" to mean "parties that

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[4] The Federal Circuit's guidance on a specification's description of "the present invention" also applies to the broadest reasonable interpretation standard applicable here. *See Conmed Corp. v. Bonutti Skeletal Innovations LLC*, IPR2013-00628, 2014 WL 1477697, at *3-4 (P.T.A.B. Mar. 28, 2014) (citing *Verizon*, and finding that a claim is limited by statement's regarding "the present invention" even under the broadest reasonable interpretation standard).

engage in arm's length transactions to buy and sell profiles."

2. The '582 patent's specification also defines the term "unaffiliated third parties" through clear and consistent usage

In addition to defining the phrase "unaffiliated third parties" through its characterization of the "present invention," the specification emphasizes this definition through clear and consistent usage. It is well-settled that where, as here, "a patentee uses a claim term throughout the entire patent specification, in a manner consistent with only a single meaning, he has defined that term by implication." *See, e.g.*, *Bell Atl.*, 262 F.3d at 1271; *Hologic, Inc. v. SenoRx, Inc.*, 639 F.3d 1329, 1338 (Fed. Cir. 2011).[5] In addition to statements regarding the "present invention," the specification of the '582 patent makes clear that "unaffiliated third parties" are those that contract to buy and sell profiles. (Ex.

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[5] The Federal Circuit's guidance on definition by implication also applies to the broadest reasonable interpretation standard applicable here. *See In re Abbott Diabetes Care Inc.*, 696 F.3d 1142, 1149 (Fed. Cir. 2012) (agreeing that "the Board's construction of 'electrochemical sensor' is unreasonable and inconsistent with the language of the claims and the specification" because the Board failed to take into account that "every embodiment disclosed in the specification shows an electrochemical sensor without external cables or wires").

1002 ¶ 60.) For example, the specification is clear that, after the database receives new attributes from a user (*i.e.*, an unaffiliated third party), "the computer assigns a user selected ***micro-payment royalty*** for each elected use of these attributes by any other user" such that "a user designated ***micro payment royalty (or credit)*** is assigned to the user for each ***purchase*** of that attribute by another user." (Ex. 1001 at 4:19-28.) At the same time, the user is told of any other attributes previously unknown to the user that "exist ***for purchase***" and "the ***micro-payment royalty plus brokerage fee*** that is ***charged*** for each respective attribute." (*Id.* at 4:30-34; *see also* id. *at* 4:35-38 ("If the user is interested in any of these attributes, then a ***contract is agreed to,*** resulting in a ***micro-payment transfer*** from the user to the broker . . . and a transfer of a copy of the attribute to the user (the ***buyer***).").)

The remainder of the specification also repeatedly emphasizes that users buy and sell profiles. (*See, e.g.*, Ex. 1001 at col. 1:57-67 (describing economic value of profile databases); 3:7-26 (describing financial agreements); 5:37-39 (describing a pricing structure for profiles); 5:52-56 (same); 7:40-42 (same); 7:43-49 (profiles have economic value); 8:47-51 (benefit of invention is economic remuneration); 8:52-57 (same); 8:4-6 (transaction includes buying, selling, and trading information); 10:36-49 (describing contracts to acquire profile data); 10:50-53 (royalty payment rate changes based on source); 10:64 – 11:3 (describing profile pricing structure); 11:40-46 (describing profile transaction); 11:50-56 (same);

12:26-32 (same); 13:7-11 (describing implementing the mercantile method through licensing); 13:40-56 (describing a profile pricing structure); 14:9-11 (describing profile transaction); 14:20-22 (profile quality is evaluated and assigned a monetary value); 14:27-44 (describing paying source of information); 15:28-38 (participants select a pricing structure).) (*See also* Ex. 1002 ¶ 61.)

In short, the specification is consistently and unequivocally clear that the "user" or "unaffiliated third party" ***contracts*** with the system to ***buy and sell*** profiles. This alone is independently sufficient to define the term "unaffiliated third party" as proposed by Petitioner. *See Bell Atl.*, 262 F.3d at 1272 (a claim term is defined by implication "when a patentee uses a claim term throughout the entire patent specification, in a manner consistent with only a single meaning."); *Nystrom v. Trekx Co., Inc.*, 424 F.3d 1136, 1144 (2005) ("Throughout the written description, Nystrom consistently used the term 'board' to describe wood decking material cut from a log."); *AquaTex Indus., Inc. v. Techniche Solutions*, 419 F.3d 1374, 1382 (Fed. Cir. 2005) (finding that, "based upon the teachings of the specification," one of ordinary skill would understand that the claim term fiberfill batting material does not encompass natural materials); *see also Zuili*, CBM2016-00008, Paper No. 57, at 14 (construing "an invalid or illegitimate click [as] one that should . . . not be charged to the user" because the "patent's ***title, abstract, drawings, and written description*** all place the claims in the context of a detecting

invalid click transactions in web-based advertising") (emphasis added).

3. Any definition of "unaffiliated third party" that excludes a contract to buy and sell profiles would read out the preferred embodiment

Patent Owner may argue that there is no requirement for a third party contract to buy and sell profiles. To the extent Patent Owner raises this argument, it should be rejected for several reasons. First, as discussed above, this argument would ignore the language in the specification limiting the "present invention" to one in which third parties contract to buy and sell profiles. It would also ignore the clear and consistent description in the specification of third parties.

And last, to the extent Patent Owner argues that the claims do not cover financial activity, a contrary construction would read out the preferred (and indeed, only) embodiment set forth in the specification. Such a construction is "rarely, if ever, correct." *Vitronics*, 90 F.3d at 1583; *see also CytoLogix Corp. v. Ventana Med. Sys., Inc.*, 424 F.3d 1168, 1175 (Fed. Cir. 2005) ("We have previously held that '[a] claim construction that excludes a preferred embodiment . . . 'is rarely, if ever, correct.'""); *SanDisk Corp. v. Memorex Prods., Inc.*, 415 F.3d 1278, 1285 (Fed. Cir. 2005). As discussed above, the '582 patent makes clear that in ***the*** preferred embodiment, a "user" contracts with the system to acquire "some potential economic" value from profiles. (Ex. 1001 at 7:66 – 8:6.) Indeed, in "the preferred embodiment . . . any particular of information about any [entity] may have an

economic value for a customer of profile information." (*Id.* at 7:47-49.) The "preferred embodiment" also includes a computer network on which "data is exchanged by ***purchase, sale, trade, or brokerage and micro payments of royalties*** as pricing structure that may accompany the data exchange." (*Id.* at 10:64 – 11:3.) Any definition that excludes the notion that a third party contracts to buy or sell profiles would thus exclude the preferred embodiment, and should be rejected. (*See also* Ex. 1002 ¶ 61.)

B. "Third-Party Advertisements" Should Be Construed as "Paid Announcements"

As explained above, the specification defines a "third part[y]" as one that buys and sells information. (*See, e.g.*, Ex. 1001 at 8:12-15 (The specification further clarifies that "***[t]his invention*** relates to gaining an ability to ***buy, sell***, broker, and trade specific pieces of data ***between two disjoint parties***."), 3:42-43 ("The ***present invention*** comes to provide a means for making viable the ***economic commerce in information attributes."***).) Since, here, "third-party" modifies "advertisements," the claim term "third-party advertisements" ought to be construed to mean "advertisements" that are sold by one party and purchased by another (*i.e.*, third) party, *i.e.*, "paid announcements." (Ex. 1002 ¶ 62.)

Moreover, one of ordinary skill would understand that in the context of the electronic media at issue in the '582 patent, an "advertisement[]" is necessarily paid; otherwise, it would not be considered an "advertisement[]." (Ex. 1002 ¶¶ 44, 63.)

This understanding is further confirmed by extrinsic evidence. For example, The American Heritage College Dictionary, 4th ed. (2002) similarly defines "Advertisement" as "A notice, such as a poster or ***a paid announcement in the print, broadcast, or electronic media***, designed to attract public attention or patronage." (Ex. 1004 (emphasis added); *see also* Ex. 1005 at 20 (defining "advertisement" as "[a] notice, such as a poster, newspaper display, or ***paid announcement in the electronic media*** to attract public attention or patronage")); *see also Allscripts Healthcare Solutions, Inc. v. MyMedicalRecords, Inc.*, CBM2015-00022, 2015 WL 2149238, at *6 (P.T.A.B. May 5, 2015) ("A dictionary definition is useful in ascertaining the way in which one of ordinary skill in the art would use the claim term.") (citing *Starhome GmBH v. AT&T Mobility LLC*, 743 F.3d 849, 856-57 (Fed. Cir. 2014)).

Accordingly, any definition of "third-party advertisements" that does not specify that they are "paid announcements" is both inconsistent with the '582 patent's use of the term "third-party" and contrary to the ordinary meaning of the term "advertisements" in the context of electronic media.

VI. THE '582 PATENT IS ELIGIBLE FOR COVERED BUSINESS METHOD REVIEW

A patent is eligible for CBM review if one or more of its claims are directed to "financial activity," and not directed towards a "technological innovation." AIA § 18(d)(1); *see also* 37 C.F.R. § 42.301(a); Transitional Program for Covered

Business Method Patents, 77 Fed. Reg. at 48,736. A patent is CBM eligible if even a ***single*** claim—even an unchallenged claim – meets these criteria. *See Emerson Elec.*, CBM2016-00095, Paper No. 41, at 7 n.2 ("[T]here is no requirement that only challenged claims may be considered for purposes of determining a patent is eligible for covered business method review.").

The '582 patent meets both prongs of this standard. As discussed above, several claims of the '582 patent include multiple limitations that are expressly directed to financial activity. Likewise, none of the claims are directed to a "technological innovation."

A. The Claims of the '582 Patent Are Directed To a "Financial Activity"

A patent is CBM eligible if even a single claim is directed to "financial activity," even if that claim is not challenged. *See Emerson Elec.*, CBM2016-00095, Paper No. 41, at 7 n.2. Here, multiple claims include several such limitations. Specifically, claims 2 and 12 expressly require "payment" according to a "predetermined arrangement." Moreover, independent claims 1 and 11 (and therefore all the claims) require "unaffiliated third parties," which are parties that engage in arm's length transactions to buy and sell information. And, separately, claims 1 and 11 require that the collected information be used for "third-party advertisements," which, in the context of the '582 patent, are "paid announcements."

1. Dependent claims 2 and 12 require "payment" according to a "predetermined arrangement" and are therefore directed to financial activity.

To be CBM eligible, a claim "need only require one of a ***'wide range of finance-related activities***.'" *Secure Axcess LLC v. PNC,* 848 F.3d 1370, 1381 (Fed. Cir. 2017) (emphasis added). It is well-settled that such "finance-related activities" include the electronic sale of a good or service. *Apple v. SightSound Techs.*, CBM2013-00021, 2013 WL 8538869, at *7 (P.T.A.B. Oct. 8, 2013) ("The electronic sale of something … is a financial activity, and allowing such a sale amounts to providing a financial service.") *aff'd SightSound Techs., LLC v. Apple Inc.*, 809 F.3d 1307, 1315-16 (Fed. Cir. 2015); *see also Google Inc. v. Priceplay.com, Inc.*, CBM2015-00025, Paper 8 at 2, 7 (P.T.A.B. May 18, 2015).

Here, dependent claims 2 and 12 of the '582 patent fall squarely within the Federal Circuit's definition of CBM eligibility. These claims require a "predetermined arrangement," and data reflecting the same, whereby "a ***payment amount*** [is] due to the unaffiliated third party as a result of using at least one of the profile attributes . . . contributed by that third party in targeting the third-party advertisements." (Ex. 1001 at 17:1-10, 18:8-19.) Since dependent claims 2 and 12 of the '582 patent are directed to the sale of a good or service (*i.e.*, the claimed "profile attributes"), the '582 patent is directed to "financial activity" and is eligible for CBM review. (*See also* Ex. 1002 ¶ 64.)

2. Independent Claims 1 and 11 require an "unaffiliated third parties" that engage in arm's length transactions to buy and sell information and are therefore directed to financial activity

Independent claims 1 and 11, and thus all claims of the '582 patent, require "electronically receiving . . . from at least one server controlled by one of a plurality of unaffiliated third parties, a partial profile of an entity." (Ex. 1001 at 16:44-52, 17:49-57.) As explained above, the specification of the '582 patent further defines "unaffiliated third parties" both expressly and by implication as "parties that engage in arm's length transactions to buy and sell profiles." Accordingly, independent claims 1 and 11, once properly construed, are also directed to the sale of a good or service (*i.e.*, the claimed "profile attributes"), and the '582 patent is therefore directed to "financial activity" and is CBM eligible for this additional reason. *See Zuili*, CBM2016-00008, Paper No. 57, at 14 (finding that "clicks recited in the claim are financial transactions" because, ***as described in the specification***, "an invalid or illegitimate click is one that should not be counted by the pay-per-click system and that click should not be charged to the user") (emphasis added); *see also Secure Axcess*, 848 F.3d at 1381 ("Established patent doctrine requires that claims must be properly construed—that is, understood in light of the patent's written description; that is a fundamental thesis in claim construction. . . . It follows that under § 18(d)(1) the written description bears importantly on the proper construction of the claims."); (*see also* Ex. 1002 ¶ 65).

3. Independent claims 1 and 11 require "third-party advertisements" that are "paid announcements"

Independent claims 1 and 11 further require "targeting third-party advertisements to the user computer over the global computer network." (Ex. 1001 at 16:64-67, 18:5-8.) Unlike the petitioner in *Google Inc. v. HBAC Matchmaker Media, Inc.* and *Google Inc. v. KlausTech, Inc.*, Petitioner here seeks to construe the claim term "third-party advertisements" as "paid announcements." *See* CBM2016-00097, Paper No. 16 (P.T.A.B. Feb. 27, 2017) ("Petitioner does not propose any claim constructions that are financial in nature that would warrant a different conclusion."); CBM2016-00096, Paper No. 10 (P.T.A.B. Feb. 27, 2017) ("[T]here is nothing explicit or inherent in the challenged claims that is financial in nature, and Google does not propose any claim constructions that are financial in nature that would warrant a different conclusion."). As explained above, Petitioner's construction here is dictated by both the '582 patent's definition of the phrase "third-party" and by one of ordinary skill's understanding of the term "advertisements" in the context of the '582 patent. Paying for announcements, as required by independent claims 1 and 11 (as properly construed), is an electronic sale of a good or service that falls squarely in the definition of "finance-related activities," thereby rendering the '582 patent CBM eligible for this third reason. *See SightSound*, 2013 WL 8538869, at *7 *aff'd SightSound*, 809 F.3d at 1315-16; (*see also* Ex. 1002 ¶ 66).

4. The '582 patent's specification makes plain that it is a patent "used in the practice, administration, or management of a financial product or service"[6]

The '582 patent repeatedly emphasizes that its core purpose—indeed, its only disclosed utility—is to "provide[] a means for making viable the economic commerce in information attributes." (Ex. 1001 at Abstract; *see also id*. at 3:53-54 ("The ***present invention*** comes to provide a means for making viable the ***economic commerce in information attributes."***); 8:13-16 ("***This invention*** relates to gaining an ability to ***buy, sell***, broker, and trade specific pieces of data ***between two disjoint parties*** . . . ."); 8:47-51 ("Another independent benefit that can accrue to the web site is ***the gain of some economic remuneration*** for and as a function of the information

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[6] Petitioner acknowledges that this argument is inconsistent with the Federal Circuit's language in *Secure Axcess LLC v. PNC*, 848 F.3d 1370 (Fed. Cir. 2017). The appellant in that case, however, has filed a request for *en banc* review, asking whether such patents are CBM eligible. *See* Dennis Crouch, "CBM Review: Must the Claims Be Expressly Limited to Financial Services," PATENTLY-O (Apr. 26, 2017), *available at* https://patentlyo.com/patent/2017/04/expressly-financial-services.html. Petitioner submits this argument for the Board's consideration should the Federal Circuit or Supreme Court overrule or modify the *Secure Axcess* decision.

itself that the web site possesses about the visitor"); *see also* Ex. 1002 ¶ 67.) Even if the Board decides that such statements do not define the scope of the claimed invention, they make plain that the '582 patent is "used in the practice, administration, or management of a financial product or service" and thus CBM eligible. *See* AIA § 18(d)(1).

B. The Claims of the '582 Patent Are Not Directed To a "Technological Innovation"

Claims that cover a "technological innovation" are not considered CBM eligible. *See* AIA § 18(d)(1); 37 C.F.R. § 42.301(a). "In determining whether a patent is for a technological invention," the Board considers "whether the claimed subject matter as a whole recites a technological feature that is novel and unobvious over the prior art; and solves a technical problem using a technical solution." 37 C.F.R. § 42.301(b). The '582 patent is not directed to any such "technological innovation."

The '582 Patent does not include a novel "technological feature" because it merely uses a conventional computer system and well-known Internet technologies in order to buy and sell attributes used in targeted advertising. The claims recite a general purpose "computer system," "server," "global computer network," and "user computer" operating in conventional ways. (*See, e.g.*, Ex. 1001 at 16:42-67, 17:45 – 18:8; Ex. 1002 ¶¶ 68-69.) 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, LLC v. Groupon, Inc.*, 815 F.3d 1331, 1341 (Fed. Cir. 2016). For example, in *Versata Dev. Group, Inc. v. SAP Am., Inc.*, 793 F.3d 1306 (Fed. Cir. 2015), the court agreed with the Board's conclusion that the patent at issue did not cover a "technological invention" because the invention "could be achieved 'in any type of computer system or programming or processing environment,' and accordingly 'no specific, unconventional software, computer equipment, tools or processing capabilities are required.'" *Versata*, 793 F.3d at 1327; *see also SightSound Techs.*, 809 F.3d at 1315 (same).

Here, just as in *SightSound* and *Versata*, the claims are directed to nothing more than the conventional use of computers and Internet technologies. For example, the claims recite the use of a "programmed computer system coupled to a global computer network," *i.e.*, a generic computer connected to the Internet, "at least one server," and "a user computer," none of which is technological innovation. (*See* Ex. 1002 ¶ 69.) Claims 1 and 11 use these generic components to "electronically receiv[e] . . . a partial profile of an entity" that "contains at least one profile attribute related to the entity" and to "automatically . . . stor[e] the received partial profile," not technological innovation. (*See id.* at ¶ 70.) Claims 1 and 11 further use these generic components to also "automatically . . . add[] the received partial profile to a maintained profile" and "automatically . . . generat[e] and stor[e] an electronic record," again not technological innovation. (*See id.* at ¶ 71.) Finally, claims 1 and

11 require that the partial profile be "receiv[ed] . . . as a result of automatic electronic URL redirection from a portion of a page of the website accessed by the user computer" and "used in targeting third-party advertisements to the user computer over the global computer network," but both of these are also well-known techniques in the field of targeted advertising and thus not technological innovation. (*See id.* at ¶¶ 32-36, 45-50, 72; *see also* Ex. 1014 at 9:38-64; Ex. 1015 at 3:24 – 4:11, 7:15-31.) Dependent claims 2 and 12 only add "automatically using the electronic record . . . to create electronic data used to identify a payment amount due to the unaffiliated third party," which is similarly not technological innovation. (*See id.* at ¶ 73.)

The claims of the '582 patent also do recite a technological feature that is novel and unobvious over the prior art even when viewed as a whole. The combination of receiving information via URL redirection, maintaining a profile, generating electronic records, targeting advertisements, and creating electronic data does not include any "technological feature" that is not present when these elements are analyzed individually. (*Id.* ¶ 74.) Instead, the combination of these elements, even according to the '582 patent's own characterization, "mak[es] viable the economic commerce in information attributes." (Ex. 1001 at 3:53-54.) But that is not a technological feature, much less technological innovation. (Ex. 1002 ¶ 74.) Accordingly, the claimed subject matter of the '582 patent, even as a whole, fails to

recite a technological feature that is novel and unobvious over the prior art, and the '582 patent, therefore, is not for a technological invention.

For much the same reason, the '582 patent also does not "solve[] a technical problem using a technical solution." 37 C.F.R. § 42.301(b). By the drafter's own admission, the purported problem relates to economic commerce: buying, selling, brokering and trading attributes. (Ex. 1001 at 3:53-54 ("The present invention comes to provide a means for making viable the economic commerce in information attributes."); 8:14-19 ("This invention relates to gaining an ability to buy, sell, broker, and trade specific pieces of data between two disjoint parties within the context of a system that may include a databank and that may include a micro-payment royalty arrangement as a pricing structure in connection with the aforesaid exchange of data."); 10:64 – 11:3 ("The preferred embodiment of the present invention relates to the use of a procedure on a computer … whereby data is exchanged by purchase, sale, trade, or brokerage and micro payments of royalties as a pricing structure that may accompany the data exchange.").) Furthermore, the '582 patent does not offer a "technical solution" to the problem it purportedly solves. The specification merely describes using an existing server and other generic Internet networking elements to practice the purported invention. (*See, e.g.*, *id.* at 4:8-11 ("This server interconnects the user's transactions and the server own cookie (if used) with a computer having therein software for running the method of the present invention.").) It does this

using well-known Internet advertising techniques that were well known in the prior art before the purported invention of the '582 Patent. (*See also* Ex. 1002 ¶¶ 75-76.)

The claims are therefore not directed to any "technological innovation."

VII. YAHOO HAS STANDING AND IS NOT ESTOPPED FROM CHALLENGING THE '582 PATENT

Yahoo has standing to petition for review of the '582 Patent because it has been sued for infringement of claims 1-6, 9, and 10 of the '582 Patent in *AlmondNet, Inc. et al. v. Yahoo! Inc.*, No. 1:16-cv-01557-ILG-SMG (E.D.N.Y.). *See* 37 C.F.R. § 42.302(a); Ex. 1003. Yahoo is not estopped from challenging any of the claims of the '582 Patent and has not filed a civil action challenging the validity of any of those claims. *See id.* § 42.302(b).

VIII. GROUND 1: THE CHALLENGED CLAIMS ARE UNPATENTABLE UNDER 35 U.S.C. § 101

The Supreme Court has established a two-step framework for deciding whether a patent claims patentable subject matter under § 101. First, the reviewing tribunal "determine[s] whether the claims at issue are directed to one of those patent-ineligible concepts," such as an abstract idea. *Alice*, 134 S. Ct. at 2355. Second, the tribunal "consider[s] the elements of each claim both individually and 'as an ordered combination' to determine whether the additional elements 'transform the nature of the claim' into a patent-eligible application." *Id.* (citations omitted). At this second step, the tribunal searches for an "inventive concept" that

is "sufficient to ensure that the patent in practice amounts to significantly more than a patent upon" an abstract idea or other patent-ineligible concept. *Id.* (quoting *Mayo Collaborative Services v. Prometheus Labs., Inc.*, 132 S. Ct. 1289, 1294 (2012)).

Here, the patent claims are directed to the abstract idea of collecting and selling profile attributes for use in targeted advertising. The claims merely apply this abstract idea in a purely conventional, non-inventive manner, and are therefore unpatentable.

A. The Challenged Claims Are Directed To an "Abstract Idea"

The '582 patent claims the abstract idea of collecting and selling profile attributes, *i.e.*, a brokerage of attribute information, for use in targeted advertising. Claims 1-6, 9, and 10 are all directed to "[a]n automated method of collecting profiles of Internet-using entities" and further require that these profiles are "used in targeting third-party advertisements." (Ex. 1001 at 16:42-67.) The specification of the '582 patent confirms that "the present invention relates to ***a mercantile method*** directed to ***brokerage*** of attributes of information." (*See id.* at 1:29-31). Under *Alice*, such "fundamental economic practice[s]" are a patent-ineligible abstract idea. *See* 134 S. Ct. at 2357; (*see also* Ex. 1002 ¶ 77).

The Federal Circuit and other courts have also found time and again that similar claims are nothing more than impermissible abstract ideas. Indeed, the

Federal Circuit has held that "taking two data sets and combining them into a single data set, the device profile," is directed to an "ineligible abstract process of gathering and combining data." *Digitech Image Techs., LLC v. Electronics for Imaging, Inc.*, 758 F.3d 1344, 1351 (Fed. Cir. 2014). Moreover, the Federal Circuit has also held that claims directed to advertising over the Internet are unpatentable under 35 U.S.C. § 101. *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 715-16 (Fed. Cir. 2014). As in *Digitech*, the claims at issue here require obtaining a first data set ("electronically receiving at a programmed computer system coupled to a global computer network . . . a partial profile of an entity") and combining that first data set with a second set ("automatically with the computer system electronically adding the received partial profile to a maintained profile believed to be related to the same entity"). (*See* Ex. 1001 at 16:44-52, 16:57-59.) And as in *Ultramercial*, the claims of the '582 patent are directed to advertising over the Internet ("targeting third-party advertisements to the user computer over the global computer network"). (*See* Ex. 1001 at 16:64-67.)

The reasoning in *OpenTV, Inc. v. Netflix Inc.*, 76 F. Supp. 3d 886, 892 (N.D. Cal. 2014), cited with approval by *Ex Parte Sim*, Appeal No. 2015-001291, 2017 WL 228038, at *3 (P.T.A.B. Jan. 17, 2016), is also informative. There, the court found that "[t]he concept of ***gathering information*** about one's intended market and attempting to ***customize the information*** then provided is as old as the saying,

'know your audience.'" *OpenTV*, 76 F. Supp. at 892. The court went on to hold that a patent directed at "collecting identifying information about persons at various places" claims an abstract idea. *Id.* A direct comparison of the claims at issue in *OpenTV* with the claims of the '582 patent further illustrates that the '582 patent claims an abstract idea. The claims at issue in *OpenTV* required "receiving reception site information . . . identify[ing] a user action." *Id.* at 892-93. Similarly, the '582 patent's claims require "receiving . . . a partial profile of an entity . . . contain[ing] at least one profile attribute related to the entity." (Ex. 1001 at 16:44-52.) The claims at issue in *OpenTV* then "updat[ed] a user profile to include . . . additional user information" derived "from the identified user action." *OpenTV*, 76 F. Supp. 3d at 893. Similarly, the '582 patent's claims recite "adding the received partial profile to a maintained profile believed to be related to the same entity." (Ex. 1001 at 16:57-59.) And finally, both the patent at issue in *OpenTV* and the '582 patent use the profile to target advertisements. *Compare OpenTV*, 76 F. Supp. 3d at 892 (the patent at issue "makes clear that a primary potential use of the system is to allow advertisers to direct customized ads to individuals based on data gathered as to those individuals specific interest and possible needs") *with* (Ex. 1001 at 16:64-67 ("wherein the maintained profile, including the added partial profile, comprises data used in targeting third-party advertisements")). Accordingly, the claims of the '582 patent, like the claims at

issue in *OpenTV*, are directed to the abstract idea of collecting user profile attributes for use in targeted advertising.

Patent Owner may argue that the claims cannot be directed to an abstract idea because they relate to collecting and selling profile attributes and targeting advertisements over the Internet. This, however, does not render the claims patent-eligible. Requiring a method to be performed on the Internet does not save it from being an abstract idea. *See Intellectual Ventures I LLC v. Capital One Bank*, 792 F.3d 1363, 1366 (Fed. Cir. 2015) ("An abstract idea does not become nonabstract by limiting the invention to a particular field of use or technological environment, such as the Internet."). The claims at issue in *Ultramercial*, for example, recited a specific series of steps related to distributing content and advertising on the Internet. *Ultramercial*, 772 F.3d at 714-15. The court nevertheless concluded that "[t]his ordered combination of steps recites an abstraction—an idea, having no particular concrete or tangible form." *Id.* at 715. The Board has likewise explained that a patent may be directed to an abstract idea even if the idea is carried out in a particular technological environment. *See, e.g.*, *CareCloud Corp. v. Athenahealth, Inc.*, CBM2014-00143, 2015 WL 7303671, at *7 (P.T.A.B. Nov. 18, 2015) ("That the claims recite using a database of updated rules, multiple computers, and a claim edit screen … does not render the claims any less abstract."). Nor are the claims any less abstract because they are directed to a specific manner of collecting and selling

attributes for use in targeted advertising. *See buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350, 1355 (Fed. Cir. 2014) ("[The] narrowing of such long-familiar transactions does not make the idea non-abstract for section 101 purposes."); *Priceplay.com, Inc. v. AOL Advert., Inc.*, 83 F. Supp. 3d 577, 583 (D. Del. 2015), *aff'd*, 627 Fed. Appx. 925 (Fed. Cir. 2016); *Am. Express Co. v. Lunenfeld*, CBM2014-00050, 2015 WL 3397147, at *21 (P.T.A.B. May 22, 2015).

Furthermore, the challenged claims are directed to an abstract idea even if, counterfactually, the concept of a brokerage of attribute information for use in targeting advertisements over the Internet were novel and nonobvious (and it is not). In *Ultramercial*, the patent owner argued that the claims did not recite an abstract idea because they were "directed to a specific method of advertising and content distribution that was previously unknown and never employed on the Internet before." 772 F.3d at 714. The court rejected the proposition "that the addition of merely novel or non-routine components to the claimed idea necessarily turns an abstraction into something concrete." *Id.* at 715.

The challenged claims are likewise distinguishable from claims found patent-eligible in the recent Federal Circuit decisions in *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327 (Fed. Cir. 2016) and *McRO, Inc. v. Bandai Namco Games Am. Inc.*, 837 F.3d 1299 (Fed. Cir. 2016). In *Enfish*, the Federal Circuit found that the claims were patent eligible because they were "designed to improve the ***way*** a

computer stores and retrieves data in memory." *Enfish*, 822 F.3d at 1339 (emphasis added). Likewise, in *McRO*, the Federal Circuit found that the claim at issue was patent eligible because it was "focused on a specific … improvement in computer animation." *See McRO*, 837 F.3d at 1314. Neither of these cases are applicable here. As admitted in the specification and described above, the claimed invention does not improve any aspect of computer technology, and instead "provides a means for making viable the economic ***commerce*** in information attributes." (Ex. 1001 at Abstract; *see also id*. at 3:52-53 ("The ***present invention*** comes to provide a means for making viable the ***economic commerce in information attributes."***); 8:13-16 ("***This invention*** relates to gaining an ability to ***buy, sell***, broker, and trade specific pieces of data ***between two disjoint parties*** . . . ."); 8:47-51 ("Another independent benefit that can accrue to the web site is ***the gain of some economic remuneration*** for and as a function of the information itself that the web site possesses about the visitor"); *see also* Ex. 1002 ¶ 78.) The '582 patent is not "directed to the solution of a 'technological problem,'" *see Affinity Labs of Tex., LLC v. DirecTV, LLC*, 838 F.3d 1253, 1265 (Fed. Cir. 2016), and instead "simply adds conventional components to well-known business practices," *see In Re TLI Commc'n LLC Patent Litig.*, 823 F.3d 607, 612 (Fed. Cir. 2016). Accordingly, the claims at issue are distinguishable from claims the

Federal Circuit has deemed patent eligible and are instead directed to a patent-ineligible abstract idea.

B. The Challenged Claims Do Not Include an "Inventive Concept" That Is "Significantly More" Than an "Abstract Idea"

Because the challenged claims are directed to an abstract idea, they are unpatentable under § 101 unless they include an "inventive concept" that is "sufficient to ensure that the patent in practice amounts to significantly more than a patent upon" the abstract idea. *Alice*, 134 S. Ct. at 2355 (quoting *Mayo*, 132 S. Ct. at 1294).

The challenged claims do not claim any such inventive concept. Instead, the challenged claims recite wholly generic computer hardware or architecture—such as a "computer system," "server," "global computer network," and "user computer" (Ex. 1001 at 16:42-67))—that does not provide any inventive concept. *See, e.g.*, *Alice*, 134 S. Ct. at 2358 ("[T]he mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention."); (*see also* Ex. 1002 ¶ 79). In *Versata*, for example, the Federal Circuit analyzed claims involving "arranging a hierarchy of organizational and product groups, storing product information, retrieving applicable pricing information, sorting pricing information, eliminating less restrictive pricing information, and determining the price." 793 F.3d at 1334. The court determined, citing past Federal Circuit and Supreme Court authority, that "the recitation of a general

purpose computer or the Internet" was insufficient to render the claims patent eligible. *Id*. Indeed, it is well established "that the mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention." *Alice*, 134 S. Ct. at 2358. Here, the same generic components are all that the patentee disclosed; in fact, the specification contains few (if any) technical implementation details other than that "[t]he preferred embodiment of the present invention relates to the use of a procedure on a computer attached to a network, Internet, Intranet, LAN, WAN, wireless packet communication system or hybrid composite of any of the above," all of which are generic computer components. (*See* Ex. 1001 at 10:66 – 11:5; *see also* Ex. 1002 ¶ 79.) The law is also clear that "the use of the Internet is not sufficient to save otherwise abstract claims from ineligibility under § 101." *Ultramercial*, 772 F.3d at 716. The claims at issue in *Ultramercial* included several steps performed on the Internet, including "selecting an ad after consulting an activity log to determine whether the ad has been played less than a certain number of times"; "offering the media for sale on the Internet"; "facilitating display of the ad"; and "updating the activity log." *Id*. at 714–15. The court held that this "sequence of steps comprises only 'conventional steps, specified at a high level of generality,' which is insufficient to supply an 'inventive concept.'" *Id*. at 716 (quoting *Alice*, 134 S. Ct. at 2357).

Similar to the claims in *Ultramercial*, independent claim 1 includes steps for "collecting profiles of Internet-using entities" and "targeting third-party advertisements to the user computer over the global computer network":

(1) receiving a partial profile which contains one or more profile attributes related to an entity visiting a website as a result of URL redirection; (2) adding the received partial profile to a maintained profile; (3) creating a record of which third parties contributed each attribute to the stored profile; and (4) using the profile in targeting third-party advertisements. (*See* Ex. 1001 at 16:42-67.) As explained in more detail below, these steps, viewed individually and together, do no more than use complex language to disguise generic steps commonly performed by general-purpose computers, namely: (1) storing records, such as profile data; (2) receiving information; and (3) causing computers to take actions. These steps cannot constitute an inventive concept—they simply apply the abstract concept of collecting and selling attributes for use in targeted advertising to computers on the Internet. *See, e.g.*, *Ultramercial*, 772 F.3d at 714-16.

The following sections provide a step-by-step analysis of each limitation of the challenged claims. It is clear that there is no "inventive concept" expressed in any of these limitations.

1. The limitations of Claim 1 do not constitute an "inventive concept"

A step-by-step analysis of claim 1 reveals the absence of any "inventive

concept":

> **Limitation 1(b):**[7] (a) electronically receiving at a programmed computer system coupled to a global computer network, from at least one server controlled by one of a plurality of unaffiliated third parties, a partial profile of an entity that uses a user computer coupled to the global computer network and accessing a website, which partial profile is available to one of the third parties and contains at least one profile attribute related to the entity, and automatically with the computer system storing the received partial profile; (Ex. 1001 at 16:44-52.)

The first limitation requires that the "programmed computer system" receive information (a "partial profile") from a "server" controlled by a "third part[y]" that operates a website ("electronically receiving at a programmed computer system coupled to a global computer network, from at least one server controlled by one of a plurality of unaffiliated third parties, a partial profile"). But Federal Circuit precedent establishes that "a computer receiv[ing] and send[ing] information over a network—with no further specification—is not even arguably inventive." *buySAFE*, 765 F.3d at 1355; (*see also* Ex. 1002 ¶ 81.)

Moreover, that these parties engage in arm's length transactions to buy and

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[7] To the extent limitation 1(a), the preamble, is deemed limiting, it likewise adds no inventive concept. The preamble—"[a]n automated method of collecting profiles of Internet-using entities"—merely restates the abstract idea claimed by the '582 patent and thus does not add an inventive concept to that abstract idea. *See Ultramercial*, 772 F.3d at 715-16.

sell profiles, as required by the first limitation once it is properly construed, also cannot constitute an inventive concept. This requirement is an inherent feature of the abstract idea of a brokerage of attributes and thus, even if it were novel (which it is not), cannot confer patent eligibility. *See Ultramercial*, 772 F.3d at 715-16; (*see also* Ex. 1002 ¶ 82.)

The first limitation also specifies that this "partial profile" is the profile of an end-user browsing the Internet ("an entity that uses a user computer coupled to the global computer network and accessing a website"), "is available to one of the third parties," and includes a "profile attribute" of that end-user ("which partial profile is available to one of the third parties and contains at least one profile attribute related to the entity"). The Federal Circuit precedent establishes, however, that such "a user profile" is a "generic computer element[]." *See Intellectual Ventures I*, 792 F.3d at 1368; (*see also* Ex. 1002 ¶ 83.) Moreover, because the "partial profile" is received "from at least one server controlled by" the third-party, it was well-known that the partial profile can be made "available" to that third party. (Ex. 1002 ¶ 84.)

Finally, the first limitation requires that the "computer system" "automatically . . . stor[e] the received partial profile." But storing information, such as a generic "profile," "amounts to electronic recordkeeping—one of the most basic functions of a computer." *See Alice*, 134 S. Ct. at 2359; (*see also* Ex. 1002 ¶

85.)

The first limitation of claim 1, therefore, consists entirely of "well-understood, routine, conventional activities previously known to the industry" that cannot constitute an inventive concept. *See Alice*, 134 S. Ct. at 2359.

> **Limitation 1(c):** (b) wherein receiving the partial profile is achieved as a result of automatic electronic URL redirection from a portion of a page of the website accessed by the user computer; (Ex. 1001 at 16:53-56.)

The second limitation specifies that the "partial profile" is received via "automatic electronic URL redirection from a portion of a page of the website accessed by the user computer." But there is nothing inventive about the '582 patent's use of URL redirection to accomplish this: the Internet Engineering Task Force ("IETF") specified redirection (as is used to this day) as part of the "Hypertext Transfer Protocol – HTTP/1.0" already in May 1996. (*See* Ex. 1016 (IETF publication discussing redirection); Ex. 1002 ¶¶ 33, 86 (explaining how redirection was a standardized and generic computer functionality).)

In the event Patent Owner contends that URL redirection, as described in the HTTP standard, does not perform "URL redirection from <u>a portion</u> of a page of the website," a similar technique—the <IMG> element—was included in the "Hypertext Markup Language – 2.0" standard already in November 1995 and allowed for part of a web page to be retrieved from a different server. (*See* Ex. 1017 (IETF publication discussing HTML); Ex. 1002 ¶¶ 34-35, 87 (explaining

how HTML and the <IMG> element were standardized and generic computer functionalities).)

Both URL redirection and the <IMG> element were standardized industry techniques that are no less "well-understood, routine, conventional activities previously known to the industry" than the generic computer steps recited in the first limitation of independent claim 1. *See Alice*, 134 S. Ct. at 2359; *see also Nextpoint, Inc. v. Hewlett-Packard Co.*, No. 15 C 8550, 2016 WL 3181705, at *7 (N.D. Ill. June 8, 2016) (finding that "using 'standard security encryption protocols such as SSL and PGP'" is "nothing more than the routine use of generic computing devices, languages, and protocols" and is insufficient to confer patent eligibility); (*see also* Ex. 1002 ¶¶ 36, 88).

The second limitation, accordingly, also cannot constitute an inventive concept.

> **Limitation 1(d):** (c) automatically with the computer system electronically adding the received partial profile to a maintained profile believed to be related to the same entity; (Ex. 1001 at 16:57-59.)

The third limitation describes combining the newly-received "partial profile" with an already-maintained "profile believed to be related to the same entity." But updating stored information as new information becomes available is generic activity that "amounts to electronic recordkeeping—one of the most basic functions of a computer." *See Alice*, 134 S. Ct. at 2359; (*see also* Ex. 1002 ¶ 89).

Moreover, both the Federal Circuit and district courts have found that claims requiring "taking two data sets and combining them into a single data set," *Digitech Image*, 758 F.3d at 1351, or "collecting identifying information about persons at various places," *OpenTV*, 76 F. Supp. 3d at 892, are patent ineligible under *Alice*.

The third limitation's requirement that this be done "automatically" also constitutes generic computer implementation that cannot confer patent eligibility. *See LendingTree, LLC v. Zillow, Inc.*, 656 F. App'x 991, 996 (Fed. Cir. 2016) ("It is well settled, though, that automating conventional activities using generic technology does not amount to an inventive concept."); (*see also* Ex. 1002 ¶ 90).

The third limitation of claim 1, therefore, consists entirely of "well-understood, routine, conventional activities previously known to the industry" that cannot constitute an inventive concept. *See Alice*, 134 S. Ct. at 2359.

> **Limitation 1(e):** (d) automatically with the computer system generating and storing an electronic record of which of the plurality of unaffiliated third parties contributed to the maintained profile particular profile attributes; (Ex. 1001 at 16:60-62.)

The fourth limitation describes generating and storing records on the source of the collected "profile attributes." Generating and storing such records, however, "amounts to electronic recordkeeping—one of the most basic functions of a computer." *See Alice*, 134 S. Ct. at 2359; *see also EasyWeb Innovations, LLC v. Twitter, Inc.*, No. 11-CV-4550 (JFB)(SIL), 2016 WL 1253674, *28 (E.D.N.Y.

Mar. 30, 2016) (finding that the claimed "means for identifying" a user using electronic data does not supply an inventive concept); (Ex. 1002 ¶ 91). Doing so "automatically," as required by the fourth limitation, also constitutes generic computer implementation and not an inventive concept. *See LendingTree*, 656 F. App'x at 996; (*see also* Ex. 1002 ¶ 92).

The fourth limitation of claim 1, therefore, consists entirely of "well-understood, routine, conventional activities previously known to the industry" that cannot constitute an inventive concept. *See Alice*, 134 S. Ct. at 2359.

> **Limitation 1(f):** (e) wherein the maintained profile, including the added partial profile, comprises data used in targeting third-party advertisements to the user computer over the global computer network. (Ex. 1001 at 16:64-67.)

The fifth and final limitation relates to using the collected profile data ("the maintained profile, including the added partial profile") to target advertisements over the Internet ("data used in targeting third-party advertisements to the user computer over the global computer network"). Targeting advertisements based on a user profile, including that the same are paid, as required by this limitation when it is properly construed, was commonplace before even the earliest possible priority date of the '582 Patent. (Ex. 1002 ¶¶ 42-43, 93.) Moreover, the Federal Circuit, district courts, and even the PTAB have repeatedly found that targeting Internet advertisements is not an "inventive concept." *See, e.g., Intellectual Ventures I*, 792 F.3d at 1370 (finding that customizing a web page "as a function of

the user's personal characteristics" was patent ineligible because "[t]ailoring information based on the time of day of viewing is also an abstract, overly broad concept long-practiced in our society"); *Morsa v. Facebook, Inc.*, 77 F.Supp. 3d 1007, 1013 (C.D. Cal. 2014) ("[T]argeted advertising … 'has been practiced as long as markets have been in operation.'"); *Google Inc. v. Unwired Planet, LLC*, CBM2014-00004, 2015 WL 1570273, at *12 (P.T.A.B. Apr. 6, 2015) (concluding claims lack an "inventive concept" because they "apply conventional computer processes to automate the delivery of software services or advertising"), *rev'd on other grounds Unwired Planet, LLC v. Google Inc.*, 841 F.3d 1376 (Fed. Cir. 2016).

The final fifth limitation of claim 1, like the other limitations before it, consists entirely of "well-understood, routine, conventional activities previously known to the industry" and does not render claim 1 patent eligible. *See Alice*, 134 S. Ct. at 2359.

In sum, claim 1 of the '582 Patent recites a method that applies an abstract idea in a straightforward way by collecting and selling user profile attributes for use in targeted advertising using well-known techniques. (Ex. 1002 ¶ 94.) It is therefore a quintessential example of a claim that is ineligible for patenting. *See Alice*, 134 S. Ct. at 2359 (holding a claim fails to recite a patent-eligible concept when "each step does no more than require a generic computer to perform generic

computer functions"); *Ultramercial*, 772 F.3d at 716 ("The claims' invocation of the Internet also adds no inventive concept.").

2. The limitations of the dependent claims do not constitute an "inventive concept"

The dependent claims add minor generic limitations that are not "inventive." For the sake of convenience, similar claims will be considered together.

(a) Dependent claim 2

This dependent claim relates to recording payment amounts due to the unaffiliated third parties:

> Claim 2: The method of claim 1 further comprising, in accordance with a predetermined arrangement, automatically using the electronic record of which of the plurality of unaffiliated third parties contributed to the maintained profile particular profile attributes to create electronic data used to identify a payment amount due to the unaffiliated third party as a result of using at least one of the profile attributes in the partial profile contributed by that third party in targeting the third-party advertisements to the entity's computer over the global computer network. (Ex. 1001 at 17:1-10.)

Dependent claim 2 requires that the "unaffiliated third parties" buy and sell profile information "in accordance with a predetermined arrangement" whereby each unaffiliated third party is paid "as a result of . . . at least one of the profile attributes in the partial profile contributed by that third party" being used for targeting advertisements. This requirement merely further describes the claimed "arm's length transactions" that these parties engage in by specifying that a party is paid for the "profile attributes" it contributed only after that attribute is used for targeting advertisements. Structuring transactions in this manner was, however,

well-known to the advertising industry even before the priority date of the '582 patent and similar to the "pay-per-click" billing method. (Ex. 1002 ¶¶ 44, 97.) In any event, adding further, equally abstract, features to the underlying abstract idea does not render the claim any less abstract. *See buySAFE*, 765 F.3d at 1355 ("The claims are squarely about creating a contractual relationship—a 'transaction performance guaranty'—that is beyond question of ancient lineage…. [The] narrowing of such long-familiar transactions does not make the idea non-abstract for section 101 purposes.").

Dependent claim 2 also requires "automatically using the electronic record of which of the plurality of unaffiliated third parties contributed to the maintained profile particular profile attributes to create electronic data used to identify a payment amount due to the unaffiliated third party." But this requirement merely implements the abstract "predetermined arrangement" using generic computer functions. (Ex. 1002 ¶ 98.) In fact, this implementation is nothing more than "electronic recordkeeping—one of the most basic functions of a computer." *See Alice*, 134 S. Ct. at 2359; (*see also* Ex. 1002 ¶ 98.)

The claimed creation of electronic data to identify payment amounts was, thus, no less a "well-understood, routine, conventional activit[y] previously known to the industry" than the generic computer steps recited in the independent claim and, accordingly, also cannot constitute an inventive concept. *See Alice*, 134 S. Ct.

at 2359.

(b) Dependent claim 3

This dependent claim relates to adding the partial profile to the maintained profile because they both relate to the same user computer:

> Claim 3: The method of claim 1 wherein the computer system electronically adding the received partial profile to a maintained profile believed to be related to the same entity comprises the computer system adding the received partial profile to a maintained profile believed related to the same entity on account of the received partial profile and the maintained profile being related to the same user computer. (Ex. 1001 at 17:11-18.)

Dependent claim 3 requires that the "received partial profile and the maintained profile" are combined on the account that they are "related to the same user computer." But it was routine and well-known in the advertising industry to assume that information related to a single user computer also relates to the same user; indeed, that is the justification for using cookies to maintain a user profile. (Ex. 1002 ¶ 100.) Moreover, courts have recognized that "reciting the step of 'determining,' without describing a sufficiently specific way of doing the 'determining,'" as determining here that two profiles relate to the same "on account of . . . being related to the same user computer," "would be simply to claim a well-known, generic function of computers." *Kaavo Inc. v. Cognizant Tech. Solutions Corp.*, Nos. 14-1192-LPS-CJB & 14-1193-LPS-CJB, 2016 WL 476730, *12 (D. Del. Feb. 5, 2016); *see also* (Ex. 1002 ¶ 101).

The claimed basis for combining profiles was, thus, no less a "well-

understood, routine, conventional activit[y] previously known to the industry" than the generic computer steps recited in the independent claim and, accordingly, also cannot constitute an inventive concept. *See Alice*, 134 S. Ct. at 2359.

(c) Dependent claims 4 and 10

These dependent claims relate to the use of cookies:

> Claim 4: The method of claim 3 wherein the computer system determines that the received partial profile and the maintained profile are related to the same user computer by automatically reading a cookie on the user computer. (Ex. 1001 at 17:19-22.)
>
> Claim 10: The method of claim 1 further comprising automatically with the computer system electronically reading a cookie previously stored on the entity's computer, as a result of the URL redirection. (Ex. 1001 at 17:41-44.)

Dependent claims 4 and 10 require that the "computer system" "automatically" and/or "electronically read[] a cookie previously stored on the entity's computer." The '582 Patent defines a cookie as a "text (or alphanumeric) string that is put on a computer hard disk of a visitor to a web site by the web site's server." (*Id.* at 2:63-66.) The cookie "enables the identification of the specific computer on its future visits to the website." (*Id.* at 2:67 – 3:1.) A cookie, therefore, is nothing more than a record of a visitor to a website. And it is well-established that creating records is "one of the most basic functions of a computer." *Alice*, 134 S. Ct. at 2359; (*see also* Ex. 1002 ¶¶ 45-49, 103).

Moreover, there is nothing inventive about the '582 patent's use of cookies: the Internet Engineering Task Force ("IETF") specified cookies (as they are used

to this day) as "an Internet standards track protocol" already in February 1997, although Netscape submitted a proposal on cookies even before then. (*See* Ex. 1018 (IETF publication discussing cookies); Ex. 1002 ¶¶ 45-49, 104 (explaining how cookies are a standardized and generic computer functionality that were routinely used in targeting advertisements even before the earliest possible priority date of the '582 patent)); *see also Nextpoint*, 2016 WL 3181705, at *7 (finding that "using 'standard security encryption protocols such as SSL and PGP'" is "nothing more than the routine use of generic computing devices, languages, and protocols" and is insufficient to confer patent eligibility).

Nor does reading the cookie "automatically" supply an inventive concept. First, it was well-known even before the earliest priority date of the '582 patent to read cookies "automatically." (Ex. 1002 ¶ 105.) And second, "[i]t is well settled . . . that automating conventional activities using generic technology does not amount to an inventive concept." *LendingTree*, 656 F. App'x at 996.

Finally, the combination of cookies and redirection, *i.e.*, using "URL redirection" to "read[] a cookie previously stored on the entity's computer," as required by dependent claim 10, was as well-known in the advertising industry as either one of these technologies individually. (Ex. 1002 ¶¶ 32-36, 45-50, 106.) Advertisers routinely used cookies and redirection in the claimed manner to allow them to read the same cookie as the end-user browsed different websites. (*See id.*

at ¶¶ 32-36, 45-50, 106; *see also* Ex. 1014 at 9:38-64; Ex. 1015 at 3:24 – 4:11, 7:15-31.)

The claimed use of cookies was, thus, no less a "well-understood, routine, conventional activit[y] previously known to the industry" than the generic computer steps recited in the independent claim and, accordingly, also cannot constitute an inventive concept. *See Alice*, 134 S. Ct. at 2359.

(d) Dependent claim 5

This dependent claim relates to maintaining a record of the source of the profile information:

> Claim 5: The method of claim 1 further comprising automatically with the computer system electronically maintaining an electronic record of which unaffiliated third party contributed, to the maintained profile, the profile attributes used in targeting the advertisements. (Ex. 1001 at 17:23-27.)

Dependent claim 5 specifies that the "electronic record of which unaffiliated third party contributed" profile attributes "to the maintained profile" also reflects who contributed the particular "profile attributes used in targeting the advertisements." However, maintaining such records, including records for particular profile attributes, "amounts to electronic recordkeeping—one of the most basic functions of a computer." *See Alice*, 134 S. Ct. at 2359; *see also EasyWeb*, 2016 WL 1253674, at *28 (finding that the claimed "means for identifying" a user using electronic data does not supply an inventive concept); (Ex. 1002 ¶ 108). Doing so "automatically" also constitutes generic computer

implementation and not an inventive concept. *See LendingTree*, 656 F. App'x at 996; (*see also* Ex. 1002 ¶ 109).

The claimed maintaining of an electronic record was, thus, no less a "well-understood, routine, conventional activit[y] previously known to the industry" than the generic computer steps recited in the independent claim and, accordingly, also cannot constitute an inventive concept. *See Alice*, 134 S. Ct. at 2359.

(e) Dependent claim 6

This dependent claim relates to combining attributes from a partial profile with attributes not stored in a maintained profile:

> Claim 6: The method of claim 1 further comprising automatically with the computer system electronically determining whether the received partial profile contains any profile attributes about the entity that were not previously contained in a maintained profile. (Ex. 1001 at 17:28-32.)

As discussed above in connection with limitation 1(d), "automatically with the computer system electronically adding the received partial profile to a maintained profile" "amounts to electronic recordkeeping—one of the most basic functions of a computer." *See Alice*, 134 S. Ct. at 2359. Similarly, first "electronically determining whether the received partial profile contains any profile attributes about the entity that were not previously contained in a maintained profile," as required by dependent claim 6, was a well-known step in electronic recordkeeping even before the earliest possible priority date of the '582 patent: prior to adding information to a database, it was routine to check if that

information was already present in the database to avoid storing redundant information and potentially wasting storage space. (Ex. 1002 ¶ 111.) Moreover, courts have recognized that "reciting the step of 'determining,' without describing a sufficiently specific way of doing the 'determining,'" as is the case here, "would be simply to claim a well-known, generic function of computers." *Kaavo Inc. v. Cognizant Tech. Solutions Corp.*, Nos. 14-1192-LPS-CJB & 14-1193-LPS-CJB, 2016 WL 476730, *12 (D. Del. Feb. 5, 2016); *see also* (Ex. 1002 ¶ 112). And making this determination "automatically with the computer system" was also an equally well-known computer function, and as such cannot supply an inventive concept. *See LendingTree*, 656 F. App'x at 996; *see also* (Ex. 1002 ¶ 113).

The claimed determination was, thus, no less a "well-understood, routine, conventional activit[y] previously known to the industry" than the generic computer steps recited in the independent claim and, accordingly, also cannot constitute an inventive concept. *See Alice*, 134 S. Ct. at 2359.

(f) Dependent claim 9

This dependent claim relates to selecting attributes for targeting an advertisement based on that attribute's source:

> Claim 9: The method of claim 1 further comprising automatically with the computer system selecting profile attributes from the maintained profile based on the source thereof. (Ex. 1001 at 17:38-40.)

Dependent claim 9 covers, for example, selecting particular "profile

attributes" for use in "targeting third-party advertisements" because those "profile attributes" were, *e.g.*, received from a more reliable source. But the Federal Circuit has held that "merely selecting information, by content or ***source***, . . .does nothing significant to differentiate a process from ordinary mental processes, whose implicit exclusion from § 101 undergirds the information-based category of abstract ideas." *Electric Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1355 (Fed. Cir. 2016) (emphasis added). Moreover, selecting or otherwise giving greater weight to information received from a more reliable source was a well-known concept even before the earliest priority date of the '582 patent. (Ex. 1002 ¶ 115.) And doing so "automatically with the computer system" is also not inventive. *LendingTree*, 656 F. App'x at 996; *see also* (Ex. 1002 ¶ 115).

The claimed selection of attributes based on source was, thus, no less a "well-understood, routine, conventional activit[y] previously known to the industry" than the generic computer steps recited in the independent claim and, accordingly, also cannot constitute an inventive concept. *See Alice*, 134 S. Ct. at 2359.

3. Even when taken as a whole, the claims do not add any inventive concept

Finally, "when considered as an ordered combination, the components of each claim [of the '582 Patent] adds nothing that is not already present when [they] are considered separately." *See Versata*, 793 F.3d at 1334. (*See* Ex. 1002 ¶ 116.)

Unlike the claims found patent eligible in *Bascom*, the '582 Patent does not "claim[] a technology-based solution," but instead "an abstract-idea-based solution implemented with generic technical components in a conventional way." *See* 827 F.3d at 1351. More specifically, the '582 Patent purports to "provide[] a means for making viable the economic commerce in information attributes." (Ex. 1001 at Abstract.) The '582 patent allegedly accomplishes this through "contract[s]" between unaffiliated third parties and a "brokerage of attributes of information." (*See* Ex. 1001 at 1:29-31; 3:30-61; *see also* Ex. 1002 ¶ 117.) As further explained above, any technical components used to implement this abstract "brokerage" are generic, even if there are no direct offline analogues to the claimed "URL redirection" or "cookies." *See Intellectual Ventures I LLC v. Erie Indemnity Co.*, 850 F.3d 1315 (Fed. Cir. 2017) (distinguishing *Bascom* on the basis that "[t]he use of metafiles . . . is yet another natural consequence of carrying out the abstract idea in a computing environment and is, therefore, also insufficient to transform a patent-ineligible abstract idea into a patent-eligible invention"). And the problems related to a lack of "commerce in information attributes" purportedly addressed by the '582 Patent are not even specific to computer technology. (Ex. 1002 ¶ 118.) The claims of the '582 Patent, therefore, do not "overcome a problem specifically arising in the realm of computer networks" and are thus distinguishable from the claims found patent eligible in *DDR Holdings, LLC v. Hotels.com, L.P.* *See* 773

F.3d 1245, 1257 (Fed. Cir. 2014). Therefore, even when the non-abstract limitations of the '582 Patent are viewed in combination, they do not include an inventive concept sufficient to confer patent eligibility.

IX. CONCLUSION

For the foregoing reasons, claims 1-6, 9, and 10 of the '582 Patent recite abstract ideas and are not patentable under 35 U.S.C. § 101. Yahoo therefore respectfully requests review and cancellation of these claims.

Respectfully submitted,

Dated: June 2, 2017

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CERTIFICATION UNDER 37 C.F.R. § 42.24(d)

Pursuant to 37 C.F.R. § 42.24(d), I certify that this petition complies with the type-volume limits of 37 C.F.R. § 42.24(a)(1)(iii) because it contains 14,904 words, excluding the parts of this petition that are exempted by 37 C.F.R. § 42.24(a), according to the word-processing system used to prepare this petition.

/s/ Ognjen Zivojnovic
Ognjen Zivojnovic

CERTIFICATE OF SERVICE
(37 C.F.R. §§ 42.6(e) and 42.105(a))

The undersigned hereby certifies that the original, above-captioned "PETITION FOR COVERED BUSINESS METHOD REVIEW OF U.S. PATENT NO. 8,244,582" and true copies of Exhibit Nos. 1001 to 1027 were served on May 15, 2017, at the official correspondence address of record for the '582 Patent as shown in USPTO PAIR via FedEx:

LOUIS J. HOFFMAN, P.C.
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Scottsdale AZ 85260

The undersigned further hereby certifies that the corrected, above-captioned "PETITION FOR COVERED BUSINESS METHOD REVIEW OF U.S. PATENT NO. 8,244,582" was served on June 2, 2017, at the above-identified official correspondence address of record for the '582 Patent as shown in USPTO PAIR via FedEx.

Dated: June 2, 2017

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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

YAHOO! INC.,
Petitioner

v.

ALMONDNET, INC.,
Patent Owner

Case CBM2017-00052
Patent 8,244,582

PATENT OWNER'S PRELIMINARY RESPONSE

TABLE OF CONTENTS

Issues addressed 1

Patent overview and file history 1

Argument 9

I. The patent does not qualify as a "covered business method patent." 9

A. The claims are not directed to a "financial product or service." 9

1. The specification does not determine CBM status.....13

2. Users should not be construed as only profile buyers or sellers. 14

3. Advertisements should not be construed as only paid ones. 18

4. Dependent claims requiring payment have been disclaimed. 23

B. The claims are directed to a "technological invention." 24

II. The patent is directed to patent-eligible subject matter. 29

A. The claims are not directed to an "abstract idea." 31

B. The claims define an "inventive concept" like in *DDR Holdings*. 41

Conclusion 51

TABLE OF AUTHORITIES

Cases

Alice Corp. v. CLS Bank Int'l, 134 S. Ct. 2347 (2014) ..... passim
Apple Inc. v. Sight-Sound Technologies, LLC, CBM2013-00021, Paper No. 13 (P.T.A.B. Oct. 8, 2013).....13
Apple, Inc. v. Mirror World Technologies, LLC, CBM2016-00019, Paper No. 12 (P.T.A.B. 2016)..... 41, 50
Bilski v. Kappos, 561 U.S. 593 (2010)..... passim
California Inst. of Techn. v. Hughes Comm'ns Inc., No. 2:13-cv-07245-MRP-JEM, 2014 WL 5661290 (C.D. Cal. 2014).....43
Cuozzo Speed Technologies v. Lee, 136 S. Ct. 2131 (2016) 14
Diamond v. Diehr, 450 U.S. 175 (1981).....45
Digitech Image Techs., LLC v. Electronics for Imaging, Inc., 758 F.3d 1344 (Fed. Cir. 2014)..... 38, 39
EasyWeb Innovations, LLC v. Twitter, Inc., No. 11-CV-4550 (JFB)(SIL), 2016 WL 1253674 (E.D.N.Y. Mar. 30, 2016).....43
Enfish, LLC v. Microsoft Corp., 822 F.3d 1327 (Fed. Cir. 2016) ..... passim
Enfish, LLC v. Microsoft Corp., No. 2:12-cv-07360, 2014 WL 5661456 (C.D. Cal. Nov. 3, 2014).....7
Experian Marketing Solutions, Inc. v. RPost Communications, Ltd., CBM2014-00010, Paper 20 (P.T.A.B. Apr. 22, 2014).....9
Google Inc. v. HBAC Matchmaker Media Inc., CBM2016-00097, Paper No. 16 (P.T.A.B. Feb. 27, 2017)..... 19, 21, 22, 23
Google Inc. v. Klaustech, Inc., CBM2016-00096, Paper No. 10 (P.T.A.B. Feb. 27, 2017) 20, 22, 23
Google Inc. v. Priceplay.com, Inc., CBM2015-00025, Paper 8 (P.T.A.B. May 18, 2015).....10
Gottschalk v. Benson, 409 U.S. 63 (1972).....35
Guinn v. Kopf, 96 F.3d 1419 (Fed. Cir. 1996).....23
Intellectual Ventures I LLC v. Capital One Bank, 792 F.3d 1363 (Fed. Cir. 2015) 40
Mayo Collaborative Servs. v. Prometheus Labs., Inc., 132 S. Ct. 1289 (2012).....7, 32

McCormick Harvesting Mach. Co. v. C. Aultman & Co., 169 U.S. 606 (1898) 29
Oil States Energy Svcs., LLC v. Greene's Energy Group, LLC, No. 16-712, order (U.S. June 12, 2017) 29
OpenTV, Inc. v. Netflix Inc., 76 F. Supp. 3d 886 (N.D. Cal. 2014) 38, 39, 40
Parker v. Flook, 437 U.S. 584 (1978) 35
Secure Axcess, LLC v. PNC Bank Nat'l Ass'n, 848 F.3d 1370 (Fed. Cir. 2017) 11, 13, 16
Secure Axcess, LLC v. PNC Bank Nat'l Ass'n, No. 2016-1353, order (Fed. Cir. June 6, 2017) 13
Sight-Sound Technologies, LLC v. Apple Inc., 809 F.3d 1307 (Fed. Cir. 2015) 12
Ultramercial, Inc. v. Hulu, LLC, 772 F.3d 711 (Fed. Cir. 2014) 38, 39, 43
Unwired Planet, LLC v. Google Inc., 841 F.3d 1376 (Fed. Cir. 2016) ..... passim
Versata Dev. Group, Inc. v. SAP Am., Inc., 793 F.3d 1306 (Fed. Cir. 2015) 40

Statutes

35 U.S.C. § 101 ..... 1, 29, 30
35 U.S.C. § 253(a) 23
35 U.S.C. § 324(a) 1, 29
Leahy-Smith America Invents Act, 125 Stat. 284, § 18(a)(1)(E) (2011) 9
Leahy-Smith America Invents Act, 125 Stat. 284, § 18(d)(1) (2011) ..... passim

Rules

37 C.F.R. § 1.321(a) 23
37 C.F.R. § 42.107(b) 1
37 C.F.R. § 42.207(b) 1
37 C.F.R. § 42.208(c) 30
37 C.F.R. § 42.300(a) 29
37 C.F.R. § 42.301(b) 24, 27
37 C.F.R. § 42.304(a) 9
47 C.F.R. § 73.1810(d)(4) 22

PTO procedures

Interim Guidance on Patent Subject Matter Eligibility, 79 Fed. Reg. 74618 (Dec. 16, 2014) 11, 37, 38
July 2015 Update: Subject Matter Eligibility (USPTO), found at https://www.uspto.gov/sites/default/files/documents/ieg-july-2015-update.pdf..... 36, 37, 43
May 2016 Update: Memorandum, 81 Fed. Reg. 27281 (May 6, 2016), posted at www.uspto.gov/sites/default/files/documents/ieg-may-2016-memo.pdf 38, 41, 43
Training materials: 2014 Interim Guidance on Patent Subject Matter Eligibility, https://www.uspto.gov/sites/default/files/documents/training%20-%202014%20interim%20guidance.pdf (USPTO Feb. 2015).....7, 43
Trial Practice Guide, 77 Fed. Reg. 48756 (Aug. 14, 2012).....9, 30

TABLE OF EXHIBITS

Exhibit 2001 – *Webster's New World Dictionary*, 3rd ed. (1988), p. 20 (definition of "advertisement")

Issues addressed

Pursuant to 37 C.F.R. §§ 42.107(b) and 42.207(b), Patent Owner presents this Preliminary Response to demonstrate that no CBM review should be instituted. Three independent reasons justify non-institution:

1. The Petition fails to meet its burden of showing that the patent is directed to methods of performing operations "used in the practice, administration, or management of a *financial product or service*." Leahy-Smith America Invents Act ("AIA"), 125 Stat. 284, 329-31, § 18(d)(1) (2011) (emphasis added).

2. The Petition fails to meet its burden of showing that the patent is not "for [a] technological invention[]." AIA § 18(d)(1).

3. The Petition fails to meet its burden of showing that the challenged patent claims are "more likely than not" (35 U.S.C. § 324(a)) directed to subject matter that is ineligible for patenting (35 U.S.C. § 101).

Patent overview and file history

The specification generally describes a computer system programmed to act as a "databank" for profile information about computer visitors collected from their interaction with websites. Ex. 1001 at 3:62-4:13, 7:50-53. Optionally, "cookies" may "enable[] the site to retrieve the visitor profile." 3:65; *see also* 2:63-65. Profile information about a visitor is always considered "partial." 7:43-49. Profile data is in the form of "attributes," or specific pieces of data that make up a profile. *E.g.*,

2:36-57, 7:24-29, 37-39, 8:19-21. Therefore, the "databank" seeks to consolidate data about a visitor with preexisting data. *E.g.*, 4:17-19.[1] Profile data can be used in delivering targeted advertisements. *E.g.*, 8:21-24, 44-47, 54.

The specification also discloses "mercantile events" that can be "set in motion" by the delivery of data, such as payment (under contract) to a website for contributing new attributes "not heretofore known in the databank." 4:16-30. The specification says that the system "*may* include a micro-payment royalty arrangement as a pricing structure in connection with the aforesaid exchange of data." 8:15-18 (emphasis added). "Depending on the contract between the user and the system, the system *will or will not pay* the user for the initial partial profile, or parts thereof." 14:9-11 (emphasis added). Another "mercantile" aspect is that the specification discloses the reverse: The website can have an ability to purchase data from the "databank," *i.e.*, the databank can act as a "marketplace," but that is even less relevant to this patent. The drawings have little bearing also.

The specification also provides details of various ways in which the "partial profile" information can be matched with preexisting data that the computer

[1] The term "visitor" refers to a person or organization accessing a website with a computer, because the specification typically uses the term "user" to refer to the website or other third party that interacts with the "databank" system. *E.g.*, 2:58-62, 7:66-8:11. (The patent sometimes calls the "visitor" an "entity." *E.g.*, 9:19, 36.)

considers associated with the same visitor. *E.g.*, 11:62-14:9. The computer system implementing the "databank" retains records of which third party contributed which profile attributes and may pay the third party "for each use of [a new] attribute." 11:37-39, 41-45; *see also* 14:31-32.

The specification, importantly to this patent, further discloses a particular technique of delivering the data: "By redirecting a portion of the visitor's page to the server …." 4:6-7; *see also* 12:2-3.

The patent (U.S. Patent 6,925,440) issued from the original application has claims directed to a "mercantile method," which include mention of "contracting for a royalty payment" (and a novel way to combine the profile with previous profiles by use of a "null profile"). A first continuation (U.S. Patent 7,428,493) has claims including mention of "electronic credit identifying a royalty payment" (determined "using a formula that factors in the newness of the attribute").

U.S. Patent 7,979,307, the parent to this one, was a *divisional*, however, and its claims contain none of the limitations – "mercantile method," "royalty payment," or "credit" – in the parents. Applicant presented antecedents to the claims of the '307 Patent while prosecuting the application that became the '493 parent, and in doing so, described the claims as "generally … directed to methods of collecting profile attributes and recording their sources, by use of redirection

from a visited website," after which the examiner entered a restriction requirement. Ex. 1008 at 7, 20, 40, 45.

In the ensuing divisional, which ultimately became the '307 Patent, applicant answered the examiner's initial art rejection (Ex. 1009 at 52-53):

> Assignee respectfully submits that [the prior art] Acxiom [reference] does not disclose the inventive combination … as claimed. Specifically, assignee does not understand how Acxiom discloses parts (b) and (d) of the claimed invention (at a minimum).
>
> Part (b) refers to "redirection" when a "website [is] accessed" by the computer of a visitor to a website. According to part (a), "a partial profile" of a person or computer "accessing the website" is received from the website operator, and according to part (b), receipt of the partial profile is "achieved by [the] redirection."
>
> Assignee does not see any disclosure or discussion in Acxiom of "redirection" of computers of visitors to a website, nor achieving receipt of a partial profile by such redirection.
>
> Part (d) refers to "automatically generating and storing an electronic record of which of the plurality of unaffiliated third parties contributed to the maintained profile particular profile attributes."

> Assignee does not see any disclosure or discussion in Acxiom of maintaining a record of who contributed what. More exactly, in Acxiom, there is no discussion of the databank company keeping any electronic record identifying which website (or profile provider generally, given that no websites are discussed) contributed which profile attribute (item of information).

Next, after a repeated rejection, applicant conducted an interview with the examiner and determined that the examiner had misapprehended the technical meaning of "redirection," whereupon applicant and the examiner ultimately reached agreement. Applicant's formal response stated (Ex. 1009 at 28-29):

> In response to the Section 102 rejection in the final Office Action over Acxiom, assignee submits respectfully that the rejection misapprehends the meaning of "redirection."…
>
> Acxiom clearly fails to disclose any "redirection" in the sense used in this specification. In the interview, the examiner accepted the point and agreed that use of redirection for this purpose would have been non-obvious, but he asked that the term "URL redirection" be used to clarify the meaning still further. Assignee complies with that request ….

The examiner confirmed his acceptance, writing simply: "The following is an examiner's statement of reasons for allowance: All previous rejections are withdrawn due to Applicant's amendments and argument." Ex. 1009 at 13.

What happened to secure allowance of the '307 Patent in the divisional, in sum, is that applicant showed that the claims distinguished the art because the claims permitted delivery of profile information via redirection from one of several website, with the information being consolidated with existing profile data, with records kept of which "user" contributed what attributes. The Petition's summary of the file history completely ignores the reasons for allowance.

Next, applicant filed this application as a continuation, with the claims slightly modified from the '307 Patent, including notably to make clear that the "third party" need not be a "website." Applicant showed a comparison of the claims when presenting them. Ex. 1010 at 80. The examiner allowed the claims.

The patented combination has proven highly successful in the real world, and Patent Owner's business – as well as part of Petitioner's business – has developed successfully from use of the markedly new paradigm.

The Petition (at 15) mentions that the examiner confirmed compliance with *Bilski v. Kappos*, 561 U.S. 593, 606 (2010), and emphasizes that the patent was allowed before *Alice Corp. v. CLS Bank Int'l*, 134 S. Ct. 2347 (2014). Although certainly not conclusive, the fact that the examiner considered *Bilski* has relevance.

The PTO has recognized and instructed examiners that the considerations under *Bilski* are similar to the considerations now, post-*Alice*. *See* Training Materials, slide 19 ("the considerations for significantly more are similar to those in the prior *Bilski* and *Mayo/Myriad* guidance").[2] The PTO's instruction is consistent with court findings also: "Despite [a] flurry of § 101 invalidations, in reality, *Alice* did not significantly increase the scrutiny that courts must apply to software patents…. *Alice*'s holding is only a small part of evaluating patentability." *Enfish, LLC v. Microsoft Corp.*, No. 2:12-cv-07360, at *6-7, 22, 2014 WL 5661456 (C.D. Cal. Nov. 3, 2014) ("[T]he rules changed in *Bilski*, *Mayo*, and *Alice*"), *rev'd on other grounds*, 822 F.3d 1327 (Fed. Cir. 2016). *Alice* merely applied the framework from *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289 (2012), and held, "It follows from our prior cases, and *Bilski* in particular, that the claims at issue here are directed to an abstract idea." *Alice*, 134 S. Ct. at 2356; *see also id*. ("Like the risk hedging in *Bilski*, the concept of intermediate settlement is a fundamental economic practice long prevalent in our system of commerce"); *id*. ("*Bilski* belies petitioner's assertion"); *id*. at 2357 ("there is no meaningful distinction between the concept of risk hedging in *Bilski* and the concept of

[2] *Training materials: 2014 Interim Guidance on Patent Subject Matter Eligibility*, https://www.uspto.gov/sites/default/files/documents/training%20-%202014%20interim%20guidance.pdf (USPTO Feb. 2015).

intermediated settlement at issue here"). Although the examiner did not apply the literal Step 2A/2B "test" developed in the wake of *Alice*, he actually considered, before granting the '307 Patent, whether the claimed invention was directed just to an "abstract idea" and found that it was not. Ex. 1009 at 13, 54.

In addition to judging the claims under *Bilski* when granting the '307 Patent, the examiner explicitly considered § 101 arguments a second time, when judging claims that were variants of the '307 and '582 Patent's claims; specifically, after the oral argument in *Alice*, the examiner accepted applicant's following argument: "[The modified] claim is not abstract, and not subject to rejection under § 101, because it is directed to a process performed by a 'machine' and thus within a statutory category of § 101, and because the process performed does not subsume the full scope of a fundamental concept, does not cover all possible ways of implementing an abstract idea (however defined), and contains meaningful narrowing limitations." Ex. 1012. That argument foreshadowed, nearly exactly, the USPTO's current § 101 test. The resulting variant patent, U.S. Patent 8,775,249, one challenged in a related CBM, issued a few weeks *after* the *Alice* Supreme Court decision. Although the USPTO withdrew from allowance hundreds of allowed patents in the wake of *Alice*, it let this one issue.

Argument

I. The patent does not qualify as a "covered business method patent."

"The Director may institute a [CBM proceeding] only for a patent that is a covered business method [CBM] patent." AIA § 18(a)(1)(E). The burden falls on the petitioner to show that this is a "CBM patent" and to do so in the Petition itself. *See* 37 C.F.R. § 42.304(a) ("The petitioner must demonstrate that the patent for which review is sought is a covered business method patent"); *Trial Practice Guide*, 77 Fed. Reg. 48756 (Aug. 14, 2012) ("The Board may not authorize a trial where the information *presented in the petition*, taking into account any *patent owner preliminary response*, fails to meet the requisite standard for instituting the trial.") (emphasis added); *Experian Marketing Solutions, Inc. v. RPost Communications, Ltd.*, CBM2014-00010, Paper 20, *8-10 (P.T.A.B. Apr. 22, 2014) (no institution of Petition containing only "conclusory" "arguments" about whether the patent was a "technological invention").

The patent does not meet the "CBM patent" definition for two reasons: (1) the patent's claims are not directed to a financial product or service"; and (2) the patent is directed to a "technological invention."

A. The claims are not directed to a "financial product or service."

The statute defines a "CBM patent" as any "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) (emphasis added). The Petition gives a significant misapprehension of the legal standard by ignoring the most pertinent decision of the Federal Circuit, *Unwired Planet, LLC v. Google Inc.*, 841 F.3d 1376, 1382 (Fed. Cir. 2016). *Unwired Planet* held that the Board had been interpreting the CBM statute too expansively: "We hold that the Board's reliance on whether the patent claims activities 'incidental to' or 'complementary to' a financial activity as the legal standard to determine whether a patent is a CBM patent was not in accordance with law." 841 F.3d at 1382. The Petition (at 30) cites *Google Inc. v. Priceplay.com, Inc.*, CBM2015-00025, Paper 8, *2, 7 (P.T.A.B. May 18, 2015), which applied the standard overturned in *Unwired Planet*.

Unwired Planet explained that the AIA contains a "narrow statutory definition" of CBM. *Id*. at 1381. The Court said that the mere fact that practice of a method "could involve a potential sale of a good or service" is not enough, because: "All patents, at some level, relate to potential sale of a good or service…. Indeed, the fundamental incentive of obtaining a patent—the right to exclude—necessarily impacts the marketplace." *Id*. at 1382 & n.7.

Unwired Planet further held that claims do not qualify as "financial business method" claims merely by making reference to "facilitated financial activity," such as payment for practicing the claimed invention, keeping payment records, or

merely charging a price for practicing the invention. The Federal Circuit said, "It is not enough that a sale has occurred or may occur," and clarified: "Take, for example, a patent for an apparatus for digging ditches. Does the sale of the dirt that results from use of the ditch digger render the patent a CBM patent? No, because the claims of the ditch-digging method or apparatus are not directed to 'performing data processing or other operations' or 'used in the practice, administration, or management of a financial product or service,' as required by the statute." 841 F.3d at 1382. *See also Secure Axcess, LLC v. PNC Bank Nat'l Ass'n*, 848 F.3d 1370, 1379 (Fed. Cir. 2017) (not a CBM patent: "nearly everything that is invented can and likely will be used in someone's sale of a good or service.").

More specifically, by defining a "covered business method patent" as "a patent that claims a method … for performing … operations used in the practice … of a financial product or service," AIA § 18(d)(1), Congress clearly referred to a patent containing claims *directed to* a financial invention, not a patent that merely *includes* some sort of financial *word*, like "revenue." *Unwired Planet*, 841 F.3d at 1382 ("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.' AIA § 18(d).") (emphasis added); *cf. Interim Guidance on Patent Subject Matter Eligibility*, 79 Fed. Reg. 74618, 74622 & n.9 (Dec. 16, 2014) ("Guidance") (whether a patent

falls within the "implicit exception" in § 101 for "abstract ideas" requires examiners to "[d]etermine whether the claim is *directed to* … an abstract idea," but "[a]n invention is not rendered ineligible for patent simply because it *involves* an abstract concept") (emphasis altered).

The holding and reasoning of *Unwired Planet* belies the Petition's overall thesis that a patent qualifies as a CBM patent merely because "at least one claim" requires "financial activity" such as "payment." *See* Petition, at ii. To the contrary, because the patent-at-issue here is not "directed to" any selling or other financial method, it does not aim at an invention "used in the practice, administration, or management of a financial product or service" under the statute.[3]

[3] The Petition (at 30, 32) relies on another pre-*Unwired Planet* Board decision that used the superseded and overturned standard, but which was affirmed. *Sight-Sound Technologies, LLC v. Apple Inc.*, 809 F.3d 1307, 1311, 1315-16 (Fed. Cir. 2015). *Sight-Sound* evaluated a patent "claiming methods for 'selling the desired digital video or digital audio signals to [a party] for a fee through telecommunications lines.'" *Secure Axcess, LLC v. PNC Bank Nat'l Ass'n*, No. 2016-1353, order (Fed. Cir. June 6, 2017) (denying petition for *en banc* rehearing) (Taranto, J. concurring). The Board in *Sight-Sound* had relied on the fact that "Patent Owner acknowledges that a fundamental step of claim 1 of [the] patent is 'selling' a desired digital audio or video signal to a user." *Apple Inc. v. Sight-Sound*

The Petition (at 30-34) contains four specific arguments, none of which have any merit. Patent Owner discusses each of them, but in a different order.

1. The specification does not determine CBM status.

The Petition (at 33) submits an argument recognized as conflicting with current law: That the patent's *specification* makes plain that it is "used in the practice, administration, or management of a financial product or service." The Petition (at 33 n.6) "submits this argument for the Board's consideration should the Federal Circuit or Supreme Court overrule or modify the *Secure Axcess* decision," referring to *Secure Axcess*, 848 F.3d at 1378-79, which clarified that "the written description alone cannot substitute for what may be missing in the patent 'claims,' and therefore does not in isolation determine CBM status."

The Federal Circuit denied *en banc* review of *Secure Axcess* four days after the Corrected Petition. *See Secure Axcess, LLC v. PNC Bank Nat'l Ass'n*, No. 2016-1353, order (Fed. Cir. June 6, 2017) (denying petition for *en banc* rehearing). The Supreme Court has not ruled (no petition for *certiorari* has been filed), and no ruling will occur before this Board's institution decision here.

Technologies, LLC, CBM2013-00021, Paper No. 13, *11 (P.T.A.B. Oct. 8, 2013). The patent here, by contrast, is not directed to a new method of selling media, and the claim is not "directed to" any "revenue" element as a "fundamental step."

2. Users should not be construed as only profile buyers or sellers.

To circumvent the admittedly contrary case law, the Petition tries to import the specification into certain claim language using claim construction. The Petition argues (at 31 & 18-27) that the specification of the patent-at-issue "defines" a vanilla claim term, "unaffiliated third parties," as "parties that engage in arm's length transactions *to buy and sell profiles*."

The Petition's argument in this regard violates the principle that claim interpretation should adopt the "broadest reasonable interpretation," the standard approved in *Cuozzo Speed Technologies v. Lee*, 136 S. Ct. 2131 (2016). It is certainly not unreasonable to interpret the term "unaffiliated third party" as covering a party that *donates* data or *swaps* data rather than buying or selling it.

The specification, indeed, gives examples of "unaffiliated third party" users who utilize the system via trading (Ex. 1001 at 8:4; 8:13; 9:5; 10:13, 38, 60; 11:1) or barter (*id*. at 14:22) rather than any kind of purchase or sale, and the specification specifically states: "Depending on the contract between the user and the system, the system ***will or will not pay*** the user for the initial partial profile, or parts thereof." *Id*. at 14:9-11 (emphasis added).

The specification sentence supposedly defining "third party" says: "In the *context of the preferred embodiment* of the present invention, 'user' relates to an individual, web site, search-robot and/or other type of software agent that interacts

with the system by virtue of their *contacting* a juncture in the data-communications topology where the method is installed *in order to acquire, trade, dispose of and/or broker* some attribute data for the purpose of acquiring some potential economic *or other* value in connection with that attribute data." *Id*. at 7:66-8:6. Notably:

(1) The sentence refers to "preferred embodiment," not all embodiments.

(2) The Petition (at 20) misquotes the word "*contacting*" – substituting the word "*contracting*" – then uses that misquote to springboard (at 21 n.2) to "contracting" as supposedly requiring "agreed consideration" (which the Petition implies must be monetary, even though that is not said in the cited place supposedly defining "contract"[4]).

(3) The Petition (at 20) uses ellipses to omit the purpose stated in the sentence, which includes "acquire, trade, dispose of and/or broker" the data, which made clear that the "contacting" may or may not involve exchange of money.

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[4] Indeed, to the contrary, the specification explicitly contemplates contracts that do not involve buy/sell: "The various kinds of contracts available in a transaction between the system and the user are: buy, sell, broker, and trade. Where new information is disclosed to the system a royalty arrangement (or, alternatively, an outright purchase or sale) comprised of micro payments may be employed." Ex. 1001 at 10:36-40.

(4) The purported definition explicitly clarifies that the user may receive "economic *or other* value" from the transaction; thus making it crystal clear that the broadest reasonable interpretation does not *require* that the user "buy and sell profiles," as the Petition's proposed construction would have it.

The Petition's remaining comments (about supposed "implicit definition" or "consistent usage") rely on importing the specification, again contrary to *Secure Axcess* and further contrary to the claim-construction maxim against importing examples into claim language. The Petition (at 20-21) quotes a series of specification comments supposedly discussing "the invention," but they simply say that the invention "mak[es] viable," "facilitates," "generally relates to," or "operates best" in commercial settings. None of those statements necessarily imply that users are *limited to* persons or entities who or that buy or sell, and one of the quotations even provides explicit *alternatives* to buy/sell by referring to "broker and trade" also. Another partially quoted sentence, from the patent's introduction, says, in similar vein, "This invention relates to gaining an ability to buy, sell, *broker, and trade* specific pieces of data between two disjoint parties within the context of a system that may include a databank and that ***may*** *include a micro-payment royalty arrangement as a pricing structure* in connection with the aforesaid exchange of data." Ex. 1001 at 8:13-18 (emphasis added). The Petition's further quotations (at 24) of other portions of the specification *describing* how the

"micro-payments" might work does nothing to contradict that the specification describes them as optional; these quotes too have no bearing on claim construction. The cases about use of a word "in a manner consistent without only a single meaning," such as those cited on page 25 of the Petition, thus have no bearing.

In sum, the notion that a user "must" be a user interfacing with the system specifically to buy/sell is not found in any specification "definition," is inconsistent with the specification's references to payment as optional (including the use of the word "may" and even the phrase "will or will not"), and is inconsistent with explicitly disclosed embodiments involving barter, trading, or other possibilities aside from buy/sell. The Petition does not meet its burden of demonstrating that the broadest reasonable interpretation of the "unaffiliated third party" or "user" must be limited to a person or entity who or that performs buying or selling.

The Board has no need to construe "unaffiliated third party" explicitly beyond determining that the term does not refer only to buyers or sellers.

Like every product, the attributes exchanged here have "value," and could be sold, bartered, traded, or even given away for free (such as for research or charitable purposes). That the invention "facilitates" commercial activity or could be used to support buying and selling – even if such is the primary purpose – does not suffice to make the claims, through claim interpretation or otherwise, directed to a "financial product or service." The *Unwired Planet* Court gave an example of

a ditch-digging method or apparatus that is not a CBM patent even if the patentee sold the dirt resulting from use of the novel apparatus. *Unwired Planet*, 841 F.3d at 1382 ("Does the sale of the dirt that results from use of the ditch digger render the patent a CBM patent? No."). Accordingly, if the hypothesized *claim* explicitly contained not only limitations to using the novel ditch digger but concluded with the element of "obtaining revenue by selling the dirt for a price," or receiving non-monetary benefit from trading the dirt, that would not suddenly transform the patent into a CBM patent under the *Unwired Planet* Court's reasoning.

The Petition (at 26-27) oddly purports to anticipate Patent Owner's argument that "the claims do not cover financial activity" by answering that the interpretation would exclude a preferred embodiment. Patent Owner does not argue this. The claim "covers" both users who buy/sell and users who do not. It is Petitioner that wishes to exclude certain disclosed embodiments (*i.e.*, users who do not buy/sell and embodiments that do not have "micro-payments"). That a claim "covers" financial activity but is not directed (limited) to financial activity, per *Unwired Planet*, is insufficient to make the patent a CBM one.

3. Advertisements should not be construed as only paid ones.

The Petition cites two Board opinions that recognize that, under *Unwired Planet*, advertisements are not inherently financial, but the Petition (at 32 and 27-

28) asks the Board to evade those cases by construing "third-party advertisements" as "paid announcements."

Unwired Planet specifically rejected application of the CBM statute where a patent "specification discusses using the claimed method to facilitate advertising, which" the PTO's Board had concluded "would thereby facilitate financial activity." 841 F.3d at 1379. The Court explained: "In [Petitioner]'s view, proposed use of the claimed method in facilitating advertising is sufficient to support the Board's determination that the '752 patent is a CBM patent. We disagree." *Id*.

The patent claims in *Unwired Planet* did not mention advertising directly (although the Board had held that the claimed invention could be, as explained in the specification, applied to facilitate advertising). But the Board more recently addressed claims that directly mention advertising in *Google Inc. v. HBAC Matchmaker Media Inc.*, CBM2016-00097, Paper No. 16 (P.T.A.B. Feb. 27, 2017). There, the Board applied *Unwired Planet* to deny institution as to claims directed to a "system for delivery of targeted advertisements." *Id*., at *7-8 (quoting U.S. Patent 6,002,393, claim 1). *Matchmaker* extensively discussed, and rejected, Google's argument (at *12) that "targeted advertisements are financial in nature because someone receives money to deliver advertisements about a product or service." *Id.*, at *12-23. The Board concluded that methods of delivering ads do not meet the CBM "financial product or service" definition. *E.g.*, *id.*, at *17 ("we agree

that advertising is a business method. We do not agree, however, that advertising by itself is a financial service that qualifies for covered business method review.”).

The same day, the Board denied institution in *Google Inc. v. Klaustech, Inc.*, CBM2016-00096, Paper No. 10 (P.T.A.B. Feb. 27, 2017). *Klaustech* held that *Unwired Planet* had held that a patent with claims covering ad-facilitation was not a CBM patent. *Id*., at *11. The Board then held (*id*.): “Although we recognize that Internet advertising generally involves the sale of ad space, the fact that a sale has occurred or may occur is not enough when the challenged claims neither recite a sale nor are otherwise directed to the practice, administration, or management of a financial product or service. *See Unwired Planet*, 841 F.3d at 1382.”

The Petition tries to evade *Matchmaker* and *Klaustech* by a tortured chain of interpretation of the word “third-party advertisement.” The Petition argues (at 27) that just because “third-party” modifies “advertisements,” and because (based on the improper construction rebutted in the previous section) “unaffiliated third party” supposedly refers to a buyer/seller, then “the claim term ‘third-party advertisements’ ought to be construed to mean ‘advertisements’ that are sold by one party and purchased by another (*i.e.*, third) party, i.e., ‘paid announcements.’”

Never mind that these are (normally) *different* third parties: The term “unaffiliated third party” refers to the “user,” whereas the term “third-party advertisements” refers to advertisements of a third-party *advertiser*. More

specifically, the "third party" in part (a) of claim 1 refers to a website or other "user" (*see, e.g.*, 7:66-8:2), whereas part (e) of claim 1 specifies that the profile data "comprises data used in targeting third-party advertisements to the user computer." The website (or other) "user" need not be the eventual advertiser. Therefore, the interpretation of "third party" *user* has absolutely no bearing on the proper interpretation of "third-party *advertisement*."

The Petition provides no citation to any specification definition of the type of ads displayed using profile information or insisting that ads must be paid ones. Instead, the Petition (at 27) cites its expert, who apparently is prepared to testify: "At least in the context of the Internet, advertisers always pay for 'advertisements'; otherwise, a displayed message would not be considered an advertisement." Ex. 1002 at ¶44 (*see also* ¶63). The expert relies on an exhibit discussing pricing methods (Ex. 1025, which lacks relevancy here), and two dictionaries defining "advertisement" as "[a] notice, *such as* a … paid announcement in the electronic media." Exs. 1004, 1005 (emphasis added).

The Board need not accept such nonsense. Even the Petition-cited dictionaries imply, by use of the term "*such as*," that payment is not a requirement. But to put a fine point on it, Ex. 2001 is a dictionary defining "advertisement" as "a public notice or announcement, *usually* paid for." [Emphasis added] Everyone knows that many free ads exist. *See, e.g.*, *Matchmaker*, at *29 n.6 (Paulraj, APJ,

dissenting) ("To be sure, I recognize that there are some types of advertisements that are not intended to promote the sale of goods or services, such as political advertisements or public service announcements."); 47 C.F.R. § 73.1810(d)(4) (repealed 1984) (defining PSAs as "one for which no charge is made").

The *broadest* reasonable interpretation of "advertisement" is simply "a notice or announcement," and the broadest reasonable interpretation of "third party advertisement" is a notice or announcement by some party other than the one performing the method of claim 1. Including free ads is not "unreasonable."

The effort to "interpret" the claim term "advertisement" to evade *Matchmaker*, *Klaustech*, and *Unwired Planet* fails because nothing in the Petition identifies anything in the claims, nor even anything special in this specification's discussion of ads, referring to sale of the "third party advertisement." This situation is indistinguishable from *Matchmaker*, at *17 ("We do not agree … that advertising by itself is a financial service that qualifies for covered business method review"), and *Klaustech*, at *11 ("Although we recognize that Internet advertising generally involves the sale of ad space, the fact that a sale has occurred or may occur is not enough when the challenged claims neither recite a sale nor are otherwise directed to the practice, administration, or management of a financial product or service. *See Unwired Planet*, 841 F.3d at 1382.").

4. Dependent claims requiring payment have been disclaimed.

The Petition also relies on dependent claims 2 and 12, each of which referred to "creat[ing] electronic data used to identify a payment amount due to the unaffiliated third party." To keep matters simple, Patent Owner has filed a statutory disclaimer under 35 U.S.C. § 253(a) and 37 C.F.R. § 1.321(a); as a result the Board must "not consider the now-statutorily disclaimed claim in [its] determination." *Matchmaker*, at *23 (citing two Board decisions and *Guinn v. Kopf*, 96 F.3d 1419, 1422 (Fed. Cir. 1996) ("A statutory disclaimer under 35 U.S.C. § 253 has the effect of canceling the claims from the patent and the patent is viewed as though the disclaimed claims had never existed in the patent.")).[5]

In sum, the Petition fails to discuss *Unwired Planet* and offers only ineffectual distinctions of the Board decisions interpreting that case, in a failed attempt to have the Board overlook the fact that the independent claims lack any financial-type language or limitations, much less satisfy the standard of being

[5] Even if the Board could consider these claims, under the ditch-digging example in *Unwired Planet*, limitations keeping records for product payment should not make a patent directed to a financial product or service. *Unwired Planet* ("It is not enough that a sale has occurred or may occur"); *Matchmaker* (not "financial in nature because someone receives money to deliver advertisements"); *Klaustech* ("the fact that a sale [of ad space] has occurred or may occur is not enough").

directed to a "financial product or service." By omitting the lead case, by misstating the legal standard, by relying on the specification rather than the claims, by misquoting the specification, and by omitting significant embodiments of the specification, the Petition has failed to meet its burden of establishing that the patent-at-issue qualifies as a financial CBM patent.

B. The claims are directed to a "technological invention."

"[T]he term 'covered business method patent' … does not include patents for technological inventions." AIA § 18(d)(1). The PTO regulations do not define "technological inventions," but some guidance is provided in 37 C.F.R. § 42.301(b): "In determining whether a patent is for a technological invention … the following will be considered on a case-by-case basis: whether the claimed subject matter as a whole recites a technological feature that is novel and unobvious over the prior art; and solves a technical problem using a technical solution." The Petition does not discuss the "claimed subject matter as a whole," argues the specification's disclosure rather than the claims, and fails to identify to the Board or effectively rebut the technical point that distinguished certain prior art (in combination with the remaining references) that was argued to and accepted by the examiner, and thus does not meet its burden.

As explained in the discussion of the file history above, allowance came from the combination of technical steps of URL redirection with storing records of

who contributed what attributes. The Petition nonetheless spends little time on those particular aspects of the invention when discussing whether the claims are directed to technological subject matter.

The Petition (at 36) simply asserts that "URL redirection" and the limitation of using profile information "in targeting third-party advertisements" are just "well-known techniques in the field of targeted advertising and thus not technological innovation." As to the aspects of storing records of which "users" (*e.g.*, in the words of claim 1, "unaffiliated third parties," which may be websites or other users) contributed which attributes, the Petition (at 36) simply ignores the claim language, characterizing it instead simply "creating electronic data."

To support the notion that "URL redirection" is "well-known," the Petition cites its expert (Ex. 1002 at ¶¶32-36[6]) and two references, Ex. 1014 at 9:38-64 and Ex. 1015 at 3:24-4:11, 7:15-31 (the expert also cites these, Ex. 1002 at ¶¶36, 72). The expert mentions that the HTML standard includes redirection generally, by using hyperlinks; thus, "Retrieving a resource from a server other than the server identified by the original URL" is common. *Id*. at ¶36. The expert cites Ex. 1015 at

[6] The Petition also cites a discussion of cookies. Ex. 1002, ¶¶ 45-50. Cookies relate to the collection and use of profile data to target ads; although they may be used with URL redirection in some cases, this is a different issue. The Petition seeks to cover two separate technical features with a single citation.

3:24-63 and Ex. 1014 at cols. 4 and 9 to similar effect, *i.e.*, he says that these citations disclose "ad servers" that can "transmit back a targeted advertisement" to a normal webpage through the use of redirection.[7]

But the claims use URL redirection for something different: Far from just sending *to* a web page an ad retrieved from a different location, the claims of this patent refer to "partial profile" data being "achieved as a result of automatic URL redirection *from* a portion of a page of the website accessed by the user computer." In other words, the patent does not use URL redirection for its conventional purpose in the field of targeted advertising (to send an ad to the webpage); instead, the patent uses URL redirection *from* the webpage to deliver partial profile information, and the partial profile information eventually makes it way to the computer system of the claims, where it is consolidated with other profile data. Neither the Petition nor the declaration addresses that feature. In addition, the computer system keeps an "electronic record of which of the plurality of

[7] The last citation, Ex. 1015 at 7:15-31, in a patent referring to the "DoubleClick" system (the examiner had of record a different reference referring to the same system, *see* Ex. 1009 at 75), adds the point that, when the *computer user clicks on* an ad, the "ad server" can automatically "log" which website the computer user was accessing. That does not teach achieving profile information sent *from* the user using URL redirection from a website.

unaffiliated third parties contributed to the maintained profile particular profile attributes." Claim 1, part (d). Neither the Petition nor declaration cites any evidence of any system keeping such records.

With that background, consider "whether the claimed subject matter as a whole recites a technological feature that is novel and unobvious over the prior art; and solves a technical problem using a technical solution." 35 U.S.C. § 42.301(b). The prior art – both the Acxiom reference cited during prosecution and the DoubleClick and other art cited by the Petition and declaration – do not disclose using URL redirection *from* a website as a technological means of delivering profile information, nor consolidating such information with other information "believed to be related to the same entity," nor maintaining such information (data that can be used to deliver third-party ads) with data identifying which third parties provided which items of profile information. These features in combination (as a whole) clearly recite a technological means of consolidating profile information. Even URL redirection alone, especially when used for a different purpose than conventional, is technological.

The Petition (at 37) points to places in the specification referring to economic commerce and argues that the drafter admitted that the "patent does not offer a 'technical solution' to the problem it purportedly solves." That argument overlooks the specification's comment: "Therefore, it is important to note that the

present invention relates to specific technological actualization in embodiments." Ex. 1001 at 2:24-26. Moreover, as to the "technical problem," although the patent certainly solves certain business issues, it also explains that the system overcomes the technical problem of how to consolidate large datasets, because "well-known systems do not address the problems of how the database is to collect all of the attributes of information that are contained therein." *Id*. at 1:38-41. The specification refers to a different type of technological benefit and certain business benefits together at 8:39-57, by discussing the benefit of gaining additional data about the visitor, which can allow more precise ad targeting, and the benefit of gaining additional revenue by disclosing new information about the visitor.

The Petition should be denied because it falls short of demonstrating that this patent fails to claim a "technological invention." Petitioner bears the burden (as explained *supra*) but has not met it. The Petition cites no evidence proving that use of URL redirection from a website, in combination with consolidating profile information and keeping records of which of several third-party users contributed which profile attributes, do not combine to create "a technological feature that is novel and unobvious over the prior art." 37 C.F.R. § 42.301(b).

As explained above, this patent issued because the claims recite an advance allowing consolidation of profile information gained on websites – a different use of URL redirection than before – by using the technological approach of URL

redirection and recording which user contributed what. This patent thus qualifies as a "patent for a technological invention," and the Petition has not met its burden of demonstrating otherwise.[8]

II. <u>The patent is directed to patent-eligible subject matter.</u>

The Petition bears the burden of showing that the challenged patent claims are "more likely than not … unpatentable." 35 U.S.C. § 324(a) (PGR); *see* AIA, §18(a)(1) (CBM review "shall employ the standards and procedures of" post-grant review); 37 C.F.R. § 42.300(a) (same). The sole ground proposed in this Petition is the allegation that the claims are directed to subject matter that is ineligible for patenting under 35 U.S.C. § 101 as directed to the implicit (judicial) exception for an abstract idea.

Again, the burden falls on the Petitioner to include evidence in the Petition itself. 35 U.S.C. § 324(a) ("The Director may not authorize a post-grant review to

[8] Patent Owner further requests denial of institution under *McCormick Harvesting Mach. Co. v. C. Aultman & Co.*, 169 U.S. 606, 608-09 (1898) (once a patent is granted, it "is not subject to be revoked or canceled by the president, or any other officer of the Government" because "[i]t has become the property of the patentee …"), because a non-Article III tribunal may not extinguish the property rights in the patent without a jury. *See Oil States Energy Svcs., LLC v. Greene's Energy Group, LLC*, No. 16-712, order (U.S. June 12, 2017) (granting *certiorari*).

be instituted unless the Director determines that the information *presented in the petition* filed under section 321, if such information is not rebutted, would demonstrate that it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable") (emphasis added); 37 C.F.R. § 42.208(c); *Trial Practice Guide*, 77 Fed. Reg. 48756 (Aug. 14, 2012) ("The Board may not authorize a trial where the information *presented in the petition*, taking into account any *patent owner preliminary response*, fails to meet the requisite standard for instituting the trial.") (emphasis added).

To prevail under Section 101, for claims admittedly within one of the four statutory categories, as here, the Petition can succeed only by showing (1) that the patent is directed to an "abstract idea"; (2) that the patent claim does not have any element that is "significantly more" than the "abstract idea"; and (3) that the patent claim considered as an entire "ordered combination" does not have an "inventive concept." *E.g., BASCOM Global Internet Services, Inc. v. AT&T Mobility LLC*, 827 F.3d 1341, 1347, 1349 (Fed. Cir. 2016) ("The court must first determine whether the claims at issue are directed to a patent-ineligible concept. If so, the court must then consider the elements of each claim both individually and as an ordered combination to determine whether the additional elements transform the nature of the claim into a patent-eligible application"; "step two [involves] the search for an 'inventive concept' [which] may arise in one or more of the

individual claim limitations or in the ordered combination of the limitations") (citation omitted).

A. The claims are not directed to an "abstract idea."

As to Step 2A, the Petition fails to meet its burden of demonstrating that it is more likely than not that a claim is patent-ineligible, because the Petition wrongly overgeneralizes the claimed invention and analogizes to inapplicable cases.

The Petition (at 39) says, "Here, the patent claims are directed to the abstract idea of collecting and selling profile attributes for use in targeted advertising." The Petition thus oversimplifies the invention, in violation of the principle of *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327 (Fed. Cir. 2016). Although *Enfish*'s claims differ from those of the current claims, the appeals court emphasized that § 101 decision-makers must take care to avoid such over-generalization. The *Enfish* Court criticized a district court's conclusion of patent-ineligibility relying on the characterization that "the claims were directed simply to 'the concept of organizing information using tabular formats,'" because the Court of Appeals held that such a description had "oversimplified [an important, argued] component of the claims and downplayed the invention's benefits." *Id*. at 1337-38. The Court warned that "[d]escribing the claims at such a high level of abstraction and untethered from the language of the claims all but ensures that the exceptions to § 101 swallow the rule." *Id*. at 1337 (citing *Alice*, 134 S. Ct. at 2354).

The "swallowing the rule" comment refers to repeated Supreme Court guidance: "At some level, all inventions embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas." *Alice*, 134 S. Ct. at 2354 (decision-makers must "tread carefully in construing this exclusionary principle lest it swallow all of patent law") (quoting *Mayo*, 132 S. Ct. at 1293 ("[T]oo broad an interpretation of [§ 101 exceptions] could eviscerate patent law")).

The Petition commits the same error as the district court in *Enfish*: Characterizing this invention as "collecting and selling profile attributes for use in targeted advertising" likewise "describes the invention at a high level of abstraction and untethered from the language of the claims." *Enfish*, 822 F.3d at 1337. Compare the Petition's characterization with claim 1. Part (a) of claim 1 refers to: (1) an Internet-connected computer system, (2) servers of a plurality of unaffiliated third parties, (3) a partial profile of a visitor accessing a website, available to one of the third parties, (4) profile attribute(s) related to the visitor, (5) receiving the partial profile, and (6) storing the partial profile. Part (b) of claim 1 refers to: (7) automatic URL redirection, and (8) the redirection being from a portion of a page of the accessed website. Part (c) of claim 1 refers to: (9) a maintained profile, and (10) consolidating the received partial profile with the maintained one. Part (d) of claim 1 refers to: (11) generating a record of which third party contributed particular profile attributes, and (12) storing such records.

Part (e) of claim 1 refers to: (13) the profile information including data used in targeting, and (14) third-party advertisements. The Petition's proposed characterization of all that is "collecting and selling profile attributes for use in targeted advertising," which addresses point #4 alone. Out of 14 features of the claim, the characterization mentions only one! The characterization is even more overbroad for the challenged dependent claims, which add unrecognized elements.

Aside from *oversimplifying* the claim, the Petition's proposed characterization *mischaracterizes* it, because nothing in the claim refers to "*selling* profile attributes."

The district court's characterization of Enfish's claim ("organizing information using tabular formats") omitted reference to the important, argued feature of the database tables being "self-referential," which limited the claims. On account of that omission, the *Enfish* Court held that the district court had improperly overgeneralized the claim and reversed. Likewise here, specifically unrecognized in the Petition's description ("collecting and selling profile attributes for use in targeted advertising") is the claims' discussion of the use of URL redirection to transfer partial profile information from a portion of a page of the website, consolidation of partial profiles, and the creation and storage of electronic records of who contributed what (elements #7, 8, 10, and 11 above). The Board should be no more forgiving.

In *Enfish*, the "component of the claims" that the court noted had been "oversimplified" – the "self-referential" nature of the database – was a "component" that had been crucial to patentability. *See, e.g.*, 822 F.3d at 1337 ("The necessity of describing the claims in such a way," *i.e.*, a way that includes reference to the self-referential aspect, "is underscored by the specification's emphasis" of that feature). Similarly here, as explained above, the file history shows that the "URL redirection from a portion of a webpage" was argued in combination with profile consolidation and storing who contributed what.

The Petitioner bears the burden of including proper arguments in the Petition itself (*see supra*), so the Board should not struggle to invent a different characterization or fix the Petition. It is worth noting nevertheless that the Petition could not have made the same argument – that the claims are abstract under Step 2A – had the Petition's characterization of the invention included the other claimed features, especially the "URL redirection" and "contributor records" elements emphasized herein, because using that specific means to consolidate profiles, and keeping records of the source of profile attributes, which data can be used to deliver third-party ads, is specific and concrete and not abstract at all.

The *Enfish* decision is important for another reason: The Court clarified, "We do not read *Alice* to broadly hold that all improvements in computer-related technology are inherently abstract …. Nor do we think that claims directed to

software, as opposed to hardware, are inherently abstract." *Id.* at 1335. "Much of the advancement made in computer technology consists of improvements to software that, by their very nature, may not be defined by particular physical features but rather by logical structures or processes." *Id*. Thus, the Petition's emphasis on the fact that the claimed invention can be implemented by a "conventional computer" does nothing to satisfy Step 2A.

PTO management has identified four "categories" in which courts sometimes have held claims as "abstract:[9] "Fundamental economic practices," "an idea of itself," "certain methods of organizing human activity," and "mathematical

[9] In the "abstract ideas" area, the Supreme Court has held patent-ineligible only patent claims that fall into either of *two* areas: (1) mathematical algorithms (*Gottschalk v. Benson*, 409 U.S. 63 (1972); *Parker v. Flook*, 437 U.S. 584 (1978)); and (2) financial processes (*Bilski*; *Alice*). A reference in *Alice* to "human activity" arose in the context of the Court's rejection of petitioner's attempt to "confine" the "abstract idea" exception to "preexisting, fundamental truth[s]." 134 S. Ct. at 2356. The *Alice* Court never held that "methods of organizing human activity" categorically could not be patent-eligible; indeed, the majority declined to adopt reasoning in the *minority* opinion to the effect that processes of "organizing human activity" were categorically ineligible. *Id.* at 2360 (Sotomayor, J., concurring).

relationships/formulas." *July 2015 Update*, at 3-5.[10] The claims here, especially if properly characterized, do not fall under any of those four categories. The Petition contains no argument that three of the four categories apply. Clearly the claims contain no math. The automatic nature of the process performed by the programmed computer, and the fact that the claims do not deal with human decision-making or activities, negates the "organizing human activity" category.

As to the vaguest of the four categories, "The phrase 'an idea "of itself"' is used to describe an idea standing alone such as an uninstantiated concept, plan or scheme, as well as a mental process (thinking) that 'can be performed in the human mind, or by a human using a pen and paper.'" *Id*. at 5. Petitioner writes (at 64) that "there are no direct offline analogues to the claimed 'URL redirection' or 'cookies.'" Although the Petition hedges this admission with the qualification "even if …," the fact remains that the Petition provides no evidence of any such "analogue." Without any evidence of an "offline analogue" – and the Petition presents none – it cannot be concluded that the claimed invention could be performed in the human mind or with pen and paper.

That leaves "fundamental economic practice." The Petition (at 39) mentions this "category" but the only argument for why it applies is a reference to the

[10] "*July 2015 Update: Subject Matter Eligibility*" (USPTO), found at https://www.uspto.gov/sites/default/files/documents/ieg-july-2015-update.pdf.

specification's mention (in the "field of the invention") of a "mercantile method," but that is disconnected to the claims. The Petition fails to present any argument that the claims recite "economic practice" at all, much less that it is "fundamental" in the sense used by the PTO. *July 2015 Update*, at 4 ("The term 'fundamental' is used in the sense of being foundational or basic, and not in the sense of necessarily being 'old' or 'well-known.'"). Even if the claims could be characterized as "mercantile" in nature, that does not demonstrate that *the invention to which the claims are directed* qualifies as a "fundamental economic practice." *See* Guidance at 74622 n.9 ("An invention is not rendered ineligible for patent simply because it *involves* an abstract concept") (emphasis in the original).

Claim 1 "involves" advertising and "involves" records that may or may not allow payment for advertising, but the claims are not "*directed to*" only those concepts. In *DDR*, the claims *involved* commercial activity – even more directly than here because the claims referred to web pages offering merchant products for sale online – yet the Court concluded that DDR's claims did not "recite a fundamental economic or longstanding commercial practice." 773 F.3d at 1257.

In recognition of the danger of overbroad "recognition" of abstractness, PTO management instructed "not [to] go beyond those concepts that are similar to what the courts have identified as abstract ideas." *May 2016 Update*, at 3.[11]

The Petition (at 40-41) tries to analogize this invention to three cases, *Digitech Image Techs., LLC v. Electronics for Imaging, Inc.*, 758 F.3d 1344, 1351 (Fed. Cir. 2014), *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 711, 715 (Fed. Cir. 2014), and *OpenTV, Inc. v. Netflix Inc.*, 76 F. Supp. 3d 886, 892 (N.D. Cal. 2014). *Digitech* is mentioned only because the claims here likewise consolidate data. *Ultramercial* is mentioned only because the claims here likewise are "directed to advertising." *OpenTV* is mentioned only because the claims here likewise include reference to profile data, *i.e.*, information collected about an intended customer (albeit here, the visitors are not "intended customers" of the "databank").

The analogies are wholly unpersuasive because, again, the Petition oversimplifies the claim and ignores certain aspects. The fact that a claim includes reference to advertising, or includes some data consolidation, or includes data about customers, does not make the claim automatically abstract. *See* Guidance at 74622 n.9 ("An invention is not rendered ineligible for patent simply because it *involves* an abstract concept") (emphasis in original).

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[11] *May 2016 Update: Memorandum*, 81 Fed. Reg. 27281 (May 6, 2016), posted at www.uspto.gov/sites/default/files/documents/ieg-may-2016-memo.pdf.

The Petition overgeneralizes from the cited cases. The *Ultramercial* court did not find the claim abstract because it was "directed to advertising," but rather because the claim was directed to "a method of using advertising as an exchange or currency" (*Ultramercial*, 772 F.3d at 715); *see also DDR*, 773 F.3d at 1256 (describing *Ultramercial* a few weeks later: "the claims merely recited the abstract idea of using advertising as a currency as applied to the particular technological environment of the Internet …"). The "exchange" or "marketplace" aspects of the instant *specification* are not the aspects to which the *claims* of this patent are directed. The *Digitech* court did not find the claim abstract because it involved consolidating data, but rather because the claim "recites an ineligible abstract process of gathering and combining data that does not require input from a physical device" (which is not true here). *Digitech*, 758 F.3d at 1348-49.

The Petition (at 41) relies heavily on a comparison of the claims here to those in the district court *OpenTV* case. But nothing in the patents invalidated in *OpenTV* included technical steps like URL redirection or storing source of data, nor anything close enough to make that district court decision a "concept … similar to" the claims at issue here. The *OpenTV* court held that the claims of two patents were patent-ineligible, but *declined* to do the same for a third patent, following *DDR*, because it "appears to be directed at providing a technological solution to a problem that arises in the computer/interactive television context," on

account of certain claim limitations that could be construed to include "directives" in a "computer language" implemented by a "content delivery system." 76 F. Supp. 3d at 891. The claims here are closer to the patent upheld in *OpenTV* than they are to the patents overturned in that case.

The claims here are not "directed to" any "fundamental economic practice," nor do they simply transform a long-standing, well-known concept to the Internet context, nor do they merely computerize foundational economic techniques done earlier without computers (*e.g.*, hedging, mitigating settlement risk, price-setting, or budgeting, as in *Bilski*. *Alice*, and two other cases cited in the Petition, *Versata Dev. Group, Inc. v. SAP Am., Inc.*, 793 F.3d 1306 (Fed. Cir. 2015) (computerized price-setting system), and *Intellectual Ventures I LLC v. Capital One Bank*, 792 F.3d 1363, 1366 (Fed. Cir. 2015) (budgeting by tracking purchases)).

The rest of the section of the Petition discussing Step 2A tilts at strawman arguments and lacks relevance.

In overview, independent claim 1 refers to quite concrete and tangible operations performed automatically by a programmed computer, including the combination of receiving and storing a "partial profile" of a visitor, the profile useful in targeting third-party ads, as a result of automatic electronic URL redirection of the visitor computer from a third party website, and adding it to a maintained profile believed to relate to the same visitor, while keeping track of the

source of each profile attribute, *i.e.*, which user contributed which attribute. The Petition contains no showing that such an invention can be implemented in the human mind or with pen and paper, and the problems addressed thereby did not exist in the pre-Internet world. In such circumstances, this Board has held claims non-abstract. *E.g., Apple, Inc. v. Mirror World Technologies, LLC*, CBM2016-00019, Paper No. 12, *14-16 (P.T.A.B. 2016) (relying on *Enfish* to deny institution under Step 2A).[12]

The claims here have tangible application and involve decidedly concrete operations. Except by improper overgeneralization and mischaracterization of prior court cases, the concepts are not similar in any meaningful way to any concepts that courts have identified as abstract ideas. *See May 2016 Update*. For those reasons, the Petition has not met its burden of demonstrating, in the Petition, that it is more likely than not that the claims are patent-ineligible because the Petition's argument fails under Step 2A alone.

B. The claims define an "inventive concept" like in *DDR Holdings*.

Step 2B involves "the search for an 'inventive concept' [which] may arise in one or more of the individual claim limitations or in the ordered combination of the

[12] The *Mirror World* Board reached the § 101 issue by using the "financial product and service" standard overturned in *Unwired Planet* and because Patent Owner did not argue "technological" invention. *Mirror World*, at *8, 10.

limitations." *BASCOM Global Internet Services, Inc. v. AT&T Mobility LLC*, 827 F.3d 1341, 1349 (Fed. Cir. 2016).

1. As to the individual claim elements, as shown in Part I.B above, the Petition fails to include competent, persuasive evidence proving that use of URL redirection to deliver profile data for consolidation was "well known or in common use before the combination," or even known at all.[13]

Also, the Petition fails to show that it was "routine and conventional" to store the *source* of profile data received via redirection. At page 52, where the Petition discusses this step, there is no evidence cited, including in the cited Declaration. The Petition and parroting declaration discount this step as merely "amount[ing] to electronic recordkeeping," but there is no authority for the proposition that all "electronic recordkeeping" steps are "routine and conventional" and can never create an "inventive concept" beyond an abstract idea. To the contrary, there is no bar on finding an "inventive concept" in a computer-performed, or even a non-technological, step. *See Bilski*, 561 U.S. at 606 (the term "process" in § 101 does not "categorically exclude[] business methods");

[13] Patent Owner reserves the right to challenge whether other components were common. Given the procedural context here, in which the Petition's Declaration is assumed true, and given the lack of necessity, in view of the many gaps in the Petition on other issues, no discussion of this is being submitted now.

Ultramercial, 772 F.3d at 715 ("we do not purport to state that all claims in all software-based patents will necessarily be directed to an abstract idea."); *California Inst. of Techn. v. Hughes Comm'ns Inc.*, No. 2:13-cv-07245-MRP-JEM, 2014 WL 5661290, *24 n.10 (C.D. Cal. 2014) (*Alice* step two does not require "specifically designed, non-generic hardware"); *May 2016 Update*, at 7 (PTO personnel "should keep in mind that the courts have held computer-implemented processes to be significantly more than an abstract idea (and thus eligible), where generic computer components are able in combination to perform functions that are not merely generic") (citing *DDR*); *Training Materials*, slide 17 ("Remember that software or business methods are not excluded categories of subject matter.").

Alice (cited in the Petition, at 52) did not say that all "electronic recordkeeping" is routine and conventional and incapable of serving as the "significantly more" either – it held ineligible a claim that merely transferred a known financial technique to a computerized environment utilizing conventional "electronic recordkeeping" functions of the computer for a conventional purpose. *Alice*, 134 S. Ct. at 2359.[14] *See* July 2015 Update, at 7 (although "courts have recognized" a list of "computer functions," including "electronic recordkeeping,"

[14] The other cited case, *EasyWeb Innovations, LLC v. Twitter, Inc.*, No. 11-CV-4550 (JFB)(SIL), 2016 WL 1253674, *28 (E.D.N.Y. Mar. 30, 2016), referred to identifying a user, not storing information about the source of data.

as "well-understood, routine, and conventional functions when they are claimed in a merely generic manner," the list "is not mean to imply that all … claim[s] reciting a generic computer component performing a generic computer function is necessarily ineligible" – only "computer-implemented processes" are ineligible "where the claim as a whole amounts to nothing more than generic computer functions merely used to implement an abstract idea").

2. As to inventive concept arising from the ordered combination of limitations, the Petition contains only a very short discussion (at 63-65) that relies on two off-point specification quotes not pertinent to the claimed invention and a bare-bones denial. That fails to meet the Petition's burden.

The Petition (at 64) argues, "Unlike the claims found patent eligible in *BASCOM*, the '307 Patent does not 'claim[] a technology-based solution,' but instead 'an abstract-idea-based solution implemented with generic technical components in a conventional way.' *See* 827 F.3d at 1351." That position is wrong for at least three reasons: (1) as shown above in Part I.B, the claims are directed to a "technological invention" as that term is used in *BASCOM*; (2) technological inventions are not the only sort that may be considered under Step 2B; and (3) the solution here, even if it uses "generic technical components," is not implemented "in a conventional way," *see DDR*, 773 F.3d at 1259 ("When the limitations of the … asserted claims are taken together as an ordered combination, the claims recite

an invention that is not merely the routine or conventional use of the Internet"); *see also Diamond v. Diehr*, 450 U.S. 175, 188 (1981) ("a new combination of steps in a process may be patentable even though all the constituents of the combination were well known and in common use before the combination was made").

For example, *BASCOM* involved placing known filtering software on a known central computer, which overcame the problem of configuration and workarounds when such software was placed on client computers. BASCOM's claim (directed to a local client computer accessing one of a plurality of sets of logical filters from a remote ISP computer) was held patent-eligible because "the installation of a filtering tool at a specific location, remote from the end-users, with customizable filtering features specific to each end user" for a specific user account, qualified as an eligible "inventive concept." 827 F.3d at 1350.

If the Board wishes to proceed beyond the Petition's failure to meet its burden and consider the claims directly, an "inventive concept" in claim 1 involves a computer system able to consolidate profile records by virtue of automatic electronic URL redirection of a visitor computer from a third party website, while keeping track of the source of each profile attribute, *i.e.*, which user contributed which attribute, which profile data can be used in delivering third-party ads.

The parallels between the patented claims and the *DDR Holdings* case are specially striking and strongly compel a conclusion of patent-eligibility:

Internet-specific problem. The inventive concepts in both *DDR* and this patent address Internet-specific problems. In *DDR*, the Federal Circuit relied on the fact that the invention was designed to solve a problem with prior art Internet-based techniques: The "loss of eyeballs" when a person switched away from a host website participating in a standard affiliate program.[15]

Here, the claim addresses Internet-specific challenges too, both the technical problem of "how the database is to collect all of the attributes of information" collected on different websites (Ex. 1001 at 1:38-41), as well as the business problem of incentivizing websites to contribute profile data to a consolidator (*see id*. at 8:39-57). The fact that the problem solved is partially a business problem does not matter – the fact remains that the problems are Internet-specific. *DDR*, 773 F.3d at 1257 ("Although the [DDR] claims address a business challenge (retaining website visitors), it is a challenge particular to the Internet.").

The Petition identifies no pre-Internet or non-Internet analogue, making the issue "unique to the Internet" and squarely within *DDR Holdings*. URL redirection in particular is an Internet-specific technique. Indeed, this makes the claim here a

[15] "The '399 patent's claims address the problem of retaining website visitors that, if adhering to the routine, conventional functioning of Internet hyperlink protocol, would be instantly transported away from a host's website after 'clicking' on an advertisement and activating a hyperlink." *DDR*, 773 F.3d at 1257.

stronger case for patent-eligibility than the claim in *DDR Holdings*, because in *DDR*, defendant had identified is an analogous problem offline, but in a different context. *See DDR*, 773 F.3d at 1258 (inventive concept present even though the "dissent suggests that the 'store within a store' concept, such as a warehouse store that contains a kiosk for selling a third-party partner's cruise vacation packages, is *the pre-Internet analog* of the [DDR] patent's asserted claims.") (emphasis added).

Not mere performance on the Internet of business practices known pre-Internet. The inventive concepts in both *DDR* and this patent do not simply perform a pre-Internet business practice on the Internet. In *DDR*, the Federal Circuit pointed out that "these claims stand apart because they do not merely recite the performance of some business practice known from the pre-Internet world along with the requirement to perform it on the Internet." 773 F.3d at 1257. As noted in Part II.A, *supra*, the same is true here.

Solution particular to the Internet. The inventive concepts in both *DDR* and this patent solve the problems with solutions workable only because of characteristics of the Internet. The *DDR* Court noted that previous concepts "did not have to account for the ephemeral nature of an Internet 'location' or the near-instantaneous transport between these locations made possible by standard Internet communication protocols, which introduces a problem that does not arise in the 'brick and mortar' context." 773 F.3d at 1258.

The same is true here, where the solution includes URL redirection of profile data from a website. The claimed solution is particular to the Internet here too.

Solution involving inter-computer interfacing. The inventive concepts in both *DDR* and this patent solve the problems by special interfacing, or "interactions," between computers of different entities using the Internet. The *DDR* Court found it important that the claims under consideration recited limitations related to the "interactions" between different computer systems and that the solution was rooted in computer technology.[16]

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[16] *Interactions*: "[T]he claims at issue here specify how interactions with the Internet are manipulated to yield a desired result—a result that overrides the routine and conventional sequence of events ordinarily triggered by the click of a hyperlink. Instead of the computer network operating in its normal, expected manner by sending the website visitor to the third-party website that appears to be connected with the clicked advertisement, the claimed system generates and directs the visitor to the above-described hybrid web page that presents product information from the third-party and visual 'look and feel' elements from the host website." *DDR*, 773 F.3d at 1258-59.

Computer technology: "the claimed solution is necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks." *Id.* at 1257.

The claims here do likewise: To address the problems, the website redirects the visitor computer from the website, as a result of which the computer system practicing the method of claim 1 can collect profile data and store the source. That requires interaction, possibly facilitated by an intermediary, at least between the website and the computer system. Like *DDR* too, the claimed solution here is "necessarily rooted in computer technology," including the URL redirection, records, and servers, to overcome problems.

No preemption of every application of the idea. The inventive concepts in both *DDR* and this patent do not purport to cover "every application" (preemption).[17] The Petition fails entirely to mention or discuss this issue, despite the Supreme Court's teaching that the "pre-emption concern … undergirds our § 101 jurisprudence." 134 S. Ct. at 2358.

Claim 1 clearly does not cover every way of "collecting and selling information about customers for use in targeted advertising" (Petition, at 39) or every way of "collecting information about potential customers, and selling that

[17] *DDR*, 773 F.3d at 1259 ("It is also clear that the claims at issue do not attempt to preempt every application of the idea of increasing sales by making two web pages look the same …. Rather, they recite a specific way to automate the creation of a composite web page by an 'outsource provider' that incorporates elements from multiple sources in order to solve a problem faced by websites on the Internet.").

information to advertisers who want to reach those potential customers" (Petition, at 1). The claims here, more specifically, do not even cover every means of addressing the stated problem of delivering profile information. Indeed, in the file history, applicant compared the "URL redirection" limitation to alternative techniques. *See* Ex. 1009 at 28. Nor does claim 1 cover all methods of "electronic recordkeeping" – it requires storing records of the source of the profile attributes, for example, which other systems lacked.

DDR teaches that, when a claim involves Internet-facilitated interactions between two different computer systems, as part of an unconventional and novel combination of method steps performed by a programmed computer (*see* claim 19 of DDR's U.S. Patent 7,818,399, held patent-eligible in the *DDR* case), to solve an Internet-centric problem, a discrete implementation can be patent-eligible because of having an inventive concept.

Again, the Board has accepted arguments of this sort and denied institution where "like those claims upheld in *DDR Holdings*," a challenged patent contains claims that "are 'rooted' in non-abstract computer technology" and "not directed generically to organizing and storing data." *Mirror World*, at *17.

The above explanations reveal that *DDR* demonstrates that Step 2B is met here because, viewed as a whole, the patent claims: (i) are directed to an Internet-centric problem; (ii) are not directed simply to performing known techniques on a

computer or on the Internet; (iii) are directed to an unconventional and non-generic combination of elements, indeed some of which elements are non-conventional themselves; (iv) involve interfacing computer systems using the Internet; and (v) refer to a specific (non-preemptive) technical solution.

For those reasons, the Petition has not met its burden of demonstrating, in the Petition, that it is more likely than not that the claims are patent-ineligible because the Petition's argument fails under Step 2B too.

Conclusion

In all, there is no reasonable likelihood that petitioner will prevail, so institution should be denied.

Respectfully submitted,

Dated: September 6, 2017

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CERTIFICATE OF SERVICE (37 C.F.R. § 42.6(e)(1))

The undersigned hereby certifies that on September 6, 2017, a complete and correct copy of the foregoing PATENT OWNER'S PRELIMINARY RESPONSE was served via electronic mail on the following counsel of record for Petitioner:

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Paper 10
Entered: November 28, 2017

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

YAHOO! INC.,
Petitioner,

v.

ALMONDNET, INC.,
Patent Owner.

Case CBM2017-00052
Patent 8,244,582 B2

Before MICHAEL W. KIM, JUSTIN T. ARBES, and
THOMAS L. GIANNETTI, *Administrative Patent Judges*.

KIM, *Administrative Patent Judge*.

DECISION
Denying Institution of Covered Business Method Patent Review
35 U.S.C. § 324(a) and 37 C.F.R. § 42.208

I. INTRODUCTION

A. Background

Yahoo! Inc. ("Petitioner") filed a Corrected Petition to institute a covered business method patent review of claims 1–6, 9, and 10 of U.S. Patent No. 8,244,582 B2 (Ex. 1001, "the '582 patent") on a single ground of unpatentability under 35 U.S.C. § 101. Paper 3 ("Pet.").[1] AlmondNet, Inc. ("Patent Owner") filed a Preliminary Response, in which Patent Owner indicates that a statutory disclaimer has been filed with respect to dependent claims 2 and 12. Paper 7 ("Prelim. Resp.") 23–24.

For the reasons set forth below, we determine that the '582 patent does not qualify as a covered business method patent for the purposes of § 18(d)(1) of the Leahy-Smith America Invents Act ("AIA"), Pub. L. No. 112-29, 125 Stat. 284, 331. We, thus, do not institute a covered business method patent review of any claim of the '582 patent.

B. Related Proceedings

Petitioner and Patent Owner identify the following district court proceeding concerning the '582 patent: *AlmondNet, Inc. et al. v. Yahoo! Inc.*, No. 1:16-cv-01557-ILG-SMG (E.D.N.Y.). Pet. 2; Paper 4, 2. The following proceedings, before the Board, also involve the same parties:

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[1] Petitioner filed its initial Petition on May 15, 2017 (Paper 2), then filed a Corrected Petition on June 2, 2017 (Paper 3). Petitioner was not ordered to correct its Petition in the Notice of Filing Date Accorded to Petition (*see* Paper 6), and the filed papers do not otherwise indicate that Board authorization was obtained to do so. *See* 37 C.F.R. § 42.20(a). We need not reach this issue, however, given our disposition of the Corrected Petition on the merits, as explained herein.

CBM2017-00046 (U.S. Patent No. 7,822,639) (institution denied); CBM2017-00047 (U.S. Patent No. 8,244,586) (institution denied); CBM2017-00049 (U.S. Patent No. 7,979,307); CBM2017-00050 (U.S. Patent No. 8,775,249); CBM2017-00051 (U.S. Patent No. 8,494,904); CBM2017-00056 (U.S. Patent No. 8,959,146) (institution denied); CBM2017-00058 (U.S. Patent No. 8,671,139) (institution denied).

C. Standing

Section 18 of the America Invents Act governs the transitional program for covered business method patent reviews. Leahy-Smith America Invents Act ("AIA"), Pub. L. No. 112–29, § 18, 125 Stat. 284, 329–31 (2011); *see also* 37 C.F.R. §§ 42.300–304 (2016) (setting forth the rules governing the transitional program for covered business method patents). Section 18(a)(1)(B) of the AIA limits such reviews to persons, or their privies, that have been sued or charged with infringement of a covered business method patent. *See also* 37 C.F.R. § 42.302(a) (setting forth who may petition for a covered business method patent review). Petitioner asserts that, because it has been sued for infringement of certain claims of the '582 patent, it has standing to file this Petition. Pet. 38 (citing Ex. 1003).[2] Based on the record before us, we agree.

D. The '582 Patent

The '582 patent discloses that the claimed invention relates generally to "a mercantile method directed to brokerage of attributes of information."

[2] Petitioner cites Ex. 1003 (Resume of Stephen Gray); we assume, however, Petitioner intended to cite the Complaint labeled Ex. 1004.

Ex. 1001, 1:29–31. According to the '582 patent, "[a]dvances in database technology have given rise to commerce in records, files and databases, per se. For example, paying for a database credit check for an individual or buying a mailing list have become common practice." *Id.* at 1:35–38. The '582 patent further discloses that "[u]nfortunately, the current state of information commerce is focused on the sales of whole databases, whole records, or evaluations based on single or clusters of records." *Id.* at 1:57–59. The '582 patent indicates this is a problem because "[i]n commercial applications where specific attributes of information strongly affect the value of evaluations, there is a need in the art for commerce in such attributes. For example, in targeted advertising, every attribute, which substantially affects the probability of that advertisement's success, innately has a discrete economic value." *Id.* at 1:59–65. The '582 patent purports to solve this problem by utilizing "a descriptive-profile mercantile method, for use at a juncture in a data communications topology having associated therewith a maintained databank of partial profiles." *Id.* at 3:30–33. According to the '582 patent, the disclosed invention provides "a means for making viable the economic commerce in the information attributes" and "operates on a brokerage representation model." *Id.* at 3:53–59.

E. Illustrative Claim

Petitioner challenges claims 1–6, 9, and 10 of the '582 patent. Of those, claim 1, reproduced below, is the only independent claim and is illustrative of the challenged claims.

> 1. An automated method of collecting profiles of Internet using entities, the method comprising:
>
> (a) electronically receiving at a programmed computer system coupled to a global computer network, from at least one

> server controlled by one of a plurality of unaffiliated third parties, a partial profile of an entity that uses a user computer coupled to the global computer network and accessing a website, which partial profile is available to one of the third parties and contains at least one profile attribute related to the entity, and automatically with the computer system storing the received partial profile;
>
> (b) wherein receiving the partial profile is achieved as a result of automatic electronic URL redirection from a portion of a page of the website accessed by the user computer;
>
> (c) automatically with the computer system electronically adding the received partial profile to a maintained profile believed to be related to the same entity;
>
> (d) automatically with the computer system generating and storing an electronic record of which of the plurality of unaffiliated third parties contributed to the maintained pro file particular pro file attributes;
>
> (e) wherein the maintained profile, including the added partial profile, comprises data used in targeting third party advertisements to the user computer over the global computer network.

Ex. 1001, 16:42–67.

F. Asserted Ground of Unpatentability

Petitioner challenges claims 1–6, 9, and 10 of the ’582 patent as failing to claim patent-eligible subject matter under 35 U.S.C. § 101. Pet. 38–65.

II. ANALYSIS

A. Claim Construction

In a covered business method patent review, we construe claim terms in an unexpired patent according to their broadest reasonable construction in light of the specification of the patent in which they appear. 37 C.F.R. § 42.200(b); *see Cuozzo Speed Techs. LLC v. Lee,* 136 S. Ct.

2131, 2142 (2016) (upholding the use of the broadest reasonable interpretation standard). Only those terms that are in controversy, however, need be construed, and only to the extent necessary to resolve the controversy. *See Vivid Techs., Inc. v. Am. Sci. & Eng'g, Inc.*, 200 F.3d 795, 803 (Fed. Cir. 1999). Under the broadest reasonable interpretation ("BRI"), claim terms generally are given their ordinary and customary meaning, as would be understood by one of ordinary skill in the art in the context of the entire disclosure. *In re Translogic Tech., Inc.*, 504 F.3d 1249, 1257 (Fed. Cir. 2007). An inventor, however, may define specific terms used to describe an invention, but must do so "with reasonable clarity, deliberateness, and precision" and must "'set out his uncommon definition in some manner within the patent disclosure' so as to give one of ordinary skill in the art notice of the change" in meaning. *In re Paulsen*, 30 F.3d 1475, 1480 (Fed. Cir. 1994) (quoting *Intellicall, Inc. v. Phonometrics, Inc.*, 952 F.2d 1384, 1387–88 (Fed. Cir. 1992)).

Petitioner proposes two claim terms be construed: "unaffiliated third parties" and "third party advertisements." Pet. 17–28. We begin our analysis with the plain language of the claims themselves, but look to the specification for guidance as to how one skilled in the art would understand the ordinary meaning of the claims. In interpreting claims, care must be exercised, as there is a fine line between interpreting claims in light of the specification, and reading limitations into the claims from the specification. *Comark Commc'ns, Inc. v. Harris Corp.*, 156 F.3d 1182, 1186 (Fed. Cir. 1998).

1. "unaffiliated third parties"

Independent claim 1 recites "electronically receiving at a programmed computer system coupled to a global computer network, from at least one server controlled by one of a plurality of ***unaffiliated third parties***, a partial profile . . ." (emphasis added). Petitioner asserts that "unaffiliated third parties" should be construed as "parties that engage in arm's length transactions to buy and sell profiles." Pet. 18–27. Petitioner asserts this construction is proper because: (1) the specification characterizes the "present invention" as including "unaffiliated third parties" that buy and sell profiles; (2) the specification makes clear that "unaffiliated third parties" are those that contract to buy and sell profiles; and (3) any construction of "unaffiliated third parties" that excludes a contract to buy and sell profiles would read out impermissibly the preferred embodiment of the invention. *Id.*

Patent Owner disagrees, asserting that the term "unaffiliated third parties" does not require any express construction. Prelim. Resp. 14–18. Patent Owner asserts further that even if construction were required, Petitioner's construction would be incorrect, because it excludes improperly "a party that *donates* data or *swaps* data rather than buying or selling it," something covered by use of the words "economic *or other* value" in a relevant portion of the specification. *Id.* (emphasis in original) (in part quoting Ex. 1001, 7:66–8:6). We agree with Patent Owner.

As an initial matter, we note that Petitioner does not assert that any express claim language supports its proffered construction. We discern that the lack of such an assertion is logical as, of all the substantive terms set forth in Petitioner's construction, the only one recited explicitly, in any

claim, is "profile." We do not discern that any of the terms "unaffiliated," "third," "parties," and "profile," individually or collectively, provides a sufficient basis for Petitioner's proposed construction.

Instead, Petitioner relies almost exclusively on the specification. In light of the above, however, Petitioner needs to show that its proffered construction is set forth "with reasonable clarity, deliberateness, and precision" and is "'set out . . . in some manner within the patent disclosure' so as to give one of ordinary skill in the art notice of the change" in meaning. *Paulsen*, 30 F.3d at 1480. We are unpersuaded that Petitioner has done so. Specifically, we agree with Patent Owner that the portions of the specification identified by Petitioner merely disclose preferred, but non-limiting, embodiments. *See* Prelim. Resp. 14–17. In particular, Patent Owner contends, and we agree, that the following portions of the specification indicate that "unaffiliated third parties" is not limited to "buying and selling," as asserted by Petitioner:

> In the context of the preferred embodiment of the present invention, 'user' relates to an individual, web site, search-robot and/or other type of software agent that interacts with the system by virtue of their contacting a juncture in the data-communications topology where the method is installed in order to acquire, trade, dispose of and/or broker some attribute data for the purpose of acquiring some potential economic ***or other value*** in connection with that attribute data.

Ex. 1001, 7:66–8:6 (emphasis added).

> The various kinds of contracts available in a transaction between the system and the user are: buy, sell, ***broker, and trade***. Where new information is disclosed to the system a royalty arrangement (or, alternatively, an outright purchase or sale) comprised of micro payments ***may be employed***.

Id. at 10:36–40 (emphases added).

As for Petitioner's assertion that construing "unaffiliated third parties" to exclude a contract to buy and sell profiles would read out impermissibly the preferred embodiment of the invention, we conclude that assertion is misplaced. Patent Owner does not assert that "unaffiliated third parties" should be construed as excluding buying and selling profiles; Patent Owner is merely asserting that "unaffiliated third parties" is not limited to "parties that engage in arm's length transactions to buy and sell profiles." Under that premise, a premise with which we agree for the reasons set forth above, the preferred embodiment is not excluded.

We are unpersuaded that "unaffiliated third party" is limited to "parties that engage in arm's length transactions to buy and sell profiles." As explained above, the term also encompasses parties that engage in other types of transactions (e.g., trades). We agree with Patent Owner that "unaffiliated third parties" does not require any further construction.

2. "third-party advertisements"

Independent claim 1 recites "wherein the maintained profile, including the added partial profile, comprises data used in targeting ***third-party advertisements*** to the user computer over the global computer network . . ." (emphasis added). Petitioner asserts that the term "third-party advertisements" should be construed as "paid announcements." Pet. 27–28. Petitioner asserts that the specification defines a "third party" as "one that buys and sells information." *Id.* Petitioner additionally asserts that an advertisement, in the context of electronic media, necessarily is paid. *Id.* (citing Ex. 1002 ¶¶ 44, 63). Petitioner, thus, concludes that "[s]ince, here, 'third-party' modifies 'advertisements,' the claim term 'third-party advertisements' ought to be construed to mean 'advertisements' that are sold

by one party and purchased by another (*i.e.*, third) party, *i.e.*, 'paid announcements.'" *Id.* at 27 (citing Ex. 1002 ¶ 62).

Patent Owner disagrees, asserting that "[t]he *broadest* reasonable interpretation of 'advertisement' is simply 'a notice or announcement,' and the broadest reasonable interpretation of 'third party advertisement' is a notice or announcement by some party other than the one performing the method of claim 1. Including free ads is not 'unreasonable.'" Prelim. Resp. 18–22. Patent Owner argues that Petitioner's assertions are flawed, because the "third party" recited in each of "unaffiliated third parties" and "third-party advertisement" are actually different parties. *Id.* at 20–21. Specifically, Patent Owner argues the "term 'unaffiliated third party' refers to the 'user,' whereas the term 'third-party advertisements' refers to advertisements of a third-party *advertiser*." *Id.* at 20. As an initial matter, we note that the parties appear to agree that "advertisements" are, essentially, "announcements," as each party's respective construction includes that term. Accordingly, we will limit our analysis to whether or not it is proper to insert the word "paid" before "announcements." On that issue, we agree with Patent Owner that it is not.

Beginning with "third party," Petitioner does not identify, and we are unable to ascertain independently, anything about the terms "third" or "party," individually or collectively, that has anything to do with either "one that buys and sells information" or "paid." The same is true for the rest of the express language set forth in independent claim 1.

The portions of the specification cited by Petitioner are equally unavailing. Pet. 27–28 (citing Ex. 1001, 3:42–43, 8:12–15). We are unpersuaded that either portion provides a definition of "third party" as "one

that buys and sells information," or as requiring "paid," with any degree of "clarity, deliberateness, and precision." *See Paulsen*, 30 F.3d at 1480. As noted by Patent Owner, the portions of the specification cited by Petitioner refer to a "third-party" in the context of "unaffiliated third party," and not "third-party advertisements." Moreover, even if those portions of the specification are considered relevant, we are unpersuaded that they limit "third party" to "one that buys and sells information," or require the term "paid," for the same reasons set forth above in our analysis of "unaffiliated third party."

For the claim term "advertisements," Petitioner asserts that adding the word "paid" is appropriate, because "one of ordinary skill would understand that in the context of the electronic media at issue in the '582 patent, an 'advertisement[ ]' is necessarily paid; otherwise, it would not be considered an 'advertisement[ ].'" Pet. 27 (citing Ex. 1002 ¶¶ 44, 63). We are unpersuaded. We have considered Petitioner's supporting evidence and, in particular, the testimony of Stephen Gray. While Mr. Gray uses the absolute term "always" in asserting that "[a]t least in the context of the Internet, advertisers always pay for 'advertisements'; otherwise, a displayed message would not be considered an advertisement" (Ex. 1002 ¶ 44), we are unpersuaded that it is credible, as the balance of the paragraph, as well as the cited exhibits, use much more equivocal language, as follows:

> Indeed, from its inception, Internet advertising was ***focused*** on generating revenue for websites for the display of advertisements. (*See, e.g.*, Ex. 1025 at 153 ("When advertising on the Web first began, no one knew how to price. The only known figure was a fee HotWired decided to charge for its first ads in 1994: $30,000 for banner advertising that ran for 12 weeks."). Advertisers ***may*** pay for advertisements via pay-per-

> click (PPC) systems, also called cost-per-click (CPC) systems. (*See* Ex. 1026 (https://www.duncanjonesnz.com/history-of-ppcmarketing/).) PPC is an Internet advertising ***model*** in which advertisers pay the publisher (***typically*** a website owner or a search engine) when the ad is clicked. The ads would have ***typically*** appeared as a link that ***may*** be accompanied by additional advertising language. When a user clicked on one of the ads containing a hyperlink, the user's browser was directed to the website of a company that had agreed to pay the owner of the PPC system some amount of money for each such click. Other pricing ***models*** "range from flat-fee to paying for the number of times an ad is seen . . . to paying on a cost-per-lead or cost-per-purchase basis." (Ex. 1025 at 154; *see also id.* at 153–78 (describing various pricing models used in Internet advertising).)

Ex. 1002 ¶ 44 (emphases added). The use of equivocal terms that signify the presence of alternatives, such as "focused," "may," "typically," and "model," all indicate that paid advertising was merely an option, and does not support Mr. Gray's testimony that "advertisers ***always*** pay for 'advertisements.'" *Id.* (emphasis added).

The same logic also is applicable to the analysis and supporting evidence set forth in paragraph 63 of Mr. Gray's Declaration. Ex. 1002 ¶ 63 (citing Exs. 1005, 1006).[3] Specifically, while the cited dictionary definitions do mention "paid announcement," that is merely set forth in a listing with other options that do not use the word "paid," or any equivalent. *See, e.g.*, Ex. 1006, 4 of 4 ("advertisement" is defined as "[a] notice, such as a poster, newspaper display, or paid announcement in the electronic media to attract

[3] Petitioner cites Ex. 1004 (Complaint). We assume, however, Petitioner intended to cite The American Heritage College Dictionary, 4th Edition (Ex. 1005), The American Heritage College Dictionary, 3rd Edition (Ex. 1006).

public attention or patronage."). Accordingly, again, we are unpersuaded that Mr. Gray's testimony that "'advertisement[ ]' is ***necessarily*** paid; otherwise, it would not be considered an 'advertisement[ ]'" (emphasis added) is credible. Ex. 1002 ¶ 63 (emphasis added).

Finally, Patent Owner cites several cases in support of its argument that an advertisement does not necessarily require payment; rather, an advertisement is merely a notice or announcement. Prelim. Resp. 18–22 (citing *Unwired Planet, LLC v. Google, Inc.*, 841 F.3d 1376, 1382 (Fed. Cir. 2016); *Google Inc. v. Klaustech, Inc.*, CBM2016-00096, slip op. at 8–16 (PTAB. Feb. 27, 2017) (Paper 10); *Google Inc. v. HBAC Matchmaker Media Inc.*, CBM2016-00097, slip op. at 12–23 (PTAB Feb. 27, 2017) (Paper 16) (*but see* dissenting opinion)). We acknowledge that facts and arguments may differ between cases, such that a finding in one case that "advertisement" does not necessarily require payment is not always binding on another. Nevertheless, the cited cases, and, in particular, the *Unwired Planet* decision issued by the Federal Circuit, provide some guidance on this issue. We are unpersuaded that Petitioner has shown sufficiently that the facts and arguments in this case justify a different outcome.

Accordingly, we construe "third party advertisements" as "third party announcements," which does not include the word "paid."

B. Covered Business Method Patent

Section 18(d)(1) of the AIA defines a covered business method patent as "a patent that claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, except that the term does not include patents for technological inventions." *See also* 37 C.F.R.

§ 42.301(a) (stating the same). To determine whether a patent is a covered business method patent, "the statutory definition of a [covered business method (CBM)] patent requires that the patent have a claim that contains, however phrased, a financial activity element." *Secure Axcess, LLC v. PNC Bank Nat'l Ass'n*, 848 F.3d 1370, 1381 (Fed. Cir. 2017); *see also Blue Calypso, LLC v. Groupon, Inc.*, 815 F.3d 1331, 1340 (Fed. Cir. 2016) (stating that "§ 18(d)(1) directs us to examine *the claims* when deciding whether a patent is a CBM patent"); *Unwired Planet*, 841 F.3d at 1382 ("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.'").

Petitioner cites four claims of the '582 patent in support of its assertion that the '582 patent is a covered business method patent: dependent claims 2 and 12, and independent claims 1 and 11. Pet. 29–34.

1. Effect of Statutory Disclaimer

Petitioner contends dependent claims 2 and 12 of the '582 patent are directed to financial activity, because each claim requires a predetermined arrangement whereby a payment amount is due to the unaffiliated third party as a result of using at least one of the profile attributes contributed by that third party in targeting the third party advertisements. Pet. 30. Patent Owner argues, however, that these claims cannot provide the basis for eligibility for a covered business method patent review, because they have been disclaimed pursuant to 35 U.S.C. § 253(a) and 37 C.F.R. § 1.321(a). Prelim. Resp. 23–24. We agree with Patent Owner. "The Federal Circuit has held consistently that claims disclaimed under § 253(a) should be treated as though they never existed." *Facebook, Inc. v. Skky, LLC*, Case

CBM2016-00091, slip op. at 8 (PTAB Sept. 28, 2017) (Paper 12) (informative) (citing *Vectra Fitness, Inc. v. TWNK Corp.*, 162 F.3d 1379, 1383 (Fed. Cir. 1998)). "The decision whether to institute a CBM patent review is based on whether a patent 'is' a covered business method patent, which in turn is based on what the patent 'claims' at the time of the institution decision, not as the claims may have existed at some previous time." *Id.* at 6. Accordingly, as dependent claims 2 and 12 are disclaimed by the time of this decision, they cannot provide the basis for eligibility for a covered business method patent review.

2. Financial Product or Service

Petitioner's assertion that independent claims 1 and 11 recite financial activity elements is entirely premised on its proposed constructions of "unaffiliated third parties" and "third-party advertisements." Pet. 31–32.[4] As discussed *supra*, however, we do not adopt Petitioner's proffered claim constructions of either term. Instead, we determine that "unaffiliated third parties" is not limited to profile buyers and sellers and does not require any

[4] Petitioner also asserts that "[t]he '582 patent's specification makes plain that it is a patent 'used in the practice, administration, or management of a financial product or service.'" Pet. 33. Petitioner then asserts, however, the following: "Petitioner acknowledges that this argument is inconsistent with the Federal Circuit's language in *Secure Axcess LLC v. PNC*, 848 F.3d 1370 (Fed. Cir. 2017). The appellant in that case, however, has filed a request for *en banc* review, asking whether such patents are CBM eligible . . . . Petitioner submits this argument for the Board's consideration should the Federal Circuit or Supreme Court overrule or modify the *Secure Axcess* decision." Pet. 33 n.6. The request for *en banc* review was denied. *Secure Axcess LLC v. PNC*, 859 F.3d 998 (Fed. Cir. 2017). A petition for a writ of certiorari was filed on September 4, 2017, and is pending. In any case, however, as neither the Federal Circuit nor Supreme Court, as of this date, has overruled or modified *Secure Axcess*, Petitioner's assertion is moot.

further construction, and that "third party advertisements" should be construed as "third party announcements." On this record, therefore, we are unpersuaded that Petitioner has shown sufficiently that either claim term is a financial activity element. Accordingly, Petitioner has not met its burden of demonstrating that the '582 patent is eligible for a covered business method patent review.

II. CONCLUSION

On this record, Petitioner has not met its burden of showing that the '582 patent is eligible for the transitional covered business method patent review program.

III. ORDER

After due consideration of the record before us, and for the foregoing reasons, it is ORDERED that the Petition is *denied* and no covered business method patent review is instituted.

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