UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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J.P. MORGAN CHASE & CO.,
JPMORGAN CHASE BANK, NAT'L ASS'N,
CHASE BANK USA, NAT'L ASS'N,
CHASE PAYMENTECH SOLUTIONS LLC, and PAYMENTECH LLC,
Petitioner,

v.

INTELLECTUAL VENTURES II LLC,
Patent Owner.

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Case CBM2014-00157
Patent 6,314,409 B2

Before KRISTEN L. DROESCH, BARBARA A. PARVIS, and
MATTHEW R. CLEMENTS, *Administrative Patent Judges.*

DROESCH, *Administrative Patent Judge.*

DECISION
Final Written Decision
*35 U.S.C. 328(a) and 37 C.F.R. § 42.73*

## I.   INTRODUCTION

### A.  Background

J.P. Morgan Chase & Co., JPMorgan Chase Bank, National Association, Chase Bank USA, National Association, Chase Paymentech Solutions LLC, and Paymentech LLC (collectively "Petitioner") filed a Petition (Paper 1, "Petition" or "Pet.") requesting a covered business method ("CBM") patent review of claims 1–21, 23–27, 29, 30, 32, 33, and 36–39  of U.S. Patent No. 6,314,409 B2 (Ex. 1001, "the '409 Patent"), pursuant to § 18 of the Leahy-Smith America Invents Act ("AIA")[1].  Intellectual Ventures II LLC ("Patent Owner") filed a Preliminary Response to the Petition.  Paper 7 ("Prelim. Resp.").  Prior to filing the Preliminary Response and pursuant to 35 U.S.C. § 253(a) and 37 C.F.R. § 1.321(a), Patent Owner disclaimed claim 23 of the '409 Patent.  Prelim. Resp. 9; Ex. 2004.  Pursuant to 35 U.S.C. § 324, we instituted trial on January 14, 2015 as to claims 1–21, 24–27, 29, 30, 32, 33, and 36–39  of the '409 Patent.  Paper 8 ("Institution Decision" or "Inst. Dec.").

Following institution of trial and pursuant to 35 U.S.C. § 253(a) and 37 C.F.R. § 1.321(a), on March 4, 2015 Patent Owner disclaimed claim 12 of the '409 Patent.  Ex. 2006.  Therefore, only claims 1–11, 13–21, 24–27, 29, 30, 32, 33, and 36–39 ("the remaining challenged claims") are at issue.

During trial, Patent Owner filed a Patent Owner Response (Paper 19, "PO Resp."), and Petitioner filed a Reply (Paper 22, "Pet. Reply").  Petitioner filed a Motion to Exclude Evidence (Paper 29), Patent Owner

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[1] Pub. L. No. 112-29, 125 Stat. 284 (2011).

filed an Opposition (Paper 36), and Petitioner filed a Reply to the Opposition (Paper 37). Patent Owner filed a Motion for Observations (Paper 31), and Petitioner filed a Response (Paper 35). Pursuant to authorization (Paper 26), Patent Owner filed a list identifying Petitioner's evidence alleged to exceed the scope of a proper reply (Paper 30), and Petitioner filed a list (Paper 34) alleged to identify Patent Owner's arguments to which the evidence responded.

Oral hearing was held on August 28, 2015. Paper 39 ("Tr.").

We have jurisdiction under 35 U.S.C. § 6(c). This Decision is a Final Written Decision under 35 U.S.C. § 328(a) as to the patentability of the remaining challenged claims. For the reasons given herein, Petitioner shows by a preponderance of the evidence that claims 1–11, 13–21, 24–27, 29, 30, 32, 33, and 36–39 are directed to patent-ineligible subject matter under 35 U.S.C. § 101.

### B. Related Proceedings

The parties indicate the '409 Patent is at issue in multiple district court proceedings involving numerous parties, including *Intellectual Ventures II LLC v. JPMorgan Chase & Co.*, 1:13-cv 3777 (S.D.N.Y) ("the related JPMC district court proceeding"). Pet. 3; Paper 5, 1–2. The parties also indicate the '409 Patent was the subject of four (4) petitions for *inter partes* review: IPR2014-00672, IPR2014-00673, IPR2014-00719, and IPR2014-00722. Pet. 3; Paper 5, 2. The parties further indicate the '409 Patent is the subject of two (2) additional petitions for *inter partes* review: IPR2015-01322, and IPR2015-01323. Paper 38, 2.

*C. The '409 Patent (Ex. 1001)*

The '409 Patent relates to methods, devices, and systems for controlling access to, and use, distribution, and secondary distribution of data. Ex. 1001, Abs., 6:63–7:9.

Figure 1 of the '409 Patent is reproduced below:
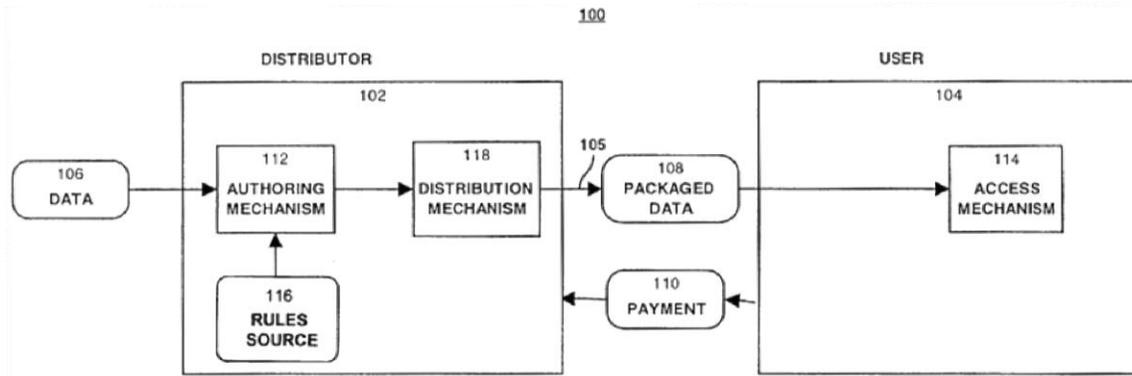


Figure 1 depicts digital data access and distribution system 100, including distributor 102 and user 104. Ex. 1001, 9:11–13, 9:51–55. Distributor 102 provides packaged data 108 over communication channel 105 to user 104 in return for payment 110. *Id.* at 9:55–58. Specifically, authoring mechanism 112 of distributor 102 produces packaged data 108 from data 106, and distribution mechanism 118 of distributor 102 provides packaged data 108 to user 104. *Id.* at 9:61–64. Packaged data 108 includes an encrypted body part, an unencrypted body part, and access rules 116 in encrypted form. *Id.* at 9:64–66, 10:47–53, 10:60–65, Fig. 2. Packaged data 108 can be transmitted openly using communication channel 105, which may be insecure. *Id.* at 15:25–29, 24:49–51. Access mechanism 114 enables user 104 to access packaged data 108 in controlled ways depending on access rules 116. *Id.* at 10:1–5, 15:31–35, 17:45–52. In alternative embodiments,

"access mechanism may be supplied with a set of rules built-in." *Id.* at
34:29–30.

Figure 8 of the '409 Patent is reproduced below:
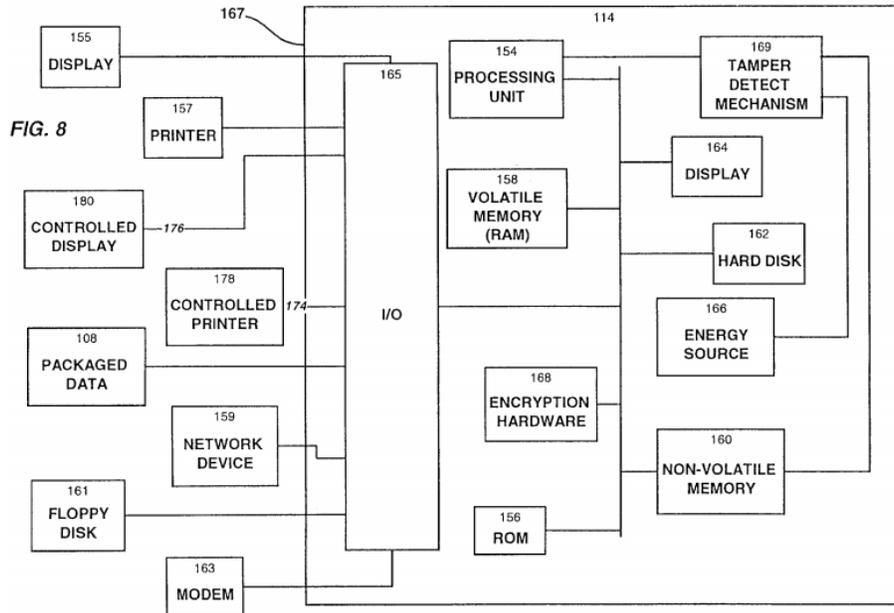


Figure 8 depicts access mechanism 114 including processing unit 154, read-
only memory (ROM) 156, volatile memory (RAM) 158, input/output (I/O)
controller 165, and energy source 166 (e.g., battery). Ex. 1001, 15:41–45.
Access mechanism 114 may also include electrically-alterable non-volatile
memory 160, hard disk 162, display 164, and special purpose components
such as encryption hardware 168. *Id.* at 15:45–49. Other devices or
mechanisms can be connected to I/O controller 165, for example, display
155, printer 157, controlled display 180, controlled printer 178, network
connection device 159, floppy disk 161, and modem 163. *Id.* at 15:50–59.
Transmission, printing, display, and output of an unencrypted copy of the
data can be prevented or restricted according to access rules. *Id.* at 15:55–
59, 17:24–40, 25:15–28, 25:59–26:6, 26:11–29, 27:11–24. Access
mechanism 114 also is packaged in a tamper-detectable manner, and once

tampering is detected, access mechanism 114 is disabled. *Id.* at 15:65–17:23. Line 167 depicted in Figure 8 defines a security boundary for access mechanism components, and tamper detect mechanism 169 is included as part of access mechanism 114. *Id.* at 16:1–5. "Any known form of tamper protection and detection can be used, as long as it functions to destroy the data as required." *Id.* at 17:1–3.

## D. Illustrative Claim

Independent claims 1, 21, and 24 are directed to methods. Claims 2–11 and 13–20 depend from claim 1. Independent claims 25, 30, 32, 33, 36, and 38 are directed to devices, a system, and a computer system. Claims 26, 27, and 29 depend from claim 25; claim 37 depends from claim 36; and claim 39 depends from claim 38. Claim 1 is illustrative:

> 1. A method of distributing data, the method comprising:
> protecting portions of the data; and
> openly distributing the protected portions of the data, whereby each and every access to an unprotected form of the protected portions of the data is limited in accordance with rules defining access rights to the data as enforced by an access mechanism, so that unauthorized access to the protected portions of the data is not to the unprotected form of the protected portions of the data.

## E. Asserted Ground of Unpatentability

We instituted review of claims 1–21, 24–27, 29, 30, 32, 33, and 36–39 on the ground that the claims are not directed to patent-eligible subject matter under 35 U.S.C. § 101. Inst. Dec. 27. Claim 12 was subsequently disclaimed. Ex. 2006.

## II. ANALYSIS

### A. Real Party-in-Interest

Patent Owner argues, as it did in its Preliminary Response, that the Petition does not identify all real parties-in-interest because the Petition does not identify IBM as a real party-in-interest. PO Resp. 63–65; Prelim. Resp. 45–47; *see* 35 U.S.C. § 322(a)(2); 37 C.F.R. § 42.8(b)(1). We discern no difference between Patent Owner's arguments in the Preliminary Response and those in the Response. *Compare* PO Resp. 63–65, *with* Prelim. Resp. 45–47. Therefore, we incorporate our previous analysis (Inst. Dec. 8), and determine that Patent Owner has not come forward with sufficient evidence to call into question Petitioner's identification of the real party-in-interest.

### B. Claim Construction

In a covered business method patent review, claim terms are given their broadest reasonable interpretation in light of the specification in which they appear and the understanding of others skilled in the relevant art. 37 C.F.R. § 42.300(b); *see In re Cuozzo Speed Techs., LLC,* 793 F.3d 1268, 1278–79 (Fed. Cir. 2014); *Versata Dev. Grp., Inc. v. SAP Am., Inc.*, 793 F.3d 1306, 1327–28 (Fed. Cir. 2015).

Petitioner proposes constructions for several claim terms and phrases in its Petition. Pet. 7–11; *see* Inst. Dec. 9–10. Patent Owner does not dispute Petitioner's proposed claim constructions. *See* Prelim. Resp. 9; *see also* Tr. 18:24–19:1 ("looking at the access mechanism, that term within the claim, we agree it's hardware and/or software"), 29:20–23 ("it's our position that any hardware and software so appropriately configured to perform those functions would fall in with the scope of this claim."). In any event, a discussion of Petitioner's proposed constructions for "access mechanism,"

recited in claim 1, and "internal rule built in to the access mechanism,"
recited in claim 14, informs our analysis in the determination of whether the
challenged claims recite patent-eligible subject matter.

Petitioner's proposed construction for the term "access mechanism" is
"hardware and/or software for controlling access to data." Pet. 8–9 (citing
Ex. 1002, 8; Ex. 1003, 6; Ex. 1001, 10:1–4, 15:31–32); *see* Inst. Dec. 9.
Petitioner's claim construction for "access mechanism" is consistent with the
'409 Patent Specification, which discloses access mechanism 114 as
including processing unit 154, ROM 156, RAM 158, I/O controller 165,
non-volatile memory 160, hard disk 162, encryption hardware 168, and
tamper detect mechanism 169. Ex. 1001, 15:41–59, 15:65–16:5, 17:1–3,
Fig. 8. Therefore, for purposes of this decision, we adopt Petitioner's
uncontested construction of access mechanism as the broadest reasonable
interpretation.

Petitioner's proposed construction for "internal rule built in the access
mechanism" is a rule "integrated into the access mechanism." Pet. 8 (citing
Ex. 1002, 7; Ex. 1003, 5); *see* Inst. Dec. 9. Petitioner's claim construction
for "internal rule built in the access mechanism" is consistent with the '409
Patent Specification which discloses "the access mechanism may be
supplied with a set of rules built-in," "that can or cannot be overruled by
rules provided with packaged data." Ex. 1001, 34:29–33; *see also id*. at
34:34–43. Accordingly, for purposes of this decision, we adopt Petitioner's
uncontested construction of internal rule built in the access mechanism as
the broadest reasonable interpretation.

*C. Petitioner's Standing to File Petition for CBM Patent Review*

In our Institution Decision, we determined Petitioner had standing to file the petition for covered business method patent review on the basis that at least one claim was directed to a method for performing data processing used in the practice of a financial product or service. Inst. Dec. 10–12, 14. Following institution of trial, Patent Owner disclaimed claim 12. Ex. 2006. Patent Owner argues that the Petition should be dismissed for lack of standing because, after the disclaimer of claim 12, the challenged patent is no longer a covered business method patent. PO Resp. 8–11, 20–23.

Patent Owner asserts, "like a plaintiff before a federal court, Petitioners maintain their burden to show standing throughout the proceeding." PO Resp. 10 (citing *Lujan v. Defenders of Wildlife*, 504 U.S. 555, 561 (1992)). Patent Owner further contends a patent owner may strip a petitioner of standing in the middle of the proceeding, forcing the tribunal to dismiss the proceeding. *Id.* at 11 (citing *Arris Grp., Inc. v. British Telecomm.*, 639 F.3d 1368, 1380–81 (Fed. Cir. 2011)).

We are not persuaded that standing requirements under Article III of the Constitution apply to proceedings before the Patent Trial and Appeal Board. "[F]or an agency such as the PTO, standing is conferred by statute." *Coach Servs., Inc. v. Triumph Learning LLC*, 668 F.3d 1356, 1376 (Fed. Cir. 2012). Therefore, the appropriate "starting point for a standing determination . . . is the statute that confers standing before th[e] agency." *Ritchie v. Simpson*, 170 F.3d 1092, 1095 (Fed. Cir. 1999). For covered business method patent review, the starting point for the standing inquiry is AIA § 18.

> Section 18(a)(1)(B) of the AIA establishes:
>
> A person may not file a petition for a transitional proceeding with respect to a covered business method patent unless the person or the person's real party in interest or privy has been sued for infringement of the patent or has been charged with infringement under that patent.

Pub. L. No. 112–29, 125 Stat. 284, 330 (2011). Section 18(a)(1)(B) places a limitation on who may file a petition for covered business method patent review. This limitation on who may file a petition is repeated in 35 U.S.C. § 321(a), which governs covered business method patent reviews, and is repeated in the regulations promulgated under the authority of AIA § 18(a)(1). *See* 37 C.F.R. § 42.302(a). The definition for "covered business method patent" is provided in AIA § 18(d). 125 Stat. at 331; *see* 37 C.F.R. § 42.301.

The statutes governing covered business method patent review specify requirements for who may file a petition for covered business method patent review, and specify the subject matter for which the transitional proceedings may be instituted. These statutory requirements necessitate evaluation of Petitioner's standing to file a petition for CBM patent review based on the point in time when the petition was filed. *See also* Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Review Patents and Transitional Program, 77 Fed. Reg. 48,679, 48,694 (Aug. 14, 2012) ("Th[e] requirement [of 37 C.F.R. § 42.304(a)] is to ensure that a party has standing to file the covered business method patent review and would help prevent spuriously instituted reviews. Facially improper standing will be a basis for denying the petition . . .").

Patent Owner does not direct us to statutory language imposing a requirement for a petitioner to maintain standing throughout trial. Further, Patent Owner does not direct us to persuasive authority challenging the plain language of the statutes governing covered business method patent reviews. Accordingly, the plain language of the AIA requires us to determine whether petitioner had standing to file a petition for CBM patent review at the time the petition was filed; not whether petitioner has standing throughout the proceeding.

Patent Owner also asserts the Court of Appeals for the Federal Circuit ("Federal Circuit") "has held that a party may take actions to strip an agency's Board of its authority to continue a proceeding," and contends "[t]he Office itself recognized as much during rulemaking." PO Resp. 11 (citing *Berman v. Housey*, 291 F.3d 1345, 1351 (Fed. Cir. 2002), quoting Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions; Final Rule 77 Fed. Reg. 48,61248,648 (August 14, 2012)). We are not persuaded by Patent Owner's arguments that it would be appropriate to dismiss the CBM patent review based on the disclaimer of claim 12. In *Berman v. Housey*, the case cited by Patent Owner, the Board terminated an interference, which is governed by different statutes, because the sole remaining claim in the interference was time-barred by statute, which rendered the interference non-existent. 291 F.3d at 1351. In contrast, in the CBM patent review before us, numerous remaining challenged claims remain in the trial.

Patent Owner also argues that the '409 Patent is not a covered business method because it is not used in the practice, administration, or management of a financial product or service, and because it is directed to a

technological invention. We address below Patent Owner and Petitioner's specific contentions.

### 1. Covered Business Method Patent

A "covered business method patent" is a patent that "claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, except that the term does not include patents for technological inventions." AIA § 18(d)(1); *see* 37 C.F.R. § 42.301(a). For purposes of determining whether a patent is eligible for a covered business method patent review, the focus is on the claims. *See* Transitional Program for Covered Business Method Patents—Definitions of Covered Business Method Patent and Technological Invention, 77 Fed. Reg. 48,734, 48,736 (Aug. 14, 2012). A patent need only have one claim directed to a covered business method to be eligible for review. *See Id.* In promulgating rules for covered business method patent reviews, the Office considered the legislative intent and history behind the AIA's definition of "covered business method patent." *Id.* at 48,735–36. The "legislative history explains that the definition of covered business method patent was drafted to encompass patents 'claiming activities that are financial in nature, incidental to a financial activity or complementary to a financial activity.'" *Id.* at 48,735 (citing 157 Cong. Rec. S5432 (daily ed. Sept. 8, 2011) (statement of Sen. Schumer)). The legislative history indicates that "financial product or service" should be interpreted broadly. *Id.*

Petitioner asserts dependent claim 12 is directed to a method of performing data processing used in the practice of a financial product or service. Pet. 13–17 (citing AIA § 18(d)(1); 37 C.F.R. § 42.301(a)).

Petitioner asserts that claim 12, which depends from claim 1, recites "payment requirements" and "allowing access to the unprotected form of the protected data portions only if the payment requirements indicated in the rules are satisfied." *Id.* at 14–15 (emphasis omitted). Petitioner further contends that the '409 Patent Specification describes "payment requirements," as, for example, the amount a user must pay before being given access to digital property. *Id.* at 15; *see also id*. at 16–17 (citing Ex. 1001, 1:9–10, 3:61–64, 22:66–23:2, 24:22–25, 27:35–38, 28:53–54).

We are persuaded that dependent claim 12, which was part of the '409 Patent when the Petition was filed, is directed to a method for performing data processing used in the practice of a financial product or service, namely, payment for access to data. Claim 1 recites "each and every access to an unprotected form of the protected portions of the data is limited in accordance with rules defining access rights to the data as enforced by the access mechanism," and claim 12, dependent therefrom, recites "allowing access to the unprotected form of the protected data portions only if the payment requirements indicated in the rules are satisfied." Ex. 1001, 35:37–41, 36:39–41. The portions of the '409 Patent Specification cited by Petitioner confirm the connection of claim 12 to the performance of data processing used in the practice of a financial product or service. *See* Pet. 16 (quoting Ex. 1001, 1:9–10, disclosing the field of the invention as "relat[ing] to the control of distribution and access of digital property as well as to the payment therefor"); *see also id.* at 16–17 (discussing additional disclosures in the '409 Patent Specification related to payment for access to data).

We are not persuaded by Patent Owner's arguments that based on the disclaimer of claim 12, "Petitioner and the Board can no longer rely on

claim 12," and the '409 Patent must be treated as if claim 12 never existed. PO Resp. 22; *see id.* at 20–23. As explained above, the inquiry regarding a petitioner's standing to file a petition for covered business method patent review is evaluated based on the time the petition was filed. Patent Owner 's arguments are unavailing because the '409 Patent included claim 12 when the Petition was filed.

Patent Owner argues the '409 Patent is not a covered business method patent because it does not recite subject matter particular to, or characteristic of, financial institutions. PO Resp. 15. Patent Owner asserts "Congress unambiguously limited the definition of CBM patents to those patents that claim performing operations used to provide *financial* products or services . . . ." *Id.*; *see id.* at 13–14, 16–20.

Patent Owner's arguments are not persuasive. The Federal Circuit has rejected similar arguments, holding "as a matter of statutory construction, the definition of 'covered business method patent' is not limited to products and services of only the financial industry, or to patents owned by or directly affecting activities of financial institutions." *Versata*, 793 F.3d at 1325 (quoted with approval in *Sightsound Techs., LLC, v. Apple Inc.*, Nos. 2015-1159, 2015-1160, 2015 WL 8770164, at *5(Fed. Cir. Dec. 15, 2015)).

We also are not persuaded by Patent Owner's argument that the remaining challenged claims (i.e., excluding claim 12) of the '409 Patent do not recite or require any activity involving the movement of money. PO Resp. 15; *see also id.* at 14–15 (citing *Par. Pharm. Inc. v. Jazz Pharms., Inc.,* Case CBM2014-00149 slip op. at 12 (PTAB Jan. 13, 2015) (Paper 12) to support contention that "covered business method patent must include at least one claim that '*recite[s]* or *require[s]* an activity involving the

movement of money or extension of credit in connection with the sale'"").
Patent Owner's arguments focus on the claims of the '409 Patent after
disclaimer of claim 12 (Ex. 2006), instead of on the claims of the '409
Patent at the time the Petition was filed. Furthermore, Patent Owner does
not direct us to persuasive authority to support its narrow definition of a
covered business method patent as requiring a claim reciting or requiring
movement of money.

For the foregoing reasons, we maintain our determination that, at the
time the Petition was filed, the '409 Patent included at least one claim to a
method for performing data processing used in the practice of a financial
product or service. *See* Inst. Dec. 10–14; AIA § 18(d)(1); 37 C.F.R.
§ 42.301(a).

## 2. *Technological Invention*

The definition of "covered business method patent" in AIA § 18(d)(1)
does not include patents for "technological inventions." To determine
whether a patent is for a technological invention, we 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." 37 C.F.R. § 42.301(b). Both prongs must be satisfied
in order for the patent to be a technological invention. In view of the
"technological inventions" exception of AIA § 18(d)(1), the legislative
history of § 18(d)(1), and the definition of "technological invention" under
37 C.F.R. § 42.301(b), the Office Patent Trial Practice Guide ("Trial
Practice Guide") provides the following guidance with respect to claim
content that typically would not render a patent a technological invention:

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(a) Mere recitation of known technologies, such as computer hardware, communication or computer networks, software, memory, computer-readable storage medium, scanners, display devices or databases, or specialized machines, such as an ATM or point of sale device.

(b) Reciting the use of known prior art technology to accomplish a process or method, even if the process or method is novel and non-obvious.

(c) Combining prior art structures to achieve the normal, expected, or predictable result of that combination.

77 Fed. Reg. at 48,763–64.

Petitioner contends the challenged claims do not recite a technological feature that is novel and non-obvious over the prior art. Pet. 22. Petitioner argues the claimed "access mechanism" is not a technological feature or improvement over the prior art because Patent Owner stipulated in the related JPMC district court proceeding that "access mechanism" should be construed as "hardware and/or software for controlling access to data." *Id.* at 23 (citing Ex. 1003, 6). Petitioner asserts the '409 Patent Specification discloses the access mechanism as "an amalgamation of conventional, well-known computer components" (i.e., processing unit 154, read-only memory (ROM) 156, volatile memory (RAM) 158, I/O controller 165, energy source 166, and, optionally, non-volatile memory 160, hard disk 162, display 164, and encryption hardware 168). *Id.* at 23–24 (citing Ex. 1001, 15:41–49; Ex. 1017, 223–224). Petitioner concludes that the "access mechanism" is nothing more than the "'mere recitation of known technologies, such as computer hardware.'" *Id.* at 24 (citing Trial Practice Guide, 77 Fed. Reg. at 48,764).

Patent Owner contends the claimed access mechanism is not just any hardware and/or software. PO Resp. 24, 29. Patent Owner argues "the

claimed access mechanism is a novel and nonobvious combination of hardware and/or software that enforces rules for 'each and every access to an unprotected form' of the protected data 'so that unauthorized access to the protected portions of the data is not to the unprotected form of the protected portions of the data,'" as recited in claim 1. PO Resp. 24–25. Patent Owner contends the claimed access mechanism is novel and non-obvious because the access mechanism is necessarily configured to limit access according to the rules recited in the claim, whether by hardwiring, programming or a combination of both. PO Resp. 25–26 (citing Ex. 2008 ¶¶ 24, 25).

We remain persuaded by Petitioner's arguments that the access mechanism recited in claims 1 and 12 is not a technological feature. *See* Pet. 22–25. Patent Owner's arguments to the contrary are unpersuasive because the asserted novelty or non-obviousness of the access mechanism is predicated on the access mechanism being configured to perform the alleged novel or non-obvious recitation of the whereby clause of claim 1. Although Patent Owner argues, with supporting evidence, that the access mechanism is configured by hardwiring, programming, or a combination of both, (*see* PO Resp. 25–26), Patent Owner does not explain sufficiently how "hardwiring, programming, or a combination of both," is novel, nonobvious, or amounts to any more than known prior art technology. Furthermore, Patent Owner does not explain sufficiently how the access mechanism recited in claim 1, and broadly construed as "hardware and/or software for controlling access to data," requires any more than the generic hardware and computer components disclosed in the '409 Patent. *See* Ex. 1001, 15:41–59, 15:65–16:5, 17:1–3, Fig. 8.

In the context of method claims 1 and 12, the access mechanism is not sufficient to render claims 1 and 12 of the '409 Patent a technological invention because the access mechanism requires nothing more than the use of known prior art technology to accomplish a method, even if the method is novel and non-obvious. *See* Trial Practice Guide, 77 Fed. Reg. at 48,763–64; *see also Versata*, 793 F.3d at 1327 (affirming PTAB determination that a method of determining a price that could be achieved in any type of computer system, or programming or processing environment, and which did not require specific, unconventional software, computer equipment, tools or processing capabilities was not a technological invention). Accordingly, we determine the subject matter of claims 1 and 12 as a whole does not recite a technological feature that is novel and non-obvious over the prior art

We also have considered, but are not persuaded by, Patent Owner's contentions that the claimed invention "solves a technical problem (i.e., controlling access to digital data) with a technical solution (i.e., the access mechanism)" that also solves a commercial need (i.e., the second prong). PO Resp. 29–32. Because we are persuaded the '409 Patent does not satisfy the first prong of the "technological invention" exception of AIA § 18(d)(1), we are persuaded the '409 Patent is not directed to a technological invention.

For the foregoing reasons, we maintain our determination that the '409 Patent, at the time the Petition was filed, was not a patent for a technological invention. *See* Inst. Dec. 14–17; AIA § 18(d)(1). Accordingly, we maintain our determination that the '409 Patent is eligible for a covered business method patent review, and that Petitioner established standing to file the Petition for covered business method patent review.

*D. 35 U.S.C. § 101*

*1. A Condition for Patentability*

Patent Owner argues, as it did in its Preliminary Response, that the Petition fails to show any claim is unpatentable on a ground properly raised in a CBM patent review because § 101 is not "a condition for patentability." PO Resp. 60–62; Prelim. Resp. 30–32. Similar arguments have been rejected recently in *Versata*, 793 F.3d at 1328–1330, in which the court held that § 101 challenges are permitted by AIA § 18. Accordingly, we are not persuaded by Patent Owner's argument that 35 U.S.C. § 101 is not a proper ground for covered business method patent review.

*2. Patent-Eligible Subject Matter Under 35 U.S.C. § 101*

A patent may be obtained for "any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof." 35 U.S.C. § 101. The Supreme Court has held that this provision contains an important implicit exception: laws of nature, natural phenomena, and abstract ideas are not patentable. *Alice Corp. Pty. Ltd. v. CLS Bank Int'l*, 134 S. Ct. 2347, 2354 (2014); *Gottschalk v. Benson*, 409 U.S. 63, 67 (1972) ("Phenomena of nature, through just discovered, mental processes, and abstract intellectual concepts are not patentable, as they are the basic tools of scientific and technological work."). Notwithstanding that a law of nature or an abstract idea, by itself, is not patentable, the practical application of these concepts may be deserving of patent protection. *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289, 1293–94 (2012).

In *Alice*, the Supreme Court reaffirmed the framework set forth in *Mayo* "for distinguishing patents that claim laws of nature, natural

phenomena, and abstract ideas from those that claim patent-eligible applications of these concepts." 134 S. Ct. at 2355. The first step of the analysis is to "determine whether the claims at issue are directed to one of those patent-ineligible concepts." *Id.* If the claims are directed to a patent-ineligible concept, the second step of the analysis is to "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." *Alice*, 134 S. Ct. at 2355 (quoting *Mayo*, 132 S. Ct. at 1298). In other words, the second step is to "search for an 'inventive concept'—i.e., an element or combination of elements that is 'sufficient to ensure that the patent in practice amounts to significantly more than a patent on the [ineligible concept] itself.'" *Id.* (brackets in original) (quoting *Mayo*, 132 S. Ct. at 1294). The prohibition against patenting an abstract idea "cannot be circumvented by attempting to limit the use of the formula to a particular technological environment or adding insignificant post[-]solution activity." *Bilski v. Kappos*, 561 U.S. 593, 610–11 (2010) (citation and internal quotation marks omitted). "A claim that recites an abstract idea must include 'additional features' to ensure 'that the [claim] is more than a drafting effort designed to monopolize the [abstract idea].'" *Alice*, 134 S. Ct. at 2357 (brackets in original) (quoting *Mayo*, 132 S. Ct. at 1294). Transformation of an abstract idea into a patent-eligible application "requires more than stating the abstract idea while adding the words 'apply it.'" *Id.* (quoting *Mayo*, 132 S. Ct. at 1294) (internal quotation marks omitted). The introduction of a computer into the claims does not alter the analysis. *Id.*

### *a.  Step One - Abstract Idea*

We first consider whether the claims at issue are directed to a patent-ineligible concept.  The Supreme Court has not "delimit[ed] the precise contours of the 'abstract ideas' category" of patent-ineligible concepts.  *Alice*, 134 S. Ct. at 2356–57.  Case law following *Alice* provides some guidance for identifying an abstract idea.  For example, the Federal Circuit determined a method claim reciting eleven steps for displaying an advertisement in exchange for access to copyrighted media to recite an abstract idea.  *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 714–715 (Fed. Cir. 2014).  The Federal Circuit also determined method claims reciting three steps were directed to the abstract idea of collecting data, recognizing data within the collected data set, and storing the recognized data in a memory.  *Content Extraction and Transmission LLC v. Wells Fargo Bank, Nat. Ass'n*, 776 F.3d 1343, 1347 (Fed. Cir. 2014).

Petitioner asserts claim 1 is directed to an abstract idea because it recites two steps—"protecting portions of the data," and "openly distributing" the protected portions of the data—and a whereby clause describing access rights applied by an unspecified "access mechanism" so that unauthorized users cannot access the unprotected form of the data.  Pet. 34–35; *see also id.* at 34 ("[t]he [c]hallenged [c]laims . . . are essentially directed to distributing data, protecting data, and limiting access to data"); *id.* at 35 ("there are rules that protect the data and there are mechanisms to enforce the protection of data"); *id.* at 37 ("the invention is directed to the abstract idea of controlling access to data in accordance with a set of rules"); *id.* at 46 ("[t]he idea of user-specific access rules is *itself* an abstract idea");

*id.* at 58 ("the abstract idea[] recited in [c]laim 1 (using an access mechanism to access data as specified in the rules)").

Petitioner contends the challenged claims are not restricted to any particular form or type of data and/or any particular rules. Pet. 35; *see also* Pet. Reply 10–12 (citing Ex. 1023; Ex. 1024). Petitioner further argues that, similar to *Alice*, "the invention recited in the [c]hallenged [c]laims can be used to intermediate financial transactions (*e.g*., Claim 12) **and** also can be used as an intermediary to implement any policy a producer or distributor [of data] might desire to impose on a consumer's use of the data." Pet. 35.

In our Institution Decision, we determined it was more likely than not that claim 1, as whole, is directed to the fundamental concept of protecting portions of data, openly distributing the protected portions of the data, and limiting access to the unprotected data portions with rules enforced by the access mechanism, and is an abstract idea under § 101. Inst. Dec. 23.

At the outset, Patent Owner takes issue with Petitioner's characterization and our characterization of the abstract idea. PO Resp. 38, 40. Patent Owner asserts that we used 27 words to describe the "fundamental concept" of claim 1, compared to binding case law in which the fundamental concept was described in a few words. PO Resp. 38–39, 41–43 (citing *Bilski*, 561 U.S. at 611–12; *Alice*, 134 S. Ct. at 2355; *Benson*, 409 U.S. at 68; *Ultramercial*, 772 F.3d at 715; *buySafe, Inc. v. Google*, 765 F.3d 1350, 1352 (Fed. Cir. 2014)). On the other hand, Patent Owner contends Petitioner utilized too few words and ignores the limitations of claim 1 when asserting "the '409 Patent claims the abstract idea of 'controlling access to data,' 'protecting and distributing data,' and 'limiting access to data.'" *Id*. at 39–40 (citing Pet. 28, 34). Patent Owner

acknowledges that limiting access to protected information and controlling access to data are abstract ideas. *See* Tr. 24:19–21 ("we don't disagree that limiting access to protected information or controlling access to data are abstract ideas"). Instead, Patent Owner reproduces the majority of claim 1 and contends the claims are drawn to a narrow solution to a narrow problem. PO Resp. 36–37, 42–43; *see id.* at 33–34; *see also* Tr. 24:21–23 ("What we disagree [with] is that these claims are directed to such broad, abstract ideas. These claims are, instead, a narrow solution to a narrow problem.") Patent Owner further argues the claims do not attempt to preempt every attempt to control or limit access to data, or to protect and distribute data, and do not pose a preemption concern. PO Resp. 34, 40; *see id*. at 49.

We are not persuaded by Patent Owner's suggestion that the number of words utilized to characterize an abstract idea is an appropriate benchmark for determining whether a claim is directed to an abstract idea. We further are not persuaded by Patent Owner's conclusions that the claims are drawn to a narrow solution to a narrow problem, and do not pose a preemption concern. We agree with Petitioner that Patent Owner's expert Dr. Goldschlag testified that the various elements recited in the claims (i.e., data, protection, access mechanisms, rules, etc.) are not limited in any meaningful way. *See* Pet. Reply 10–12 (citing Ex. 1023, 29:17–19, 30:7–15, 40:4–12, 53:17–54:3, 64:7–15).

We also are not persuaded by Patent Owner's contention that "the Board did not explain why 'protecting portions of data, openly distributing the protected portions of the data, and limiting access to the unprotected data portions with rules enforced by the access mechanism" is similar to the fundamental economic practice of "intermediated settlement" at issue in

*Alice*. PO Resp. 40. Abstract ideas are not limited to the examples set forth in *Alice*, nor limited to ideas that may be characterized as an economic practice. As highlighted above, since *Alice*, the Federal Circuit has invalidated patents encompassing a range of abstract ideas. Claim 1 of the '409 Patent is comparable to the claims of data communications patents that have been held patent-ineligible after *Alice*. *See e.g.*, *Ultramercial*, 772 F.3d at 712; *Content Extraction*, 776 F.3d at 1345.

Patent Owner also argues claim 1 is not directed to an abstract idea because it does not recite a long-standing fundamental practice. PO Resp. 38, 41, 43 (citing *Alice,* 134 S. Ct at 2355–56; *Bilski*, 561 U.S. at 608–614; *DDR Holdings v. Hotels.com*, 773 F.3d 1245, 1256 (Fed. Cir. 2014)); *see* Tr. 25:4–11. Patent Owner argues "protecting portions of data, openly distributing the protected portions of the data, and limiting access to the unprotected data portions with rules enforced by the access mechanism" "is not some well-known and fundamental practice like intermediated settlement, hedging, or showing an advertisement before delivering free content." PO Resp. 40–41 (citing Ex. 1001, 4:65–5:3; Ex. 2008 ¶¶ 15, 26). Patent Owner contends "Petitioner[] and the Board have not pointed to any evidence showing that it was a long-standing fundamental practice . . . ." *Id.* at 43–44; *see id.* at 41. Patent Owner asserts "[o]n the contrary, the ['409 Patent] specification states that no one had so limited access to the unprotected form of the data before the time of invention due to an 'architectural design omission' in the prior art." *Id.* (citing Ex. 1001, 5:4–5; Ex. 2008 ¶¶ 15, 16).

We are not persuaded by Patent Owner's suggestion that novelty and/or non-obviousness should be considered in the first step of the *Mayo*

and *Alice* analysis. The Federal Circuit has rejected similar arguments. *See Ultramercial*, 772 F.3d at 715 ("We do not agree . . . that the addition of merely novel or non-routine components to the claimed idea necessarily turns an abstraction into something concrete."). Ultramercial, like Patent Owner, argued its claims were not directed to the type of abstract idea at issue in *Alice* that was "routine," "long prevalent," or "conventional," but were directed to a specific method that was previously unknown and never employed before. *Id.* at 714. The court rejected Ultramercial's argument and characterized it as follows:

> In other words, Ultramercial argues that the Supreme Court directs us to use a type of 103 analysis when assessing patentability so as to avoid letting § 101 "swallow all of patent law." *Alice*, 134 S. Ct at 2354. According to Ultramercial, abstract ideas remain patent-eligible under § 101 as long as they are new ideas, not previously well known, and not routine activity.

*Id.*

Based on the record before us, we are persuaded by a preponderance of the evidence that claim 1, as a whole, is directed to an abstract idea and therefore is patent-ineligible under § 101. Petitioner asserts dependent claims 2–5 and independent claims 21, 24, 25, 30, 32, 33, 36, and 38 are drawn to the same abstract idea as claim 1. Pet. 42–45, 55–56, 58–61, 62–64. Patent Owner acknowledges that claim 1 is representative of the independent claims (PO Resp. 37), and does not address separately independent claims 21, 24, 25, 30, 32, 33, 36, and 38, and dependent claims 2–5. Accordingly, based on the record before us and for the same reasons as claim 1, we are persuaded by a preponderance of the evidence that claims 2–5, 21, 24, 25, 30, 32, 33, 36, and 38, each as a whole, are directed an abstract

idea under § 101, and therefore directed to patent- ineligible subject matter under § 101.

### b. Step Two – Elements or Combination of Elements Sufficient to Ensure the Patent Amounts to More than a Patent on the Abstract Idea Itself

Having determined the independent claims are directed to an abstract idea, we turn to the second step of the *Mayo* and *Alice* analysis to consider the elements of claim 1 both individually and as an ordered combination to determine whether the additional elements transform the nature of the claim into a patent-eligible application of the abstract idea. *See Alice*, 134 S. Ct. at 2355; *Mayo*, 132 S. Ct. at 1297.

Petitioner asserts that the challenged claims do not contain additional features sufficient to transform the recited abstract idea into a patent-eligible invention, as required by the second step of the analysis set forth in *Alice* and *Mayo*. Pet. 39. Petitioner argues that a wholly generic computer implementation is the only thing, besides the abstract idea itself, recited in claim 1. *Id.* at 39–40. Petitioner asserts the claim does not specify any particular hardware, system, device, or mechanism for implementing the idea. *Id.* at 40–41; *see* Pet. Reply 10–12 (citing Ex. 1001, claim 1; Ex. 1023, 29:17–19, 30:7–15, 40:4–12, 53:17–54:3, 62:5–8, 64:7–15; Ex. 1024 ¶¶ 34–41).

Patent Owner argues the claims are patent-eligible because "the independent claims recite a narrow solution to a narrow problem specifically arising in computer networks: controlling access and distribution of data even after it has been decrypted using a rule-enforcing access mechanism." PO Resp. 35–37 (citing *DDR Holdings*, 773 F.3d at 1257; *France Telecom SA v. Marvell Semiconductor Inc.*, F. Supp. 3d 1080, 1092–93 (N.D. Cal

2014)). Patent Owner contends using an access mechanism that enforces rules to limit each and every access to unprotected forms of the data is: (1) an inventive concept, (2) recites a specific way of achieving a desired result, and (3) improves the functioning of the computer itself. PO Resp. 47; *see id.* at 41. Patent Owner further asserts claim 1 requires a computer or other devices having the specific claimed technology, including the claimed access mechanism that enforces the access rules. *Id.* at 45–46 (citing Ex 2008 ¶¶ 19, 20, 23–25, 27, 28, 30, 32, 34, 36). More specifically, Patent Owner argues the claims: (1) "require sending data on a computer network in a specific way, a way that includes encrypted data, rules defining access rights, and an access mechanism that analyzes and automatically enforces those rights;" and (2) "recite how interactions with electronic data and a computer network are manipulated to yield a desired result that overrides the routing and conventional sequence of how files would ordinarily be distributed." *Id.* at 47–48 (citing Ex. 1001, claim 1; Ex. 2008 ¶¶ 16–19, 24, 25).

Patent Owner's arguments are not persuasive because claim 1 does not recite a computer, electronic data, encrypted data, or a computer network. We agree with Petitioner that claim 1 as written may or may not involve a computer at all. *See* Pet. Reply 23 (citing PO Resp. 48–49). We also are not persuaded by Patent Owner's arguments that claim 1 survives the machine or transformation test because claim 1 requires a specific network architecture and a particular machine. *See* PO Resp. 49–50 (citing Ex 1001, 5:4–5; Ex. 2008 ¶¶ 24, 25, 27). As discussed above in section II.C.2., Patent Owner does not explain sufficiently how the access mechanism recited in claim 1, construed as "hardware and/or software for

controlling access to data," requires any more than the generic hardware and computer components disclosed in the '409 Patent. *See* Ex. 1001, 15:41–59, 15:65–16:5, 17:1–3, Fig. 8; *see also Dealertrack, Inc. v Huber*, 674 F.3d 1315, 1323 (Fed. Cir. 2013) (because the patent at issue did not specify how the computer is specially programmed to perform the steps claimed and can be programmed to perform very different tasks in very different ways, the recitation of "computer-aided" did not play a significant part in permitting the claimed method to be performed).

We further are not persuaded by Patent Owner's additional argument that the claimed invention meets the inventive concept of the Mayo/Alice two part analysis because "[t]he claims here *improve* an existing technological process, reciting the *inventive application* of controlling each and every access to the unencrypted version of the distributed encrypted data." PO Resp. 48–49 (citations omitted) (emphasis added). Patent Owner's argument is no different than stating the abstract idea while adding the words "apply it" while eclipsing the second step of the *Mayo* and *Alice* analysis with novelty and/or non-obviousness requirements under §§ 102 and 103.

For the foregoing reasons, and based on the record before us, we are persuaded by a preponderance of the evidence that claim 1 does not recite additional features sufficient to transform the nature of abstract idea into a patent-eligible application of the abstract idea. Petitioner asserts that each of dependent claims 2–5 and independent claims 21, 24, 25, 30, 32, 33, 36, and 38 do not recite any additional features that could transform the nature the claims into patent-eligible claims. Pet. 42–45, 55–56, 58–61, 62–64. Patent Owner acknowledges that claim 1 is representative of the independent

claims (PO Resp. 37), and does not address separately independent claims 21, 24, 25, 30, 32, 33, 36, and 38, and dependent claims 2–5. Accordingly, based on the record before us and for the same reasons as claim 1, we are persuaded by a preponderance of the evidence that claims 2–5, 21, 24, 25, 30, 32, 33, 36, and 38 do not recite additional features sufficient to transform the nature of each of the claims into a patent-eligible application of the of the abstract idea.

*Dependent Claims 6–11, 13–19, 26, 27, 29, 37, and 39*

Dependent claim 6 recites "the rules indicate which users are allowed to access the protected portions of the data," and "allowing the user access to the unprotected form of a protected portion of the data only if the rules indicate that the user is allowed to access that portion of the data." Petitioner asserts that claim 6 adds user-specific access rules to claim 1, and argues that user-specific access rules is itself an abstract idea. Pet. 46. Petitioner further contends user-specific access rules are purely conventional, asserting the '409 Patent admits identity-based access control to data existed in the prior art. *Id.* (citing Ex. 1001, 4:30–37).

Patent Owner contests Petitioner's assertions by reproducing portions of claims 1 and 6, and asserting Petitioner's explanation would swallow all of patent law. *See* PO Resp. 50–53 (citing Ex. 2008 ¶¶ 17, 23, 24, 30, 31). Similar to its previous arguments addressing independent claim 1, Patent Owner argues that it is the access mechanism that enforces rules to limit each and every access to unprotected forms of the date that is the inventive concept. *Id.* at 53.

We are not persuaded by Patent Owner's arguments, and agree the recitations of claim 6 describing the rules as indicating which users are

allowed to access the data do not render claim 6 patent-eligible. Accordingly, on this record, we are persuaded, by a preponderance of the evidence, that claim 6 does not recite additional features sufficient to transform the nature of claim 6 into a patent-eligible application of the abstract idea.

Dependent claim 8 recites "the rules indicate access control rights of the user," and "allowing the user to access the unprotected form of the protected data portions only in accordance with the access control rights indicated in the rules. Claim 9 depends from claim 8 and recites "the access control rights include at least one of: local display rights, pirating rights . . . ." Petitioner asserts claim 8 is substantively identical to claim 6 and is not patent-eligible for the same reasons as claim 6. Pet. 47–48. Petitioner further contends the idea of access control rights within access rules does not transform claim 9 into one that "passes muster under the second step." Pet. 48.

Patent Owner criticizes Petitioner's arguments, and draws purported distinctions between claim 6 and both claims 8 and 9. PO Resp. 55–56. Specifically, Patent Owner argues claim 6 addresses who may have access to unprotected data, and argues that claim 8 addresses what those who access the data may do with it. *Id.* at 55.

Patent Owner's arguments are not persuasive. We agree that the recitations of claim 8 describing the rules as indicating access control rights of the user, and of claim 9 describing types of access rights, do not render claims 8 and 9 patent-eligible. Therefore, on this record we are persuaded, by a preponderance of the evidence, that claims 8 and 9 do not recite

additional features sufficient to transform the nature of claims 8 and 9 into patent-eligible applications of the abstract idea.

Dependent claim 10 recites "the rules indicate access control quantities," and "allowing access to the unprotected form of the protected data portions only in accordance with the access control quantities indicated in the rules. Claim 11 depends from claim 10, and further recites "the access control quantities include at least one of: a number of allowed read-accesses to the data, an allowable size of a read access to the data . . . ." Petitioner asserts claim 10 adds to claim 1 the idea that the rules can specify a quantity of access that is permitted. Pet. 48. Petitioner contends claim 10 is directed to an abstract concept itself—the idea of a rule that governs how often or how many time a user may access information. *Id.* at 49. Petitioner further argues that rules indicating access control quantities are not sufficient to transform claims 10 and 11 into a patent-eligible application of the abstract ideas. *Id.* at 49–50. Patent Owner again criticizes Petitioner's formulation of the abstract idea and choice of analogy. PO Resp. 56–57.

We agree the recitations of claim 10 describing the rules as indicating access control quantities, and claim 11 describing types of access control quantities, do not render claims 10 and 11 patent-eligible. Accordingly, on this record, we are persuaded, by a preponderance of the evidence, that claims 10 and 11 do not recite additional features sufficient to transform the nature of claims 10 and 11 into patent-eligible applications of the abstract idea.

Dependent claim 7 recites "the rules indicate distribution rights of data," and "allowing distribution of the unprotected form of the protected data portions only in accordance with the distribution rights indicated in the

rules." Petitioner asserts claim 7 only adds to claim 1 that the access rules specify distribution rights for the data. Pet. 47. Petitioner contends the claim itself is directed to the abstract idea of distribution rules. *Id.* Petitioner further contends distribution rules were well-known and conventional concepts arguing the '409 Patent admits the idea of rules governing secondary distribution was in the prior art. *Id.* (citing Ex. 1001 4:3–9). Patent Owner contests Petitioner's assertions by reiterating the recitations of both claims 1 and 7, criticizing Petitioner's explanation, and distinguishing between claim 7 and the '409 Patent disclosure. PO Resp. 53–55 (citing Ex. 1001, 3:65–4:64; Ex. 2008 ¶¶ 31, 33).

Patent Owner's distinctions between access control lists described as prior art in the '409 Patent and the distribution rules recited in claim 7 are not persuasive. We agree the recitations of claim 7 describing distribution rules do not render claim 7 patent-eligible. Therefore, on this record, we are persuaded, by a preponderance of the evidence, that claim 7 does not recite additional features sufficient to transform the nature of claim 7 into a patent-eligible application of the abstract idea.

Dependent claim 13 recites "the rules relate to at least one of: characteristics of users; characteristics of protected data, and environmental characteristics." Petitioner asserts the type of rule does not change the base abstract idea of the claim and does not transform the abstract idea into a patentable invention. Pet. 50–51. Patent Owner merely criticizes Petitioner's position. PO Resp. 57.

We agree that the recitations of claim 13 describing characteristics related to the rules do not render claim 13 patent-eligible. Accordingly, on this record we are persuaded, by a preponderance of the evidence, that claim

13 does not recite additional features sufficient to transform the nature of claim 13 into a patent-eligible application of the abstract idea.

Dependent claim 14 recites "the rules defining access rights include at least one internal rule built in the access mechanism." Petitioner contends requiring a rule to be built-in cannot change the abstract nature of the claim, but merely specifies the rules are part of a generic computer. Pet. 51. Petitioner further contends the idea of loading rules into a computer is purely conventional and cannot transform the claim into patent-eligible subject matter. *Id.*

Patent Owner contests Petitioner's assertions by reiterating the recitations of both claims 1 and 14. PO Resp. 57–60. Patent Owner contends "Petitioner[] does not explain how a generic computer could enforce rules to limit each and every access to the unprotected form of the data as required by the claims, and does not provide evidence to support their assertions. *Id.* at 59. Patent Owner asserts that a computer with such a capability would require specialized programming and/or hardware, and would no longer be a generic computer.[2] *Id.* (citing Ex. 2008 ¶ 36).

Patent Owner's argument which relies on Dr. Goldschlag's opinion that specialized programming and/or hardware would be required is not persuasive because Dr. Goldschlag does not disclose the underlying facts on which his opinion is based, e.g., a disclosure in the '409 Patent. *See* 37 C.F.R. § 42.65. Similar to our discussion in section II.C.2., Patent Owner

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[2] At the hearing, Patent Owner asserted the '409 Patent includes flow charts and related disclosure explaining the access mechanism is a special purpose processor, but Patent Owner did not address in detail the flow charts disclosed in the '409 Patent (i.e., Figs. 7, 10(a)-(b), 11). Tr. 19:15–20:3.

does not explain sufficiently how the access mechanism and the internal rule built in the access mechanism, broadly construed respectively as "hardware and/or software for controlling access to data," and a rule "integrated into the access mechanism" requires any more than the generic hardware and computer components disclosed in the '409 Patent. *See* Ex. 1001, 15:41–59, 15:65–16:5, 17:1–3, 34:29–43, Fig. 8; *Dealertrack*, 674 F.3d at 1323.

We agree that the recitations of claim 14 describing rules as built in the access mechanism do not render claim 14 patent-eligible. *See* Ex. 1001, 15:41–59, 15:65–16:5, 17:1–3, Fig. 8. Petitioner further asserts that each of dependent claims 15–19, 26–29, 37, and 39 do not add anything that would transform each of the claims into patent-eligible subject matter. Pet. 52–54, 61–62, 64–65. Patent Owner argues Petitioner's arguments with respect to claims 15–19, 26, 27, 29, 37, and 39 fail for the same reasons as claim 14. PO Resp. 60. Accordingly, on this record we are persuaded, by a preponderance of the evidence, that that each of claims 15–19, 26, 27, 29, 37, and 39 do not recite additional features sufficient to transform the nature of each of claims 15–19, 26, 27, 29, 37, and 39 into patent-eligible applications of the abstract idea.

For the foregoing reasons, Petitioner has shown by a preponderance of the evidence that claims 1–11, 13–21, 24–27, 29, 30, 32, 33, and 36–39 are directed to patent-ineligible subject matter under 35 U.S.C. § 101.

### *E. Petitioner's Motion to Exclude Evidence*

Petitioner moves to exclude Exhibit 2011 as irrelevant, lacking foundation, and as hearsay under Federal rules of Evidence 401, 402, 602, and 802. Paper 29, 3–4. We do not rely on Exhibit 2011. Accordingly, we dismiss Petitioner's Motion to Exclude as moot.

## III. CONCLUSION

Petitioner has shown, by a preponderance of the evidence, that claims 1–11, 13–21, 24–27, 29, 30, 32, 33, and 36–39 of the '409 Patent are directed to patent-ineligible subject matter under 35 U.S.C. § 101. This is a Final Written Decision under 35 U.S.C. § 328 (a).

## IV. ORDER

Accordingly, it is

ORDERED that claims 1–11, 13–21, 24–27, 29, 30, 32, 33, and 36–39 are determined to be unpatentable;

FURTHER ORDERED Petitioner's Motion to Exclude Evidence (Paper 29) is dismissed; and

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

CBM2014-00157
Patent 6,314,409 B2

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