UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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AMERICAN EXPRESS COMPANY AND AMERICAN EXPRESS
TRAVEL RELATED SERVICES COMPANY, INC.,
Petitioner,

v.

SIGNATURE SYSTEMS, LLC,
Patent Owner.

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Case CBM2018-00035
Patent 8,423,402 C1

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Before, JAMES A. TARTAL, FRANCES L. IPPOLITO, and
CHRISTOPHER M. KAISER, and *Administrative Patent Judges*.

IPPOLITO, *Administrative Patent Judge*.

DECISION
Institution of Covered Business Method Patent Review
35 U.S.C. § 324(a)

I. INTRODUCTION

American Express Company and American Express Travel Related Services Company, Inc. (collectively, "Petitioner") filed a Petition (Paper 1, "Pet.") seeking a covered business method ("CBM") patent review of U.S. Patent No. 8,423,402 C1 (Ex. 1001, "the '402 patent"), pursuant to § 18 of the Leahy-Smith America Invents Act ("AIA"). In the Petition, Petitioner challenges claims 1, 2, 5, 6, 9, 10, 13, and 14 of the '402 patent as unpatentable under 35 U.S.C. § 101 for claiming patent-ineligible subject matter. Pet. 1, 43–44. Petitioner also asserts that claims 5 and 13 are unpatentable as indefinite under 35 U.S.C. § 112 ¶ 2. *Id.* Signature Systems LLC ("Patent Owner"), filed a Preliminary Response (Paper 7, "Prelim. Resp.") opposing institution of a CBM patent review. Additionally, after our authorization (Paper 8), the parties briefed the issues of: (1) Petitioner's alleged delay in filing the Petition and (2) the discussion of the *Loyalty Conversion* decision in the Patent Owner's Preliminary Response. Papers 9–10.

35 U.S.C. § 324(a) provides the statutory authority for a post-grant review, which states, "[t]he Director may not authorize a post-grant review to be instituted unless the Director determines that . . . it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable."

Upon consideration of the record before us, we determine that Petitioner has demonstrated sufficiently that it is more likely than not that claims 1, 2, 5, 6, 9, 10, 13, and 14 are unpatentable under 35 U.S.C. § 101 as directed to non-statutory subject matter, and that claims 5 and 13 are unpatentable as indefinite under 35 U.S.C. § 112 ¶ 2. Therefore, we institute

a CBM patent review for claims 1, 2, 5, 6, 9, 10, 13, and 14 of the '402 patent based upon Petitioner's challenges.

A. Related Matters

The parties represent that the '402 patent is the subject of a federal district court proceeding in *Signature Sys., LLC v Am. Express Co., and Am. Express Travel Related Serv. Co., Inc.*, Case No. 1:15-cv-20063, filed January 9, 2015. Prelim. Resp. 1; Pet. 6. The '402 patent was also the subject of a petition in CBM2015-00153. The panel denied institution in CBM2015-00153 because the originally issued claims of the '402 patent that were the subject of the petition had been cancelled or amended in an ex parte reexamination at the time of the institution decision. Prelim. Resp. 3; Ex. 2008.

B. The '402 Patent

The '402 patent states that its invention allows a user to purchase goods or services using awards points accumulated and held by a variety of award programs. Ex. 1001, 3:64–66. Specifically, the '402 patent is directed to a computer-implemented system and method for operating a rewards points program where a user earns rewards from various independent entities, each of which tracks the user's earned rewards. *Id.* at [57]. The system and method accumulates all the user's earned rewards and allows them to be converted into a corresponding amount of reward points of a second type at a predetermined reward server conversion rate. *Id.* at 14:5–9. The user can redeem some or all the second type of reward points to purchase a service or an item. *Id.* at [57]. Figure 4 is reproduced below:
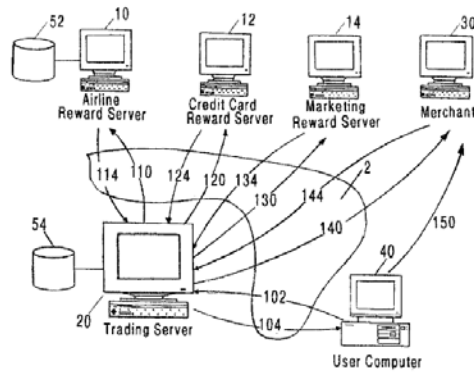
FIG.4

Figure 4 depicts reward server computers 10, 12, 14, trading server 20, merchant computer 30, and user computer 40 in communication with network 2. Ex. 1001, 5:10–13. According to the '402 patent, the network may comprise any type of communication process where computers may contact each other. *Id.* at 5:13–14. The '402 patent also describes the rewards server computers as any type of accessible server capable of holding data about a user along with a corresponding earned value. *Id.* at 5:44–47.

Referring to Figures 6 and 7, reproduced below, the '402 patent describes how a user redeems accumulated reward points from one or more reward entities as part of a purchase transaction. Ex. 1001, 4:62–65.
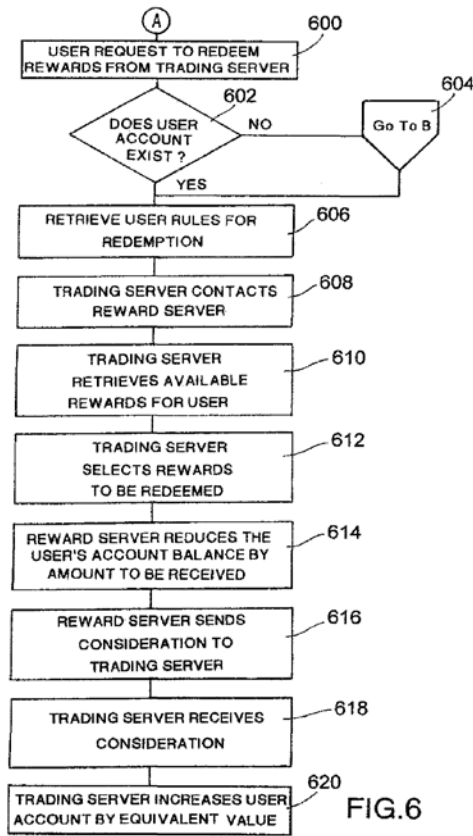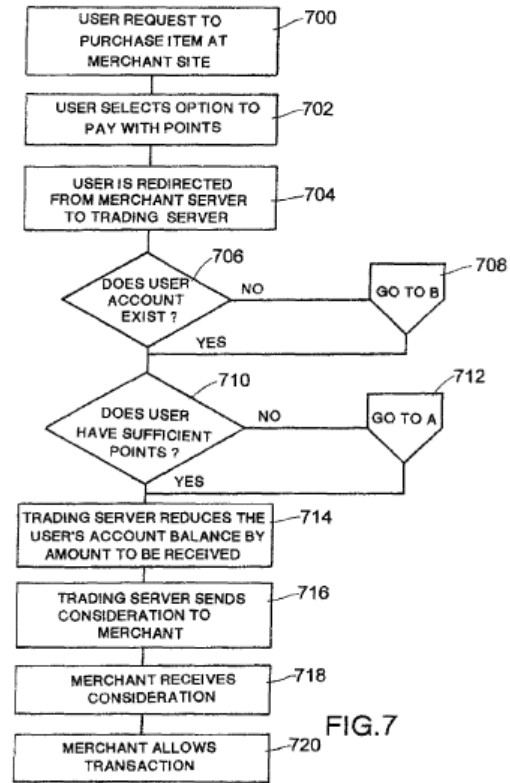
FIG.6

FIG.7

Figures 6 and 7 provide data flow diagrams that show how users redeem rewards. Ex. 1001, 4:62–65. In Figure 6, the user requests to redeem rewards from a trading server (step 600). *Id.* at 6:17–19. To do so, the trading server obtains reward points from a reward server by contacting the appropriate reward server (step 608). *Id.* at 6:29–34. The reward server decreases the user's reward point account by the requested number of reward points (step 614). *Id.* at 6:40–43. The reward server conveys consideration to the trading server where the consideration corresponds to the number of reward points decreased in the user's account on the reward server (step 616). *Id.* at 6:45–49. The trading server increases the user's reward exchange account by the received number of points (step 620). *Id.* at 6:52–55. According to the '402 patent, consideration may be in the form of a

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monetary credit to an account that exists between the trading server and the reward server that gets paid at the end of a predefined billing cycle. *Id.* at 6:49–52. The '402 patent also refers to "points" as "any earned value that has a cash equivalent or negotiable worth." *Id.* at 6:43–45.

Figure 7 depicts how a user purchases an item from a merchant computer (step 700). Ex. 1001, 7:5–7. If the user elects to pay for the desired item with points (step 702), then the user is redirected from the merchant server to the trading server at step 704. *Id.* at 7:14–16. The trading server confirms whether the user has sufficient points to purchase the selected item (step 710). *Id.* at 7:18–22. If the user does not, then more reward points are traded into his reward exchange account by branching to the flow diagram at exit point A (step 712) to the process shown in Figure 6. *Id.* at 7:22–28. After enough points are traded, trading server computer conveys consideration to the merchant computer equivalent to the cost of the item by means well known in the art of electronic commerce (e.g., by a preexisting account, credit card, etc.) (steps 716, 718). *Id.* at 7:36–40.

C. *Illustrative Claims*

Of the challenged claims, claims 1, 5, 9, and 13 are independent. Independent claims 1 and 5, reproduced below, are illustrative of the claimed subject matter:

> 1. A computer-implemented method for earning, exchanging and redeeming reward points comprising the steps of:
>
> a user executing a plurality of first purchase transactions using a credit card linked to a credit card reward program of a first reward issuing entity, each of the first purchase transactions earning a first set of reward points of a first type from the first reward issuing entity;

a reward server computer, associated with the first reward issuing entity and comprising a plurality of reward accounts, each of said reward accounts associated with a different user, storing each of the first sets of reward points of the first type in one of the plurality of reward accounts on the reward server computer associated with the user;

a reward exchange computer storing in a reward exchange account a second set of reward points of a second type earned by the user as a result of a second transaction executed between the user and a second reward issuing entity which is different from the first reward issuing entity;

the reward server computer providing a web page to a selected one of a plurality of user computers, the selected user computer associated with the user, the web page comprising a control for initiating communication over a computer network between the reward server computer and the reward exchange computer;

the reward server computer receiving from the user operating the user computer a selection of the control from the web page and, in response, initiating communication over the computer network with the reward exchange computer to exchange a quantity of reward points of the first type, designated by the user operating the user computer, from the reward account on the reward server computer into reward points of the second type for adding to the reward exchange account on the reward exchange computer by:

decreasing the quantity of reward points of the first type designated by the user from the reward account on the reward server computer,

causing the reward exchange computer to

convert the quantity of reward points of the first type decreased from the reward account on the reward server computer into a corresponding amount of reward points of the second type at a predetermined reward server conversion rate,

add the corresponding amount of reward points of the second type to the reward exchange account, and

combine the corresponding amount of reward points of the second type added to the reward exchange account with the second set of reward points of the second type previously stored in the reward exchange account, and

conveying consideration to the reward exchange computer, the consideration having a value equivalent to the quantity of reward points of the first type decreased from the reward account on the reward server computer;

the user requesting the reward exchange computer to redeem at least some of the combined reward points of the second type from the reward exchange account for an item selected by the user; and

the reward exchange computer redeeming the requested combined reward points of the second type from the reward exchange account by decreasing the reward exchange account by the combined reward points of the second type requested to be redeemed by the user for the item selected by the user.

5. A reward server computer comprising:

memory means for storing a plurality of reward accounts, each of said reward accounts associated with a different user and comprising a plurality of first sets of reward points of a first type previously earned by a user from a first reward issuing entity as a result of a plurality of first purchase transactions using a credit card linked to a credit card reward program of the first reward issuing entity;

communications means for communicating over a computer network with a plurality of user computers, each operated by a different user and a reward exchange computer that stores in a reward exchange account a second set of reward points of a second type earned by the user as a result of a second transaction executed between the user and a second reward issuing entity which is different from the first reward issuing entity; and

processing means programmed to:

provide a web page to a selected one of a plurality of user computers, the selected user computer associated with the user, the web page comprising a control for initiating communication over the computer network with the reward exchange computer;

initiate, in response to receiving from the user operating the user computer a selection of the control from the web page, communication over the computer network with the reward exchange computer to exchange a quantity of reward points of the first type, designated by the user operating the user computer, from the reward account on the reward server computer into reward points of the second type for adding to the reward exchange account on the reward exchange computer by:

decreasing the quantity of reward points of the first type designated by the user from the reward account on the reward server computer,

causing the reward exchange computer to

convert the quantity of reward points of the first type decreased from the reward account on the reward server computer into a corresponding amount of reward points of the second type at a predetermined reward server conversion rate,

add the corresponding amount of reward points of the second type to the reward exchange account, and

combine the corresponding amount of reward points of the second type added to the reward exchange account

> with the second set of reward points of the second type previously stored in the reward exchange account, and
>
> conveying consideration to the reward exchange computer, the consideration having a value equivalent to the quantity of reward points of the first type decreased from the reward account on the reward server computer;
>
> whereby the user is able to request the reward exchange computer to redeem at least some of the combined reward points of the second type from the reward exchange account for an item selected by the user, and the reward exchange computer is able to redeem the requested combined reward points of the second type from the reward exchange account by decreasing the reward exchange account by the combined reward points of the second type requested to be redeemed by the user for the item selected by the user.

Ex. 1001, C1 (Ex Parte Reexamination Certificate).

D. *The Asserted Grounds*

Petitioner contends claims 1, 2, 5, 6, 9, 10, 13, and 14 of the '402 patent are unpatentable under based on the following grounds:

Basis	Challenged Claims
§ 101	1, 2, 5, 6, 9, 10, 13, and 14
§ 112 ¶¶ 2, 6[1]	5, 13

Pet. 44. Petitioner also relies on the Declaration of Dr. Sandeep Chatterjee, (Ex. 1006).

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[1] Paragraphs 2 and 6 of 35 U.S.C. § 112 were replaced with newly designated § 112(b) and § 112(f) by § 4(c) of the AIA, and AIA § 4(e) makes those changes applicable "to any patent application that is filed on or after" September 16, 2012. *Alcon Research Ltd. v. Barr Labs., Inc.*, 745 F.3d 1180, 1183 n.1 (Fed. Cir. 2014). Because the application resulting in '402 patent was filed before that date, we will refer to the pre-AIA version of § 112.

E. Claim Construction

Petitioner proposes constructions for the term "consideration" and various means-plus-function terms recited in claims 5 and 13. Pet. 44–63. We address the claim construction of the means-plus-function terms in the discussion of the ground based on § 112 below. Aside from the means-plus-function terms, we determine that no other terms require express construction for this Decision. *See Vivid Techs., Inc. v. Am. Sci. & Eng'g, Inc.*, 200 F.3d 795, 803 (Fed. Cir. 1999) (only terms in controversy must be construed and only to the extent necessary to resolve the controversy).

II. COVERED BUSINESS METHOD

A. Standing

Section 18(a)(1)(B) of the AIA requires that Petitioner, or its real party in interest or privy, "has been sued for infringement of the patent." *See also* 37 C.F.R. § 42.302(a) ("A petitioner may not file with the Office a petition to institute a covered business method patent review of the patent unless the petitioner, the petitioner's real party-in-interest, or a privy of the petitioner has been sued for infringement of the patent or has been charged with infringement under that patent."). Subsections (b) and (c) of rule 302 also require that

> (b) A petitioner may not file a petition to institute a covered business method patent review of the patent where the petitioner, the petitioner's real party-in-interest, or a privy of the petitioner is estopped from challenging the claims on the grounds identified in the petition.

> (c) A petitioner may not file a petition to institute a covered business method patent review of the patent where, before the date on which the petition is filed, the petitioner or real

> party-in-interest filed a civil action challenging the validity of a
> claim of the patent.

37 C.F.R. § 42.302(b)–(c).

Petitioner asserts that it was sued for infringement of the '402 patent

in *Signature Sys., LLC v Am. Express Co., and Am. Express Travel Related*

Serv. Co., Inc., Case No. 1:15-cv-20063, in the District of Southern Florida.

Pet. 6. 23. Petitioner also states that it is not estopped from challenging the

claims on the grounds identified in the Petition. Pet. 23. Patent Owner does

not dispute that it has sued Petitioner or that Petitioner has standing. *See*

Prelim. Resp. 1. Accordingly, we agree that Petitioner has standing to file its

Petition.

B. *Covered Business Method Patent Review Eligibility*

> Section 18 of the AIA further provides that

> the term "covered business method patent" means 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). A patent need have only one

claim directed to a covered business method to be eligible for review. *See*

Transitional Program for Covered Business Method Patents—Definitions of

Covered Business Method Patent and Technological Invention; Final Rule,

77 Fed. Reg. 48,734, 48,736 (Aug. 14, 2012) ("Final Rule"). Thus, we must

"examine the claims when deciding whether a patent is a CBM patent."

Blue Calypso, LLC v. Groupon, Inc., 815 F.3d 1331, 1340 (Fed. Cir. 2016)

(emphasis omitted).

1. Used in the Practice, Administration, or Management of a Financial Product or Service

Petitioner asserts that the challenged claims of the '402 patent are directed to data processing for the management of the financial service of converting reward points of a first type to a second type, and facilitating a purchase of goods or services via redemption of these reward points. Pet. 26. Petitioner adds that the challenged claims all expressly describe financial transactions whereby one type of reward points are earned as a result of purchases using a credit card linked to a credit card reward program. *Id.* Petitioner adds that the challenged claims also require consideration or exchange of "points," which Petitioner argues is a financial transaction. *Id.* at 27.

Patent Owner contends that the '402 patent "relates to reward points of different types and methods and systems for quantifying and redeeming rewards." Prelim. Resp. 6. According to Patent Owner, rewards are not a currency, legal tender, or commodities that can be traded on a commodities exchange. *Id.* Patent Owner asserts that "[r]ewards are really categories of things that have a redeemable value, but by themselves, they have no value, unlike stocks and bonds and cash, and commodities, which have inherent value." *Id.* Patent Owner also argues that "[r]eward points can be exchanged, and redeemed, in ways that have already passed prior art scrutiny, twice: once in the original examination, and a second time when the '402 patent underwent reexamination." *Id.*

For three reasons we are persuaded that at least claim 1 is directed to a "method . . . for performing data processing or other operations used in the practice, administration, or management of a financial product or service." AIA § 18(d)(1). First, we are not persuaded that the '402 patent describes

"reward points" as having no "inherent value." *See* Prelim. Resp. 6. The '402 patent states "[t]he term point is used to reference any earned value that has a *cash equivalent or negotiable worth*." Ex. 1001, 6:43–44 (emphasis added). Thus, at a minimum, the '402 patent attributes some value to "points" that have a cash equivalent or worth. Second, even accepting that reward points have no inherent value, claim 1 nevertheless expressly recites a financial purchase transaction using a credit card in the first step:

> [A] user *executing a plurality of first purchase transactions using a credit card* linked to a credit card reward program of a first reward issuing entity, each of the first purchase transactions earning a first set of reward points of a first type from the first reward issuing entity

Ex. 1001, C1 (emphasis added). The remaining steps of claim 1 are directed to the exchange of "reward points" from a first type to a second type of "reward points." *Id.* In order to carry out this exchange, the "reward points" of the first type are earned from a credit card *purchase* that is clearly financial in nature. *Id.* Third, we are not persuaded that the "prior art scrutiny" during the initial examination or the reexamination of the '402 patent has any persuasive bearing on the separate and distinct inquiry of whether the '402 patent is eligible for a covered business method patent review. *See* Prelim. Resp. 6.

Therefore, we determine, for purposes of this decision, that at least claim 1 of the '402 patent is directed to "a method . . . for performing data processing or other operations used in the practice, administration, or management of a financial product or service." AIA § 18(d)(1).

2. *Technological Invention*

Under AIA § 18(d)(1), "the term 'covered business method patent' . . . does not include patents for technological inventions." Under 37 C.F.R.

§ 42.301(b), "[i]n determining whether a patent is for a technological invention," we consider "whether [1] the claimed subject matter as a whole recites a technological feature that is novel and unobvious over the prior art, and [2] solves a technical problem using a technical solution," respectively, the first and second prongs of the technical invention exception.

The Office Patent Trial Practice Guide provides the following guidance with respect to claim content that typically would exclude a patent from the category of a technological invention:

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

> (b) Reciting the use of known prior art technology to accomplish a process or method, even if 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.

Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,763–64 (Aug. 14, 2012).

Petitioner argues that the "general purpose computing features recited by the Challenged Claims amount to non-innovative, commonplace computer components," and that the claimed "non-computing features . . . were already known before the claimed priority date of the '402 Patent." Pet. 29. Using claim 1 as an example, Petitioner asserts that the only computer-related components recited are "a reward server," "a reward exchange computer," and "a web page." *Id.* at 31. Petitioner argues that the '402 patent describes the "reward server," as "[a]ny type of reward server may also be used in this system" and does not distinguish the "reward

server" from known components in the admitted "PRIOR ART." Pet. 31–32 (citing Ex. 1001, 5:17–18, 5:44–47, Figs. 1, 4; Ex. 1006 ¶¶ 69–70). Petitioner argues also that "reward exchange computer" is described by the '402 patent as a trading server computer that "may be any type of computer system that allows users to access the system in order to perform the processes involved in this invention."). Pet. 32 (citing Ex. 1001, 5:58–61). Petitioner adds that the use of a "web page" was known because the '402 patent states that "the merchant computer 30 is representative of any site that can communicate with the network that has goods or services for sale or trade" and "all of the systems described are accessible through the Internet and the user may freely navigate to any site by means well known in the art." *Id.* at 32 (citing Ex. 1001, 1:56–2:22, 5:31–34, 5:61–64).

Petitioner also argues that the non-computing components recited in claim 1 were known and described in the prior art. Pet. 34–35. First, Petitioner asserts that Patent Owner concedes that several of the claimed features are in the admitted prior art. *Id.* (citing Ex. 1001, Figs. 1–3, 1:39–3:25; Ex. 1006 ¶¶ 93–96). Second, Petitioner relies on "Welcome to The Membership Rewards^{SM} Program From American Express," dated October 1995 (Ex. 1004, "Rewards"), U.S. Patent No. 5,774,870 to Storey (Ex. 1005, "Storey"), Patent Owner's purportedly admitted prior art, and the testimony of Dr. Chatterjee to argue that it would have been obvious to perform the steps in claim 1 over the Internet instead of via a telephone as taught by Rewards. Pet. 34–39; *see* Ex. 1006 ¶¶ 120–121.

Patent Owner responds that the "claims of the '402 patent epitomize what the AIA defined as a 'technological invention,' which falls outside the scope of the statutory definition of a CBM." Prelim. Resp. 6. Patent Owner

does not provide any other argument or explanation for its position.

On this record, Petitioner's position is persuasive. The '402 patent teaches that "reward server computers 10, 12, 14 may be of *any type of accessible server* capable of holding data about a user along with a corresponding earned value that is negotiable for other goods, services, or points of another system." Ex. 1001, 5:44–47 (emphasis added); *see also id.* at 5:17–18 ("Any type of reward server may also be used in this system."). Referring to Figure 4, the '402 patent indicates that a user of this system may acquire and accumulate rewards through any prior art means such as shown on Figure 1. Ex. 1001, 5:24–26. Figure 1, labeled "Prior Art," is "representative of the prior art marketing arrangements used in reward programs" in which a traveler can generate rewards in the form of frequent flyer miles. *Id.* at 2:53–62, 4:52–53. Thus, in this regard, the '402 patent supports Petitioner's position that reward servers and reward server computers were well-known *prior art* technology, which the Patent Owner had admitted was known previously.

For the recited "reward exchange computer" and "web page" in claim 1, the '402 patent teaches similarly that "trading server computer 20 is in communication through the network 2 with a user on a user computer 40" and connects to reward server computers 10, 12, 14 "*in accordance with techniques well known in the art for Internet communications*." Ex. 1001, 5:26–31 (emphasis added). The "trading server computer may be *any type of computer system* that allows users to access the system in order to perform the processes involved in this invention." *Id.* at 5:58–61 (emphasis added). The '402 patent also teaches that "all of the systems described are accessible through the Internet and *the user may freely navigate to any site by means*

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well known in the art." *Id.* at 5:61–64 (emphasis added); *see also id.* 5:31–34 ("The merchant computer 30 is representative of any site that can communicate with the network that has goods or services for sale or trade."). Thus, we observe that the cited portions of the '402 patent and language of claim 1 are consistent with Petitioner's arguments. Further, based on the preliminary record, Petitioner's arguments regarding the "non-computing components" recited in claim 1 are persuasive as these are consistent with the disclosure in the relied upon references (e.g., Rewards and Storey) and supported by the testimony of Dr. Chatterjee. *See* Ex. 1006 ¶¶ 120–121.

Accordingly, we determine that Petitioner has shown sufficiently that at least claim 1 of the '402 patent does not recite a technological feature that is novel and unobvious over the prior art. Given that determination, we need not reach the second prong of whether the claim solves a technical problem using a technical solution. Based on the foregoing, Petitioner has shown persuasively shows that the '402 patent is not exempt from CBM patent review based on a "technological invention" exception under 37 C.F.R. § 42.301(b).

C. Undue Delay in Filing a Second Petition

Patent Owner argues that we should deny CBM patent review because Petitioner has unduly delayed and waited until April 23, 2018, two and one half years after the "first" CBM Petition was denied in CBM2015-00153, to file the "second" CBM Petition here. Prelim. Resp. 9–11; Paper 9, 1–3. Petitioner counters that there is no undue delay because Patent Owner filed an amended complaint in the district court proceeding that asserted the issued claims of the reexamined '402 patent against Petitioner on April 13,

2018. Paper 8, 1–2. Petitioner explains that the instant Petition was filed on April 23, 2018, ten days after Patent Owner filed the amended complaint. *Id.* (citing Ex. 2010, 1). Petitioner asserts it was unclear whether Petitioner had standing to file a petition for CBM patent review of the '402 patent if the reexamined claims had not been asserted against it. *See* Paper 8, 3. Patent Owner contends that Petitioner had standing during settlement negotiations and while the district court action was stayed. Paper 9, 2. Patent Owner asserts that the parties agreed in 2015 that Petitioner was free to refile its CBM Petition based on the amended claims. *Id.* at 3.

As an initial matter, Patent Owner does not explain the basis for its requested relief. In other words, Patent Owner directs us to no statute, regulation, case law, or portion of §18 of the AIA that bars the institution of CBM patent review because of undue delay in filing a petition. As discussed in detail above, Petitioner has established sufficiently for the purposes of this Decision that it has standing to seek CBM patent review and that the '402 patent is eligible for this review.

Nonetheless, even assuming that review may be denied based on undue delay, we are not persuaded that relief is warranted here. According to the Patent Owner, prior to the filing of the Petition (i.e., "second" petition), the parties were negotiating settlement "without having to continue the litigation." Paper 9, 1. Once negotiations "proved ultimately to be fruitless," Patent Owner added the reexamined claims of the '402 patent to the district court infringement suit on April 13, 2018. *Id.* Then, Petitioner filed the instant Petition on April 23, 2018. Paper 8, 1–2. Given the particular circumstances, it is undisputed that Petitioner waited only ten days after Patent Owner asserted the reexamined claims of the '402 patent before

filing its "second" Petition. Thus, we are not persuaded that Petitioner was untimely in waiting to file its Petition until after, in Patent Owner's words, settlement negotiations "proved ultimately . . . fruitless" and Patent Owner asserted the reexamined claims in the infringement suit. For the foregoing reasons, we do not decline review for the alleged undue delay.

III. 35 U.S.C. § 101

A. Principles of Law

Section 101 sets forth four categories of patent eligible subject matter: "Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title." 35 U.S.C. § 101. The Supreme Court has specified three judicial exceptions to the broad categories of 35 U.S.C. § 101: "laws of nature, natural phenomena, and abstract ideas." *Alice Corp. Pty. Ltd. v. CLS Bank Int'l*, 134 S. Ct. 2347, 2354 (2014) (citation omitted); *Gottschalk v. Benson*, 409 U.S. 63, 67 (1972) ("Phenomena of nature, though 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.*, 566 U.S. 66, 70–73 (2012).

The Court clarified the process for analyzing claims to determine whether they are directed to patent-ineligible subject matter. *Alice*, 134 S. Ct. 2347. In *Alice*, the Court applied the framework set forth previously 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." *Alice*, 134 S. Ct. at 2355. The first step in 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 in the analysis is to consider the elements of the claims "individually and 'as an ordered combination'" to determine whether the additional elements "'transform the nature of the claim' into a patent-eligible application." *Id.* (quoting *Mayo*, 566 U.S. at 78–79). 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 upon the [ineligible concept] itself.'" *Id.* (quoting *Mayo*, 566 U.S. at 72–73) (alterations in original). If the elements involve "well-understood, routine, [and] conventional activity previously engaged in by researchers in the field," *Mayo*, 566 U.S. at 73, they do not constitute an "inventive concept."

Noting that the two stages involve "overlapping scrutiny of the content of the claims," the Federal Circuit has described "the first-stage inquiry as looking at the 'focus' of the claims, their 'character as a whole,' and the second-stage inquiry (where reached) as looking more precisely at what the claim elements add—specifically, whether, in the Supreme Court's terms, they identify an 'inventive concept' in the application of the ineligible matter to which (by assumption at stage two) the claim is directed." *Electric Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1353 (Fed. Cir. 2016).

B. Alice-Mayo, First Step

As the first step of our analysis, we determine whether claims 1, 2, 5, 6, 9, 10, 13, and 14 of the '402 patent are directed to a patent-ineligible concept, such as an abstract idea. *See Alice*, 134 S. Ct. at 2355. To that end, we consider the claims "in light of the specification, based on whether 'their character as a whole is directed to excluded subject matter.'" *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1335 (Fed. Cir. 2016) (citing *Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1346 (Fed. Cir. 2015)). Below, we discuss claim 1, which is representative of the subject matter recited in claims 2, 5, 6, 9, 10, 13, and 14.

Petitioner asserts that claim 1 covers a process performed by a computer that essentially stores, transfers, converts, adds, combines, and conveys data in the form of reward accounts, reward points, and consideration. Pet. 68. Considering these limitations as a whole, Petitioner contends that the goal of this data manipulation is to "convert the data from one type of currency (a first type of reward points) into another type of currency (a second type of reward points)." *Id.* Thus, according to Petitioner, claim 1 merely recites a generic computer for performing the *abstract idea of currency exchange through transferring and exchanging "reward points" data. Id.* (emphasis added). Petitioner adds that currency conversion is a fundamental economic practice and that claim 1's terms "adding" reward points, "decreasing" reward points, combining converted points to existing reward points, and/or "conveying consideration" cover the steps of addition and subtraction that "can simply be performed by a human and have been performed by humans for hundreds of years." Pet. 72 (citing Ex. 1006 ¶ 158).

Patent Owner responds that the recited "reward points" are "nothing like cash" because currency is a form of legal tender that all entities within a political jurisdiction agree to accept. Prelim. Resp. 19. Patent Owner distinguishes reward points as "a measure of a credit that are created, managed, tracked and stored by an issuing entity (for example an airline or a credit card issuer), as a reward for a customer executing some type of transaction with that issuing entity." *Id.* Patent Owner contends that the functions performed by claim 1 cannot be performed by a human. Prelim. Resp. 25. Rather, Patent Owner asserts that claim 1 teaches the use of three computer systems to communicate over a network and permit "accessing different streams of reward points, at least some of which were obtained via credit card, then converting a first type of reward points into a second type of reward points, and facilitating the purchase of a product with the second type of reward points via a web page." Prelim. Resp. 22–23.

Patent Owner further argues that the challenged claims, including claim 1, address business challenges, particular to the Internet, for managing reward point accounts across numerous servers. Prelim. Resp. 26. Patent Owner maintains that, without the prevalence of reward computers and the Internet, these business challenges would not exist. *Id.* Separately, Patent Owner also contends that the challenged claims cover a solution that is rooted in computer technology for "instant reconciliation and synchronization of data (reward point [data])." *Id.* at 30.

Based on the preliminary record, we agree with Petitioner that claim 1 is directed to the abstract idea of currency exchange through transferring and exchanging "reward points" data. To start, the claim language is consistent with Petitioner's position. Claim 1 recites a method for "*exchanging* and

redeeming reward points" that includes the general steps of earning reward points, storing reward points in a reward account, storing reward points in a reward exchange account, providing a webpage, and performing a series a steps that convert reward points of a first type into a corresponding amount of reward points of the second type at a predetermined conversion rate. Ex. 1001, C1. Although claim 1 recites language describing the type of data stored, decreased, converted, etc., the focus of the claim language as a whole is directed to storing and manipulating particular types of information and data, which is an abstract idea. Our reviewing court has explained that claims focused on "collecting information, analyzing it, and displaying certain results of the collection and analysis" are directed to an abstract idea. *Electric Power*, 830 F.3d at 1353.

We are not persuaded that the type of information–currency or reward points–changes our determination. First, Patent Owner has not explained persuasively why the term "reward points" cannot be considered currency. The '402 patent describes "points" as having a "cash equivalent" and "negotiable worth," which on this preliminary record is consistent with the Petitioner's position that the reward points can be used as currency for purchase transactions. *See* Ex. 1001, 6:43–45. Second, even assuming that reward points are not currency, we are not persuaded that the type of information makes a difference. Generally, "collecting information, including when limited to *particular content (which does not change its character as information), [i]s within the realm of abstract ideas*." *Electric Power*, 830 F.3d at 1353 (emphasis added).

For the purposes of this Decision, we also find persuasive Petitioner's argument that the steps of claim 1 can be performed by a human hand and

that the conversion or exchange of reward points involves "simple" addition, subtraction, and multiplication that humans have done for years. Petitioner relies on the testimony of Dr. Chatterjee who testifies that the concept of currency conversion is not new and that a human service agent could review and exchange/convert reward points by hand. Ex. 1006 ¶¶ 147, 159.

In contrast, Patent Owner does not explain why currency or rewards conversion could not have been previously accomplished by hand. Patent Owner, instead, argues that claim 1 does more than convert one type of data into another and permit a user to access remote databases over a computer network and through a web browser to facilitate the purchase of a product in a way that had not been done before. Prelim. Resp. 24. In this regard, even taking into account other claimed features, we are not persuaded claim 1 is direct to more than the storing and manipulation of data. As discussed above, claim 1 recites a method for exchanging and redeeming reward points that recites several steps for storing, converting, decreasing, adding, and combining various types of data, which is essentially the storing and manipulation of data.

Additionally, we are not persuaded that Patent Owner has explained sufficiently how the challenged claims address business challenges particular to the Internet or provide instant reconciliation and synchronization of reward data. Patent Owner quotes the language of claim 1 on pages 28 through 29 of its Preliminary Response without explaining what aspects of these limitations cover "instant reconciliation and synchronization of reward data" or the "intelligent management" of tens of millions of reward accounts. Prelim. Resp. 25–30. Thus, it is not readily

apparent on this record how claim 1 recites instant reconciliation and synchronization of data.

Patent Owner relies also on *DDR Holdings, LLC v. Hotels.com*, 773 F.3d 1245 (Fed. Cir. 2014) to argue that "[w]ithout the instant reconciliation and synchronization of data, there could be no control against fraud - consumers would have to wait for extended periods of time to have access to their full spendable account." In that case, the patent-at-issue was directed at retaining website visitors when clicking on an advertisement hyperlink within a host website. *DDR Holdings*, 773 F.3d at 1257. Conventionally, clicking on an advertisement hyperlink would transport a visitor from the host's website to a third party website. *Id.* The Federal Circuit found an inventive concept in the modification of conventional mechanics behind a website display to produce a hybrid webpage. *DDR Holdings*, 773 F.3d at 1257. More specifically, the claims recited that "the visitor is no longer transported to [a] website [as expected, but] ... [i]nstead ... call for ... direct[ing] the visitor to an automatically-generated hybrid web page that combines visual 'look and feel' elements from the host website and product information from the third party merchant's website related to the clicked advertisement." *Id.*

Turning to claim 1, we are not persuaded Patent Owner has explained how the recited method achieves a result that overrides the routine and conventional use of the recited devices and functions. *See* Prelim. Resp. 25–30. For example, claim 1 requires:

> [T]he reward server computer *providing a web page* to a selected one of a plurality of user computers, the selected user computer associated with the user, the web page comprising a control for

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> *initiating communication over a computer network* between the reward server computer and the reward exchange computer;
>
> the reward server computer receiving from the user operating the user computer a selection of the control from the web page and, in response, *initiating communication over the computer network* with the reward exchange computer to exchange a quantity of reward points of the first type, designated by the user operating the user computer, from the reward account on the reward server computer into reward points of the second type for adding to the reward exchange account on the reward exchange computer . . .

Ex. 1001, C1 (emphasis added). In describing internet and network communications, the '402 patent does not depart from the routine and conventional manner networks operate and specifically teaches:

> [A] plurality of reward server computers 10, 12, 14, a trading server 20, a merchant computer 30 and a user computer 40 are shown in communication with a network 2. *The network may comprise any type of communication process where computers may contact each other . . .*
>
> The trading server computer 20 is in communication through the network 2 with a user on a user computer 40 and is additionally able to connect to the reward server computers 10, 12, 14 through the network 2 *in accordance with techniques well known in the art for Internet communications.*

Ex. 1001, 5:10–14, 5:26–31 (emphasis added). Thus, on this record, Patent Owner has not explained persuasively how *DDR Holdings* supports Patent Owner's position that the challenged claims address business challenges particular to the Internet.

Similarly, the '402 patent teaches that the reward server computer "may be any type of accessible server capable of holding data about a user along with a corresponding earned value that is negotiable for other goods, services, or points of another system." Ex. 1001, 5:44–47. "The trading server computer may be any type of computer system that allows users to

access the system in order to perform the processes involved in this invention." *Id.* at 5:58–61. Based on this record, the recited "reward server computer" and "reward server exchange computer" do not appear to be anything more than generic servers that store data, or any computer system that performs the recited functions. Thus, for the purposes of this Decision, we agree with Petitioner that claim 1 is directed to the abstract idea of "currency exchange through transferring and exchanging reward points data."

The remaining independent claims 5, 9, and 13 recite limitations similar to those discussed above. Petitioner relies on the arguments discussed above for its challenge of independent claims 5, 9, and 13. *See* Pet. 68 ("[T]he Challenged Claims all embody an abstract idea of currency exchange through transferring and exchanging reward points."). Likewise, Patent Owner provides the same arguments for these independent claims that have been discussed in detail above. *See* Prelim. Resp. 23 ("[Claim 5] is directed to a manner in which different things of value (in this case, points) are stored remotely from one another, and from a user, and are accessed and combined in a particular way to facilitate the purchase of a tangible item."). Thus, for the purposes of this Decision, we agree with Petitioner that independent claims 5, 9, and 13 are also directed to the abstract idea of "currency exchange through transferring and exchanging reward points data."

Remaining challenged dependent claims 2, 6, 10, and 14 recite that the control comprises a "hyperlink or button," Ex. 1001, 13:32–33, 14:33–34, 15:40–41, 16:49–51. We agree with Petitioner that hyperlinks or buttons are conventional internet tools that do not render these claims any less

abstract. *See* Pet. 75 (citing Ex. 1006 ¶ 160). Accordingly, the record sufficiently indicates that, at this stage, challenged claims 1, 2, 5, 6, 9, 10, 13, and 14 are directed to a patent-ineligible abstract idea.

C. Alice-Mayo, Second Step

After determining that the challenged claims are directed to patent-ineligible abstract ideas, "we 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 (internal quotation marks omitted). In the second step of the *Alice* inquiry, we "scrutinize the claim elements more microscopically" for additional elements that might be understood to "transform the nature of the claim" into a patent-eligible application of an abstract idea. *Electric Power*, 830 F.3d at 1353–54. That is, we determine whether the claims include an "inventive concept," i.e., an element or combination of elements sufficient to ensure that the patent in practice amounts to significantly more than a patent on the abstract idea itself. *Alice*, 134 S. Ct. at 2357. The relevant inquiry here is whether "additional substantive limitations . . . narrow, confine, or otherwise tie down the claim so that, in practical terms, it does not cover the full abstract idea itself." *Accenture Global Servs., GmbH v. Guidewire Software, Inc.*, 728 F.3d 1336, 1341, 1345 (Fed. Cir. 2013) (internal quotations and citation omitted).

Again we treat challenged claim 1 as representative of the subject matter challenged in claims 1, 2, 5, 6, 9, 10, 13, and 14 of the '402 patent.

Here, we agree with Petitioner, on this record, that challenged claim 1 (and claims 2, 5, 6, 9, 10, 13, and 14) require only generic and conventional computer technologies and functionality to carry out the abstract idea. Pet.

78–81; Ex. 1006 ¶¶ 145–157. As discussed above, the '402 patent describes the reward server, trading server computer, network communications, and other computer components (e.g., merchant computer) generally as any server, computer system, or communication methods well known in the art. *See* Ex. 1001, 5:13–14 ("The network may comprise any type of communication process where computers may contact each other"), 5:44–47 ("The reward server computers . . . may be any type of accessible server capable of holding data about a user along with a corresponding earned value that is negotiable for other goods, services, or points of another system"), 5:58–61 ("The trading server computer may be any type of computer system that allows users to access the system in order to perform the processes involved in this invention"), 5:61–64 ("all of the systems described are accessible through the Internet and the user may freely navigate to any site by means well known in the art.").

Patent Owner points to elements of the challenged claims that it contends render the claims patent-eligible. Prelim. Resp. 30–31. These are the use of a credit card to obtain points; two different databases containing reward information from separate vendors; three separate computer systems; a communications network; a communication; a web application; and using combined reward data to purchase of a product. *Id.* Nevertheless, based on the current record, Patent Owner does not explain persuasively how these limitations narrow, confine, or otherwise tie down the claim so that, in practical terms, it does not cover the full abstract idea itself. Instead, Petitioner's arguments are consistent with the '402 patent's disclosure that the reward server, trading server computer, network communications, and other computer components (e.g., merchant computer) can be any server,

computer system, or communication method well known in the art. "For the role of a computer in a computer-implemented invention to be deemed meaningful in the context of this analysis, it must involve more than performance of 'well-understood, routine, [and] conventional activities previously known to the industry.'" *Content Extraction & Transmission LLC v. Wells Fargo Bank, N.A.*, 776 F.3d 1343, 1347–48 (Fed. Cir. 2014) (quoting *Alice*, 134 S. Ct. at 2359). Indeed, "invocations of computers and networks that are not even arguably inventive are 'insufficient to pass the test of an inventive concept in the application' of an abstract idea." *Electric Power*, 830 F.3d at 1355. Further, "[t]o save a patent at [*Alice*] step two, an inventive concept must be evident in the claims." *RecogniCorp, LLC v. Nintendo Co.*, 855 F.3d 1322, 1327 (Fed. Cir. 2017). Based on the current record, nothing in the claims, understood in light of the specification, requires anything other than off-the-shelf, conventional computer and network technology for storing and manipulating data.

Similarly, based on the current record, we are persuaded by Petitioner's arguments that dependent claims 2, 6, 10, and 14 recite additional components (e.g., "hyperlink," and "button") that are generic and conventional in nature. *See* Pet. 75.

In view of the foregoing, we are persuaded by Petitioner's arguments and supporting evidence that, when considered individually and "as an ordered combination," the claim elements of challenged claims 1, 2, 5, 6, 9, 10, 13, and 14 do no more than apply the abstract concept of "currency exchange through transferring and exchanging 'reward points' data," and do not recite anything in a manner sufficient to transform that abstract idea into a patent-eligible invention. *See Alice*, 134 S. Ct. at 2359–60 (citing *Mayo*,

566 U.S. 66 (2012)).

D. Estoppel

Petitioner also contends that Patent Owner is collaterally estopped from arguing that the challenged claims in the '402 patent are patent eligible because this same issue was addressed in a reexamination of U.S. Patent No. 8,600,807 ("the '807 patent"). Pet. 63–65. Petitioner contends that Patent Owner conceded that the scope of the claims in the '807 patent and the '402 patent are essentially the same. Petitioner asserts Patent Owner cannot now argue that the challenged claims here are patent-eligible. *Id*. at 64.

We are mindful that the reexamination of the related '807 patent may be instructive on similar issues that may arise here (e.g., claim construction). Even so, we are not persuaded that collateral estoppel applies. For one, none of the four factors Petitioner sets forth for applying estoppel (see Pet. 63), weigh in Petitioner's favor because '807 patent is a separate patent with different claims. Thus, we are not persuaded that the identical issues have been previously presented and litigated in the reexamination of the '807 patent, nor do we agree that Patent Owner previously had an opportunity to fully defend the eligibility of the '402 patent during the reexamination of a different patent.[2]

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[2] Petitioner also argues that abandonment of U.S. Patent Application No. 14/068,243 (a continuation application of the '402 patent) demonstrates that the challenged claims of the '402 patent are patent-ineligible. Pet. 3–4. We are not persuaded that the abandonment of that patent application controls our analysis here, especially because Patent Owner has explained that its express abandonment was not based on the section 101 rejection. Prelim. Resp. 15.

IV.   35 U.S.C. § 112

Petitioner contends that the challenged patent fails to disclose adequate structure under 35 U.S.C. § 112 ¶ 6 for the means-plus-function limitations in claims 5 and 13 and, therefore, these claims are unpatentable as indefinite under 35 U.S.C. § 112 ¶ 2. Pet. 45–61, 82. Petitioner supports its contentions with citations to the Declaration of Dr. Chatterjee (Ex. 1006). *Id.*

A. Principles of Law

Under 35 U.S.C. § 112 ¶ 6, "[a]n element in a claim for a combination may be expressed as a means ... for performing a specified function without the recital of structure, material, or acts in support thereof, and such claim shall be construed to cover the corresponding structure, material, or acts described in the specification and equivalents thereof." 35 U.S.C. § 112 ¶ 6. Use of the term "means" in a claim element creates a rebuttable presumption that § 112 ¶ 6 applies. *Williamson v. Citrix Online, LLC*, 792 F.3d 1339, 1348, 1349 (Fed. Cir. 2015).

Construing a means-plus-function limitation requires identifying the claimed function and the corresponding structure in the specification that performs the claimed function. *See Noah Sys., Inc. v. Intuit Inc.*, 675 F.3d 1302, 1311 (Fed. Cir. 2012). The corresponding structure of a means-plus-function limitation, however, must be "more than simply a general purpose computer or microprocessor" to avoid impermissible functional claiming. *Aristocrat Techs. Austl. Pty Ltd. v. Int'l Game Tech.*, 521 F.3d 1328, 1333 (Fed. Cir. 2008).

B. Analysis

Based on the preliminary record, we are persuaded that Petitioner has shown sufficiently that the limitations of claims 5 and 13 that recite "means for" are governed by § 112 ¶ 6.

In the Petition, Petitioner submits two claim charts showing each claim term with the recited function(s) for each "means for" limitation, and the corresponding structures identified in the specification that Petitioner asserts perform these functions. Pet. 49–61. For the purposes of this Decision, we agree with Petitioner that the claimed functions of the "means for" limitations are essentially that which are provided expressly in the claim language. *See* Pet. 48–61 (claim charts). In other words, we understand Petitioner to rely on the express functional language recited in the claim as identifying the function(s) of each "means for" limitation in claims 5 and 13. For example in claim 5, Petitioner's claim chart identifies the corresponding structure for the "memory means for" that has the function of

> storing a plurality of reward accounts, each of said reward accounts associated with a different user and comprising a plurality of first sets of reward points of a first type previously earned by a user from a first reward issuing entity as a result of a plurality of first purchase transactions using a credit card linked to a credit card reward program of the first reward issuing entity.

Pet. 48–49. Thus, based on the preliminary record, we agree that Petitioner has shown adequately that the corresponding functions for the "means for" limitations are recited in claims 5 and 13.

Next, Petitioner argues that the only structures disclosed in the specification of the '402 Patent that could correspond to these identified functions are conventional computers and servers. Pet. 46 (citing Ex. 1006 ¶ 50). Specifically, for claim 5, Petitioner contends the '402 patent teaches

that a "reward server computer" (recited in the preamble) "may be of any type of accessible server capable of holding data about a user along with a corresponding earned value." Pet. 46 (citing Ex. 1001, 5:44–47; Ex. 1006 ¶¶ 70–71). For the "memory means for storing," "communication means for communicating," and "processing means" elements recited in the body of claim 5, Petitioner contends that the '402 patent does not disclose a particular memory device, processor, or networking equipment. *Id.* at 46 (citing Ex. 1006 ¶ 50). Thus, Petitioner argues that the structure for the means limitations claimed in claim 5 corresponds to generic components of "any type of accessible server computer." *Id.* Petitioner adds that the '402 patent does not disclose computer code or instructions, but describes in general terms the steps the processor is programmed to perform. *Id.* at 46.

Petitioner makes similar arguments for claim 13, which recites a "reward exchange computer" that Petitioner asserts is disclosed as the trading computer server in the '402 patent. Pet. 47. Petitioner argues that the trading computer server performs the functionality of converting reward points that is recited in claim 13, and, further, that the '402 patent states the trading computer server is "any type of computer system that allows users to access the system in order to perform the processes involved in this invention." Pet. 47 (citing Ex. 1001, 5:58–61). Petitioner contends that the "communication means for communicating," "means for storing," and "processing means" are generic components and that the steps the processor performs in claim 13 are described in general terms in the specification without code or computer instructions. *Id.* at 47–48 (citing Ex. 1001, 5:58–61; Ex. 1006 ¶ 50).

In response, Patent Owner asserts Petitioner concedes that the '402

patent adequately discloses the corresponding structures of the means-plus-function limitations because the Petition maps the disclosed structures to the claimed functions. Prelim. Resp. 33 (citing Pet. 46, 48). Patent Owner also asserts that "programmed components cannot be generic or conventional, and are in fact special purpose components programmed to perform particular functions." Prelim. Resp. 33. Patent Owner adds that one of ordinary skill in the art would understand the '402 patent as adequately conveying the same through various flowcharts and the written description. *Id.*

Based on the preliminary record, for the purposes of this Decision, we agree with Petitioner that the specification of the '402 patent fails to provide adequate corresponding structure for performing these functions. *See* Pet. 43–61, 82. Our reviewing court has instructed that "[i]n cases such as this one, involving a special purpose computer-implemented means-plus-function limitation, 'this court has consistently required that the structure disclosed in the specification be more than simply a general purpose computer or microprocessor.'" *Noah Sys.*, 675 F.3d at 1312 (quoting *Aristocrat*, 521 F.3d at 1333). If the function is performed by a general purpose computer or microprocessor, the specification must disclose the algorithm that the computer performs to accomplish that function. *Media Rights Techs., Inc. v. Capital One Financial Corp.*, 800 F.3d 1366, 1374 (Fed.Cir.2015) (citations omitted). Failure to disclose the corresponding algorithm for a computer-implemented means-plus-function term generally renders the claim indefinite under 35 U.S.C. § 112 ¶ 2. *Id.* at 1374–75.

Here, Patent Owner asserts that a skilled artisan would understand that the flowcharts and written description of the '402 patent adequately disclose

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the special purpose components programmed to perform particular functions recited in claims 5 and 13. Prelim. Resp. 33. Petitioner disagrees and relies on the testimony of Dr. Chatterjee and citations to the '402 patent that show generic or known computer components are disclosed in the specification for the "means for" limitations without specific code or computer instructions. Pet. 47–48; Ex. 1006 ¶ 50; *see* Ex. 1001, 5:44–47, 5:58–61. Based on the preliminary record, Petitioner has a better position that is supported by its citations to the '402 patent and testimony of its expert. We do note, however, that the parties will have additional opportunities in this proceeding to address this issue, including whether a skilled artisan would have understood the flowcharts disclosed in Figures 6 through 10 to adequately describe algorithms for performing the claimed functions recited in these claims. As Patent Owner points out, the claim charts on pages 48 through 61 of the Petition cite to various portions of flowcharts disclosed in the '402 patent. *See* Prelim. Resp. 33.

Accordingly, based on the foregoing discussion, we agree that Petitioner has shown, on this preliminary record, that it is more likely than not that claims 5 and 13 are unpatentable as indefinite under 35 U.S.C. § 112 ¶ 2 because the '402 patent fails to disclose adequate structure under 35 U.S.C. § 112 ¶ 6 for the means-plus-function limitations in those claims.

V. 35 U.S.C. § 325(d)

Patent Owner argues that we should deny institution because the patent-eligibility of the '402 patent has already been reviewed in the reexamination. Prelim. Resp. 6–9. Patent Owner contends that in the Statement of Reasons for Allowance, the Examiner determined that the amended claims were eligible because

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> when looking at the additional limitations as an ordered combination, <u>the invention as a whole amounts to significantly more than the fundamental economic practice or the idea of itself</u>. The claimed invention addresses the <u>Internet-centric challenge</u> of electronic bartering that allows users to trade and redeem reward points over the Internet for products or services other than those typically offered by the point sponsor. (402 at 8 1:24-31). This is addressed by [a recitation of detailed claim limitations].
>
> These are meaningful limitations that add more than generally linking the use of the abstract idea to the Internet, because <u>they solve an Internet-centric problem with a claimed solution that is necessarily rooted in computer technology</u>. These limitations, when taken as an ordered combination, provide unconventional steps that confine the abstract idea to a particular <u>useful application</u> that improve how different types of reward points are electronically converted and redeemed. Therefore, claims 1, 2, 5, 6, 9, 10, 13 and 14 recite patent eligible subject matter.

Prelim. Resp. 8 (citing Ex. 2007, 5–7). Further, the parties dispute whether the Examiner previously considered *Loyalty Conversion Sys. Corp. v. Am. Airlines, Inc.*, No. 2:13-CV-655, 2014 WL 4364848 (E.D. Tex. Sept. 3, 2015), which was submitted to the Examiner during the reexamination. Paper 9, 3–4; Paper 10, 3–4.

Based on the facts here, we are not persuaded that we should deny institution based on section 325(d). Here, the Examiner did not have the benefit of evidence, such as Dr. Chatterjee's testimony, showing that the claimed computer components/functions were conventional or well-known in the art. *See* Ex. 1006. Further, as Petitioner notes, more recent Federal Circuit decisions issued after the ex parte reexamination of the '402 patent explain that claims directed generally to the manipulation of data are not patentable under 35 U.S.C. § 101. *See FairWarning IP, LLC v. Iatric Sys., Inc.*, 839 F.3d 1089, 1093–94 (Fed. Cir. 2016) (holding that claims directed

to "collecting and analyzing information to detect misuse and notifying a user when misuse is detected" are abstract); *Electric Power*, 830 F.3d at 1354 ("[M]erely presenting the results of abstract processes of collecting and analyzing information, without more (such as identifying a particular tool for presentation), is abstract as an ancillary part of such collection and analysis."); *Mortg. Grader, Inc. v. First Choice Loan Servs. Inc.*, 811 F.3d 1314, 1324 (Fed. Cir. 2016) (holding that claims are abstract where they "recite nothing more than the collection of information to generate a 'credit grading' and to facilitate anonymous loan shopping"). Thus, we do not believe the particular circumstances of this case warrant invoking our discretion under 35 U.S.C. § 325(d).

VI. CONCLUSION

For the foregoing reasons, the information presented in the Petition demonstrates that it is more likely than not that: (1) claims 1, 2, 5, 6, 9, 10, 13, and 14 of the '402 patent are unpatentable based on 35 U.S.C. § 101; and (2) claims 5 and 13 are indefinite for failing to disclose adequate structure. Our final determination will be based on the record as fully developed during trial.

VII. ORDER

For the reasons given, it is:

ORDERED that, pursuant to 35 U.S.C. § 324(a), a covered business method patent review of the '402 patent is hereby instituted on the following grounds:

(1) Claims 1, 2, 5, 6, 9, 10, 13, and 14 unpatentable based on 35 U.S.C. § 101; and

(2) Claims 5 and 13 are unpatentable under 35 U.S.C. § 112

¶¶ 2 & 6, as being indefinite under 35 U.S.C. § 112 ¶ 2 because the '402 patent fails to disclose adequate structure under 35 U.S.C. § 112 ¶ 6 for means-plus-function claim limitations.

FURTHER ORDERED that, pursuant to 35 U.S.C. § 324(d) and 37 C.F.R. § 42.4, notice is hereby given of the institution of a trial, which commences on the entry date of this decision; and

FURTHER ORDERED that the trial is limited to the grounds identified above and no other grounds set forth in the Petition are authorized.

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