

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

U.S. BANCORP,
Petitioner,

v.

RETIREMENT CAPITAL ACCESS MANAGEMENT COMPANY,
Patent Owner.

Case CBM2013-00014
Patent 6,625,582 B2

Before GLENN J. PERRY, THOMAS L. GIANNETTI, and
TRENTON A. WARD, *Administrative Patent Judges*.

WARD, *Administrative Patent Judge*.

FINAL WRITTEN DECISION
35 U.S.C. § 328(a) and 37 C.F.R. § 42.73

I. BACKGROUND

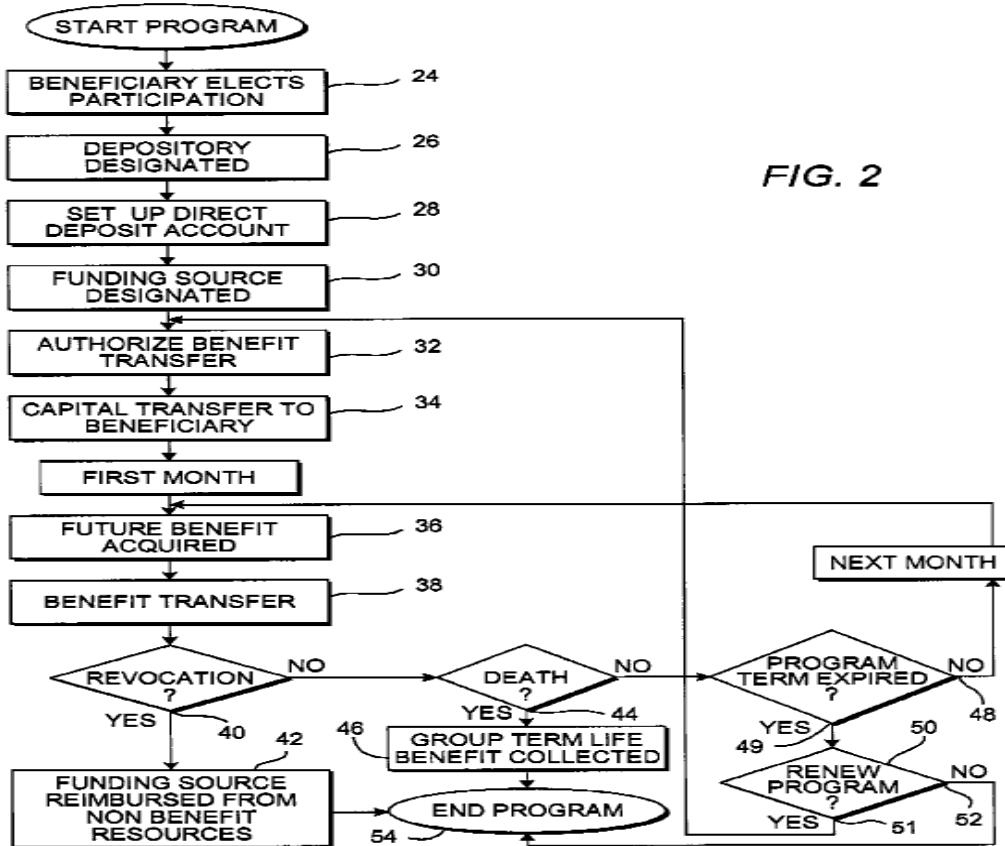
On June 22, 2012, Retirement Capital Access Management Company (“Patent Owner”) and Benefit Funding Systems LLC sued U.S. Bancorp (“Petitioner”) for infringement of U.S. Patent No. 6,625,582 (“the ’582 patent”) (Ex. 1003) in the District Court for the District of Delaware in *Benefit Funding Systems LLC, et al. v. U.S. Bancorp*, Case No 1:12-cv-803-LPS (D. Del. filed June 22, 2012). *See* Paper 7, 2.

On March 29, 2013, Petitioner filed a Petition requesting a review of the ’582 patent under the transitional program for covered business method patents, asserting that claims 1, 13, 14, 18, 30, and 31 are directed to unpatentable subject matter under 35 U.S.C. § 101. Paper 4. Patent Owner filed a Preliminary Response on July 2, 2013. Paper 10. We determined that Petitioner sufficiently demonstrated it was more likely than not that the challenged claims were unpatentable, and we instituted a trial on September 20, 2013. Paper 12, Decision to Institute (“Dec.”).

Patent Owner filed a Response on November 20, 2013, arguing that 35 U.S.C. § 101 is not reviewable in a covered business method review and that the challenged ’582 patent claims are patentable. Paper 19 (“PO Resp.”). Petitioner filed a Reply on January 21, 2014. Paper 23 (“Reply”). Both Patent Owner and Petitioner requested an oral hearing under 37 C.F.R. § 42.70(a). Paper 24; Paper 26. The oral hearing was held on April 1, 2014, a transcript of which appears in the record. Record of Oral Hearing, Paper 32 (“Tr.”).

II. THE '582 PATENT

The '582 patent generally relates to a method for enabling recipients of Social Security payments to convert a designated portion of future payments into currently available financial resources. Ex. 1003, col. 1, ll. 1–5; 52–56. The patent explains that the beneficiary may access current capital through a funding source in exchange for payment of a predetermined portion of the beneficiary's future retirement benefits. *Id.* at col. 3, ll. 20–28. Figure 2 of the '582 patent, reproduced below, illustrates the steps of the method:



As shown above in Figure 2, the beneficiary first elects participation in the program in step 24 and then designates a financial institution to act as the depository for the beneficiary's retirement payments and a disbursement

agent for such retirement payments in step 26. *Id.* at col. 5, ll. 34–39. Step 30 involves designating a bank, insurance company, or other source of capital to be the funding source of current capital provided to the beneficiary. *Id.* at col. 5, ll. 43–46. Capital then is paid to the beneficiary from the funding source in an amount based in part upon the present value of a designated portion of the beneficiary’s future retirement payments in step 34. *Id.* at col. 5, ll. 53–56. Step 36 involves directly depositing a future retirement benefit into the beneficiary’s deposit account, and then a predetermined portion of this benefit is disbursed automatically to the funding source in step 38. *Id.* at col. 6, ll. 60–65. Step 42 involves a possible premature termination of participation in the program, in which the beneficiary may become obligated to reimburse the funding source for any advance from resources other than the future retirement benefits. *Id.* at col. 6, ll. 7–12.

Claim 1, illustrates the claimed subject matter and is reproduced below:

1. A computerized method for creating a source of funds based on present value of future retirement payments, comprising the steps of:
 - a. designating an account in a depository for a beneficiary to receive future retirement payments payable to said beneficiary from a source of said retirement payments for a preselected period of time;
 - b. designating a benefit provider for providing a monetary benefit to said beneficiary;
 - c. authorizing said depository to periodically disburse a predetermined portion of said

retirement payments deposited in said account to said benefit provider during said preselected period of time;

- d. providing said monetary benefit to said beneficiary from said benefit provider based at least in part on present value of a designated portion of said future retirement payments without encumbering said beneficiary's right to said future retirement payments and without violating legislated proscriptions in the United States against alienation of future retirement benefits;
- e. causing said future retirement payments to be deposited into said account throughout said preselected period of time;
- f. causing said depository to transfer a portion of said retirement payments deposited into said account to said benefit provider during said preselected period of time; and
- g. reimbursing said benefit provider from resources other than said future retirement payments if said transfer of a portion of said retirement payments from said depository to said benefit provider are curtailed prior to said end of said preselected period of time, and making said retirement payments available for the exclusive use of said beneficiary.

III. ANALYSIS

A. *Claim Construction*

Consistent with the statute and the legislative history of the AIA,¹ the Board will interpret claims using the broadest reasonable construction. *See Office Patent Trial Practice Guide*, 77 Fed. Reg. 48,756, 48,766 (Aug. 14, 2012); 37 C.F.R. § 42.100(b). There is a “heavy presumption” that a claim term carries its ordinary and customary meaning. *CCS Fitness, Inc. v. Brunswick Corp.*, 288 F.3d 1359, 1366 (Fed. Cir. 2002) (Internal citation omitted).

Patent Owner argues that the “means for causing said future retirement payments to be deposited into said account” limitation of system claim 13, and the similar “means for” limitation of system claim 30,² should be construed to require an “electronic funds transfer” because “direct deposit via electronic funds transfer is *the* structure disclosed in the specification for causing retirement payments (or Social Security retirement benefits) to be deposited.” PO Resp. 29 (citing Ex. 1003, col. 5, ll. 18–22) (emphasis in original). Patent Owner also argues that method claims 1 and 18 should be construed similarly, and thus the term “deposited” in claims 1 and 18 should be construed to mean “deposited via direct deposit.” *Id.* at 30.

Petitioner disagrees, and argues that the claimed invention may be “performed on pen and paper, as consumers were able to deposit Social Security or retirement payments long before computers.” Reply 6.

¹ Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011) (“AIA”).

² Claim 30 recites “means for causing said future payments *of Social Security benefits* to be deposited into said account during said preselected period of time.” (emphasis added).

Petitioner further argues that with respect to claim interpretation, the United States Court of Appeals for the Federal Circuit has “expressly rejected the contention that if a patent describes only a single embodiment, the claims of the patent must be construed as being limited to that embodiment.” *Id.* at 7 (quoting *Phillips v. AWH Corp.*, 415 F.3d 1303, 1323 (Fed. Cir. 2005)).

To construe means-plus-function language in a claim, one “must look to the specification and interpret that language in light of the corresponding structure, material, or acts described therein, and equivalents thereof, to the extent that the specification provides such disclosure.” *In re Donaldson Co., Inc.*, 16 F.3d 1189, 1193 (Fed. Cir. 1994) (en banc). More particularly, to construe properly the limitations in claims 13 and 30 reciting a “means for causing said future retirement payments . . . to be deposited into said account,” the limitations “shall be construed to cover the corresponding structure, material, or acts described in the specification and equivalents thereof.” 35 U.S.C. § 112, ¶ 6.³ As noted by Patent Owner (PO Resp. 29), the corresponding structure within the specification supporting the means-plus-function limitation states the following: “[b]enefits source 12 of system 10 disburses retirement payments directly to an individual direct deposit account 14 in a designated depository 16. Preferably, this is accomplished utilizing the well-known technique of electronic funds transfer.” Ex. 1003, col. 5, ll. 18–22. Accordingly, we construe “means for causing . . . to be deposited into said account,” recited in claims 13 and 30, to mean “disbursing directly to said account utilizing an electronic funds transfer.”

³ Section 4(c) of the AIA re-designated 35 U.S.C. § 112, ¶ 6, as 35 U.S.C. § 112(f). Because the ’582 patent has a filing date before September 16, 2012 (effective date), we will refer to the pre-AIA version of § 112.

Unlike the means-plus function claims, we are not persuaded by Patent Owner's argument that the term "deposited" in method claims 1 and 18 should similarly be interpreted to mean "deposited via direct deposit." PO Resp. 30–33. Patent Owner fails to point to any support in the specification of the '582 patent that would require the construction of the term "deposited" to mean a direct deposit or electronic funds transfer. If an inventor acts as his or her own lexicographer, the definition must be set forth in the specification with reasonable clarity, deliberateness, and precision. *Renishaw PLC v. Marposs Societa' per Azioni*, 158 F.3d 1243, 1249 (Fed. Cir. 1998). The specification of the '582 patent does not set forth expressly a definition of "deposited." In fact, as cited above, the '582 patent states that deposits are "[p]referably" conducted with the "well-known technique of electronic funds transfer," but the specification does not limit the term "deposited" to this implementation. Ex. 1003, col. 5, ll. 20–22 (emphasis added). Even in cases where the specification describes only a single embodiment, the claims are not necessarily limited to that embodiment. *Thorner v. Sony Computer Entm't Am. LLC*, 669 F.3d 1362, 1365 (Fed. Cir. 2012) (It is not enough that the only embodiment, or all of the embodiments, contain a particular limitation to limit a claim to that particular limitation.). Here, the specification itself indicates that electronic deposits are preferable, but not required. Therefore, we do not adopt Patent Owner's proposed construction of "deposited" recited in claims 1 and 18 as limited to "deposited via direct deposit."

B. *Patent Owner's Arguments that Section 101 Is Not a Proper Ground Upon Which a Covered Business Method Patent Review May Be Maintained*

Patent Owner argues that covered business method patent review is limited under the 35 U.S.C. § 282(b) to “conditions for patentability.” PO Resp. 37–38. Furthermore, Patent Owner argues the determination of patent eligibility under 35 U.S.C. § 101 is not a condition for patentability, such as those set forth in 35 U.S.C. §§ 102–103. *Id.* at 38–44. We disagree.

Under the AIA, any ground that could be raised under 35 U.S.C. § 282(b)(2) or (3) can be raised in a post-grant review or (with exceptions not relevant here) in a covered business method review. *See also* 35 U.S.C. § 321(b); AIA §18(a)(1). The grounds under § 282(b)(2) and (3) are:

(2) Invalidity of the patent or any claim in suit on any ground specified in part II as a condition for patentability.

(3) Invalidity of the patent or any claim in suit for failure to comply with—

(A) any requirement of section 112, except that the failure to disclose the best mode shall not be a basis on which any claim of a patent may be canceled or held invalid or otherwise unenforceable; or

(B) any requirement of section 251.

As recognized by the Supreme Court, § 101 is a condition for patentability. In *Graham v. John Deere Co. of Kansas City*, 383 U.S. 1, 12 (1966), the Supreme Court stated that the 1952 Patent Act “sets out the conditions of patentability in three sections,” citing 35 U.S.C. §§ 101, 102, and 103. The Supreme Court has also addressed invalidity under § 101 when it was raised as a defense to an infringement claim under § 282. *See Mayo Collaboration Servs. v. Prometheus Labs, Inc.*, 132 S.Ct. 1289, 1293 (2012). The Federal Circuit has also recognized that § 101 is a condition for patentability that can be raised as an affirmative defense under 35 U.S.C. § 282(b)(2). For

example, in *Dealertrack, Inc. v. Huber*, the majority rejected the dissent’s contention that §101 is not a “condition for patentability,” stating that “the ‘defenses provided in the statute’ § 282, include not only the conditions of patentability in §§ 102 and 103, but also those in § 101.” 674 F.3d 1315, 1330 n.3 (Fed. Cir. 2012) (citing *Aristocrat Techs. Austl. Pty Ltd. v. Int’l Game Tech.*, 543 F.3d 657, 661 (Fed. Cir. 2008)) (“It has long been understood that the Patent Act sets out the conditions for patentability in three sections: sections 101, 102, and 103.”).

The legislative history of the AIA also makes it clear that Congress intended the Office to consider challenges brought under § 101 for post-grant reviews. For example, with certain exceptions not relevant here, the covered business method patent review program employs the same standards and procedures as the post grant review program. AIA § 18(a)(1). The specified purpose of the covered business method review program was to allow the Office to revisit business method patents post-*Bilski* and evaluate whether the patents were too abstract to be patentable under § 101. *See* 157 Cong. Rec. S1367 (daily ed. Mar. 8, 2011). Accordingly, we are not persuaded by Patent Owner’s argument that 35 U.S.C. § 101 is not a proper ground upon which a covered business method patent review may be maintained.

C. *35 U.S.C. § 101 Patentability Analysis*

1. Overview

Section 101 of the Patent Act defines subject matter eligibility and the Supreme Court has “long 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) (citing *Assoc. for Molecular Pathology v. Myriad Genetics, Inc.*, 133 S.Ct. 2107, 2116 (2013) (internal quotation marks and brackets omitted)). “The ‘abstract ideas’ category embodies the longstanding rule that ‘[a]n idea of itself is not patentable.’” *Alice Corp.*, 134 S.Ct. at 2355 (citing *Gottschalk v. Benson*, 409 U.S. 63, 67 (1972) (quotations omitted)).

In *Alice Corp.*, the Supreme Court emphasized the “*Mayo* framework,” which provides “a framework for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts.” *Id.* (citing *Mayo*, 132 S.Ct. at 1298). Under the *Mayo* framework, “[w]e must first determine whether the claims at issue are directed to a patent-ineligible concept.” *Id.* Next, “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.” *Id.* (citing *Mayo*, 132 S.Ct. at 1297–1298). To be patentable, a claim must do more than simply state the law of nature or abstract idea and add the words “apply it.” *Mayo*, 132 S.Ct. at 1294; *Benson*, 409 U.S. at 67. Furthermore, “the mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention.” *Alice Corp.*, 134 S.Ct. at 2358. “Thus, if a patent’s recitation of a computer amounts to a mere instruction to ‘implemen[t]’ an abstract idea ‘on . . . a computer,’ that addition cannot impart patent eligibility.” *Id.* (internal citation omitted).

A challenged claim, properly construed, must incorporate enough meaningful limitations to ensure that it claims more than just an abstract idea and not just a mere “‘drafting effort designed to monopolize the [abstract idea].’” *Alice Corp.*, 135 S.Ct. at 2357 (quoting *Mayo*, 132 S.Ct. at 1297).

“Simply appending conventional steps, specified at a high level of generality,” is not “*enough*” for patent eligibility. *Id.* (quoting *Mayo*, 132 S.Ct. at 1292). Thus, we analyze the claims to determine whether the claims embody a patent-eligible application of an abstract idea or merely nothing more than the abstract idea itself.

2. Claims 1, 13, 14, 18, 30, and 31 are not meaningfully limited under 35 U.S.C. § 101

Petitioner challenges claims 1, 13, 14, 18, 30, and 31 as unpatentable under 35 U.S.C. § 101. Pet. 8. Patent Owner disagrees, and argues, *inter alia*, that the claims are not directed to an abstract idea because they include meaningful limitations that “cover less than the identified abstract concept.” PO Resp. 16.

In accordance with the Supreme Court’s “framework for distinguishing patents that claim . . . abstract ideas from those that claim patent-eligible applications of those concepts,” we must first “determine whether the claims at issue are directed to one of those patent-ineligible concepts.” *Alice Corp.*, 132 S.Ct. at 2355. In *Alice Corp.*, the Supreme Court determined that the claims at issue were “drawn to the concept of intermediated settlement,” i.e., the use of a third party to mitigate settlement risk. *Id.* Furthermore, the Supreme Court determined that “[l]ike the risk hedging in *Bilski* [*v. Kappos*, 561 U.S. 593 (2010)], the concept of intermediated settlement is ‘a fundamental economic practice long prevalent in our system of commerce.’” *Alice Corp.*, 132 S.Ct. at 2356 (citations omitted). With respect to the first step of the “*Mayo* framework,” the Supreme Court concluded in *Alice Corp.* that “there is no meaningful distinction between the concept of risk hedging in *Bilski* and the concept of

intermediated settlement” in *Alice Corp.* and that “[b]oth are squarely within the realm of ‘abstract ideas’ as we have used that term.” *Alice Corp.*, 132 S.Ct. at 2357. Here, Petitioner argues that Patent Owner’s claims are directed to the abstract concept of advancing funds based on future retirement payments. Reply 4. Patent Owner does not disagree. Tr. 40 (Patent Owner’s counsel stated at the oral hearing that Patent Owner is “happy to accept what [Petitioner] claim[s] is the abstract concept.”). Similar to the concept of intermediated settlement in *Alice Corp.* and the concept of risk hedging in *Bilski*, we find that the concept of advancing funds based on future retirement payments is an economic practice long prevalent in our system of commerce and squarely within the realm of abstract ideas.

Step two of the Supreme Court’s “*Mayo* framework” requires that we consider the elements of the claim and determine whether there is 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.’” *Alice Corp.*, 132 S.Ct. at 2355 (quoting *Mayo*, 132 S.Ct. at 1294). Patent Owner states that claim 1 requires providing a monetary benefit “without encumbering said beneficiary’s right to said future retirement payments and without violating legislated proscriptions in the United States against alienation of future retirement benefits,” and argues that these are meaningful and substantive limitations that cause the claims to cover less than the identified abstract concept. PO Resp. 16. Patent Owner presents similar arguments with respect to the similar limitations recited in independent claims 13, 18, and 30. *Id.*

Petitioner disagrees and argues that the “without encumbering” recitation in each claim requires only that the transaction be lawful, and, thus, only theoretical illegal methods of advancing future retirement benefits are excluded from the abstract concept. Reply 5. We agree. Requiring that a transaction be lawful is a routine and conventional practice in business transactions. The Supreme Court has provided guidance that “simply appending conventional steps, specified at a high level of generality, to laws of nature, natural phenomena, and abstract ideas cannot make those laws, phenomena, and ideas patentable.” *Mayo*, 132 S.Ct. at 1300. Furthermore, the argued limitation in claim 1 is recited at a high level of generality, as neither the claims themselves nor the specification provide any guidance as to how the “without encumbering” step is performed. Therefore, we determine the “without encumbering” limitation is a conventional and highly generalized step that does not meaningfully limit the claims beyond the abstract idea.

We note that the preamble for claims 1 and 18 both recite a “computerized method.”⁴ “[A] preamble does not limit claim scope if it ‘merely states the purpose or intended use of an invention.’” *Digitech Image Technologies, LLC v. Electronics for Imaging, Inc.*, Case No. 2013-1600, 2014 WL 3377201 at *5 (Fed. Cir. 2014) (affirming a finding that the recitation of a “digital image reproduction system” in the preamble of the claims did not limit the claims and that the claims were directed to a patent

⁴ The preamble of claim 1 recites: “A computerized method for creating a source of funds based on present value of future retirement payments.” The preamble of claim 18 recites: “A computerized method for creating a source of funds based on present value of future Social Security retirement benefits.”

ineligible abstract idea) (quoting *Bicon, Inc. v. Straumann Co.*, 441 F.3d 945, 952 (Fed.Cir.2006)). Here, the recitation of “computerized method” in the preamble of claims 1 and 18 merely states the intended use of the claimed invention and does not provide any antecedent basis for limitations in the body of the claim. *Catalina Mktg. Intl., Inc. v. Coolsavings.com, Inc.*, 289 F.3d 801, 808 (Fed. Cir. 2002) (preamble is not limiting “where a patentee defines a structurally complete invention in the claim body and uses the preamble only to state a purpose or intended use for the invention.”) (quotations omitted). Therefore, we determine that use of “computerized method” in the preamble of claims 1 and 18 does not meaningfully limit the claims.

Petitioner argues that the challenged claims can be performed using pen and paper. Pet. 33; Reply 6. Patent Owner argues that the claims of the ’582 patent are not directed towards purely mental processes because the claims require the use of a computer. PO Resp. 29. More particularly, Patent Owner argues that a computer is integral to the claims, and must be viewed in light of the other substantive limitations including creating a source of funds based on future retirement payments, such as Social Security. *Id.* at 36. Patent Owner further argues that the computer required by the claims is not a general purpose computer because the electronic funds transfer requires programming a computer with particular software. *Id.* at 35.

Petitioner counters that Patent Owner’s arguments improperly attempt to import limitations from the specification into the claims. Reply 6. Petitioner further argues that even if method claims 1 and 18 were construed to be limited to direct deposits, such a reading only would require a

computer as an obvious mechanism to increase efficiency. *Id.* at 7 (citing *Bancorp Servs., L.L.C. v. Sun Life Assur. Co.*, 687 F.3d 1266, 1279 (Fed. Cir. 2012)).

With respect to method claims 1 and 18, as noted above, we decline to construe “deposited” as requiring “direct deposit” or any computerized implementation. Furthermore, we determine that the steps of method claims 1 and 18 could be performed as a series of verbal transactions exchanging physical money or via pen and paper. In *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1372, 1373 (Fed. Cir. 2011), the Federal Circuit determined that the method claims there, directed to fraud determination, “can be performed in the human mind, or by a human using a pen and paper” and “a method that can be performed by human thought alone is merely an abstract idea and is not patent-eligible under § 101.”

Additionally, we conclude that the “deposited” limitation of claims 1 and 18 does not provide a meaningful limitation to the abstract idea. Nonetheless, even if the “deposited” limitation of method claims 1 and 18 of the ’582 patent were read to require a computer, the use of a computer to perform direct deposit with electronic funds transfer “simply performs more efficiently what could otherwise be accomplished manually.” *Bancorp*, 687 F.3d at 1279. Contrary to Patent Owner’s assertions that the ’582 patent invention requires specialized hardware and software, the ’582 patent states that the “present invention utilizes *known computer capabilities* and electronic communications links to effect the automated implementation of various aspects of the inventive financial program, for example, to carry out the electronic transfer of funds into and out of the individual deposit account of a program participant.” Ex. 1003, col. 2, ll. 30–35 (emphasis added). As

the Supreme Court held in *Gottschalk v. Benson*, 409 U.S. 63 (1972), claims do not become patent-eligible under § 101 simply for reciting a known, general purpose computer. *See id.* at 67 (invalidating as patent-ineligible claimed processes that “can be carried out in existing computers long in use, no new machinery being necessary,” or “can also be performed without a computer.”). In *Alice Corp.*, the Supreme Court determined that “the claims at issue amount to ‘nothing significantly more’ than an instruction to apply the abstract idea of intermediated settlement using some unspecified, generic computer.” *Alice Corp.*, 132 S.Ct. at 2360 (quoting *Mayo*, 132 S.Ct. at 1298). Similarly, we conclude that even if we were to construe the “deposited” limitation of claims 1 and 18 to require a computer, the claims amount to nothing significantly more than an instruction to apply the abstract idea of advancing funds based on future retirement payments using an unspecified, generic computer. Accordingly, we conclude that claims 1 and 18 do not add meaningful limitations beyond the recited abstract idea.

Unlike method claims 1 and 18, claims 13 and 30 are system claims that include the means-plus-function limitation of “means for causing . . . to be deposited into said account.” As discussed above, we construe these means limitations to require “disbursing directly to said account utilizing an electronic funds transfer.” In *Alice Corp.*, the Supreme Court concluded that the system claims were not patentable for substantially the same reasons as the method claims because “system claims recite a handful of generic computer components configured to implement the same idea” as the method claims. *Alice Corp.*, 132 S.Ct. at 2360. The Supreme Court has warned that a “draftsman’s art” should not trump the prohibitions against

patenting abstract ideas. *See Alice Corp.*, 132 S.Ct. at 2359 (citing *Mayo*, 132 S.Ct. at 1294 (quoting *Parker v. Flook*, 437 U.S. 584, 593 (1978))).

We determine that system claims 13 and 30 are directed to the same abstract idea as method claims 1 and 18. Furthermore, the means-plus function limitations merely require “utilizing the *well-known* technique of electronic funds transfer.” Ex. 1003, col. 5, ll. 21–22 (emphasis added). Accordingly, as to these claims, we conclude that the use of a computer in a generalized fashion to increase efficiency does not meaningfully limit an otherwise abstract claim. *See, e.g., id.*; *Gottschalk*, 409 U.S. at 67; *Bancorp*, 687 F.3d at 1279. Dependent claims 14 and 31, which recite “wherein the benefit provider is a source of capital,” also do not meaningfully limit the claims.

Patent Owner argues that Petitioner has not provided sufficient factual evidence to support unpatentability and that a § 101 analysis requires factual inquiries into the nature of the invention. PO Resp. 6–10. Patent Owner further argues that Petitioner fails to provide expert testimony to support its challenge. *Id.* Patent Owner contends that the only evidence pointed to by Petitioner is the ’582 patent itself, which “is not evidence of whether each of the indisputably substantive limitations on the abstract concept would have been routine or convention[al].” *Id.* at 8.

Petitioner counters that the ’582 patent describes easily understandable technology and, in such cases, expert testimony is not required. Reply 11 (citing *Lee v. Mike’s Novelties, Inc.*, 543 Fed. Appx. 1010, 1015 (Fed. Cir. 2013) (“Expert testimony is not necessary in patent cases involving technology that is ‘easily understandable.’”) (internal citation omitted)). Petitioner further argues, in addition to the non-technical

nature of the claims, expert testimony is not required to determine “whether claims recite a computer limitation that provides a meaningful limitation.”

Id.

We agree with Petitioner. Neither the claims nor the specification provide complex technological implementations or modifications of these technologies. In fact, the ’582 patent describes implementing electronic funds transfer and direct deposit by “utiliz[ing] *existing* computer capabilities” and “utilizing the *well-known* technique of electronic funds transfer.” Ex. 1003, col. 5, l. 2; col. 5, ll. 21–22 (emphasis added).

Furthermore, the “without encumbering” limitation encompasses an easily understood concept and recites no specific technological mechanism for achieving its result.

Patent Owner further argues Petitioner has not provided any evidence that the “without encumbering” limitation was routine or conventional. PO Resp. 19–20. Patent Owner argues that because the record does not contain such evidence, we have no basis to find that the “without encumbering” limitation was insignificant, conventional, or routine. *Id.* at 19. We are not persuaded by Patent Owner’s argument because, as noted above, extrinsic or expert evidence may not be required for simple or easily understandable limitations like the “without encumbering limitation.” The “without encumbering” limitation can generally be described as “complying with the United States laws and regulations,” i.e., performing a transaction without breaking the law. *See* Ex. 1003, col. 1, ll. 47–48. Additionally, the specification fails to provide a technological solution for achieving the “without encumbering” result.

Patent Owner further argues that Petitioner's defense of non-infringement of the '582 patent in the related district court lawsuit shows that there may be non-infringing alternatives, and thus, there is no pre-emption because the claims of the '582 patent do not encompass the full scope of an abstract idea. PO Resp. 28 (citing *CLS Bank Int'l v. Alice Corp. Pty Ltd.*, 717 F.3d 1269, 1282 (Fed. Cir. 2013)). Petitioner counters that the Federal Circuit has rejected the argument that a defendant cannot plead both non-infringement and invalidity under § 101. Reply 12 (citing *Bancorp*, 687 F.3d at 1280).

In *Bancorp*, the Federal Circuit stated that “[t]he Federal Rules permit a party to plead in the alternative,” and thus, an “assertion of non-infringement does not detract from its affirmative defense of invalidity under § 101.” *Bancorp*, 687 F.3d at 1280. Furthermore, we note that pre-emption is only one test to determine whether a claim is directed to an abstract idea.

A claim is not patent-eligible where it merely recites an abstract idea and adds additional steps that merely reflect routine, conventional activity of those of ordinary skill in the art. *See Mayo*, 132 S.Ct. at 1298. For the foregoing reasons, we determine that claims 1, 13, 14, 18, 30, and 31 of the '582 patent recite nothing more than abstract concepts that constitute non-patentable subject matter.

D. *Petitioner's Motion to Exclude*

Petitioner filed a Motion to Exclude (Paper 25, “Mot. to Exclude”) on February 2, 2014. The Motion to Exclude seeks to exclude Ex. 2016, a New York Times article titled, “Federal regulators are expected to crack down on short-term, high-cost credit offered by large banks like Wells Fargo and U.S.

Bank.” Mot. to Exclude 1 (citing Ex. 2016). Petitioner alleges Ex. 2016 is inadmissible based on relevance, prejudice, and hearsay. *See Id.*

Ex. 2016 was not relied upon at the oral hearing and was not relied upon in reaching our decision. Accordingly, Petitioner’s motion to exclude is dismissed as moot.

IV. CONCLUSION

This is a final written decision of the Board under 35 U.S.C. § 328(a). We determine that claims 1, 13, 14, 18, 30, and 31 are unpatentable under 35 U.S.C. § 101.

ORDER

In consideration of the foregoing, it is hereby:

ORDERED that claims 1, 13, 14, 18, 30, and 31 of the ’582 patent are unpatentable;

FURTHER ORDERED that Petitioner’s motion to exclude is dismissed as moot; 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 37 C.F.R. § 90.2.

CBM2013-00014
Patent 6,625,582 B2

For Petitioner:

Anthony Son
Brian Pandya
Ryan Corbett
WILEY REIN LLP
ason@wileyrein.com
bpandya@wileyrein.com
rcorbett@wileyrein.com

For Patent Owner:

Casey Griffith
Shital Desai
KLEMCHUK KUBASTA LLP
casey.griffith@kk-llp.com
sita.desai@kk-llp.com