Trials@uspto.gov
571-272-7822

Paper No. 10
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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

GSI COMMERCE SOLUTIONS, INC.,
Petitioner,

v.

LAKSHMI ARUNACHALAM,
Patent Owner.

Case CBM2014-00101
Patent 8,346,894 B2

Before KARL D. EASTHOM, WILLIAM V. SAINDON, and BRIAN J. McNAMARA, *Administrative Patent Judges*.

McNAMARA, *Administrative Patent Judge*.

DECISION
Denial of Institution of Covered Business Method Patent Review
37 C.F.R. § 42.208

BACKGROUND

Pursuant to 35 U.S.C. § 321 and section 18 of the America Invents Act (AIA), GSI Commerce Solutions, Inc. ("Petitioner") requests that the Patent Trial and Appeal Board institute a covered business method patent review to review claims 1–19 (the challenged claims) of U.S. Patent No. 8,346,894 B2 (the '894 Patent). Paper 2 ("Pet."). Lakshmi Arunachalam ("Patent Owner")[1] did not file a Patent Owner Preliminary Response. We have jurisdiction under 35 U.S.C. § 324. The standard for instituting a covered business method patent review is the same as that for a post-grant review. (§ 18(a)(1) of the AIA). The standard for instituting post-grant review is set forth in 35 U.S.C. § 324(a), which provides:

> THRESHOLD.—The Director may not authorize a post-grant review to be instituted unless the Director determines that the information presented in the petition filed under [35 U.S.C. §] 321, if such information is not rebutted, would demonstrate that it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable.

Petitioner contends that pursuant to 37 C.F.R. §§ 42.301 and 42.304(a), the '894 Patent meets the definition of a covered business method patent and is not a patent for a technological invention. Pet. 2–6. Petitioner also contends that the claims of the '894 Patent are unpatentable under 35 U.S.C. § 112 and 35 U.S.C. § 103.

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[1] When the Petition was filed, the '894 Patent was owned by Pi-Net International, Inc. On September 10, 2014 an assignment was recorded at Reel 33715 Frame 0569 indicating that the '894 Patent was assigned by Pi-Net International, Inc. to the inventor, Lakshmi Arunachalam ("Patent Owner"). On September 10, 2014, Patent Owner filed a Mandatory Notice indicating that she is now acting *pro se*. Paper 7.

For the reasons discussed herein, Petitioner has failed to show that that the claims of the ’894 Patent are not drawn to a technological invention. Therefore, we decline to institute a covered business method patent review.

STANDING AND PENDING LITIGATION

A person may not file a petition under the Transitional Program for Covered Business Method Patents unless the person or the person’s real party in interest or privy has been sued for infringement or has been charged with infringement under that patent. *See* § 18(a)(1)(B) of the Leahy-Smith America Invents Act, Pub. L. 112-29, 125 Stat. 284, 329 (2011) (“AIA”). Petitioner represents that several of its customers, including Aeropostale, Inc., Bath & Body Works Brand Management, Inc., and Toys “R” Us-Delaware, Inc., have been sued for infringing the ’894 Patent based on their use of Petitioner’s systems and software, and that Petitioner is obligated to indemnify these customers as a result of their use of Petitioner’s systems and software. Pet. 2, Exs. 1015, 1016, 1017. Petitioner does not specify whether its customers have sought such indemnification or whether Petitioner has assumed control of the identified litigation. However, for purposes of determining standing at this stage of the proceeding, we assume that Petitioner ultimately is required to indemnify its customers.

The suits against Petitioner’s customers were filed by Pi-Net International, Inc., who is the previous owner of the ’894 Patent. Although we do not know whether Patent Owner or the previous patent owner, Pi-Net International, Inc., is continuing to prosecute the actions against Petitioner’s customers,[2] the docket in the U.S. District Court for the Eastern District of

[2] The cases against Petitioner’s customers have been consolidated with Civil Action No. 2:13-cv-1016.

Texas does not indicate that the actions against Petitioner's customers have been dismissed. As Petitioner represents that the defendants in the Texas litigation are customers of Petitioner and that it is obligated to indemnify its customers, and Patent Owner has not disputed Petitioner's representations, we are persuaded that Petitioner has standing to petition for covered business method patent review. *See SAP Am. v. Pi-Net Int'l., Inc.*, CBM2013-00013, slip op. at 4 (Dec. to Inst., Paper 15) (PTAB Sep. 19, 2013).

THE '894 PATENT (EXHIBIT 1001)

The '894 Patent contains the same disclosure as U.S. Patent 8,108,492 B2 (the '492 Patent), which is the subject of related proceeding IPR2013-00194. The references to the column and line numbers in this section of this Decision only are those of the '492 Patent. Elsewhere in this Decision, references to Exhibit 1001 in this proceeding refer to the lines and numbers of the '894 Patent.

The invention purports to facilitate real-time two-way transactions, as opposed to deferred transactions, e.g., e-mail. '492 Patent, col. 1, ll. 39–48. The invention also purports to be an improvement over browse-only transactions, *id.* at col. 1, ll. 49–64, and limited two-way services on the Web through Common Gateway Interface (CGI) applications customized for particular types of applications or services. *Id.* at col. 1, l. 65–col. 2, l. 45.

The patent describes a service network running on top of the Internet having five interacting components: an exchange agent, an operator agent, a management agent, a management manager, and a graphical user interface (GUI). *Id.* at col. 6, ll. 1–5. As shown in Figure 8, a user connects to a Web server. *Id.* at col. 9, ll. 25–26. The Web server runs the exchange

component. *Id.* Exchange 501 creates and allows for the management or distributed control of the service network, operating within the boundaries on an internet protocol (IP) facilities network. *Id.* at col. 6, ll. 28–30.

A user connected to the Web server running the exchange component issues a request for a transactional application. *Id.* at col. 9, ll. 25–26. The Web server receiving the user's request to perform a real-time transaction hands the request over to the exchange agent the Web server is running. *Id.* at col. 6, ll. 8–11, col. 9, ll. 27–29. The exchange 501 includes a Web page 505 that uses a GUI to display a list of point-of-service (POSvc) applications 510 accessible to the user by the exchange. *Id.* at col. 6, ll. 18–20, ll. 39–41, col. 9, ll. 28–30. The POSvc applications are transactional applications that can execute the type of transaction the user is interested in performing. *Id.* at col. 6, ll. 22–23, ll. 41–44. Exchange 501 also includes a switching component and an object routing component. *Id.* at col. 6, ll. 20–22. When the user selects a POSvc application, the switching component in the exchange switches the user to the selected POSvc application. *Id.* at col. 9, 32–33. The object routing component executes the user's request. *Id.* at col. 9, ll. 34–35. The exchange and a management agent thus perform the switching, object routing, application, and service management functions. *Id.* at col. 6, ll. 30–38, col. 9, ll. 32–34.

The exchange 501 and management agent together constitute a value-added network (VAN) switch, which provides multi-protocol object routing via a proprietary TransWeb™ Management Protocol (TMP), depending upon the services chosen. *Id.* at col. 7, ll. 52–54, ll. 62–65, col. 8, ll. 41–42. In one embodiment, TMP and distributed on-line service information data bases (DOLSIBs) perform object routing. *Id.* at col. 8, ll. 3–5, col. 9, ll. 34–

37. In DOLSIBs, which are described as virtual information stores optimized for networking, information entries and attributes are associated with a networked object identity that identifies the information entries and attributes in the DOLSIB as networked objects. *Id.* at col. 8, ll. 7–13. Each networked object is assigned an internet address based on the IP address of the node at which the networked object resides. *Id.* at col. 8, ll. 13–15. As a result, networked objects branch from a node in a hierarchical tree structure that establishes the individual object as an "IP–reachable" node on the internet, so that TMP can use this address to access the object from the DOLSIB. *Id.* at col. 8, ll. 16–26. Each object in the DOLSIB has a name, which is an administratively assigned object ID specifying an object type. *Id.* at col. 8, ll. 27–29. The object type together with the object instance uniquely identifies a specific instantiation of the object, e.g., an instance of an object about car models, and provides the user with specific information about a particular model. *Id.* at col. 8, ll. 31–35. Each object in the DOLSIB also has a syntax, which defines the abstract data structure corresponding to that object type, and an encoding that defines how the object is represented by the object type syntax while being transmitted over the network. *Id.* at col. 8, ll. 36–39.

VAN switch 520 has a layered architecture, as shown in Figure 7. Boundary service 701 provides the interface between the VAN switch, the Internet and the Web, multi-media end user devices and the interface to an on-line service provider. *Id.* at col. 8, ll. 42–48. Switching service 702, which is described as an OSI application layer switch, represents the core of the VAN switch. *Id.* at col. 8, ll. 52–54. Interconnected application layer switches form the application network backbone and are described as a

significant aspect of the Subject Patents. *Id.* at col. 8, ll. 60–63. Switching service 702 routes user connections to remote VAN switches and facilitates connectivity with the Internet (a public switched network) and private networks, including back office networks, such as banking networks. *Id.* at col. 8, ll. 57–60. Management service 703 contains tools used by the end users to manage network resources, including VAN switches, and provides applications that perform OAM&P functions, such as security management, fault management, performance management, and billing management. *Id.* at col. 8, l. 64–col. 9, l. 8. Application service 704 contains application programs that deliver customer services, including POSvc applications for banking, multi-media messaging, conferencing, financial services. *Id.* at col. 9, ll. 9–14. Depending upon the type of VAN service, the characteristics of the network elements will differ. *Id.* at col. 9, ll. 19–20.

ILLUSTRATIVE CLAIM

Claim 2, reproduced below, is illustrative:

> 2. An apparatus for completing a real-time Web transaction from a Web application in an on-line service over a digital network on the Web, the apparatus comprising:
>
> a processor;
>
> a machine-readable storage device including one or more instructions executable by the processor for
>
> accepting a first signal comprising a request from a point-of-service (POSvc) Web application for a real-time Web transaction specific to a Web merchant's value-added network service on the Web;
>
> utilizing an object in the Web application and the information entries and the attributes of an individual data structure in the POSvc Web application in said request to connect in real-time to the value-added network service of the Web merchant without executing Common Gateway Interface (CGI) scripts,

and further wherein the object in the POSvc Web application is not an SNMP object;

executing said connection at the OSI application layer, routing said individual data structure with the infonnation entries and attributes together from said Web application over the service network on the Web, wherein said individual data structure in the POSvc Web application in said request is an object identity in the POSvc Web application, and further wherein said routing performed at the OSI application layer is distinct from routing at the transport layer of the OSI model or network layer of the OSI model or lower layers of the OSI model; and

completing a real-time Web transaction from said Web application.

BASIS OF PETITION

Under 35 U.S.C. § 112, Petitioner proposes the following three challenges to the claims of the ’894 Patent: (i) that claims 1–19 lack a written description as required by 35 U.S.C. § 112(a) (Pet. 20–32), (ii) that claims 1–19 are unpatentable because they are indefinite under 35 U.S.C. § 112(b) (Pet. 32–39), and (iii) that claims 1, 3, 4, 10, 11, and 19 are unpatentable because they are not enabled under 35 U.S.C. § 112(a) (Pet. 39–40).

Petitioner also challenges the claims based on the prior art as follows:

Reference	Basis	Claims Challenged
Lawlor[3], Computerworld[4], and NSPG,[5]	§103	1–19

[3] Lawlor et al., U.S. Patent No. 5,220,501, issued Jun. 15, 1993 (“Lawlor”). Ex. 1007.

[4] *The Cyberbanks*, Computerworld, 80, ProQuest Telecommunications (June 26, 1995) (“Computerworld”). Ex. 1008.

[5] *Netscape Servers Programmer’s Guide*, Silicon Graphics, Inc. (1995) (“NSPG”). Ex.1011.

Lawlor, Computerworld, CMOT[6] and NSPG	§103	1–19
Electronic Banking[7], SFCU[8], NSPG, and CMOT	§103	1–19
Electronic Banking, SFCU, NSPG, and CMOT, and Bartlett[9]	§103	11 and 19

THE ’894 PATENT CLAIMS A TECHNOLGICAL INVENTION

A threshold question is whether at least one claim of the ’894 Patent qualifies for covered business method patent review. Petitioner bears the burden of demonstrating that the ’894 Patent is a covered business method patent. 37 C.F.R. § 304(a). A covered business method patent is “a patent that *claims* a method or corresponding apparatus for performing data processing” or other operations used in the practice, administration, or management of a financial product or service. 37 C.F.R. § 42.301(a). As Petitioner notes, at least one of the claims in the ’894 Patent recites operations in the practice, administration, or management of a financial product or service. Pet. 2–4. For example, claim 17 recites a retail banking

[6] Network Working Group Request For Comments: 1095, The Common Management Information Services and Protocol IP over TCP/IP (“CMOT”) (Apr. 1989). Ex. 1012.
[7] Allen H. Lipis, et al., *Electronic Banking*, The Stock Market, 4th Edition, 1–220, John Wiley & Sons, New York (1985) (“EB”). Ex. 1009.
[8] *Stanford Federal Credit Union Pioneers Online Financial Services*, http://www.thefreelibrary.com/_/print/PrintArticle.aspx?id=17104850 (last visited Mar. 15, 2013), (“SFCU”). Ex. 1010.
[9] Joel F. Bartlett, *Experience With a Wireless World Wide Web Client*, WRL Technical Note TN-46 (Western Research Library) (1995). Ex. 1013.

Web application, claim 18 recites a real-time Web transaction performed from a group selected from a number of financial services (e.g., brokerage, trading accounts, commercial banking, real estate), and claim 19 recites a transaction performed from an asset and wealth management point-of-service Web application.

However, a covered business method patent "does not include patents for technological inventions." 37 C.F.R. § 42.301(a). A technological invention is determined by considering "whether the claimed subject matter as a whole recites a technical feature that is novel and unobvious over the prior art, and solves a technical problem using a technical solution." 37 C.F.R. § 42.301(b). A patent is not drawn to a technological invention merely by (a) employing claim drafting techniques reciting known technologies, such as computer hardware, software, networks, and devices; (b) reciting use of a prior art technology to accomplish a process or method, even if that process or method is novel and non-obvious; and (c) by combining prior art structures to achieve the normal, expected, or predictable result of that combination. Office Trial Practice Guide, 77 Fed. Reg. 48,756, 48,764 (Aug. 14, 2012).

Using claim 2 as an example, Petitioner argues that the '894 Patent does not recite a technological invention because claim 2 recites only known technologies, such as a processor, a machine readable storage device, a signal, an application, a network, the Web, an object, and a data structure. Pet. 5. Petitioner also argues that the '894 Patent recites a combination of structures to achieve the normal, expected, and predictable result of the combination. *Id.* In particular, Petitioner argues that the '894 Patent is directed to a financial or business problem, i.e., allowing a user to complete

from a Web application the types of transactions he or she can already perform in person. *Id.* at 5–6. Patent Owner contends that these are financial or business problems, not technical problems. *Id*. at 6.

Petitioner addresses only part of the analysis. Even if Petitioner demonstrates that the claims recite certain known elements and have application to financial transactions, Petitioner does not address whether the claims are drawn to solving a technical problem using a technical solution. Indeed, claim 2 recites several features that are, facially, a technical solution that Petitioner does not discuss.

For example, claim 2 recites that the apparatus accepts a request from a point-of-service (POSvc) application for a real-time transaction specific to the Web merchant's service. Ex. 1001, col. 10, ll. 44–47. Claim 2 next recites that the apparatus utilizes an object in the Web application and the information entries and attributes of an individual data structure in the point-of-service POSvc application to connect to the value–added network service of the Web merchant. *Id.* at col. 10, ll. 48-55. Claim 2 further recites that the connection is executed by routing a data structure with information entries and attributes at the application layer of the OSI model, as distinguished from routing the data structure at the transport or network layers of the OSI model. *Id.* at col. 10, ll. 56–65. The recitation in claim 2 of using an object and information entries and attributes to complete the connection at a specific layer of the OSI model appears to be a technical solution. As such, the claim is drawn to solving the technical problem of connecting to a Web merchant's service. Therefore, Petitioner has not shown that claim 2 and claims 5–19, which depend from claim 2, qualify for

covered business method patent review because Petitioner has not shown that these claims do not recite a technical solution to a technical problem.

Independent claims 1 and 3, and claim 4, which depends from claim 1, recite limitations similar to those discussed above as recited in claim 2. Therefore, we also are not persuaded that Petitioner has shown that claims 1, 3, and 4 qualify for covered business method patent review.

We note that our decision in this case is different from our decision in CBM2013-00013, where we instituted a covered business method patent review. CBM2013-00013 involved U.S. Patent No. 8,037,158 ("the '158 Patent"), which has the same specification as that of the '894 Patent, but claims different subject matter. Claim 1 of the '158 Patent, which is drawn to transferring funds, recites the steps of providing a Web page with POSvc applications that can be selected, accepting signals indicating the selection of the POSvc application and other information, and transferring funds using "a routed transactional data structure." In CBM2013-00013, we were not persuaded by Patent Owner's argument that Figure 5D of the '158 Patent exemplifies an "object" as a transactional data structure. *See SAP Am. Inc., v. Pi-Net Int'l., Inc.,* CBM2013-00013, Dec. to Inst. (Paper 15) at 18–19. In CBM2013-00013, we instituted a covered business method patent review because claim 1 of the '158 Patent recites transferring funds from checking to savings "utilizing a routed transactional data structure" but does not recite a particular technical implementation. *Id.* Thus, claim 1 of the '158 Patent does not solve a technical problem using a technical solution. In contrast, independent claims 1, 2 and 3 of the '894 Patent recite using the object to make a specific connection to the Web merchant's service (solving a technical problem) using a specific technique, i.e., by routing a data structure

with the information entries and attributes at the application layer of the OSI model, as distinguished from routing the data structure at the transport or network layers of the OSI model. Thus, although they have application to financial transactions and recite known elements, Petitioner has not shown that the claims of the ’894 Patent do not recite solving a technical problem using a technical solution and are subject matter for business method patent review.

CONCLUSION

Petitioner has not shown that claims 1–19 of the ’894 Patent do not recite solving a technical problem using a technical solution. Thus, we do not authorize a covered business method patent review.

Our decision addresses only the threshold question of whether the claims of the ’894 Patent qualify for covered business method patent review. We do not reach the merits of Petitioner’s challenges to the patentability of claims 1–19, and no implications can be drawn from this decision concerning Petitioner’s challenges under 35 U.S.C. § 112 or 35 U.S.C. § 103.

ORDER

In consideration of the above, it is

ORDERED that the Petition is DENIED.

PETITIONER:

Richard D. Mc Leod
Garth Winn
Klarquist Sparkman LLP
Rick.mcleod@klarquist.com
garth.winn@klarquist.com

PATENT OWNER

Lakshmi Arunachalam
laks22002@yahoo.com