

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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E\*TRADE FINANCIAL CORPORATION,  
E\*TRADE SECURITIES, LLC, E\*TRADE BANK,  
SCOTTRADE, INC., SCOTTRADE FINANCIAL SERVICES, INC.,  
TD AMERITRADE HOLDING CORPORATION, and  
TD AMERITRADE, INC.,

Petitioner,

v.

DROPLETS, INC.,  
Patent Owner.

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Case CBM2014-00123  
Patent 8,402,115 B2

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Before LINDA M. GAUDETTE, MICHAEL R. ZECHER, and  
SCOTT A. DANIELS, *Administrative Patent Judges*.

GAUDETTE, *Administrative Patent Judge*.

DECISION

Denying Institution of Covered Business Method Patent Review  
*37 C.F.R. § 42.208*

I. INTRODUCTION

E\*TRADE Financial Corporation, E\*TRADE Securities, LLC,  
E\*TRADE Bank, Scottrade, Inc., Scottrade Financial Services, Inc., TD  
Ameritrade Holding Corporation, and TD Ameritrade, Inc. (collectively,

“Petitioner”) filed a Petition (Paper 9, “Pet.”) requesting a covered business method patent review of claims 1–25 (“the challenged claims”) of U.S. Patent No. 8,402,115 B2 (Ex. 1001, “the ’115 patent”). Droplets, Inc. (“Patent Owner”) timely filed a Preliminary Response (Paper 14, “Prelim. Resp.”). We have jurisdiction under 35 U.S.C. § 324.

Upon consideration of the Petition and Patent Owner’s Preliminary Response, we determine Petitioner has not satisfied the grounds for standing under 37 C.F.R. § 42.304(a) and, therefore, deny institution of a covered business method patent review.

## II. BACKGROUND

### *A. Related Matters*

Contemporaneous with the instant Petition, Petitioner also filed a second Petition for covered business method review of the ’115 patent wherein it challenges the patentability of claims 1–25 based on additional prior art. *E\*TRADE Financial Corp. v. Droplets, Inc.*, Case CBM2014-00124 (PTAB May 12, 2014) (Paper 9). Petitioner indicates Patent Owner filed suit against Petitioner alleging infringement of the ’115 patent in *Droplets, Inc. v. E\*TRADE Financial Corp.*, No. 1:12-cv-02326-CM (S.D.N.Y. April 7, 2014). Pet. 13.

### *B. The ’115 patent (Ex. 1001)*

The ’115 patent relates to a method and system “for delivering interactive links for presenting applications and second information at a client computer from remote sources in a network-configured computer processing system.” Ex. 1001, Abstract. Petitioner challenges the patentability of all claims in the ’115 patent, claims 1, 12, and 25 of which are independent. Claims 1 and 12 are directed to computerized methods,

and claim 25 is directed to a system. Petitioner contends claim 8 is directed to a covered business method.<sup>1</sup> Pet. 10–11. Exemplary method claim 1 and its dependent claim 8 are reproduced below:

1. A computerized method for delivering interactivity over the web to a client device from a remotely stored application residing on a server, the method comprising:

in response to receiving a request for a web page from the client device, serving a web page to the client device, the web page having executable code embedded therein which, when executed in a web browser running on the client device, communicates messages with the remotely stored application on the server, the web page further having user interface information for presenting within the web browser a user interface for the remotely stored application;

receiving an event message from the executable code on the client device, the event message reporting an action taken within one or more screen components in the user interface through the client device;

executing application logic within the remotely stored application on the server to generate data values based on the action reported in the event message and client device information; and

sending to the client device an update message with at least some of the generated data values and instructions for use by the executable code to present the data values within the user interface of the web page at the client device.

Ex. 1001, 29:37–61.

8. The method of claim 1, wherein the remotely stored application comprises a stock watching application, and

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<sup>1</sup> 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) (stating that a patent need have only one claim directed to a covered business method to be eligible for review).

wherein the data values generated by execution of the application logic comprises stock prices.

*Id.* at 30:15–18.

### III. ANALYSIS

37 C.F.R. § 42.304(a) provides that a petition for covered business method review must set forth the petitioner’s grounds for standing: “The petitioner must demonstrate that the patent for which review is sought is a covered business method patent, and that the petitioner meets the eligibility requirements of § 42.302.” 37 C.F.R. § 42.304(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, except that *the term does not include patents for technological inventions.*” 37 C.F.R. § 42.301(a) (emphasis added). In the present case, we begin our analysis of the standing requirements under 37 C.F.R. § 42.304(a) by determining whether Petitioner has demonstrated that the ’115 patent is not for a technological invention. *See Motorola Mobility, LLC v. Intellectual Ventures I, LLC*, Case CBM2014-00084, Paper 18 at 4 (PTAB, Aug. 6, 2014) (“Although ordinarily the issue of whether the claimed method or apparatus is used in the practice, administration, or management of a financial product or service is considered first, followed by whether it is a technological invention is considered, that sequence is neither essential nor required.”)

The question of whether a patent is for a technological invention is “determined on a case-by-case basis.” 37 C.F.R. § 42.301(b). To qualify as a technological invention, claimed subject matter must satisfy a two pronged

test: “as a whole recite[] a technological feature that is novel and unobvious over the prior art; *and* solve[] a technical problem using a technical solution.” *Id.* (emphasis added). We consider each of these requirements in turn.

A. *Does the claimed subject matter, as a whole recite, a technological feature that is novel and unobvious over the prior art?*

As an initial matter, we observe that Petitioner relies in large part on its anticipation and obviousness challenges to establish the subject matter of the '115 patent, as a whole, is not directed to a novel and unobvious technological feature. Pet. 12–13. 37 C.F.R. § 42.304 requires a petition for a covered business method patent review to set forth the following: “(a) *Grounds for standing*” and “(b) *Identification of [the] challenge.*” The requirement in part (a) to show that the claimed subject matter, as a whole, does not recite a technological feature that is novel and unobvious over the prior art (*see* discussion of 37 C.F.R. § 42.301(a), above) is separate and distinct from the requirement in part (b) to “specify where each element of the claim is found in the prior art,” 37 C.F.R. § 42.304 (b)(4). In other words, Petitioner cannot demonstrate grounds for standing under 37 C.F.R. § 42.301(a) by simply directing us to a discussion of the grounds for unpatentability made for purposes of 37 C.F.R. § 42.301(b). *See* Pet. 12–13 (directing us to Sections V.A (discussing anticipation by Frese) and V.D (discussing obviousness over Frese and Gish)). Further we note that Petitioner also makes unsupported, conclusory statements, such as “the claims . . . at best, ‘[c]ombin[e] prior art structures to achieve the normal, expected, or predictable result of that combination,’” Pet. 13 (citing 77 Fed. Reg. 157 (Aug. 14, 2012) at 48,763-48,764), which we have previously held

are insufficient to demonstrate that the claimed subject matter is not a technological invention. *See Experian Marketing Solutions, Inc. v. Rpost Communications Ltd.*, Case CBM2014-00010, Paper 20 at 9 (PTAB April 22, 2014) (“Petitioner’s conclusory language in the petition that none of the steps of a claim requires any novel and unobvious technological implementation, or solves a technical problem, without more, is not sufficient to demonstrate that the claimed subject matter is not a technical invention.”)

In support of its contention that the ’115 patent is not a technological invention, Petitioner argues the “claims run afoul” of the Office Patent Trial Practice Guide’s examples of claim drafting techniques which do not typically render a patent 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 that process or method is novel and non-obvious.

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

77 Fed. Reg. 48,764 (Aug. 14, 2012) (Final Rule). Pet. 11–12. Petitioner argues, more specifically, that the claims “recite . . . technologies well-known in the art such as ‘client device,’ ‘server,’ and ‘web browser,’” none of which “is novel and nonobvious over the prior art . . . [or] solves a technical problem using a technical solution.” *Id.* at 12. Petitioner also argues the claims “as a whole” do not recite any technological feature that is novel and unobvious because “every element of the claims is described in

either the background section of the '115 patent or in prior art references such as Frese, Ferris, Moshfeghi, Gish, and Tarantella UAS.” *Id.* (citing the First Declaration of Peter Kent (Ex. 1002)).

Patent Owner argues Petitioner’s analysis of the claimed subject matter focuses on the hardware elements and fails to consider whether the the subject matter as a whole, which includes hardware elements in combination with the software elements, recites a technological feature that is novel and unobvious over the prior art. Prelim. Resp. 18. Patent Owner contends the combination of hardware and software elements changes a fundamental technical operation of a computer system, how the computer system engages in interactivity over the web, in a manner which is novel and nonobvious over the prior art. *Id.* at 17. In support of its argument, Patent Owner directs us to columns 3 and 4 of the '115 patent. *Id.* at 16.

Column 3 of the '115 patent describes “bookmarks,” a prior art technology for retrieving the Uniform Resource Locator (“URL”) of a particular website. Ex. 1001, 3:41–43. The '115 patent states that two limitations of bookmarks are that a web page must be displayed before the URL corresponding to the web page can be stored as a bookmark, and bookmarks do not maintain information pertaining to a previous operating state of the web site. *Id.* at 3:49–53. For example, in general, a bookmark can be used to return a user to a previously displayed web page, but any information the user may previously have entered on that web page, would not have been saved. *Id.* at 3:53–57. The '115 patent further describes a known prior art tracking facility known as a “cookie,” by which previously entered information is made available. *Id.* at 3:57–60. The '115 patent explains, that drawbacks of cookies are that they are time-sensitive and may

expire before a user attempts to re-navigate to the web site of interest, and are stored only on the computer originally used to enter the information such that the information cannot be accessed from another computer. *Id.* at 3:65–4:3.

The inventive method and apparatus of the '115 patent are said to address these prior art drawbacks by “provid[ing] interactive links to remotely stored applications and information, wherein when selectively employed to retrieve and present the remotely stored applications and information on a client computer, a previous operating state of the applications and information may be restored.” Ex. 1001, 4:30–35. The '115 patent also provides graphical representations of interactive links which are “downloadable to and transferable between one or more client computers for selectively retrieving and presenting remotely stored applications and information on each of the client computers.” *Id.* at 4:23–29. Column 4 of the '115 patent describes providing the interactive links to a client computer by retrieving from a content provider stored applications and information having a computer program code embedded therein and executing the code at the client computer to establish a communication to an application server. *Id.* at 4:53–66. The '115 patent further describes “storing on the client computer an interactive link for selectively re-establishing the [] communication connection to the application server for invoking and presenting the remotely stored application and information on an as-needed basis.” *Id.* at 5:9–13.

As argued by Patent Owner, the claims recite the above-described inventive features, e.g. “executable code” that allows the client device to communicate with remotely stored applications on the server, receive event

messages from the executable code on the client device, execute application logic within the remotely stored application on the server, and send update messages to the client device. Prelim. Resp. 16. Although Petitioner contends Frese describes, e.g., “serving a web page including executable code that presents a user interface for a remote application to a user system,” Pet. 12 (citing Ex. 1002 ¶¶ 63–71), Petitioner has not shown by its arguments or supporting evidence (e.g., Ex. 1002) that Frese’s combination of method steps and executable code would be expected to effect the way a computer system engages in interactivity over the web in the same manner as the claimed subject matter of the ’115 patent, e.g., by enabling a previous operating state of the applications and information to be restored. Therefore, we are not persuaded Petitioner has shown that the claimed subject matter, as a whole, does not recite a technological feature that is novel and unobvious over the prior art.

*B. Does the claimed subject matter solve a technical problem using a technical solution?*

Patent Owner contends the claimed subject matter of the ’115 patent solves “the technical problems of initiating a user session and user interactivity across the Internet” by “provid[ing] interactive links to applications and information remotely stored across the network.” Prelim. Resp. 16. Patent Owner’s position is supported by the disclosure in the ’115 patent discussed above. Petitioner addresses this prong of the test with a single conclusory statement, which we find insufficient to show that the claimed subject matter does not solve a technical problem using a technical solution. *See* Pet. 12 (arguing that none of the technologies recited in the claims “solve[s] a technical problem using a technical solution”).

#### IV. CONCLUSION

Petitioner has not met its burden to show that the '115 patent is not for a technological invention, because, on the record before us, it failed to:

(1) consider whether the claimed subject matter as a whole, which includes hardware elements in combination with the software elements, recites a technological feature that is novel and nonobvious over the prior art; and  
(2) address adequately whether the subject matter claimed in the '115 patent solves a technical problem using a technical solution. Therefore, Petitioner has not met the requirements for standing under 37 C.F.R. § 42.304(a).

#### V. ORDER

In consideration of the foregoing, it is hereby:

**ORDERED** that the Petition is denied; and

**FURTHER ORDERED** that no covered business method patent review is instituted.

CBM2014-00123  
Patent 8,402,115 B2

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