

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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COMPASS BANK, AMERICAN EXPRESS COMPANY, AMERICAN  
EXPRESS TRAVEL RELATED SERVICES COMPANY, INC.,  
DISCOVER FINANCIAL SERVICES, DISCOVER BANK, DISCOVER  
PRODUCTS INC., AND STATE FARM MUTUAL AUTOMOBILE  
INSURANCE COMPANY,  
Petitioner,

v.

MAXIM INTEGRATED PRODUCTS, INC.,  
Patent Owner.

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Case CBM2015-00102  
Patent 6,237,095 B1

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Before TREVOR M. JEFFERSON, MITCHELL G. WEATHERLY, and  
KERRY BEGLEY, *Administrative Patent Judges*.

WEATHERLY, *Administrative Patent Judge*.

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

## I. INTRODUCTION

### A. *Background*

Compass Bank, American Express Company, American Express Travel Related Services Company, Inc., Discover Financial Services, Discover Bank, Discover Products Inc., and State Farm Mutual Automobile Insurance Company (collectively “Petitioner”)<sup>1</sup> filed a petition (Paper 1, “Pet.”) requesting a covered business method patent review (“CBM patent review”) of claims 1–8 of U.S. Patent No. 6,237,095 B1 (Ex. 1001, “the ’095 patent”) pursuant to section 18 of the Leahy-Smith America Invents Act (“AIA”). Patent Owner, Maxim Integrated Products, Inc., (“Patent Owner”) filed a Preliminary Response. Paper 13 (“Prelim. Resp.”). We authorized, and Petitioner filed, a Reply to Patent Owner’s Preliminary Response. Paper 14 (“Reply”).

With its Preliminary Response, Patent Owner provided evidence that it filed with the Office a statutory disclaimer of claim 7 of the ’095 patent, pursuant to 37 C.F.R. § 1.321(a). *See* Prelim. Resp. 2; Ex. 2003. Accordingly, pursuant to 37 C.F.R. § 42.207(e), no post grant review will be instituted based on disclaimed claim 7.

For remaining claims 1–6 and 8 (the “challenged claims”), we may not institute a CBM patent review “unless the Director<sup>2</sup> determines that the information presented in the petition . . . , if such information is not rebutted,

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<sup>1</sup> The Petition also lists Navy Federal Credit Union (“NFCU”) as a petitioner. Pet. 1. NFCU and Patent Owner subsequently filed a joint motion to terminate NFCU’s participation in the case, and we granted the motion. Paper 10.

<sup>2</sup> “The Board institutes the trial on behalf of the Director.” 37 C.F.R. § 42.4(a).

would demonstrate that it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable.” 35 U.S.C. § 324(a); *see also* 37 C.F.R. § 42.208. Based on our review of the record, we conclude that Petitioner is more likely than not to prevail with respect to at least one of the challenged claims.

Petitioner contends that the challenged claims are unpatentable under 35 U.S.C. § 103 based on the following grounds (Pet. 24–77):

References	Basis	Claim[s] challenged
Hawkes <sup>3</sup> alone or in combination with Chaum <sup>4</sup> and/or Ciarcia <sup>5</sup>	§ 103	1, 2, 4–6, and 8
Hawkes alone or in combination with Brown <sup>6</sup> and/or Ingalls <sup>7</sup>	§ 103	3

For the reasons described below, we institute a CBM review of claims 1–6 and 8.

#### *B. Related Proceedings*

Patent Owner has asserted the ’095 patent against all Petitioners except Discover Products Inc. (“DPI”) in the U.S. District Court for the Western District of Texas. Pet. 1; *see* Paper 5, 2. In addition, Patent Owner

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<sup>3</sup> INTEGRATED CIRCUIT CARDS, TAGS AND TOKENS (Peter Hawkes, Donald Davies, W.L. Price, eds. 1990) (“Hawkes”) (Ex. 1003).

<sup>4</sup> U.S. Patent No. 5,485,520 (Jan. 16, 1996) (“Chaum”) (Ex. 1004).

<sup>5</sup> Steve Ciarcia, *Ciarcia’s Circuit Cellar: Build the BASIC-52 Computer/Controller*, BYTE, Aug. 1985, (“Ciarcia”) (Ex. 1005).

<sup>6</sup> JOHN FORREST BROWN, EMBEDDED SYSTEMS PROGRAMMING IN C AND ASSEMBLY (1994) (“Brown”) (Ex. 1006).

<sup>7</sup> Daniel Ingalls, *Design Principles Behind Smalltalk*, BYTE, Aug. 1981, (“Ingalls”) (Ex. 1007).

has asserted the '095 patent against numerous other defendants in more than thirty cases filed in various district courts. *See* Paper 5, 1–7; Pet. 1–3.

The '095 patent also has been involved in several proceedings before the Office. More specifically, the patent was the subject of two previous petitions for CBM patent review filed by different sets of petitioners. Paper 5, 3. First, in CBM2014-00041, the Board determined that 35 U.S.C. § 325(a)(1) precluded institution of review, because one of the petitioners had filed a civil action challenging the validity of claims of the '095 patent before filing the petition. *PNC Bank, N.A. v. Maxim Integrated Prods., Inc.*, Case CBM2014-00041 (PTAB June 3, 2014) (Paper 19). Second, in CBM2014-00177, the Board terminated the proceeding pursuant to settlement. *JP Morgan Chase & Co. v. Maxim Integrated Prods., Inc.*, Case CBM2014-00177 (PTAB Feb. 26, 2015) (Paper 14).

### C. The '095 Patent

The '095 patent relates to an apparatus or “module” for transferring money or “digital cash” electronically. Ex. 1001, 1:24–29, 1:51–67, 7:65–12:34. The claims are directed to an “apparatus for receiving and transmitting encrypted data.” *Id.* at 32:59–34:19. Claim 1, which is the only independent claim in the '095 patent and thus illustrative, recites:

1. An apparatus for receiving and transmitting encrypted data, comprising:

an input/output interface for receiving a challenge number from an electronic device;

a microprocessor circuit connected to said input/output interface;

a coprocessor circuit, connected to said microprocessor circuit;

a timing circuit connected to the microprocessor, the timing circuit for generating a time stamp;

a first memory connected to said microprocessor circuit, said first memory for storing a first data object; and

a second memory connected to said microprocessor circuit, said second memory including instructions readable by said microprocessor circuit to thereby cause said microprocessor circuit to:

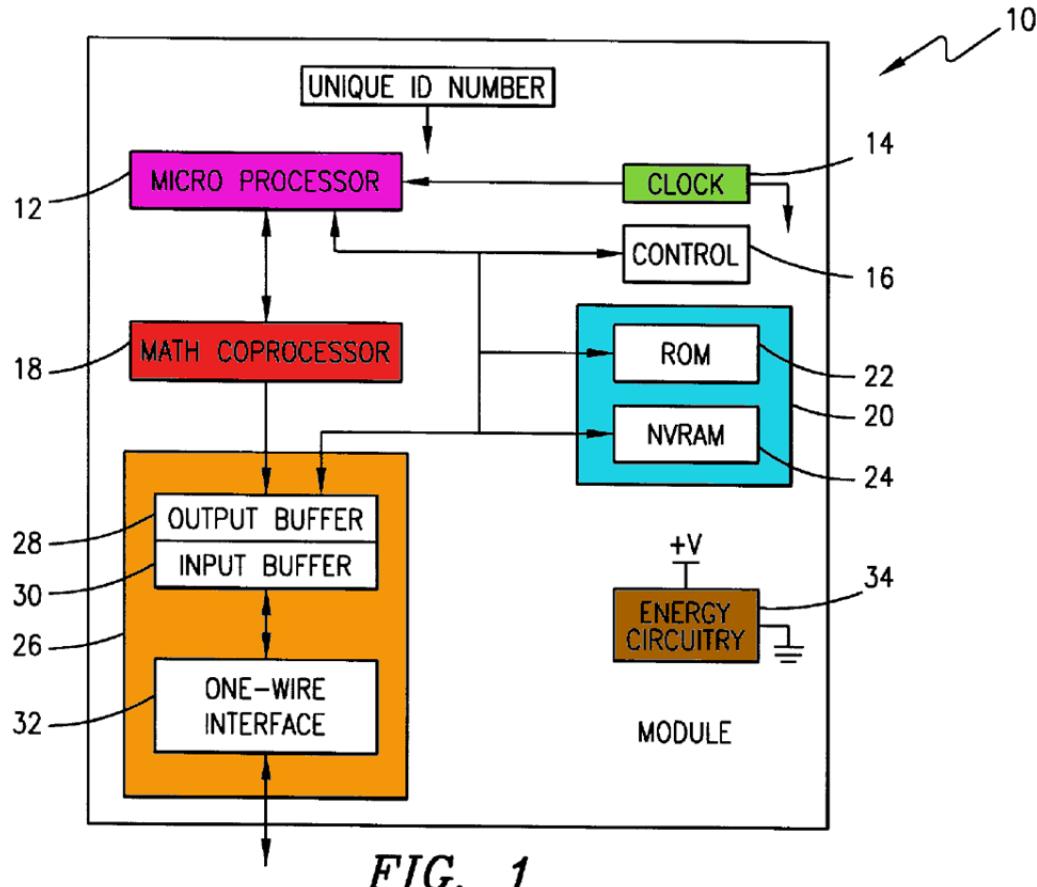
initiate generation of a certificate, said certificate including said challenge number and a second data object; and

adjust said first data object according to said second data object responsive to a verification signal from said electronic device;

store a transaction script, the transaction script including at least a representation of the time stamp generated by the timing circuit.

*Id.* at 32:59–33:17.

We refer to the colorized version of Figure 1 from the '095 patent, reproduced below, in describing the claimed apparatus.



*FIG. 1*

A colorized version of Figure 1 of the '095 patent is a block diagram of the hardware components comprising the claimed apparatus.

Pet. 29.

Module 10 includes input/output circuit 26 (orange), microprocessor 12 (magenta), coprocessor 18 (red), real time clock 14 (green), memory 20 (teal), including NVRAM 24 and ROM 22, and energy circuitry 34 (brown). *Id.* at 2:34–42, 3:21–30. Module 10 can be used as a digital cash dispenser, which can be replenished with cash and can transfer cash to another module. *Id.* at 7:65–12:34. For example, a merchant may place a random number in a packet and then transmit the packet, along with an amount of a purchase, to module 10. *Id.* at 9:41–49. Module 10 receives the packet and the amount of the purchase as an input object, and then

subtracts the amount of the purchase from a money object. *Id.* at 9:45–53. Finally, module 10 adds additional information to the input object, and sends it back to the merchant as a certificate. *Id.* at 9:52–64. This additional information can include a time stamp. *Id.* at 32:36–44.

## II. ANALYSIS

### A. *Claim Interpretation*

In a CBM patent review, “[a] claim in an unexpired patent shall be given its broadest reasonable construction in light of the specification of the patent in which it appears.” 37 C.F.R. § 42.300(b); *see also In re Cuozzo Speed Techs., LLC*, 793 F.3d 1268, 1278 (Fed. Cir. 2015) (“We conclude that Congress implicitly approved the broadest reasonable interpretation standard in enacting the AIA.”). When applying that standard, we interpret the claim language as it would be understood by one of ordinary skill in the art in light of the specification. *In re Suitco Surface, Inc.*, 603 F.3d 1255, 1260 (Fed. Cir. 2010). Thus, we give claim terms their ordinary and customary meaning. *See In re Translogic Tech., Inc.*, 504 F.3d 1249, 1257 (Fed. Cir. 2007) (“The ordinary and customary meaning is the meaning that the term would have to a person of ordinary skill in the art in question.” (internal quotation marks omitted)).

Petitioner proposes interpretations for four phrases recited in various claims and contends that we should interpret those phrases according to the broadest reasonable interpretation standard. Pet. 22–29. Patent Owner does not comment on Petitioner’s proposed interpretations other than to argue that Petitioner interpreted claims under the wrong standard and should have interpreted the claims under the standards set forth in *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005) (en banc). *See Prelim. Resp.* 59–65

(exercising right to delay comment on claim construction only if review is initiated).

According to Patent Owner, the '095 patent “will expire on January 30, 2016,” “months before any final written decision” in this case. *Id.* at 60. Patent Owner, therefore, reasons that the *Phillips* standard will apply to any final written decision. *See id.* at 60–61. Patent Owner argues that applying the broadest reasonable interpretation standard at institution but the *Phillips* standard in the final written decision would be contrary to 35 U.S.C. § 324, improperly favor institution, and waste resources of the Board and the parties. *Id.* at 60–64. Moreover, Patent Owner asserts that the broadest reasonable interpretation standard “is based on Patent Owner’s right to add to or amend the claims of an unexpired patent” and, thus, “relinquishment of that right should be substantial enough to eliminate that support.” *Id.* at 61. Patent Owner represents that it “disclaims and relinquishes any remaining right it has to add or amend the remaining claims of the patent (other than statutory disclaimer).” *Id.*

At this time, the '095 patent is not expired. *See id.* at 60. Under 37 C.F.R. § 42.300(b), the Board interprets a “claim in an unexpired patent” using the “broadest reasonable construction in light of the specification of the patent in which it appears.” 37 C.F.R. § 42.300(b).<sup>8</sup> In *Cuozzo*, the Federal Circuit held that Congress “implicitly approved the broadest

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<sup>8</sup> The Office recently proposed an amendment to 37 C.F.R. § 42.300(b), which would address Patent Owner’s argument regarding the claim construction standard. Amendments to the Rules of Practice for Trials Before the Patent Trial and Appeal Board; Proposed Rules, 80 Fed. Reg. 50,720, 50,722, 50,743 (Aug. 20, 2015) (“Proposed Rules”). The amendment, however, is merely proposed and is not in effect.

reasonable interpretation standard in enacting the AIA” and that the Office “properly adopted” the standard by regulation. *Cuozzo*, 793 F.3d at 1278–79.

In effect, Patent Owner asks us to use our authority under 37 C.F.R. § 42.5(b) to “waive or suspend” 37 C.F.R. § 42.300(b). Even assuming that we have the authority to do so, we decline to do so in this case. Patent Owner has not argued that the construction of any claim term would materially change depending on whether we apply the broadest reasonable interpretation standard or the *Phillips* standard. Therefore, Patent Owner has not provided any convincing or compelling reason to alter the claim construction standard applicable to unexpired patents under our governing regulation. Particularly under these circumstances, we are not persuaded that Patent Owner can opt out of the broadest reasonable interpretation standard, applicable to unexpired patents, by declaring that it has decided not to take advantage of the opportunity to amend that is afforded to it in a CBM review. *See Proposed Rules*, 80 Fed. Reg. at 50,722 (declining to adopt suggestion “[t]o allow the patent owner unilaterally to decide to forego any opportunity to amend after a petition has been filed, and thereby opt-in to a *Phillips*-type construction”).

Accordingly, for purposes of this decision, we apply the broadest reasonable interpretation standard pursuant to 37 C.F.R. § 42.300(b). If the ’095 patent expires before we issue a final written decision in this case, we will apply the claim construction standard outlined in *Phillips* in any final written decision. Therefore, in future briefing, the parties should address any differences between the proper construction of any relevant claim term under the broadest reasonable interpretation and the *Phillips* standard.

Patent Owner does not address the manner in which any of the asserted prior art compares to any limitation recited in the challenged claims. We determine that none of the phrases addressed by the parties requires an express interpretation to resolve the issues currently presented in the asserted patentability challenges. Therefore, we do not interpret these phrases expressly at this stage of the proceeding.

*B. Petitioner's Standing*

To have standing, Petitioner must show that: (1) “the patent for which review is sought is a covered business method patent,” and (2) Petitioner “meets the eligibility requirements of § 42.302.” 37 C.F.R. § 42.304(a).

*1. Requirements of 37 C.F.R. § 42.302*

Petitioner asserts that it satisfies both requirements in 37 C.F.R. § 42.302. Pet. 8–9. First, Petitioner represents that all Petitioners except DPI “ha[ve] been sued for infringement” of the ’095 patent and that DPI’s real party-in-interest and privy “has been sued for infringement” of the patent, thereby satisfying 37 C.F.R. § 42.302(a). *Id.*; 37 C.F.R. § 42.302(a). Second, Petitioner represents that it is not “estopped from challenging the claims on the grounds identified” in the Petition, as required under 37 C.F.R. § 42.302(b). Pet. 9; 37 C.F.R. § 42.302(b). Patent Owner does not dispute these assertions. We are persuaded that Petitioner meets the eligibility requirements of 37 C.F.R. § 42.302.

*2. Whether the ’095 Patent Is a Covered Business Method Patent*

Section 18(d)(1) of the AIA defines a “covered business method patent” as “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.” In determining whether a patent is eligible for review as a covered business method patent, the focus is on the claims. *See* 37 C.F.R. § 42.301; 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) (“CBM Rules”). One claim directed to a covered business method is sufficient to render the patent eligible for review. CBM Rules, 77 Fed. Reg. at 48,736.

*a) Financial Product or Service*

The legislative history of the AIA indicates that “‘financial product or service’ should be interpreted broadly.” *Id.* at 48,735 (response to comment 1). Specifically, the legislative history “explains that the definition of covered business method patent was drafted to encompass patents ‘claiming activities that are financial in nature, incidental to a financial activity or complementary to a financial activity.’” *Id.* (quoting 117 Cong. Rec. S5432 (daily ed. Sept. 8, 2011) (statement of Sen. Schumer)).

Petitioner argues that the claims of the ’095 patent, together with the financial embodiments disclosed in the Specification and Patent Owner’s assertion of the patent against numerous financial institutions, demonstrate that the patent relates to a financial product or service. *See* Pet. 9–14.

As an initial matter, we address Patent Owner’s argument that its statutory disclaimer of claim 7 of the ’095 patent, after the Petition was filed, is dispositive of whether Petitioner has shown that the patent satisfies the financial product or service requirement. *See* Prelim. Resp. 11–12. Specifically, Patent Owner asserts that we must treat the ’095 patent as though disclaimed claim 7 never existed, and Petitioner argues only that

claim 7 meets the financial product or service requirement, while referring to other claims in a conclusory and unsupported fashion. *Id.*

We disagree. Petitioner explicitly argues that “the claims” of the ’095 patent demonstrate that the patent satisfies the financial product or service requirement. *See, e.g.*, Pet. 12 (“Here, *the claims*, the specification, and the patent owner’s litigation history all show the 095 Patent is directed to a financial product or service.”) (emphasis added)). Petitioner also cites and relies upon numerous passages in the Specification establishing that the claimed invention is directed to the practice of a financial service. *Id.* at 13–14 (citing Ex. 1001, Abstract, 1:26–28, 4:59–60, 7:65–14:46). Therefore, we understand that Petitioner refers to claim 7 as an example, and that Petitioner’s arguments apply more broadly to the subject matter of all claims of the ’095 patent.

Accordingly, we consider whether Petitioner has shown that the remaining claims of the ’095 patent—claims 1–6 and 8—demonstrate that the patent meets the financial product or service requirement. We are persuaded by Petitioner’s showing that the apparatus recited in independent claim 1 encompasses an apparatus for managing financial products or delivering financial services, as evidenced by the financial embodiments disclosed in the Specification. *Id.*

In particular, Petitioner points to the Abstract of the ’095 patent: “[T]he present invention relates to an electronic module . . . capable of passing information back and forth between a service provider’s equipment via a secure, encrypted technique *so that money and other valuable data can be securely passed electronically.*” Pet. 13 (quoting, with emphasis, Ex. 1001, Abstract). Similarly, Petitioner references the “Technical Field of

the Invention” section of the ’095 patent: “The module can be configured . . . to authorize monetary transactions.” Pet. 13 (quoting Ex. 1001, 1:26–29). In addition, Petitioner cites “practical applications of the module” discussed in the Specification, including “digital cash dispenser,” “digital cash replenishment,” “direct transfer of funds between modules,” and a “postal metering service.” Pet. 13–14 (quoting portions of Ex. 1001, 7:65–14:46).

Having reviewed the Petitioner’s arguments and the Specification, we are persuaded that embodiments involving secure financial transactions, including payments and deposits, are a central focus of the Specification. Even Patent Owner concedes that the ’095 patent Specification discloses “monetary embodiments.” Prelim. Resp. 31.

Moreover, we agree with Petitioner that, contrary to Patent Owner’s assertions, the relationship between the portions of the Specification cited in the Petition and the claim language—particularly the “first data object” and “second data object” of independent claim 1—is evident from the Petition. *See Reply 3–4* (citing Ex. 1001, 8:8–19, 9:21–24, 9:36–38, 9:52–67, 10:28–37, 10:57–58, 11:13–40); Pet. 13–14. The cited portions of the Specification, outlined above, make clear that the “first data object” and “second data object” recited in claim 1 is intended to be used for secure financial transactions. Using these two data objects, the claimed apparatus stores and adjusts the value of a cash equivalent or monetary value. A claimed apparatus that transfers a cash equivalent or monetary value manages a financial product and delivers a financial service. *See Gillman v. StoneEagle Servs., Inc.*, Case CBM2013-00047, slip op. at 7–8 (PTAB Feb. 18, 2014) (Paper 11) (holding that processing payment is an “inherently

financial activit[y]”); *Apple Inc. v. Sightsound Techs., LLC*, Case CBM2013-00020, slip op. at 11–12 (PTAB Oct. 8, 2013) (Paper 14) (“The electronic transfer of money is a financial activity, and allowing such a transfer amounts to providing a financial service.”); 157 Cong. Rec. S5432 (daily ed. Sept. 8, 2011) (statement of Sen. Schumer) (listing “financial data processing” and “issuing or accepting stored value or payment instruments” as examples of financial products).

Patent Owner disputes Petitioner’s assertion that the ’095 patent satisfies the financial product or service requirement by arguing that claims 1–6 and 8 are not “limited to,” “specifically directed to,” or “specific to financial products or services.” Prelim. Resp. 27–31. These arguments, however, overstate the financial product or service requirement. To satisfy the definition of a covered business method patent in § 18(d)(1) of the AIA, the patent need only “*claim[]* 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.” AIA, § 18(d)(1) (emphases added). Thus, the express statutory language does not mandate that a claim be limited expressly to a financial product or service. Instead, it requires only that a claim be “used in the practice, administration, or management” of such a product or service.

The legislative history further demonstrates that the AIA’s definition is not as narrow as Patent Owner suggests. Rather, as the Office has explained, the legislative history of the AIA supports a “broad[]” interpretation of a “financial product or service.” CBM Rules, 77 Fed. Reg. at 48,735 (response to comment 1). Specifically, the legislative history explains that the definition of a covered business method patent was drafted

to encompass “not only patents claiming the financial product or service itself, but also patents claiming activities that are financial in nature, incidental to a financial activity or complementary to a financial activity.” 157 Cong. Rec. S5432 (daily ed. Sept. 8, 2011) (statement of Sen. Schumer); *see* Prelim. Resp. 6; CBM Rules, 77 Fed. Reg. at 48,735. In other words, the legislative history indicates that to meet the requirement, the patent must be “intended to be used in the practice, administration, or management of financial services or products,” 157 Cong. Rec. S5441 (statement of Sen. Leahy), but “need not recite a specific financial product or service,” *id.* at S5432 (statement of Sen. Schumer). Accordingly, Patent Owner’s arguments that the ’095 patent claims are not limited expressly to a financial product or service are unpersuasive.

Finally, we agree with Petitioner that Patent Owner’s assertion of the ’095 patent against numerous financial institutions and banks is a factor weighing in favor of a conclusion that the ’095 patent is “used in the practice, administration, or management” of financial products or services. *See* Pet. 14; Reply 10; *Bank of the West v. Secure Axcess, LLC*, CBM2015-00009, slip op. at 13 (PTAB Apr. 13, 2015) (Paper 21); Paper 5, 1–7. Petitioner presents persuasive evidence that at least some of these allegations are specific to providing “financial products and services” on mobile banking products or systems. *See* Ex. 1018, 4.

For the reasons set forth above, we determine that claim 1 of the ’095 patent covers an “apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service,” as required by the definition of a covered business method patent in § 18(d)(1) of the AIA. *See* 37 C.F.R. § 42.301(a).

b) *Technological Invention Exception*

Patents eligible for CBM patent review “do[] not include patents for technological inventions.” AIA, § 18(d)(1); *accord* 37 C.F.R. § 42.301(a). The technological invention exception in the definition of a covered business method patent is not met by “[m]ere recitation of known technologies, such as computer hardware, . . . or specialized machines, such as an ATM or point of sale device,” or “[c]ombining 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) (“Trial Practice Guide”). To determine whether a patent is for a technological invention, we consider “whether the claimed subject matter as a whole”: (1) “recites a technological feature that is novel and unobvious over the prior art;” and (2) “solves a technical problem using a technical solution.” 37 C.F.R. § 42.301(b); *see* CBM Rules, 77 Fed. Reg. at 48,736. Both the first and second prong must be met for the technological invention exception to apply. *Agilysys, Inc. v. Ameranth, Inc.*, Case CBM2014-00014, slip op. at 11 (PTAB Mar. 26, 2014) (Paper 19); *see Google Inc. v. Inventor Holdings, LLC*, Case CBM2014-00002, slip op. at 10 (PTAB Apr. 1, 2014); 157 Cong. Rec. S1364 (daily ed. Sept. 8, 2011) (statement of Sen. Schumer).

Regarding the first prong—whether the subject matter as a whole recites a “technological feature that is novel and unobvious over the prior art”—Petitioner contends that each of the technological features recited in the ’095 patent claims was generic, common, and conventional in 1995, when the application that issued as the ’095 patent was filed. Pet. 15–20. Petitioner further argues that the combination of these features merely

achieves the normal, expected, and predictable result of the combination. *Id.* On this record, we agree.

The '095 patent claims recite many technological features including: an input/output interface, a microprocessor, a coprocessor, a timing circuit, and memory circuits. Petitioner proffers testimony from Peter Alexander, Ph.D. supporting its contention that each technological feature recited in the '095 patent claims was generic and common before the priority date of the '095 patent, and their combination yields predictable results. Pet. 16 (citing Ex. 1019 ¶ 30).

In addition, the Specification refers to these technological features briefly and generally by reference to their function or by commenting that they are selected from known components. *See, e.g.*, Ex. 1001, 2:52–53 (“clock circuitry 14 . . . provides a continuously running real time clock”), 2:54–57 (“coprocessor will handle the complex mathematics of RSA encryption and decryption”), 2:49–50 (“microprocessor 12 is preferably an 8-bit microprocessor, but could be 16, 32, 64, or any operable number of bits”), 3:21–22 (“the module 10 preferably contains a general-purpose, 8051-compatible micro controller”), 3:40–44 (“One of ordinary skill will understand that there are many comparable variations of the module design. For example, volatile memory can be used, or an interface other than a one-wire could be used.”). Thus, we are persuaded that the '095 patent claims recite technological features that were known and conventional at the time of filing in 1995.

We are not persuaded by Patent Owner’s arguments to the contrary. Patent Owner contends that the prosecution history of the '095 patent demonstrates that the claims are directed to novel and unobvious

technological features. Prelim. Resp. 38–43. Patent Owner argues that the ’095 patent issued because the applicants amended the claims to recite “a timing circuit connected to the microprocessor, the timing circuit for generating a time stamp” and that the second memory “store a transaction script, the transaction script including at least a representation of the time stamp generated by the timing circuit.” Prelim. Resp. 42; Ex. 1002, 222, 234–37. But neither the applicants’ arguments for allowance, nor the allowance of the ’095 patent, is “dispositive of the issue before us,” which is “based on a different record than what was before the examiner.”

*Bloomberg Inc. v. Markets-Alert Pty Ltd.*, Case CBM2013-00005, slip op. at 7–8 (PTAB Mar. 29, 2013) (Paper 18).

Patent Owner also faults the Petition for being conclusory in addressing the claims as a whole and relying on the asserted grounds of unpatentability and our prior decision instituting review of a related patent in CBM2014-00179. *See* Prelim. Resp. 43–51. We disagree. Petitioner’s arguments on the issue are sufficiently detailed and provide supporting citations to the Specification and Dr. Alexander’s testimony. *See* Pet. 15–20.

In addition, Patent Owner points to a statement characterizing math coprocessors as being new at the time of filing of the ’095 patent in 1996 that was made by counsel for other entities not among Petitioner in a district court proceeding relating to the ’095 patent. Prelim. Resp. 51–52. Specifically, counsel stated: “back in the 1990s math coprocessors were something that were new. It’s now many, many years later . . .” Ex. 2008, 44:5–9. We are not persuaded it is reasonable to interpret this statement as establishing that math coprocessors recited in the ’095 patent claims were

novel in 1996. Moreover, even if we agreed with Patent Owner’s characterization of counsel’s statement, it was not made on behalf of Petitioner. *See id.* at 2:21–22 (listing relevant counsel as appearing on behalf of non-parties PNC Financial Services Group, Inc. and The Vanguard Group, Inc.). We, therefore, find Patent Owner’s argument to be unpersuasive.

On the record before us, we are persuaded that combining the known technological features recited in the ’095 patent claims to achieve only “receiving and transmitting encrypted data” is insufficient to render the combination anything but the “normal, expected, or predictable result of that combination.” Trial Practice Guide, 77 Fed. Reg. at 48,764. Accordingly, on this record, we are persuaded the ’095 patent claims are not directed to a novel and unobvious technological feature. Because we have determined that the ’095 patent does not satisfy the first prong of the analysis for the technological invention exception, the ’095 patent does not fall within this exception. Therefore, we need not reach the second prong of the analysis, namely whether the subject matter “solves a technical problem using a technical solution.”

For the reasons given above, we determine that the ’095 patent is eligible for review as a covered business method patent.

### *C. Challenges to the Claims Based on Prior Art*

Petitioner challenges the patentability of claims 1–6 and 8 on the grounds that the claims are obvious in light of various references including: Hawkes, Chaum, Ciarcia, Brown, and Ingalls. The Supreme Court in *KSR International Co. v. Teleflex Inc.*, 550 U.S. 398 (2007) reaffirmed the framework for determining obviousness as set forth in *Graham v. John*

*Deere Co.*, 383 U.S. 1 (1966). As observed by the Court in *KSR*, the factual inquiries set forth in *Graham* that are applied for establishing a background for determining obviousness under 35 U.S.C. § 103(a) are summarized as follows:

1. Determining the scope and content of the prior art,
2. Ascertaining the differences between the prior art and the claims at issue,
3. Resolving the level of ordinary skill in the pertinent art, and
4. Considering objective evidence indicating obviousness or nonobviousness.

*KSR*, 550 U.S. at 406. With these standards in mind, we address each challenge below.

*1. Obviousness of Claims 1, 2, 4–6, and 8 in View of Hawkes Alone or in Combination with Chaum and/or Ciarcia*

Petitioner contends that claims 1, 2, 4–6, and 8 are unpatentable as obvious in view of Hawkes alone or in combination with one or more of Chaum and Ciarcia. Pet. 38–71. Petitioner supports its contention with detailed claim charts in which it identifies the ways in which Hawkes alone or combined with Chaum or Ciarcia or both allegedly teach each element of these claims. *Id.* at 45–71. Petitioner also proffers the testimony of Dr. Alexander to support a conclusion of obviousness. Ex. 1019 ¶¶ 96–112. Petitioner argues that an ordinary artisan “would have readily combined the features taught by Hawkes” because an ordinary artisan “would have known that features Hawkes describes in the Preface and Chapters 1, 5, 6, and 8 could have been combined . . . to use the token [described in Chapter 6 of Hawkes] as a secure method of payment and add further security features to the token.” Pet. 40 (citing Ex. 1019 ¶¶ 96–102). Based on these combined

teachings from Hawkes, Petitioner contends that an ordinary artisan would have considered the claimed subject matter to recite nothing more than the predictable results of the combination. Pet. 41 (citing Ex. 1019 ¶¶ 103–04). To the extent that Hawkes does not describe “a second memory including instructions readable by said microprocessor circuit” and “cause said microprocessor circuit to . . . store a transaction script” as recited in claim 1, Petitioner further supports its challenge by relying upon teachings of Chaum or Ciarcia or both. Pet. 41–45 (citing Ex. 1004, Abstract; Ex. 1005, 105–07; Ex. 1019 ¶¶ 105–10). Petitioner also provides testimony from Dr. Alexander to support its contentions that an ordinary artisan would have been motivated to combine teachings from Hawkes with Chaum or Ciarcia or both, with an expectation of success. Pet. 41–45 (citing Ex. 1019 ¶¶ 105–10).

Patent Owner does not address the merits of Petitioner’s challenges to claims 1, 2, 4–6, and 8 except to characterize those challenges as redundant. Prelim. Resp. 65–70. Based on our review of the record before us, we determine that Petitioner is more likely than not to establish that claims 1, 2, 4–6, and 8 are unpatentable as obvious over Hawkes alone, the combination of Hawkes and Chaum, and the combination of Hawkes and Ciarcia.

*2. Obviousness of Claim 3 in View of Hawkes Alone or in Combination with Brown and/or Ingalls*

Claim 3 depends from claim 2, which depends from claim 1. Ex. 1001, 33:18–21. Claim 2 further recites: “wherein said apparatus is programmable,” *id.* at 33:18–19, and claim 3 further recites that the apparatus is programmable “via object oriented software,” *id.* at 33:20–21. Petitioner contends that because the Office concluded during prosecution that using object-oriented software was “old and well-known in the

cryptographic programming art,” the limitations introduced in claim 3 cannot impart patentability to the claim. Pet. 72 (citing Ex. 1002, 193, 217). Petitioner contends that it would have been obvious and routine for an ordinary artisan to have programmed the token object disclosed in Hawkes via an object-oriented programming language and that doing so would have been using known methods to yield predictable results. Pet. 72–73 (citing Ex. 1019 ¶¶ 114–21). As further evidence of the obviousness of claim 3, Petitioner relies upon Brown’s teaching of using C++ and Ingalls’s teaching of using Smalltalk-80, either of which would result in recognized advantages, such as saving space in memory. Pet. 72–74 (citing Ex. 1006, 11–12; Ex. 1007, 286, 289, 294; Ex. 1019 ¶¶ 114–22). Petitioner contends that Hawkes suggests using a high-level programming language to program its token and that space for such programming is limited. Pet. 73 (citing Ex. 1019 ¶ 116).

Patent Owner does not address the merits of Petitioner’s challenges to claim 3 except to characterize those challenges as redundant. Prelim. Resp. 65–70. Based on our review of the record before us, we determine that Petitioner is more likely than not to establish that claim 3 is unpatentable as obvious over Hawkes alone, the combination of Hawkes and Brown, and the combination of Hawkes and Ingalls.

### *3. Other Challenges Based Upon Obviousness*

For the reasons explained in Parts II.C.1–2 above, we have determined that Petitioner has demonstrated in numerous ways that it is more likely than not to show that claims 1–6 and 8 are unpatentable as obvious. In addition to the asserted combinations for which we institute a review as described above, Petitioner contends that the combination of

Hawkes, Chaum, and Ciarcia renders claims 1, 2, 4–6, and 8 obvious, Pet. 38–71, and that the combination of Hawkes, Brown, and Ingalls renders claim 3 obvious, *id.* at 71–76.

The patent rules promulgated for AIA post-grant proceedings, including those pertaining to institution, are “construed to secure the just, speedy, and inexpensive resolution of every proceeding.” 37 C.F.R. § 42.1(b); *see also* 35 U.S.C. § 326(b) (regulations for AIA post-grant proceedings take into account “the efficient administration of the Office” and “the ability of the Office to timely complete proceedings instituted under this chapter”). Whether we institute a review on all or some of the grounds presented in the Petition is discretionary. 35 U.S.C. § 324(a); 37 C.F.R. § 42.208(a). Therefore, in partial agreement with Patent Owner’s request, Prelim. Resp. 68–70, we exercise our discretion and do not institute a review of grounds based on the combination of Hawkes, Chaum, and Ciarcia or the combination of Hawkes, Brown, and Ingalls. *See* 37 C.F.R. §§ 42.208(a), 42.300(a).

### III. ORDER

For the reasons given, it is:

ORDERED that a covered business method patent review is instituted with respect to Petitioner’s challenge that claims 1–6 and 8 of the ’095 patent are unpatentable as obvious under 35 U.S.C. § 103 in view of Hawkes alone;

FURTHER ORDERED that a covered business method patent review is instituted with respect to Petitioner’s challenge that claims 1, 2, 4–6, and 8 of the ’095 patent are unpatentable as obvious under 35 U.S.C. § 103 in view of Hawkes and Chaum;

FURTHER ORDERED that a covered business method patent review is instituted with respect to Petitioner's challenge that claims 1, 2, 4–6, and 8 of the '095 patent are unpatentable as obvious under 35 U.S.C. § 103 in view of Hawkes and Ciarcia;

FURTHER ORDERED that a covered business method patent review is instituted with respect to Petitioner's challenge that claim 3 of the '095 patent is unpatentable as obvious under 35 U.S.C. § 103 in view of Hawkes and Brown;

FURTHER ORDERED that a covered business method patent review is instituted with respect to Petitioner's challenge that claim 3 of the '095 patent is unpatentable as obvious under 35 U.S.C. § 103 in view of Hawkes and Ingalls;

FURTHER ORDERED that no other grounds of unpatentability alleged in the Petition are authorized for this covered business method patent review; and

FURTHER ORDERED that pursuant to 35 U.S.C. § 324(a), covered business method patent review of the '095 patent is instituted commencing on the entry date of this Order, and pursuant to 35 U.S.C. § 324(c) and 37 C.F.R. § 42.4, notice is given of the institution of a trial.

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