

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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PNC FINANCIAL SERVICES GROUP, INC. and PNC BANK, N.A.,  
Petitioners,

v.

INTELLECTUAL VENTURES I LLC,  
Patent Owner.

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Case CBM2014-00032  
Patent 7,757,298 B2

Before THOMAS L. GIANNETTI, HYUN J. JUNG, and  
GREGG I. ANDERSON, *Administrative Patent Judges*.

JUNG, *Administrative Patent Judge*.

DECISION

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

PNC Financial Services Group, Inc. and PNC Bank, N.A. (collectively, “Petitioners”) filed a Petition (Paper 2, “Pet.”) on November 12, 2013, to institute a covered business method patent review of claims 1-16 of U.S. Patent No. 7,757,298 B2 (“the ’298 patent”) pursuant to 35 U.S.C. §§ 321-328. Patent Owner, Intellectual Ventures I LLC, filed a preliminary response (Paper 11, “Prelim. Resp.”) on February 26, 2014. We have jurisdiction under 35 U.S.C. § 324. For the reasons that follow, we do not institute a covered business method patent review of claims 1-16 of the ’298 patent.

## I. INTRODUCTION

The standard for instituting a covered business method review is set forth in 35 U.S.C. § 324(a):

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 section 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.

Upon consideration of the Petition and Preliminary Response, we determine Petitioners have failed to meet the jurisdictional requirements of Section 18 of the America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011) (“AIA”). Accordingly, we deny the Petition as to claims 1-16 for the reasons discussed below.

### A. *The ’298 Patent (Ex. 1001)*

The ’298 patent, titled “Method and Apparatus for Identifying and Characterizing Errant Electronic Files,” issued on July 13, 2010, based on Application 11/145,125, filed June 3, 2005, which is a continuation of

Application 09/561,751, filed on April 29, 2000, which claims priority to Provisional Applications 60/132,093, filed on April 30, 1999; 60/142,332, filed on July 3, 1999; and 60/157,195, filed on September 30, 1999.

The '298 patent relates to methods and apparatus for identifying and characterizing errant electronic files stored on computer storage devices.

Ex. 1001, 1:29-31.

Reproduced below is Figure 1 of the '298 patent.

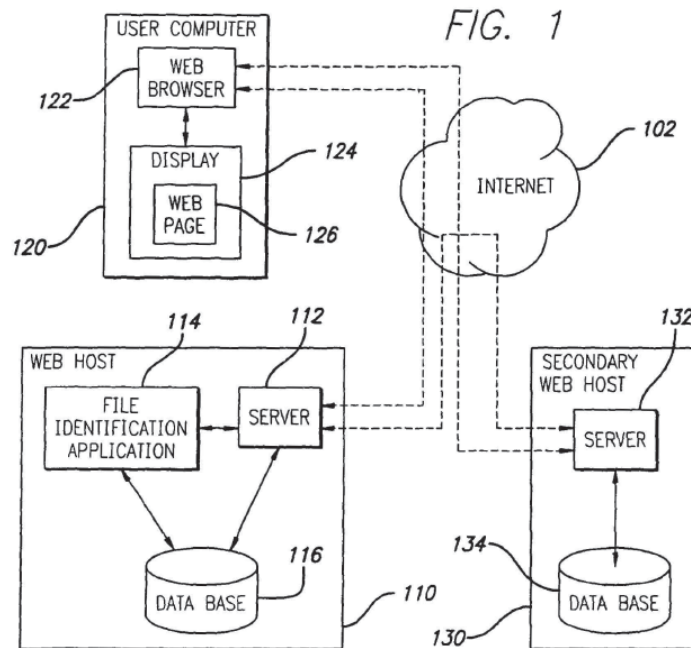


Figure 1 illustrates a wide area network in which a web host delivers information in the form of web pages to users. *Id.* at 3:9-11, 36-38. User computer 120 that includes web browser application 122 communicates with Web host 110 through Internet 102. *Id.* at 3:41-48. Web host 110 includes server 112 that can access data files stored in database 116 and that can be requested, retrieved, and viewed at user computer 120 via web browser application 122. *Id.* at 3:48-58. Web host 110 further includes file identification application 114 that analyzes data files stored on database 116 in order to identify errant files. *Id.* at 4:19-21. File identification application

114 tests various attributes of the files stored on database 116 to determine whether they satisfy a particular profile that corresponds to an errant file. *Id.* at 4:24-27.

File identification application 114 executes a method of scanning a file directory to identify suspect files stored in a database. *Id.* at 4:48-54, fig. 2A. File identification application 114 determines whether there are any files having identical file sizes because errant files can be broken up into several pieces and the presence of two or more files having identical file size is an indicator that they may be pieces of a larger, illicit file. *Id.* at 5:26-35, fig. 2A. If there are several files with identical file sizes, file identification application 114 determines whether the total size of the identical files would exceed a predetermined threshold. *Id.* at 5:35-38, fig. 2A. File identification application 114 can also review the contents of a file to determine whether the file structure is as expected for a file of the type indicated, and if not, the file can be reported as a suspect file or marked for deletion. *Id.* at 7:4-14, fig. 2B. File identification application 114 can also determine whether the file contains data extending past an end of data marker because any such additional data may constitute a portion of an illicit file. *Id.* at 7:26-31, fig. 2B.

After the files within a directory have been reviewed and a list of suspect files generated, file identification application 114 compares a checksum generated from the suspect files to a library of checksum values corresponding to known illicit files. *Id.* at 7:40-45, fig. 2C. A checksum is a unique number based upon a range of bytes in a file, and in a preferred embodiment, two separate checksums are generated for a file corresponding to two different portions of the file. *Id.* at 7:45-47, 53-56. A first checksum based on a shorter portion of a file may falsely match the checksum of a

known illicit file. *Id.* at 7:56-59, fig. 2C. If there is a match, file identification application 114 generates a second checksum based on a second, larger portion of the file. *Id.* at 8:21-26, fig. 2C. The second checksum is then compared against the library of known checksum values, and if there is a match, the file is marked for deletion. *Id.* at 8:26-32, fig. 2C.

*B. Related Matters*

Petitioners have been charged with infringing claims 1-3, 6-11, 13, and 16 of the '298 patent in *Intellectual Ventures I LLC and Intellectual Ventures II LLC v. PNC Financial Services, Inc. and PNC Bank NA*, No. 2:13-cv-00740 (W.D. Pa. filed May 29, 2013). Pet. 4 (citing Exs. 1006 and 1007).

*C. Illustrative Claim*

Of the challenged claims, claims 1, 10, and 16 are independent. Claim 1 is reproduced below:

1. A computer-implemented method for identifying and characterizing stored electronic files, said method comprising:
  - under control of one or more configured computer systems:
    - selecting a file from a plurality of files stored in a computer storage medium, wherein selecting the file is performed according to at least one of:
      - selecting the file based on the size of the file by determining whether an aggregate size of plural identically-sized files exceeds a predetermined threshold;
      - selecting the file based on whether content of the file matches a file type indicated by a name of the file; or
      - selecting the file based on whether the file comprises data beyond an end of data marker for the file;
    - generating an identification value associated with the selected file, wherein the identification value is representative of at least a portion of the content of the selected file;

comparing the generated identification value to one or more identification values associated with one or more of a plurality of unauthorized files; and

characterizing the file as an unauthorized file if the identification value matches one of the plurality of identification values associated with the unauthorized files.

*D. The Asserted Ground*

Petitioners request review of claims 1-16 of the '298 patent on the ground that these claims are unpatentable under 35 U.S.C. § 101. Pet. at 12-13.

II. ANALYSIS

*A. Whether the '298 Patent is a Covered Business Method Patent*

A threshold question is whether the '298 patent is a “covered business method patent,” as defined by the America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011) (“AIA”). For the reasons explained below, we conclude that the '298 patent is not a “covered business method patent.”

Petitioners argue that “[t]he '298 patent is deemed to be directed to a ‘financial product or service’ because [Patent Owner] has asserted it against financial services allegedly being offered by [Petitioners].” Pet. at 6 (citing Ex. 1006 ¶¶ 45-46 and Ex. 1007, 1); *see also id.* at 3 (stating “[u]nder Section 18 of the AIA, patent claims are eligible for [covered business method patent] review if they are (1) directed to a method for administering or managing a ‘financial product or service’ and (2) not directed to a ‘technological’ invention” and “[t]he '298 patent meets both criteria because it (1) has been asserted against financial services and (2) claims use only of only conventional technology (e.g., a general-purpose computer) and makes no improvement to or novel use of that technology”). Petitioners contend that, because Patent Owner alleges Petitioners’ Payment Card Industry Data

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Security Standard infringes the '298 patent, “the '298 patent is directed to activities that are ‘incidental to a financial activity or complementary to a financial activity,’ and is therefore directed to a ‘financial product or service.”” *Id.* (citing *SAP Am., Inc. v. Versata Dev. Grp., Inc.*, CBM2012-00001, slip op. at 21-22 (PTAB Jan. 9, 2013) (Paper 36)).

Patent Owner responds that “Petitioner has failed to show that the *claims* of the '298 Patent are not directed to technologies common in business environments that have no particular relation limited to the financial services sector.” Prelim. Resp. 14 (citing AIA § 18(d)(1)). Patent Owner argues that the Petition “does not even cite a single claim limitation, and it certainly does not explain how any operation set forth in the claims of the '298 Patent has any particular relation limited to the financial services sector, as opposed to being directed more generally to technologies common in business environments.” *Id.* at 15. Patent Owner also argues that the “claims of the '298 Patent recite ***computer administration operations*** specifically related to identifying and characterizing unauthorized files on a computer” and specifically argues how claim 1 relates to computer administration technologies that are common in business environments. *Id.* at 15-16.

Patent Owner asserts that the Petition “has also not cited any portion of the '298 Patent’s specification or file history that discloses or suggests that the claimed invention is not simply directed to technologies common in business environments that have no particular relation limited to the financial services sector” and that “the specification, like the claims, consistently describes ***computer administration operations*** for identifying and characterizing unauthorized computer files.” *Id.* at 17 (citing Ex. 1001, 1:28-31, 1:44-53, 2:38-44). Patent Owner further argues that “Petitioner’s

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expert witness admitted, after reviewing the claims, specification, and file history of the '298 Patent, that the relevant field of the claimed invention is 'general software systems, and, in particular, computer system security and file systems.'" *Id.* at 16-17 (citing Ex. 1005 ¶ 14).

Patent Owner also cites *Salesforce.com, Inc. v. VirtualAgility, Inc.*, CBM2013-00024, slip op. (PTAB Nov. 19, 2013) (Paper 16), for recognizing that a "specification that describes *no* financial product or service application is different from a specification that does describe such an application" and argues that "Petitioner has not shown—and, in fact, did not even argue—that the specification or file history of the '298 Patent discloses anything more than technologies common in business environments that have no particular relation limited to the financial services sector." *Id.* at 19-20.

Patent Owner further argues that the plain meaning of the AIA, § 18(d)(1) (*id.* at 20-22), the perceived established practice of the Board (*id.* at 22-24), the Office's response to public comments regarding the definition of a covered business method (*id.* at 22-23 (citing Ex. 2001, 48,736)), and Congressional intent (*id.* at 24-30) do not support the assertion that the '298 patent is a covered business method patent. Patent Owner provides another statement from Senator Schumer. *Id.* at 25 (citing Ex. 2002, S5432 ("This language makes it clear that section 18 is intended to cover 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")). Patent Owner also asserts that Petitioners' position would increase the Board's administrative burden (*id.* at 30-31), is contrary to the principle that "a product infringes a patent if the product meets every limitation of a patent claim, *regardless of whether the*



*product also has additional, unclaimed features that are not recited in the claim*” (*id.* at 31-32), and “would lead to inconsistent findings that the same patent is a covered business method patent in some cases—but not others—depending upon the nature of the accused product” (*id.* at 32-34).

### *1. Financial Product or Service*

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.” AIA § 18(d)(1); *see* 37 C.F.R. § 42.301(a). For purposes of determining whether a patent is eligible for a covered business method (“CBM”) patent review, the focus is on the claims. *See* 37 C.F.R. § 42.301(a), definition of CBM patent; *see also* 77 Fed. Reg. 48,734, 48,736 (Aug. 14, 2012), Response to Comments on Notice of Proposed Rulemaking, response to comment 8. A patent need have only one claim directed to a covered business method to be eligible for review. *See* Transitional Program for Covered Business Method Patents—Definitions of Covered Business Method Patent and Technological Invention; Final Rule, 77 Fed. Reg. at 48,736.

In promulgating rules for CBM patent review, the Office considered the legislative intent and history behind the AIA’s definition of “covered business method patent.” *See* 37 C.F.R. § 42.301(a), definition of CBM patent; *see also* 77 Fed. Reg. at 48,736, Response to Comments on Notice of Proposed Rulemaking, responses to comments 3 and 5. The “legislative history explains that that 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.”

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*See* 157 Cong. Reg. S5432 (daily ed. Sept 8, 2011) (statement of Sen. Schumer) and 77 Fed. Reg. at 48,735 (quoting 157 Cong. Rec. S5432). The statements of Senator Schumer indicate that “financial product or service” should be interpreted broadly. *Id.*

The claims of the '298 patent describe software systems that have general utility not specific to any application. As shown above, claim 1 recites “[a] computer-implemented method for identifying and characterizing stored electronic files” that comprises “selecting a file from a plurality of files stored in a computer storage medium, wherein selecting the file is performed according to at least one of: selecting the file based on the size of the file by determining whether an aggregate size of plural identically-sized files exceeds a predetermined threshold; selecting the file based on whether content of the file matches a file type indicated by a name of the file; or selecting the file based on whether the file comprises data beyond an end of data marker for the file; generating an identification value associated with the selected file, wherein the identification value is representative of at least a portion of the content of the selected file; comparing the generated identification value to one or more identification values associated with one or more of a plurality of unauthorized files; and characterizing the file as an unauthorized file if the identification value matches one of the plurality of identification values associated with the unauthorized files.”

Independent claim 10 recites “[a] computer system” that includes “a server having a memory connected, thereto, said server being adapted to be connected to a network to permit remote storage and retrieval of data files from the memory” and “a file identification application operative with the server to identify unauthorized files stored in the memory.” Claim 10

further requires the file identification application to provide functions that correspond to the steps of claim 1. Independent claim 16 recites “[a] non-transitory computer-readable storage medium having instructions stored thereon that, in response to execution by a computing device, cause the computing device to perform a operations (sic).” Claim 16 further recites operations that correspond to the steps of claim 1.

Dependent claims 2 and 11 require selecting a file from one of a plurality of sequentially-ordered files in a directory of a computer storage medium. Dependent claims 3 and 13 require generating an identification value comprising generating a checksum. Dependent claims 4 and 14 further require generating a first checksum corresponding to a first portion of a stored file and a second checksum corresponding to a second portion of the stored file. Dependent claims 5 and 15 require generating a first checksum corresponding to a first portion of a stored file and generating a second checksum corresponding to a larger portion of the stored file that includes the first portion. Dependent claim 6 requires processing a plurality of known unauthorized files to generate a plurality of identification values, and dependent claim 7 requires presenting the identified unauthorized file for human review prior to disposing of it. Dependent claim 8 requires automatically notifying a third party that a file has been identified, and dependent claim 9 requires deleting the identified unauthorized file from the computer storage medium. Dependent claim 12 requires selecting a file from a plurality of files stored in a computer storage medium, based on a size of the file.

Thus, we agree with Patent Owner that the claims do not expressly refer to “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” or “activities that are financial in nature, incidental to a financial activity or complementary to a financial activity.”

Petitioners do not cite any portion of the Specification of the ’298 patent that indicates or suggests the ’298 patent “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” or that the claimed method can be used in an application involving “activities that are financial in nature, incidental to a financial activity or complementary to a financial activity.”

Petitioners provide a description of the ’298 patent. Pet. at 1-2. Petitioners’ description does not indicate how the ’298 patent “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” or claims “activities that are financial in nature, incidental to a financial activity or complementary to a financial activity.” *Id.*

Petitioners provide a declaration by Prof. Srinivasan Seshan (Ex. 1005). The declaration by Prof. Seshan indicates that he reviewed the Specification, claims, and file history of the ’298 patent. Ex. 1005 ¶ 14. The declaration discusses the ’298 patent, its claims, and proposed claim construction. *Id.* at ¶¶ 23-54. However, we can find no indication in the declaration that the ’298 patent “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” or claims “activities that are financial in nature, incidental to a financial activity or complementary to a financial activity.”

According to Petitioners, the '298 patent is “directed to a method for administering or managing a ‘financial product or service’” because it “has been asserted against financial services.” Pet. at 3. In particular, Petitioners cite *SAP*, slip op. at 21-22 and 23, for stating that a “financial product or service” includes any “activities that are financial in nature, incidental to a financial activity or complementary to a financial activity” and for the proposition that “a product or service qualifies as a ‘financial product or service’ if it ‘relate[s] to monetary matters.’” *Id.* 5-6. Petitioners also cite Senator Schumer’s statement that “if a patent holder alleges that a financial product or service infringes its patent, that patent shall be deemed to cover a ‘financial product or service.’” *Id.* (citing Ex. 1004, S1364-65). Petitioners then argue that “[t]he '298 patent is deemed to be directed to a ‘financial product or service’ because [Patent Owner] has asserted it against financial services allegedly being offered by PNC.” *Id.* at 6 (citing Ex. 1006, ¶¶ 45-46 and Ex. 1007, 1). Petitioners argue that they “provide[] a service that enables merchants to certify that they comply with applicable credit card data security standards, including the Payment Card Industry Data Security Standard (‘PCI DSS’), so as to continue processing credit card purchasing transactions.” *Id.* Petitioners thus contend that “the '298 patent is directed to activities that are ‘incidental to a financial activity or complementary to a financial activity,’ and is therefore directed to a ‘financial product or service.’” *Id.* (citing *SAP*, Paper 36 at 21-22).

However, Petitioners do not explain how the '298 patent, either through its claims, Specification, or prosecution history, encompasses “activities that are financial in nature, incidental to a financial activity or complementary to a financial activity” or a product or service that “qualifies as a ‘financial product or service’ if it ‘relate[s] to monetary matters.’”

Petitioners' description of their Payment Card Industry Data Security Standard also does not explain how the '298 patent includes "activities that are financial in nature, incidental to a financial activity or complementary to a financial activity" in accordance with the statements of *SAP* cited by Petitioners. Thus, Petitioners' argument that the '298 patent is directed to a "financial product or service" rests solely on Senator Schumer's statement that "if a patent holder alleges that a financial product or service infringes its patent, that patent shall be deemed to cover a 'financial product or service'" and on Patent Owner asserting the '298 patent "against financial services allegedly being offered by [Petitioners]." Pet. at 6 (citing Ex. 1004, S1364-65). However, when taken in context of the entire legislative history associated with the AIA § 18(d)(1), we do not consider the statement by Senator Schumer cited by Petitioners as opening CBM review to all patents asserted against financial institutions. Instead, we deem such activity as one factor to be considered in making that determination.

Thus, the mere assertion of a patent against a bank or other financial institution is not sufficient by itself to transform a patent claiming a generally applicable data processing technique to a covered business method patent. Petitioners' exclusive reliance on this factor, while failing to identify any reference to financial products or services in the Specification or claims, does not persuade us that any of the claims of the '298 patent are directed to a method for performing operations used in the practice, administration, or management of a "financial product or service" within the meaning of the AIA § 18(d)(1) and the legislative history associated with the statute.

Thus, for the reasons stated above, and based on the particular facts of this proceeding, Petitioners have not persuaded us that at least one of the

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claims of the '298 patent meets the “financial product or service” component of the definition in Section 18(d)(1) of the AIA.

### III. CONCLUSION

For the foregoing reasons, we are not persuaded that the information presented in the Petition establishes that the '298 patent qualifies as a covered business method patent under Section 18 of the AIA. Petitioners have failed to meet the jurisdictional requirements of Section 18.

### IV. ORDER

Accordingly, it is ORDERED that the Petition is *denied* for the reasons discussed.

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