

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

GLOBAL TEL*LINK CORPORATION,
Petitioner,

v.

SECURUS TECHNOLOGIES, INC.,
Patent Owner.

Case CBM2015-00145
Patent 7,860,222 B1

Before KEVIN F. TURNER, BARBARA A. BENOIT, and
GEORGIANNA W. BRADEN, *Administrative Patent Judges*.

BRADEN, *Administrative Patent Judge*.

Dissenting opinion filed by BENOIT, *Administrative Patent Judge*.

TERMINATION OF COVERED BUSINESS METHOD
REVIEW PROCEEDING

America Invents Act § 18(a)(1)(E)
37 C.F.R. §§ 42.72, 42.301(a), 42.304(a)

I. INTRODUCTION

We terminate this covered business patent review proceeding under § 18(a)(1)(E) of the Leahy-Smith America Invents Act (“AIA”), pursuant to 35 U.S.C. § 6(c) and 37 C.F.R. §§ 42.72, 42.301(a), 42.304(a). For the reasons that follow, we determine Petitioner has failed to show that U.S. Patent No. 7,860,222 B1 (Ex. 1001, “the ’222 patent”) qualifies for covered business method patent review, such that we have no power to determine the unpatentability of the challenged claims. Thus, we vacate our Decision to Institute this proceeding and terminate the covered business method review.

A. Procedural History

Global Tel*Link Corporation (“Petitioner”) filed a Petition (Paper 2, “Pet.”) to institute a covered business method patent review of claims 1–36 of the ’222 patent. Securus Technologies, Inc. (“Patent Owner”) filed a Preliminary Response (Paper 13, “Prelim. Resp.”). Pursuant to 35 U.S.C. § 324(a), we instituted a covered business method patent review of claims 1–36 as unpatentable under 35 U.S.C. § 101. *See* Paper 20 (“Dec. to Inst.”), 27.

After institution of trial, Patent Owner filed a Patent Owner Response (Paper 30, “PO Resp.”), to which Petitioner filed a Reply (Paper 36). In addition, Patent Owner filed a Contingent Motion to Amend (Paper 31) that Petitioner opposed (Paper 37), to which Patent Owner filed a Reply (Paper 38). Petitioner filed a Motion to Exclude Evidence (Paper 41), to which Patent Owner filed an Opposition (Paper 43), and Petitioner filed a Reply in support of its motion (Paper 45).

An oral argument was held on September 21, 2016. A transcript of the oral argument is included in the record.¹ Paper 48 (“Tr.”).

B. Related Office Proceedings

We instituted two *inter partes* reviews of claims 1–36 of the ’222 patent (*Global Tel*Link Corporation v. Secure Access, LLC*, Case IPR2014-01278 (PTAB Feb. 6, 2015) (Paper 12) and Case IPR2014-01282 (PTAB Feb. 6, 2015) (Paper 10)). Pet. 3. Final Written Decisions were issued in both IPR2014-01278 and IPR2014-01282 finding claims 1–36 of the ’222 patent unpatentable. Paper 27, 2.

C. Infringement

Petitioner informs us that the ’222 patent was the subject of district court case *Securus Technologies, Inc. v. Global Tel*Link Corporation*, No. 3:13-cv-03009 (N.D. Tex.), and currently is the subject of district court case *Securus Technologies, Inc. v. Global Tel*Link Corporation*, No. 3:14-cv-04233 (N.D. Tex.). Pet. 2–3 (citing Ex. 1006); Paper 27, 1–3.

D. The ’222 Patent

The ’222 patent discloses systems and methods for providing “an electronic based capability to locate, collect, compile, aggregate, distil[[]], and/or report robust data.” Ex. 1001, 3:2–4. Essentially, the ’222 patent relates to information technology (“IT”) management and the collection of data from networks that span a wide range of institutions, including

¹ Petitioner filed Objections to Patent Owner’s Demonstrative Exhibits. Paper 47. In this Order Terminating Proceedings, we rely directly on the arguments presented properly in the parties’ briefs and the evidence of record. The demonstrative exhibits were not considered; therefore, the objections are overruled.

correctional facilities, without regard to which jurisdiction the source of data belongs. *Id.* at 2:62–3:4.

One embodiment of the '222 patent provides an electronic-based capability to locate, collect, compile, aggregate, distill, and/or report robust data. *Id.* at 3:2–4. According to the '222 patent, data can be identified and harvested directly from the IT network, but the system also can spawn extended or indirect data identification, correlation, and/or harvesting of data, such as through recognizing crossing points or confluence of information aspects. *Id.* at 3:4–9. For example, an authorized person may perform a word search, e.g., using speech to text technology, across conversations provided via a plurality of call processing systems to identify a confluence or intersection of information beyond that possible with typical investigative tools. *Id.* at 3:35–40. An authorized person also may utilize such systems and methods to perform a national number search to look across a plurality of controlled environment facilities and determine if there are common telephone numbers (or other addresses, e.g., e-mail addresses, physical addresses, and the like) contacted by residents of different controlled environment facilities. *Id.* at 3:40–46.

In other embodiments of the '222 patent, an authorized user may have access to a phone call in real-time, so that in addition to having access to call recordings and call detail records, the authorized user may be able to monitor a live call. *Id.* at 3:56–61. An authorized person also may be able to listen to the call in progress, himself being muted from the call (such as to prevent the calling party and/or calling party being alerted to the monitoring by background noise associated with the investigator). *Id.* at 4:7–11. The authorized person may be provided various controls with respect to the

monitored call, such as particular dual-tone multiple frequency (“DTMF”) inputs to control switching from monitoring only (investigator muted) to barging into the call (investigator in duplex communication with one or more parties to the call), disconnecting the call between one or more of the parties to the call, marking positions in the call with “bookmarks” or tags for locating later in the call recording, and disconnecting the investigator from the call. *Id.* at 4:11–19. Various bookmarks may be defined by an investigator, such as by associating particular DTMF inputs with particular notations (e.g., threat, keyword, person of interest, investigator notation appended, and the like). *Id.* at 4:19–23. In addition to such bookmarks, an authorized person is able to append investigator notations, such as voice and/or text notes, to a recorded monitored call. *Id.* at 4:23–26.

The authorized person is provided with a graphical user interface to review recorded monitored calls in order to visualize where bookmarks and/or notes are appended with respect to the monitored call. *Id.* at 4:26–30. According to the ’222 patent, the graphical user interface, such as the one illustrated in Figure 8 reproduced below, can be a webpage with access to one or more databases. *Id.* at 30:34–52.

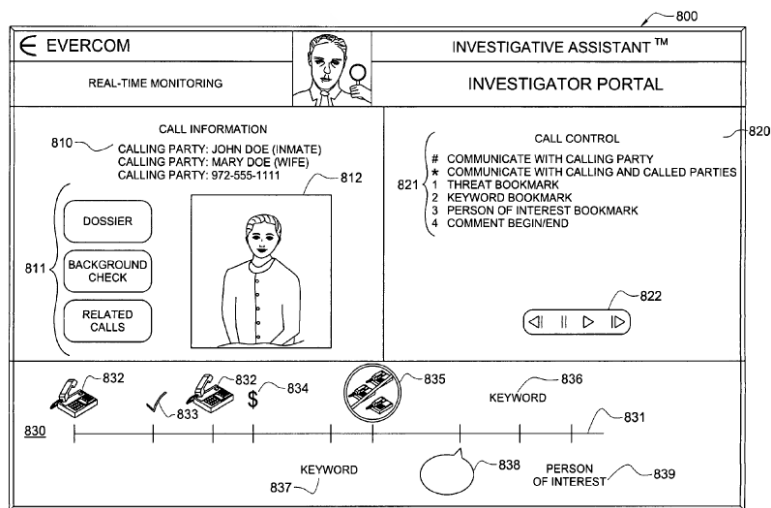


Figure 8 of the '222 patent shows an example of a graphical user interface that can be accessed by an authorized person.

E. Illustrative Claims

As noted above, a covered business method patent review was instituted as to claims 1–36 of the '222 patent, of which claims 1 and 21 are the only independent claims. Claims 1 and 21 are illustrative of the challenged claims and are reproduced below:

1. A system comprising:

a communication services module operable to provide communications between individuals; and

an investigative tools module in communication with said communication service module operable to allow a user to monitor said communications between individuals and to place event identifiers in association with said communications between individuals, said event identifiers comprise a plurality of bookmarks representing different events of interest; and

said investigative tools module comprises a word search module to identify particular words within said communications between individuals and place event identifiers in association therewith.

21. A method comprising:

providing communications between individuals;

recording said communications between individuals;

monitoring said communications between individuals, said monitoring comprises logic of a call processing system analyzing content of said communications between individuals; and

placing a plurality of event identifiers in association with a recorded one of said communications between individuals based upon events detected by said monitoring.

Ex. 1001, 34:8–21, 35:26–35.

II. CLAIM CONSTRUCTION

A. *Applicable Standard*

In a covered business method patent review, claim terms in an unexpired patent are interpreted according to their broadest reasonable construction in light of the specification of the patent in which they appear. 37 C.F.R. § 42.300(b); *Versata Dev. Grp., Inc. v. SAP Am., Inc.*, 793 F.3d 1306, 1328 (Fed. Cir. 2015) (affirming use of the broadest reasonable construction standard in a covered business method patent review); *see also Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2144–46 (2016) (“We conclude that the regulation represents a reasonable exercise of the rulemaking authority that Congress delegated to the Patent Office.”). Under that standard, and absent any special definitions, we give claim terms their ordinary and customary meaning, as would be understood by one of ordinary skill in the art at the time of the invention. *In re Translogic Tech., Inc.*, 504 F.3d 1249, 1257 (Fed. Cir. 2007).

B. *Claim Terms to Construe*

1. “*Logic of a Call Processing System*”

Claim 21 recites “logic of a call processing system.” Petitioner contends the term should be construed as “one or more steps implemented by a system to process calls by human or machine means.” Pet. 23. Patent Owner takes no position regarding claim construction. *See generally* PO Resp. In our Decision to Institute, we determined that “logic of a call processing system” encompasses at least automated processes performed using logic elements but exclude processes performed solely by human action. Dec. to Inst. 8.

Neither party has indicated that our construction is improper and we do not perceive any reason or evidence that now compels any deviation from our initial construction. Therefore, we see no reason to alter the construction as set forth in the Decision to Institute (*see id.* at 7–8), and we incorporate our previous analysis for purposes of this Decision. Accordingly, for the reasons set forth in the Decision to Institute, we determine that given the disclosure in the '222 patent and the ordinary meaning of the term “logic of a call processing system” as would be understood by one of ordinary skill in the art, the broadest reasonable construction of “logic of a call processing system” encompasses at least automated processes performed using logic elements but exclude processes performed solely by human action.

2. *Other Claim Terms*

All other claim terms are given their plain and ordinary meaning.

III. COVERED BUSINESS METHOD (“CBM”) PATENT REVIEW

A. *Principles of Law*

The Court of Appeals for the Federal Circuit has found that 35 U.S.C. § 318(a)

contemplates that a proceeding can be “dismissed” after it is instituted, and, as our prior cases have held, “administrative agencies possess inherent authority to reconsider their decisions, subject to certain limitations, regardless of whether they possess explicit statutory authority to do so.” *Tokyo Kikai Seisakusho, Ltd. v. United States*, 529 F.3d 1352, 1360 (Fed. Cir. 2008).

Medtronic, Inc. v. Robert Bosch Healthcare Sys., Inc., 2016 WL 6123900, at *3 (Fed. Cir. Oct. 20, 2016). In *GTNX, Inc. v. INTTRA, Inc.*, 789 F.3d 1309, 1313 (Fed. Cir. 2015), the Federal Circuit held that “the Board has inherent authority to reconsider its decisions, noting that ‘nothing in the statute or

regulations applicable here . . . clearly deprives the Board of that default authority.”

Under 37 C.F.R. § 42.72, “[t]he Board may terminate a trial without rendering a final written decision, where appropriate.” The USPTO, in discussing § 42.72, has stated that “in the rare situation where the issue of whether the petitioner has standing is raised after institution, the Board would need the flexibility to terminate or dismiss the review, if appropriate.” 77 Fed. Reg. 48,612, 48,648 (Aug. 14, 2012). One of the “[g]rounds for standing” under 37 C.F.R. § 42.304(a) is that “[t]he petitioner must demonstrate that the patent for which review is sought is a covered business method patent.” Thus, the burden is on Petitioner to demonstrate that the ’222 patent qualifies as a covered business method patent as defined in § 18(a)(1)(E) of the AIA and 37 C.F.R. §§ 42.301, 42.304(a). Such a burden never shifts to Patent Owner. *See, e.g., Dynamic Drinkware, LLC v. Nat’l Graphics, Inc.*, 800 F.3d 1375, 1378 (Fed. Cir. 2015).

Although we analyze challenges for the institution of a trial proceeding under the covered business method patents statute based on the “more likely than not” standard of review, such a standard does not appear to apply for determining whether a patent qualifies as a covered business method patent. Moreover, our *sua sponte* reconsideration of whether the ’222 patent qualifies as a covered business method patent is not based upon a party’s Motion for Rehearing under 37 C.F.R. § 42.71(d), and thus, is not subject to analysis under an “abuse of discretion” standard as required by 37 C.F.R. § 42.71(c). *See, e.g., Medtronic*, 2016 WL 6123900, at *3, n.2. Rather, we determine that the issue of whether a patent is a covered business

method patent is a matter of law that we analyze based upon underlying facts that are themselves based on the preponderance of the evidence.

The analysis that follows was performed in accordance with the above-stated principles.

B. Standing to File a Petition for CBM Review

Section 18 of the AIA provides for the creation of a transitional program for reviewing covered business method patents. Section 18 limits reviews to persons or their privies who have been sued or charged with infringement of a “covered business method patent.” AIA § 18(a)(1)(B); *see* 37 C.F.R. § 42.302. As discussed above in Section I.C., Petitioner represents it has been sued for infringement of the ’222 patent and is not estopped from challenging the claims on the grounds identified in the Petition. Pet. 4 (citing Ex. 1006); *see* Paper 19. We are satisfied Petitioner has standing to file a petition for CBM review of the ’222 patent.

C. Qualifying as a CBM Patent for CBM Review

1. Applicable Standard for Analysis

The threshold question is whether the ’222 patent is a “covered business method patent,” as defined by the AIA. Specifically, Section 18(a)(1)(E) of the AIA directs that the Board may institute a transitional proceeding only for a patent that is a covered business method patent. As discussed above, it is Petitioner’s burden to demonstrate that the ’222 patent is a covered business method patent. *See* 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.”

AIA § 18(d)(1); 37 C.F.R. § 42.301(a). The legislative history of the AIA “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.’” Transitional Program for Covered Business Method Patents—Definitions of Covered Business Method Patent and Technological Invention, 77 Fed. Reg. 48,734, 48,735 (Aug. 14, 2012) (quoting 157 Cong. Rec. S5432 (daily ed. Sept. 8, 2011) (statement of Sen. Schumer)).

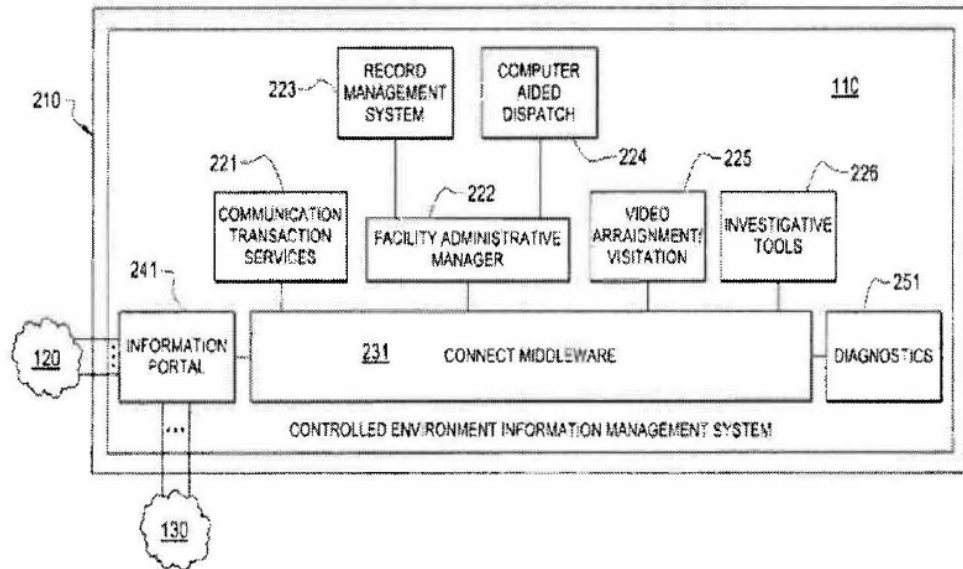
To determine whether a patent is eligible for a covered business method patent review, the focus is on the claims. *See id.* at 48,736 (Response to Comment 4: “[T]he definition . . . is based on what the patent claims.”); *see also Blue Calypso, LLC v. Groupon, Inc.*, 815 F.3d 1331, 1340 (Fed. Cir. 2016) (stating that “§ 18(d)(1) directs us to examine *the claims* when deciding whether a patent is a [covered business method] patent”). A patent need have only one claim directed to a covered business method to be eligible for review. 77 Fed. Reg. at 48,736; *see also Versata*, 793 F.3d at 1326–27 (accepting single claim analysis to determine whether to institute a covered business method patent review).

Petitioner bears the burden of demonstrating that the ’222 patent claims a method “used in the practice, administration, or management of a financial product or service.” For reasons explained below, we conclude that Petitioner fails to show that the ’222 patent meets the definition of a “covered business method patent.”

2. Analysis of the ’222 Patent as an Alleged CBM Patent

Petitioner contends the ’222 patent meets the financial product or service requirement, because the patent specification includes embodiments

directed to collecting and analyzing data related to financial products and services, such as credit decisions, commerce, and payments. Pet. 6–7. Petitioner further contends that Figure 2 of the '222 patent, reproduced below, demonstrates the use of the data gathering method of the claims supports a financial transaction and commerce functionality. *See id.* at 8–9.



According to Petitioner, the '222 patent refers to Figure 2, above, and explains that “communication/transaction services 221 may provide distance telephony, prepaid and postpaid toll calling services, telephonic commerce, account balance verification and refill, and credit worthiness determination as may be utilized by residents, friends and family thereof, and vendors.” Pet. 9 (quoting Ex. 1001, 10:14–19). Petitioner argues that the '222 patent describes “collection, processing, analysis, and/or reporting of information for intelligence purposes [, as well as for] call recording, call notification, call monitoring” *Id.* (alteration in original) (quoting Ex. 1001, 11:37–41). Petitioner supports its position with the Declaration of Dr. Forys, who testifies that the

method of claim 21 also records and tracks payment information related to calling services and collect calls. For example, one of the event identifiers placed by the method of claim 21 “may represent the called party having agreed to pay for the calling services (e.g., accepted a collect call or given an account from which funds are to be drawn).”

Ex. 1004 ¶ 32 (quoting Ex. 1001, 31:63–32:4). Petitioner then concludes that the method of at least claim 21 could use the call monitoring and recording functionalities to gather data that could then be used to support financial services and transactions. Pet. 9; Ex. 1004 ¶¶ 30–32.

Patent Owner disputes Petitioner’s position, contending that none of the claims recites any language that is financial in nature or recites any product or service particular to a financial institution. Prelim. Resp. 24, 29–30, 33–34. Additionally, Patent Owner argues that Petitioner inappropriately relies on unclaimed embodiments disclosed in the specification. *Id.* at 31–32. Patent Owner explains that although the specification of the ’222 patent contains a “few transaction-related statements,” such disclosures are “directed to separate ‘transaction/commerce functionality’ of the integrated information management system that is not claimed.” *Id.* at 27 (citing Ex. 1001, Fig. 1). According to Patent Owner, the “transaction/commerce functionality” is distinct from the “intelligence/management functionality” that is the focus of the claims. *Id.* Patent Owner argues that its position is supported by the fact that the patent does not mention or discuss “financial institutions.” *Id.* at 33.

Although we do not interpret section 18 of the AIA as requiring the literal recitation of financial products or services in a claim, the presence in challenged claims of financial terminology, or a method step requiring the movement of money, weighs in favor of finding that the claims are directed

to a financial product or service. *See Versata*, 793 F.3d at 1325 (2015) (“the definition of ‘covered business method patent’ is not limited to products and services of only the financial industry, or to patents . . . directly affecting the activities of financial institutions such as banks and brokerage houses”); *see, e.g., Sony Comput. Entm’t Am. LLC v. ADC Tech. Inc.*, Case CBM2015-00026, slip op. at 13 (PTAB July 3, 2015) (Paper 10) (finding that “selling video and karaoke software via an interactive communication system” was, “at a minimum, complimentary or incidental to a financial activity”); *Apple Inc. v. SightSound Techs., LLC*, Case CBM2013-00020, slip op. at 9–13 (PTAB Oct. 8, 2013) (Paper 14) (“transferring money electronically”); *see also FFF Enters., Inc. v. AmerisourceBergen Specialty Grp., Inc.*, Case CBM2014-00154, slip op. at 7 (PTAB Jan. 29, 2015) (Paper 14) (“server system creates an invoice”).

In *Blue Calypso*, decided after the issuance of our Decision to Institute, the Court upheld a decision by the Board finding jurisdiction for CBM review of claims directed to managing advertising content that recited the financially related term “subsidy.” 815 F.3d at 1338–41. The Court explained the claims at issue in *Blue Calypso* “have an express financial component in the form of a subsidy, or financial inducement, that encourages consumers to participate in the distribution of advertisements. As the Board noted, the subsidy is central to the operation of the claimed invention.” *Id.* at 1340. By contrast, the Court noted other cases where the Board declined to find jurisdiction for CBM review, were “properly focuse[d] on the claim language at issue and, finding nothing explicitly or inherently financial in the construed claim language, [the Board] decline[d] to institute CBM review.” *Id.*

In the present case, we originally credited the Petitioner’s position as supported by the testimony of its Declarant, Dr. Forys, that the challenged claims were directed to a method for gathering data where such data was used to support financial services and transactions. *See* Dec. to Inst. 13. The claims, however, are devoid of any terms that reasonably could be argued as rooted in the financial sector, directed to a financial transaction, inherently financial, incidental to a financial activity, or complementary to a financial activity. Ex. 1001, 34:8–36:44. *See id.* Rather, challenged claim 21 recites providing communications, recording communications, monitoring and analyzing communications, and placing event identifiers in association with a recorded communication.² *See id.* at 35:26–35. Claim 21 is directed specifically to investigative tools for monitoring and analyzing calls, and it reflects the substance of the specification.

Petitioner’s Declarant, Dr. Forys, appears to agree that the “method of claim 21 is a method for gathering data by recording and monitoring a call.” Ex. 1004 ¶ 31. Yet, as previously noted, according to Dr. Forys testified that “[t]his data is used to support financial services and transactions.” *Id.* Dr. Forys cites to the ’222 patent, which discloses:

Data located, collected, compiled, aggregated, distilled, and/or reported according to embodiments of the present invention may be utilized with respect to investigation (e.g., police investigation of crimes or suspects), credit decisions (e.g., decisions with respect to providing goods or services, such as calling service, in real-time), identification (e.g., to confirm the identity of a detainee), collection (e.g., identify parties who know an individual, to identify an individual’s property, to perform skip-trace analysis, etcetera), decision making (e.g., determine if a

² Petitioner cites to challenged claim 21 of the ’222 patent as the basis for our CBM jurisdiction analysis. Pet. 6.

medication should be administered), locating an individual (e.g., identifying parties who know an individual), commerce (e.g., determining a source of funding), payments (e.g., determining a proper entity to receive payment), and/or the like.

Id. (citing Ex. 1001, 3:10–23). Petitioner also points to Figure 8 of the '222 patent to support its position, because Figure 8 shows a dollar sign (\$). **Tr.** (citing Ex. 1001, Fig. 8, call event 834). Petitioner argues that the explicit use of the dollar sign (\$) indicates that a transaction has occurred, and thus, the patent is directed, at least tangentially, to a financial service. *Id.*

In the Decision to Institute, we were persuaded by Petitioner's citations to the use of a dollar sign (\$) as an implication that the claims were at least tangential to a financial service. *See* Dec. to Inst. 13–14. Upon further consideration of the claims as a whole, we do not agree with Petitioner or Dr. Forys, for multiple reasons. First, regarding Figure 8, the illustration represents a monitored call with multiple call events, and the '222 patent states:

call event 832 may represent the calling party having initiated a call attempt (e.g., taking a user terminal off hook), call event 833 may represent the calling party having been identified and/or validated, call event 832 may represent the called party having responded to a call attempt (e.g., taking a user terminal off hook), and *call event 834 may represent the called party having agreed to pay for the calling services (e.g., accepted a collect call or given an account from which funds are to be drawn)*. Each of the foregoing may collectively represent a somewhat typical call flow (or at least call flow beginning) for a call placed using controlled environment information management system.

Ex. 1001, 31:63–32:7 (emphasis added). The use of a dollar sign (\$) for call event 834 indicates that a party to a call agreed to pay for the calling services. *Id.* at 32:1–4. Based on the disclosure in the '222 patent, the dollar

sign (\$) does not represent that the invention is directed to a method or system for calling services that require payment, nor does the dollar sign (\$) represent that the invention is directed to the movement of money to pay for the call. The dollar sign (\$) is used because it represents an event that occurred during a monitored call, and the invention is directed to monitoring and noting events that occur during a monitored call, regardless of whether the event involves money.

Second, statements in the specification that a claimed invention has particular utility in financial applications may weigh in favor of determining that a patent is eligible for a covered business method patent review, but such weight is contingent on whether there is a sufficient relationship between the cited financial language in the specification and the invention recited in the claims. For example, in *Tagged, Inc. v. Gonzalez*, CBM2015-00075, slip op. at 7 (PTAB Aug. 20, 2015) (Paper 8), CBM review was denied because the financial language in the specification lacked “a sufficient relationship” with the claims. . There, the petition relied on the specification providing teachings of “financial and accounting services” as one type of website that could be the subject of the claimed method for listing websites on the internet. *Id.* The Board noted that the claims covered “gathering and storing data regarding Host Websites to aid user searches, but the use of the claimed system and method is independent of the subject of the Host Website.” *Id.* Therefore, despite the use of financial terminology in the specification, the Board ruled that the website recited in the claims “is *used in* enabling users to search a database for digital labels, not in the practice, administration, or management of a financial product or service.” *Id.*

Likewise, the method of claim 21 is used to record and monitor communications—it is not used in the practice, administration, or management of a financial product or service. The '222 patent discloses certain financial embodiments that may be used tangentially with the challenged claims, but there is nothing in the claims that necessitates the financial embodiments. Just as the search for digital labels *could* have applicability to some sort of financial product or service, the instant claims *could* be used to effectuate the payment for calling services, but need not in all cases. Therefore, Petitioner has failed to show a sufficient relationship between the cited financial embodiments in the specification and the invention recited in the claims.

Third, statements in the specification that a claimed invention has particular utility in financial applications may weigh in favor of determining that a patent is eligible for a covered business method patent review; however, we do not find covered business method patent review available for patents that claim generally useful technologies that also happen to be useful to financial applications. *See J.P. Morgan Chase & Co. v. Intellectual Ventures II LLC*, Case CBM2014-00160, slip op. at 6–12 (PTAB Jan. 29, 2015) (Paper 11); *Salesforce.com, Inc. v. Applications in Internet Time LLC*, Case CBM2014-00162, slip op. at 10 (PTAB Feb. 2, 2015) (Paper 11) (“Petitioner’s contentions based on the written description alone do not show that the ’111 patent *claims* a method or apparatus ‘for performing data processing or other operations used in the practice, administration, or management of a financial product or service’ or *claims* an activity that is ‘financial in nature, incidental to a financial activity or complementary to a financial activity.’”). Other panels of the Board have

found patents not to meet the definition of “covered business method patent” in similar circumstances. *See, e.g., ServiceNow, Inc. v. Hewlett-Packard, Co.*, Case CBM2015-00108, slip op. at 15 (PTAB Oct. 7, 2015) (Paper 10) (“the problem addressed by the patent was non-financial in nature, and that a significant portion of the specification described the claimed method in general terms, before turning to the illustrative ATM network embodiment”); *Google Inc. v. SimpleAir, Inc.*, Case CBM2015-00019, slip op. at 12 (PTAB May 19, 2015) (Paper 11) (claim directed to system for transmitting, receiving, and processing data recites “only generic, context-neutral ‘data,’” without any language relating to a financial product or service); *Sega of Am., Inc. v. Uniloc USA, Inc.*, Case CBM2014-00183, slip op. at 11–13 (PTAB Mar. 10, 2015) (Paper 11) (claims were “directed to technology that restricts the use of software” where the software had “no particular relationship to a financial product or service”); *Par Pharm., Inc. v. Jazz Pharm., Inc.*, Case CBM2014-00149, slip op. 10–13 (PTAB Jan. 13, 2015) (Paper 12) (concluding that in the context of the claim as whole, a claim relating to a method for controlling access to a prescription drug did not recite or require an activity involving the movement of money, extension of credit, or other financial product or service); *PNC Fin. Servs. Grp., Inc. v. Intellectual Ventures I LLC*, Case CBM2014-00032, slip op. at 6–15 (PTAB May 22, 2014) (Paper 13) (claims described “software systems that have general utility not specific to any application”). In the present case, Petitioner argues that because there could be some financial applications for the claimed inventions, then the patent is eligible for CBM review. We do not agree.

A finding that anything with a possible use with respect to any activities involving financial products and services would capture claimed inventions only tangentially related to activities involving financial products and services and “would mean that any patent claiming something that can be used in connection with a financial service (e.g., an Ethernet cable, a generic computer monitor, or even a ballpoint pen) would be eligible for covered business method patent review, regardless of what the patent claims.” *Sony Corp. of Am. v. Network-1 Techs., Inc.*, Case CBM2015-00078, slip op. at 11–12 (PTAB July 1, 2015) (Paper 7). Additionally, the Office has stated, the legislative history of the AIA indicates that “financial product or service” should be interpreted “broadly,” but “broadly” does not mean “without limits.” *See* Transitional Program for Covered Business Method Patents—Definitions of Covered Business Method Patent and Technological Invention, 77 Fed. Reg. at 48,735.

We acknowledge the specification includes at least one illustrative embodiment directed to an application of the claimed method for commercial purposes (*see* Ex. 1001, 6:40–44 (“[V]endors may be given access to the information management system via a remote computer system and/or telephone (wireline and/or wireless) to receive orders from the facility, verify accounts or status of payment, and coordinate delivery of good and services.”)). We find, however, that such an example is insufficient to make the challenged claims of the ’222 patent eligible for covered business method patent review. The primary justification for covered business method review eligibility provided by Petitioner is that the illustrative embodiments in the specification of the ’222 patent merely show that the invention *may* be used for a commercial or financial purpose. Pet.

7–10. Mere ability to use the claimed invention in a financial context, standing alone, does not require a finding that the financial prong has been met, especially when the specification as a whole suggests a broader application. *See ServiceNow, Inc.*, CBM2015-00108, slip op. at 17–18 (claims were directed to the general utility of managing a conversation in a Web service and did not cover a financial transaction); *ServiceNow, Inc. v. BMC Software, Inc.*, Case CBM2015-00107, slip op. at 11–13 (PTAB Sept. 11, 2015) (Paper 12) (panel found instructive that the problem addressed by the patent was non-financial in nature, and that a significant portion of the specification described the claimed method in general terms). Petitioner’s citations to the specification do not provide a persuasive basis to conclude that the claims deal with the movement of money or are involved directly in a financial transaction in anything other than a tangential way. Rather, we find that the challenged claims recite a method of general utility for monitoring and analyzing calls, and the cited example from the ’222 patent makes clear that any financial aspect of the invention as discussed in the specification is, at most, a non-limiting example. *See* Ex. 1001, 3:10–23; *see ServiceNow, Inc.*, CBM2015-00108, slip op. at 15; *PNC Bank NA v. Parus Holdings, Inc.*, CBM2015-00112, slip op. at 17 (PTAB Nov. 9, 2015) (Paper 11).

The facts before us, as outlined above, establish that the claimed method is of general utility and is directed to an invention that is neither a financial product or service, and Petitioner has not introduced sufficient persuasive evidence to show that at least one claim of the ’222 patent recites a method used in the practice, administration, or management of a financial product or service. *See* 37 C.F.R. § 42.301(a); *see ServiceNow, Inc.*,

CBM2015-00145
Patent 7,860,222 B1

CBM2015-00108, slip op. at 17. Accordingly, given the guidance by our reviewing court in *Blue Calypso*, we determine that Petitioner has not met its burden of demonstrating that the '222 patent is eligible for covered business method patent review.

IV. CONCLUSION

For the foregoing reasons, we determine that the information presented in the Petition fails to show that the '222 patent qualifies for covered business method patent review, such that we have no jurisdiction to determine the unpatentability of the challenged claims.

V. ORDER

For the reasons given, it is

ORDERED that, pursuant to 35 U.S.C. § 18(a)(1)(E) and 37 C.F.R. §§ 42.72, 42.301(a), 42.304(a), the '222 patent does not qualify for covered business method patent review;

FURTHER ORDERED that the trial in CBM2015-00145 is hereby terminated; and

FURTHER ORDERED that the Decision to Institute in CBM2015-00145 is hereby vacated.

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

GLOBAL TEL*LINK CORPORATION,
Petitioner,

v.

SECURUS TECHNOLOGIES, INC.,
Patent Owner.

Case CBM2015-00145
Patent 7,860,222 B1

BENOIT, *Administrative Patent Judge*, dissenting.

Because my view of the posture of this covered business method patent review (“CBM review”) differs from the majority’s view, I respectfully dissent. For the reasons set forth below, I believe, under the particular circumstances of this CBM review, that the majority’s *sua sponte* reconsideration of the Board’s previous determination that the challenged patent is a covered business method patent does not satisfy Petitioner’s rights under the Administrative Procedure Act, 5 U.S.C. § 551 *et seq.* (“APA”). I believe the panel should issue a final written decision addressing the merits of the CBM review, leaving Patent Owner free to raise the issue of whether the challenged patent is a covered business method patent during

appeal. *See Blue Calypso, LLC v. Groupon, Inc.*, 815 F.3d 1331, 1338 (Fed. Cir. 2016) (the question of whether a challenged patent claim is a CBM relates to the Board’s authority to issue a final decision in a CBM review and, therefore, is reviewable) (citing *Versata Dev. Grp., Inc. v. SAP Am., Inc. (Versata II)*, 793 F.3d 1306, 1318–23 (Fed. Cir. 2015); *SightSound Techs., LLC v. Apple Inc.*, 809 F.3d 1307, 1311 (Fed. Cir. 2015) (indicating the Federal Circuit has “jurisdiction to review whether the [challenged] patents qualify as CBM patents”)).

I acknowledge the majority’s action—terminating the CBM review without proceeding to a final written decision on the merits—is necessitated by its *sua sponte* reconsideration of the determination in our Decision to Institute that the challenged patent *is* a covered business method patent (Inst. Dec. 1, 9–17) and its new determination that the challenged patent is *not* a covered business method patent. I recognize that the Board may institute a CBM review only for a patent that is a covered business method patent and that the Board does not have authority to conduct a CBM review when the challenged patent is not a covered business method patent. *See* Section 18(a)(1)(E) of the Leahy-Smith America Invents Act (“AIA”), Pub. L. No. 112–29, 125 Stat. 284, 331 (2011) (“The Director may institute a transitional proceeding only for a patent that is a covered business method patent.”).

I also recognize the general rule that “[e]very tribunal, judicial or administrative, has some power to correct its own errors or otherwise appropriately to modify its judgment, decree, or order.” *Tokyo Kikai Seisakusho, Ltd. v. United States*, 529 F.3d 1352, 1360–61 (quoting *Bookman v. United States*, 453 F.2d 1263, 1265 (Ct. Cl. 1972)). In exercises

of an administrative agency's inherent reconsideration power, two public policy considerations oppose one another: "the desirability of finality, on the one hand, and the public interest in reaching what ultimately appears to be the right result on the other." *Civil Aeronautics Board v. Delta Air Lines, Inc.*, 367 U.S. 316, 321 (1961). This tension is particularly strong in the circumstances here, where the majority *sua sponte* reconsiders whether the Board had power to institute the CBM review. I view the Petitioner's right to notice and opportunity to be heard to tip the balance away from *sua sponte* reconsideration at this juncture.

First, as required by Section 18(a)(1)(E) of the AIA, we determined in our Decision to Institute that the patent challenged in the Petition met "the definition of a 'covered business method patent'" and, accordingly, it was "eligible for a covered business method patent review." Paper 20 ("Inst. Dec."), 9, 17. In our Decision to Institute, we analyzed the challenged patent, considered the Petitioner's contentions in its Petition that the challenged patent was a covered business method patent, and considered Patent Owner's contentions in its Preliminary Response that the challenged patent was not a covered business method patent. *Id.* at 9–17. In my view, our determination was not preliminary such that Petitioner could expect *sua sponte* reconsideration after Patent Owner did not challenge the issue.

Second, Patent Owner did not contest, during the instituted CBM review, our determination that the challenged patent was a covered business method patent. Patent Owner did not seek reconsideration of our Decision to Institute, did not file (or seek to file) a Motion to Terminate the review, did not challenge our determination in its Patent Owner Response to the Petition, or otherwise raise the issue. As such, my view is that the facts

specific to whether the challenged patent was a covered business method patent did not change during the CBM review.

Third, I do not view the Federal Circuit's decision in *Blue Calypso, LLC v. Groupon, Inc.*, 815 F.3d 1331 (Fed. Cir. 2016) as narrowing or otherwise changing how we are to determine whether a challenged patent is a covered business method patent. Rather, after discussing its decisions in *Versata II* and *SightSound*, the Federal Circuit held that the Board's determination properly did not "limit the application of CBM review to patent claims tied to the financial sector" and "was consistent" with the recent case law of *Versata II* and *SightSound*. *Blue Calypso*, 815 F.3d at 1338.

In *Blue Calypso*, the Federal Circuit also addressed, and rejected, Blue Calypso's argument that the Board acted in an arbitrary or capricious manner in its application of the CBM definition. *Blue Calypso*, 815 F.3d at 1340. The Federal Circuit indicated that "the handful of Board decisions declining to institute CBM review on patents unrelated to Blue Calypso's patents," which were cited by Blue Calypso, "properly focuse[d] on the claim language at issue and, finding nothing explicitly or inherently financial in the construed claim language, decline[d] to institute CBM review." *Blue Calypso*, 815 F.3d at 1340. I view this language as describing the prior Board decisions but not defining, or otherwise prescribing, the scope of patents eligible for CBM review. Moreover, I do not view this language as requiring a new focus on the claims. The AIA statute itself requires a focus on the claims because the AIA statute defines a covered business method patent in terms of its claims:

The term “covered business method patent” means 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) (emphasis added); *see also* 37 C.F.R. § 42.301(a) (repeating the statutory definition). As we stated in our Decision to Institute, “[t]o determine whether a patent is eligible for a covered business method patent review, the focus is on the claims.” Inst. Dec. 9 (citing 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)).

Nor do I view *Blue Calypso* as prohibiting looking to the specification of the challenged patent for examples of financial uses. An analysis of the claims necessarily includes looking to the specification because, in a CBM review, a claim in an unexpired patent is 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 Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2142–45 (2016); *Versata II*, 793 F.2d at 1328 (seeing no basis to distinguish the claim construction standards in IPRs and CBM reviews); *see also SightSound*, 809 F.3d at 1315–16 (approving of the Board’s reasoning, which included looking to the specifications of the challenged patents, when addressing whether a patent was a covered business method patent).

In addition, Patent Owner did not take any action—such as requesting the opportunity to brief the impact of *Blue Calypso* on this CBM review—that would indicate the Patent Owner views *Blue Calypso* as changing the

analysis to be performed in a covered business method patent inquiry. Furthermore, when given the opportunity to address whether the challenged patent was a covered business method patent at oral hearing, Patent Owner's counsel did not do so. Rather, Patent Owner's counsel indicated that Patent Owner would rest on the arguments in its Preliminary Response (Paper 13) filed on September 10, 2015, and considered in our Decision to Institute. Paper 48 ("Tr."), 16:13–21.

For these reasons, I do not view the facts or law on which we based our determination as changing after we instituted this CBM review on November 25, 2015.

Fourth, I would not *sua sponte* reconsider our determination in the Decision to Institute because a CBM review is a formal administrative adjudication subject to the procedural requirements of the APA. *Dell Inc. v. Acceleron, LLC*, 818 F.3d 1293, 1298 (Fed. Cir. 2016) (stating, in the context of reviewing an IPR proceeding authorized by the AIA, "[w]e review the Board's procedures for compliance with the Administrative Procedure Act, 5 U.S.C. § 551 et seq." (citing *Belden, Inc. v. Berk-Tek LLC*, 805 F.3d 1064, 1080 (Fed. Cir. 2015))); *see also Progressive Cas. Ins. Co. v. Liberty Mut. Ins. Co.*, 625 F. App'x. 552 (Fed. Cir. 2015) (nonprecedential ("[T]he Administrative Procedure Act imposes its own similar obligations on Board actions, including in covered business method reviews.")).

Although a petitioner's rights may be limited prior to institution, a petitioner is entitled to certain procedural protections of the APA during an instituted proceeding. *SAS Institute, Inc. v. ComplementSoft, LLC.*, 825 F.3d 1341, 1351 (2016) ("Although in the past we have discussed § 554(b)(3) with

respect to the protection it provides to the patent owner, the provision is not so limited in an instituted IPR proceeding.”).

For example, petitioners are “[p]ersons entitled to notice of an agency hearing” under 5 U.S.C. § 554(b)(3) of the APA. *SAS Institute*, 825 F.3d at 1351. As such, a petitioner “shall be timely informed of . . . the matters of fact and law asserted.” *Id.* (quoting 5 U.S.C. § 554(b)(3); citing *Dell*, 818 F.3d at 1298). This means that “an agency may not change theories in midstream without giving [the parties] reasonable notice of the change” and “the opportunity to present argument under the new theory.” *Rodale Press, Inc. v. FTC*, 407 F.2d 1252, 1256–57 (D.C. Cir. 1968); see *SAS Institute*, 825 F.3d at 1351 (applying *Rodale Press* to IPR proceedings) (citing *Belden*, 805 F.3d at 1080; *Dell*, 818 F.3d at 1300–01); cf. *Progressive*, 625 F. App’x. 552 at 556–57 (nonprecedential) (applying *Rodale Press* to CBM reviews).

In my view, the majority’s action of *sua sponte* reconsidering and reversing our determination that the challenged patent is a covered business method patent constitutes changing theories in midstream. Doing so without giving Petitioner reasonable notice of the change and a meaningful opportunity to present arguments does not satisfy § 554(b)(3) of the APA.³

I also recognize that, as a general matter and within certain limitations, the Board has inherent power to reconsider its decision to institute during a CBM review and that, during its original AIA rulemaking, the Office addressed having the ability to terminate some reviews after

³ I do not view the panel’s questioning of Petitioner at the oral hearing sufficient to meet the requirements of § 554(b)(3). See Tr. 5:19–8:21. For example, Petitioner was not given an express opportunity to address whether *Blue Calypso* narrowed the scope of a covered business method patent analysis.

institution if the petitioner's standing to bring a challenge is raised after institution. *See GTNX, Inc. v. INTTRA, Inc.*, 789 F.3d 1309, 1313 (Fed. Cir. 2015) (quoting *Tokyo Kikai Seisakusho*, 529 F.3d at 1360); 77 Fed. Reg. 48,612, 48,648 (Aug. 14, 2012) (stating that "in the rare situation where the issue of whether the petitioner has standing is raised after institution, the Board would need the flexibility to terminate or dismiss the review, if appropriate").

The Board's inherent authority to reconsider its Decision to Institute, however, does not supersede Petitioner's rights to notice of the majority's changed viewpoint and a meaningful opportunity to present argument challenging the changed viewpoint. The Federal Circuit observed two "uncontroversial limitations" on the exercise of inherent power by an administrative agency. *Tokyo Kikai Seisakusho*, 529 F.3d at 1361. First, "[t]he agency must give notice to the parties of its intent to reconsider, and such reconsideration must occur within a reasonable time." *Id.* Second, "an agency may not reconsider in a manner that would be arbitrary, capricious, or an abuse of discretion." *Id.*

For the reasons outlined above, it is my view that Petitioner was not given sufficient notice of the majority's intent to reconsider the issue, which implicates at least one of these limitations on the exercise of inherent power in this CBM review. The majority's action also raises the question of whether the reconsideration occurs within a reasonable time. The majority reconsiders the determination after the trial has been completed and the record closed; eight months after *Blue Calypso* issued on March 1, 2016; and nearly a year after the determination was made when the Decision to Institute issued on November 25, 2015.

In view of the circumstances of this case, I believe that Petitioner should have the opportunity to be heard on this issue and, in turn, Patent Owner should have the opportunity to respond to Petitioner. The parties, however, have not had such an opportunity.

For these reasons, I respectfully dissent.

CBM2015-00145
Patent 7,860,222 B1

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