

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

WALGREEN CO.: AHOLD USA, INC.: DELHAIZE AMERICA, LLC:
and PUBLIX SUPER MARKETS, INC.,
Petitioners

v.

ADVANCED MARKETING SYSTEMS, LLC,
Patent Owner.

Case CBM2016-00012
U.S. Patent No. 8,219,445

PATENT OWNER'S NOTICE OF APPEAL

Notice is hereby given, pursuant to 37 C.F.R. § 90.2(a), that Patent Owner Advanced Marketing Systems hereby timely appeals to the United States Court of Appeals for the Federal Circuit from the Patent Trial and Appeal Board (“PTAB”) *Final Written Decision* entered on May 11, 2017 (Paper 36) and from all underlying orders, decisions, rulings and opinions regarding U.S. Patent No. 8,219,445 (the “445 Patent”) including the *Decision - Instituting Covered Business Method Patent Review* entered on May 13, 2016 (Paper 7). A copy of the PTAB’s *Final Written Decision* being appealed is attached.

For the limited purpose of providing the Director with the information requested in 37 C.F.R. § 90.2(a)(3)(ii), issues on appeal may include but are not limited to the Board’s determinations of unpatentability of claims and any finding or determination supporting or relating to such determinations of unpatentability including but not limited to claim construction issues, the applicable claim construction standard, obviousness issues, Board findings that conflict with the evidence of record and are not supported by substantial evidence, as well as all other issues decided adversely to Patent Owner in any orders, decisions, rulings and/or opinions including whether the Board properly understood the scope of the statutory definition of a Covered Business Method review and whether AIA patent reviews are constitutional.

Patent Owner reserves the right to challenge any finding or determination supporting or relating to the issues listed above and to challenge any other issues decided adversely to Patent Owner by the PTAB.

This Notice of Appeal and payment are simultaneously being filed electronically via CM/ECF with the U.S. Court of Appeals for the Federal Circuit. In accordance with 37 C.F.R. § 90.2, a copy of this Notice of Appeal is being electronically filed via the E2E System with the Patent Trial and Appeal Board and via overnight delivery to the Director of the United States Patent and Trademark Office.

No fees are believed to be due to the United States Patent and Trademark Office in connection with this filing, but authorization is hereby given for any required fees to be charged to Deposit Account 50-1165.

Respectfully submitted,
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Case CBM2016-00012
Patent 8,219,445 B2

Before THOMAS L. GIANNETTI, TREVOR M. JEFFERSON, and
MITCHELL G. WEATHERLY, *Administrative Patent Judges*.

WEATHERLY, *Administrative Patent Judge*.

FINAL WRITTEN DECISION
35 U.S.C. § 328(a), 37 C.F.R. § 42.73

I. INTRODUCTION

A. BACKGROUND

Walgreen Co., Ahold USA, Inc., Delhaize America, LLC, and Publix Super Markets, Inc. (collectively “Petitioner”) filed a petition (Paper 2, “Pet.”) requesting a covered business method patent review (“CBM review”) of claim 9 of U.S. Patent No. 8,219,445 B2 (Ex. 1001, “the ’445 patent”)

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pursuant to section 18 of the Leahy-Smith America Invents Act (“AIA”). Petitioner supported the Petition with the Declaration of Michael Lewis, Ph.D. (Ex. 1009). Advanced Marketing Systems, LLC (“Patent Owner”) timely filed a Preliminary Response. Paper 6 (“Prelim. Resp.”). On May 13, 2016, based on the record before us at the time, we instituted a CBM review of claim 9. Paper 7 (“Institution Decision” or “Dec.”). We instituted the review on the following challenges to claim 9:

Reference	Basis
U.S. Patent No. 4,882,675 (Ex. 1007, “Nichtberger”)	§ 102(b)
International Patent Publication No. WO 96/30851 A1 (Ex. 1008, “Ovadia”)	§ 102(b)

After we instituted this review, Patent Owner filed a Patent Owner Response in opposition to the Petition (Paper 23, “PO Resp.”) that was supported by the Declaration of Steven R. Kursh, Ph.D. (Ex. 2015). Petitioner filed a Reply in support of the Petition (Paper 32, “Reply”). Patent Owner did not move to amend any claim of the ’445 patent. Neither party requested oral argument, and none was held.

We have jurisdiction under 35 U.S.C. § 6(b). The evidentiary standard applicable to this proceeding is a preponderance of the evidence. *See* 35 U.S.C. § 326(e); 37 C.F.R. § 42.1(d). This Final Written Decision is issued pursuant to 35 U.S.C. § 328(a) and 37 C.F.R. § 42.73.

For the reasons expressed below, we conclude that Petitioner has demonstrated by a preponderance of evidence that claim 9 is unpatentable.

B. RELATED PROCEEDINGS

Patent Owner has asserted the ’445 patent along with related U.S. Patent Nos. 8,370,199 B2 (“the ’199 patent) and 8,538,805 B2 (“the

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'805 patent") in the following district court proceedings: *Advanced Mktg. Sys., LLC v. Walgreen Co.*, No. 6:15-cv-00137 (E.D. Tex.); *Advanced Mktg. Sys., LLC v. Ahold USA, Inc.*, No. 1:15-cv-221 (E.D. Va.); *Advanced Mktg. Sys., LLC v. Delhaize America, Inc.*, No. 2:15-cv-00074 (E.D. Va.); and *Advanced Mktg. Sys., LLC v. Publix Super Markets, Inc.*, No. 3:15-cv-00247 (M.D. Fla.). Pet. 1–2; Paper 5, 1. Patent Owner has also asserted the '445 patent, '199 patent, and '805 patent against other parties in the following district court proceedings: *Advanced Mktg. Sys., LLC v. The Kroger Co.*, No. 3:14-cv-02065 (N.D. Tex.); *Advanced Mktg. Sys., LLC v. Hy-Vee, Inc.*, No. 3:15-cv-00103 (W.D. Wis.); *Advanced Mktg. Sys., LLC v. CVS Pharmacy, Inc.*, No. 6:15-cv-00134 (E.D. Tex.); *Advanced Mktg. Sys., LLC v. Brookshire Grocery Co.*, No. 6:15-cv-00138 (E.D. Tex.); and *Advanced Mktg. Sys., LLC v. Ingles Markets Inc.*, No. 1:15-cv-00007 (W.D. Va.). Pet. 2; Paper 5, 2. Petitioner has concurrently filed a petition for CBM review of the '805 patent in CBM2016-00013 and petitions for CBM review of the '199 patent in CBM2016-00014 and -00015. Paper 5, 2.

C. THE '445 PATENT

The '445 patent issued from an application filed on January 28, 2009, and claims priority to a number of prior applications, the earliest of which was filed on February 19, 1998. Ex. 1001, 1:6–19. Two of the applications in the priority chain are described as continuations-in-part of prior applications. *See id.* Neither party addresses the priority date to which claim 9 is entitled. Nevertheless, both Nichtberger and Ovadia would qualify as prior art under 35 U.S.C. § 102(b) even if claim 9 were entitled to the priority date of February 19, 1998. *See* Ex. 1007 (issuing November 21, 1989); Ex. 1008 (publishing October 3, 1996).

The '445 patent relates to “a data processing system and method for implementing a customer incentive promotional program for enhancing retail sales of select products, such as groceries and the like.” Ex. 1001, 1:24–27.

Claim 9 recites:

9. [a] A distributed discount vehicle for use with a data processing system for tracking and processing a plurality of in-store discounts to potential purchasers of plural products during the checkout process, wherein said discounts are each associated with a specific one of said plural products, said discount vehicle comprising:

[b] two or more of said discounts including descriptive material to provide information at least identifying the products and their associated discounts, wherein

[c] said vehicle is associated with exactly one select code that permits machine reading and tracking of said vehicle and of individual purchasers' purchased products and the prices thereof during checkout,

said select code uniquely identifying all the discounts for all of the plural products associated with said vehicle and reflecting at least one of varying discounts unique to a potential purchaser and identical discounts common to all potential purchasers, and

[d] said select code uniquely identifying said vehicle such that said select code can be selectively deactivated for only particular discounts, of the plurality of discounts, associated with the purchased products by redemption of the code associated with the vehicle such that the code remains active for future use with yet unused ones of the plurality of discounts associated with said plural products.

Id. at 11:46–12:3 (line breaks and subdivisions [a]–[d] used by Petitioner and added for clarity).

The Specification describes one example of the claimed “discount vehicle” as a “multi-discount vehicle” (“MDV”) in the form of freestanding insert 300 which is preferably distributed in a newspaper. *Id.* at 7:30–37. Freestanding insert 300 is illustrated in Figures 3A and 3B, which are reproduced below.

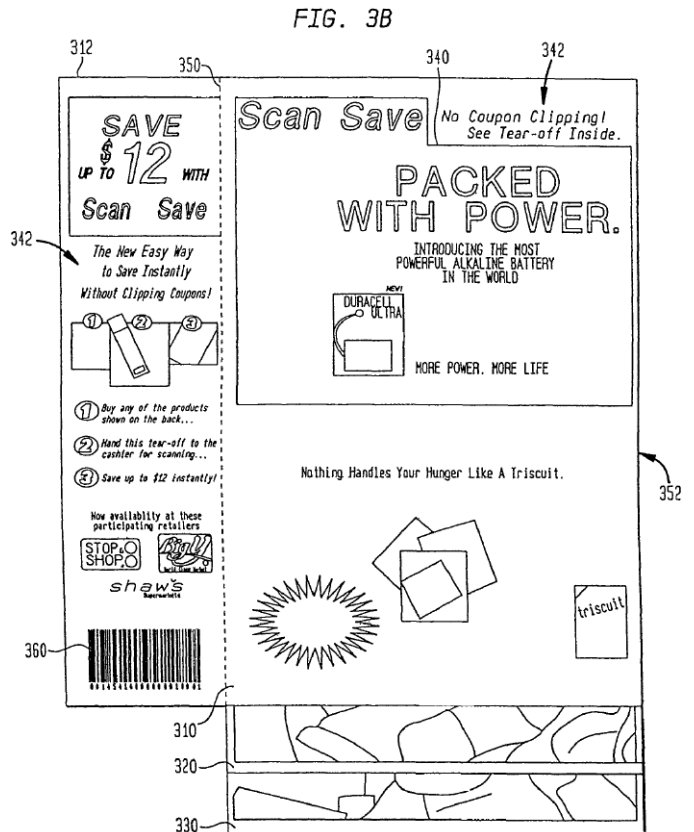
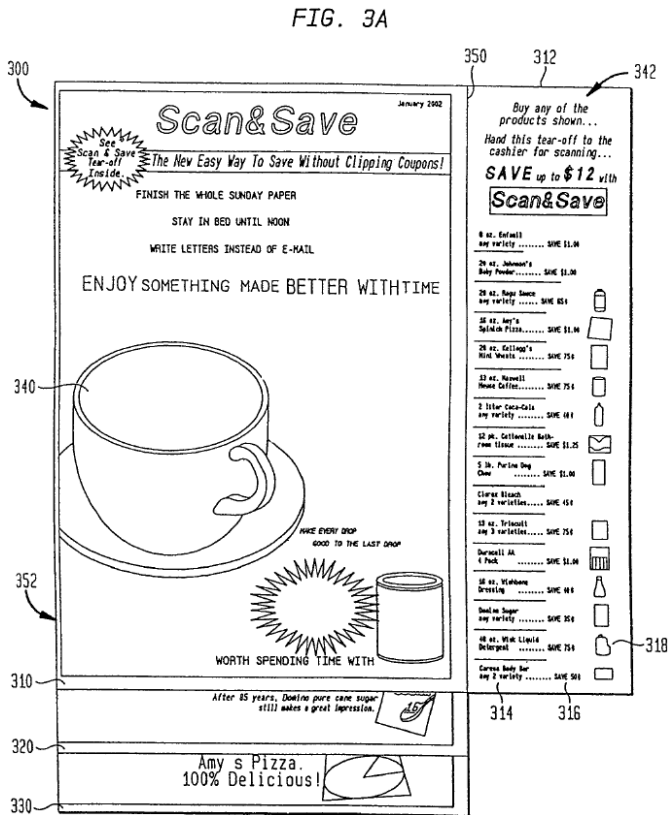


Figure 3A is a front view of an MDV according to claim 9 in the form of freestanding insert 300.

Figure 3B is a rear view of the freestanding insert 300 of Figure 3A.

The Specification describes freestanding insert 300 as follows:

[O]ne embodiment of the MDV is provided in the form of a freestanding insert (FSI) 300. The FSI may generally take the form of a folded sheets 310, 320, 330 unattached to each other (FIGS. 3a-c). Each sheet presents graphically displayed information, is folded or creased 352, and may include at least one advertisement or commercial 340 of a discounted product.

FSI is preferably placed in a newspaper for dissemination to potential customers.

A redemption vehicle 312 is shown attached to one of the sheets, but may be attached to any of the sheets, in any position, may be printed on any portion, or may simply be loose and separate altogether. The redemption vehicle may include a barcode 360 or other readable medium, a description 314 of the discounted or sale-priced items, a picture or other representation 318 of the items, and/or the price or discount 316 of the items.

Id. at 7:30–45. The Specification also describes other physical forms of the “discount vehicle” as flat card 400, *id.* at 7:60, and folded card 500, *id.* at 8:16. Flat card 400 and folded card 500 also include “redemption vehicles” having barcodes 460, 560 and descriptions 414, 514. *Id.* at 7:59–8:36. But for the changes in reference numerals, the descriptions of the three embodiments of the “discount vehicle” are largely identical. *See id.* at 7:30–8:36.

II. ANALYSIS

A. WHETHER THE '445 PATENT IS A COVERED BUSINESS METHOD PATENT

A “covered business method patent,” as defined in the AIA, 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); *accord* 37 C.F.R. § 42.301(a). In determining whether a patent is eligible for CBM patent review, the focus is on the claims. *Secure Access, LLC v. PNC Bank Nat’l Ass’n*, 848 F.3d 1370, 1379 (Fed. Cir. 2017) (“It is the claims, in the traditional patent law sense, properly understood in light of the written description, that identifies a CBM patent.”). One claim directed to a covered

business method is sufficient to render the patent eligible for CBM patent review. *See id.* at 1381 (“the statutory definition of a CBM patent requires that the patent have a claim that contains, however phrased, a financial activity element.”)

1. Financial Product or Service

Petitioner argues that the “discount vehicle” of claim 9 is financial in nature because it is used during a retail transaction as part of “a customer incentive promotional program for enhancing retail sales of select products, such as groceries and the like.” Pet. 5 (quoting Ex. 1001, 1:23–36). Patent Owner does not contest Petitioner’s argument on this issue, and we find Petitioner’s argument to be persuasive. Claim 9, while not a method claim, is directed to a “corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service.” The Specification describes its invention as “a data processing system and method for implementing a customer incentive promotional program for enhancing retail sales of select products, such as groceries and the like.” Ex. 1001, 1:24–26. The Specification describes objectives of the invention and the manner in which the “discount vehicle” is an apparatus used to implement the “customer incentive promotional program for enhancing retail sales” as follows:

It is a further object of the present invention to provide a promotion system for enhancing retail based distribution of goods through the use of a multi-product discount vehicle, selectively distributed to potential customers, via direct mail or newspaper insert.

It is a further object of the present invention to provide a data processing system programmed to track redemptions of a specialized multi-product incentive vehicle, so as to insure

proper discounting against select products and coordinated fulfillment of the incentive-based transaction.

The above and other objects of the present invention are realized in a novel data processing system operable with a specialized multi-product discount vehicle associated with a specified code. The multi-product discount vehicle has within its structure, a coordinated presentation of coupon-like indicia, coupled with graphics and text to draw customer attention to the salient features of the promoted products.

Id. at 4:6–23. These portions of the Specification indicate that the “discount vehicle” is an apparatus used in conjunction with the provision of discounts applied to retail sales. Accordingly, we determine that claim 9, absent application of the exception for “technological inventions,” subjects the ’445 patent to CBM review.

2. *Technological Invention Exception*

Before institution of trial, but not after institution, Patent Owner argued that claim 9 recites a technological invention that is exempt from CBM patent review. Prelim. Resp. 4–8; *see generally* PO Resp. (not addressing eligibility of ’445 patent for CBM review).

Patents subject to 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). To determine whether a patent is for a technological invention, we consider “whether the claimed subject matter as a whole”: (1) “recites a technological

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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 Final Rules, 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) (Paper 16); 157 Cong. Rec. S1364 (daily ed. Mar. 8, 2011) (statement of Sen. Schumer).

Petitioner argues that because claim 9 encompasses a paper coupon as described in the Specification, claim 9 “is in no way technical.” Pet. 13. Before institution of trial, Patent Owner countered that claim 9, when “viewed as a whole,” recites novel and unobvious technological features that solve a technical problem using a technical solution. Prelim. Resp. 4–8. Nevertheless, Patent Owner fails to identify how the recited “discount vehicle” encompasses a single feature that is “technological” or how the “discount vehicle” provides any technical solution to a technical problem. *Id.* Patent Owner contends that the inventors of the ’445 patent “invented a solution rooted in computer technology to overcome a problem specifically arising in the realm of computer networks.” *Id.* at 7. However, Patent Owner cites no particular part of claim 9 or evidentiary support for its contention that the “discount vehicle” of claim 9 recites anything other than the vehicle itself. *Id.* at 4–8. After institution of trial, Patent Owner did not argue that the ’445 patent was not eligible for CBM review.

As explained in part II.B.1 below, we determine that claim 9 recites a “discount vehicle” bearing a “select code” that is intended to be read by scanning equipment and used by a “data processing system” to determine

how to provide a discount to a potential purchaser of products “during the checkout process.” Nevertheless, claim 9 encompasses none of the devices used to scan and process the select code. Instead, claim 9 encompasses the discount vehicle *itself* and the markings that make it compatible with the unclaimed “data processing system” and the unclaimed “machine” that is able to read the select code. Accordingly, Petitioner persuades us that the technological exception does not apply to the ’445 patent.

3. Summary

For the reasons expressed above, we find that at least claim 9 renders the ’445 patent subject to CBM review.

B. CLAIM INTERPRETATION

“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. § 42.200(b); *see also Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2142 (2016) (affirming that USPTO has statutory authority to construe claims according to similarly written Rule 42.100(b)). 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, and absent any special definition, we give claim terms their ordinary and customary meaning. *See In re Suitco Surface, Inc.*, 603 F.3d 1255, 1260 (Fed. Cir. 2010); *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)). Only terms which are in controversy need to be construed, and then only to the extent necessary to resolve the controversy. *See Vivid Techs., Inc. v. Am. Sci. & Eng’g, Inc.*, 200 F.3d 795, 803 (Fed. Cir. 1999). Based on the

arguments and evidence adduced by the parties, we interpret various aspects of claim 9 as discussed below.

1. Elements of the “discount vehicle”

Claim 9 affirmatively recites a “discount vehicle” (e.g., multi-discount vehicles (“MDV”) 300, 400, 500) having only two physical elements. Namely, claim 9 recites a first physical element of “descriptive material” that provides information identifying products (e.g., descriptions 314, 414, 514 and pictures 318, 418, 518) and associated discounts (e.g., discounts 316, 416, 516), and second physical element of a “select code” (e.g., barcodes 360, 460, 560). Among other things, the “select code” identifies “all the discounts” for all the products. Ex. 1001, 7:30–8:48.

The claim also recites certain functional capabilities of the discount vehicle. For example, the “discount vehicle” is identified as being “for use with a data processing system” and the “select code” appearing on the discount vehicle “permits machine reading and tracking of said vehicle.” *Id.* at 11:46–12:3. Nevertheless, claim 9, by its plain terms, does not encompass the “data processing system” or the “machine” that may read the select code. *Id.*

2. Whether the “discount vehicle” encompasses a website or mobile application

Before trial was instituted, the parties’ competing interpretations of “discount vehicle” in claim 9 focused on whether the term narrowly covers only paper versions of the vehicle, like those explicitly described in the Specification, Pet. 20–26, or more broadly also covers “a website, or a mobile application,” Prelim. Resp. 9–16. In our Institution Decision, we did not resolve this dispute because Petitioner had demonstrated that claim 9 was more likely than not anticipated by the paper discount vehicles

described by each of Nichtberger and Ovadia. Dec. 8. Based on the record before us, we conclude that we still need not resolve this specific dispute because Petitioner has demonstrated, by a preponderance of evidence, that the paper-based discount vehicles described by each of Nichtberger and Ovadia anticipate claim 9.

3. *“select code can be selectively deactivated for only particular discounts”*

Claim 9 recites that the “select code can be selectively deactivated for only particular discounts . . . by redemption of the code associated with the vehicle.” Ex. 1001, 11:64–67. The claim also requires that after such selective deactivation of the select code, “the code remains active for future use with yet unused” discounts. *Id.* at 12:1–3. This portion of the claim does not expressly state (1) who or what selectively deactivates the select code or (2) that the select code is altered when it is “selectively deactivated.” *Id.* at 11:46–12:3.

The Specification sheds light on the meaning of “selectively deactivated” when it describes the process of selectively deactivating the select code as follows:

At check-out, the super market employs conventional scanning equipment to read both the MDV and the products selected by the customer for purchase. The scanning equipment is connected to a computer that compares the purchases with a file storing information regarding the products promoted with the MDV. This comparison is facilitated by the unique identifier provided on the MDV, which comports the promotion to the stored file. As promoted items listed on the MDV are scanned during checkout, the system flags these items as purchased and applies the discount to the price provided to the customer. *The computer may thereafter deactivate the promotion for that product to insure that the MDV is not used again to duplicate the discount for the purchased items. The MDV, however, remains*

active to the extent promoted items were not purchased by the customer during this or previous shopping visits, and the time period set for the promotion has not expired (typically 45 to 90 days). This, of course, allows the customer to return to the store with the MDV and to take advantage of the remaining promotions on the MDV that have not been used.

Id. at 10:13–32 (emphasis added). This passage indicates that the barcode (i.e., “select code”) on the discount vehicle is not modified during the process of selectively deactivating the select code for only those products for which the customer has redeemed the code and received a discount. Instead, a computer modifies a “file storing information regarding the products promoted” with the discount vehicle to deactivate the code regarding the discount associated with a purchased item while leaving the code active for the discounts associated with the promoted items not yet purchased.

As we have already noted, claim 9 expressly covers only the discount vehicle itself. Accordingly, from the foregoing, we determine that claim 9 neither (1) encompasses the computer that modifies the file (i.e., the recited “data processing system”) or the modified file itself, nor (2) requires that the select code on the discount vehicle be altered.

4. “*during the checkout process*”

At trial, Patent Owner argues that “all of the terms utilized in the preamble are limiting with respect to this claim.” PO Resp. 3. Specifically, Patent Owner argues that the term “during the checkout process” recited in the preamble limits the “structure and intended purpose” of the discount vehicle recited in the body of the claim, such that the discount vehicle must be “selectively deactivated” during checkout.¹ *Id.* at 3–4.

¹ Patent Owner fails to identify any persuasive evidence that other terms in the preamble have limiting effect. *See* PO Resp. 3–9 (specifically

Patent Owner's argument that neither Nichtberger nor Ovadia anticipates claim 9 relies in part upon its contention that selective deactivation of discounts must occur during checkout and not later. *See id.* at 41–53 (regarding Nichtberger), 54–61 (regarding Ovadia). Petitioner argues, in response, that Patent Owner's interpretation of the limiting effect on the claim of reciting “during the checkout process” in the preamble is wrong for two reasons. First, Petitioner argues that reciting “during the checkout process” does not limit the scope of claim 9 at all. Reply 2–5. Second, Petitioner asserts that reciting “during the checkout process” does not limit when the “select code” can be “selectively deactivated.” *Id.* at 5–12. For the reasons expressed below, we agree with Petitioner on both arguments.

Petitioner persuasively argues that we should apply the general rule that a preamble which merely recites an intended purpose for an apparatus does not limit the apparatus. Reply 2–3. The preamble of claim 9 recites, in pertinent part, a “distributed discount vehicle for use with a data processing system for tracking and processing a plurality of in-store discounts to potential purchasers of plural products during the checkout process.” Ex. 1001, 11:46–49. By its plain terms, the phrase “during the checkout process” modifies “for tracking and processing,” which in turn modifies the “data processing system.”

As explained in Part II.B.1 above, claim 9 is directed to a “discount vehicle” and not to the “data processing system” that is recited in the preamble of claim 9. By its plain terms, therefore, at best, “during the

addressing only “during the checkout process” from among phrases recited in the preamble).

checkout process” describes an intended use of the unclaimed “data processing system,” namely, by stating when that system is intended to perform “tracking and processing . . . of in-store discounts.”

For the same reasons, even if we were to accept Patent Owner’s argument that “during the checkout process” is limiting, the limitation would relate to when the unclaimed “data processing system” tracks and processes discounts, and not to when the “select code” was “selectively deactivated” for particular discounts. As Patent Owner acknowledges, the Specification describes a “computer” that deactivates discounts after the items are scanned and purchased, as follows:

As promoted items listed on the MDV are scanned during checkout, the system flags these items as purchased and applies a discount to the price provided to the customer. The computer *may thereafter deactivate* the promotion for that product to insure that the MDV is not used again to duplicate the discount for the purchased item. The MDV, however, remains active to the extent promoted items were not purchased by the customer during this or previous shopping visits, and the time period set for the promotion has not expired (typically 45 to 90 days).

PO Resp. 7 (quoting Ex. 1001, 10:20–29) (emphasis added). This portion of the Specification describes two events occurring “[a]s promoted items listed on the MDV are scanned during checkout,” namely, flagging items as purchased and applying a discount to the price. This passage also indicates that the data processing system with which the discount vehicle is used (i.e., the computer) may “thereafter deactivate” discounts. Thus, the Specification makes it clear that selective deactivation need not occur during checkout, as argued by Patent Owner, but may occur “thereafter.”

Patent Owner also cites three other portions of the Specification as describing “what occurs during checkout,” but those portions fail to

demonstrate that deactivation must occur “during the checkout process.” *See id.* at 4 (citing Ex. 1001, 4:43–47, 4:56–58, 5:1–9). The first and third cited portions describe the checkout process as using a Point-Of-Sale (“POS”) processor that may include a barcode reader and as involving “data processing performed locally within the retail outlet and/or remotely via network connections.” Ex. 1001, 4:43–47, 5:1–9. The second cited portion explains that the discount vehicle may include “coded data located in separate locations [other than a “single code”] for reading during the check-out process.” *Id.* at 4:56–58.

We are not persuaded that these cited portions of the Specification support Patent Owner’s argument because none demonstrates that “during the checkout process” as recited in the preamble is intended to limit the structure of the discount vehicle itself. Accordingly, based on our review of the record before us, and for the foregoing reasons, we determine that the term “during the checkout process” recited in the preamble does not limit the “discount vehicle” of claim 9 in the way asserted by Patent Owner.

5. “*during checkout*”

Similar to its argument based on the preamble of claim 9, Patent Owner asserts that “during checkout” as recited in the body of claim 9 limits the time at which the select code must be selectively deactivated. *E.g.*, PO Resp. 43. For the following reasons, we disagree.

Patent Owner’s argument is contradicted by the plain language of the claim and is, therefore, not persuasive. Claim 9 recites, in pertinent part: “said vehicle is associated with exactly one select code that *permits machine reading and tracking* of said vehicle and of individual purchasers’ purchased products and the prices thereof *during checkout*.” Ex. 1001, 11:54–58

(emphasis added). Here, the phrase “during checkout” describes an intended function of the “select code.” More specifically, “during checkout,” the code must permit “reading” by an unclaimed “machine” such as a barcode reader and “tracking of said vehicle” by the unclaimed data processing system. The code must also permit “tracking . . . of individual purchasers’ purchased products and the prices thereof.”

Patent Owner does not persuasively demonstrate why the limitation on “reading and tracking . . . during checkout” also limits the point in time when the “select code” must be “selectively deactivated.” This separate operation is described in another clause of claim 9, providing a different functional capability of the select code. *See* Part II.B.3 above (analyzing the phrase in claim 9 that recites “selectively deactivated”). For all these reasons, we determine that “during checkout” as recited in the body of claim 9 does not limit the “select code” such that it must be “selectively deactivated” during checkout.

C. THE PARTIES’ POST-INSTITUTION ARGUMENTS

In our Institution Decision, we concluded that the argument and evidence adduced by Petitioner demonstrated more likely than not that claim 9 was unpatentable as anticipated by each of *Nichtberger* and *Ovadia*. Dec. 19–25. We must now determine whether, on the entire record before us, Petitioner has established by a preponderance of the evidence that claim 9 is unpatentable. 35 U.S.C. § 326(e). In this connection, we previously instructed Patent Owner that “any arguments for patentability not raised in the [Patent Owner Response] will be deemed waived.” Paper 8, 5–6. *See In re Nuvasive, Inc.*, 842 F.3d 1376, 1380 (Fed. Cir. 2016) (failure to address issue raised in preliminary response during trial held to be a waiver).

Additionally, the Board’s Trial Practice Guide states that the Patent Owner Response “should identify all the involved claims that are believed to be patentable and state the basis for that belief.” Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,766 (Aug. 14, 2012).

D. THE CHALLENGES TO CLAIM 9

To prevail in its challenges to the patentability of claim 9, Petitioner must establish facts supporting its challenges by a preponderance of the evidence. 35 U.S.C. § 326(e); 37 C.F.R. § 42.1(d). In proceedings under the AIA, “the petitioner has the burden from the onset to show with particularity why the patent it challenges is unpatentable.” *See Harmonic Inc. v. Avid Tech., Inc.*, 815 F.3d 1356, 1363 (Fed. Cir. 2016) (citing 35 U.S.C. § 312(a)(3) (requiring *inter partes* review petitions to identify “with particularity . . . the evidence that supports the grounds for the challenge to each claim”)). This burden never shifts to Patent Owner. *See Dynamic Drinkware, LLC v. Nat’l Graphics, Inc.*, 800 F.3d 1375, 1378 (Fed. Cir. 2015) (citing *Tech. Licensing Corp. v. Videotek, Inc.*, 545 F.3d 1316, 1326–27 (Fed. Cir. 2008)) (discussing the burden of proof in AIA proceedings).

“A claim is anticipated only if each and every element as set forth in the claim is found, either expressly or inherently described, in a single prior art reference.” *Verdegaal Bros., Inc. v. Union Oil Co. of Cal.*, 814 F.2d 628, 631 (Fed. Cir. 1987). With this standard in mind, we address each challenge below.

1. Anticipation by Nichtberger

Petitioner argues that Nichtberger anticipates claim 9. Pet. 43–61. For the reasons expressed below, we determine that Petitioner has

demonstrated by a preponderance of evidence that Nichtberger anticipates claim 9.

a) Overview of Nichtberger

Nichtberger describes a system in which “[c]ents-off merchandise coupons are distributed and redeemed immediately and electronically.” Ex. 1007, Abstract. The hub of Nichtberger’s system is a “local coupon distribution and redemption (CDR) unit 20.” *See, e.g., id.* at 5:1–4, Figs. 1, 5. CDR 20 is located in a store and presents information about available discounts to customers who may select one or more of the discounts as being of interest. *E.g., id.* at 5:4–16. After selection, CDR 20 prints a “selection list” or “reminder,” which bears a description of the selected products/discounts and a number or barcode representing the customer’s account number or a receipt number that is associated in CDR 20 with the selections made by the customer. *E.g., id.* at 11:51–63, 13:65–14:4.

At checkout, the customer can present the selection list to the store personnel, who scan the barcode or use the receipt number to retrieve the customer’s selected discounts and compare that selection of discounts to the products presented for purchase. *E.g., id.* at 17:30–56. Any discounts redeemed during checkout are stored in a record in CDR 20. *E.g., id.* at 17:59–61. Any discounts that are redeemed would not be “re-offered” by the system for at least a predetermined time period. *Id.* at 29:32–46. Nichtberger’s system also deletes redeemed discounts from the customer’s selected discounts. *Id.* at 19:31–51, Fig. 9.

b) Petitioner’s Arguments

Petitioner describes in detail, with citations to specific portions of Nichtberger, how Nichtberger describes a selection list printed by CDR 20

that constitutes the discount vehicle of claim 9, which list can be used with a data processing system. Pet. 43–61. Petitioner also relies upon testimony of Dr. Michael Lewis in which Dr. Lewis identifies specific portions of Nichtberger’s disclosure corresponding to every element of claim 9. *Id.* (citing Ex. 1009 ¶¶ 71–80). Petitioner’s contentions regarding the manner in which Nichtberger’s “coupon selection list” includes all elements of claim 9 are summarized in the table below.

Claim language	Nichtberger’s Teachings
<p>9. A distributed discount vehicle for use with a data processing system for tracking and processing a plurality of in-store discounts to potential purchasers of plural products during the checkout process, wherein said discounts are each associated with a specific one of said plural products, said discount vehicle comprising:</p>	<p>Nichtberger states that “the CDR 20 prints the coupon selection list for the benefit of the customer and dispenses the list to the customer.” Pet. 47 (citing Ex. 1007, 23:3–5); <i>see also</i> Ex. 1007, 5:15–16, 11:35–41, 13:65–14:2. The paper coupon selection list (the “receipt”), “can be used to identify the user[.]” Pet. 47 (citing Ex. 1007, 11:39–41); <i>see also</i> Ex. 1007, 11:60–63, 14:2–7, 17:38–52. The receipt number on the selection list may be printed in machine readable UPC code format. <i>Id.</i> at 28:37–40.</p>
<p>two or more of said discounts including descriptive material to provide information at least identifying the products and their associated discounts,</p>	<p>Nichtberger’s selection list includes “for each coupon selected, a product description, the coupon discount value, and the coupon expiration date.” Pet. 49 (citing Ex. 1007, 23:3–5 (sic, 23:6–8)).</p>
<p>wherein said vehicle is associated with exactly one select code that permits machine reading and tracking of said</p>	<p>The code (i.e., receipt number or customer account number) on Nichtberger’s selection list constitutes the “select code.” Pet. 51–52 (citing</p>

Claim language	Nichtberger's Teachings
<p>vehicle and of individual purchasers' purchased products and the prices thereof during checkout, said select code uniquely identifying all the discounts for all of the plural products associated with said vehicle and reflecting at least one of varying discounts unique to a potential purchaser and identical discounts common to all potential purchasers, and</p>	<p>Ex. 1007, 28:30–35; Ex. 1009 ¶¶ 77–78). The code on Nichtberger's selection list may be printed in a format that can “be read by a standard scanning system.” Ex. 1007, 28:30–43. Before a customer selects any discounts at CDR unit 20, Nichtberger's system may tailor the discounts offered based on demographic information about the customer. <i>Id.</i> at 56 (citing Ex. 1007, 28:51–66, 6:5–17, 8:23–9:59; Ex. 1009 ¶ 77).</p>
<p>said select code uniquely identifying said vehicle such that said select code can be selectively deactivated for only particular discounts, of the plurality of discounts, associated with the purchased products by redemption of the code associated with the vehicle such that the code remains active for future use with yet unused ones of the plurality of discounts associated with said plural products.</p>	<p>Information about the discounts shown on the customer's selection list is maintained in selection file 162. <i>Id.</i> at 59 (citing Ex. 1007, 5:10–15, 11:24–27, 11:35–37, 11:44–45, 22:31–35, 22:56–23:2, Figs. 17-19). File 162 contains a record for each coupon selected which includes a “redemption flag” Ex. 1007, 19:31–38. Nichtberger's system “flags” redeemed coupons in the appropriate records within selection file 162. Pet. 59–60 (citing Ex. 1007, 5:17–25, 9:60–68, 11:51–63, 12:4–7, 14:4–7, 15:67–16:11, 17:30–56, 24:20–41, 24:49–25:13, 25:59–26:15, 26:22–27:3, 28:30–40, Figs. 4, 25, 26, 27, 32, 33, 35). Records that correspond to coupons that have been flagged as redeemed are deactivated for future use by deleting the record from file 162. <i>Id.</i> at 60 (citing Ex. 1007,</p>

Claim language	Nichtberger’s Teachings
	19:31–38, 19:46–51, Fig. 9; Ex. 1009 ¶ 79).

The panel agrees with and adopts Petitioner’s arguments reflected in the summary above. Specific arguments raised by Patent Owner are addressed below.

c) Analysis of Patent Owner’s Arguments

Patent Owner primarily argues that Nichtberger fails to anticipate claim 9 for two reasons. First, Nichtberger allegedly fails to describe a discount vehicle in which its “select code can be selectively deactivated” for only those discounts that are redeemed. PO Resp. 10–15, 41–49. Second, Nichtberger allegedly fails to describe “exactly one select code” on the claimed “discount vehicle.” *Id.* at 30–41. Neither argument is persuasive for the reasons set forth below.

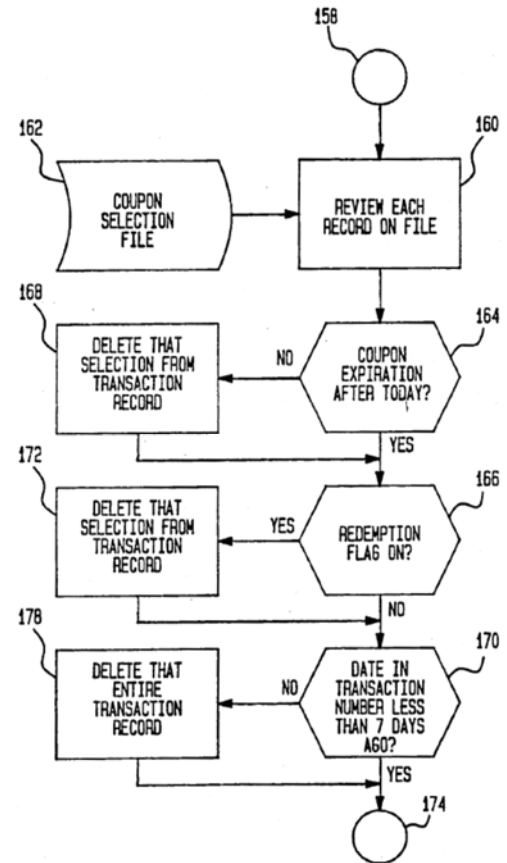
(1) Selective Deactivation

Petitioner argues that Nichtberger uses a “redemption flag” in file 162 to keep track of specific discounts that have been redeemed and prevent future use of redeemed discounts. Pet. 58–61. Petitioner relies on Nichtberger’s description of “flagging” of previously redeemed discounts in connection with item 166 in the flow diagram of Figure 9, which is reproduced at right. Pet. 60 (citing Ex. 1007, 19:31–38, 19:46–51, Fig. 9). The Specification partially explains the flow diagram of Figure 9 as follows:

At step 166, a test is performed to see whether the redemption flag is on. If not, a test is performed immediately at step 170 as described below. If so, the CDR 20 first deletes that selection from the selection transaction record, as indicated at 172, and the program then proceeds to step 170.

Ex. 1007, 19:46–51.

Patent Owner argues that Nichtberger fails to describe selective deactivation “because ‘flagging redemption’ is not ‘selective deactivation’.” PO Resp. 44. Patent Owner contends, more specifically, that “flagging redemption as taught by Nichtberger merely equates to making a mark on a coupon to indicate that the particular customer is not eligible to select this coupon at the kiosk (CDR 20) in the future.” *Id.* at 47. In support of this contention, Patent Owner relies solely on Dr. Kursh’s testimony. *Id.* (citing Ex. 2015 ¶¶ 56–61).



We conclude that the cited testimony not only fails to support Patent Owner’s argument, but also supports Petitioner’s argument. Dr. Kursh testifies that “the Nichtberger version of deactivation . . . removes the customer redemption record from the database, preventing future purchases.” Ex. 2015 ¶ 61. Dr. Kursh also testifies that “the Nichtberger version of deactivation does not take place until after checkout is completed,” *id.*, and that “selective deactivation needs to occur before the customer’s transaction ends [i.e., during the checkout process],” *id.* ¶ 52. However, as explained in Parts II.B.3–5 above, we determine that claim 9 encompasses deactivation that occurs during or after checkout. We conclude, therefore, that a preponderance of evidence supports Petitioner’s argument that Nichtberger describes a selection list in which “the select code can be selectively deactivated” as claimed.

(2) Exactly One Select Code

Patent Owner argues that Nichtberger fails to describe “exactly one select code uniquely identifying all the discounts” for three reasons. For the reasons expressed below, none of these arguments is persuasive.

First, Patent Owner argues that the barcode on Nichtberger’s selection list identifies users rather than “discounts” as required in claim 9. PO Resp. 38–39. Patent Owner’s argument is unpersuasive. Nichtberger states that a “receipt number [on the selection list] allows the system to match up the customer’s selections with his purchases to effect a redemption at checkout.” *Id.* at 14:4–7. Nichtberger also indicates that the receipt number can be encoded in a UPC format that can be scanned by standard scanning system. *Id.* at 28:37–43. Petitioner points out that Patent Owner’s argument is contrary to the Specification, which “indirectly identifies the coupons by

identifying ‘a file’ storing information regarding the discounts on the MDV.” Reply 23 (citing Ex. 1001, 10:13–20.) We agree with Petitioner’s analysis. Therefore, for the reasons stated, we conclude that Petitioner has demonstrated by a preponderance of evidence that the barcode on Nichtberger’s selection list is used to identify the discounts selected by the customer.

Second, Patent Owner argues that Nichtberger describes multiple codes rather than “exactly one” select code, as allegedly required by the claim. PO Resp. 35–39. Patent Owner’s argument is unpersuasive because the use in claim 9 of the transitional term “comprising” renders the claim open-ended. Thus, the claim does not preclude the presence of other codes, such as Nichtberger’s magnetic strip or the code on a customer’s special card. *Georgia-Pacific Corp. v. U.S. Gypsum Co.*, 195 F.3d 1322, 1327 (Fed. Cir. 1999), *modified on reh’g on other grounds, Georgia-Pacific Corp. v. U.S. Gypsum Co.*, 204 F.3d 1359 (Fed. Cir. 2000). We are persuaded, also, by Petitioner’s argument that the Specification describes using multiple codes. Reply 24 (citing Ex. 1001, 4:56–63, 5:54–63, 6:52–65, 7:15–18). Thus, we find that consistent with the claim language and Specification the phrase “exactly one” does not require one code and only one code.

Third, Patent Owner argues that the barcode on Nichtberger’s selection list is not used for redemption when the list is used along with the “special card” described by Nichtberger. PO Resp. 40–41. We agree with Petitioner (Reply 25) that a customer who has one of Nichtberger’s special cards will still be provided with a selection list having a barcode to be scanned during checkout to access and obtain the discounts shown on the list. Ex. 1007, 14:4–7, 28:30–43.

For all the reasons explained above, we determine that Petitioner has demonstrated by a preponderance of evidence that Nichtberger describes “exactly one select code” as recited in claim 9.

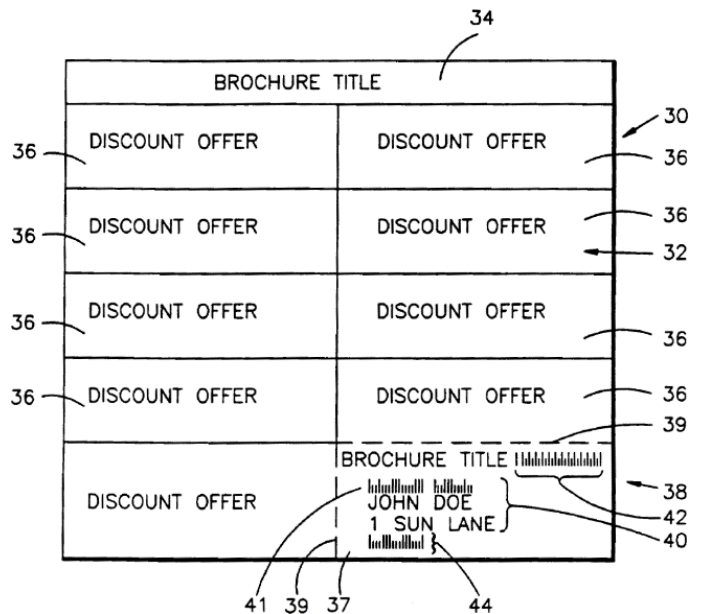
d) Summary

For the reasons stated above, we determine that Petitioner has proven by a preponderance of evidence that claim 9 is unpatentable as anticipated by Nichtberger.

2. Anticipation by Ovadia

a) Overview of Ovadia

Ovadia describes a system and method for redeeming discount offers that are distributed via a “vehicle.” Ex. 1008, 9:14–22. An example of the “vehicle” by which Ovadia’s system distributes discount offers is brochure 30 that is illustrated in Figure 2 and reproduced at right. The advertising vehicle “can be a single sheet or a



multi-sheet item, e.g. a brochure indicated generally as 30, having a front page 32 on which is printed the brochure title 34 along with various descriptions of discount offered items each separately displayed in associated areas 36,36.” *Id.* at 9:17–22. Ovadia’s indicia means 38 includes “bar code indicia 42 which identifies in machine readable code the brochure title.” *E.g., id.* at 9:22–30. Indicia 42 is preferably a barcode that “identifies the flyer so that the designated offers which are set forth on that flyer can be

called up by the computer 8 when the flyer is presented at the point of sale station.” *E.g., id.* at 10:15–30. Indicia means 38 could also include information that identifies the recipient of the vehicle, which could be included as part of barcode indicia 42, *e.g., id.* at 10:21–26, provided as “a second barcode indicia 41 which is readable by the system 2 of the invention and which identifies the address of the user,” *e.g., id.* at 9:22–34.

Ovadia indicates that individual discount offers on its brochure 30 can be held invalid after redemption while allowing unredeemed offers on brochure 30 to be used at a later time. *See, e.g., id.* at 13:28–14:7. For example, Ovadia states that “the POS terminal can be programmed to electronically void the offer(s) after crediting a discount.” *Id.* at 14:1–2.

b) Petitioner’s Arguments

Petitioner cites in detail specific portions of Ovadia that allegedly teach all elements of claim 9. Pet. 61–74. Petitioner also relies upon Dr. Lewis’s testimony to explain how a skilled artisan would conclude that Ovadia teaches every element of claim 9. *Id.* (citing Ex. 1009 ¶¶ 81–89). Petitioner’s contentions regarding the manner in which Ovadia describes all elements of claim 9 are summarized in the table below.

Claim language	Ovadia’s Teachings
<p>9. A distributed discount vehicle for use with a data processing system for tracking and processing a plurality of in-store discounts to potential purchasers of plural products during the checkout process, wherein said discounts are each associated with a specific one of said plural products, said discount vehicle comprising:</p>	<p>Ovadia describes an “an advertising vehicle” distributed via mail, such as “a mailed circular brochure or flyer.” Pet. 64 (citing Ex. 1008, Abstract, 5:17–37, 9:13–22, Fig. 2; Ex. 1009 ¶¶ 81–83).</p>

Claim language	Ovadia’s Teachings
<p>two or more of said discounts including descriptive material to provide information at least identifying the products and their associated discounts,</p>	<p>Ovadia explains that the advertising vehicle may consist of one or more pages of discount offers 36, which include printed thereon descriptive material “presenting the value of any discounts issued” and “a list of discount eligible items.” <i>Id.</i> at 65 (citing Ex. 1008, 5:29–37, 9:13–22, Fig. 2).</p>
<p>wherein said vehicle is associated with exactly one select code that permits machine reading and tracking of said vehicle and of individual purchasers' purchased products and the prices thereof during checkout, said select code uniquely identifying all the discounts for all of the plural products associated with said vehicle and reflecting at least one of varying discounts unique to a potential purchaser and identical discounts common to all potential purchasers, and</p>	<p>Ovadia’s brochure 30 describes the “select code” as its “bar code indicia 42 which identifies in machine readable code the brochure title which is readable by the system 2,” such as by a barcode scanner attached to a POS terminal, that uniquely identifies all the discounts for the products associated with the vehicle. <i>Id.</i> at 66 (citing Ex. 1008 at Abstract, 7:8–15, 9:22–34, 10:15–11:19, 12:15–20, 13:2–7, 15:34–16:2, 17:3–18:8, 20:25–22:7, Figs. 1, 2, 3A–C).</p> <p>Ovadia explains that if multiple vehicles are in circulation, “a different machine readable code [is used] for each different brochure which is currently in circulation.” <i>Id.</i> at 67 (citing Ex. 1008, 11:32–38). Machine-readable indicia 42 may also identify “the name and/or address of the person, household, business, or organization intended to receive the advertising.” <i>Id.</i> (citing Ex. 1008, 10:15–30, 15:34–37). A barcode scanner at a POS terminal</p>

Claim language	Ovadia’s Teachings
	<p>can scan Ovadia’s indicia 42 to retrieve electronically stored information regarding the discount offers identified on the vehicle. <i>Id.</i> (citing Ex. 1008, Abstract, 7:8–15, 10:15–30, 11:11–19, 11:25–28, 11:32–38, 12:15–20, 13:2–7, 17:3–18:8, Figs. 3A–C). Discount offers that match a purchased product can then be applied to the transaction. <i>Id.</i> (citing Ex. 1008, Abstract, 14:27–38, 17:3–18:8, Figs. 3A–C; Ex. 1009 at ¶¶ 86–87). One purpose of Ovadia’s indicia 42 is allow its system “to record the identity of each recipient of that circular who redeems at least one item offered in the circular along with a listing of all items purchased during that transaction.” Ex. 1008, 11:11–19.</p>
<p>said select code uniquely identifying said vehicle such that said select code can be selectively deactivated for only particular discounts, of the plurality of discounts, associated with the purchased products by redemption of the code associated with the vehicle such that the code remains active for future use with yet unused ones of the plurality of discounts associated with said plural products.</p>	<p>Ovadia identifies various ways “to limit the number of times an incentive promotion offer can be redeemed.” Pet. 72 (citing Ex. 1008 at 13:33–36). For example, “the POS terminal can be programmed to electronically void the offer(s) after crediting a discount.” Ex. 1008, 13:38–14:2.</p>

The panel agrees with and adopts Petitioner’s arguments reflected in the summary above. Specific arguments raised by Patent Owner are addressed below.

c) Analysis of Patent Owner’s Arguments

Patent Owner primarily argues that Ovadia fails to anticipate claim 9 for two reasons. First, Ovadia allegedly fails to describe a discount vehicle in which its “select code can be selectively deactivated” for only those discounts that are redeemed. PO Resp. 16–23, 58–73. Second, Ovadia allegedly fails to describe “exactly one select code” on the claimed “discount vehicle.” *Id.* at 54–57. Neither argument is persuasive for the reasons set forth below.

(1) Selective Deactivation

Patent Owner argues that Ovadia teaches three methods of limiting the number of times that a discount can be redeemed but none of the three constitutes the “select code” being “selectively deactivated” as recited in claim 9. Patent Owner identifies those three methods as: (1) voiding an offer by expiration, *id.* at 59–61, (2) limiting an offer to a specific number of redemptions, *id.* at 61–65, and (3) voiding an offer after crediting a discount, *id.* at 65–72. Petitioner identifies only Ovadia’s third method as describing the manner in which a “select code can be selectively deactivated” as claimed. Pet. 71–74. Accordingly, we need not address Patent Owner’s arguments regarding Ovadia’s first and second identified methods of limiting the number of times that a discount may be redeemed.

Regarding the third method of limiting redemption, Patent Owner argues that Ovadia’s teaching that “the POS terminal can be programmed to electronically void the offer(s) after crediting a discount” is not a form of

selective deactivation because “‘crediting a discount’ . . . is **not** the same as deactivation based on the redemption of a discount after purchasing” the discounted product. PO Resp. 66 (citing Ex. 2015 ¶¶ 78, 80–83). More specifically, Patent Owner argues that: “[o]ne of ordinary skill in the art would understand that ‘*crediting a discount*’ in Ovadia’s invention means identifying: 1) if a discount to an item is offered to a particular user or not, and 2) if the offer has expired or not.” *Id.* at 71. The only evidence that Patent Owner cites to support its argument is a general citation to Dr. Kursh’s Declaration. *Id.* (citing Ex. 2015). Based on our review of Dr. Kursh’s testimony, Patent Owner’s argument is unsupported by Dr. Kursh’s declaration testimony and thus unpersuasive.

We determine, for the reasons that Petitioner argues in the Petition and its Reply, that Ovadia’s use of “crediting a discount” refers to part of the process of redeeming a discount by a customer. The portion of Ovadia upon which Petitioner relied in the Petition states:

In some instances it may be desirable to limit the number of times an incentive promotion offer can be redeemed. Various means can be utilized to accomplish this. The cashier at the POS terminal can mark, tear or otherwise destroy the redemption identification indicia section of the circular. Likewise, the POS terminal can be programmed to electronically void the offer(s) after crediting a discount. It is also possible to incorporate a magnetic stripe or similar recording device into the redemption identification indicia and program the POS terminal to record appropriate data onto the stripe that will limit or invalidate future discounts on purchases of designated items.

Ex. 1008, 13:33–14:7 (emphasis added) (cited at Pet. 72). The entire passage indicates that the code on the flyer (i.e., indicia 42) is a type of “redemption identification indicia” on which the system may rely to limit the number of times that it may be redeemed (which would include one time).

The reference to the cashier as the POS terminal indicates that these actions occur during checkout.

The mechanism that Petitioner identifies as “selective deactivation” is programming in the POS terminal that voids the discount on a product for which the customer has been credited that discount. Pet. 72 (citing Ex. 1008, 13:38–14:2). After voiding the discount on a particular item, the system, when it later reads the “redemption identification indicia,” will not permit another discount on that item. *Id.* (citing Ex. 1009 ¶ 88).

Patent Owner also argues that Ovadia fails to describe a select code that is selectively deactivated “during the checkout process.” PO Resp. 59 (citing Ex. 2015 ¶¶ 74–94). Dr. Kursh testifies that Ovadia’s voiding of an offer after crediting a discount does not occur “during checkout.” Ex. 2015 ¶ 84. Patent Owner’s argument is unpersuasive because we determine that, for the reasons stated in Parts II.B.3–5 above, claim 9 does not require that selective deactivation must occur during checkout.

(2) Exactly One Select Code

Patent Owner argues that Ovadia’s indicia 42 on brochure 30 does not constitute “exactly one select code” because brochure 30 “includes **multiple codes**,” and no single code in Ovadia meets all requirements of the “select code.” PO Resp. 54–57. Patent Owner’s argument is unpersuasive because the use in claim 9 of the transitional term “comprising” renders the claim open-ended such that the claim does not preclude the presence of other codes such as Ovadia’s indicia 41. *Georgia-Pacific Corp. v. U.S. Gypsum Co.*, 195 F.3d 1322, 1327 (Fed. Cir. 1999), *modified on reh’g on other grounds*, *Georgia-Pacific Corp. v. U.S. Gypsum Co.*, 204 F.3d 1359 (Fed. Cir. 2000). *See* further discussion *supra*.

Patent Owner also argues that Ovadia's indicia 42 identifies a file stored elsewhere but "does not directly identify the discounts." *Id.* at 57. Patent Owner's argument is unpersuasive because the claim does not require that the "select code" must "directly identify the discounts" rather than identifying a file stored elsewhere that contains information about the discounts.

As discussed with respect to Nichtberger, *supra*, this argument is inconsistent with the description of the claimed invention. The Specification describes scanning the select code during checkout and using the code to access a "stored file" so that the "computer . . . compares the purchases with a file storing information regarding the products promoted with the MDV." Ex. 1001, 10:13–20. Ovadia describes one purpose of indicia 42 as "to address a file in the POS machine containing the products or services offered under . . . that circular," Ex. 1008, 11:14–16, so that "the designated offers which are set forth on that flyer can be called up by the computer 8 when the flyer is presented at the point of sale station," *id.* at 10:26–29, and compared to items to be purchased at a discount, *id.* at 14:11–15, 14:32–37.

For all the reasons explained above, we determine that Petitioner has demonstrated by a preponderance of evidence that Ovadia describes "exactly one select code" as recited in claim 9.

d) Summary

For the reasons stated above, we determine that Petitioner has proven by a preponderance of evidence that claim 9 is unpatentable as anticipated by Ovadia.

III. CONCLUSION

For the reasons explained above, we determine that Petitioner has demonstrated by a preponderance of the evidence that claim 9 is unpatentable as anticipated by each of Nichtberger and Ovadia.

IV. ORDER

For the reasons given, it is:

ORDERED, that claim 9 of U.S. Patent 8,219,445 B2 is *unpatentable* as anticipated under 35 U.S.C. § 102(b) by Nichtberger;

FURTHER ORDERED that claim 9 of U.S. Patent 8,219,445 B2 is *unpatentable* as anticipated under 35 U.S.C. § 102(b) by Ovadia; and

FURTHER ORDERED because this is a final written decision, the parties to this proceeding seeking judicial review of our Decision must comply with the notice and service requirements of 37 C.F.R. § 90.2.

CBM2016-00012
Patent 8,219,445 B2

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CERTIFICATE OF SERVICE

Pursuant to 37 C.F.R. §§ 90.2(a)(1) and 104.2(b), the undersigned hereby certifies that on July 11, 2017 this PATENT OWNER'S NOTICE OF APPEAL (and its attached decision) was filed with the Patent Trial and Appeal Board using the E2E System and thus was served by the E2E email system to counsel for the Petitioner as follows:

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The undersigned also certifies that on July 11, 2017 this PATENT OWNER'S NOTICE OF APPEAL (and its attached decision) were filed with the Federal Circuit via CM/ECF and one (1) copy was served on the U.S. Patent and Trademark Office via overnight delivery by Federal Express to the following:

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