

CBM2016-00092
Patent 7,765,128 B2

Patent Owner's Notice of Appeal

Filed on behalf of Smart Destinations, Inc.

By: Matthew B. Lowrie (mlowrie-PTAB@foley.com)
Lucas I. Silva (lsilva-PTAB@foley.com)
FOLEY & LARDNER LLP
111 Huntington Avenue, Suite 2600
Boston, MA 02199-7610
Tel: (617) 342-4000
Fax: (617) 342-7070

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

iVENTURE CARD TRAVEL LTD,
Petitioner

v.

SMART DESTINATIONS, INC.,
Patent Owner

Case CBM2016-00092
Patent 7,765,128 B2

PATENT OWNER'S NOTICE OF APPEAL

Pursuant to 37 C.F.R. § 90.2(a), Patent Owner Smart Destinations, Inc. (“Smart Destinations”) hereby appeals to the United States Court of Appeals for the Federal Circuit from the Final Written Decision entered on November 3, 2017 (Paper 14) (the “Final Written Decision”) regarding Smart Destination’s U.S. Patent No. 7,765,128 (the “128 Patent”).

For the limited purpose of providing the Director with the information requested in 37 C.F.R. § 90.2(a)(3)(ii), Smart Destinations anticipates that the issues on appeal may include the following, as well as any underlying findings, determinations, rulings, decisions, opinions, or other related issues:

- Whether the Board’s Final Written Decision should be reversed because a patent owner has a constitutionally protected right to both a trial in an Art. III court, and to a Jury to determine the validity of its patent.

Date: January 3, 2018

Respectfully submitted,

/s/ Matthew B. Lowrie
Matthew B. Lowrie, Reg. No. 38,228
Lucas I. Silva, Reg. No. 63,983
Foley & Lardner LLP
111 Huntington Avenue, Suite 2600
Boston, Massachusetts 02199-7610
Tel: (617) 342-4000

Attorney for Patent Owner Smart Destinations, Inc.

CERTIFICATION OF FILING AND SERVICE

Pursuant to 37 C.F.R. §§ 42.6(b)(1) and 90.2(a)(1), the undersigned hereby certifies that on this 3rd day of January, 2018, the foregoing PATENT OWNER'S NOTICE OF APPEAL was filed electronically with the Patent Trial and Appeal Board through the Board's Patent Review Processing System and a copy was mailed by Express Mail to the Director of the United States Patent and Trademark Office, at the following address:

Office of the General Counsel
United States Patent and Trademark Office
P.O. Box 1450
Alexandria, VA 22313-1450

Pursuant to 37 C.F.R. § 90.2(a)(2) and Fed. Cir. R. 15, the undersigned further certifies that a copy of the foregoing document was also filed using the Federal Circuit's CM/ECF, along with payment of \$500.

Service of the foregoing is also being made via Express Mail to counsel of record: Steven Carlson - scarlson@kasowitz.com; Kevin M. Pasquinelli - kpasquinelli@kasowitz.com.

Dated: January 3, 2018

FOLEY & LARDNER LLP

/s/ Lucas I. Silva

Lucas I. Silva, Reg. No. 63,983
Counsel for the Patent Owner

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

iVENTURE CARD TRAVEL LTD,
Petitioner,

v.

SMART DESTINATIONS, INC.,
Patent Owner.

Case CBM2016-00092
Patent 7,765,128 B2

Before THOMAS L. GIANNETTI, RAMA G. ELLURU, and
CHRISTOPHER M. KAISER, *Administrative Patent Judges*.

GIANNETTI, *Administrative Patent Judge*.

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

Petitioner, iVenture Card Traveler Ltd, filed a Petition (Paper 1, “Pet.”) pursuant to 35 U.S.C. §§ 321–329, seeking to institute a covered business method patent review of claims 1–24 (all claims) of U.S. Patent No. 7,765,128 B2 (Ex. 1001, “the ’128 patent”). Patent Owner, Smart Destinations, Inc., did not file a Preliminary Response. We granted Petitioner’s request and instituted a covered business method review of the challenged claims. Paper 6 (“Institution Decision”).

After institution, Patent Owner elected not to file a response to the Petition. Ex. 3001. In light of Patent Owner’s election, Petitioner did not file a reply. Paper 9. Petitioner requested oral argument. Paper 10. A final oral hearing was held on September 8, 2017.¹ A transcript of the hearing has been entered in the record. Paper 13 (“Hr’g Tr.”).

The Board has jurisdiction under 35 U.S.C. § 6(b). This Final Written Decision is issued pursuant to 35 U.S.C. § 328(a) and 37 C.F.R. § 42.73. For the reasons that follow, we determine that Petitioner has shown, by a preponderance of the evidence, that claims 1–24 of the ’128 patent are not patentable.

I. BACKGROUND

A. *The ’128 Patent (Ex. 1001)*

The ’128 patent is titled “Programmable Ticketing System.” As stated in the specification, the ’128 patent describes a “system and business model for allowing tourists access to a variety of attractions using a

¹ The oral argument for this case was combined with the argument for CBM2016-00093, involving the same parties.

passcard.” Ex. 1001, col. 4, ll. 42–45. The Abstract further describes the subject matter as follows:

A smart-card based system and methods to control access to a plurality of attractions within a geographical area. The system may include one or more reward terminals that are located at attractions and are configured to read smart cards presented to them and, assuming the card is valid for that location, allow the card holder to access the attraction. Each smart card may be programmed with a product code that defines the attractions at which the card may be used. Product codes may be stored in a central database along with a list of the attractions associated with the each product code. The list of attractions may be updated as desired, thereby updating and changing the attractions at which any given card may be used.

Id. at Abstract.

The subject matter of the ’128 patent is illustrated by Figure 2 of the patent, which is reproduced here:

resources, attractions, or whatever is being allocated according to the system.” *Id.* at col. 9, ll. 7–10. Examples include a collection of promotions at a destination. *Id.* at col. 9, ll. 10–12. According to the patent, a “promotion” is “an offering by a partner attraction (for example, admission to a gallery or museum, a tour, admission to a movie or Imax production, etc.) or by a special-offer partner (e.g., a 20% discount for a restaurant, 10% off at a store, etc.)” *Id.* at col. 9, ll. 13–17. Promotions may be accessed using a purchased card via, for example, a reward terminal. *Id.* at col. 11, ll. 53–54.

Each terminal is coupled to a central controller that manages the system and collects data from the terminals. *Id.* at col. 4, ll. 63–64. The central controller is used to calculate compensation for each attraction based on level of use, e.g., the compensation for allowing the bearer of each card access to the attraction. *Id.* at col. 5, ll. 10–13.

Thus, owners of cards have access to multiple attractions without having to pay separately for each attraction. *Id.* at col. 5, ll. 14–16. Rather, a person may simply pay once for a card and use that card to access attractions that are partners of the system. *Id.* at col. 5, ll. 16–18.

Attractions may be paid by the system manager, at the end of a day, week, month, or other time frame, access fees corresponding to all the cards that have been used at that attraction during the time period. *Id.* at col. 5, ll. 19–24.

B. Illustrative Claim

The '128 patent contains three independent claims: claims 1, 8, and 18. Claim 1 illustrates the subject matter:

1. A manager system that permits access to a plurality of attractions, the system comprising:

a network interface configured to:

receive data corresponding to actual use of reward terminals to access respective attractions of the plurality of attractions for a time period, the reward terminals being located in proximity to the plurality of attractions, being configured to access the respective attractions using at least one product code, the data identifying at least one attraction; and

provide at least one product definition to the reward terminals, the at least one product definition including associations between the at least one product code and the respective attractions, whereby a change in the associations between the at least one product code and the respective attractions changes the access to the respective attractions via the reward terminals using the at least one product code;

a database to store the at least one product definition;

a database to store the data corresponding to the actual use of the reward terminals to access the attractions; and

a controller to calculate an aggregated compensation for each attraction based on the actual use of the reward terminals to access the respective attraction by a plurality of users, wherein the controller does not compensate the attractions based on the actual use of the reward terminals at a time of the actual use of the reward terminals via a card.

C. Related Proceedings

Petitioner identifies the following civil action involving the '128 patent: *Smart Destinations, Inc. v. Travel Fun Card, LLC and iVenture Card Asia, LTD*, 1:14-cv-06586-JPO (S.D.N.Y. 2014). Pet. 1. In addition, a

related patent (U.S. Patent No. 8,346,618) is the subject of CBM2016-00093. *Id.*

D. Real Party-in-Interest

The Petition identifies iVenture Card Travel Ltd as the real party-in-interest. Pet. 1. According to the Petition, iVenture Card Travel Ltd “is a wholly owned subsidiary of iVenture Card Ltd, a Hong Kong Entity.” *Id.* Further, the Petition states: “iVenture Card International Pty Ltd, an Australian Entity and owner of the SmartvisitSystem intellectual property used by iVenture in undertaking its business, is also a wholly owned subsidiary of iVenture Card Ltd.” *Id.*

E. Grounds Asserted

The Petition challenges the ’128 patent claims as directed to unpatentable subject matter under 35 U.S.C. § 101. Pet. 56. No other ground of challenge is asserted.

II. ANALYSIS

A. Standing

Petitioner states that it has it has standing to seek a covered business method review of the ’128 patent because been accused of infringing the ’128 patent and is not estopped from challenging the patent claims. Pet. 3. Petitioner asserts further that its predecessor-in-interest, iVenture Card Asia Ltd, was sued by Patent Owner for infringing the ’128 patent. *Id.* Patent Owner does not contest this assertion of standing. We determine, therefore, that Petitioner has demonstrated that it has standing to seek review of the

'128 patent under Section 18 of the AIA. Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011) (“AIA”) § 18(a)(1)(A); *see* 37 C.F.R. § 42.302.

B. Financial Product or Service

A covered business method patent is “a patent that claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service.” AIA § 18(d)(1); *see* 37 C.F.R. § 42.301(a). Petitioner contends that the requirement is met because the '128 patent is “expressly directed to a controller calculating aggregated compensation for payment to attractions.” Pet. 24. Petitioner states further: “[a]ll independent claims cover methods or systems for calculating compensation.” *Id.* at 25.

We are sufficiently persuaded by Petitioner’s assertions and analysis. The '128 patent specification describes, and the claims specifically recite, a financial product or service, namely, “calculat[ing] an aggregate compensation.” In *Blue Calypso, LLC v. Groupon, Inc.*, 815 F.3d 1331, 1340 (Fed. Cir. 2016), the Federal Circuit approvingly cited prior Board decisions that “properly focus[d] on the claim language at issue” in determining whether the financial product or service requirement is met. Other Federal Circuit decisions that hold the same include: *Unwired Planet, LLC v. Google Inc.*, 841 F.3d 1376, 1379–82 (Fed. Cir. 2016), and *Secure Access, LLC v. PNC Bank National Ass’n*, 848 F.3d 1370, 1381, *reh’g denied*, 859 F.3d 998 (Fed. Cir. 2017).

For at least these reasons, we determine that the “financial product or service” requirement is met.

C. Technological Invention

The AIA excludes from covered business method patent review patents for a “technological invention.” AIA § 18(d)(1). To determine whether a patent is for a “technological invention,” we consider “whether the claimed subject matter as a whole recites a technological feature that is novel and unobvious over the prior art; and solves a technical problem using a technical solution.” 37 C.F.R. § 42.301(b).

Petitioner asserts that the claims of the ’128 patent are not directed to a “technological invention.” Pet. 27–56. Petitioner further asserts that the claims do not recite a novel and non-obvious technical feature. *Id.* at 32–54. According to Petitioner, all of the claim elements of the ’128 patent were known in the prior art, and Petitioner provides extensive supporting evidence. Pet. 41–54. Petitioner asserts: “[e]verything illustrated in Figure 2 of the ’128 Patent, and described in the accompanying text, was conventional technology used in conventional ways before the asserted priority date.” *Id.* at 32. For support, Petitioner relies on testimony from its expert, Mr. Roger Bodamer. Ex. 1032 (“Bodamer Decl.”) ¶¶ 51–72. Petitioner further asserts: “[e]ach of the steps of each of the method claims and each of the elements of each of the system claims are present in the prior art.” *Id.* at 41 (citing Bodamer Decl. ¶¶ 73–96 and Appendix A).

Petitioner also contends that the ’128 patent claims do not solve a technical problem with a technical solution. Pet. 54–56. Petitioner specifically argues that the ’128 patent claims “are directed to solving the business problem of calculating aggregated compensation based on actual use.” *Id.* at 54. We agree with Petitioner that the ’128 patent is directed to

solutions to a business problem. Among other reasons, the patent itself describes the invention as “a system and *business model* for allowing tourists access to a variety of attractions.” Ex. 1001, col. 4, ll. 43–44 (emphasis added).

We are persuaded, therefore, that the AIA’s exclusion of “technological inventions” from covered business method patent review does not apply here. We agree with and adopt Petitioner’s analysis demonstrating that the claims address a business problem of calculating compensation and does so by applying standard known computer components to achieve this business goal. Pet. 56.

We conclude, therefore, that the ’128 patent is a covered business method patent eligible for review.

D. Claim Construction

In a covered business method patent review, claim terms in an unexpired patent are construed according to their broadest reasonable interpretation in light of the specification of the patent in which they appear. 37 C.F.R. § 42.300(b); Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,766 (Aug. 14, 2012). Under that standard, claim terms are generally given their ordinary and customary meaning, as would be understood by one of ordinary skill in the art, in the context of the entire disclosure. *In re Translogic Tech., Inc.*, 504 F.3d 1249, 1257 (Fed. Cir. 2007).

Petitioner contends that no claim construction is required for the analysis of the claims under § 101. Pet. 20. Petitioner, however, has proffered constructions of several terms “for clarity.” *Id.* In instituting trial,

we were not persuaded that these terms (“controller,” “terminal,” “product definition,” and “aggregated compensation”) required construction. Institution Decision 9. Instead, for the purpose of that decision, we determined that we need not construe any terms because explicit constructions were not necessary to resolve the § 101 issues before us. *Id.* (citing *Vivid Techs., Inc. v. Am. Sci. & Eng’g, Inc.*, 200 F.3d 795, 803 (Fed. Cir. 1999) (“[O]nly those terms need be construed that are in controversy, and only to the extent necessary to resolve the controversy.”)). We have not been urged by either party to revisit that determination. As the issues before us have not changed, we continue to see no need to construe any terms in the claims.

E. Subject Matter Eligibility Under 35 U.S.C. § 101

Petitioner contends that the challenged claims are directed to an abstract idea that is not eligible subject matter for a patent under 35 U.S.C. § 101. Pet. 61. In *Alice Corp. Pty. Ltd. v. CLS Bank International*, 134 S. Ct. 2347, 2355 (2014), the Supreme Court followed the two-step framework set forth in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 132 S. Ct. 1289 (2012), “for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts.” *Alice*, 134 S. Ct. at 2355.

In the first step, “we determine whether the claims at issue are directed to one of those patent-ineligible concepts.” *Id.* (citing *Mayo*, 132 S. Ct. at 1296–97). “If so, we then ask, ‘[w]hat else is there in the claims before us?’” *Id.* (quoting *Mayo*, 132 S. Ct. at 1297). In the second step, we consider the elements of each claim both individually and as an ordered

combination to determine whether the additional elements transform the nature of the claim into a patent-eligible application. *Id.*

i. Step One of Alice

Under step one of *Alice*, Petitioner contends that the '128 patent claims “as a whole are directed to the abstract and well-known idea of calculating aggregated compensation for attractions based on actual usage (over some period of time, but not at the actual time of use).” Pet. 61. For support, Petitioner relies on testimony from its expert, Mr. Bodamer. Bodamer Decl. ¶¶ 108–122. Petitioner asserts, “[u]sing a card to access an attraction and calculating aggregated compensation based on actual use of the attraction have been disclosed in the prior art.” Pet. 62 (citing Bodamer Decl. ¶¶ 81–94). Petitioner points out that during prosecution of the application for the '128 patent, “the applicant specifically distinguished the claims over prior art based on calculating ‘aggregate compensation . . . wherein the controller does not compensate the attractions based on the actual use of the reward terminals at a time of the actual use of the reward terminals via a card.’” *Id.*

In our analysis of this issue, we are guided by the Federal Circuit’s decision in *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709 (Fed. Cir. 2014). There, the Federal Circuit determined that under *Alice*, claims to a method for distributing products on the Internet are not directed to patent-eligible subject matter under 35 U.S.C. § 101. *Id.* at 714. In deciding that the first step of the *Alice* test was met, the Federal Circuit began by examining the claims to determine whether “the ordered combination of steps recites an abstraction.” *Id.* at 715. The Federal Circuit concluded:

The process of receiving copyrighted media, selecting an ad, offering the media in exchange for watching the selected ad, displaying the ad, allowing the consumer access to the media, and receiving payment from the sponsor of the ad all describe an abstract idea, devoid of a concrete or tangible application.

Id. Reviewing the claims of the '128 patent, we reach a similar conclusion. Using claim 1 as an example, the “ordered combination of [claimed] steps” includes receiving data relating to actual usage of an attraction from a terminal, storing product and usage data in a database, and calculating an aggregate compensation based on usage. These steps do nothing more than recite a process for compensating an attraction based on customer usage. We agree with Petitioner, therefore, and find, for the reasons stated, that the first step of *Alice* is met.

Due to Patent Owner’s election not to file a response to the Petition, either pre- or post-institution, the written record does not reflect their positions on these issues or on the individual claims of the '128 patent. Nor did Patent Owner address individual claims at the oral argument. However, at oral argument, Patent Owner focused on two aspects of the patent: product definitions and aggregation compensation. Hr’g Tr. 12:21–26.

We are not persuaded by Patent Owner’s assertion at oral argument that the use of product codes and aggregated compensation changes this abstract idea into something that is patent eligible. A similar argument was made and rejected in *Ultramercial*:

Although certain additional limitations, such as consulting an activity log, add a degree of particularity, the concept embodied by the majority of the limitations describes only the abstract idea of showing an advertisement before delivering free content.

772 F.3d at 715. As the Federal Circuit explained:

We do not agree with *Ultramercial* that the addition of merely novel or non-routine components to the claimed idea necessarily turns an abstraction into something concrete. In any event, any novelty in implementation of the idea is a factor to be considered only in the second step of the *Alice* analysis.

Id. As in *Ultramercial*, consideration of such features is more appropriate in the second step of the *Alice* analysis. Thus, we are unpersuaded that the mere use of product codes or aggregating compensation, even if novel, would be sufficient to rebut Petitioner's showing that the challenged claims are directed to an abstract idea of calculating aggregated compensation for attractions based on actual usage.

We are further supported in this conclusion by the recent decision of the Federal Circuit in *Secured Mail Solutions LLC v. Universal Wilde, Inc.*, No. 2016-1728, 2017 WL 4582737, at *1 (Fed. Cir. Oct. 16, 2017). In *Secured Mail*, the Court determined that step 1 of *Alice* was met, distinguishing *Enfish LLC v. Microsoft Corp.*, 822 F.3d 1327 (Fed. Cir. 2016):

The claims in *Enfish* related to organization of data in a table in computer memory and a system for indexing that data. *Id.* at 1332–332. *In contrast, the claims of Secured Mail's patents are not directed to an improvement in computer functionality.* For example, the claims are not directed to a new barcode format, an improved method of generating or scanning barcodes, or similar improvements in computer functionality.

2017 WL 45827737, at *4 (emphasis added). We determine that, like the claims addressed in *Secured Mail*, Patent Owner's claims are not directed to improvements in computer functionality. They are not directed to the specific details of the product codes or the method of generating them. Moreover, as in *Secured Mail*, the mere fact that use

of product codes may make the claimed process more efficient “does not necessarily render an abstract idea less abstract.” *Id.*

We are persuaded that, for the reasons given, Petitioner has demonstrated by a preponderance of the evidence that the first step of *Alice* is met. We, therefore, turn to the second step. *See* Pet. 65–86.

ii. Step Two of Alice

Step two of the *Alice* analysis may be described as a search for an “inventive concept”—i.e., an element or combination of elements that is sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the ineligible concept itself. *Alice*, 134 S. Ct. at 2355 (citing *Mayo*, 132 S. Ct. at 1294). As the Federal Circuit has cautioned: “The Court in *Alice* made clear that a claim directed to an abstract idea does not move into section 101 eligibility territory by ‘merely requir[ing] generic computer implementation.’” *buySafe, Inc. v. Google, Inc.*, 765 F.3d 1350, 1354 (Fed. Cir. 2014) (citation omitted).

Petitioner argues that “[o]ne of skill in the art reading the ’128 Patent would understand that it merely teaches using generic computers, and computer components, to perform generic functions.” Pet. 66. The Petition presents an analysis of the following claim elements to demonstrate that they recite “off-the-shelf general purpose computing tools:” terminals and card readers, smart card technology, servers, standard databases, and a controller. *Id.* at 66–71. In addition, Petitioner asserts that this known technology is used in a conventional way in the ’128 patent for both the independent and dependent claims. *Id.* at 71–78.

We agree with and adopt Petitioner’s analysis and therefore find that the limitations of the ’128 patent claims do not transform the abstract idea

that they recite into patent-eligible subject matter. We further find that the claims simply instruct the practitioner to implement the abstract idea with routine, conventional activity. *Ulramercial*, 772 F.3d at 715. Thus, the claim elements when considered as an ordered combination “merely recite conventional activity.” Pet. 78–81. For example, relying on expert testimony, the Petition demonstrates that “[t]he client/server computing architecture used in the ’128 Patent claims was well known in the prior art.” Pet. 78–79. Petitioner demonstrates also that the ’128 patent claims “utilize known software, such as terminal software, networking software, and operating system software in known prior art combinations.” *Id.* at 80 (citing Bodamer Decl. ¶¶ 73–96, 117). Petitioner gives as examples “reading codes, copying data between terminals and servers, and calculating compensation.” *Id.* Petitioner asserts: “[t]hese generic functions do not improve the functioning of the computing devices or network communications and are not used in an unconventional way.” *Id.*

We are persuaded by Petitioner’s foregoing analysis, which is un rebutted by any evidence from Patent Owner. Thus, we are persuaded, for the reasons given, that Petitioner demonstrates by a preponderance of the evidence that the second step of *Alice* is met.

At oral argument, Patent Owner asserted that “[t]his is not the case where one -- like many 101 cases finding ineligibility where software is loaded onto a general purpose computer.” Hr’g Tr. 8:13–15. Specifically, Patent Owner pointed to the reward terminals as a “special piece of hardware.” *Id.* 10:16–17. Patent Owner likened these terminals to the GPS devices in *SiRF Technology, Inc. v. International Trade Commission*, 601 F.3d 1319 (Fed. Cir. 2010). *Id.* 11:11–15. We are not persuaded by this

argument. The reward terminals are described in the '128 patent as conventional smart card readers that have been programmed to perform certain functions:

According to one embodiment, the system manager may install one or more reward terminals 120 at each partner attraction. The reward terminal 120 may be a smart card enabled point of sale terminal adapted to read cards 124 presented to it and indicate whether or not a card-visitor 122 has access to the attraction. More specifically, the reward terminal 120 may include a storage element, such as a computer-readable memory device, that may contain a list of promotions that may be valid at that reward terminal.

Ex. 1001, col. 15, ll. 18–26. As the Federal Circuit explained in *Ultramercial*, “adding a computer to otherwise conventional steps does not make an invention patent-eligible.” 772 F.3d at 717 (citing *Alice*, 134 S.Ct. at 2357).

This case is not like *SiRF Technology* for other reasons. In *SiRF Technology*, the Federal Circuit concluded that the disclosed GPS receivers were “essential to the operation of the claimed methods.” 601 F.3d at 1333. In reaching this conclusion, the Federal Circuit observed: “We are not dealing with a situation in which there is a method that can be performed without a machine.” *Id.* In contrast, the calculations of aggregated compensation claimed in the '128 patent can be performed by hand. Bodmer Decl. ¶ 115. This subject was explored with Patent Owner’s counsel at the oral argument:

JUDGE GIANNETTI: But isn't aggregating compensation -- isn't that an abstract idea? That's not a piece of hardware. That's something that's been done in the business world for probably hundreds of years.

JUDGE ELLURU: And something I can do in my head. I mean, even as far as the dynamic changing, I can change my mind on the fly as to whether I want to let you in or not depending on how I feel at the moment.

MR. LOWRIE: But that would be happening at the amusement park. And the product definition change is not happening at the amusement park. It's happening somewhere else and being sent to the amusement parks, and that is automatic. *And you can dynamically in realtime change the product definition here and do that for all of -- say a thousand different amusement parks, museums, whatever.* And that type of flexibility is not something that was shown in the prior art and it does remove it from the abstract idea. You don't have to do that to do a City Pass.

Hr'g Tr. 13:1–15 (emphasis added). Patent Owner also does not dispute that the same result as that claimed could be achieved without computer technology, by deploying a number of runners or bike messengers and using paper records, asserting only that it “would be in any practical way completely infeasible to do it with a set of runners.” Hr'g Tr. 15:12–13.

In order to impose a meaningful limit on the scope of a claim, the addition of hardware such as a card reader or a computer must play a significant part in permitting the claimed method to be performed, rather than function solely as an obvious mechanism for permitting a solution to be achieved more quickly or efficiently. *Bancorp Services, L.L.C. v. Sun Life Assur. Co. of Can.*, 687 F.3d 1266, 1278 (Fed. Cir. 2012) (citing *SiRF Technology*, 601 F.3d at 1333.). Here, the record establishes that the claimed hardware limitations do not play an essential role in the invention. As Petitioner points out, it was not the inclusion of such components that led to allowance of the claims, but instead the limitation relating to when attractions are compensated. Pet. 17–18.

We determine, therefore, that Petitioner has met its burden of showing that, under 35 U.S.C. § 101, the challenged claims of the '128 patent are not patentable.

III. ORDER

For the reasons given, it is,

ORDERED that claims 1–24 of U.S. Patent 7,765,128 B2 are unpatentable under 35 U.S.C. § 101; and

FURTHER ORDERED that this is a Final Written Decision of the Board under 35 U.S.C. § 328(a); parties to the proceeding seeking judicial review of the decision must comply with the notice and service requirements of 37 C.F.R. § 90.2.

CBM2016-00092
Patent 7,765,128 B2

PETITIONER:

Steven S. Carlson
Kevin M. Pasquinelli
KASOWITZ, BENSON, TORRES, AND FRIEDMAN, LLP
scarlson@kasowitz.com
kpasquinelli@kasowitz.com

PATENT OWNER:

Matthew Lowrie
Lucas Silva
Daniel Rose
FOLEY & LARDNER LLP
mlowrie@foley.com
lsilva@foley.com
drose@foley.com