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# PTAB HIGHLIGHTS

New developments in post-issuance proceedings

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## PTAB Post Office Decision Shows CBM Proceedings Not Limited to Finance Companies

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October 24, 2014 — In Covered Business Method (CBM) proceedings at the PTAB, a financial service is not necessarily just a service that acts on financial information—at least not in a proceeding between the U.S. Post Office and a competitor called Return Mail.

Everyone knows the Post Office is struggling. The Internet is making Post Office mail a pejorative: “snail mail.” No surprise, mail volume is going straight down. Mailing DVDs, Netflix was recently the biggest mail customer of the postal system, but the Internet is rapidly bringing an end to their mail service. The Post Office lost \$2 billion in just the three months of April through June, 2014. Everyone knows what it means to “go postal.” And does anyone lack for a Post Office joke?

But surprising though it is, this embattled butt of jokes still providing a 19th century service is also a target for assertions of patent infringement. Equally surprising, it has the resources and will to battle back aggressively and help create odd law. The only segment of mail business at the Post Office that isn’t dropping is junk mail, a/k/a bulk mail. When that segment is targeted by a patent owner, the Post Office may have extra incentive to act.

### [CBM2014-00116 – United States Postal Service v. Return Mail, Inc. \(Paper 11\)](#)

In CBM 2014-00116, the entanglements and creative arguments the Post Office can bring to a patent situation are on display. The Post Office filed the petition for the proceeding, and is putting weight into taking down a patent owned by Return Mail. The Post Office asserted the patent is invalid in nine ways. The CBM proceeding, moreover, is not the only or the first battle in a seeming war between the Post Office and Return Mail. Currently, Return Mail is suing the Post Office for compensation for infringement in the Federal Court of Claims. The accused

service in that lawsuit is “OneCode Address Correction,” a free Post Office service that is good for senders of junk and bulk mail. Return Mail’s patent was also the subject of extensive previous PTO proceedings. The patent reissued, with all original claims canceled, and was re-examined too, at the request of the Post Office. The PTAB resolved to institute the CBM proceeding, in spite of past challenges to and changes in the patent.

Return Mail is in Alabama. It claims that it once employed 20 people, but now has 10, due to Post Office competition, and once attempted to work with and license the Post Office. [http://blog.al.com/businessnews/2011/03/birmingham\\_return\\_mail\\_inc\\_su.html](http://blog.al.com/businessnews/2011/03/birmingham_return_mail_inc_su.html)

The Return Mail patent is about handling mail that cannot be delivered. Return Mail started its business to take returned mail, search for new addresses to deliver it, and update databases of mail addresses for those who would buy this service. The patent claims a method in which envelopes have a code indicating whether the mail, if undelivered, will receive the effort to find a new address. The method of the patent is reading the code, finding a new address, and sending the new address to the sender, for any next mail to be sent. OneCode Address Correction works in a similar manner.

The central issue in CBM2014-00116, as might be guessed, is the application of the recent Supreme Court decision *Alice Corp. v. CLS Bank Int’l.* — it is the question of whether the Return Mail patent covers an invention that was even eligible to get patented.

Most worthy of attention is how the Post Office persuaded the PTAB to consider a patent on handling returned mail to be a fit for a CBM proceeding. As the PTAB opinion expressly says, a “‘covered business method patent’ is a patent that ‘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’” – and that type of patent, *only*.

How is the handling of return mail a “financial product or service?” Says the Post Office, the patent includes subject matter that is financial in nature because it “provides a method for easing the administrative burdens of finance companies, mortgage companies, and credit card companies by making relaying updated mail address data more cost effective.” Says the PTAB, “we agree with USPS that” handling return mail for such companies “satisfies the ‘financial product or service’ component of the definition” of CBM patents.

It may be that the Post Office has to act strongly to protect its steady junk and bulk mail business, and thus had to create its argument ingenuously. It may matter to the PTAB agreement with the argument that Return Mail did “not dispute” that the patent subject matter “is financial in nature.” But a lesson of the institution of this CBM proceeding could surely be that the PTAB may not be limiting the definition of CBM patents to those patents that involve the actual manipulation of financial information.

By this example, a patent directed to activity as pedestrian and mundane as handling the mail is the “administration” of a “financial product or service” if the mundane activity is one in which financial companies engage — among the companies of possibly many other industries. As a result, owners of patents on subjects distant from acting on financial information should

consider whether CBM proceedings on their patents are in their future. Patents on subjects such as scheduling employee work days, taking and filling orders for meals in conference rooms, and efficiently taking out the trash, as examples, all cover activities of “finance companies, mortgage companies, and credit card companies.” Under the PTAB’s reasoning, patents with claims directed to such activities could be open to attack in a CBM.

*The Leahy-Smith America Invents Act established new patent post-issuance proceedings, including the inter partes review, post grant review and transitional program for covered business method patents, that offer a less costly, streamlined alternative to district court litigation. With the U.S. Patent and Trademark Office’s Patent Trial and Appeal Board conducting a large and increasing number of these proceedings, and with the law developing rapidly, Banner & Witcoff will offer weekly summaries of the board’s significant decisions and subsequent appeals at the U.S. Court of Appeals for the Federal Circuit.*



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