

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

RETAILMENOT, INC.,
Petitioner

v.

HONEY SCIENCE CORP.,
Patent Owner.

PGR2019-00060
Patent 10,140,625 B2

Before LINDA E. HORNER, PATRICK R. SCANLON, and
BRENT M. DOUGAL, *Administrative Patent Judges*.

HORNER, *Administrative Patent Judge*.

DECISION
Denying Institution of Post-Grant Review
35 U.S.C. § 324

I. INTRODUCTION

RetailMeNot, Inc. (“Petitioner”) filed a Petition (Paper 1, “Pet.”) requesting post grant review of claims 1–19 of U.S. Patent No. 10,140,625 (Ex. 1001, “the ’625 patent”). Honey Science Corp. (“Patent Owner”) filed a Preliminary Response (Paper 9, “Prelim. Resp.”). Patent Owner also filed a statutory disclaimer of claims 8 and 17 of the ’625 patent. Ex. 3001.

Under 35 U.S.C. § 324(a), a post-grant review may not be instituted “unless . . . the information presented in the petition . . . , if such information is not rebutted, would demonstrate that it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable.” After considering the Petition and Patent Owner’s Preliminary Response, we exercise our discretion to deny institution of post-grant review under 35 U.S.C. §§ 324(a) and 325(d).

II. BACKGROUND

A. Related Matters

The parties identify that the ’625 patent is the subject of a civil action in the District of Delaware in *RetailMeNot, Inc. v. Honey Science Corp.*, Case No. 1:18-cv-00937-CFC-MPT (D. Del.). Paper 1, 12; Paper 6, 1. The parties also identify that the ’625 patent is challenged in two additional petitions filed by RetailMeNot, Inc., PGR2019-00061 and IPR2019-01565. Paper 1, 12–13; Paper 6, 1. Petitioner also notes that two pending patent applications, U.S. Patent Appl. Nos. 16/172,685 and 16/403,036, claim priority to the ’625 patent. Paper 1, 13.

B. Real Parties in Interest

RetailMeNot, Inc. identifies itself, Harland Clarke Holdings Corp., M & F Worldwide Corp., and MacAndrews & Forbes, Inc. as the real parties

in interest. Paper 1, 12. Honey Science Corp. identifies itself as the real party in interest. Paper 6, 1.

C. The '625 Patent

The '625 patent relates to systems and methods that directly interface with a webpage of a third party website to modify certain numerical content. Ex. 1001, 1:19–21. The '625 patent describes that merchants offer products for sale via the Internet through online stores, also known as electronic commerce platforms. *Id.* at 1:25–30. “Many of these online stores . . . offer discounts to consumers who enter a specific code into a form box while shopping and/or consumers who follow a specially-formatted hyperlink or perform some other action(s) that activate a discount.” *Id.* at 1:28–33. The '625 patent describes that “Code Aggregators have created websites to help consumers locate available codes” and “[s]everal Code Aggregators have developed plug-in software components . . . for web browsers that allow consumers to browse codes while shopping on merchant websites.” *Id.* at 1:51–52, 1:57–60.

The '625 patent describes that “to use codes discovered by a Code Aggregator, a consumer must manually identify a promising code, copy the promising code into a form box presented on the merchant website . . . , and then submit the promising code . . . to discover a result.” *Id.* at 1:61–67. The '625 patent describes that “consumers frequently and inadvertently attempt to use codes that no longer work, or simply do not work as described on the website of the Code Aggregator.” *Id.* at 2:4–7. The '625 patent further describes that the number of codes is “often very high” and, thus, it is “difficult for a single consumer to identify working codes, much less the most relevant code that would result in the best outcome (i.e., the largest discount).” *Id.* at 2:7–13.

The '625 patent describes that the systems and methods of the invention “systematically identify[] and apply[] codes on behalf of a consumer who has selected one or more items for purchase on an electronic commerce platform” and identify the “code resulting in the largest reduction in price” and apply that code to the items for sale. *Id.* at 3:16–24. The '625 patent describes that a primary benefit of the invention is “to help consumers achieve the best price available without requiring the consumers devote a large amount of time and effort to searching for codes, manually applying codes, tracking the impact of each code, etc.” *Id.* at 3:24–28; *see also id.* at 5:45–47 (“The computer-implemented systems described herein automate certain aspects of the payment process to improve the experience of the consumer.”).

In the process of the invention, a consumer installs a browser extension for a web browser. *Ex.* 1001, 13:36–37, Fig. 9 (step 901). The consumer then browses items offered for sale on an electronic commerce platform. *Id.* at 13:40–41, Fig. 9 (step 902). The browser extension analyzes the content of each webpage visited by the consumer to determine whether the consumer has initiated the payment process, e.g., accessed a checkout interface. *Id.* at 13:51–56, Fig. 9 (step 903). Upon determining the consumer has accessed the checkout interface, the browser extension may create a button and dynamically present it on the checkout interface. *Id.* at 14:4–6, Fig. 9 (step 904). The browser extension then continually monitors for user interactions with the button. *Id.* at 14:7–8, Fig. 9 (step 906). At some point while the consumer is visiting the electronic commerce platform, either before or after the user interacts with the button, the browser extension retrieves a machine-readable list of codes and/or configuration information associated with the electronic commerce platform. *Id.* at 13:46–51, 14:12–

20, Fig. 9 (step 905). This code and/or configuration information can be housed on a “remote server.” *Id.* at 6:9–13, 13:46–51.

Once the browser extension determines that the consumer has selected the button, the browser extension automatically and systematically applies the machine-readable list of codes on behalf of the consumer. *Id.* at 14:24–27, Fig. 9 (step 907). The browser extension can then determine which code(s) resulted in a price reduction on the items selected. *Id.* at 14:27–32, Fig. 9 (step 908). The browser extension also can track the impact of each successful discount code to identify the best code. *Id.* at 14:35–37, Fig. 9 (step 909). After identifying the best code, the browser extension can apply the best code to the selected items to reduce the price paid by the consumer. *Id.* at 14:46–49, Fig. 9 (step 910).

D. Challenged Claims

Petitioner challenges claims 1–19. Paper 1, 1. Of these, claims 1 and 11 are independent. Ex. 1001, 17:54–20:28. Claim 1, reproduced below, is illustrative of the challenged subject matter.

1. An online computer system that directly interfaces with a webpage of a third party website that causes a certain numerical value displayed on the webpage to change in value comprising:

a system coupled to a public network configured to cause the numerical value to change when one or more digital codes are transmitted to the third party website, wherein the one or more digital codes enable the numerical value to change;

a browser software installed on a user’s device with an electronic display that is operably connected to the public network, said browser software configured to:

receive the one or more digital codes over the public network;

when the user connects with the third party website and opens the webpage, alter the webpage displayed on

the electronic display by dynamically generating a graphical trigger to be presented on the display;

identify a data entry interface on the webpage to input each of the one or more digital codes;

upon the user's selection of the graphical trigger, automatically input each of the one or more digital codes into the data entry interface to invoke a function on the webpage for each of the one or more digital codes without selection of each of the one or more digital codes by the user, thereby triggering the third party website to receive the one or more digital codes and to return a response to each of the received one or more digital codes;

monitor the returned response from the third party website to determine and identify which of the one or more digital codes cause a change and determine the amount of the change;

store in a memory one or more digital codes along with data that shows the amount the one or more digital codes causes the numerical value to change, wherein the system is further configured to determine the digital code causing the greatest amount of change; and

apply the digital code that causes the greatest change in the numerical value to obtain and display a resulting numerical value on the third party website.

Id. at 17:54 – 18:29.

E. Asserted Grounds

Petitioner contends that the challenged claims are unpatentable based on the following grounds:

Claims Challenged	35 U.S.C. §	Basis
1–19	101	Patent Ineligible Subject Matter
5, 7, 16	112(b)	Indefinite

Pet. 17.

Petitioner supports its challenges with citations to the prosecution history of the challenged patent (Ex. 1010), positions taken by the parties in a Joint Claim Construction Brief filed in the co-pending district court litigation (Ex. 1014), various documents purporting to show the state of the art (Exs. 1020–1022, 1033, and 1037–1044), and declaration testimony of Mr. Don Turnbull, Ph.D. (Ex. 1002) (“Turnbull Declaration”).

III. ANALYSIS

A. Eligibility for Post-Grant Review

As a threshold matter, we must determine whether the ’625 patent is eligible for post-grant review. The post-grant review provisions set forth in section 6(d) of the Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (September 16, 2011) (“AIA”), apply only to patents subject to the first-inventor-to-file provisions of the AIA. *See* AIA § 6(f)(2)(A) (stating that the provisions of Section 6(d) “shall apply only to patents described in section 3(n)(1)”). Patents subject to the first-inventor-to-file provisions are those that issue from applications “that contain[] or contained at any time . . . a claim to a claimed invention that has an effective filing date as defined in section 100(i) of title 35, United States Code, that is on or after” March 16, 2013. AIA § 3(n)(1).

Our rules require that each petitioner for post-grant review certify that the challenged patent is available for post-grant review. 37 C.F.R. § 42.204(a) (“The petitioner must certify that the patent for which review is sought is available for post-grant review”). In addition, “[a] petition for a post-grant review may only be filed not later than the date that is 9 months after the date of the grant of the patent or of the issuance of a reissue patent (as the case may be).” 35 U.S.C. § 321(c). Petitioner has the burden of demonstrating eligibility for post-grant review. *See Mylan Pharms. Inc. v.*

Yeda Res. & Dev. Co., PGR2016-00010, Paper 9 at 10 (PTAB Aug. 15, 2016).

The '625 patent issued from U.S. Appl. No. 15/824,237, filed on November 28, 2017 (“the '237 application”). Ex. 1001, codes (21), (22). The '237 application was filed as a continuation of U.S. Application No. 15/461,101, filed on March 16, 2017 (“the parent '101 application”), which is a continuation-in-part of U.S. Application No. 14/074,707, filed on November 7, 2013 (“the grandparent '707 application”), which claims the benefit of priority to U.S. Provisional Application No. 61/796,345, filed on November 8, 2012 (“the provisional '345 application”). Ex. 1001, codes (60), (63). Although the '625 patent claims priority to the provisional '345 application filed prior to March 16, 2013, Petitioner asserts that this application does not provide sufficient written description support to entitle claims 8 and 17 of the '625 patent to the benefit of priority of the provisional application’s November 8, 2012, filing date. Pet. 15–16 (citing Exs. 1007, 1009) (arguing that the only written description support for the limitations of challenged claims 8 and 17 comes from subject matter added to the parent '101 application). Thus, Petitioner asserts that the '625 patent is eligible for post-grant review because challenged claims 8 and 17 have an effective filing date after March 16, 2013. *Id.* at 16–17.

In particular, Petitioner argues that the provisional application does not mention “machine-learning techniques” and does not suggest or mention “Naïve Bayes Classifier algorithm,” “K Means Clustering algorithm,” “Support Vector Machine algorithm,” “linear regression,” “logic regression,” or “artificial neural networks.” *Id.* at 16 (citing Ex. 1007). Petitioner contends that this subject matter first appeared in the parent '101 application, filed on March 16, 2017. *Id.* at 15–16 (citing Ex. 1009 at 13).

Thus, Petitioner contends that the effective filing date of challenged claims 8 and 17 is “no earlier than March 16, 2017.” *Id.* at 17.

Patent Owner filed a statutory disclaimer of claims 8 and 17 on December 5, 2019. Ex. 3001. One week later, Patent Owner filed its Preliminary Response. Paper 9. Patent Owner does not address eligibility of the '625 patent for post-grant review in its Preliminary Response.

Because Petitioner’s sole basis for its certification under 37 C.F.R. § 42.204(a) of eligibility for post-grant review is the statutorily disclaimed claims 8 and 17, we convened a call with the parties on February 11, 2020, to discuss the impact, if any, of the statutory disclaimer of claims 8 and 17 on the petition for post-grant review. A transcript of the call is in the record. Ex. 2023.

During the call, Petitioner argued that AIA § 3(n)(1) provides that post-grant review eligibility is based on a patent or patent application that “contains or contained at any time a claim to a claimed invention that had an effective filing date on or after March 16, 2013.” Ex. 2023, 8:16–9:3. Petitioner argued that the statutory disclaimer of claims 8 and 17 has no effect on the eligibility of the '625 patent for post-grant review because the '625 patent “contained at one time these Claims 8 and 17.”¹ *Id.* at 9:4–7; *see also id.* at 14:21–15:7. Petitioner argued that once an application contains a claim that renders it subject to the AIA, one cannot statutorily disclaim claims “to go back behind the AIA line.” *Id.* at 16:4–7.

Patent Owner argued that the effect of the statutory disclaimer is that the disclaimed claims “no longer exist[] for any purpose with this patent.”

¹ Claims 8 and 17 were included in the '237 application as filed that became the '625 patent. Ex. 1010, 12, 14.

Ex. 2023, 13:17–19. Specifically, Patent Owner argued that “[w]ith a disclaimer post-issuance, it’s clear that the claim never existed now within the application or the issuing patent.” *Id.* at 19:22–20:3.

The question presented by this case is what impact, if any, does statutory disclaimer under 35 U.S.C. § 253 of the claims that serve as the sole basis for Petitioner’s § 42.204(a) certification, have on a patent’s eligibility for post-grant review under AIA § 6(f)(2)(A) and AIA § 3(n)(1).

“A statutory disclaimer under 35 U.S.C. § 253 has the effect of canceling the claims from the patent and the patent is viewed as though the disclaimed claims had never existed in the patent.” *Guinn v. Kopf*, 96 F.3d 1419, 1422 (Fed. Cir. 1996). The provision of the AIA that defines which applications and patents are subject to its provisions looks beyond simply the claims in the patent and considers claims contained at any time in the application for patent. Specifically, AIA § 3(n)(1) provides that the first-inventor-to-file provisions apply to “any application for patent, and to any patent issuing thereon, that contains or *contained at any time* . . . a claim to a claimed invention that has an effective filing date as defined in section 100(i) of title 35, United States Code, that is on or after [March 16, 2013]” (emphasis added). The specific question presented by the parties in this case is whether the judicially created construct that disclaimed claims are treated as though those claims never existed in the patent extends to those same claims as contained in the application for purposes of AIA § 3(n)(1).

We do not find, and Patent Owner has not provided, any persuasive authority that supports Patent Owner’s position that statutory disclaimer of patented claims should be treated as though the claims never were contained in the application for purposes of AIA § 3(n)(1). Patent Owner argued during the call that the Board’s decision denying institution in *Axon*

Enterprise, Inc. v. Digital Ally, Inc., PGR2018-00052, Paper 8 (PTAB Oct. 1, 2018), supports Patent Owner’s view that disclaimed claims must be treated as if they never existed for purposes of determining eligibility under AIA § 3(n)(1). Ex. 2023, 27:8–15. In *Axon*, the petitioner challenged claims 1–24 of the challenged patent. PGR2018-00052, Paper 8 at 2. Prior to institution, the patent owner disclaimed claims 1–7, 9–14, and 22–24 of the patent. *Id.* at 10. The petitioner had argued in its petition, however, that the challenged patent was eligible for post-grant review based on the effective filing date of challenged claim 15, which the patent owner had not disclaimed. *Id.* at 11. The Board agreed with the petitioner that remaining claim 15 had an effective filing date after March 16, 2013 such that the challenged patent was eligible for post-grant review. *Id.* at 14. Thus, the Board did not need to reach the issue of whether pre-institution disclaimer of the other claims had any impact on the patent’s eligibility for post-grant review.

We recognize that the panel in *Axon* confined its eligibility analysis to claim 15, stating that “we must treat [the disclaimed claims] as if they never existed in determining whether to institute a post-grant review.” *Id.* at 10 (citing 37 C.F.R. § 42.207(e) and *Facebook, Inc. v. Skky, LLC*, CBM2016-00091, Paper 12 at 11 (PTAB Sept. 28, 2017) (precedential as to Section II.B.2)). As noted above, the *Axon* panel did not need to reach the issue of whether it could rely on the statutorily disclaimed claims for eligibility under AIA § 3(n)(1), because remaining claim 15 had an effective filing that rendered the challenged patent eligible for post-grant review.

Further, we find that the *Axon* panel’s analogy to *Facebook*, a decision interpreting the language of AIA § 18(a), is misplaced. The panel in *Facebook*, analyzing the use of the present tense in various portions of

AIA § 18(a), held that “[t]he decision whether to institute a CBM patent review is based on whether a patent ‘is’ a covered business method patent, which in turn is based on what the patent ‘claims’ at the time of the institution decision, not as the claims may have existed at some previous time.” *Facebook*, Paper 12 at 6. By contrast, the relevant statutory language of AIA § 3(n)(1), at issue here, explicitly considers claims that may have existed at some previous time by its language encompassing any application, and any patent issuing thereon, that “contains or *contained at any time*” claims to a claimed invention with an effective filing date on or after March 16, 2013 (emphasis added). The panel in *Facebook* did not address the language of AIA § 3(n)(1). Thus, the precedential decision in *Facebook* is not binding on the issue presented in this case.

During the call with the parties, Petitioner cited *Guinn*, 96 F.3d 1419, as holding that “cancelled claims can be used to establish eligibility for review.” Ex. 2023, 17:1–10. The procedural posture at issue in *Guinn* is inapposite to the situation presented here. In *Guinn*, a case pertaining to termination of an interference proceeding after declaration, the statutory disclaimer of the sole patent claim involved in the interference occurred *after* the Board had declared the interference. *Guinn*, 96 F.3d at 1420. Thus, the issue addressed by the court in *Guinn* was whether the filing of a statutory disclaimer of the claim that formed the basis of the interference divests the Board of jurisdiction over the declared interference. *Id.* at 1421. The issue here, by contrast, is the impact, if any, of statutory disclaimer, filed prior to institution, on the eligibility of a patent for post-grant review. *Guinn* does not address this issue.

Petitioner also argued that the Board’s decision in *Core Survival v. S & S Precision*, PGR2015-00022, Paper 8 (PTAB Feb. 19, 2016), would be

helpful to the issue presented here. Ex. 2023, 10:7–11. In *Core Survival*, the petitioner argued that the challenged patent was eligible for post-grant review because the application from which the patent issued contained an original claim, which was later canceled, that had a filing date on or after March 16, 2013. *Core Survival*, Paper 8 at 6. The patent owner did not dispute the petitioner’s position. *Id.* The Board determined that because the application, from which the challenged patent issued, contained at one time a claim that had an effective filing date after March 16, 2013, the challenged patent is subject to the first-inventor-to-file provisions and, thus, eligible for post-grant review. *Id.* The scenario presented in *Core Survival* is not the same as the scenario presented here. Importantly, the decision does not address the impact of statutory disclaimer on the “contained at any time” language of AIA § 3(n)(1). Rather, the case stands for the proposition that a claim that was contained in an original application, and subsequently canceled prior to issuance, can serve as the basis for eligibility for post-grant review.

Thus, we are not aware of persuasive authority addressing the issue presented here. Of note, we also are not aware of any binding authority supporting Patent Owner’s position that statutory disclaimer of patented claims should be treated as though the claims never were contained in the application for purposes of AIA § 3(n)(1). This position, if adopted, would allow a patent owner to disclaim the claims that formed the basis for examination of the patent under the AIA, in order to obtain examination during a reissue or reexamination of the remaining patent claims and possibly new claims under pre-AIA law. As argued by Petitioner, such a loophole is counter to the approach adopted during drafting of the Act, which was crafted to ensure that applicants are allowed “to flip their

applications forward into the first-to-file system, but [are prevented] from flipping [them] backward into the first-to-invent universe once they are already subject to first-to-file rules.” Ex. 2023, 9:14–22 (quoting 157 Cong. Rec. No. 34, Page S1373).

We agree with Petitioner that the filing of a statutory disclaimer of claims 8 and 17 does not act to remove the ’625 patent from eligibility for post-grant review because the ’237 application, from which the ’625 patent issued, necessarily contained these same claims during prosecution. *See* Ex. 1010, 12 (original prosecution claim 8), 14 (original prosecution claim 17). Thus, Petitioner met its burden to certify under 37 C.F.R. § 42.204(a) that the ’625 patent is eligible for post-grant review by presenting arguments under AIA § 3(n)(1) as to the effective filing date of claims 8 and 17. Pet. 14–17.

During our call with the parties, Patent Owner argued that the Board does not have jurisdiction under 37 C.F.R. § 42.207(e) to institute this post-grant proceeding because the petition relied only on disclaimed claims 8 and 17 for eligibility. Ex. 2023, 12:6–11. Patent Owner argued that that language of § 42.207(e) provides that no post-grant review should institute based on disclaimed claims. *Id.* at 20:3–9 (“That’s the language of Section E, that if you basically take out the claims that purportedly don’t have . . . a basis in the original applications, then no post-grant review should institute.”).

Petitioner argued that § 42.207(e) precludes the Board from instituting review of disclaimed claims 8 and 17, but that it does not address, or supersede, the conditions for PGR eligibility as set forth in the Act. *Id.* at 11:7–17; *see also id.* at 16:8–21 (Petitioner arguing that § 42.207(e) provides

that the Board does not have to address arguments directed to the substance of statutorily disclaimed claims).

As stated in 37 C.F.R. § 42.207(e):

Disclaim Patent Claims. The patent owner may file a statutory disclaimer under 35 U.S.C. 253(a) in compliance with § 1.321(a), disclaiming one or more claims in the patent. No post-grant review will be instituted based on disclaimed claims.

The question presented by the parties is whether “based on” in § 42.207(e) refers to the substantive basis for institution of the post-grant review or refers to the basis for eligibility of the patent for post-grant review.

The comments to the Final Rule provided by the Office indicate that “based on” refers to the substantive basis for institution. Specifically, the Office explained in the comments to this rule that “Section 42.207(e) provides that the patent owner may file a statutory disclaimer under 35 U.S.C. 253(a) in compliance with § 1.321(a), disclaiming one or more claims in the patent, and no post-grant review will be instituted *to review disclaimed claims.*” Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents, 77 Fed. Reg. 48,680, 48,692 (Aug. 14, 2012) (emphasis added). Thus, we disagree with Patent Owner’s reading of § 42.207(e) to preclude the Office from considering disclaimed claims to determine eligibility for post-grant review under AIA § 6(f)(2)(A) and § 3(n)(1).

Patent Owner argued during the call that the Board’s decision denying institution in *Crescendo Bioscience v. Graham*, PGR2017-00020, Paper 8 (PTAB Oct. 17, 2017), provides support for Patent Owner’s interpretation of § 42.207(e). Ex. 2023, 13:4–13 (arguing that in *Crescendo*, the Board denied institution of a PGR because “it found that a statutory disclaimer with

a preliminary response provides no post-grant review will be instituted based on disclaimed claims”). The panel in *Crescendo*, however, did not have to reach the issue of the impact, if any, of statutory disclaimer on eligibility of the patent for PGR, because, in *Crescendo*, the patent owner statutorily disclaimed *all* the challenged claims. PGR2017-00020, Paper 8 at 2. The panel denied institution, citing 37 C.F.R. § 42.207(e), because none of the challenged claims remained in the patent. *Id.* at 3. The panel in *Crescendo* did not face the scenario presented here, in which the claims relied on for eligibility under AIA § 3(n)(1) are disclaimed, but additional challenged claims remain in the patent. Thus, the panel did not address the interplay, if any, between 37 C.F.R. § 42.207(e) and AIA § 3(n)(1).

As to the merits of Petitioner’s eligibility arguments, Petitioner asserts that claims 8 and 17 have written description support under 35 U.S.C. § 112, only as far back as the March 16, 2017, filing date of the parent ’101 application. Pet. 15–16 (citing Ex. 1009 at 13). Petitioner asserts in the Petition that the applicant added the subject matter of claims 8 and 17 as new matter in the parent ’101 continuation-in-part application and that “[t]here is no mention of [this subject matter] in the ’345 provisional filed on November 8, 2012.” Pet. 15–16 (citing Ex. 1009, 13 and Ex. 1007). Patent Owner does not challenge these assertions in the Preliminary Response.

Claims 8 and 17 each recite “the list of digital codes is generated using at least one of the following: Naïve Bayes Classifier algorithm, K Means Clustering algorithm, Support Vector Machine algorithm, linear regression, logic regression, and artificial neural networks.” Ex. 1001, 18:52–56; 20:19–23. We agree with Petitioner that written description support for this claimed subject matter first appeared in the parent ’101 application and that the parent ’345 provisional does not contain description

of this subject matter. Ex. 1007; Ex. 1009, 13; Ex. 1011 (redline changes showing differences between provisional '345 application and non-provisional '707 application); Ex. 1012 (redline changes showing differences between non-provisional '707 application and parent '101 application). Thus, we determine that Petitioner identified at least one specific claim lacking written description support in the provisional '345 application, i.e., claims 8 and 17. Thus, we agree with Petitioner that claims 8 and 17, which were contained in the application from which the '625 patent issued, have an effective filing date after March 16, 2013, and thus, these claims render the '625 patent eligible for post-grant review under AIA § 6(f)(2)(A).

We further determine that Petitioner filed the Petition within the 9-month statutory period for requesting post-grant review. 35 U.S.C. § 321(c). The '625 patent issued on November 27, 2018 (*see* Ex. 1001, code (45)), and the Petition in this proceeding was accorded a filing date of August 23, 2019 (*see* Paper 4). Thus, the Petition was filed less than 9 months after the date of issuance of the '625 patent.

B. Discretionary Considerations

1. 35 U.S.C. § 325(d)

Petitioner presents arguments about our discretion under 35 U.S.C. § 325(d). Pet. 91–92. Patent Owner does not address § 325(d) in its Preliminary Response. Nevertheless, because the Examiner rejected the claims under 35 U.S.C. § 101 during prosecution of the '625 patent, and Patent Owner overcame that rejection, we consider whether we should exercise our discretion to deny institution.

Section 325(d) provides that the Director may elect not to institute² a proceeding if the challenge to the patent is based on matters previously presented to the Office. As stated in 35 U.S.C. § 325(d), in pertinent part:

In determining whether to institute or order a proceeding under this chapter, chapter 30, or chapter 31, the Director may take into account whether, and reject the petition or request because, the same or substantially the same prior art or arguments previously were presented to the Office.

The Board recently explained a two-part framework that the Board uses under § 325(d):

- (1) whether the same or substantially the same art previously was presented to the Office or whether the same or substantially the same arguments previously were presented to the Office; and
- (2) if either condition of first part of the framework is satisfied, whether the petitioner has demonstrated that the Office erred in a manner material to the patentability of challenged claims.

Advanced Bionics, LLC v. MED-EL Elektromedizinische Geräte GmbH, IPR2019-01469, Paper 6 at 8 (PTAB Feb. 13, 2020). The Board further explained that “[i]f a condition in the first part of the framework is satisfied and the petitioner fails to make a showing of material error, the Director generally will exercise discretion not to institute.” *Id.* at 8–9. “If reasonable minds can disagree regarding the purported treatment of the art or arguments, it cannot be said that the Office erred in a manner material to patentability.” *Id.* at 9. The *Becton, Dickinson*³ factors, which address discretion to deny when a Petition presents the same or substantially the

² The Board institutes trial on behalf of the Director. 37 C.F.R. § 42.4(a).

³ *Becton, Dickinson & Co. v. B. Braun Melsungen AG*, IPR2017-01586, Paper 8 (Dec. 15, 2017) (precedential as to § III.C.5, first paragraph) (“*Becton, Dickinson*”).

same prior art or arguments previously presented to the Office, are instructive. *Id.* (“[T]he *Becton, Dickinson* factors provide useful insight into how to apply the framework under 35 U.S.C. § 325(d).” (Footnote omitted)).

In this case, the ground of unpatentability relevant to the § 325(d) inquiry is not based on prior art. Rather, it is based on unpatentability of the challenged claims under 35 U.S.C. § 101. Thus, an issue relevant to this case is whether the arguments presented in the Petition as to unpatentability of the challenged claims under 35 U.S.C. § 101 are the same or substantially the same arguments previously presented to the Office. *See Becton, Dickinson*, IPR2017-01586, Paper 8 at 17–18 (identifying factors that compare a petition’s arguments with issues and arguments raised in the prosecution history). To answer this question, we compare the issues addressed by the Office during examination in this case with the arguments presented in the Petition.

a) Prosecution history of the ’625 patent

As discussed above, the ’625 patent issued from the ’237 application, which claims priority to the parent ’101 application and the grandparent ’707 application. Ex. 1001, code (63).

During prosecution of the parent ’101 application, the applicant presented original claims 1–24. Ex. 1009, 32–38. The Examiner issued a non-final Office action rejecting all of the claims under 35 U.S.C. § 101. *Id.* at 89. The Examiner found that independent claims 1 and 17 “are directed to the abstract idea of tracking an impact of discount codes and applying the best discount to one or more items selected for purchase in order to reduce a total price to be paid by the user for the one or more items.” *Id.* The Examiner determined that “providing and applying discounts to purchases in order to reduce a total price to be paid by the user has been held by the

courts to be certain fundamental economic and conventional business practices” and, thus, the claims are directed to an abstract idea. *Id.* at 89–90 (citing *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709 (Fed. Cir. 2014)). The Examiner then determined that the claims do not recite any additional elements that amount to significantly more than the abstract idea, and that “any general purpose computer system” could perform the functions of the claims. *Id.* at 90. The Examiner applied similar analysis to the other claims 2–16 and 18–24. *Id.* at 90–91.

In response, the applicant amended claims 1–24. Ex. 1009, 112–118. The applicant also submitted extensive arguments traversing the rejection under 35 U.S.C. § 101. *Id.* at 121–127 (presenting arguments under *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 573 U.S. 208 (2014), the 2014 Interim Guidance on Subject Matter Eligibility, 79 Fed. Reg. 74,618 (Dec. 16, 2014) (“2014 Interim Guidance”), USPTO Memorandum, Formulating a Subject Matter Eligibility Rejection and Evaluating the Applicant’s Response to a Subject Matter Eligibility Rejection (May 4, 2016), *available at* <https://www.uspto.gov/sites/default/files/documents/ieg-may-2016-memo.pdf>, and USPTO Memorandum, Recent Subject Matter Eligibility Decisions (Nov. 2, 2016), *available at* <https://www.uspto.gov/sites/default/files/documents/McRo-Bascom-Memo.pdf>). The applicant also addressed patentability of the claims in light of several Federal Circuit decisions, including *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327 (Fed. Cir. 2016), *BASCOM Global Internet Services, Inc. v. AT&T Mobility LLC*, 827 F.3d 1341 (Fed. Cir. 2016), *McRO, Inc. v. Bandai Namco Games America Inc.*, 837 F.3d 1299 (Fed. Cir. 2016), *Amdocs (Israel) Limited v. Openet Telecom, Inc.*, 841 F.3d 1288 (Fed. Cir. 2016), and *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014). Ex. 1009, 121–127.

The Examiner then issued a final Office action maintaining the same § 101 rejection of claim 1–24. Ex. 1009, 151–155. The final Office action included a response by the Examiner to the applicant’s arguments on the § 101 rejection. *Id.* at 164–166. The applicant then allowed the application to go abandoned in favor of the ’237 application. *Id.* at 178.

During prosecution of the ’237 application, the applicant presented original claims 1–19. Ex. 1010, 11–14. The Examiner issued a non-final Office action rejecting all of the claims under 35 U.S.C. § 101. *Id.* at 95–97. The Examiner found that claim 11 “is directed to the idea of identifying and applying digital code (i.e. discount) that causes the greatest change in value compared to the other digital codes (discounts) on the list.” *Id.* at 95. The Examiner determined that “providing and applying digital codes (i.e. discounts) that causes the greatest change in value has been held by the courts to be certain fundamental economic and conventional business practices.” *Id.* (citing *Ultramercial*). The Examiner then determined that the claim does not recite any additional elements that amount to significantly more than the abstract idea, and that “any general purpose computer system” could perform the functions of the claim. *Id.* at 95–96. The Examiner applied similar analysis to the other claims 1–10 and 12–19. *Id.* at 96–97.

In response, the applicant amended claims 1–19. Ex. 1010, 125–129. The applicant also submitted extensive arguments traversing the rejection under 35 U.S.C. § 101. *Id.* at 130–136 (presenting arguments under *Alice Corp.*, the USPTO’s 2014 Interim Guidance; USPTO Memorandum, Recent Subject Matter Eligibility Decisions (*Enfish, LLC v. Microsoft Corp.* and *TLI Commc ’ns LLC v. A.V. Automotive, LLC*) (May 19, 2016), available at https://www.uspto.gov/sites/default/files/documents/ieg-may-2016_enfish_memo.pdf; USPTO, Subject Matter Eligibility Examples:

Business Method (Examples 34–36) (December 15, 2016), *available at* https://www.uspto.gov/sites/default/files/documents/101_examples-1to36.dpf; and USPTO Memorandum, Changes in Examination Procedure Pertaining to Subject Matter Eligibility, Recent Subject Matter Eligibility Decision (*Berkheimer v. HP, Inc.*) (April 19, 2019), *available at* <https://www.uspto.gov/sites/default/files/documents/memo-berkheimer-20180419.PDF>). The applicant also addressed patentability of the claims in light of several Federal Circuit decisions, including *Core Wireless Licensing S.A.R.L. v. LG Electronics, Inc.*, 880 F.3d 1356 (Fed. Cir. 2018); *Enfish; BASCOM*; and *In re TLI Commc'ns LLC Patent Litigation*, 823 F.3d 607 (Fed. Cir. 2016). Ex. 1010, 130–136.

The applicant subsequently filed a supplemental amendment to claims 1–19. Ex. 1010, 147–151. Specifically, the applicant amended independent claim 1, a system claim, to recite that the software is configured to “automatically” input each of the digital codes into the data entry interface without selection of each code by the user and “apply the digital code that causes the greatest change in the numerical value to obtain and display a resulting numerical value on the third party website.” *Id.* at 147–148. The applicant made similar amendments to independent claim 11, a method claim. *Id.* at 150.

In the remarks accompanying this supplemental amendment, the applicant referred to a phone interview with the Examiner, in which the Examiner “suggested that arguments supporting patent eligibility under 35 USC § 101 that included recent case law such as *Core Wireless* and *BASCOM* would be useful to consider and could overcome this rejection.” *Id.* at 152; *see also id.* at 121 (Applicant-Initiated Interview Summary, nothing that “Applicant further will argue the *Core Wireless* and *BASCOM*

decision[s] for eligibility under 101”). The applicant submitted additional arguments that focused on whether the elements of the claims considered both individually and as an ordered combination transform the nature of the claim into a patent-eligible application. *Id.* at 154 (citing *TLI Commc ’ns*, 823 F.3d at 611). The applicant argued that the claims were amended “to clarify the specific technological improvement that comprise the subject matter of the pending claims.” *Id.* at 155. As discussed with the Examiner, the applicant drew an analogy between the pending claims, as amended, and the claims found eligible in *Core Wireless*, 880 F.3d at 1359–60. *Id.* Specifically, the applicant argued that the invention is directed to “a specific technical solution” to address the problem of users becoming frustrated by having to manually apply multiple digital codes on a third party site:

The claims at issue require, among other things, the automatic input of each digital code into the data entry interface to invoke a function on the webpage for each digital code, displaying the resulting numerical value with the greatest change in value, and applying that digital code on the third-party website. This enables a user to obtain results much easier, quicker and more efficiently, thereby encouraging the user to make a purchase.

Id. at 156.

The applicant also drew an analogy between the pending claims, as amended, and the claims found eligible in *BASCOM*. *Id.* at 156 (citing USPTO, Subject Matter Eligibility Examples: Business Method (Examples 34–36) (December 15, 2016), *available at* <https://www.uspto.gov/sites/default/files/documents/ieg-bus-meth-exs-dec2016.dpf>). Specifically, the applicant argued that the pending claims:

offer the benefit of automatically interfacing with a webpage of a third party website that determines a digital code resulting in the greatest change to a numerical value and applying that

digital code, rather than manually entering and testing each potential digital code as the user would otherwise need to do. *Id.* at 158. The applicant argued that, as in *BASCOM*, the pending claims are “confined to a particular, practical application” and the combination “is not well-understood, routine, or conventional activity.” *Id.*

The Examiner then issued a final Office action. Ex. 1010, 165–176. In the final Office action, the Examiner withdrew the rejection of claims 1–19 under 35 U.S.C. § 101. *Id.* at 167 (noting that the applicant’s arguments were persuasive to overcome the rejection). After a further response by the applicant to overcome the remaining rejections, based on different statutory grounds, the Examiner allowed claims 1–19 of the ’237 application. Ex. 1010, 305–309.

b) Arguments presented in Petition

The Petition treats independent method claim 11 as representative of challenged claims 1–19 for purposes of the § 101 analysis. Pet. 30. Petitioner argues that “[a]s a whole, claim 11 is directed to the fundamental economic practice of using coupons to receive discounts on goods for purchase.” *Id.* at 31 (citing Ex. 1002 ¶ 70). Petitioner asserts that “[r]edemption of digital coupons on e-commerce websites has long been fundamental to Internet shopping and is analogous to the redemption of paper coupons in a brick-and-mortar store.” *Id.* at 34 (citing Ex. 1001, 1:25–31; Ex. 1002 ¶¶ 50–53, 70; Exs. 1033, 1037, 1038). Petitioner further argues that “the Board has held that coupon-related elements similar to those in the Challenged Claims are directed to the judicial exception of mental processes.” *Id.* at 35 (citing *Ex parte King*, Appeal 2018-004985, 2019 WL 3059866, at *6 (PTAB July 8, 2019)).

Petitioner argues that the additional elements of claim 11 do not impose a meaningful limit on the judicial exception such that they would integrate the judicial exception into a practical application. *Id.* Petitioner asserts that “[n]o part of the claims amounts to an improvement to computer functionality or anything other than automation of a once-manual method with generic computer functions to arrive at the desired result.” *Id.*

Specifically, Petitioner argues:

[T]he additional elements simply “use[] a computer as a tool to perform [the] abstract idea” of receiving coupons and redeeming the best one, and “link the use of [that] judicial exception to [the] particular technological environment” of e-commerce websites. *Cf.* [2019 Revised Patent Subject Matter Eligibility Guidance, 84 Fed. Reg. 50, 55 (Jan. 7, 2019) (“2019 Revised Guidance”)]. For example, additional elements of claim 11 are directed to “storing in memory the one or more digital codes [e.g., coupons],” which merely uses the computer as a tool to implement the idea of collecting coupons. Ex. 1002 ¶¶72, 78. That is, once received by a computer, the coupons must be stored somewhere in computer memory in order to be useful. Ex. 1002 ¶78. Other additional elements (e.g., “dynamically generating a graphical trigger [e.g., button] to be presented on the display”) merely link the abstract idea of coupon redemption to the technological environment of a web browser viewing a website through a display, providing the user with the opportunity to invoke the abstract idea. Ex. 1002 ¶¶75-76.

Id. at 35–36. Relying, in part, on the Federal Circuit’s decision in *TLI Commc’ns*, Petitioner argues that “such generalized steps directed to an abstract concept, without disclosing any improvement to computer technology, are impermissibly abstract.” *Id.* at 36.

Petitioner further argues that the claims simply add well-understood, routine, and conventional activities to describe automation of the abstract idea through generic computer functions. Pet. 38. Examining the claim

elements separately, Petitioner argues that each step of the process of claim 11 “perform[s] actions that are purely functional and devoid of implementation details.” *Id.* (citing Ex. 1002 ¶ 71). Specifically, Petitioner asserts:

Each claimed computer function, including sending and receiving data over a “public network,” “present[ing] on [a] display,” and “storing in memory one or more digital codes,” was a known idea that was routine and conventional, and thus is not inventive.

Id. (citing Ex. 1002 ¶¶ 70–80; Ex. 1010, 157). Petitioner argues that the claimed steps “recite generic computer processing expressed in functional terms to be performed by any and all possible means and so present no more than abstract conceptual concepts.” *Id.* at 39 (citing Ex. 1002 ¶¶ 70–80).

c) *Whether the same or substantially the same arguments previously were presented to the Office*

Petitioner asserts that the Petition does not present the same or substantially the same arguments previously presented to the Office because “[t]he arguments and evidence presented in this Petition were not before the examiner during prosecution.” Pet. 91. Specifically, Petitioner argues that the Examiner “did not have the benefit of the recently-issued, [2019 Revised] *Guidance* used to evaluate subject matter eligibility and did not have the benefit of this Petition’s explanation of how the challenged claims are not patent eligible or Dr. Turnbull’s analysis.” *Id.* at 91–92.

We examine each assertion in turn. First, the Office’s issuance in January 2019 of updated guidance to evaluate subject matter eligibility does not present substantively different analysis than the guidance previously considered by the Examiner during prosecution. First, the Examiner applied the two-step test set forth by the Supreme Court in *Alice*. In the 2019

Revised *Guidance*, the Office revised its examination procedure “with respect to the first step of the *Alice/Mayo* test” by “(1) Providing groupings of subject matter that is considered an abstract idea; and (2) clarifying that a claim is not ‘directed to’ a judicial exception if the judicial exception is integrated into a practical application of that exception.” 84 Fed. Reg. at 50. The 2019 Revised *Guidance* explains that “[o]nly when a claim recites a judicial exception and fails to integrate the exception into a practical application, is the claim ‘directed to’ a judicial exception, thereby triggering the need for further analysis pursuant to the second step of the *Alice/Mayo* test.” *Id.* at 51.

The 2019 Revised *Guidance* explains that in Prong One of Step 2A, “examiners evaluate whether the claim recites a judicial exception” with reference to “the subject matter groupings of abstract ideas in Section I [of the 2019 Revised *Guidance*].” *Id.* at 54. The Examiner determined, during prosecution, that the claims recited a judicial exception that is one of the enumerated subject matter groupings of abstract ideas identified in Section I of the 2019 Revised *Guidance*. Ex. 1010, 95 (identifying that the claims recite “fundamental economic and conventional business practices”). The Petition, likewise, asserts the same abstract idea as the basis for the challenge to the claims. Pet. 31. Thus, we determine Petitioner’s arguments, presented under Prong One of Step 2A of the 2019 Revised *Guidance*, are substantially the same as the arguments previously presented to the Office.

The 2019 Revised *Guidance* explains that in Prong Two of Step 2A, “examiners should evaluate whether the claim as a whole integrates the received judicial exception into a practical application of the exception.” 84 Fed. Reg. at 54. The 2019 Revised *Guidance* acknowledges that “Prong

Two represents a change from prior guidance.” *Id.* Notably, the 2019 Revised *Guidance* explains that “revised Step 2A specifically excludes consideration of whether the additional elements represent well-understood, routine, conventional activity.” *Id.* at 55 (providing that “examiners should ensure that they give weight to all additional elements, whether or not they are conventional, when evaluating whether a judicial exception has been integrated into a practical application”). The 2019 Revised *Guidance* advises examiners that “[b]ecause revised Step 2A does not evaluate whether an additional element is well-understood, routine, conventional activity, examiners are reminded that a claim that includes conventional elements may still integrate an exception into a practical application, thereby satisfying the subject matter eligibility requirement of Section 101.” *Id.* at 55.

As discussed above, the Examiner withdrew the rejection under § 101 of claims 1–19 in response to the applicant’s arguments that the claims integrate an exception into a practical application. Ex. 1001, 156–158, 167. Because Prong Two of revised Step 2A does not require examiners to evaluate whether an additional element is well-understood, routine, conventional activity when determining whether the elements integrate an exception into a practical application, examination of the claims of the ’625 patent under the 2019 Revised *Guidance* would have made it easier for the Examiner to determine that the additional elements recited in the claims integrate the exception into a practical application. Thus, we determine that Petitioner’s arguments, presented under Prong Two of Step 2A of the 2019 Revised *Guidance*, are substantially the same as the arguments previously presented to the Office.

Petitioner also argues that the arguments are not substantially the same because the Examiner did not “have the benefit of this Petition’s explanation of how the challenged claims are not patent eligible or Dr. Turnbull’s analysis.” Pet. 91–92. Petitioner proffers Dr. Turnbull as an “expert in software design and architecture, including Internet, Web and mobile systems.” Ex. 1002 ¶ 3. Petitioner directs us to paragraphs 50–53, 70–80, 92, 96, and 106 of Dr. Turnbull’s testimony as relevant to the § 101 ground. Pet. 31–60 (analyzing representative claim 11). We examine Petitioner’s arguments and Dr. Turnbull’s testimony to determine whether they present arguments substantially different from those considered by the Examiner during prosecution of the ’625 patent.

Petitioner’s argument that claim 11 is directed to the fundamental economic practice of using coupons to receive discounts on goods for purchase is not substantially different from the Examiner’s determination that claims 1–19 recite the fundamental economic practice of identifying and applying the digital code (i.e., the discount) that causes the greatest change in value. *Compare* Pet. 31–35, 42–60 (citing Ex. 1002 ¶¶ 50–53, 70–80), *with* Ex. 1010, 95. In both cases, the argument is the same or substantially the same, i.e., that similarly identified subject matter of the claim is a fundamental economic practice.

The different outcome sought by the Petitioner as to the patent eligibility of the challenged claims turns on whether the claim recites additional elements that integrate the judicial exception into a practical application (i.e., Prong Two of Step 2A). Petitioner argues that the additional elements do not integrate the judicial exception into a practical application because the claims do not amount to an improvement to computer functionality. Pet. 35–38, 42–60 (citing Ex. 1002 ¶¶ 70–80). A

substantially similar argument was considered by the Examiner during prosecution of the '625 patent, when the Examiner considered the applicant's argument that the claims recite a "specific technological improvement." Ex. 1010, 155. Specifically, the applicant argued that the claims are directed to "a specific technical solution" because they require "the automatic input of each digital code into the data entry interface to invoke a function on the webpage for each digital code, displaying the resulting numerical value with the greatest change in value, and applying that digital code on the third-party website." *Id.* at 156 (drawing analogy to *Core Wireless*). The applicant further argued that the claims "are confined to a particular, practical application" because they "offer the benefit of automatically interfacing with a webpage of a third party website that determines a digital code resulting in the greatest change to a numerical value and applying that digital code." *Id.* at 158 (drawing analogy to *BASCOM*). Thus, the Examiner, in withdrawing the § 101 rejection in light of the applicant's arguments regarding the claim being directed to a specific technical solution, considered substantially the same argument that Petitioner's present in the Petition as to Prong Two of Step 2A.

For these reasons, we find that the Petition presents the same or substantially the same arguments previously presented to the Office under § 325(d).

d) Whether Petitioner sufficiently demonstrates that the Office erred

Petitioner asserts that the Examiner's withdrawal of the § 101 rejection "without explanation" was in error. Pet. 78. Specifically, Petitioner argues that the applicant's arguments based on *Core Wireless* and *BASCOM* were "flawed." Pet. 76. As to *Core Wireless*, Petitioner argues

that the applicant's comparison based on the common use of the word "interface" was "unhelpful." *Id.* at 77. "That the computer system of the '625 patent 'interfaces' with a webpage of a third party does not provide a particular claimed improvement to a user interface, as in *Core Wireless*." *Id.* Petitioner further argues that "contrary to the applicant's assertion during prosecution, the claims of the '625 patent are *not* 'directed to a specific technical solution.'" *Id.* Petitioner argues that the claims at issue in *BASCOM* are distinguishable from the '625 patent claims, because the elements of the '625 claims are not arranged to recite any sort of improvement over prior-art technology. *Id.* Petitioner asserts that the applicant's arguments that the claimed arrangement of known elements is "unlike the prior art" and "confined to a particular, practical application" were "unsupported." *Id.* at 77–78 (quoting Ex. 1010, 157–58).

Petitioner further argues that during prosecution, the applicant suggested that the step of "automatically inputting" coupon codes into the data-entry interface is the key element that allows the user to "obtain results quicker and more efficiently." Pet. 39 (citing Ex. 1010, 156). Petitioner argues that "all purported inventive aspects reside in the functional result (applying the digital code that causes the greatest change), not in how the processing technologically achieves those results." *Id.* at 39–40 (arguing that "the '625 patent fails to claim any specific technique for doing so"); *see also id.* at 51 (arguing that the "automatically inputting" step "merely uses the computer as a tool to perform the abstract idea"). "Even though this element may arguably provide some efficiencies, that is not enough to render a claim non-abstract." *Id.* at 51; *see also id.* at 53–54 (arguing that the "automatically inputting" step does not render the claims patent eligible because "it amounts to nothing more than reciting that the abstract idea of

the claim – the application of digital coupon codes – is implemented on a computer” (citing Ex. 1002 ¶ 76)).

The Examiner withdrew the rejection under § 101 of claims 1–19 because “[t]he arguments filed on 5/17/2018 were persuasive on the 101 rejections.”⁴ Ex. 1010, 167. We determine from this statement that the Examiner specifically considered the analogies presented by the applicants between the subject matter of claims 1–19 and the claims at issue in the decisions in *Core Wireless* and *BASCOM* and agreed that the claimed subject matter recites additional elements that integrate the judicial exception into a practical application.

In our view, the question under Prong Two is a close one. A key question presented by the Petition is whether the additional limitation that the system automatically inputs each of the digital codes into the data entry interface adds a meaningful limit on the judicial exception. The 2019 Revised *Guidance* provides that an additional element may have integrated the exception into a practical application if “[a]n additional element reflects an improvement in the functioning of a computer, or an improvement to other technology or technical field” or it “applies or uses the judicial exception in some other meaningful way beyond generally linking the use of the judicial exception to a particular technological environment, such that the claim as a whole is more than a drafting effort designed to monopolize the exception.” 84 Fed. Reg. at 55. Specifically, footnotes 25 and 29 in the 2019 Revised *Guidance* direct the reader to MPEP §§ 2106.05(a) and (e) and

⁴ The applicant presented similar arguments addressing *Core Wireless* and *BASCOM* in the Response and Amendment dated May 17, 2018 and in the Supplemental Response and Amendment dated July 13, 2018. Compare Ex. 1010, 132–135, with Ex. 1010, 155–158.

to USPTO Memorandum, Recent Subject Matter Eligibility Decisions (April 2, 2018), *available at* <https://www.uspto.gov/sites/default/files/documents/memo-recent-sme-ctdec-20180402.PDF> (“the *Finjan* Memorandum”). *Id.* The Office issued the *Finjan* Memorandum on April 2, 2018. Thus, the Examiner received this guidance prior to issuing the final Office Action in July 2018, in which the Examiner withdrew the § 101 rejection. Ex. 1010, 165–167.

The *Finjan* Memorandum discusses the Federal Circuit’s holdings in *Finjan Inc. v. Blue Coat Systems, Inc.*, 879 F.3d 1299 (Fed. Cir. 2018) and *Core Wireless*, noting that “[t]hese two decisions demonstrate that a claim reciting a software-related invention focused on improving computer technology may not be directed to an abstract idea.” We find that the Examiner’s decision to withdraw the § 101 rejection was reasonable in light of controlling case law and applicable USPTO guidance, including the *Finjan* Memorandum. In particular, we find that it would have been reasonable for the Examiner to find persuasive the applicant’s argument that claims 1–19 recite a practical application of the judicial exception.

Further, we find the Examiner’s decision that the claims recite a practical application of the judicial exception is reasonable in light of controlling case law and applicable USPTO guidance, including the Subject Matter Eligibility Examples provided with the 2019 Revised *Guidance*. 2019 Revised *Guidance*, Examples 37–42. For instance, Example 37 provides a sample claim that integrates a judicial exception (mental process) into a practical application by reciting a specific manner of automatically displaying icons to the user based on usage, which provides a specific improvement over prior systems, resulting in an improved user interface for electronic devices. We find that it would be reasonable to draw an analogy

between the specific manner of implementation recited in challenged claims 1–19 and the claimed subject matter of Example 37. Thus, Petitioner’s argument as to unpatentability under 35 U.S.C. § 101, at best, raises an issue on which reasonable minds can differ. “If reasonable minds can disagree regarding the purported treatment of the art or arguments, it cannot be said that the Office erred in a manner material to patentability.” *Advanced Bionics*, IPR2019-01469, Paper 6 at 9.

e) Conclusion

For the reasons set forth above, we do not institute review of claims 1–19 under the first ground because, under 35 U.S.C. § 325(d), the same or substantially the same arguments previously were presented to the Office, and Petitioner has not shown that the Office erred in a manner material to patentability.

2. *35 U.S.C. § 324(a)*

Pursuant to 35 U.S.C. § 324(a), a post-grant review may not be instituted “unless . . . the information presented in the petition . . . if such information is not rebutted, would demonstrate that it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable.” But even when a petitioner demonstrates a reasonable likelihood of prevailing with respect to one or more claims, institution of review remains discretionary. *See SAS Inst. Inc. v. Iancu*, 138 S. Ct. 1348, 1356 (2018) (“[Section] 314(a) invests the Director with discretion on the question whether to institute review” (emphasis omitted)); *Harmonic Inc. v. Avid Tech., Inc.*, 815 F.3d 1356, 1367 (Fed. Cir. 2016) (“[T]he PTO is permitted, but never compelled, to institute an IPR proceeding.”).

In exercising that discretion, we are guided by the statutory requirement, in promulgating regulations for post-grant review, to consider

the effect of any regulations on “the efficient administration of the Office [and] the ability of the Office to timely complete proceedings,” 35 U.S.C. § 326(b), as well as the requirement to construe our rules to “secure the just, speedy, and inexpensive resolution of every proceeding,” 37 C.F.R. § 42.1(b). Office guidance, issued June 5, 2018, also explains that the Board “will evaluate the challenges and determine whether § 325(d) is sufficiently implicated that its statutory purpose would be undermined by instituting on all challenges” and, if so, “evaluate whether the entire petition should be denied.” *SAS Q&A’s*, Part D, Effect of *SAS* on Future Challenges that Could Be Denied for Statutory Reasons (June 5, 2018), *available at* https://www.uspto.gov/sites/default/files/documents/sas_qas_20180605.pdf (answer to Question D1).

Here, Petitioner challenged claims 1–19 under a first asserted ground of unpatentability and challenged dependent claims 5, 7, and 16 under a second asserted ground of unpatentability. As discussed above, we determine that § 325(d) is sufficiently implicated to deny institution of the first ground asserting unpatentability of claims 1–19 under § 101. The second asserted ground implicates only three dependent claims and is based on a challenge to these claims for indefiniteness under 35 U.S.C. § 112(b) based on lack of adequate antecedent basis for the recitation of “the server.” Pet. 84. We note that a magistrate judge in the related litigation issued a Report and Recommendation in which “the court recommends that ‘the server’ be found indefinite.” Ex. 2015, 46. Thus, this issue is squarely before the district court and the district court already has expended resources considering this issue.

On this record, and based on the particular facts of this proceeding, instituting a trial with respect to all nineteen claims and on both grounds

based on evidence and arguments directed to only three dependent claims would not be an efficient use of the Board's time and resources. *See, e.g., Deeper, UAB v. Vexilar, Inc.*, IPR2018-01310, Paper 7 at 41–43 (PTAB Jan. 24, 2019) (informative); *Chevron Oronite Co. v. Infineum USA L.P.*, IPR2018-00923, Paper 9 at 10–11 (PTAB Nov. 7, 2018) (informative). Further, we find that § 325(d) is sufficiently implicated by the first ground raised under § 101 that its statutory purpose would be undermined by instituting on all challenges. Thus, we do not institute a post-grant review.

IV. CONCLUSION

For the foregoing reasons, we do not institute post-grant review.

V. ORDER

In consideration of the foregoing, it is hereby:

ORDERED that, pursuant to 35 U.S.C. §§ 324 and 325(d), the Petition is *denied*.

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Patent 10,140,625 B2

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