

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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GROUPON, INC.  
Petitioner,

v.

BLUE CALYPSO, LLC  
Patent Owner.

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Case CBM2013-00033  
Patent 8,155,679

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Before JONI Y. CHANG, MICHAEL W. KIM, and  
BARBARA A. BENOIT, *Administrative Patent Judges*.

BENOIT, *Administrative Patent Judge*.

DECISION  
Institution of Covered Business Method Patent Review  
*37 C.F.R. § 42.208*

## I. INTRODUCTION

Groupon, Inc. (“Petitioner”) filed a petition (“Pet.”) requesting a review under the transitional program for covered business method patents of U.S. Patent No. 8,155,679 (Ex. 1001, “the ’679 patent”). Paper 1. Blue Calypso, LLC (“Patent Owner”) filed a preliminary response (“Prelim. Resp.”). Paper 7. The Board has jurisdiction under 35 U.S.C. § 324.<sup>1</sup>

The standard for instituting a covered business method patent review is set forth in 35 U.S.C. § 324(a), which provides as follows:

**THRESHOLD**—The Director may not authorize a post-grant review to be instituted unless the Director determines that the information presented in the petition filed under section 321, 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.

Petitioner challenges the patentability of claims 1-27 of the ’679 patent under 35 U.S.C. §§ 102 and 103. Taking into account Patent Owner’s preliminary response, we determine that the information presented in the petition demonstrates that it is more likely than not that the challenged claims are unpatentable. Pursuant to 35 U.S.C. § 324, we authorize a covered business method patent review to be instituted as to claims 1-27 of the ’679 patent.

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<sup>1</sup> See Section 18(a) of the Leahy-Smith America Invents Act, Pub. L. 112-29, 125 Stat. 284, 329 (2011) (“AIA”).

*A. The '679 Patent*

The '679 patent relates to a system and method for peer-to-peer advertising between mobile communication devices. Ex. 1001, Abstract; col. 2, ll. 22-31. The '679 patent describes how advertisements may be transmitted before, or after, transmissions between peer-to-peer devices, such as cellular phones. *Id.* at col. 2, ll. 22-31, 42-49. To encourage transmissions of advertisements, advertisers provide subsidies and incentives, such as reduced communication fees or product discounts, to qualified subscribers. *Id.* at col. 3, ll. 39-45. An advertiser may manage its own subsidy program or may participate in a subsidy program managed by an intermediary. *Id.* at col. 3, ll. 21-24. An intermediary may be funded by, for example, advertisers, Internet service providers, telecommunications providers, or other entities independent from the advertisers. *Id.* at col. 2, ll. 31-38.

To set up a subsidy program, an advertiser identifies subscriber characteristics that must be met for a subscriber to participate in the subsidy program, and identifies the subsidies to be received by subscribers when various performance criteria are met. *Id.* at col. 3, ll. 39-65. Examples of performance criteria relate to number and length of communication transmissions. *Id.* at col. 3, ll. 54-56. The subsidy program enables advertisers to identify subscribers to subsidize communication fees, offer product discounts, generate and accumulate “reward points,” and mitigate or defer other types of subscriber expenses. *Id.* at col. 3, ll. 39-45.

*B. Related Matters*

Petitioner and Patent Owner identify the following related district court proceedings involving the '679 Patent: *Blue Calypso, Inc. v. Groupon, Inc.*, Case No. 6:12-cv-486 (E.D. Tex); *Blue Calypso, Inc. v. IZEA, Inc.*, Case No. 6:12-cv-786 (E.D. Tex); *Blue Calypso, Inc. v. Yelp, Inc.*, Case No. 6:12-cv-788 (E.D. Tex); *Blue Calypso, Inc. v. FourSquare Labs, Inc.*, Case No. 6:12-cv-837 (E.D. Tex); *Blue Calypso, Inc. v. MyLikes Inc.*, Case No. 6:12-cv-838 (E.D. Tex); and *Blue Calypso, Inc. v. Livingsocial, Inc.*, Case No. 2:12-cv-518 (E.D. Tex). Pet. 4; Paper 6 at 2.

Petitioner also has requested review of the following patents related to the '679 patent— U.S. Patent No. 7,664,516 (“the '516 patent”) (Case No. CBM2013-00035), U.S. Patent No. 8,457,670 (“the '670 patent”) (Case No. CBM2013-00034), U.S. Patent No. 8,438,055 (“the '055 patent”) (Case No. CBM2013-00046), and U.S. Patent No. 8,452,646 (“the '646 patent”) (Case No. CBM2013-00044). The '679 patent issued from a continuation-in-part of an application that issued as the '516 patent. The specification of the '679 patent includes additional disclosure not part of the parent application. *See, e.g.*, Ex. 1001, col. 6, l. 58 – col. 12, l. 16; Figs. 6-9. Additionally, three patents claim priority to the application that issued as the '679 patent: the '670 patent, the '055 patent, and the '646 patent.

*C. Illustrative Claims*

Petitioner challenges all twenty-seven claims of the '679 patent. Claims 1, 7, and 23 are independent claims. Claims 1 and 7 are illustrative of the claims at issue and read as follows:

1. In a system comprising a network, a source communication device, a destination communication device and an intermediary connected to the network, said intermediary comprising a server adapted to execute a method for providing advertising content from at least one advertiser of a group of advertisers to a recipient associated with the destination communication device and for subsidizing a qualified subscriber associated with the source communication device comprising:

obtaining a first profile from the at least one advertiser in the group of advertisers including a set of demographic requirements related to at least one advertiser of a group of advertisers and storing the first profile by the intermediary;

obtaining a second profile from the source communication device including a set of demographic data related to a subscriber and storing the second profile by the intermediary;

deriving a match condition between the first profile and the second profile;

determining if the subscriber is a qualified subscriber based on the match condition;

conditioning a set of subsidy programs based on the match condition;

communicating a subsidy program of the set of subsidy programs to the qualified subscriber;

receiving one or more selections of the at least one advertiser of the group of advertisers and of the chosen subsidy program from the set of subsidy programs;

providing an endorsement tag related to the at least one advertiser of the group of advertisers and linked with the advertising content;

transmitting to the qualified subscriber information for creating a content communication that can be sent from the qualified subscriber to the recipient, the content communication including the endorsement tag;

subsidizing the qualified subscriber according to the chosen subsidy program;

receiving a signal through execution of the endorsement tag to transmit the advertising content; and,

transmitting the advertising content to the recipient.

7. A method for providing access to an advertisement from an advertiser to a source communication device possessed by a subscriber and distributing the access to the advertisement from the source communication device to a destination communication device possessed by a recipient, wherein the destination communication device is compatible with the source communication device, and the recipient having a relationship to the subscriber, the method being executed by a processor, and comprising the steps of:

comparing a desired demographic profile to a subscriber demographic profile to derive a match;

establishing a bi-lateral endorsement between the subscriber and the advertiser;

providing a subsidy program to the subscriber based on the match;

sending a token related to the advertisement to an endorsement manager activated on the source communication device;

sending, to the source communication device, information that can be used to initiate a communication session between the source communication device and the

destination communication device and to transmit a message, including the token, from the source communication device to the destination communication device contemporaneously with the communication session; and

recognizing a subsidy, according to the subsidy program, for the subscriber after a termination of the communication session.

*D. The Alleged Grounds of Unpatentability*

The information presented in the Petition sets forth Petitioner's contentions of unpatentability of claims 1-27 of the '679 patent under 35 U.S.C. §§ 102 and 103 based on the following specific grounds (Pet. 9, 19-80):

<b>Reference(s)</b>	<b>Basis</b>	<b>Challenged Claims</b>
Ratsimor <sup>2</sup>	§ 102(b)	1-16 and 23-27
Paul <sup>3</sup>	§ 102(b)	1-16 and 23-27
Ratsimor and Paul	§ 103	1-27
Ratsimor and McLean <sup>4</sup>	§ 103	1-22

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<sup>2</sup> Ratsimor, Olga, et al., Technical Report TR-CS-03-27 "Intelligent Ad Hoc Marketing Within Hotspot Networks," published November 2003 (Ex. 1006) (hereinafter "Ratsimor").

<sup>3</sup> U.S. Patent Application Publication 2002/0169835 A1 (Ex. 1007) (hereinafter "Paul").

<sup>4</sup> U.S. Patent Application Publication 2007/0207780 A1 (Ex. 1022) (hereinafter "McLean").

## II. ANALYSIS

We turn now to Petitioner's asserted grounds of unpatentability and Patent Owner's arguments in its preliminary response to determine whether Petitioner has met the threshold of 35 U.S.C. § 324(a).

### A. *Claim Construction*

As a step in our analysis for determining whether to institute a review, we determine the meaning of the claims for purposes of this decision. In a covered business method patent review, a claim in an unexpired patent shall be given its broadest reasonable construction in light of the specification of the patent in which it appears. 37 C.F.R. § 42.300(b). Under the broadest reasonable construction standard, claim terms are 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). Any special definition for a claim term must be set forth in the specification with reasonable clarity, deliberateness, and precision. *In re Paulsen*, 30 F.3d 1475, 1480 (Fed. Cir. 1994). We must be careful not to read a particular embodiment appearing in the written description into the claim if the claim language is broader than the embodiment. *In re Van Geuns*, 988 F.2d 1181, 1184 (Fed. Cir. 1993). We construe the terms below in accordance with these principles.

Petitioner submits proposed constructions for several claim terms and asserts the terms should be construed in accordance with "their broadest reasonable [construction] as asserted by [Patent Owner]" in district court



litigation. Pet. 10-11 (citing Ex. 1009). We note that the broadest reasonable construction of claim terms is not limited by Patent Owner's infringement contentions.

Patent Owner provides its proposed claim constructions for several claim terms, contending that Petitioner's proposed constructions are inconsistent with the broadest reasonable construction standard. Prelim. Resp. 32-37.

1. "*subsidy*"

Each of independent claims 7 and 23 recites "subsidy." For example, independent claim 7 recites "recognizing a subsidy, according to the subsidy program, for the subscriber," and independent claim 23 recites "the system providing a subsidy to a qualified subscriber associated with the first communication device"; "determine an amount of the subsidy according to the evaluation"; and "relate the subsidy to the qualified subscriber."

Petitioner does not propose a construction for "subsidy." Patent Owner contends the broadest reasonable construction of "subsidy" is "value or savings" and, as will be made clear in its contentions below, that "subsidy" encompasses items that are non-financial. As support, Patent Owner cites the following from the '679 patent as examples of non-financial "subsidies": product discounts, reward points, and mitigating or deferring expenses. Patent Owner further contends that, by reciting the following, the '679 patent indicates that "subsidy" encompasses items that are non-financial: "advertisers 10 may provide other types of subsidies or incentives

to the subscribers 1 without departing from the spirit or scope of the present disclosure.” Prelim. Resp. 34 (quoting Ex. 1001, col. 3, ll. 45-48).

The ’679 patent does not set forth a special definition for “subsidy.” Accordingly, we look to the ordinary meaning of the term “subsidy”— financial assistance given by one to another.<sup>5</sup> The ’679 patent’s use of “subsidy” is consistent with its ordinary meaning. Specifically, the ’679 patent describes an advertiser setting up a subsidy program to subsidize communication fees, offer product discounts, generate and accumulate “reward points” for subscribers, or mitigate or defer other expenses of the subscriber. Ex. 1001, col. 3, ll. 39-45 (referring to Fig. 2). Also, the ’679 describes, as part of a subscriber setup process, an intermediary presenting, to a subscriber for selection, “subsidy programs available, including the criteria for continued subsidy and levels of subsidy.” Ex. 1001, col. 4, ll. 59-65 (referring to Fig. 3); *see also id.* at col. 4, ll. 16-17. In an example of a bi-directional endorsement process, the ’679 patent further describes an advertiser calculating the amount to subsidize the subscriber for endorsement, noting that some subscribers may receive a larger subsidy than other subscribers. Ex. 1001, col. 8, ll. 47-53 (referring to Fig. 7a); *see also id.* at col. 7, l. 56.

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<sup>5</sup> AMERICAN HERITAGE DICTIONARY 896 (3d ed. 1992) (defining “**subsidy**” as “**1.** Monetary assistance granted by a government to a person or group in support of an enterprise regarded as being in the public interest. **2.** Financial assistance given by one person or government to another.”).

In light of the specification, we disagree with Patent Owner that “subsidy” encompasses items that are non-financial, as we are not persuaded that any of its proffered examples are non-financial. More specifically, product discounts reduce the monetary cost of a financial transaction, reward points are a form of currency, and mitigating or deferring expenses reduces the monetary cost of a financial transaction or postpones the monetary cost of a financial transaction, respectively. Because we are not persuaded that Patent Owner has shown any non-financial examples of “subsidy” in the ’679 patent, we also are not persuaded by Patent Owner’s contention that a general reference to “other types of subsidies or incentives” in the ’679 patent is sufficient to alter the ordinary meaning of “subsidy” to encompass items that are non-financial.

Accordingly, we construe “subsidy” as “financial assistance given by one to another.”

## 2. “*subsidy program*”

Independent claim 1 does not recite “subsidy” but does recite “subsidy program.” Among other limitations, independent claim 1 recites “subsidizing the qualified subscriber according to the chosen subsidy program.”

The parties disagree on the broadest reasonable construction of “subsidy program.” Pet. 10; Prelim. Resp. 34-36. Relying on the ’679 patent’s example of an advertiser setting up a subsidy program, Petitioner contends “subsidy program” should be construed as “a program associated with an advertiser that mitigates or defers an expense of a subscriber that is

selected by an advertiser.” Pet. 10 (citing Ex. 1001, col. 3, ll. 39-45). Relying on the same passage in the ’679 patent, Patent Owner contends “subsidy program” should be construed as “a set of rules governing a subsidy distribution.” See Prelim. Resp. 34 (citing Ex. 1001, col. 3, ll. 39-65).

The ’679 patent does not set forth a special definition for “subsidy program.” The ’679 patent’s use of “subsidy program” is consistent with the construction of “subsidy” to mean “financial assistance given by one to another” and the ordinary meaning of “program”—a system of services, opportunities, or projects, usually designed to meet a social need.<sup>6</sup> For example, in relation to an advertiser setting up a subsidy program, the ’679 patent describes a subsidy program as enabling advertisers “to select or endorse desirable subscribers” and enabling advertisers to identify “what level of discounts, credits, points, or offerings” a subscriber would receive as a subsidy. Ex. 1001, col. 3, ll. 39-45, 51-54. The ’679 patent also describes an intermediary presenting, to a subscriber for selection, “available subsidy programs, including the criteria for continued subsidy and levels of subsidy.” Ex. 1001, col. 4, ll. 59-65.

Neither party’s proposed construction reflects the broadest reasonable construction in light of the specification of the ’679 patent. Petitioner’s proposed construction does not comport with the construction of “subsidy”

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<sup>6</sup> AMERICAN HERITAGE DICTIONARY 1447 (3d ed. 1992) (defining “**program**” as “**4.** A system of services, opportunities, or projects, usually designed to meet a social need”).

as “financial assistance given by one to another.” Patent Owner’s proposed construction, in reciting “subsidy distribution,” does not accord sufficient weight to the function of a “subsidy program” to select subscribers, as described in the ’679 patent.

Accordingly, we construe “subsidy program” as “a system of opportunities designed to give financial assistance to another.”

### 3. “*bi-lateral endorsement*”

Independent claim 7 recites “establishing a bi-lateral endorsement between the subscriber and the advertiser,” whereas independent claim 23 recites that a processor of the intermediary is configured to “determine a bi-lateral endorsement of the qualified subscriber and the at least one advertiser.” The parties disagree on the construction of “bi-lateral endorsement.” Pet. 10-11; Prelim. Resp. 43.

Petitioner contends “bi-lateral endorsement” should be construed as “approval of both the subscriber and the advertiser” based on a statement submitted with the amendment that added the claim term during prosecution of the prior-filed application—that “[b]i-lateral endorsement requires approval of both the subscriber and the advertiser to the identity of the other.” Pet. 10-11 (citing Ex. 1003 at 27).

Patent Owner contends “bi-lateral endorsement is a state of mutual selection in which the advertiser and the subscriber have each affirmatively selected the other.” Prelim. Resp. 43. Also relying on the statement made in the prior-filed application, Patent Owner contends that statement requires a bi-lateral endorsement to be limited to “a mutual selection arrangement in

which the advertiser and the subscriber each affirmatively selects or otherwise indicates approval of the other's identity.” Prelim. Resp. 37 (quoting Ex. 1003 at 27). Patent Owner indicates that the advertiser may select the subscriber either by direct selection or by matching of criteria. Prelim. Resp. 36 (citing Ex. 1001, col. 3, ll. 48-50).

The '679 patent does not set forth a special definition for “bi-lateral endorsement.” The '679 patent, however, provides an example of a bi-lateral endorsement in Figure 7a, which describes a bi-directional endorsement process between the subscriber and the advertiser, via an intermediary, during the enrollment process. Ex. 1001, col. 7, ll. 56-58. As part of an enrollment process, the advertiser decides whether to endorse a particular subscriber. *Id.* at col. 8, ll. 47-48. The bi-lateral endorsement is completed after the subscriber chooses at least one plan and one advertiser for endorsement. *Id.* at col. 8, l. 66 – col. 9, l. 3. The '679 patent also describes examples of endorsement by an advertiser of a subscriber and endorsement by a subscriber of one or more advertisers. *See id.* at col. 3, ll. 39-65; col. 4, ll. 59-65.

We recognize that aspects of both parties' proposed constructions have merit because the ordinary meaning of the terms “bi-,”<sup>7</sup> “lateral,”<sup>8</sup> and

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<sup>7</sup> AMERICAN HERITAGE DICTIONARY 181 (3d ed. 1992) (defining “**bi-**” as “**1. a. Two . . . b. Both . . . c. Both sides, parts, or directions**”).

<sup>8</sup> AMERICAN HERITAGE DICTIONARY 1017 (3d ed. 1992) (defining “**lateral**” as “**1. Of, relating to, or situated at or on the side**”).

“endorsement”<sup>9</sup> collectively mean “both sides giving approval.” The uses of “bi-lateral endorsement” in independent claims 7 and 23 indicate that an endorsement occurs between two parties, a subscriber and an advertiser, which is consistent with its ordinary meaning of “both sides giving approval.”

We clarify Petitioner’s construction to “approval of two parties,” because nothing intrinsic in “bi-lateral endorsement” requires a “subscriber” and an “advertiser.” Moreover, including “advertiser” and “subscriber” in the construction would render the claim language “between the subscriber and the advertiser” in claim 7 insignificant or meaningless.

Regarding Patent Owner’s construction, we disagree that certain terms, such as “mutual selection arrangement” and “affirmatively selects,” are necessary, because Patent Owner has not shown where these terms are set forth in the ’679 patent in a manner sufficient to supersede the ordinary meaning of the term “bi-lateral endorsement” as used in the ’679 patent. Based on its use in the ’679 patent, however, we do agree with the portion of Patent Owner’s construction that requires each party to approve of the other’s identity.

Accordingly, we construe “bi-lateral endorsement” as “approval of two parties to the identity of the other.”

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<sup>9</sup> AMERICAN HERITAGE DICTIONARY 608 (3d ed. 1992) (defining “**endorse**” as “**4.** To give approval of or support to, especially by public statement”); *id.* (defining “**endorsement**” as “**1.** The act of endorsing”).

4. *“receiving one or more selections of the at least one advertiser of the group of advertisers and of the chosen subsidy program from the set of subsidy programs”*

Among other limitations, independent claim 1 recites “receiving one or more selections of the at least one advertiser of the group of advertisers.” Patent Owner asserts that this receiving limitation, like “establishing a bi-lateral endorsement” in claim 7, requires “establishing the state of mutual selection at the intermediary”—that is, the intermediary receives both an affirmative selection of a subscriber by an advertiser and an affirmative selection from the subscriber of the same advertiser. Prelim. Resp. 44-45.

We are not persuaded. The receiving limitation recites none of the terms “bi-lateral endorsement,” “affirmative,” “an intermediary,” or “a subscriber.” We construe the receiving limitation recited in claim 1, based on its ordinary meaning, to require a party to receive one or more selections of an advertiser of a group of advertisers and a chosen subsidy program from a set of subsidy programs.

We also note that independent claim 1 further recites “providing an endorsement tag related to the at least one advertiser of the group of advertisers and linked with the advertising content,” which references “the at least one advertiser of the group of advertisers” recited in the “receiving” limitation. Accordingly, the advertiser to which the endorsement tag is related in the “providing” limitation must be the same advertiser selected in the “receiving” limitation.



*B. Standing*

Section 18 of the AIA provides for the creation of a transitional program for reviewing covered business method patents. Section 18 limits reviews to persons or their privies who have been sued or charged with infringement of a “covered business method patent,” which does not include patents for “technological inventions.” AIA §§ 18(a)(1)(B), 18(d)(1); *see also* 37 C.F.R. § 42.302.

The parties disagree as to whether Petitioner has standing to file a petition for a covered business method review of the ’679 patent. *See* Pet. 5-8; Prelim. Resp. 2, 15-31. The only dispute is whether the ’679 patent is a “covered business method patent,” as defined in the AIA and 37 C.F.R. § 42.301. *See* Pet. 5-8; Prelim. Resp. 15-31; *see also* Section I.B (Related Matters). For the reasons explained below, we conclude that the ’679 patent is a “covered business method patent.”

*1. 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, except that the term does not include patents for technological inventions.” AIA § 18(d)(1); *see* 37 C.F.R. § 42.301(a). The implementing rules and legislative history indicate that “financial product or service” should be interpreted broadly. *See* 77 Fed. Reg. 48734, 48735 (Aug. 14, 2012) (citing 157 Cong. Rec. S5432 (daily ed. Sept. 8, 2011) (statement of Sen. Schumer)).

Petitioner contends that the '679 patent is a covered business method patent because the claimed subject matter is directed to providing a subsidy, which is financial in nature. Pet. 5-6. Petitioner also indicates that the secondary classification of the '679 patent—namely, Class 705 of the United States Classification System (Data Processing: Financial, Business Practice, Management, or Cost/Price Determination)—reflects the nature of the '679 patent as a covered business method patent. *Id.* at 6.

In response, Patent Owner contends that the '679 patent secondary classification under Class 705 is deficient because the main inventive concept is reflected in a patent's primary classification (not its secondary classification), and so only the primary classification should be given consideration in determining whether a patent is a covered business method patent for purposes of review. Prelim. Resp. 17. Patent Owner also contends that the '679 patent has nothing to do with financial activity or with the management of money, banking, investments, and credit because the '679 patent is directed to peer-to-peer advertising between mobile communication devices. Prelim. Resp. 19, 23-24 (citing a definition of finance). Patent Owner also relies on its proffered construction of "subsidy" as a "value or saving," and its interpretation that "a subsidy need not be monetary—rather, a subsidy can be essentially anything that may serve as an incentive or reward." Prelim. Resp. 24-25 (citing Ex. 1001, col. 3, l. 52). Patent Owner further contends a determination that the '679 patent concerns a financial product or service, solely because it claims a "subsidy" provided to a subscriber in one step of a multi-step process, would be improper,

because if so, any patent that touches on commerce or business would be a covered business method patent. Prelim. Resp. 22-23.

A determination of whether a patent is a covered business method patent eligible for review is governed by 35 U.S.C. § 324(a) and 37 C.F.R. § 42.301, not by the classification of the patent. Moreover, Patent Owner's contentions in aggregate are misplaced. As set forth above, our inquiry is controlled not by whether a patent has to do with "financial activity or with the management of money, banking, investments, and credit," or its classification, but whether the patent "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." 37 C.F.R. § 42.301(a) (Definition of a covered business method patent).

As set forth above, independent claim 7 recites "recognizing a subsidy, according to the subsidy program, for the subscriber." Also, as set forth above, we disagree with Patent Owner's proffered construction of "subsidy" as being "non-financial." Instead, we construe "subsidy" as "financial assistance given by one to another" and "subsidy program" as "a system of opportunities designed to give financial assistance to another." Accordingly, we agree with Petitioner that the subject matter of independent claim 7 is financial in nature.

Further, independent claim 7 does more than merely "touch on commerce or business," as Patent Owner contends. The "subsidy" and "subsidy program" are central to the claims. Indeed, without the subsidy or

subsidy program, there is no incentive for a subscriber to perform the other steps in the claims.

Accordingly, the subject matter of independent claim 7 performs data processing or other operations used in the practice, administration, or management of a financial product or service. *See* 37 C.F.R. § 42.304(a).

## *2. Exclusion for Technological Inventions*

The definition of “covered business method patent” in Section 18 of the AIA expressly excludes patents for “technological inventions.” 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). The following claim drafting techniques, for example, typically do not render a patent a “technological invention”:

(a) Mere recitation of known technologies, such as computer hardware, communication or computer networks, software, memory, computer-readable storage medium, scanners, display devices or databases, or specialized machines, such as an ATM or point of sale device.

(b) Reciting the use of known prior art technology to accomplish a process or method, even if that process or method is novel and non-obvious.

(c) Combining prior art structures to achieve the normal, expected, or predictable result of that combination.

Office Patent Trial Practice Guide, 77 Fed. Reg. 48756, 48764 (Aug. 14, 2012).

Petitioner indicates that the '679 patent is not directed to a technological invention because the independent claims recite known components and are directed toward a business problem, not a technical solution. Pet. 7-8.

Patent Owner disagrees. Prelim. Resp. 27-31. Instead of pointing to specific claim language, Patent Owner describes the system shown in Figure 1 of the '679 patent. Prelim. Resp. 29-31. Patent Owner's contentions are misplaced, as the proper inquiry is on the claimed subject matter. Patent Owner also argues that using known technologies is irrelevant. Prelim. Resp. 30-31. We disagree, as the first consideration set forth in the definition under 37 C.F.R. § 42.301(b) provides that "whether the claimed subject matter as a whole recites a technological feature that is novel and unobvious over the prior art." Moreover, as the Office Patent Trial Practice Guide points out, "[m]ere recitation of known technologies" does not render a patent a "technological invention." 77 Fed. Reg. at 48764.

Patent Owner further contends that the claims of the '679 patent recite a technological feature that is novel and nonobvious over the prior art because the patent is classified as "a telecommunications-related, interactive video distribution system." Prelim. Resp. 27-28. We disagree. The classification of a patent is not relevant to the technological invention inquiry.

Patent Owner also contends that the reasons for allowance of the '679 patent evince the novel and nonobvious technological nature of the claimed

subject matter. Prelim. Resp. 28. Specifically, Patent Owner relies on the examiner's statement:

[The applied prior art reference] does not teach a second party (subscriber party) which forwards advertisement obtained from advertisers through an intermediary to a recipient. [The applied prior art reference] does not teach matching criteria between said subscriber party with the advertisers.

Prelim. Resp. 28 (citing Ex. 2026 at 43).

We disagree. The Examiner may have identified an allegedly novel and nonobvious process: forwarding an advertisement in a particular manner. These reasons for allowance, however, refer to subscribers and advertisers, which are features that are not technological, and the balance of the reasons—forwarding advertisements and matching criteria—are directed to using known technologies.

We also have considered whether the claimed subject matter solves a technical problem using a technical solution, as contended by Patent Owner, (Prelim. Resp. 29-31), but, because we conclude that claim 7 does not recite a technological feature that is novel and unobvious over the prior art, the '679 patent is a "covered business method patent" that is not excluded as a "technological invention" and, therefore, is eligible for a covered business method patent review.

*C. Asserted Ground of Anticipation By Ratsimor*

Petitioner asserts that claims 1-16 and 23-27 of the '679 patent are unpatentable under 35 U.S.C. § 102(b) as anticipated by Ratsimor. Pet. 9, 19-38. In support of this asserted ground of unpatentability, Petitioner

provides explanations as to how each claim limitation is disclosed by Ratsimor. Pet. 19-38. Petitioner relies on a Declaration of Dr. Anupam Joshi (Ex. 1008) to support its positions. Pet. 19-38 (citing Ex. 1008).

Patent Owner, however, counters that Petitioner has not established that Ratsimor is prior art to the '679 patent. Prelim. Resp. 38-42. Patent Owner also contends that Ratsimor does not disclose “receiving one or more selections of the at least one advertiser of the group of advertisers and of the chosen subsidy program from the set of subsidy programs,” as recited in independent claim 1, or “a bi-lateral endorsement,” as recited in independent claims 7 and 23. *Id.* at 5, 31-32, 42-50.

*1. Whether Ratsimor is Prior Art*

Patent Owner argues that Petitioner has failed to establish that Ratsimor is prior art, because Petitioner has not set forth sufficient evidence to indicate that (1) Ratsimor is a printed publication and (2) Ratsimor was published in November 2003. Prelim. Resp. 38-42. We are not persuaded. Petitioner presents the Declaration of Dr. Joshi, a co-author of Ratsimor. In the Declaration, Dr. Joshi indicates that “the Ratsimor technical report . . . was publicly available around November 2003” and was available from a web site of the Department of Computer Science and Electrical Engineering (CSEE) at the University of Maryland, Baltimore County (UMBC). Ex. 1008 ¶ 16; *see also id.* at ¶ 1 (explaining acronym “UMBC”); *id.* at ¶ 2 (indicating Dr. Joshi co-authored the Ratsimor reference). Petitioner also presents a copy of a web page from UMBC’s web site, which lists the

publication date of Ratsimor as November 2003. Ex. 1006 at i.<sup>10</sup> Based on this evidence, we are persuaded that Petitioner has shown that Ratsimor is a printed publication that was published in November 2003.

Patent Owner contends that Dr. Joshi's Declaration is inadequate to establish Ratsimor as prior art because, as a co-author of the reference and an expert testifying for Petitioner, Dr. Joshi is an interested witness for which corroboration is required. Prelim. Resp. 40-41 (citing *Finnigan Corp. v. Int'l Trade Comm'n*, 180 F.3d 1354 (Fed. Cir. 1999)). We disagree. The fact that Dr. Joshi is a co-author of Ratsimor and Petitioner's expert witness is not, by itself, sufficient to discredit Dr. Joshi's testimony, especially when Patent Owner has not presented sufficient arguments to cast doubt on any of Dr. Joshi's statements in the Declaration. In any case, this contention is premature. Patent Owner will have the opportunity to depose Dr. Joshi and present evidence to establish facts that will support Patent Owner's position.

## 2. Overview of Ratsimor

Ratsimor describes a framework for a peer-to-peer marketing system that disseminates promotional information using wireless mobile computing

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<sup>10</sup> Ex. 1006 includes Ratsimor's *Intelligent Ad hoc Marketing within Hotspot Networks* reference (Ex. 1006 at 1-14) as well as a two-page list of publications (*id.* at i-ii) and a cover page for the reference (*id.* at iii). Ex. 1006 also uses two numbering schemes. We cite to the page numbers that consecutively number each page of the reference, beginning with page i, and that appear at the center of the last line on each page of the exhibit. We do not cite the page numbers that include the Exhibit number and the total number of pages—that is, for example, “Ex. 1006 1/17.”



networks. Ex. 1006 at 1. Ratsimor's framework enables mobile device users to collect sales promotions and discounts available from local merchants and to propagate sales promotions and discounts to other mobile device users in close proximity. *Id.* In general, a merchant wirelessly broadcasts promotions and, as a mobile device user passes by or visits the merchant, the mobile device collects the promotions, which can be redeemed later. *Id.* at 3. The mobile device user can distribute the received promotion to other mobile device users in close proximity. *Id.* ("Alternatively, the user can employ the *eNcentive* platform to become a distributor of these coupons, promotions and advertisements. In this case, the platform starts to actively advertise coupons to other *eNcentive* peer platforms that the user passes by along the way.").

Ratsimor describes two types of promotions and discounts: a generic promotion and a targeted promotion. *Id.* at 5-8. In contrast to a generic promotion, a targeted promotion enables merchants "to customize the discounts to address needs and demands of a particular group of potential consumers." *Id.* at 3. As an example of a targeted promotion, Ratsimor describes a mobile device user who is willing to disclose the user's travel route and whose travel route includes a merchant's competitor. The merchant offers the targeted mobile device user "a more lucrative promotion that is clearly more attractive to this user" and "[i]n return, the user will distribute these promotions in the [area] populated with" the merchant's competition. *Id.* at 3-4. In another example, Ratsimor describes Bob, who is a specific customer of the merchant, as receiving both a generic promotion

and a targeted promotion. *Id.* at 7. Ratsimor indicates that “it is in Bob’s interests to distribute *targeted promotions* rather [than] *generic promotions* since *targeted promotions* promise a more generous reward for the distribution.” *Id.* (emphasis in original).

Ratsimor also describes a prototype in which three simulated advertisers electronically broadcast coupons with discounts to three mobile devices, each of which move in and out of range of a wireless network on which the advertisers are broadcasting. *Id.* at 10-13. Ratsimor’s Figure 5 shows a web interface for a mobile device used in this prototype. *Id.* at 12. Ratsimor’s web interface shows various lists of coupons with discounts for the simulated advertisers. *Id.*; *see also id.* at 10-13. Ratsimor’s web interface enables a coupon in each of the shown coupon lists to be viewed. *Id.* at 12 (Fig. 5 indicating “View” associated with each listed coupon and icons for “View Tools”).

### 3. Claims 1-6

Petitioner asserts that claims 1-6 of the ’679 patent are unpatentable under 35 U.S.C. § 102(b) as anticipated by Ratsimor. Pet. 9, 19-27. Petitioner presents a claim chart and supporting evidence by Dr. Joshi to explain how Ratsimor discloses every limitation of independent claim 1 and its dependent claims 2-6. Pet. 19-27. For example, for independent claim 1, Petitioner indicates the recited “source communication device” is met by Ratsimor’s mobile user device that receives the broadcast promotion. *See, e.g.*, Pet. 20, 21. Specifically, in Ratsimor’s prototype, Bob’s user device MH1 corresponds to the recited “source communication device.” *See id.*

Petitioner also indicates the recited “destination communication device” is met by Ratsimor’s mobile user device that receives the promotion distributed from another’s mobile user device in close proximity, such as Susan’s user device MH2. *See, e.g.*, Pet. 20, 24-25. Petitioner further indicates the recited “intermediary” is met by Ratsimor’s “Internet access service or other telecommunications provider” that maintains the wireless base stations used by Ratsimor’s framework to distribute promotions. *See, e.g.*, Pet. 20.

Patent Owner contends that Ratsimor does not disclose “receiving one or more selections of the at least one advertiser of the group of advertisers and of the chosen subsidy program from the set of subsidy programs,” as recited in independent claim 1. Prelim. Resp. 42-45. On this record, we are persuaded that Petitioner has made a sufficient showing that Ratsimor, more likely than not, discloses the receiving limitation. Ratsimor describes a mobile device user receiving multiple promotions from a merchant and choosing to refer only certain promotions to other mobile device users. Pet. 24 (citing Ex. 1006 at 6-8; Ex. 1008 ¶ 26). The mobile device user then redeems the promotion at the merchant who initially broadcast it. Ex. 1006 at 5-8. The mobile device user receives credit for the certain promotions forwarded to the other mobile device users. Pet. 24 (citing Ex. 1006 at 6-8; Ex. 1008 ¶ 26).

Patent Owner disputes that Ratsimor discloses that a mobile device user can “choose to only refer certain promotions and advertisements,” and that Dr. Joshi’s testimony to that end “merely parrots verbatim what is stated

in the [claim chart of the] Petition.” Prelim. Resp. 48-49. Specifically, Patent Owner contends that Dr. Joshi, in identifying three pages of the reference, does not identify adequately the basis for his conclusion that Ratsimor discloses that a mobile device user can choose to utilize or forward e-promotions. Prelim. Resp. 49 (citing Ex. 1008 ¶ 26). Instead, Patent Owner contends that the three identified pages of Ratsimor only describe a generic “Basic Scenarios” promotion example of relaying automatically all information through the user devices, without any affirmative selection by the user of the advertisement or advertiser. Prelim. Resp. 48 (citing Ex. 1006 at 5).

We are not persuaded. As an initial matter, Dr. Joshi cites pages 6-8 of Ratsimor for its disclosure of a “Targeted Promotions Scenario,” and not the “Basic Scenarios” on page 5 of Ratsimor referenced by Patent Owner. Page 7 of Ratsimor discloses the following: “Clearly, it is in Bob’s interests to distribute *targeted promotions* rather than *generic promotions*, since *targeted promotions* promise a more generous reward for the distribution.” From this sentence, one of ordinary skill in the art would have recognized that Bob can choose to distribute targeted promotions over generic promotions. Therefore, we determine that Dr. Joshi’s testimony that a mobile device user can choose to refer only certain promotions is consistent with Ratsimor’s disclosure.

Patent Owner further contends that Ratsimor does not disclose the aforementioned receiving limitation, because Ratsimor does not disclose making an affirmative election of the promotion. Prelim. Resp. 47-48.

Patent Owner's contention is misplaced. The aforementioned receiving limitation does not require an affirmative election. *See* Section II.A.4 (claim construction of the receiving limitation in claim 1).

Petitioner has demonstrated that it is more likely than not that claims 1-6 are anticipated by Ratsimor.

*4. Claims 7-16 and 23-27*

Petitioner asserts claims 7-16 and 23-27 of the '679 patent are unpatentable under 35 U.S.C. § 102(b) as anticipated by Ratsimor. Pet. 9, 27-38. Petitioner presents a claim chart and supporting evidence by Dr. Joshi to explain how Ratsimor meets every limitation of independent claims 7 and 23 and their respective dependent claims 8-16 and 24-27. Pet. 27-38. For example, similar to independent claim 1, Petitioner maintains that the "source communication device" recited in claim 7 is met by Ratsimor's mobile user device that receives the broadcast promotion, and the "destination communication device" recited in claim 7 is met by Ratsimor's mobile user device that receives the promotion distributed from another's mobile user device in close proximity. *See* Pet. 27. Petitioner indicates "comparing a desired demographic profile to a subscriber demographic profile to derive a match" is met by Ratsimor's example of a targeted promotion in which a merchant checks the local personal profile of a mobile device user to determine whether to supply a mobile device user with a targeted promotion. *See* Pet. 28 (citing Ex. 1006 at 7; Ex. 1008 ¶ 21).

Patent Owner contends that Ratsimor does not disclose “establishing a bi-lateral endorsement between the subscriber and the advertiser,”<sup>11</sup> as recited in independent claim 7, because Ratsimor does not disclose “bi-lateral endorsement,” which Patent Owner contends is “a state of mutual selection in which the advertiser and the subscriber have each affirmatively selected the other.”<sup>12</sup> Prelim. Resp. 43; *see also id.* at 42-50.

We disagree. First, as explained previously, “bi-lateral endorsement” does not require a mutual or affirmative selection. *See* II.A.2 (claim construction of “bi-lateral endorsement”). Moreover, Petitioner relies on Dr. Joshi’s explanation that Ratsimor discloses the disputed limitation:

[Ratsimor’s disclosure of] identification of users (subscribers) who meet certain demographic criteria, to receive a promotion or advertisement (whether “generic” or “targeted”), and that user’s election to receive said promotion or advertisement constitutes . . . a bi-lateral endorsement. A user may further endorse the advertiser by electing to broadcast a promotion or advertisement to others.

Ex. 1008 ¶ 33.

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<sup>11</sup> Independent claim 23 recites “determine a bi-lateral endorsement of the qualified subscriber and the at least one advertiser,” a limitation similar to the bi-lateral endorsement limitation recited in claim 7.

<sup>12</sup> Patent Owner’s contention regarding the meaning of “bi-lateral endorsement” here varies somewhat from Patent Owner’s proposed construction of “establishing a bi-lateral endorsement” as “establishing a selection of one or more potential subscribers by the advertiser, and a selection of the same advertiser by the subscriber.” *Compare* Prelim. Resp. 43 *with id.* at 36.

Patent Owner argues that Dr. Joshi's Declaration addressing "bi-lateral endorsement" should be accorded no weight because Dr. Joshi does not cite a specific portion of Ratsimor to support his statement in paragraph 33. Prelim. Resp. 49. Patent Owner, however, fails to consider Dr. Joshi's testimony as a whole. Notably, the balance of the Declaration includes twenty-three pages explaining how the Ratsimor reference relates to the claimed subject matter, and those pages include numerous pinpoint citations to Ratsimor (Ex. 1008 ¶¶ 16-69). Specifically, as support for "identification of users . . . who meet certain demographic criteria, to receive a promotion . . . and that user's election to receive said promotion" related to the bi-lateral endorsement limitation, Dr. Joshi cites Ratsimor for disclosing the use of user profiles having demographic data (Ex. 1008 ¶ 20), matching user profiles in the context of disseminating promotions (Ex. 1008 ¶ 21), and communicating a subsidy program to a qualified user who elects to share the user's travel route (Ex. 1008 ¶ 22).

Petitioner has demonstrated that it is more likely than not that claims 7-16 and 23-27 are anticipated by Ratsimor.

*D. Asserted Ground of Anticipation by Paul*

Petitioner asserts that claims 1-16 and 23-27 of the '679 patent are unpatentable under 35 U.S.C. § 102(b) as anticipated by Paul. Pet. 9, 38-58. In support of this asserted ground of unpatentability, Petitioner provides explanations as to how each claim limitation is disclosed by Paul. Pet. 38-58. Petitioner relies on Dr. Joshi's testimony to support its positions. Pet. 38-58 (citing Ex. 1008 ¶¶ 70-113). Patent Owner contends that Paul

does not disclose “receiving one or more selections of the at least one advertiser of the group of advertisers and of the chosen subsidy program from the set of subsidy programs,” as recited in independent claim 1, or “a bi-lateral endorsement,” as recited in independent claims 7 and 23. Prelim. Resp. 50-54.

*1. Overview of Paul*

Paul describes an Internet-based, e-mail communications system that broadcasts communications to members, some of whom have cellular telephones. Ex. 1007, Abstract. The Internet-based e-mail communications system is used to develop and manage an e-mail direct marketing campaign that sends personalized e-mail messages to members whose member records match parameters identified for the campaign. *Id.* at ¶ 51. The personalized e-mail message includes an advertisement for a particular business, and a hyperlink to a web site of a business that, when activated, transfers the member to the web site. *Id.* at ¶ 95. Paul also describes a “refer a friend” advertising campaign that provides a coupon to a member who is successful in referring a friend to a sponsor. *Id.* at ¶ 101-02. Specifically, the member sends the e-mail message (with a hyperlink to a new member web site and an associated referral communication data packet, which identifies the sponsor of the advertising campaign) to one more friends. *Id.* at ¶ 102. The “refer a friend” advertising campaign can increase member activity “by offering an economic incentive.” *Id.*



2. *Claims 1-6*

Petitioner asserts that claims 1-6 of the '679 patent are unpatentable under 35 U.S.C. § 102(b) as anticipated by Paul. Pet. 9, 38-47. Independent claim 1 recites “receiving one or more selections of the at least one advertiser of the group of advertisers” and “providing an endorsement tag related to the at least one advertiser of the group of advertisers and linked with the advertising content.” As noted above in our claim construction analysis, because the “providing” limitation references “the at least one advertiser of the group of advertisers” recited in the “receiving” limitation, the advertiser to which the hyperlink is related in the “providing” limitation must be the same advertiser selected in the “receiving” limitation.

Petitioner cites the following portion of Paul as disclosing selection of an advertiser:

Paul discloses that a member receiving a message selects an advertiser associated with a particular promotion via a link. (Ex. 1008, ¶ 82).

“[T]he sponsor may be permitted to add a hyperlink from the sponsor’s web page 42 (see Fig. 5) to a third party such that a member at the sponsor’s site 42 can click on that hyperlink and be transported to an advertiser.” (Ex. 1007, ¶ 104.)

Pet. 42. For the “providing” limitation, Petitioner cites the following of Paul:

Paul teaches providing such a link to advertising content. (Ex. 1008, ¶ 83).

“In the e-mail message, a hyperlink is included to a new member website uniquely configured for attracting a referred person.” (Ex. 1007, ¶ 102)[.]

“Further, the hyperlink is associated with a referral communication data packet which identifies the sponsor and the initial recipient of the e-mail, that is, the recipient member.” (Ex. 1007, ¶ 102)[.]

Paul teaches a variety of items that could constitute an endorsement tag, including various data packets and identifiers. (Ex. 1008, ¶ 83).

“One important feature of the present invention is the utilization in an e-mail communication of a hyperlink and a referral communications data packet. Under the tools function (Table 13.0), is a function ‘update a referral URL (Universal Resource Locator).’ This feature of the present invention generates a response count or tick sent to the referring website whenever a member clicks on a target hyperlink in a compiled email communication that is part of an e-mail campaign. For example, an e-mail communication sent to the selected members includes an advertisement for a particular vendor, such as The Washington Post. When the member clicks on the hyperlink in the e-mail communication, a tick code including a member ID code, [an] e-mail campaign ID code, and a sponsor-client code is sent to the referring website. The member is transferred to the target web site for The Post. [I]n effect, this function establishes a response count to the e-mail campaign.” (Ex. 1007, ¶ 95.)

Pet. 42-43.

Patent Owner contends that the advertiser cited for the “receiving” limitation is unrelated to the advertiser cited for the “providing” limitation, contrary to what is required by independent claim 1. Prelim. Resp. 52-53. We agree. The hyperlink to an advertiser in Paul cited for the “receiving” limitation is placed on a sponsor’s site, where, upon clicking, a user is “transported” to the advertiser. Ex. 1007 ¶ 104. Unrelatedly, the hyperlink

associated with a sponsor in Paul cited for the “providing” limitation is placed in an e-mail message. Furthermore, Dr. Joshi does not contend that the hyperlink added to the sponsor’s web page identifies the same advertiser as identified in the e-mail message. *See* Ex. 1008 ¶ 82. Petitioner has not shown that Paul discloses that the advertiser identified by the hyperlink on sponsor’s site 42 is the same as the sponsor associated with the hyperlink that is placed in the e-mail message, as would be required to satisfy independent claim 1.

Accordingly, Petitioner has not shown that it is more likely than not that independent claim 1, or its dependent claims 2-6, are anticipated by Paul.

### *3. Claims 7-16 and 23-27*

Petitioner asserts that claims 7-16 and 23-27 of the ’679 patent are unpatentable under 35 U.S.C. § 102(b) as anticipated by Paul. Pet. 9, 47-58. Petitioner presents a claim chart and supporting evidence by Dr. Joshi to explain how Paul discloses every limitation of independent claims 7 and 23 and their respective dependent claims 8-16 and 24-27. Pet. 47-58. Patent Owner challenges Paul’s disclosure of “bi-lateral endorsement”, as recited in independent claims 7 and 23.

Specifically, Patent Owner contends the following:

Paul nowhere discloses a member making an affirmative “election” to receive a campaign from an advertiser for endorsement by the member as Petitioner argues. And Paul does not disclose an advertiser affirmatively identifying a member or members who meet certain demographic criteria to

receive “refer a friend” campaigns. To the contrary, Paul teaches away from a bi-lateral endorsement, and instead teaches a method for broadcasting the “refer a friend” campaign to all members without making a selection of a subscriber.

Prelim. Resp. 51-52.

Patent Owner’s contentions are misplaced. We construe “bi-lateral endorsement” as “approval of two parties to the identity of the other.” As explained below, Petitioner has made a sufficient showing to support a finding that Paul discloses the recited “bi-lateral endorsement.” Petitioner further relies on the following explanation by Dr. Joshi regarding Paul’s disclosure of “bi-lateral endorsement”:

The advertiser’s identification of a member (or members), who meet certain demographic criteria, to receive an advertising campaign, and that member’s election to receive said campaign constitutes what the ’679 patent owners describe as a bi-lateral endorsement. Furthermore, the member may further endorse the advertiser by referring the communication and advertisement to a friend in a “refer a friend” campaign as described above.

Ex. 1008 ¶ 92; *see also* Pet. 48 (citing Ex. 1008 ¶ 92).

Paul describes that an Internet-based, e-mail communications system is used to develop and manage an e-mail direct marketing campaign that sends personalized e-mail messages from a business to members *whose member records match parameters identified for the campaign*. Ex. 1007 ¶ 51. Thus, Petitioner has made a sufficient showing to support a finding that Paul discloses a business (advertiser) approving a member (subscriber). Paul further describes the member sending a received e-mail message, with

an embedded hyperlink associated with a business (advertiser), to one or more friends. Thus, Petitioner has made a sufficient showing to support a finding that Paul discloses the member (subscriber) approving the business (advertiser).

Patent Owner contends that Petitioner's position that Paul discloses "bi-lateral endorsement" is unsupported because Dr. Joshi "merely parrots back the same conclusory, unsupported attorney argument set forth in the body of the Petition." Prelim. Resp. 50-51 (citing Ex. 1008 ¶ 92).

We disagree. Generally speaking, the portion of Dr. Joshi's Declaration addressing Paul is over twenty pages and includes numerous citations to Paul. *See* Ex. 1008 ¶¶ 70–113. For the above limitation, the petition cites to paragraph 92 of Dr. Joshi's Declaration, and paragraph 92 refers to previous paragraphs of the Declaration that provide specific citations to Paul that support his conclusion in paragraph 92. Specifically, Dr. Joshi notes that "the member may further endorse the advertiser by referring the communication and advertisement to a friend in a 'refer a friend' campaign *as described above*" in other portions of the declaration. Ex. 1008 ¶ 92 (emphasis added). We are not persuaded that Dr. Joshi's explanation is either conclusory or unsupported.

Petitioner has demonstrated that it is more likely than not that claims 7-16 and 23-27 are anticipated by Paul.

*E. Asserted Ground of Obviousness Based on Ratsimor and Paul*

Petitioner asserts that claims 1-27 of the '679 patent are unpatentable under 35 U.S.C. § 103 as obvious based on Ratsimor and Paul. Pet. 9, 58-

68. Petitioner presents claim charts and supporting evidence by Dr. Joshi to explain how the combination of Ratsimor and Paul renders obvious every limitation of claims 1-27. Pet. 58-68. For example, Petitioner presents a claim chart identifying what specific portions of one or more of Ratsimor and Paul teach or suggest every limitation in independent claims 1, 7, and 23.

For a rationale to combine Ratsimor and Paul, Petitioner asserts that a person of ordinary skill in the art “would have combined the features of Paul with the features of Ratsimor to extend and improve the methods and systems disclosed in Ratsimor. For example, the combination of Ratsimor and Paul allows the basing of a subsidy in Ratsimor based upon measuring the frequency of recipient interaction,” as set forth in Paul. Pet. 59.

We determine that Petitioner has made a sufficient showing of an articulated reason with a rational underpinning to combine the references. Both references teach advertising systems that provide incentives for passing along advertisements to other potential customers, and do so using similar systems and methods. *See* Ex. 1006 at 1; Ex. 1007 ¶¶ 101-02; *see also* Ex. 1008 ¶ 131. For example, both references use electronic forms of messaging, track referrals, and have time limits. *See, e.g.*, Ex. 1006 at 5-6; Ex. 1007 ¶ 102. On this record, it would have been obvious to mix and match the teachings of systems as similar as Ratsimor and Paul to arrive at the claimed invention, because the claims predictably use known elements according to their establishment functions. *See KSR Int’l. Co. v. Teleflex, Inc.*, 550 U.S. 398, 416 (2007) (stating “[t]he combination of familiar

elements according to known methods is likely to be obvious when it does no more than yield predictable results”).

Patent Owner contends that the combination of Ratsimor and Paul fails to disclose or suggest the “bi-lateral endorsement” recited in independent claims 7 and 23. Prelim. Resp. 54-55. We have addressed this contention above and were not persuaded.

Patent Owner further contends that the combination of Ratsimor and Paul fails to disclose or suggest the “receiving” limitation recited in independent claim 1. Prelim. Resp. 54-55. Although we agree with Patent Owner that Petitioner has not made a sufficient showing that Paul discloses the “receiving” limitation, we are persuaded that Petitioner has made a sufficient showing that Ratsimor discloses the “receiving” limitation for the reasons set forth above. Indeed, Petitioner relies on Ratsimor for the “receiving” limitation and the “providing” limitation in contending that claims 1-6 would have been obvious over the combination. *See* Pet. 61.

Petitioner has demonstrated that it is more likely than not that claims 1-27 would have been obvious over the combination of Ratsimor and Paul.

*F. Asserted Ground of Obviousness Based on Ratsimor and McLean*

Petitioner asserts that claims 1-22 of the ’679 patent are unpatentable under 35 U.S.C. § 103 as obvious based on Ratsimor and McLean. Pet. 9, 68-80. We determine that these grounds are redundant to the grounds on which we have already instituted a covered business method patent review for the same claims. *See* 37 C.F.R. § 42.208(a).

*G. Priority Date of Claims 1-22*

We need not decide the priority date of claims 1-22, which Petitioner contends is the filing date of the application that issued as the '679 patent (Pet. 11-19), because the publication dates of Ratsimor and Paul are more than one year before the earliest filing date claimed by the '679 patent.

III. CONCLUSION

For the foregoing reasons, we determine that the information presented in the petition establishes that it is more likely than not that claims 1-27 of the '679 patent are unpatentable. The Board, however, has not made a final determination under 35 U.S.C. § 328(a) with respect to the patentability of the challenged claims.

IV. ORDER

For the foregoing reasons, it is ORDERED that pursuant to 35 U.S.C. § 324(a), a covered business method patent review is hereby instituted as to claims 1-27 of the '679 patent for the following grounds:

- A. Claims 1-16 and 23-27 under 35 U.S.C. § 102(b) as being unpatentable as anticipated by Ratsimor;
- B. Claims 7-16 and 23-27 under 35 U.S.C. § 102(b) as being unpatentable as anticipated by Paul; and
- C. Claims 1-27 under 35 U.S.C. § 103 as being unpatentable over Ratsimor and Paul.



FURTHER ORDERED that all other grounds raised in the petition are *denied* for reasons discussed above.

FURTHER ORDERED that pursuant to 35 U.S.C. § 324(d) and 37 C.F.R. § 42.4, notice is hereby given of the institution of a trial; the trial commencing on the entry date of this Order.

FURTHER ORDERED that an initial conference call with the Board is scheduled for 3:30 PM Eastern Time on January 13, 2014; the parties are directed to the Office Trial Practice Guide, 77 Fed. Reg. at 48765-66, for guidance in preparing for the initial conference call, and should be prepared to discuss any proposed changes to the Scheduling Order entered herewith and any motions the parties anticipate filing during the trial.

Case CBM2013-00033  
Patent 8,155,679

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