

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 CBM2013-00034  
Patent 8,457,670

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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. 8,457,670 (Ex. 1001, “the ’670 patent”). Paper 1. Blue Calypso, LLC (“Patent Owner”) filed a preliminary response (“Prelim. Resp.”). Paper 6. 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 1-5 of the ’670 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 1-5 of the ’670 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 '670 Patent*

The '670 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 '670 patent describes how advertisements may be transmitted before, or after, transmissions between peer-to-peer devices, such as cellular phones. Ex. 1001, 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. Ex. 1001, col. 3, ll. 39-45. An advertiser may manage its own subsidy program or may participate in a subsidy program managed by an intermediary. Ex. 1001, 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. Ex. 1001, 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. Ex. 1001, col. 3, ll. 39-65. Examples of performance criteria relate to number and length of communication transmissions. Ex. 1001, 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. Ex. 1001, col. 3, ll. 39-45.

*B. Related Matters*

Petitioner and Patent Owner identify the following related district court proceedings involving the '670 patent: *Blue Calypso, Inc. v. Groupon, Inc.*, Case No. 6:13-cv-455 (E.D. Tex); *Blue Calypso, Inc. v. IZEA, Inc.*, Case No. 6:13-cv-456 (E.D. Tex); *Blue Calypso, Inc. v. Yelp, Inc.*, Case No. 6:13-cv-458 (E.D. Tex); *Blue Calypso, Inc. v. FourSquare Labs, Inc.*, Case No. 6:13-cv-454 (E.D. Tex); *Blue Calypso, Inc. v. MyLikes Inc.*, Case No. 6:13-cv-457 (E.D. Tex); and *Blue Calypso, Inc. v. Livingsocial, Inc.*, Case No. 2:12-cv-518 (E.D. Tex). Pet. 4; Paper 5 at 2.

Petitioner also has requested review of the following patents related to the '670 patent—U.S. Patent No. 7,664,516 (“the '516 patent”) (Case No. CBM2013-00035), U.S. Patent No. 8,155,679 patent (“the '679 patent”) (Case No. CBM2013-00033), 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 '670 patent issued from a continuation application that issued as the '679 patent, which, in turn, issued from a continuation-in-part of an application that issued as the '516 patent. Additionally, two other patents claim priority to the application that issued as the '679 patent: the '055 patent and the '646 patent.

*C. Illustrative Claim*

Petitioner challenges all five claims of the '670 patent. Claim 1 is the sole independent claim, is illustrative of the claims at issue, and reads as follows:

1. 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 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 1-5 of the '670 patent under

35 U.S.C. §§ 102 and 103 based on the following specific grounds (Pet. 9, 14-37):

<b>Reference(s)</b>	<b>Basis</b>	<b>Challenged Claims</b>
Ratsimor <sup>2</sup>	§ 102(b)	1-5
Paul <sup>3</sup>	§ 102(b)	1-5
Ratsimor and Paul	§ 103	1-5
Ratsimor and McLean <sup>4</sup>	§ 103	1-5

## 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

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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”).

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. 9-10. We note that 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*”

Independent claim 1 recites “recognizing a subsidy, according to the subsidy program, for the 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. Prelim. Resp. 32. As support, Patent Owner cites the following from the ’670 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 ’670 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. 33 (quoting Ex. 1001, col. 3, ll. 45-48).

The ’670 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 ’670 patent’s use of “subsidy” is consistent with its ordinary meaning. Specifically, the ’670 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

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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.”).



subscriber. Ex. 1001, col. 3, ll. 39-45. Also, the '670 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; *see also id.* at col. 4, ll. 16-17. In an example of a bi-directional endorsement process, the '670 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.

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 '670 patent, we also are not persuaded by Patent Owner’s contention that a general reference to “other types of subsidies or incentives” in the '670 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. “*bi-lateral endorsement*”

Independent claim 1 recites “establishing a bi-lateral endorsement between the subscriber and the advertiser.” The parties disagree on the construction of “bi-lateral endorsement.” Pet. 10; Prelim. Resp. 35-37.

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 (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. 42; *see also id.* at 35. 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. 36-37 (citing 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 ’670 patent does not set forth a special definition for “bi-lateral endorsement.” The ’670 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. Ex. 1001, col. 8, ll. 47-48. The bi-lateral endorsement is completed after the subscriber chooses at least one plan and one advertiser for endorsement. Ex. 1001, col. 8, l. 66 – col. 9, l. 3. The '670 patent also describes examples of endorsement by an advertiser of a subscriber, and endorsement by a subscriber of one or more advertisers. *See* Ex. 1001, 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>6</sup> "lateral,"<sup>7</sup> and "endorsement"<sup>8</sup> collectively mean "both sides giving approval." The use of "bi-lateral endorsement" in independent claim 1 indicates 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

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<sup>6</sup> AMERICAN HERITAGE DICTIONARY 181 (3d ed. 1992) (defining "**bi-**" as "**1. a.** Two . . . **b.** Both . . . **c.** Both sides, parts, or directions").

<sup>7</sup> AMERICAN HERITAGE DICTIONARY 1017 (3d ed. 1992) (defining "**lateral**" as "**1.** Of, relating to, or situated at or on the side").

<sup>8</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").

the construction would render the claim language “between the subscriber and the advertiser” in claim 1 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 ’670 patent in a manner sufficient to supersede the ordinary meaning of the term “bi-lateral endorsement” as used in the ’670 patent. Based on its use in the ’670 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 “a bi-lateral endorsement” as “approval of two parties to the identity of the other.”

### *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 ’670 patent. *See* Pet. 5-8; Prelim. Resp. 2-3, 15-31. The only dispute is whether the ’670 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. 2-3, 15-31; *see also* Section I.B

(Related Matters). For the reasons explained below, we conclude that the '670 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 '670 patent is a covered business method patent because the claimed subject matter is directed to providing a subsidy, which is financial in nature. Pet. 6-7. Petitioner also indicates that the secondary classification of the '670 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 '670 patent as a covered business method patent. *Id.* at 6.

In response, Patent Owner contends that the '670 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. 15-16. Patent Owner also contends that the '670 patent has nothing to do with financial activity or with the management of money, banking, investments, and credit because the '670 patent is directed to peer-to-peer advertising between mobile communication devices. Prelim. Resp. 19, 23 (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. 23-24 (citing Ex. 1001, col. 3, l. 52). Patent Owner further contends a determination that the '670 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 1 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.” Accordingly, we agree with Petitioner that the subject matter of independent claim 1 is financial in nature.

Further, independent claim 1 does more than merely “touch on commerce or business,” as Patent Owner contends. The “subsidy” is central to the claims. Indeed, without the subsidy, there is no incentive for a subscriber to perform the other steps in the claims.

Accordingly, the subject matter of independent claim 1 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 '670 patent is not directed to a technological invention because independent claim 1 recites known components and is 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 '670 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. 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 '670 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. 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 '670 patent evinces the novel and nonobvious technological nature of the claimed subject matter. Prelim. Resp. 26-29. Specifically, Patent Owner relies on the examiner's statement:

[The applied prior art reference] differs from the instant application [in] that it does not disclose[] the feature, among other things, of “. . . 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.”

Prelim. Resp. 27-28.

We disagree. The Examiner may have identified an allegedly novel and nonobvious process: recognizing a subsidy for a subscriber in a particular manner. The technological features noted in these reasons for allowance, however—sending information that can be used to initiate a communication session and to transmit a message—are directed to using

known technologies, and, accordingly, do not recite a novel or nonobvious technological feature over the prior art.

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 1 does not recite a technological feature that is novel and nonobvious over the prior art, the '670 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 1-5 of the '670 patent are unpatentable under 35 U.S.C. § 102(b) as anticipated by Ratsimor. Pet. 9, 14-19. In support of this asserted ground of unpatentability, Petitioner provides explanations as to how each claim limitation is disclosed by Ratsimor. Pet. 14-19. Petitioner relies on a Declaration of Dr. Anupam Joshi (Ex. 1008) to support its positions.

Patent Owner, however, counters that Petitioner has not established that Ratsimor is prior art to the '670 patent. Prelim. Resp. 37-41. Patent Owner also contends that Ratsimor does not disclose "a bi-lateral endorsement," as recited in independent claim 1. *Id.* at 41-46.

*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. 37-41. 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. 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>9</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. 39-40 (citing *Finnigan Corp. v. Int’l Trade Comm’n*, 180 F.3d 1354 (Fed. Cir. 1999)).

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<sup>9</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 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.”

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 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 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 1-5

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 2-5. Pet. 14-19. For example, for independent claim 1, Petitioner indicates the recited “source communication device” corresponds to Ratsimor’s mobile user device that receives the broadcast promotion. *See, e.g.*, Pet. 14, 15, 17, 18. Specifically, in Ratsimor’s prototype, Bob’s user device MH1 is met by the recited “source communication device.” *See id.* at 15, 18. 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. 18.

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. 15 (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,” as recited in independent claim 1, 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.” Prelim. Resp. 42.

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”). Furthermore, Petitioner relies on Dr. Joshi’s explanation that Ratsimor discloses the disputed limitation as follows:

[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 ¶ 51.

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. Prelim. Resp. 45-46. Patent Owner, however, fails to consider Dr. Joshi’s testimony as a whole. Notably, the balance of the Declaration includes twenty pages explaining how the Ratsimor reference relates to the claimed subject matter, including the aforementioned paragraph, and those pages include numerous pinpoint citations to Ratsimor (Ex. 1008 ¶¶ 16-58). 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 “bi-lateral endorsement,” Dr. Joshi cites Ratsimor as disclosing the

use of user profiles having demographic data (Ex. 1008 ¶ 20), matching user profiles in the context of disseminating promotions (Ex. 1008 ¶ 21), teaching a variety of subsidy programs (Ex. 1008 ¶ 22), and communicating a subsidy program to a qualified user who elects to share the user's travel route (Ex. 1008 ¶ 23).

Petitioner has demonstrated that it is more likely than not that claims 1-5 are anticipated by Ratsimor.

*D. Asserted Ground of Anticipation by Paul*

Petitioner asserts that claims 1-5 of the '670 patent are unpatentable under 35 U.S.C. § 102(b) as anticipated by Paul. Pet. 9, 20-26. In support of this asserted ground of unpatentability, Petitioner provides explanations as to how each claim limitation is disclosed by Paul. Pet. 20-26. Petitioner relies on Dr. Joshi's testimony to support its positions.

*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 or more friends. *Id.* at ¶ 102. The “refer a friend” advertising campaign can increase member activity “by offering an economic incentive.” *Id.*

## 2. Claims 1-5

Petitioner presents a claim chart and supporting evidence by Dr. Joshi to explain how Paul discloses every limitation of independent claim 1 and its dependent claims 2-5. Pet. 20-26. Patent Owner challenges Paul’s disclosure of “bi-lateral endorsement,” as recited in independent claim 1. 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. 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. 47.

Patent Owner’s contentions are misplaced. We construe the above claim limitation as “approval of two parties to the identity of the other.” 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 ’670 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 ¶ 78; *see also* Pet. 21 (citing Ex. 1008 ¶ 78). 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 “establishing a 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. 47 (citing Ex. 1008 ¶ 78).

We disagree. Generally speaking, the portion of Dr. Joshi’s Declaration addressing Paul is over eighteen pages and includes numerous citations to Paul. *See* Ex. 1008 ¶¶ 59–97. For the above limitation, the petition cites to paragraph 78 of Dr. Joshi’s Declaration, and paragraph 78 refers to numerous previous paragraphs of the Declaration that provide specific citations to Paul that support his conclusion in paragraph 78. 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 ¶ 78 (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 1-5 are anticipated by Paul.

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

Petitioner asserts that claims 1-5 of the ’670 patent are unpatentable under 35 U.S.C. § 103 as obvious based on Ratsimor and Paul. Pet. 9, 26-29. Petitioner presents a claim chart and supporting evidence by Dr. Joshi to explain how the combination of Ratsimor and Paul would have rendered obvious every limitation of claims 1-5.

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. 26-27.

We determine that Petitioner has made a sufficient showing to support a rationale 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 ¶ 113-118. 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 claim 1. Prelim. Resp. 48. We have already addressed this contention above and were not persuaded.

Petitioner has demonstrated that it is more likely than not that claims 1-5 would have been obvious over the combination of Ratsimor and Paul.

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

Petitioner asserts claims 1-5 of the '670 patent are unpatentable under 35 U.S.C. § 103 as obvious based on Ratsimor and McLean. Pet. 9, 29-37. 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 1-5*

We need not decide the priority date of claims 1-5, which Petitioner contends is the filing date of the application that issued as the '670 patent (Pet. 10-14), because the publication dates of Ratsimor and Paul are more than one year before the earliest filing date claimed by the '670 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 1-5 of the '670 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 1-5 of the '670 patent for the following grounds:

- A. Claims 1-5 under 35 U.S.C. § 102(b) as being unpatentable as anticipated by Ratsimor;
- B. Claims 1-5 under 35 U.S.C. § 102(b) as being unpatentable as anticipated by Paul; and
- C. Claims 1-5 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.

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