

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

GROUPON, INC.
Petitioner

v.

BLUE CALYPSO, LLC
Patent Owner

Case CBM2013-00035
Patent 7,664,516

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

KIM, *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 7,664,516 (Ex. 1001, “the ’516 patent”). Paper 2. Blue Calypso, LLC (“Patent Owner”) filed a preliminary response (“Prelim. Resp.”). Paper 7. The Board has jurisdiction under 35 U.S.C. § 324.¹

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 and 29 of the ’516 patent under 35 U.S.C. §§ 102, 103, and 112, first paragraph. 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 and 29 of the ’516 patent.

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

A. The '516 Patent

The '516 patent discloses systems and methods for peer-to-peer advertising between mobile communication devices. Ex. 1001, Abstract. The '516 patent discloses how advertisements may be transmitted before, or after, transmissions between peer-to-peer devices, such as cellular phones. Ex. 1001, 2:4-7. Figure 1 of the '516 patent is set forth below:

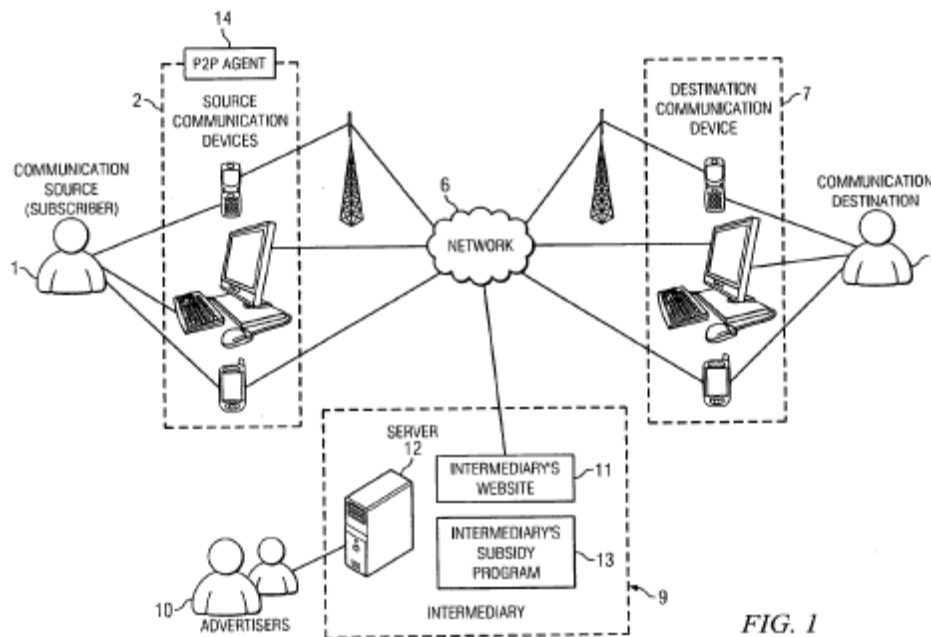


Figure 1 is a diagram for providing advertising between peer-to-peer communications devices.

As shown above in Figure 1, a communication source, such as subscriber 1, subscribes to communication subsidy program 13 of intermediary 9. Ex. 1001, 2:13-15. Communication subsidy program 13 of intermediary 9 may be funded in whole or in part by advertisers 10. Ex. 1001, 2:15-17. Specifically, advertisers 10 set up subsidy program 13, which enables advertisers 10 to select or endorse desirable subscribers in

order to subsidize the communication fees, offer its own product discounts or other company's product discounts, generate and accumulate "rewards points" for the subscribers, and mitigate or defer other expenses of subscriber 1. Ex. 1001, 3:21-27. Once subscriber 1 is set up, intermediary 9 analyzes profile data of subscriber 1 and identifies advertisers 10 whose criteria for subsidy match subscriber 1. Ex. 1001, 4:19-22. Intermediary 9 then presents all acceptable advertisers 10 and subsidy programs available to the subscriber 1. Ex. 1001, 4:40-43. Subscriber 1 then may select one or more advertisers 10 and/or subsidy programs containing multiple advertisers or advertisements for endorsement. Ex. 1001, 4:43-46. The advertisements then are downloaded to subscriber 1. Ex. 1001, 4:51-53.

B. Related Matters

Petitioner and Patent Owner identify the following related district court proceedings involving the '516 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, 2.

Petitioner also has requested review of the following patents related to the '516 patent—U.S. Patent 8,155,679 ("the '679 patent") (Case No. CBM2013-00033), U.S. Patent 8,457,670 ("the '670 patent") (Case No. CBM2013-00034), U.S. Patent 8,438,055 ("the '055 patent")

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(Case No. CBM2013-00046), and U.S. Patent 8,452,646 (“the ’646 patent”) (Case No. CBM2013-00044). All four patents claim priority to the application that issued as the ’516 patent.

C. Illustrative Claim

Petitioner challenges claims 1-27 and 29 of the ’516 patent. Claims 1, 2, and 20 are independent claims. Claim 2 is illustrative of the claims at issue and reads as follows:

2. 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 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;

activating an endorsement manager in the source communication device; initiating a communication session between the source communication device and the destination communication device;

transmitting 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 and 29 of the ’516 patent under 35 U.S.C. §§ 102, 103, and 112, first paragraph based on the following specific grounds (Pet. 9, 11-80):

Reference(s)	Basis	Challenged Claims
Ratsimor ²	§ 102(b)	1-15, 20-23, and 29
Paul ³	§ 102(b)	1-15, 20-23, and 29
Ratsimor and Paul	§ 103	1-27, and 29
None	§ 112, first paragraph	1-19, 23-25, and 29

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

³ U.S. Patent Application Publication 2002/0169835 A1 (Ex. 1007) (“Paul”).

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.

1. “*subsidy*”

Each of independent claims 1, 2, and 20 recites “subsidy.” For example, independent claim 2 recites “recognizing a subsidy, according to the subsidy program, for the subscriber after a termination of the

communication session.” 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. 22-28. As support, Patent Owner cites the following from the ’516 patent as examples of non-financial “subsidies”: product discounts; reward points; and mitigating or deferring expenses. Prelim. Resp. 34-35. Patent Owner further contends that, by reciting the following, the ’516 patent indicates that “subsidy” encompasses items that are non-financial: “advertisers may provide other types of subsidies or incentives to the subscribers 1 without departing from the spirit and scope of the present disclosure.” Ex. 1001, 3:27-30.

The ’516 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.⁴ The ’516 patent’s use of “subsidy” is consistent with its ordinary meaning. Specifically, the ’516 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, 3:21-27.

⁴ 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”).

We disagree with Patent Owner that “subsidy” encompasses items that are non-financial, as we are unpersuaded that any of its proffered examples are non-financial. More specifically, product discounts reduce the monetary cost of a future financial transaction, reward points are a form of currency, and mitigating or deferring expenses reduces the monetary cost of an earlier financial transaction, or increases the monetary cost of a later one. And because we are unpersuaded that Patent Owner has shown any non-financial examples of “subsidy” in the ’516 patent, we also are not persuaded by Patent Owner’s contention that a general reference to “other types of subsidies or incentives” (Ex. 1001, 3:28) in the ’516 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 2 and 20 each recite “bi-lateral endorsement.” For example, independent claim 2 recites “establishing a bi-lateral endorsement between the subscriber and the advertiser.” Based on the prosecution history, Petitioner contends “bi-lateral endorsement” should be construed as “approval of both the subscriber and the advertiser.” Pet. 10. Patent Owner contends that “bi-lateral endorsement” should be construed as “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. 38-39. We recognize that both of the parties' proposed constructions have merit.

“Bi-lateral endorsement” is not recited in the original written disclosure. The term was added by amendment during prosecution of U.S. Application No. 11/318,144 (“the ’144 application”), which issued as the ’516 patent. The amendment was accompanied by the following assertion concerning “bi-lateral endorsement”: “[b]i-lateral endorsement requires approval of both the subscriber and the advertiser to the identity of the other.” Ex. 1003 at 27. This assertion comports with the ordinary meaning of the terms “bi-,”⁵ “lateral,”⁶ and “endorsement,”⁷ which collectively mean “both sides giving approval.”

As noted above, independent claims 2 and 20 each recite “bi-lateral endorsement.” Specifically, independent claim 2 recites “establishing a bi-lateral endorsement between the subscriber and the advertiser,” and independent claim 20 recites “determine a bi-lateral endorsement by the qualified subscriber and the at least one advertiser.” These uses of “bi-lateral endorsement” in the claims indicate that an endorsement is occurring

⁵ AMERICAN HERITAGE DICTIONARY 181 (3d ed. 1992) (defining “**bi-**” as “**1. a.** Two . . . **b. Both** . . . **c. Both sides, parts, or directions**”).

⁶ AMERICAN HERITAGE DICTIONARY 1017 (3d ed. 1992) (defining “**lateral**” as “**1.** Of, relating to, or situated at or on the side”).

⁷ 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”).

between two parties, a subscriber and an advertiser, which is consistent with its ordinary meaning of “both sides giving approval.”

The language in the original written disclosure corresponding to the aforementioned claim limitations also indicates an endorsement occurring between a subscriber and an advertiser. For instance, while the ’516 patent does not recite expressly “bi-lateral endorsement,” it does disclose endorsement by an advertiser of a subscriber, endorsement by a subscriber of one or more advertisers, and an endorsement of an advertiser by a subscriber facilitated through an intermediary. *See* Ex. 1001, 3:21-27, 3:44-47, 4:43-46. Indeed, the ’516 patent discloses a subscriber being endorsed through a categorical grouping, where different advertisers endorse entire categories of subscribers for each communication event based on a target subsidy or target destination. Ex. 1001, 44-47.

We adopt a construction that is consistent with the intrinsic evidence, but remove “subscriber” and “advertiser.” Although provided as examples in the ’516 patent and prosecution history, there is nothing intrinsic to the term “bi-lateral endorsement” that requires a “subscriber” and “advertiser.” Moreover, it would render the claim language “between the subscriber and the advertiser” in claim 2 insignificant or meaningless.

From Petitioner’s proposed construction, we replace “subscriber” and “advertiser” with “two parties” for the reasons set forth above. We also add “to the identity of the other,” based on applicant’s use during prosecution of the unequivocal term “required” to associate “bi-lateral endorsement” and “to the identity of the other.”

From Patent Owner's proposed construction, we disagree that certain terms such as "mutual selection arrangement" and "affirmatively selects" are necessary, as Patent Owner has not shown where these terms are set forth in the '516 patent in a manner sufficient to supersede the definition set forth in the prosecution history. As noted above, however, we agree with Patent Owner's construction as requiring 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 patent review of the '516 patent.

1. Financial Product or Service

Petitioner contends that the '516 patent is a covered business method patent, because the claimed subject matter is directed to providing a subsidy, which is financial in nature. Pet. 5-7. In response, Patent Owner contends that the '516 patent has nothing to do with financial activity or with the management of money, banking, investments, and credit because the '516

patent is directed to peer-to-peer advertising between mobile communication devices. Prelim. Resp. 16-22. Furthermore, Patent Owner relies on its proffered construction of “subsidy” as a “value or saving” and its view that “a subsidy need not be monetary” as additional support for its contention that the ’516 patent is not a covered business method patent. We agree with Petitioner.

Our inquiry is controlled by 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). To that end, independent claim 2 recites “providing a subsidy program to the subscriber.” As set forth above, we disagree with Patent Owner’s proffered construction of “subsidy” as being “non-financial,” and instead construe “subsidy” as “financial assistance given by one to another.” Accordingly, we agree with Petitioner that the subject matter of independent claim 2 is financial in nature.

Patent Owner contends a determination that the ’516 patent concerns a financial product or service, because it merely 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. Patent Owner’s argument is misplaced. Even assuming Patent Owner’s contention is correct, the independent claims do more than merely “touch[] on commerce or business.” The “subsidy” is

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.

Petitioner also contends that the secondary classification of the '516 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 '516 patent as a covered business method patent. In response, Patent Owner contends that the '516 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 of “a telecommunications-related, interactive video distribution system” should be given consideration in determining whether a patent is a covered business method patent for purposes of review. Both parties' contentions are misplaced, as 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.

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. 48,756, 48,763-64 (Aug. 14, 2012).

Petitioner contends that the ’516 patent is not directed to a technological invention, because independent claims 1, 2, and 20 recite known components and are directed toward a business problem, not a technical solution. We agree.

Patent Owner disagrees, and contends that the claims of the ’516 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.” However, as explained above, a patent’s classification does not provide any indication as to any novel or nonobvious technological features.

Patent Owner further contends that the novel and nonobvious technological nature of the claimed subject matter is shown by the following reasons for allowance:

[The applied prior art reference] does not teach a second party (subscriber part[y]) 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. 29 (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. However, these reasons for allowance refer to subscribers and advertisements performing functions, which are features that are not technological, and the balance of the reasons, forwarding advertisements and matching criteria, are directed to using known technologies.

C. Claims 1-15, 20-23, and 29 – Anticipated By Ratsimor

Petitioner contends that claims 1-15, 20-23, and 29 of the '516 patent are unpatentable under 35 U.S.C. § 102(b) as anticipated by Ratsimor. Pet. 11-32. In support, Petitioner provides detailed explanations as to how each claim limitation is disclosed by Ratsimor.

I. Whether Ratsimor is Prior Art

Patent Owner contends 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. 44-48. We are not persuaded.

Petitioner presents the Declaration of Dr. Joshi to corroborate that Ratsimor is prior art. In the Declaration, Dr. Joshi indicates that he co-authored Ratsimor, that Ratsimor was presented in September of 2003 and

publicly available around November 2003, and that Ratsimor 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.⁸ 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. 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.

⁸ Ex. 1006 includes Ratsimor's *Intelligent Ad hoc Marketing within Hotspot Networks* reference (*id.* 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 number consecutively 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.”

Patent Owner will have the opportunity to depose Dr. Joshi and present evidence to establish facts that will support Patent Owner's positions.

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 available from local merchants, and to propagate sales promotions to other mobile device users in close proximity. Ex. 1006 at 1.

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 with the merchant. Ex. 1006 at 3. The mobile device user then can distribute the received promotion to other mobile device users. Ex. 1006 at 3. Every promotion contains a list of mobile device users that ever distributed it. Ex. 1006 at 3. When the mobile device user decides to redeem the promotion and presents it to the merchant, the merchant, after honoring the coupon, stores the list of the mobile device users for future reference. Ex. 1006 at 3. Every participating business then can choose to reward the mobile device users who are its most effective distributors with additional discounts or other rewards. Ex. 1006 at 3.

3. *Analysis*

We are persuaded Petitioner has demonstrated it is more likely than not that claims 1-15, 20-23, and 29 of the '516 patent are unpatentable under

35 U.S.C. § 102(b) as anticipated by Ratsimor. For example, independent claim 2 recites a method for providing an advertisement from an advertiser to a subscriber, and then distributing the advertisement from the subscriber to a recipient. Ratsimor discloses local merchants broadcasting promotions to mobile users, who then distribute the promotions to other mobile users. Ex. 1006 at 3. Independent claim 2 further recites providing a subsidy program to the subscriber, and recognizing a subsidy, according to the subsidy program, for the subscriber after the subscriber distributes the advertisement to the recipient. Ratsimor discloses that participating businesses can choose to reward the mobile users who are its most effective distributors with additional discounts or other rewards. Ex. 1006 at 3.

Patent Owner contends that Ratsimor does not disclose “receiving a first selection of the at least one advertiser of the group of advertisers from the qualified subscriber,” as recited in independent claim 1, or “bi-lateral endorsement,” as recited in independent claims 2 and 20, because Ratsimor does not disclose a user making an affirmative “election” of an advertisement or advertiser. Prelim. Resp. 52-56. We disagree. By distributing received promotions to other mobile device user, each mobile device user in Ratsimor is making an affirmative “election” of that particular promotion from that particular merchant.

Patent Owner additionally contends that Ratsimor does not disclose “establishing a bi-lateral endorsement between the subscriber and the advertiser,” as recited in independent claim 2, and “determine a bi-lateral endorsement by the qualified subscriber and the at least one advertiser,” as

recited in independent claim 20, because Ratsimor only discloses “actively advertising” to all subscribers, which is not a selection of one or more potential subscribers by an advertiser. We disagree. Ratsimor discloses a merchant selectively providing targeted promotions to customers headed to an area near the merchant’s competitors. Ex. 1006 at 6-7.

Patent Owner further contends that Dr. Joshi’s Declaration is defective, because (1) for the aforementioned claim limitation of independent claim 1, Dr. Joshi cites three full pages of Ratsimor which do not disclose the underlying claim limitation, and (2) for the aforementioned claim limitation of independent claims 2 and 20, Dr. Joshi does not provide a cite to Ratsimor at all. Patent Owner’s contentions are misplaced, as the proper focus is on the Petition. Even if Dr. Joshi’s Declaration does not provide precise pinpoint cites to Ratsimor in certain instances, we are persuaded that the Petition and Dr. Joshi’s testimony as a whole have shown adequately that Ratsimor discloses the aforementioned claim limitations for the reasons set forth above.

4. *Conclusion*

Petitioner has shown that it is more likely than not that claims 1-15, 20-23, and 29 are anticipated by Ratsimor.

D. Claims 1-15, 20-23, and 29 – Anticipated by Paul

Petitioner contends that claims 1-15, 20-23, and 29 of the ’516 patent are unpatentable under 35 U.S.C. § 102(b) as anticipated by Paul. Pet. 32-55. In support, Petitioner provides detailed explanations as to how each claim limitation is disclosed by Paul.

1. Overview of Paul

Paul discloses 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. Ex. 1007 ¶ 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. Ex. 1007 ¶ 95. Paul also discloses a “refer a friend” advertising campaign that provides a coupon to a member who is successful in referring a friend to the web site of the business. Ex. 1007 ¶¶ 101-102. Specifically, the member sends the e-mail message (with the embedded hyperlink and an associated referral communication data packet, which identifies the business sponsoring the advertising campaign) to one or more friends. Ex. 1007 ¶ 102. The “refer a friend” advertising campaign can increase member activity “by offering an economic incentive.” Ex. 1007 ¶ 102.

2. Claims 2-15, 20-23, and 29

We are persuaded that Petitioner has demonstrated that it is more likely than not that claims 2-15, 20-23, and 29 of the '516 patent are unpatentable under 35 U.S.C. § 102(b) as anticipated by Paul. For example, independent claim 2 recites a method for providing an advertisement from an advertiser to a subscriber, and then distributing the advertisement from

the subscriber to a recipient. Paul discloses an Internet-based e-mail communications system that sends personalized e-mail messages to members. Ex. 1007 ¶ 51. The personalized e-mail message includes an advertisement for a particular business, and a hyperlink to a web site of a business. Ex. 1007 ¶ 95. The member then sends the received e-mail message (with the embedded hyperlink and referral data) to one or more friends, as a part of a “refer a friend” advertising campaign. Ex. 1007 ¶ 102. Independent claim 2 further recites providing a subsidy program to the subscriber, and recognizing a subsidy, according to the subsidy program, for the subscriber after the subscriber distributes the advertisement to the recipient. Paul discloses the “refer a friend” advertising campaign can increase member activity “by offering an economic incentive.” Ex. 1007 ¶ 102.

Patent Owner contends that Paul does not disclose “establishing a bi-lateral endorsement between the subscriber and the advertiser,” as recited in independent claim 2, and “determine a bi-lateral endorsement by the qualified subscriber and the at least one advertiser,” as recited in independent claim 20. Prelim. Resp. 56-57. 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. 57. Patent Owner’s contentions are misplaced. We construe the above claim limitations as requiring approval of two parties as to the identity of the other, in this case an advertiser and a subscriber. Paul discloses 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, Paul discloses a business (advertiser) approving a member (subscriber). Paul further discloses the member sending a received e-mail message, with an embedded hyperlink of a business, to one or more friends. Thus, Paul discloses the member (subscriber) approving the business (advertiser).

3. *Independent Claim 1*

We are not persuaded that independent claim 1 of the ’516 patent is unpatentable under 35 U.S.C. § 102(b) as anticipated by Paul. Specifically, independent claim 1 recites “receiving a first selection of the at least one advertiser of the group of advertisers from the qualified subscriber.” 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” from the “receiving” limitation. Accordingly, the

advertiser to which the hyperlink is related in the “providing” limitation must be the same advertiser selected in the “receiving limitation.”

For the “receiving” limitation, Petitioner cites the following portion of Paul:

Paul discloses that a member receiving a message selects an advertiser associated with a particular promotion via a link. “[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; *see also* ¶ 101) (Ex. 1008, ¶ 80)

Pet. 36. For the “providing” limitation, Petitioner cites the following of Paul:

Paul teaches providing such a link to advertising content. “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)

Pet. 37. Patent Owner contends that the advertisers in the two above-cited portions of Paul are unrelated to each other, contrary to what is required by independent claim 1. Prelim. Resp. 58-59. 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. Unrelatedly, the hyperlink associated with a sponsor in Paul cited for the

“providing” limitation is placed in an e-mail message. Petitioner has not shown whether Paul discloses that the advertiser to which the hyperlink is related to on sponsor’s site 42 is the same sponsor related to the hyperlink that is placed in the e-mail message, as would be required to satisfy independent claim 1.

4. *Conclusion*

Petitioner has shown that it is more likely than not that claims 2-15, 20-23, and 29 are anticipated by Paul.

Petitioner has not shown that it is more likely than not that independent claim 1 is anticipated by Paul.

E. Claims 1-27 and 29 – Obvious over Ratsimor and Paul

Petitioner contends that claims 1-27 and 29 of the ’516 patent are unpatentable under 35 U.S.C. § 103 as obvious based on Ratsimor and Paul. Pet. 55-57. Petitioner presents claim charts and supporting evidence by Dr. Joshi to explain how the combination of Ratsimor and Paul renders obvious every element of claims 1-27 and 29. For example, Petitioner presents a claim chart identifying what specific portions of one or more of Ratsimor and Paul disclose or suggest every element in independent claims 1, 2, and 20. Petitioner provides the following rationale to combine Ratsimor and Paul:

Both Ratsimor and Paul are directed to peer-to-peer advertising methods and systems wherein advertisers are able to be matched with potential consumers based on certain demographics or preferences. Thus, the methods of systems of both Ratsimor and Paul are comparable to one another as being

directed to peer-to-peer advertising systems. Further, both disclose well known techniques, including the provision of subsidies or incentives to the customers for referring additional customers to the advertiser. One 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. In addition, this is a predictable result under *KSR Int'l v. Teleflex, Inc.*, 550 U.S. 398 (2007) from the combination of Ratsimor and Paul. That is, one of skill in the art would recognize as obvious the result of basing a subsidy on the frequency of recipient interaction.

Pet. 56. We are persuaded that Petitioner has put forth a sufficient showing to support the aforementioned rationale to combine Ratsimor and Paul. For example, 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 ¶¶ 101-102; *see also* Ex. 1008 ¶ 131. In another example, both references use electronic forms of messaging, track referrals, and have time limits. 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 “bi-lateral endorsement,” as recited by independent claims 2 and 20. Prelim. Resp. 60. We already have addressed this contention above.

Patent Owner further contends that the combination of Ratsimor and Paul fails to disclose or suggest “receiving a first selection of the at least one advertiser of the group of advertisers from the qualified subscriber,” as recited by independent claim 1. Prelim. Resp. 60. Although Patent Owner has shown that Paul does not disclose the aforementioned claim limitation, we are persuaded that Ratsimor does disclose the aforementioned claim limitation, for the reasons set forth above.

Petitioner has demonstrated that it is more likely than not that claims 1-27 and 29 would have been obvious over the combination of Ratsimor and Paul.

F. Claims 1-19, 23-25, and 29 – Failing to Comply with Written Description Requirement

Petitioner contends that claims 1-19, 23-25, and 29 of the '516 patent are unpatentable under 35 U.S.C. § 112, first paragraph, for failing to comply with the written description requirement. Pet. 73-80. Specifically, Petitioner contends the following claim terms do not have adequate written description support: “endorsement tag”; “match condition”; and “token.” To satisfy the written description requirement, the focus is not just on whether the claims are supported by the specification, but whether one of ordinary skill in the art reasonably would conclude from the original

disclosure that the inventor had possession of the claimed invention. *See, e.g., Ariad Pharms., Inc. v. Eli Lilly and Co.*, 598 F.3d 1336, 1351 (Fed. Cir. 2010) (en banc).

1. “endorsement tag”

Claims 1, 11, and 14 each recite “endorsement tag.” The ’144 application, which issued into the ’516 patent, does not recite expressly “endorsement tag.” Petitioner contends that “endorsement tag” should be construed as an “executable link, such as a hyperlink,” and that “endorsement tag” must be related to an advertiser linked with advertising content, transmitted from a qualified subscriber to a recipient, and be capable of being executed to produce a signal, as required by independent claim 1. Petitioner contends that the ’144 application does not disclose any such feature with all the aforementioned functionalities. Pet. 73-75. Patent Owner contends that the ’144 application provides adequate written description support for a hyperlink that includes all of the aforementioned functionalities. Prelim. Resp. 62-66. Both parties’ contentions are misplaced. The question is not whether the ’144 application provides adequate written description support for a definition of or the features of “endorsement tag”; it is whether given the ’144 application, one of ordinary skill would reasonably conclude that the inventor had possession of “endorsement tag.”

Patent Owner asserts that the following disclosures of the ’144 application collectively provide sufficient written description support for an

“endorsement tag”: steps 58, 64, and 66 of Figure 4, and paragraphs 21, 28, and 30. We disagree. Figure 4 is set forth below:

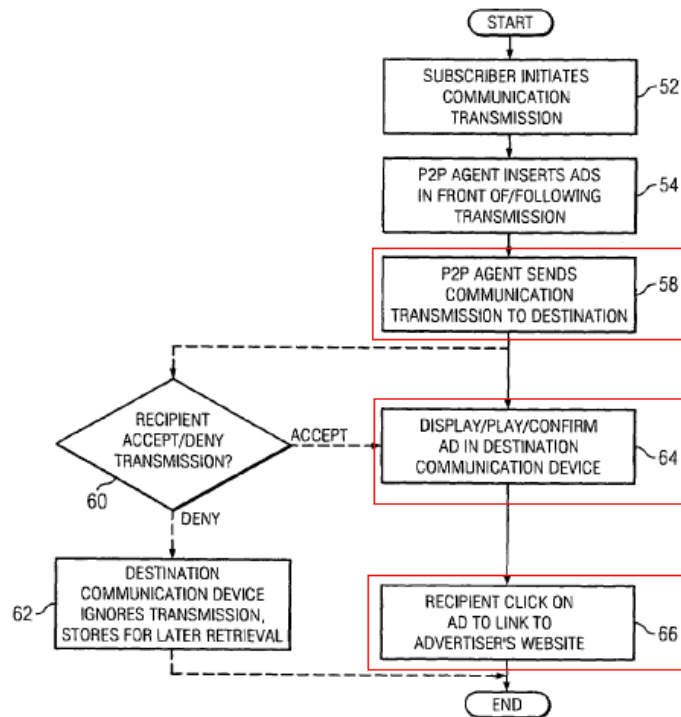


FIG. 4

Figure 4 is a flowchart of a communications process.

Ex. 1002, Fig. 4. Steps 58, 64, and 66 describe a peer-to-peer (“P2P”) agent sending a transmission to a destination communication device, displaying an advertisement from the transmission on the destination communication device, and clicking on the advertisement to link to an advertiser’s website. Ex. 1002 ¶ 30. Given the lack of any language that could be appreciated as referring to either “endorsement” or “tag,” we are unclear as to how one of ordinary skill reasonably could conclude that the inventor had possession of “endorsement tag.” Similarly, paragraph 21 discloses the following:

“advertisers 10 upload their advertisements, which may be in a form of text,

audio, video, static graphic, or other advertising media, to the intermediary's website 11 to be later associated with one or more subscriber's communications." Again, we are unclear as to how any of this would lead one of ordinary skill to conclude the inventor had possession of "endorsement tag." Finally, paragraph 28 discloses the following: "the advertisements are downloaded to the subscriber 1" and this process can be managed by the intermediary's P2P agent 14 that "is downloaded to the subscriber's source communication device 2 followed by the advertiser's ads." Once more, we are unpersuaded.

2. *"match condition"*

Independent claim 1 recites "match condition" in the following claim context: "deriving a match condition between the first profile [of the advertiser] and the second profile [of the subscriber]; determining if the subscriber is a qualified subscriber based on the match condition." Claim 12 recites "wherein the step of determining comprises the further steps of: comparing the advertiser criteria to the subscriber criteria; determining if a match exists between the advertising criteria and the subscriber criteria; if the match exists, then notifying the subscriber and the at least one advertiser of the match." Petitioner contends that the same portion of the '144 application is cited improperly as supporting "match condition" in both the deriving step of claim 1 and the determining step of claim 12. Pet. 73-75. Patent Owner contends that the '144 application provides adequate written description support for "match condition." Prelim. Resp. 66-68. We agree with Patent Owner. Figure 3 is set forth below.

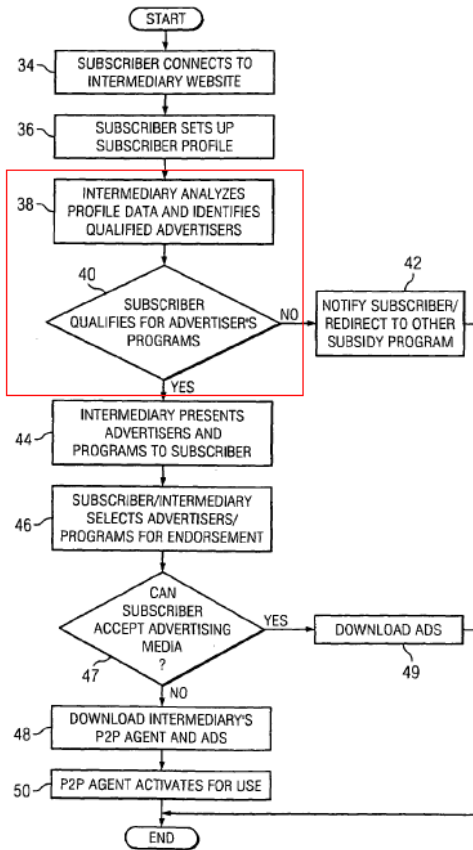


FIG. 3

Figure 3 is a flowchart of a subscriber setup process.

Ex. 1002, Fig. 3. Steps 38 and 40 correspond respectively to the recited deriving and determining steps. Specifically, step 38 recites “intermediary analyzes profile data and identifies qualified advertisers [based on subscriber criteria],” and thus corresponds to “deriving a match condition between the first profile [of the advertiser] and the second profile [of the subscriber],” as recited in independent claim 1. Step 40 recites “subscriber qualifies for advertiser’s programs [based on advertiser’s criteria],” and thus corresponds to “determining if a match [condition] exists between the advertising criteria and the subscriber criteria,” as recited in claim 12. Thus, contrary to

Petitioner's contention, the same portion of the '144 application is not cited as supporting "match condition" in both the deriving step of claim 1 and the determining step of claim 12.

3. "token"

Claims 2, 3, 7, 13, 15-17, and 29 each recite "token." The '144 application does not recite "token" expressly. Petitioner contends that "token" should be construed as an "executable link, such as a hyperlink," and that "token" must be "related to [an] advertisement," sent "to the source communication device," and transmitted in a message "from the source communication device to the destination communication device," as recited in independent claim 2. Petitioner contends that the '144 application does not disclose any such feature with all the aforementioned functionalities. Pet. 78-80. Patent Owner contends that "token" should be construed as "information including a unique identifier," and that the '144 application provides adequate written description support for "information including a unique identifier" that includes all of the aforementioned functionalities. Prelim. Resp. 68-71. Both parties' contentions are misplaced. The question is not whether the '144 application provides adequate written description support for a definition of or the features of "token"; it is whether given the '144 application, one of ordinary skill reasonably would conclude that the inventor had possession of the term "token." As support, Patent Owner cites essentially the same portions of the '144 application that it cited in support of "endorsement tag." We similarly are unpersuaded that the '144 application provides adequate written description support for "token," and as

our analysis is the same as it is for “endorsement tag,” it need not be repeated.

4. *Conclusion*

Petitioner has shown that it is more likely than not that claims 1-19, 23-25, and 29 of the '516 patent are unpatentable under 35 U.S.C. § 112, first paragraph, for failing to comply with the written description requirement with respect to the claim terms “endorsement tag” and “token.”

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 and 29 of the '516 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. 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 and 29 of the '516 patent for the following grounds:

- A. Claims 1-15, 20-23, and 29 under 35 U.S.C. § 102(b) as being unpatentable as anticipated by Ratsimor;
- B. Claims 2-15, 20-23, and 29 under 35 U.S.C. § 102(b) as being unpatentable as anticipated by Paul;

C. Claims 1-27 and 29 under 35 U.S.C. § 103 as being unpatentable over Ratsimor and Paul; and

D. Claims 1-19, 23-25, and 29 under 35 U.S.C. § 112, first paragraph, for failing to comply with the written description requirement with respect to the claim terms “endorsement tag” and “token.”

FURTHER ORDERED that all other grounds raised in the petition are *denied* because they are deficient 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 48,765-66, 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 CBM2013-00035
Patent 7,664,516

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