

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

JACK HENRY and ASSOCIATES, INC.,
Petitioner,

v.

DATATREASURY CORP.,
Patent Owner.

CBM2014-00056
Patent 6,032,137 C1

Before MICHAEL P. TIERNEY, WILLIAM V. SAINDON, and
MATTHEW R. CLEMENTS, *Administrative Patent Judges*.

SAINDON, *Administrative Patent Judge*.

DECISION

Final Written Decision
35 U.S.C. § 328(a) and 37 C.F.R. § 42.73

Denying Patent Owner's Motion to Exclude
37 C.F.R. § 42.64(c)

I. INTRODUCTION

We have jurisdiction under 35 U.S.C. § 6(c). This Final Written Decision is entered pursuant to 35 U.S.C. § 328(a) and 37 C.F.R. § 42.73.

With respect to the grounds asserted in this trial, we have considered the papers submitted by the parties and the evidence cited therein. For the reasons discussed below, we determine that Petitioner has shown by a preponderance of the evidence that claims 42 and 43 of U.S. Patent No. 6,032,137 C1 (Ex. 1001, “the ’137 patent”) are unpatentable. In addition, for the reasons discussed below, we deny Patent Owner’s Motion to Exclude.

A. Procedural History

Petitioner filed a corrected petition (Paper 4, “Pet.”) requesting a covered business method patent review of claims 1, 2, 16, 18, 26, 27, 29, 36, 38, 42, and 43 of the ’137 patent under 35 U.S.C. §§ 102 and 103. Pet. 16–17, 22–78. Patent Owner filed a preliminary response. Paper 9. Reviewing the arguments and evidence then before us, we issued a Decision Instituting Covered Business Method Review (Paper 17, “Dec. Inst.”), instituting review on claims 42 and 43 only. Dec. Inst. 15.

Patent Owner subsequently filed a Response to the Petition (Paper 21, “PO Resp.”), to which Petitioner filed a Reply (Paper 22, “Pet. Reply”) including the testimony of William R. Michalson, Ph.D (Ex. 1023). Upon the request of the parties, an Oral Hearing was held. *See* Paper 36 (transcript of the Hearing, cited as “Tr.”).

Patent Owner filed a Motion to Exclude certain evidence. Paper 26 (“PO Mot. Excl.”). Petitioner filed an opposition to that motion (Paper 27,

“Pet. Opp. Mot. Excl.”), to which Patent Owner filed a reply (Paper 33, “PO Reply Mot. Excl.”).

B. Related Matters

Petitioner indicates that the ’137 patent is asserted in a district court action titled *DataTreasury Corp. v. Jack Henry & Assoc., Inc.*, No. 2:13-cv-00433 (E.D. Tex). Pet. 15 (citing Ex. 1020). Petitioner also identifies a number of other district court proceedings involving the ’137 patent. *Id.* The ’137 patent is the subject of a number of proceedings before this Board, including *Fidelity National Information Services, Inc. v. DataTreasury Corp.*, Case CBM2014-00020 (PTAB) (“Fidelity CBM”)¹ and *Fiserv, Inc. v. DataTreasury Corp.*, Case CBM2014-00088 (PTAB).² Paper 7; Paper 8; Paper 35.

C. The ’137 Patent

The ’137 patent is directed to a system for remote data acquisition, and centralized processing and storage of the acquired data. Ex. 1001, Abstract. An object of the invention is to provide an automated system to manage and store captured electronic and paper transactions from various activities including banking and consumer applications. *Id.* at 3:22–26.

¹ In the Fidelity CBM proceeding, a final written decision was issued on April 29, 2015 determining claims 1–67 of the ’137 patent to be unpatentable under 35 U.S.C. §§ 101 and 112, first paragraph.

² In CBM2014-00088, we instituted a covered business method review of claims 1, 2, 9, 16, 18, 19, 22, 25, 26, 29, 36, 38–43, 48, 50, 51, 54, 55, 60, 62, 63, and 66 of the ’137 patent as anticipated by Campbell under 35 U.S.C. § 102. Paper 6. We have yet to issue a final written decision in that proceeding.

Generally, the '137 patent describes scanning documents using a scanner attached to a general purpose network computer that is connected via a carrier cloud to a server that inserts images and data received into a database. *Id.* at Figs. 1–2, 3:37–58, 4:65–5:15, 5:45–51, 16:53–60. Additionally, the general purpose network computer encrypts the images and data to provide a system with maximal security. *Id.* at 3:30–36, 7:38–46, 8:10–15.

Figure 1 of the '137 patent, provided below, depicts a preferred embodiment of the system having three major operational elements:

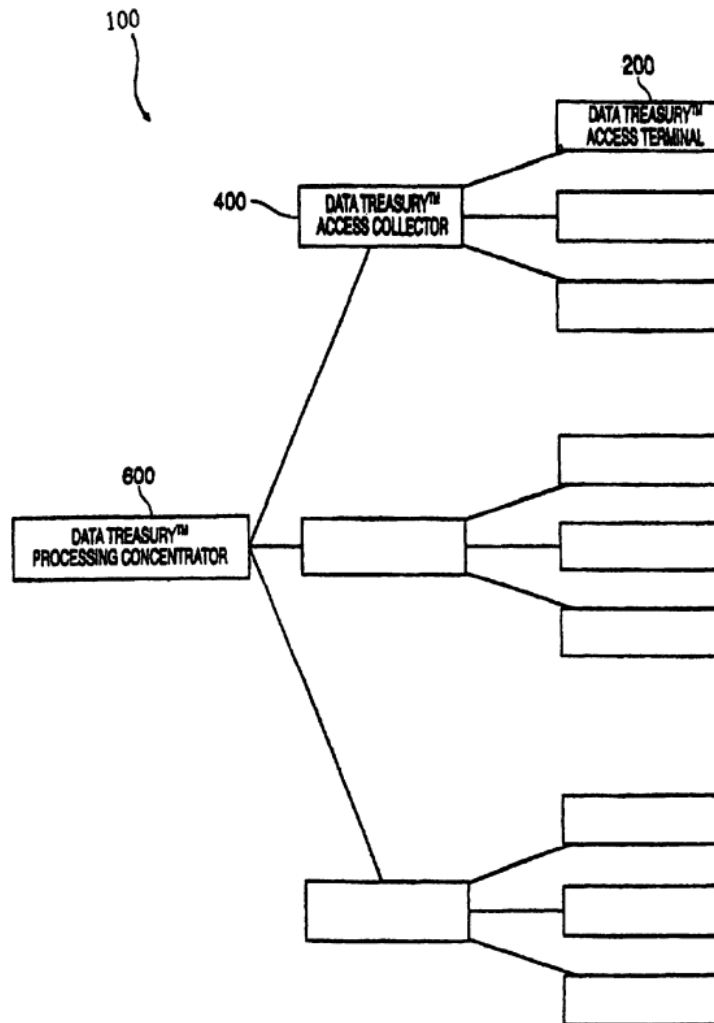


FIG. 1 (Amended)

The '137 patent describes the tiered arrangement depicted in Figure 1 as follows:

FIG. 1 shows the architecture of the DataTreasury™ System 100. The DataTreasury™ System 100 has three operational elements: the DataTreasury™ System Access Terminal (DAT) 200 (the remote data access subsystem), the DataTreasury™ System Access Collector (DAC) 400 (the intermediate data collecting subsystem), and the DataTreasury™ System Processing Concentrator (DPC) 600 (the central data processing subsystem).

Id. at 4:66–5:6.

Figure 2 of the '137 patent, provided below, depicts a block diagram of the DAT:

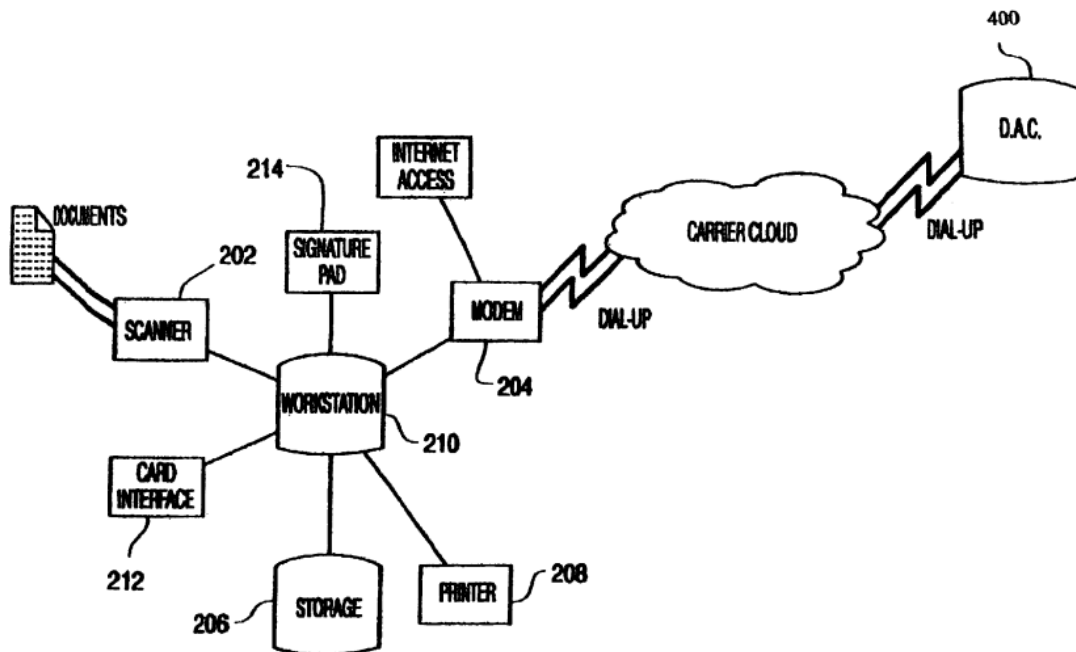


FIG. 2 (Amended)

As shown in Figure 2, scanner 202 is connected to workstation 210, which is connected to data system access collector 400. The workstation can

be a general purpose computer and performs tasks including compressing, encrypting, and tagging a scanned bitmapped image. *Id.* at 5:40–45, 7:31–35.

D. Illustrative Claims

Both challenged claims, claims 42 and 43, are independent. They are reproduced below.

42. A system for central management, storage and report generation of remotely captured paper transactions from checks comprising:

one or more remote data access subsystems for capturing and sending paper transaction data and verifying transaction data from the checks comprising at least one imaging subsystem for capturing the checks and at least one data access controller for managing the capturing and sending of the transaction data;

at least one central data processing subsystem for processing, sending, verifying and storing the paper transaction data and the subsystem identification information comprising a management subsystem for managing the processing, sending and storing of the [] transaction data; and

at least one communication network for the transmission of the transaction data within and between said one or more data access subsystems and said at least one data processing subsystem, with the data access subsystem providing encrypted subsystem identification information and encrypted paper transaction data to the data processing subsystem.

43. A method for central management, storage and verification of remotely captured paper transactions from checks comprising the steps of:

capturing an image of the check at one or more remote locations sending a captured image of the check;

managing the capturing and sending of the transaction data;
collecting, processing, sending and storing the transaction data at a central location;
managing the collecting, processing, sending and storing of the transaction data;
encrypting subsystem identification information and the transaction data; and
transmitting the transaction data and the subsystem identification information within and between the remote location(s) and the central location.

E. Asserted Grounds and Prior Art

A covered business method patent review of claims 42 and 43 of the '137 patent was instituted on the ground of anticipation by U.S. Patent No. 5,373,550, issued Dec. 13, 1994 to Campbell (Ex. 1012).

II. ANALYSIS

A. The '137 Patent is a Covered Business Method Patent

Patent Owner argues that the '137 patent is not eligible for covered business method patent review because one or more of its claims are directed to a technological invention. PO Resp. 9–15. We have discussed whether the '137 patent is eligible for covered business method patent review at length in our Decision to Institute and Final Written Decision in the Fidelity CBM. *See* Fidelity CBM, Paper 13, 9–13; Fidelity CBM, Paper 34, 8–9. For the same reasons as those we expressed in the Fidelity CBM, we hold that the '137 patent is eligible for covered business method patent review.

B. Claim Construction

We interpret the claims of an unexpired patent using the broadest reasonable interpretation in light of the specification of the patent. 37 C.F.R. § 42.100(b); *In re Cuozzo Speed Techs., LLC*, 778 F.3d 1271, 1281–82 (Fed. Cir. 2015). Under the broadest reasonable interpretation 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 with reasonable clarity, deliberateness, and precision. *In re Paulsen*, 30 F.3d 1475, 1480 (Fed. Cir. 1994).

In our Decision instituting this trial, we determined the broadest reasonable interpretation of “subsystem identification information” is “information that identifies a subsystem.” Dec. Inst. 9–10. We noted that this interpretation did not limit the information to identify any particular subsystem (e.g., it could identify the remote subsystem, the central subsystem, etc.). *Id.* at 9.

Patent Owner does not challenge directly this interpretation, although it does make some arguments that imply that it disagrees with some aspects of the construction. For example, Patent Owner takes issue with our statement, reiterated above, that our interpretation does not limit the subsystem identification information (“SSID”) to any particular subsystem. *See, e.g.*, PO Resp. 29–31. Patent Owner, however, simply misunderstands our statement. That the SSID is not limited to any particular subsystem means that the SSID could identify a remote subsystem, a central subsystem, or any other type of subsystem—the claims do not require the SSID identify,

for example, only a remote subsystem. The SSID could identify any type of subsystem. Patent Owner points to several columns in the '137 patent where it believes an SSID is described, specifically identifying DAT_TERMINAL_ID. *Id.* at 31 (citing Ex. 1001, 7:59–9:16, Fig. 3a). Patent Owner provides no further analysis.

Figure 3a discloses an unencrypted tag that includes “a time stamp . . . , an identification number to *identify the merchant* originating the scan and any additional useful information.” Ex. 1001, 8:21–24 (emphasis added). The DAT_TERMINAL_ID, which is part of the unencrypted tag, “uniquely identifies the DAT 200 which is used by the customer.” *Id.* at 10:40–46. The DAT 200, also known as the remote data access terminal (*id.* at 5:1–2) is shown in Figure 2 and is a collection of components found at the merchant (e.g., bank). *Id.* at 5:32–44. Thus, in this particular example, the SSID (which is not encrypted) identifies the remote data access terminal, for example, the subsystem that scans and sends images at a bank. Nothing about the term “subsystem identification information,” as set forth in the claims or specification, indicates that only remote data access subsystems can have an SSID; this is merely an example. Accordingly, we construed SSID in a manner that encompassed a preferred embodiment but, because the specification provided no indication that the term should be read more narrowly, we did not limit SSID to the particular embodiment identified by Patent Owner. *See Superguide Corp. v. DirecTV Enter., Inc.*, 358 F.3d 870, 875 (Fed. Cir. 2004) (a particular embodiment appearing in the written description may not be read into a claim when the claim language is broader than the embodiment.); *In re Bigio*, 381 F.3d 1320, 1325 (Fed. Cir. 2004) (“Absent claim language carrying a narrow meaning, the PTO should only

limit the claim based on the specification or prosecution history when those sources expressly disclaim the broader definition.”).

Patent Owner also argues in its Response that the word “subsystem” implies some degree of common ownership among the subsystems. *See, e.g.*, PO Resp. 20 (arguing that “neither the Sending Bank nor the Receiving Bank [in Campbell] is part of a system or subsystem of the other bank.”); *id.* at 23 (“Campbell does not state that the two banks . . . are banks that belong to the same banking/financial company”); Pet. Reply 6–7 (responding to Patent Owner’s common ownership argument; alleging that Patent Owner made claim construction arguments in District Court to the contrary); *see also* Ex. 1024, 3 (containing Patent Owner’s infringement contention).

Upon questioning, Patent Owner withdrew this argument in Oral Hearing:

[Patent Owner’s Counsel]: I’m told that it is not necessarily commonly owned. However, the portions have to work together and enable the result that is warranted by the claims.

So a first step might be owned by one party but the remaining steps can be owned by another party or function by using another party, but they have to function together in order to achieve the result that’s in this claim.

Tr. 50:14–20. We agree that nothing in the claims, as would be understood by a person of ordinary skill in the art in view of the specification, requires any form of ownership or other type of corporate relationship between the various subsystems; only that they function in the manner set forth in the claims. Indeed, the ordinary meaning of “system” involves something

organized around function, not ownership.³ A subsystem is merely a sub-component of a system.⁴

In view of the above, we retain our initial construction of “subsystem identification information” as “information that identifies a subsystem.”

C. Patent Owner’s Motion to Exclude

Patent Owner moves to exclude Exhibit 1023 (Michalson Affidavit), Paper 23 (Revised Exhibit List), and Paper 22 (Petitioner’s Reply). PO Mot. Excl. 2.

Patent Owner objects to Exhibit 1023 because it contains sub-exhibits and because it allegedly “raises new grounds and issues that go beyond the scope of Patent Owner’s Response to Petition.” *Id.* at 2–4. We have reviewed these objections and determine that Patent Owner has failed to identify a persuasive reason why Exhibit 1023 should be excluded.

Regarding Petitioner’s improper use of sub-exhibits within an exhibit, we note that, although parties are not permitted to file combined documents as Petitioner has done in Exhibit 1023, *see* 37 C.F.R. § 42.6(a)(3), exclusion would be too extreme a remedy in this instance, where there is insufficient prejudice to Patent Owner. A more reasonable remedy would be to have Petitioner re-file the documents, but at this late stage of the proceeding,

³ “system. A collection of components organized to accomplish a specific function or set of functions.” *IEEE Standard Glossary of Software Engineering Terminology* 73 (IEEE Std 610.12-1990, 1990) (Ex. 3001).

⁴ “subsystem. A secondary or subordinate system with a larger system.” *Id.* at 72.

where briefing has closed, there is no compelling reason to have Petitioner re-file the documents.

Regarding Patent Owner's arguments that Exhibit 1023 goes beyond the scope of Patent Owner's Response, we find this argument unpersuasive. As an initial matter, a motion to exclude is not a proper vehicle for use by a party to raise the issue of a reply exceeding the proper scope in violation of 37 C.F.R. § 42.23(b). *See Vibrant Media Inc. v. General Electric Co.*, Case IPR2013-00170, slip op. at 31 (PTAB June 26, 2014) (Paper 56) ("Whether a reply contains arguments or evidence that are outside the scope of a proper reply under 37 C.F.R. § 42.23(b) is left to our determination."). Moreover, the evidence cited by Dr. Michalson in his testimony is encouraged by our rules. *See* 37 C.F.R. § 42.65(a) ("Expert testimony that does not disclose the underlying facts or data on which the opinion is based is entitled to little or no weight."). The documents supplied in the sub-exhibits are the underlying facts that the opinion relies upon. *See, e.g.*, Ex. 1023, 10 (citing the sub-exhibits in support of his testimony). Further, Dr. Michalson's testimony is in response to particular arguments Patent Owner made in its Response. Specifically, Dr. Michalson's testimony is limited to the LAN/WAN (*id.* at 7–11), storage (*id.* at 11–13), and encryption (*id.* at 13–15) disclosures in Campbell. Patent Owner argues that Campbell does not disclose encryption in the Response. *See, e.g.*, PO Resp. 29 (encryption). As such, Dr. Michalson's testimony is, on its face, in response to Patent Owner's arguments. Patent Owner does not set forth a persuasive argument that Dr. Michalson's testimony is improper in this instance. As to Dr. Michalson's testimony on storage (Ex. 1023, 11–13), it is not clear to us whether this testimony is in response to Patent Owner's arguments in the Response.

Further, Dr. Michalson's testimony on LANs/WANs (*id.* at 7–11) appears to be present because of its relevance in another proceeding (CBM2014-00057); Petitioner is merely re-using the same testimony for multiple proceedings. Our Decision does not rely on this testimony, however, so there is no need to exclude this portion of the testimony. In view of the above, Patent Owner's Motion to Exclude Exhibit 1023 is denied.

We also deny Patent Owner's Motion to Exclude Paper 23 (Revised Exhibit List) and Petitioner's Reply. It is not clear to us why we should exclude an exhibit list; it is not evidence. *Cf.* 37 C.F.R. § 42.64(c) (“A motion to exclude *evidence* . . .”) (emphasis added). As to Petitioner's Reply, we have already determined that Exhibit 1023 will not be excluded and, thus, we need not exclude the Reply or the portions that rely on Exhibit 1023.

D. Anticipation by Campbell

1. Campbell

Campbell discloses a system that transmits check images and routes those images between banks. Ex. 1012, Abstract. A first entity in the system lies within sending bank 14. *Id.* at Fig. 1. Within this first bank, hardware, and software are configured to create a check image and other data (e.g., source and destination identifiers). *Id.* at 2:64–3:32, 5:23–28; *see also id.* at 4:10–25 (describing the same hardware and software performing the same operations for a dishonored check). The first bank sends the gathered information to a second entity of the system, node 12, over a network. *Id.* at 3:20–36; *see also id.* at 4:26–29 and 4:59–5:1 (describing the transmission in the dishonored check example). Node 12 performs various

tasks with the sent information, one task being the forwarding of the check image to the appropriate receiving bank. *Id.* at 1:60–67, 2:30–32. Receiving bank 16, therefore, is a third entity in the system. *See id.* at Figs. 1, 2. The system is equipped to send and receive encrypted information between the banks and within its own central node 12. *Id.* at 5:55–60, 6:37–38.

2. *Petitioner's Ground: Anticipation of Claim 42*

Petitioner asserts that claim 42 is anticipated by Campbell. Pet. 22–27. Independent claim 42 requires a remote data access subsystem, a central data processing subsystem, and a communications network. Petitioner reads the remote data access subsystem on the first bank subsystem of Campbell. Pet. 23–24. In particular, Petitioner asserts that Campbell describes check imaging equipment 18 that is responsible in part for managing and carrying out the capture and transmission of scanned paper transaction data in the form of checks. *Id.* (citing Ex. 1012, 2:32–42, 2:64–66, 3:1–10, 3:17–20, 3:61–67). The destination of the scanned image may be verified by an operator. *Id.* at 24 (citing Ex. 1012, 3:60–67). A network interface helps the imaging equipment 18 transmit the data over a network. *Id.* at 23 (citing Ex. 1012, 3:17–20). Petitioner reads the central data processing subsystem on the node 12 of Campbell. *Id.* at 24–26. In particular, Petitioner asserts that Campbell describes node 12 as carrying out and managing the processing, sending, verifying, and storing of the paper transaction data. *Id.* (citing Ex. 1012, 2:26–32, 3:55–58, 4:30–39, 5:23–28, 5:30–39, 7:54–59). Lastly, Petitioner reads the communications network on the various networks involved in the above subsystems, including local area network 56 for sending data within node 12 and a network connecting imaging

equipment 18 and network interface 10 of the first bank. Pet. 26. Another network, via public switched telephone network 10 serves as a connection between the bank and node. *Id.* With respect to the “encrypted subsystem identification information,” Petitioner asserts that the remote data access subsystem provides both an encrypted SSID in the form of an identifier of the remote data access subsystem (i.e., the bank) as well as an encrypted check image. Pet. 27 (citing Ex. 1012, 5:26–27, 55–60).

3. Patent Owner’s Arguments: Anticipation of Claim 42

We have reviewed Patent Owner’s arguments against Petitioner’s ground (PO Resp. 15–43); the principal arguments are addressed below.

With respect to independent claim 42, Patent Owner principally argues that Campbell fails to disclose a) “subsystems” and b) “encryption” of the SSID in the manner required by the claim. *See, e.g.*, PO Resp. 21 and 23 (arguing “subsystem”); *id.* at 28–29 (arguing “encryption”).

a. “subsystem”

Campbell discloses a system for transporting the images of checks. Ex. 1012, 2:18–20 (“FIG. 1 shows an example of a system for transporting images of checks”). As such, we are persuaded by Petitioner’s position that the various separately identifiable objects operating within this system—namely, the first bank, the node, and the second bank—are subsystems within this system.⁵ Except for the “encryption” aspect of the claim, discussed below, Patent Owner raises no cogent argument that the first bank, the node, or the second bank in Campbell fail to disclose any element of

⁵ *See supra* notes 3, 4.

claim 42. Instead, Patent Owner’s argument is that one or more entities in Campbell are not commonly owned. *See, e.g.*, PO Resp. 21, 23. We determined in our claim construction section, however, that there is no ownership requirement to be a “subsystem” of the claimed system. Accordingly, Patent Owner’s argument is unpersuasive. Reviewing the record before us, we are persuaded that Petitioner has established that the “remote data access subsystem” reads on the first bank in Campbell and the “central data processing system” reads on the node.

b. “encryption”

Patent Owner argues that the disclosure of Campbell that Petitioner relies on discloses encryption, but only of check images (*see, e.g., id.* at 28–29). Petitioner cites to Campbell, column 5, lines 14–60, which discusses encryption of information as follows:

The controller 42 may read some data accompanying check images, for example, it may identify that TCP/IP protocol information accompanying those images. That information may instruct the node 12 about the identity of the sending institution and the intended receiving institution. That information may also identify the disposition of the check

The controller 42 may also be configured to handle information encrypted by sending institutions to provide security for the images transported by the network 38. The controller 42 may have its own encryption and decryption equipment to provide a secure environment in the node 12.

Pet. 29. In our Decision to Institute this trial, we determined that Campbell’s system “is equipped to send and receive encrypted information

between the banks,” relying on the above-cited passage in Campbell. Dec. Inst. 10 (citing Ex. 1012, 5:55–60).

With a full record, we find that the preponderance of the evidence supports Petitioner’s position. Campbell does not state that only the *image* is encrypted. Instead, Campbell states that “*information* [is] encrypted . . . to provide security *for the images* transported.” Ex. 1012, 5:55–58 (emphasis added). Thus, Campbell uses the terms *information* and *image* for different things. Earlier in that column, Campbell also explains what it means by “information,” and it is clear that this information is not just images but rather includes “information that *accompan[ies]* those images.” *Id.* at 5:25–26 (emphasis added). For example, the information identifies the “sending institution,” “receiving institution,” and “the disposition of the check.” *Id.* at 5:26–31. As we discussed above in our claim construction section, we are persuaded that information that identifies the sending institution is an SSID. Thus, when this information is encrypted, it is an encrypted SSID, as required by claim 1. *See also* Ex. 1023, 15 (Petitioner’s expert, Dr. Michalson, testifying that the encrypted information in Campbell identifies the receiving institution). Reviewing the record before us, we are persuaded that Campbell discloses transmitting an encrypted SSID.

c. Conclusion Regarding Claim 42

In view of the above, we determine that Petitioner has shown, by a preponderance of the evidence, that Campbell anticipates the subject matter of claim 42.

E. Anticipation of Claim 43

Petitioner asserts that Campbell anticipates claim 43. Pet. 27–30. Independent claim 43 is similar to claim 42, but expressed as a method rather a system. Petitioner’s ground identifies components performing the method steps, similar to those identified for claim 42. *See* Pet. 27–30. Likewise, Patent Owner’s arguments against Petitioner’s ground for claim 43 are similar to its arguments for claim 42. *See* PO Resp. 39–43. Reviewing Petitioner’s ground and Patent Owner’s arguments, we determine that Petitioner has shown, by a preponderance of the evidence, that Campbell anticipates the subject matter of claim 43 for substantially the same reasons discussed above with respect to claim 42.

F. Conclusion for the Campbell Anticipation Ground

Reviewing the Petition, Patent Owner Response, Petitioner’s Reply, and the evidence and arguments cited and discussed therein, we determine that Petitioner has shown, by a preponderance of the evidence, that Campbell anticipates the subject matter of claims 42 and 43.

III.ORDER

In view of the foregoing, it is hereby:

ORDERED that claims 42 and 43 of the ’137 patent are unpatentable;
and

FURTHER ORDERED that, because this is a Final Written Decision, the parties to the proceeding seeking judicial review of the decision must comply with the notice and service requirements of 37 C.F.R. § 90.2.

CBM2014-00056
Patent 6,032,137 C1

For PETITIONER:

Christopher L.E. Hines
Russ Jones, Jr.
Jay Heidrick
POLSINELLI, PC
chines@polsinelli.com
jheidrick@polsinelli.com
rjones@polsinelli.com

For PATENT OWNER:

Abraham Hershkovitz
Eugene Rzucidlo
HERSHKOVITZ & ASSOCIATES, PLLC
grzucidlo@hershkovitz.net
ahershkovitz@hershkovitz.net