UNITED STATES PATENT AND TRADEMARK OFFICE

_____

BEFORE THE PATENT TRIAL AND APPEAL BOARD

_____

GOOGLE INC.,
Petitioner,

v.

PATRICK ZUILI,
Patent Owner.

_____

Case CBM2016-00022
Patent 8,326,763 B2

_____

Before JAMESON LEE, GLENN J. PERRY, and MIRIAM L. QUINN,
*Administrative Patent Judges.*

LEE, *Administrative Patent Judge.*

FINAL WRITTEN DECISION
Covered Business Method Patent Review
*35 U.S.C. § 328(a) and 37 C.F.R. § 42.73*

## I.  INTRODUCTION

### A.  Background

On December 18, 2015, Petitioner filed a Petition (Paper 1, "Pet.") requesting covered business method patent review of claims 1–3, 5, 6, 10, 11, 14, 15, and 17 of U.S. Patent No. 8,326,763 B2 (Ex. 1001, "the '763 patent"), under Section 18 of the Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284, 329 (2011) ("AIA").  On June 1, 2016, we instituted a covered business method patent review (Paper 11, "Inst. Dec.") on the sole ground that claims 1–3, 5, 6, 10, 11, 14, 15, and 17 are directed to patent ineligible subject matter under 35 U.S.C. § 101.  We did not institute review of any claim on any other alleged ground of unpatentability, including alleged grounds of obviousness over prior art.  Inst. Dec. 45. Subsequent to institution of review, Patent Owner filed a Patent Owner Response (Paper 19, "PO Resp.") and Petitioner filed a Reply (Paper 28, "Reply") to Patent Owner's Response.

After filing of Petitioner's Reply to Patent Owner's Response, the U.S. Court of Appeals for the Federal Circuit issued a decision in *Unwired Planet, LLC v. Google Inc.*, 841 F.3d 1376 (Fed. Cir. 2016), which provided new guidance on how to determine a patent's eligibility for covered business method patent review.  Given this new binding authority, we authorized Patent Owner to submit additional briefing "to discuss the issue of whether the subject matter of at least one claim of the '763 patent is directed to 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, in light of the Federal Circuit's decision in *Unwired Planet*, *supra*."  Paper 30, 2.  We also authorized Petitioner to file a response

to Patent Owner's submission.  *Id.*  Each party filed its submission.  Paper 31 (Patent Owner submission); Paper 32 (Petitioner submission).

No oral hearing was held for this proceeding.  Paper 39.

We have jurisdiction under 35 U.S.C. § 6.  This Final Written Decision is issued pursuant to 35 U.S.C. § 328(a) and 37 C.F.R. § 42.73.  For the reasons discussed below, we determine that Petitioner has shown by a preponderance of the evidence that claims of the '763 patent are directed to patent ineligible subject matter under 35 U.S.C. § 101.[1]

B.     Related Proceedings

Petitioner indicates that the '763 patent was the subject of *Brite Smart Corp. v. Google Inc.*, No. 2:14-cv-760-JRG (E.D. Tex.) (closed).  Pet. 4.  Petitioner also identifies *Brite Smart Corp. v. Google Inc.*, No. 5:15-cv-03962-BLF (N.D. Ca.) as a related matter.  *Id.*  Petitioner also has filed petitions seeking covered business method patent review of two related patents, U.S. Patent No. 8,671,057 B1 (CBM2016-00008) and U.S. Patent No. 7,953,667 B1 (CBM2016-00021).

---

[1] In its Reply, Petitioner notes numerous instances of non-compliance of the Patent Owner Response with the pertinent rules involving certification, font, and spacing requirements.  Reply 2–3.  Given Patent Owner's *pro se* status, these violations are not sufficient to preclude us from considering the Patent Owner Response.  Petitioner also asserts that Patent Owner did not serve the Patent Owner Response on Petitioner's counsel of record.  *Id.* at 2.  However, the Patent Owner Response is accompanied by such a certificate of service.  PO Resp. 173.  The content of the Reply also indicates that Petitioner has received a copy of the Patent Owner Response.  No action is required.

C.      Asserted Ground of Unpatentability

Trial was instituted based on the following ground of unpatentability:

| References | Basis of Unpatentability | Claims Challenged |
|---|---|---|
| Not Applicable | lack of patent eligibility under 35 U.S.C. § 101 | 1–3, 5, 6, 10, 11, 14, 15, and 17 |

Petitioner relies on the Declaration of Stephen Gray, filed in support of the Petition. Ex. 1006. Patent Owner submitted an Affidavit of Mr. Patrick Zuili, relied on, not in Patent Owner's Response, but in Patent Owner's Renewed Motion to Exclude Evidence (Paper 33). Ex. 2010.

D.      The '763 Patent

The '763 patent issued on December 4, 2012, and is titled: "Method and System to Detect Invalid and Fraudulent Impressions and Clicks in Web-Based Advertisement Systems." Ex. 1001, (45), (54). The '763 patent relates specifically to a method for protecting the providers of "pay-per-click" services from illegitimate usages. *Id.* at 1:19–22. A "pay-per-click" system is described as follows:

> In accordance with such [pay-per-click] capability, a user goes to a website, and inputs the name of goods or services that they would like the pay-per-click company to find. Various providers of goods and services register their websites with the company, and these are provided to the user in a list which is prioritized by the level of compensation which the merchant will give the pay-per-click company if the user is routed to their site. For example, using such a system, if a user types in "binoculars," the pay-per-click system might return five potential links, with the most prominent one being associated with that supplier of binoculars which will compensate for a penny or a few cents more than the links presented below.

*Id.* at 1:35–47.

The '763 patent describes that "a user may cause an undesirable level of expenditure on the part of the merchant by overclicking on a particular link." *Id.* at 1:49–51. The '763 patent states that "it has been known that some users have done [overclicking] simply for the purpose of undermining a particular provider or competitor." *Id.* at 1:48–50.
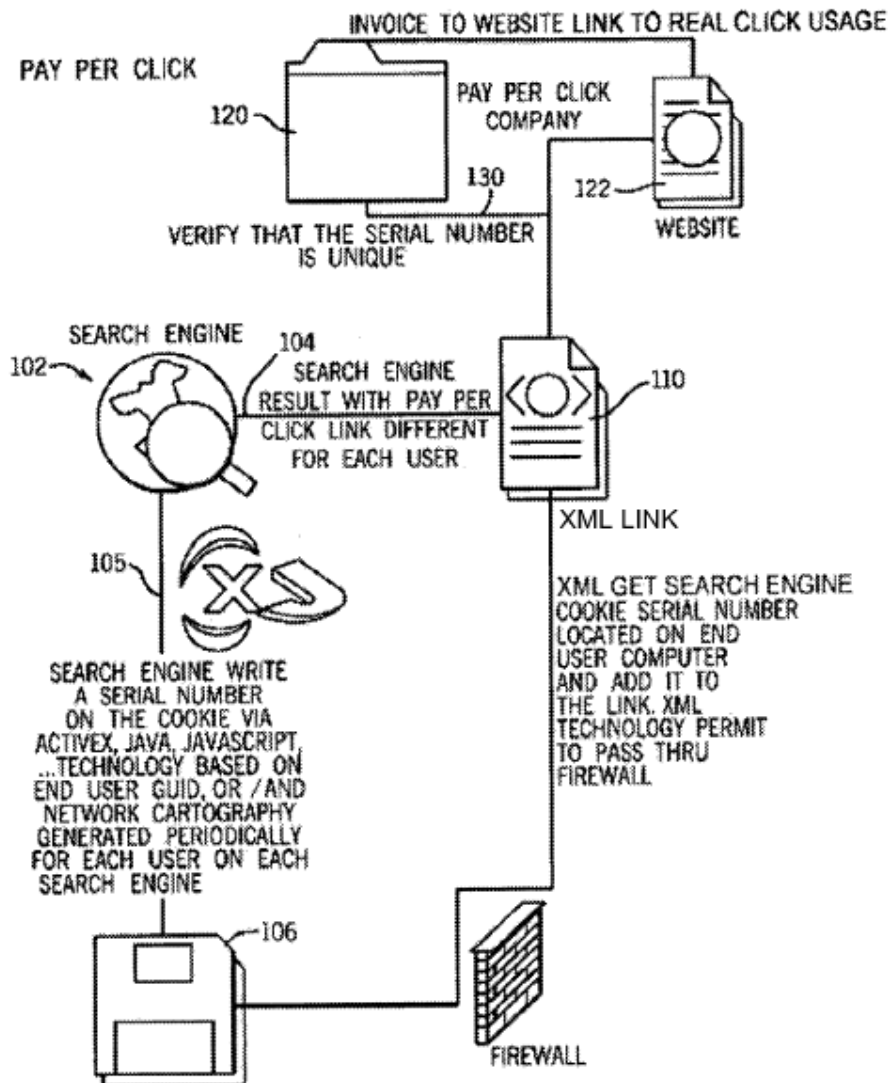
Figure 1 of the '763 patent is reproduced below:



Figure 1 illustrates a preferred embodiment of the '763 patent. *Id.* at 2:7–9. Search engine 102 provides search results to a user along path 104. *Id.* at

5

2:23–24. The search engine also "generates a code, preferably in the form of a serial number utilizing a cookie via [A]ctive X, Java, Javascript, or any other type of technology based upon the end-user's Global Unique identifier (GUID)." *Id.* at 2:29–32. The search engine writes the code into a memory on the end-user's device, e.g., floppy disk 106 shown in Figure 1 or a flash memory. *Id.* at 2:36–39. The text in the description in Figure 1 along path 104 to the user device indicates that the code is retrieved from the user's computer and added to the link provided to the user as a result of the user's search request. Specifically, the code is concatenated with the link provided as the search result. *Id.* at 2:39–42.

When a user clicks on a link provided by the search engine to website 122, the code or serial number is transmitted to company 120 along path 130. *Id.* at 2:46–49. The pay-per-click company will invoice website 122 only when the code or serial number has been received. *Id.* at 2:49–50. The '667 patent describes: "if multiple requests are made by the same user, they may be considered legitimate if they are sufficiently spaced apart in time to be indicative of a legitimate as opposed to fraudulent access to the website 122." *Id.* at 2:53–57. In the Summary of Invention portion of the Specification, the '763 patent describes: "[B]y observing a metric like the number of clicks for a given period of time, be it a short time or a longer period, such as a day or a week, the system can automatically determine if certain clicks are illegitimate." *Id.* at 1:65–2:1. In that regard, the '763 patent further states: "This allows the pay-per-click company to more fairly invoice the merchants, thereby preventing fraudulent over use." *Id.* at 2:1–3.

The independent claims are claims 1, 10, and 14, as reproduced below:

1. A method for detecting fraudulent activity in a pay-per-click system, comprising: (a) providing a pay-per-click engine on a server side; b) receiving, at said server side, a request from a client; c) generating a unique code on the server side, for identifying said client; d) transmitting said code to said client from the server side; e) transmitting to said client from the server side, in response to said request, one or more links associated with one or more websites associated with one or more merchants; f) generating website information regarding a website selected by the client when said client clicks on one of said links; g) transmitting said code and said website information together from said client to said server side; h) receiving said code and said website information at the server side, and detecting fraudulent activity by measuring the duration between clicks by said client to said selected website by examining said code and website information.

*Id.* at 2:59–3:8.

10. In an advertising system including a pay-per-click engine on a server side, the pay-per-click engine providing one or more links associated with one or more web pages to a user at a device on a client side, the method for identifying fraud comprising the steps of: generating a code on the server side, the code identifying said device on the client side; sending said code to said device; receiving data from said device, said data including said code and information about one or more selections by the user of at least one of said one or more web pages; determining from said data whether said at least one of said selections of said at least one web page is fraudulent; and examining a duration between a time of one of said selections of said at least one [web page] and a time of another of said selections of said at least one [web page].

*Id.* at 3:37–50.[2]

---

[2] The bracketed term "web page" was inserted by a Certificate of Correction, dated August 19, 2014, to replace original term "web site" as issued. Ex. 3001.

14. A method for detecting fraudulent activity in a pay-
per-click system, comprising: (a) providing a pay-per-click
engine on a server side; b) receiving, at said server side, a
request from a client; c) generating a unique code on the server
side, for identifying said client; d) transmitting said code to said
client from the server side; e) transmitting to said client from
the server side, in response to said request, one or more links
associated with one or more websites associated with one or
more merchants; f) receiving, on said server side, website
information regarding a website selected by the client together
with said code, when said client clicks one of said links; g)
detecting fraudulent activity by measuring the duration between
clicks by said client to said selected website by examining said
code and website information.

*Id.* at 4:17–30.

## II. ANALYSIS

### A. Grounds for Standing

Section 18 of the AIA created a transitional program, limited to persons or their privies that have been sued or charged with infringement of a "covered business method patent," to seek covered business method patent review. AIA §§ 18(a)(1)(B), 18(d)(1), Pub. L. No. 112-29, 125 Stat. 284, 329–331 (2011); *see* 37 C.F.R. § 42.302. Petitioner represents that it has been sued for infringement of the '763 patent in *Brite Smart Corp. v. Google Inc.*, No. 2:14-cv-760-JRG-RSP (E.D. Tex.). Pet. 8; *see* Ex. 1007. Petitioner also represents that it is not estopped from seeking covered business method patent review of the '763 patent on the grounds it asserts. Pet. 8. Patent Owner does not dispute that Petitioner has been sued for infringement of the '763 patent.

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); 37 C.F.R. § 42.301(a).[3] We refer to that part of the statutory definition of covered business method patent, up to the clause beginning with the word "except," as the "*financial product or service requirement*," and the clause commencing with the word "except" as the "*technological invention exception*."

A patent need have only one claim directed to a covered business method to be eligible for covered business method patent review. *See* Transitional Program for Covered Business Method Patents—Definitions of Covered Business Method Patent and Technological Invention, 77 Fed. Reg. 48,734, 48,736 (Aug. 14, 2012) (Response to Comment 8).

1.     Financial Product or Service Requirement

In the Institution Decision, we applied a definition for "covered business method patent" that regards the financial product or service requirement as capable of being met by all activities that are "incidental to a financial activity or complementary to a financial activity." Inst. Dec. 10. Our reviewing court has ruled in a recent decision on appeal from a final written decision of the Board in a covered business method patent review that the statutory requirement for a "covered business method patent" is not that broad, and that applying the scope that broadly is not in accordance with

---

[3] Patent Owner argues that a "software invention" is categorically not subject to review as a covered business method patent under Section 18 of AIA. PO Resp. 101–102. There is no such exception in the law. Rather, a patent on a "software invention" is like any other patent, in that it may or may not be a covered business method patent depending on an analysis under appropriate standards applied on a case-by-case basis to the claimed invention.

law.  *Unwired Planet*, 841 F.3d at 1382.  Accordingly, we conduct the

determination of whether the '763 patent is a covered business method

patent anew, based on the guidance we received from the Federal Circuit in

*Unwired Planet*, and also with consideration of each party's briefing on this

subject submitted after the issuance of the Federal Circuit's decision in

*Unwired Planet*.

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); 37 C.F.R. § 42.301(a).  The

Federal Circuit has made clear that the statutory definition covers a wide

range of financial-related activities and is not limited in application to only

financial institutions.  For instance, the Court has stated:

> Blue Calypso asserts that its patents are not CBM patents because
> they relate to a method for managing and distributing advertising
> content, which is not "a financial product or service" that
> traditionally originated in the financial sector, e.g., banks,
> brokerages, holding companies and insurance firms.   These
> arguments are foreclosed by our recent decisions in *Versata II*[4]
> and in *SightSound Techs., LLC v. Apple Inc.*, 809 F.3d 1307 (Fed.
> Cir. 2015).

*Blue Calypso, LLC v. Groupon, Inc.*, 815 F.3d 1331, 1338 (Fed. Cir. 2016).

The Court further stated:  "Here, the Board declined to limit the application

of CBM review to patent claims tied to the financial sector.  This

determination is consistent with our recent case law."  *Id.*

---

[4] *Versata Dev. Grp., Inc. v. SAP Am., Inc.*, 793 F.3d 1306, 1318–23 (Fed.
Cir. 2015).

The claimed invention in *Blue Calypso* involves a peer-to-peer advertising system in which a "subsidy" is recognized for a subscriber after an advertising-related token, first sent by an advertiser to the subscriber, is forwarded by that subscriber to another device owned by a recipient who has a relationship with the subscriber. *Id.* at 1336–1337. The Board construed "subsidy" as "financial assistance given by one to another," which construction was unchallenged. *Id.* at 1339–1340. The Federal Circuit determined: "Thus, under this unchallenged interpretation, the claims of the Blue Calypso Patents are directed to methods in which advertisers *financially* induce 'subscribers' to assist their advertising efforts." *Id.* at 1340.

For the '763 patent, we focus on claim 1, which recites: "A method for detecting fraudulent activity in a pay-per-click system." As we noted above, the '763 patent is titled: "Method and System to Detect Invalid and Fraudulent Impressions and Clicks in Web-Based Advertisement Systems." Ex. 1001 [54]. Also as noted above, a "pay-per-click" system is described in the '763 patent as follows:

> In accordance with such [pay-per-click] capability, a user goes to a website, and inputs the name of goods or services that they would like the pay-per-click company to find. Various providers of goods and services register their websites with the company, and these are provided to the user in a list which is prioritized by the level of compensation which the merchant will give the pay-per-click company if the user is routed to their site. For example, using such a system, if a user types in "binoculars," the pay-per-click system might return five potential links, with the most prominent one being associated with that supplier of binoculars which will compensate for a penny or a few cents more than the links presented below.

*Id.* at 1:35–47. We find, as Petitioner has argued (Pet. 9–10), and based on the above-noted portions of the Specification, that a pay-per-click system provides advertising of goods and services, for payment of money. Thus, we find that a pay-per-click system is itself a financial product and provides a financial service.

As noted above, the pay-per-click company that provides online browsing services would present to its users information about various merchant providers of goods and services, and would be paid monetary compensation from a merchant for such presentation, if the presentation triggers a click by a user to be routed to the merchant's website. Each click in a pay-per-click system, that routes a user to a merchant's website, obligates the merchant advertiser to pay a sum of money to the entity presenting information about the merchant and a clickable link to users searching for information online. As such, each click in a pay-per-click system itself constitutes financial activity.

Our finding that a pay-per-click system provides advertising of goods and services, for payment of money, is supported by the following testimony of Mr. Gray: "Generally, advertising requires merchants to pay for display of their ads and the web sites listing the ads are selling space on their website to display the ads. Specifically, as the '763 Patent discloses, pay-per-click systems allow advertisers to place ads on websites." Ex. 1006 ¶ 78. Further support stems from Mr. Gray's testimony that "pay-per-click systems include the selling of website space, the act of sending an invoice, and exchange of money." *Id.* Even Patent Owner in its submission discussing the Federal Circuit's decision in *Unwired Planet* refers to a pay-per-click system as an "advertising model" and the administrator of a pay-

per-click system as an "advertising platform operator" or an "advertising operator." Paper 31, 3–5.

We are cognizant that a "pay-per-click system" is expressly recited only in claim 1's preamble, and that a preamble recitation may not be limiting. "Whether a preamble stating the purpose and context of the invention constitutes a limitation of the claimed process is determined on the facts of each case and in light of the overall form of the claim, and the invention as described in the specification and illuminated in the prosecution history." *Applied Materials, Inc. v. Advanced Semiconductor Materials Am., Inc.*, 98 F.3d 1563, 1572–73 (Fed. Cir. 1996). In this instance, the recitation of a "pay-per-click system" in the preamble of claim 1 is limiting, because it is necessary to give life, meaning, and vitality to the subject matter of claim 1. *See Symantic Corp. v. Computer Assocs. Int'l Inc.*, 522 F.3d 1279, 1288 (Fed. Cir. 2008); *Catalina Marketing Int'l. v. Coolsavings.Com*, 289 F.3d 801, 808 (Fed. Cir. 2002); *Pitney Bowes, Inc. v. Hewlett-Packard Co.*, 182 F.3d 1298, 1305 (Fed. Cir. 1999).

In the Summary of the Invention section, the Specification states: "This invention improves upon existing pay-per-click arrangements . . . ." Ex. 1001, 1:61–63. The Specification describes no environment for the disclosed invention other than in a "pay-per-click" system. The body of claim 1 specifically recites a step of "detecting fraudulent activity by measuring the duration between clicks by said client to said selected website by examining said code and website information." *Id.* at 3:5–8. The "fraudulent activity" referred to in the body of the claim depends on the operations of a pay-per-click system to have meaning. For instance, the potentially fraudulent activity related to the duration between clicks is a

problem, because the merchant has an obligation to pay for each click in a pay-per-click system. Also in the Summary of the Invention section, the Specification states that determining if certain clicks are illegitimate "allows the pay-per-click company to more fairly invoice the merchants, thereby preventing fraudulent [overuse]." *Id.* at 2:1–3. Claim 1 expressly requires the links provided to a client be "associated with one or more websites associated with one or more merchants." *Id.* at 2:65–67. For all of these reasons, we determine that the recitation of "pay-per-click system" in the preamble of claim 1 is limiting. We determine, in particular, that the step in the body of claim 1 for detecting fraudulent activity derives its meaning and significance from being implemented in a pay-per-click system.

The data processing operations of claim 1 of the '763 patent are financial activities the same as, if not even more so than, those held to be financial in *Blue Calypso*. In *Blue Calypso*, a subsidy, construed to be financial assistance, is provided to a subscriber for forwarding advertising to a device possessed by a recipient related to the subscriber. In the case of the '763 patent here, monetary compensation is made from the merchant advertiser to the online search provider for presenting advertising to client users who engage in online searching. The financial nature of the claimed invention is even more clear in this case than it was in *Blue Calypso*, because here the merchant advertiser is obligated to make monetary payment, and not simply to provide a "subsidy" which has been construed as "financial assistance given by one to another."

Patent Owner states that its invention is a "'click fraud detection system.'" Paper 31, 5. Patent Owner argues: "[C]lick fraud is always incidental therefore click fraud detection is incidental to the pay-per-click

advertising model." *Id.* at 3. Patent Owner again asserts: "Click fraud is
incidental to the pay-per-click advertising model and cannot be CBM
eligible." *Id.* at 5. Patent Owner's arguments are misplaced because they
stem from an incorrect reading of the Federal Circuit's decision in *Unwired
Planet*. According to Patent Owner, if an invention is deemed incidental to a
financial product or service, it cannot be regarded as CBM eligible. That is
not the law as articulated in *Unwired Planet*. In that decision, the Federal
Circuit clearly stated: "To be sure, claims that satisfy the PTO's [overbroad]
policy statement may also fall within the narrow statutory definition. *See
e.g.*, *Blue Calypso*, 815 F.3d at 1337, 1340 (CBM patent's claim included
'recognizing a subsidy' step to '*financially* induce' participant action)
(emphasis in original)." *Unwired Planet*, 841 F.3d at 1381. Here, we have
applied the narrow statutory standard to evaluate CBM eligibility of claim 1.

Patent Owner argues that a "click fraud detection system" is not itself
a financial product, that its invention only perform a click reporting activity,
and that it is the decision of the advertising operator whether to charge
advertisers based on the click reports. Paper 31, 4–5. The argument is
misplaced for several reasons. First, as discussed above, claim 1 recites a
method for detecting fraudulent activity in a pay-per-click system, and the
limitations of a pay-per-click system are essential to and required by claim 1.
Second, whether the charges invoiced by the advertising operator to
merchants are reduced based on clicking reports does not alter the fact that a
pay-per-click system is itself a financial product and provides a financial
service. Third, the financial product or service requirement of the statute
refers to "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." AIA § 18(d)(1); 37 C.F.R.
§ 42.301(a). Creating a clicking report on the basis of which an advertising
operator can decide whether fraud has occurred and whether advertising
charges to merchants should be reduced nevertheless constitutes activity in
the administration or management of the pay-per-click system as a financial
product or financial service, whether or not the effort actually results in
reduction of advertising charges.

Patent Owner argues that the invention of the '763 patent "could be
definitely [] used for almost any type of web search provider, search engines
including also online voting system." PO Resp. 27–28. Patent Owner notes
also that in the Field of the Invention section of the Specification it is stated:
"[T]his invention relates generally to network computing of the type which
occurs over the Internet." *Id.* at 40. Patent Owner argues that although only
the pay-per-click system application is described in the Specification, the
Board should not limit application of the '763 patent to such a "single use."
*Id.* at 39–40. Specifically, Patent Owner notes that the invention of the '763
patent "can be used in an Online Polling System to detect invalid votes."
*Id.* at 40. Such arguments do not aid Patent Owner's assertion that the '763
patent does not satisfy the financial product or service requirement of the
statutory definition of a covered business method patent, because we focus
specifically on the subject matter of claim 1.

As explained above, a pay-per-click system is specifically recited in
claim 1 as the application environment for the particular steps recited in the
body of the claim. Also, as explained above, the recited pay-per-click
system is necessary to give life, meaning, and vitality to the particular steps.
In the context of the '763 patent, where no other application environment is

16

described, the steps of claim 1, especially the step for detecting fraudulent activity, derive their meaning and significance only from the recited pay-per-click system. No other fraudulent activity related to duration between clicks is mentioned in the Specification.

As determined above, claim 1 is limited to application of the recited steps to a pay-per-click system. We observe, additionally, that if the requirement of a pay-per-click system is deemed absent from claim 1, it would become unclear what, if anything, the particular steps recited in the body of claim 1 have to do with detecting fraudulent activity. In the context of the Specification of the '763 patent, the potentially fraudulent activity and the pay-per-click system are inextricably bound. It is also the '763 patent itself which expressly recites in claim 1 the pay-per-click system as the environment in which to detect fraudulent activity. We are not reading into claim 1 an extraneous limitation from the Specification. In that regard, note that an extraneous limitation is one that is added wholly apart from any need for the addition. *See Hoganas AB v. Dresser Indus., Inc*., 9 F.3d 948, 950 (Fed. Cir. 1993); *E.I. du Pont de Nemours & Co. v. Phillips Petroleum Co*., 849 F.2d 1430, 1433 (Fed. Cir. 1988).

For the foregoing reasons, we determine that the financial product or service requirement of the definition of a covered business method patent is met by claim 1 of the '763 patent.

    2.    Technological Invention Exception

    a.    Two Prongs of the Exception

The definition of "covered business method patent" in § 18(d)(1) of the AIA excludes patents for technological inventions. When determining whether a patent is for a technological invention, we consider "whether the claimed subject matter as a whole [1] recites a technological feature that is novel and unobvious over the prior art; and [2] solves a technical problem using a technical solution." 37 C.F.R. § 42.301(b). The first prong of the inquiry is not about whether the claimed invention is novel or nonobvious. Rather, even if the claimed method, as a whole, is novel and unobvious, the use of known technology in conventional ways does not render a patent a technological invention. *See* Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,764 (Aug. 14, 2012).

For the technological invention exception to apply in disqualifying a patent as a covered business method patent, both prongs of the inquiry must be met affirmatively, meaning that a negative answer under either prong renders inapplicable the technological invention exception. *Apple, Inc. v. Ameranth, Inc.*, 842 F.3d 1229, 1240 (Fed. Cir. 2016) ("We need not address this argument regarding whether the first prong of 37 C.F.R. § 42.301(b) was met, as we affirm the Board's determination on the second prong of the regulation—that the claimed subject matter as a whole does not solve a technical problem using a technical solution."); *see also Blue Calyp*so, 815 F.3d at 1341 (addressing only whether the claimed invention solves a technical problem using a technical solution).

In this case, because the requirements of the first prong are not met, as discussed below, we do not reach the second prong.

> b.      First Prong – Technological Feature, Novel and Unobvious

The following claim drafting techniques, reciting technology,

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. at 48,763–64.

Petitioner argues that all technological features in claim 1 were known

at the time the application for the '667 patent was filed.  Pet. 15.  In that

regard, Petitioner's technical witness, Mr. Stephen Gray, testifies:

> It is my opinion that the individual features described by the claims of the '763 Patent, as well as the combination of those features recited in the claims, were well known prior to February 2003.  As discussed in detail above in paragraphs 45–65, each of the following components or features, and the combinations of them, had been well-known and in use for many years before the filing of the application:  "websites" (including "merchant websites"), "search engine[s]," "pay-per-click system[s]," "server[s]," and "device[s] used by users of search engines.

Ex. 1006 ¶ 77.  With respect to the "code" recited in claim 1, Mr. Gray

testifies:

> The '763 Patent specification states that an example of a code is a serial number.  Serial numbers (or other identifying information) are not technological by nature but can be generated

mentally, using a pencil and paper without relying on any computer. Other well-known, commonly used, and non-technological examples of serial numbers include (1) a Universal Product Code (UPC) that is a 12-digit bar code used on retail packaging in the U.S.; (2) an International Standard Book Number (ISBN) that is a unique commercial book identifier included in bar codes on books; (3) Vehicle Identification Number that are unique codes given to vehicles in the U.S.; and (4) European Article Number (EAN) that is a 12 or 13-digit product identification code used in Europe. All of these examples indicate that generating a serial number was well known prior to the '763 Patent.

*Id.* ¶ 80. Mr. Gray notes further that claim 1 does not require using any particular technology in connection with the recited code, e.g., generating codes, returning codes to a device, or concatenating codes. *Id.* ¶ 81. The Specification of the '763 patent also indicates that the code can be written into any type of storage. Ex. 1001, 2:36–39.

Petitioner persuasively argues, and we do so find, that the Specification makes clear that known and pre-existing technology can be used to perform all of the steps recited in claim 1. Pet. 17. For instance, the '763 patent (1) acknowledges that pay-per-click systems including a search engine that lists links and provides website information associated with merchant websites were known (Ex. 1001, 1:34–47); and (2) describes Figure 1 as illustrating a pay-per-click system incorporating an embodiment of the invention and indicates that it may include any combination of hardware/software necessary to implement a particular function (Ex. 1001, 2:13–19). With regard to the step of detecting fraudulent activity by measuring the duration between clicks, claim 1 does not recite or require the use of any novel technology for that purpose. Nor does the Specification of the '763 patent describe the use of any novel technology used for that

purpose. Mr. Gray testifies that "a time duration can be examined by a human without using technology more complicated than a wall clock." Ex. 1006 ¶ 83. We understand Mr. Gray to be making the point that any available technology could have been used. In any event, as noted above, we have determined that claim 1 does not recite or require any particular technology for measuring the duration between clicks.

Patent Owner argues that Petitioner's analysis is faulty because it does not look at whether the claimed subject matter as a whole would have been novel and unobvious. PO Resp. 90, 98. Patent Owner's contention is misplaced. In analyzing the first prong of the technological invention exception to a covered business method patent, the issue is not novelty and unobviousness of the claimed invention as a whole, but of the technological features of the claimed invention. Patentability of the claimed invention as a whole over prior art pertains to a substantive challenge against the claims and is not before us because we did not institute trial on any alleged ground of unpatentability over prior art. As noted above, a patent is not deemed a technological invention by 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. Office Patent Trial Practice Guide, 77 Fed. Reg. at 48,764.

Appropriately, Petitioner alleges that no combination of features that comprise claim 1 yields a technological feature, in the context of claim 1 as a whole, that is novel and nonobvious over the prior art. Pet. 14. In support of that argument, Mr. Gray testifies "that the individual features described by the claims of the '763 Patent, as well as the combination of those features recited in the claims, were well known prior to February 2003." Ex. 1006 ¶ 77. Mr. Gray testifies that as discussed in detail in ¶¶ 45–65 of his

Declaration, the noted claim components or features, and combinations of them, were well-known and in use for many years before the filing of the '763 patent. *Id.* Even if the claimed method, as a whole, is novel and non-obvious, the use of known prior art technology to accomplish that method does not render the method a technological invention. Office Patent Trial Practice Guide, 77 Fed. Reg. at 48,764.

Patent Owner argues that the novel technological feature "was the use of an intermediary click system to record and [identify] the clicks as invalid, without requiring the use of special software by the user or search engine provider." PO Resp. 89, 93–94, 102. The argument is unpersuasive for two reasons. First, the elements of claim 1, either individually or in some combination, do not reflect such a feature. Patent Owner does not explain how it reads claim 1 to arrive at such a feature. Claim 1 is open-ended and does not exclude the use of special software by the user or search engine provider to record and identify invalid clicks. Second, what Patent Owner purportedly has identified as a technological feature, i.e., recording and identifying clicks as invalid, is overly generic to constitute a technological feature. It merely is a stated goal to be accomplished or a function to be performed. The claim does not recite or require any particular technology to be used for reaching that goal or for performing that function.

Patent Owner argues that detecting invalid clicks was not known technology prior to Patent Owner's invention. PO Resp. 86–87. Similarly, Patent Owner argues that "the technology to examine said code and website information" was not known. *Id.* at 87–88. But, as determined above, detecting invalid clicks is too generic to constitute a technological feature. It merely is a stated goal to be accomplished or a function to be performed.

Claim 1 does not recite or require any particular technology to be used for reaching that goal or for performing that function. The same is true for examining a code and website information. It is too generically stated to constitute a technological feature. It also merely is a stated goal to be accomplished or a function to be performed. The claim does not recite or require any particular technology to be used for reaching that goal or for performing that function.

For the foregoing reasons, we find that claim 1 as a whole does not recite a technological feature that is novel and unobvious over the prior art. Thus, the requirements of the first prong of the technological invention exception to CBM subject matter eligibility are not met.

### 3. Conclusion

For the foregoing reasons, we conclude that the '667 patent is a covered business method patent under AIA § 18(d)(1) and is eligible for review in the transitional covered business method patent program.[5] We also determine that Petitioner has standing to file the Petition for covered business method patent review of the '763 patent.

### B. Patent-Eligible Subject Matter under Section 101

Petitioner asserts that claims 1–3, 5, 6, 10, 11, 14, 15, and 17 are unpatentable under 35 U.S.C. § 101. Pet. 67–80. Upon review of Petitioner's analysis and supporting evidence, and notwithstanding Patent Owner's contrary arguments, we determine that Petitioner has established by

---

[5] Even if not expressly discussed herein, all of Patent Owner's arguments have been considered but not deemed pertinent or persuasive.

a preponderance of the evidence that claims 1–3, 5, 6, 10, 11, 14, 15, and 17 are directed to patent-ineligible subject matter.

A patent may be obtained for "any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof." 35 U.S.C. § 101. The Supreme Court has held that this provision contains an important implicit exception: laws of nature, natural phenomena, and abstract ideas. *Alice Corp. v. CLS Bank Int'l*, 134 S. Ct. 2347, 2354 (2014); *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289, 1293 (2012); *Gottschalk v. Benson*, 409 U.S. 63, 67 (1972) ("Phenomena of nature, though just discovered, mental processes, and abstract intellectual concepts are not patentable, as they are the basic tools of scientific and technological work."). Notwithstanding that a law of nature or an abstract idea by itself is not patentable, a practical application of these concepts may be deserving of patent protection. *Mayo*, 132 S. Ct. at 1293–94; *Bilski v. Kappos*, 561 U.S. 593, 610–11; *Diamond v. Diehr*, 450 U.S. 175, 187 (1981).

In *Alice*, the Supreme Court reaffirmed the framework set forth previously in *Mayo* "for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts." *Alice*, 134 S. Ct. at 2355. The first step in the analysis is to "determine whether the claims at issue are directed to one of those patent-ineligible concepts." *Id*. If the claims are directed to a patent-ineligible concept, the second step in the analysis is to consider the elements of the claims "individually and 'as an ordered combination'" to determine whether there are additional elements that "'transform the nature of the claim' into a patent-eligible application." *Id.* (quoting *Mayo*,

24

132 S. Ct. at 1298). In other words, the second step is to "search for an 'inventive concept'—*i.e.*, an element or combination of elements that is 'sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the [ineligible concept] itself.'" *Id.* (brackets in original) (quoting *Mayo*, 132 S. Ct. at 1294).[6] The prohibition against patenting an abstract idea "'cannot be circumvented by attempting to limit the use of the formula to a particular technological environment' or adding 'insignificant postsolution activity.'" *Bilski v. Kappos*, 561 U.S. at 610–11 (quoting *Diamond v. Diehr*, 450 U.S. at 191–92); *see also Mayo*, 132 S. Ct. at 1294.

1. First-Step – Abstract Idea Analysis

First, we determine if the claims at issue are directed to a patent-ineligible concept, such as an abstract idea. The Supreme Court in neither *Alice* nor *Mayo* explained, specifically, how to conduct that determination. It is evident, however, that the presence of technical elements in a claim does not preclude the claim from being directed to an abstract idea, because the significance of these technical elements are determinable in the second step of the two-step analysis. As already noted above, limiting the application of an abstract idea to a particular technological environment and adding insignificant post-solution activity are ineffective to bestow patent-

---

[6] Patent Owner refers to a "Streamlined Eligibility Analysis" noted in the USPTO's 2014 Interim Guidance on Patent Subject Matter Eligibility, 79 Fed. Reg. 74618, 74625 (Dec. 16, 2014). PO Resp. 118–120. That analysis is applicable to Examiners who are of the view that a claim clearly does not have a subject matter eligibility problem. It is inapplicable to either Petitioner or Patent Owner. The controlling law in this proceeding on patent eligibility is the two-step test under *Alice/Mayo* as described above.

eligibility to subject matter that is otherwise patent-ineligible. *Bilski*, 561 U.S. at 610–611.

Notably, the claims of *Alice* are not without recitation of technological parts. Yet, they were determined as *not* directed to patent-eligible subject matter. The same is true with a long line of cases decided by the U.S. Court of Appeals for the Federal Circuit. *E.g.*, *In re TLI Commc'ns LLC Patent Litig.*, 823 F.3d 607, 611 (Fed. Cir. 2016); *Mortg. Grader, Inc. v. First Choice Loan Serv. Inc.*, 811 F.3d 1314, 1324–25 (Fed. Cir. 2016); *Versata*, 793 F.3d at 1335; *Content Extraction & Transmission LLC v. Wells Fargo Bank*, 776 F.3d 1343, 1347 (Fed. Cir. 2014); *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 712 (Fed. Cir. 2014); *buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350, 1354 (Fed. Cir. 2014); *Accenture Global Servs., GmbH v. Guidewire Software, Inc.*, 728 F.3d 1336, 1344–45 (Fed. Cir. 2013); *Bancorp Servs., L.L.C. v. Sun Life Assur. Co. of Canada (U.S.)*, 687 F.3d 1266, 1278 (Fed. Cir. 2012); *Dealertrack, Inc. v. Huber*, 674 F.3d 1315, 1333 (Fed. Cir. 2012); *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1372–73 (Fed. Cir. 2011).

In *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1338 (Fed. Cir. 2016), the Federal Circuit determined that the claims in that case are not directed to an abstract idea, but "to an improvement in the functioning of a computer." The Court expressly stated that those claims "are directed to a specific improvement to computer functionality," and distinguished them from the claims in *Alice* and *Versata* by noting:

> In contrast, the claims at issue in *Alice* and *Versata* can readily be understood as simply adding conventional computer components to well-known business practices. *See Alice*, 134 S. Ct. at 2358–60; *Versata Dev. Grp.*, 793 F.3d at 1333–34

26

(computer performed "purely conventional" steps to carry out claims directed to the "abstract idea of determining a price using organization and product group hierarchies"); *see also Mortgage Grader, Inc. v. First Choice Loan Servs. Inc.*, 811 F.3d 1314, 1324–25 (Fed. Cir. 2016) (claims attaching generic computer components to perform "anonymous loan shopping" not patent eligible); *Intellectual Ventures I LLC v. Capital One Bank (USA)*, 792 F.3d 1363, 1367–69 (Fed. Cir. 2015) (claims adding generic computer components to financial budgeting); *OIP Techs.*, 788 F.3d at 1362–64 (claims implementing offer-based price optimization using conventional computer activities); *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 714–17 (Fed. Cir. 2014) (claims applying an exchange of advertising for copyrighted content to the Internet); *buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350, 1354–55 (Fed. Cir. 2014) (claims adding generic computer functionality to the formation of guaranteed contractual relationships).

*Id.* The claims here are not, by reasonable characterization, directed to an improvement, in either hardware or software, to the functioning of a computer. Thus, the claims here are unlike those in *Enfish*.

In determining whether the claims are directed to an abstract idea, we must avoid oversimplifying the claim because "all inventions at some level embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas." *Mayo*, 132 S. Ct. at 1293. We consider the claims "in light of the specification, based on whether 'their character as a whole is directed to excluded subject matter.'" *Enfish*, 822 F.3d at 1335 (citing *Internet Patents Corp. v. Active Network Inc.*, 790 F.3d 1343, 1346 (Fed. Cir. 2015)). We determine whether the claims "focus on a specific means or method that improves the relevant technology" or are "directed to a result or effect that itself is the abstract idea and merely invoke generic processes and machinery." *McRO, Inc. v. Bandai Namco Games Am. Inc.*, 837 F.3d 1299, 1314 (Fed. Cir. 2016).

Petitioner asserts that the challenged claims are directed to the abstract idea of "*detecting fraud based on the time between two requests by the same client*." Pet. 67 (emphasis added). Petitioner's declarant, Stephen Gray, testifies that this concept can be implemented as a purely mental process. Ex. 1006 ¶ 161. Mr. Gray explains, by analogy, that "a pharmacist may suspect that a patient is making fraudulent prescription requests based on whether the same patient asks for the same drugs within a too-short period of time." *Id.* ¶ 160. Mr. Gray further explains that "[a] pharmacist would detect the fraud by merely identifying each patient and keeping track of when each patient makes requests." *Id.* Mr. Gray further testifies that if a patient sought to fill a prescription for the same controlled substance twice in too short a period of time, it may indicate fraud, and that a pharmacist "could make this determination solely through the exercise of human intelligence." *Id.*

Based on the disclosure and claims of the '763 patent, as well as the above-noted testimony of Mr. Gray, we agree with Petitioner's articulation of what constitutes an abstract idea to which the claimed invention is directed, i.e., "*detecting fraud based on the time between two requests by the same client*." That articulation is reasonably tied to the claims, and not an over-generalization or over-simplification of the claimed subject matter.

Claim 1 recites "[a] method for detecting fraudulent activity in a pay-per-click system," and "detecting fraudulent activity by measuring the duration between clicks by said client to said selected website." Ex. 1001, 2:59–3:7. Claim 14 is similar to claim 1 in that regard. *Id.* at 4:17–30. Claim 10 recites: "In an advertising system including a pay-per-click engine on a server side," "the method for identifying fraud comprising the steps of,"

"determining from said data whether said at least one of said selections of said at least one web page is fraudulent," and "examining a duration between a time of one of said selections of said at least one [web page] and a time of another of said selections of said at least one [web page]." *Id.* at 3:38–51. All other challenged claims depend, directly or indirectly, from one of claims 1, 10, and 14.

Petitioner's articulation of the abstract idea also is persuasive in light of the Summary of the Invention portion of the Specification, which states:

> This invention improves upon existing pay-per-click arrangements periodically generating a code associated with the search-engine users. This code, preferably in the form of a serial number, is compared to the user of the website, such that by observing a metric like the number of clicks for a given period of time, be it a short time or a longer period, such as a day or a week, the system can automatically determine if certain clicks are illegitimate. This allows the pay-per-click company to more fairly invoice the merchants, thereby preventing fraudulent [overuse].

Ex. 1001, 1:61–2:3. The above-quoted summary discusses no specific improvement in any underlying technology, hardware or software, but merely invokes generic processes and machinery, as do the claims. It is, instead, substantively directed to a result or effect that itself is the abstract idea identified and articulated by Petitioner, i.e., detecting fraud based on the time between two requests by the same client.

Even if the advertising nature of the claims is considered, detecting advertising fraud based on the time between two clicks by the same user is no less of an abstract idea. Petitioner persuasively explains:

> The concept at issue in the claims here is further shown to be abstract by the fact that it relates to the commercial activity of generating interest by advertising. *See Content Extraction and*

29

> *Transmission LLC v. Wells Fargo Bank, N.A.*, Nos. 2013-1588,
> -1589, 2014-1112, -1687, 2014 WL 7272219, at *3 (Fed. Cir.
> Dec. 23, 2014) (explaining that claims directed to commercial
> activity, such as "formation and manipulation of economic
> relations" or "performance of certain financial transactions" have
> been held to involve abstract ideas) (collecting cases).
> Advertising, like the practices of hedging in *Bilski* and
> intermediated settlement in *Alice*, is a fundamental economic
> practice, and methods associated with advertising inevitably
> address the "human activity" of generating market interest in
> products or services. *See Ultramercial, Inc. v. Hulu, LLC*, 772
> F.3d 709, 715 (Fed. Cir. 2014) (holding claims to "a method of
> using advertising as an exchange or currency" were "directed to
> an abstract idea"); *OpenTV v. Netflix*, No. 14-cv-01525-RS, 2014
> WL 7185921, at *6 (N.D. Cal. Dec. 16, 2014) (holding claims to
> a method of targeted advertising implemented "'long prevalent'
> concepts" associated with advertising).

Pet. 70.

Patent Owner argues that there is technology recited in the claims but

does not identify anything that is other than generic processes or machinery

used to carry out the abstract idea identified by Petitioner. As is evident

from our discussion of the second step of the *Alice/Mayo* analysis below,

Petitioner has shown that all recitations of technology in the claims are

directed to generic processes or generic machinery for carrying out the

abstract idea.

For the foregoing reasons, we find that the challenged claims are

directed to the abstract idea of "*detecting fraud based on the time between

two requests by the same client*."

In the Decision on Institution, aside from the abstract idea specifically

articulated by Petitioner, we noted two other abstract ideas to which the

claims also may be deemed directed: distinguishing genuine customers from

loiters, and detecting abuse of discount coupons, e.g., certain discounts are

offered only for a limited time and are restricted to a maximum number per customer. Inst. Dec. 30. In this Final Written Decision, however, we do not reach or consider those possible alternative abstract ideas, because neither was articulated by Petitioner in its Petition, and because we already have determined that the claimed invention is directed to an abstract idea as identified and articulated by Petitioner.

### 2. Second Step – Inventive Concept Analysis

Turning to the second step in the two-step *Alice/Mayo* analysis, we note that a claim that recites an abstract idea must include "additional features" to ensure that the claim is more than a drafting effort designed to monopolize the abstract idea. *Alice*, 134 S. Ct. at 2357 (citing *Mayo*, 132 S. Ct. at 1297). We consider the claim elements "both individually and 'as an ordered combination' to determine whether the additional elements 'transform the nature of the claim' into a patent-eligible application." *Alice*, 134 S. Ct. at 2355. We determine whether the claims include an "'inventive concept,'" i.e., an element or combination of elements sufficient to ensure that the patent in practice amounts to significantly more than a patent on the abstract idea itself. *Alice*, 134 S. Ct. at 2357. The "additional features" must be more than "'well-understood, routine, conventional activity.'" *Ultramercial*, 772 F.3d at 715.

The Supreme Court in *Alice* cautioned that merely limiting the use of abstract idea "to a particular technological environment" or implementing the abstract idea on a "wholly generic computer" is not sufficient as an additional feature to provide "practical assurance that the process is more than a drafting effort designed to monopolize the [abstract idea] itself." *Alice*, 134 S. Ct. at 2358 (quoting *Mayo*, 132 S. Ct. at 1297). The Supreme

Court in *Bilski* unequivocally stated that the prohibition against patenting an abstract idea "cannot be circumvented by attempting to limit the use of the formula to a particular technological environment." *Bilski*, 561 U.S. at 610–11 (quoting *Diamond v. Diehr*, 450 U.S. at 191–92).

Petitioner persuasively argues:

> Claims 1, 10, and 14 do not recite any meaningful limitations that transform the abstract idea of detecting fraud based on the time between two requests from the same source into a patent-eligible application of that idea. Ex. 1006, Gray Decl. ¶ 162. Instead, the claims merely recite a technological environment (a "pay-per-click system" or "advertising system" with "websites" and interaction between "server side," and a "device" on the "client side") and conventional data-gathering methods for obtaining information about user conduct in that environment. *Id.* The claims add no other limitations before concluding with the instruction to apply the claimed abstract concept.

Pet. 71. It is manifestly evident that the claims limit the application of an abstract idea to the technical environment of a pay-per-click system (claims 1 and 14) or an advertising system (claim 10). It is equally clear, however, under the law determining patent subject matter eligibility, that the prohibition against patenting an abstract idea cannot be circumvented by limiting application of that abstract idea to a particular technological environment. *Bilski*, 561 U.S. at 610–11; *see also Alice*, 134 S. Ct. at 2358.

Claims 1 and 14, for example, each recite a pay-per-click system, a pay-per-click engine on the server side, a client making a search request that is received at the server side, providing one or more links to the client that are associated with one or more websites associated with one or more merchants, and generating and transmitting website information regarding a website selected by the client (claim 1) or receiving on the server side

website information regarding a website selected by the client when the client clicks on a link (claim 14). These elements are a part of a conventional, pre-existing, pay-per-click system. Ex. 1001, 1:34–47; Ex. 1006 ¶¶ 72, 163. The '763 patent discloses only a "typical configuration associated with a pay-per-click implementation," and is said to "include any combination of hardware/software necessary to implement a particular function." Ex. 1001, 2:14–20; Ex. 1006 ¶ 72. Claims 10 is similar to claims 1 and 14. Rather than a pay-per-click-system, however, claim 10 recite an advertising system. That variation reflects a difference without distinction, because a pay-per-click system is an advertising system, and because the claims recite no more details for an advertising system than they do for a pay-per-click system.

The '763 patent states: "Engine 102 [search engine] may be any existing or yet-to-be-developed system." Ex. 1001, 2:25–26. The '763 patent also describes that the search engine generates a code "via [A]ctive X, Java, Javascript, or any other type of technology." *Id.* at 2:30–31. According to the Specification, the code is what identifies the user or client who clicks on a link, and what permits the pay-per-click system or advertising system to evaluate whether multiple clicks within a short period stems from the same user or client and to determine, on that basis, whether there is fraud. Ex. 1001, 2:46–57. Regarding various limitations relating to a "code," e.g., generating, transmitting, sending, and receiving a code, Mr. Gray testifies:

> The '763 Patent specification states that an example of a code is a serial number. Serial numbers (or other identifying information) are not technological by nature but can be generated mentally, using a pencil and paper without relying on any

computer. Other well-known, commonly used, and non-technological examples of serial numbers include (1) a Universal Product Code (UPC) that is a 12-digit bar code used on retail packaging in   the U.S.; (2) an International Standard Book Number (ISBN) that is a unique commercial book identifier included in bar codes on books; (3) Vehicle Identification Number that is a unique code given to vehicles in the U.S.; and (4) European Article Number (EAN) that is a 12 or 13-digit product identification code used in Europe.   All of these examples indicate that generating a serial number was well known prior to the '763 Patent.

Ex. 1006 ¶ 80. Mr. Gray testifies further that independent claims 1, 10, and 14 do not require using any particular hardware, software, or combination of the two in connection with the recited code, e.g., generating codes, returning codes to a device, or concatenating codes. *Id.* ¶ 81.

Petitioner persuasively asserts (Pet. 73), and we so find, that the various limitations regarding the generation, transmission, and concatenating of codes add nothing but conventional extra-solution activity, specifically data-gathering activity using generic computer resources. The same is true for the steps of generating, transmitting, sending, and receiving other information, such as website information. As for the respective recitations of "server," "search engine," "website," "web page," "cookie," "pay-per-click system," and data transfer over the Internet, Mr. Gray's testimony establishes that they are conventional and generic constructs prior to 2003. Ex. 1006 ¶¶ 45–65.

Mere data gathering steps cannot make an otherwise non-statutory claim statutory. *CyberSource*, 654 F.3d at 1370; *In re Grams*, 888 F.2d 835, 840 (Fed. Cir. 1989). The Supreme Court has regarded as "token postsolution components" those well-known techniques that help to establish

inputs. *Bilski*, 561 U.S. at 612. The steps involved here are such conventional data gathering steps. The steps recite nothing more specific than generic generating, transmitting, and receiving, and the Specification states that "any combination of hardware/software" may be used to implement a particular function. Ex. 1001, 2:17–19. Petitioner asserts that these generating, transmitting, and sending steps are nothing more than generically recited functions that can be performed by any conventional and pre-existing means. Pet. 74. Mr. Gray testifies that "[t]hese generic functions can be implemented by conventional use of a general purpose computer." Ex. 1006 ¶ 166. We find that no special hardware or software is required to perform any of the steps recited in claims 1, 10, and 14, and that a general purpose computer would be sufficient.

As for the final detecting step of claims 1 and 14, and the final determining and examining steps of claims 10, Petitioner asserts that they add nothing more than a statement to apply the abstract idea, citing the testimony of Mr. Gray (Ex. 1006 ¶ 168). Pet. 76. We agree. Claims 1 and 14 each recite: "detecting fraudulent activity by measuring the duration between clicks by said client to said selected website by examining said code and website information." Claims 10 recites: "determining from said data whether said at least one of said selections of said at least one web page is fraudulent; and examining a duration between a time of one of said selections of said at least one web site and a time of another of said selections of said at least one web site."

These steps merely amount to applying the abstract idea to the data that has been collected through the other steps in these claims. The Specification discloses no particular hardware or software that is necessary

to perform the detecting, determining, and examining functions. We find
that a general purpose computer is sufficient. The requirement of the use of
a general purpose computer does not transform a patent-ineligible abstract
idea into a patent-eligible invention. *Alice*, 134 S. Ct. at 2358.

Petitioner persuasively asserts that even when the elements of claims
1, 10, and 14 are considered not as individual elements but as an ordered
combination, the result of the analysis does not change. Pet. 76–77. In the
words of Petitioner, the combination is nothing more than the sum of its
parts. *Id.* We agree with Petitioner's assertion because there is nothing
unexpected in any combination of the elements. For example, to receive the
code, the code must have been transmitted; to transmit the code, the code
must have been generated; and to respond to a search request, a search
request must have been made. The ordered combination still is capable of
being carried out by conventional and pre-existing technology, and the
various steps still are capable of being performed by a general purpose
computer.

Claims 2, 3, 5, 6, 11, 15, and 17 depend, directly or indirectly, from
claims 1, 10, or 14. For reasons explained by Petitioner (Pet. 79–80), the
limitations these dependent claims add are insufficient to turn the claimed
subject matter into patent-eligible subject matter under 35 U.S.C. § 101. For
instance, claims 2 and 15 each recite "storing said code"; claims 3 and 17
each recite "storing said code in a cookie"; claim 5 recites: "concatenating
said code with at least one of said links to said websites"; and claims 6 and
11 each recite "said code is based on a global unique identifier." Mr. Gray
testifies that "using cookies, concatenating strings, and GUIDs [global
unique identifiers] was well-known prior to filing of the '763 Patent," and

that "cookies were (and still are) a commonly used means for storing information about user activity on a given website for future use by the website." Ex. 1006 ¶ 169. Mr. Gray testifies that these are routine implementations using techniques that were well-known in the field of web design. *Id.* Mr. Gray further explains: "[S]erial numbers and cookies were (and still are) a commonly used means for storing information about user activity on a given website for future use by the website. Thus, these limitations do not move the claims away from an abstract idea to a concrete, patentable invention." *Id.* ¶ 170. Storing of information also constitutes a part of the data gathering that could be implemented by a general purpose computer at the time of the effective filing date of the '763 patent. The Specification does not describe the requirement of any new technology to perform the storing of the code.

Patent Owner argues that novel software is required to carry out the claimed invention. PO Resp. 147–148. But the evidence as discussed above does not support the assertion. Patent Owner does not point to any discussion in the Specification of new programming techniques. Nor does Patent Owner specifically identify what recitation in the claims correspond to the alleged technical improvement in software. The assertion also is inconsistent with Patent Owner's contention, previously discussed, on pages 89, 93–94, and 102 of the Patent Owner Response that the alleged novel feature of the invention is the identification of invalid clicks "without" requiring the use of special software.

Patent Owner asserts that the claims here are like those deemed patent eligible in *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014). PO Resp. 137–140. We disagree. As is noted by Petitioner, in *DDR*

*Holdings*, 773 F.2d at 1257–59, the claimed invention solved a problem in a particular technical way, by sending the user to a hybrid webpage that combined visual elements of the first website with the desired content from the second website that the user requested. Reply 18. The Federal Circuit determined that "the claimed solution is necessarily rooted in computer technology." *DDR Holdings*, 773 F.3d at 1257. Here, although the claims recite technology, as discussed above, nothing in these claims reflects the adoption or use of the recited technology beyond conventional and generic processes and machinery. The key to the claimed solution here lies in recording who is making a request and measuring the duration between two requests from the same source, using conventional generic processes and machinery. That is insufficient to render the claimed invention patent eligible.

Patent Owner asserts that the claims here are like those in *PNC Bank v. Secure Axcess, LLC.*, Case CBM2014-00100, where the Board, according to Patent Owner, found the claims to be patent-eligible under 35 U.S.C. § 101. PO Resp. 136–137. The argument is misplaced, because the Board did not, in its Final Written Decision, determine that the claims there were patent-eligible under 35 U.S.C. § 101. CBM2014-00100, Paper 43. Patent subject matter eligibility was not an issue for trial in that instituted proceeding.

For the foregoing reasons, we determine that none of the challenged claims includes an eligible "inventive concept," i.e., an element or combination of elements sufficient to ensure that the patent in practice amounts to significantly more than a patent on the abstract idea itself. *Alice*, 134 S. Ct. at 2357. The additional features in these claims are not more than

"'well-understood, routine, conventional activity.'" *See Ultramercial*,
772 F.3d at 715 (citing *Mayo*, 132 S. Ct. at 1298).

### 3. Conclusion

Petitioner has established by a preponderance of the evidence that
claims 1–3, 5, 6, 10, 11, 14, 15, and 17 are directed to patent-ineligible
subject matter under 35 U.S.C. § 101.

### C. Patent Owner's Renewed Motion to Exclude

Patent Owner filed a Renewed Motion to Exclude Evidence, directed
to Petitioner Exhibits 1004, 1005, 1010, 1011, 1013, 1014, 1032, and 1037.
Paper 33. None of these exhibits was relied on by Petitioner in support of
the sole ground on the basis of which trial was instituted in this proceeding,
i.e., subject matter eligibility under 35 U.S.C. § 101, or in support of
Petitioner's arguments for establishing the '763 patent as a covered business
method patent eligible for covered business method patent review. Patent
Owner in its Reply to Petitioner's Opposition to Patent Owner's Renewed
Motion to Exclude asserts that the Board's Decision on Institution did rely
on the Declaration of Mr. Gray and that Mr. Gray's Declaration does refer to
Exhibits 1004, 1005, and 1037. Paper 40, 3. Mr. Gray's Declaration,
however, covers many subjects, and the portions of Mr. Gray's Declaration
cited to in the Decision on Institution do not rely on or refer to Exhibits
1004, 1005, 1010, 1011, 1013, 1014, 1032, and 1037.

We have not relied on any portion of Exhibits 1004, 1005, 1010,
1011, 1013, 1014, 1032, and 1037, in this Final Written Decision. Those
exhibits all relate to an alleged ground of unpatentability over prior art that
has *not* been instituted for trial and also were not referred to by Mr. Gray in
connection with his testimony regarding either patent subject matter

eligibility under 35 U.S.C. § 101 or whether the '763 patent is a covered business method patent eligible for covered business method patent review.

Accordingly, Patent Owner's Renewed Motion to Exclude is *dismissed* as moot.

D. Certain Other Arguments of Patent Owner

Patent Owner asserts that the Director of the U.S. Patent and Trademark Office has an apparent conflict of interest with respect to Petitioner on the basis of her once being a top executive for Petitioner and her 9 years of employment by Petitioner. PO Resp. 32–33. Patent Owner asks whether the Board has ruled out any such conflict of interest. *Id.* at 32. Patent Owner also questions the Director's involvement in appointing Board members. *Id.* at 33.

As we stated in the Decision on Institution, "The Director has delegated her authority to institute all trials to the Board, and this panel has executed that authority independently." Paper 11, 44 n.7. Further as we stated in the Decision on Institution, we are without authority to determine "whether the Director is a disinterested person in this proceeding." *Id.* The same answers are applicable now. Also, under 35 U.S.C. § 328(a), it is the Board which is charged with the issuance of a final written decision, not the Director.

Patent Owner asserts that the rules governing trials are unfair because Patent Owner is not permitted to present, in support of its Patent Owner Response, any testimony from an expert or specialist. PO Resp. 33–34. We do not understand Patent Owner's assertion. We are aware of no rule which precludes a patent owner from relying on expert testimony to support its patent owner response, and Patent Owner has cited none.

Patent Owner "requests the Board to take disciplinary action against Mr. Siddiqui in view of [the] intimidating nature of his email to Patent Owner Patrick Zuili." PO Resp. 36. According to Patent Owner, and referring to an email communication which has been submitted as Exhibit 1042, "Mr. Siddiqui threatened Patent Owner Patrick Zuili to reimburse what Google is spending in attorney fees for answering Patent Owner's Objection and submitting supplemental evidences if Patent Owner does not agree blindly to whatever Mr. Siddiqui is including in respect to the original Exhibits and new supplemental Exhibits." *Id.* at 35–36. Although phrased as a request, the request is a motion for sanction. As such, prior authorization from the Board is required to permit its filing. 37 C.F.R. § 42.20(b) ("A motion will not be entered without Board authorization."). No prior authorization had been obtained by Patent Owner with respect to this motion for sanction. Thus, the motion for sanction is *dismissed*.[7]

Patent Owner seeks authorization to file a motion to disqualify Mr. Siddiqui as Lead Counsel for Petitioner. PO Resp. 36–37. The request for authorization is based on (1) the assertion that Mr. Siddiqui threatened Patent Owner as discussed above in the context of Patent Owner's request for sanction against Mr. Siddiqui, and (2) alleged failure of Mr. Siddiqui to fulfill his duty of candor because he should have informed the Board "about

---

[7] In any event, we have reviewed Exhibit 1042 and find, in that regard, only counsel's statement: "[W]e reserve our right to ask the board to order you to reimburse our costs and attorney fees that we expended in responding to a frivolous and baseless motion." Ex. 1042, 3. In general, it is not inappropriate, under our Rules of Professional Conduct, for counsel to express that the party he or she represents reserves its right to ask the Board for relief from what is perceived as a frivolous position of the other party.

apparent tampering with Exhibits, robots.txt and modification of metadata."
*Id.* With regard to numbered item (1), we already noted that generally it is
not inappropriate, under our Rules of Professional Conduct, for counsel to
express that the party he or she represents reserves its right to ask the Board
for relief from what is perceived as a frivolous position of the other party.
The request with regard to numbered item (2), on the other hand, amounts to
a request for authorization to file a motion for sanction where the proposed
sanction is disqualification of counsel as Lead Attorney for Petitioner and
where the alleged wrongdoing is based on purported tampering of certain
exhibits. We previously indicated to Patent Owner that its assertion of
tampering with exhibits is premature until we have ruled in Patent Owner's
favor on its Patent Owner's Motion to Exclude Evidence directed to those
exhibits.[8] Paper 27. That still remains the case. Patent Owner's Motion to
Exclude Evidence has been dismissed. Accordingly, Patent Owner's request
for authorization to file a motion to disqualify Mr. Siddiqui as Lead Counsel
for Petitioner is *denied*.

## III. CONCLUSION

We conclude Petitioner has proven, by a preponderance of the
evidence, that claims 1–3, 5, 6, 10, 11, 14, 15, and 17 of the '763 patent are
unpatentable under 35 U.S.C. § 101.

This is a final written decision of the Board under 35 U.S.C. § 328(a).
Parties to the proceeding seeking judicial review of this decision must
comply with the notice and service requirements of 37 C.F.R. § 90.2.

---

[8] We note further that Exhibit 1042 makes manifestly evident that Petitioner
does not share Patent Owner's view that there has been any tampering of the
evidence submitted in this proceeding.

## IV.    ORDER

It is

ORDERED that claims 1–3, 5, 6, 10, 11, 14, 15, and 17 of U.S. Patent No. 8,326,763 B2 are unpatentable.

FOR PETITIONER:

Robert Pluta
Saqib J. Siddiqui
MAYER BROWN LLP
rpluta@mayerbrown.com
ssiddiqui@mayerbrown.com

FOR PATENT OWNER:

Patrick Zuili (pro se)
patrick@tenderbox.tv