

No. 2016-1353

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**UNITED STATES COURT OF APPEALS  
FOR THE FEDERAL CIRCUIT**

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SECURE AXCESS, LLC,

*Appellant,*

v.

PNC BANK NATIONAL ASSOCIATION, U.S. BANK NATIONAL ASSOCIATION, U.S. BANCORP, BANK OF THE WEST, SANTANDER BANK, N.A., ALLY FINANCIAL, INC., RAYMOND JAMES & ASSOCIATES, INC., TRUSTMARK NATIONAL BANK, NATIONWIDE BANK, SYNCHRONY BANK, GENERAL ELECTRIC COMPANY, CADENCE BANK, N.A.,  
COMMERCE BANK,

*Appellees.*

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On Appeal from the United States Patent and Trademark Office,  
Patent Trial and Appeal Board in No. CBM2014-00100

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**APPELLEES PNC BANK NATIONAL ASSOCIATION'S, SANTANDER  
BANK, N.A.'S, AND NATIONWIDE BANK'S PETITION FOR  
REHEARING EN BANC**

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## CERTIFICATE OF INTEREST

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1. The full name of every party or *amicus* represented by us is:

PNC Bank, National Association

2. The names of the real party in interest represented by us is:

Not applicable.

3. All parent corporations and any publicly held companies that own 10 percent or more of the stock of the party or *amicus curiae* represented by me are:

PNC Bank, National Association is a wholly-owned, indirect subsidiary of PNC Financial Services Group, Inc., which is a publicly traded company and does not have a parent corporation.

4. The names of all law firms and the partners or associates that appeared for the party or *amicus* now represented by me in the trial court or agency or are expected to appear in this court are:

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Not applicable.

3. All parent corporations and any publicly held companies that own 10 percent or more of the stock of the party or *amicus curiae* represented by me are:

Santander Bank, N.A. is a wholly owned subsidiary of Santander Holdings USA, Inc., a Virginia Corporation. No publicly held corporation other than Santander Holdings USA, Inc. currently owns 10% or more of its stock.

4. The names of all law firms and the partners or associates that appeared for the party or *amicus* now represented by me in the trial court or agency or are expected to appear in this court are:

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Counsel for Appellee Nationwide Bank certifies the following:

1. The full name of every party or *amicus* represented by us is:

Nationwide Bank

2. The names of the real party in interest represented by us is:

Nationwide Bank

3. All parent corporations and any publicly held companies that own 10 percent or more of the stock of the party or *amicus curiae* represented by me are:

Nationwide Bank is a subsidiary of Nationwide Financial Services, Inc. Nationwide Financial Services, Inc. is a subsidiary of Nationwide Corporation. Nationwide Corporation is a subsidiary of Nationwide Mutual Insurance Company (with a small share held by Nationwide Mutual Fire Insurance Company).

4. The names of all law firms and the partners or associates that appeared for the party or *amicus* now represented by me in the trial court or agency or are expected to appear in this court are:

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## STATEMENT OF COUNSEL

Based on my professional judgment, I believe this appeal requires an answer to the following precedent-setting question of exceptional importance: Whether the definition of “covered business method patent” in § 18(d)(1) of the America Invents Act is limited to patents with claims that specifically recite a financial activity, thereby eliminating patents that claim business methods whose only described and asserted use is in the practice, administration, or management of a financial product or service. In addition, I believe that the panel decision is contrary to the following precedents of this Court: *Versata Dev. Grp., Inc. v. SAP Am., Inc.*, 793 F.3d 1306 (Fed. Cir. 2015); *SightSound Techs., LLC v. Apple Inc.*, 809 F.3d 1307, 1315 (Fed. Cir. 2015); *Blue Calypso, LLC v. Groupon, Inc.*, 815 F.3d 1331, 1340 (Fed. Cir. 2016).

/s/ Gregory H. Lantier

GREGORY H. LANTIER

## INTRODUCTION

The panel majority effectively rewrote the statutory definition of “covered business method patent,”<sup>1</sup> arriving at such a narrow interpretation that even the patentee was unwilling to embrace it. In effect, the panel inserted the word “only” into the statutory phrase “a patent that claims a method ... [only] used in the

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<sup>1</sup> Section 18(d)(1) of the Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011) (“AIA”).

practice, administration, or management of a financial product or service,” thereby concluding that eligibility for covered business method (“CBM”) review turns on whether “the patent ha[s] a claim that contains ... a financial activity element.”

Maj. Op. 19. That interpretation is contrary to the statutory language and undermines and frustrates the express purpose of the CBM program. It further runs counter to the well-established principle that the claimed invention should be understood in light of the specification. The issue presented in this petition is thus highly important and this appeal should be reconsidered by the full court.

### **BACKGROUND**

Congress created the CBM program to provide for “review of the validity of any business method patent,” and to correct “the issuance of poor business-method patents during the late 1990’s through the early 2000’s [that] led to patent ‘troll’ lawsuits.” H.R. Rep. No. 112-98, at 54 (2011). *See also Versata Dev. Grp., Inc. v. SAP Am., Inc.*, 793 F.3d 1306, 1325 (Fed. Cir. 2015) (“the general concern, including within the halls of Congress, regarding litigation abuse over business method patents ... caused Congress to create a special program for these patents”). The statute “on its face covers a wide range of finance-related activities.” *Id.* Under the definition of “covered business method patent” set forth in § 18(d)(1) of the AIA, CBM review is supposed to be available for “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).<sup>2</sup>

U.S. Patent No. 7,631,191 (“the ’191 patent”) was originally developed by and assigned to American Express (Appx471-472; Appx624; Appx1052-1057), and generally relates “to systems and methods for authenticating a web page” so that users can securely transfer sensitive information over the Internet without concern about interception by a “fraudster” (Appx88(1:16-18, 29-33)). The ’191 patent claims an “authentication system” that is used “to facilitate online commerce transactions.” Appx93(11:30-31). As the specification states, the claimed “authentication system” specifically “contemplates the use, sale or distribution of any goods, services or information over any network.” Appx93(11:17-21).

In the sole exemplary embodiment, the participants in the system—the customer, the merchant, and “the bank”—are equipped with “a computing system to facilitate online commerce transactions.” Appx93(11:30-45). The patent’s specification explains that security is particularly important for such transactions because consumers are often transferring “sensitive data,” such as account numbers

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<sup>2</sup> Only a party that has been sued for or charged with infringement of the patent can petition for CBM review. *Id.* at § 18(a)(1)(B).

and login information. Appx88(1:38-44). It provides an example in which a consumer intends to visit the webpage “www.bigbank.com,” but instead ends up entering sensitive financial information on a similar-looking, but fraudulent website, “www.b[1]gbank.com’ (with an ‘l’ instead of an ‘i’).” Appx88(1:28-33). Indeed, the patent provides no other examples—the *only* described use of the invention in the specification is financial.

To date, appellant Secure Axxess, a patent assertion entity that neither designs nor markets any products of its own, has filed 17 lawsuits against 50 different financial services institutions, alleging that each infringes the ’191 patent by providing “online banking services.”<sup>3</sup> After Secure Axxess filed suits against them, Appellees petitioned for CBM review of all claims of the ’191 patent. Appx121-122. The Board determined that the ’191 patent was a CBM patent and instituted CBM review of all claims on obviousness grounds. Appx1338-1339.

On September 8, 2015, the Board issued its final written decision, holding all claims of the ’191 patent obvious over the combination of two prior art references. Appx1-3; Appx71.<sup>4</sup> In doing so, the Board reaffirmed its finding that

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<sup>3</sup> *E.g.*, Appx302(¶16); Appx310(¶16); Appx3698(¶16); Appx3754(¶15); Appx3865(¶18); Appx3976(¶16); Appx4088(¶16); Appx4144(¶15); *see also, e.g.*, Appx4032(¶16).

<sup>4</sup> The Board also found that all claims of the ’191 patent except claim 24 were obvious in a separate IPR proceeding. *EMC Corp. v. Secure Axxess, LLC*, IPR2014-00475, Paper No. 30 (P.T.A.B. Sept. 8, 2015). This Court summarily

the '191 patent is a CBM patent, explaining that the '191 patent specification makes clear that the “method and apparatus claimed by the '191 patent perform operations used in the practice, administration, or management of a financial product or service.” Appx10. Specifically, the Board found that “[t]he written description ... discloses a need by financial institutions to ensure customers are confident that the financial institution’s web page is authentic,” and “discloses alternative embodiments of the invention as being used by financial institutions.” *Id.* The Board also found that “[a]lthough not determinative,” Secure Axxess’ allegations of infringement against “approximately fifty financial institutions” weighed in favor of its finding that the '191 patent was a CBM patent. Appx11.

Secure Axxess appealed the Board’s decision to this Court. Secure Axxess initially argued for reversal of the Board’s determination that the '191 patent is a CBM patent primarily on the ground that the '191 patent claims do not “mention[]” a financial product or service. Appellant Br. 37-38. In response, Appellees explained that the position Secure Axxess appeared to be advocating would require claims to be expressly limited to use only in a financial service, a position that could not be reconciled with the statute’s language or purpose. Appellees Br. 34-37. In its reply, Secure Axxess distanced itself from its original position, arguing

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affirmed that decision. *Secure Axxess, LLC v. EMC Corp.*, No. 2016-1354, \_\_\_ F. App’x \_\_\_, 2017 WL 676603 (Fed. Cir. Feb. 21, 2017).

that it sought reversal of the Board’s decision, not because “the claims do not mention a financial product or service,” but because the Board allegedly failed to “focus on the claim language *at all.*” Reply 5 (emphasis in original).

In a divided decision, the panel reversed the Board’s finding that the ’191 patent is a CBM patent. Maj. Op. 21. The majority held that “the statutory definition of a CBM patent requires that the patent have a claim that contains, however phrased, a financial activity element.” *Id.* at 19; *see also id.* at 12, 15.

Judge Lourie dissented, explaining that “[e]xamination of the ’191 patent makes clear that the invention is to be used in the management of a financial service,” and noting that “[n]o other applications of the invention are described in the patent.” Dissent Op. 2-3. The dissent further noted that under 35 U.S.C. § 112, “claims do not necessarily need to recite uses of products,” and to the extent there was any doubt as to what the invention was used for, Secure Axxess’ “litigation pattern speaks volumes about what they believe their invention is ‘used’ for,” as it had sued no companies other than financial institutions. *Id.* at 3-5.

## **ARGUMENT**

### **I. THE COURT SHOULD GRANT REHEARING EN BANC TO CORRECT THE PANEL MAJORITY’S OVERLY NARROW INTERPRETATION OF § 18(d)(1).**

#### **A. The Panel Majority’s Interpretation Is Contrary To The Statute’s Plain Meaning.**

Under § 18(d)(1) of the AIA, 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.” (emphasis added.) The panel majority’s overly narrow interpretation of the statute—which strictly requires that a patent’s claims include a “financial activity element” (*i.e.*, a claim limitation reciting a financial activity)—is inconsistent with the statute’s language. *See Versata*, 793 F.3d at 1325 (“The plain text of the statutory definition contained in § 18(d)(1) ... on its face covers a wide range of finance-related activities.”). The panel majority’s opinion effectively rewrites the statute to require that the claims be written specifically such that the method is “[*only*] *used*” “in the practice, administration, or management of a financial product or service,” AIA § 18(d)(1). This interpretation is contrary to the statute’s plain meaning, which unambiguously includes patents claiming a method or apparatus for data processing, *e.g.*, an authentication system, that is used to provide a “financial product or service,” and does not require that the claims exclude the possibility of any other use by expressly claiming a financial service.

**B. The Panel Majority’s Interpretation Incorrectly Exalts Form Over Substance.**

As the dissent pointed out, “[a]s a matter of patent law, claims do not necessarily need to recite uses of products.... [I]f a method claim otherwise satisfies the requirements of 35 U.S.C. § 112, it need not recite an ultimate use.”

Dissent Op. 5. Interpreting the statute as the panel majority did here would thus

eliminate from the scope of CBM review patents that claim inventions for use in the administration, practice, or management of financial products and services that are drafted to avoid reciting that use in the claims. *Cf. Alice Corp. v. CLS Bank Int'l*, 134 S. Ct. 2347, 2360 (2014) (finding that the law should not make subject matter eligibility “depend simply on the draftsman’s art”).

Moreover, the AIA contemplates that the CBM determination should be made not by looking at the claim language formalistically and in isolation, but viewing the substance of the claimed invention in light of (at least) the specification. *See* Dissent Op. 5-6; *cf. Apple, Inc. v. Ameranth, Inc.*, 842 F.3d 1229, 1236 (Fed. Cir. 2016) (“During CBM review, the Board construes claims ... according to their broadest reasonable construction *in light of the patent’s specification.*” (emphasis added)). It is the specification—not the claims—that must “contain a written description of the invention, and of the manner and process of ... using it,” 35 U.S.C. § 112(a), and so it is only with reference to the specification that the Board can determine whether a patent satisfies the requirements of § 18(d)(1).

**C. The Panel Majority’s Interpretation Of The Statute Is Contrary To This Court’s Precedent And The Legislative History.**

The panel majority’s interpretation of the statute is further inconsistent with this Court’s precedent and the purpose of the CBM provision. *Versata* held that § 18(d)(1) is “*not limited* to products and services of only the financial industry,”



but instead covers “a wide range of finance-related activities.” 793 F.3d at 1325 (emphasis added); *see also Blue Calypso, LLC v. Groupon, Inc.*, 815 F.3d 1331, 1338 (Fed. Cir. 2016); *SightSound Techs., LLC v. Apple Inc.*, 809 F.3d 1307, 1315-1316 (Fed. Cir. 2015) (Board determination, relying on the specification, that a patent was a CBM patent was reasonable); Dissent Op. 5. Moreover, this Court has recognized that Congress’s purpose in creating the CBM program was to combat business method patents asserted by patent assertion entities (*see supra* p. 2). In this regard, Senator Schumer—one of the sponsors of § 18—explained that the language of § 18(d)(1) was “intended to make clear that the scope of patents eligible for review under [the CBM] program is not limited to patents covering a specific financial product or service.” 157 Cong. Rec. S1364-S1365 (daily ed. Mar. 8, 2011) (statement of Sen. Schumer).<sup>5</sup> He further stated that a patent need “not recite a specific financial product or service” to be eligible for CBM review. *Id.*<sup>6</sup> The panel majority’s interpretation is directly at odds with this Court’s

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<sup>5</sup> *See, e.g., White v. Dep’t of Justice*, 328 F.3d 1361, 1366 (Fed. Cir. 2003) (statements of a bill’s author are “entitled to probative weight”).

<sup>6</sup> After the AIA passed the House, Representative Lamar Smith, a namesake of the Act, explained in a letter to the Senate that nothing in the bill “limits use” of the CBM review mechanism “to one industry; rather, it applies to non-technological patents that *can* apply to financial products or services.” 157 Cong. Rec. S7413 (daily ed. Nov. 14, 2011) (emphasis added); *see also id.* at S7413-S7414 (“This program is not tied to one industry or sector of the economy-it affects everyone.... This program was designed to be construed as broadly as possible[.]”).

precedent and Congress' stated purpose in enacting the AIA, because any patent claim expressly claiming a finance-related use is necessarily *limited* to such use.

**D. The Panel Majority's Interpretation Will Eviscerate The Covered Business Method Program.**

If left uncorrected, the panel majority's overly-narrow interpretation of § 18(d)(1) will have far-reaching consequences. By requiring a patent's claims to include a limitation that explicitly recites a financial activity, the panel majority's interpretation will exclude numerous patents that the statute was clearly designed to include, rendering the CBM program largely toothless.

Indeed, entities asserting the very type of "poor business-method patents" that the CBM program was designed to challenge (H.R. Rep. No. 112-98, at 54) have already begun to cancel claims containing a financial activity element to avoid CBM review, while leaving broader independent claims intact. For example, in *Twilio Inc. v. Telesign Corp.*, CBM2016-00099, Paper No. 13 (P.T.A.B. Feb. 27, 2017), the challenged independent claims were directed to methods of notifying online registrants of predetermined events. *Id.* at 3. Dependent claims 5 and 14 recited that "the notification event is associated with activity related to a financial account associated with the user," and claims 7 and 16 recited "charging a fee to the user based ... on the user being notified of the occurrence of the established notification event." *Id.* at 9. In a blatant attempt to avoid CBM review, the patent owner filed a statutory disclaimer after a CBM petition was filed,

cancelling claims 5, 7, 14, and 16 (among others). *Id.* at 2, 9. Citing the panel majority's decision *in this case*, the Board disregarded the specification's description of various embodiments of the patent pertaining to finance-related services and notification events and declined to institute CBM review because none of the remaining claims was expressly limited to a finance-related use. *Id.* at 11-14. Other assertion entities have followed a similar course to the same end.<sup>7</sup>

The panel majority's interpretation of the statute here encourages such conduct, which is a result clearly contrary to what Congress intended. And that result is far more concerning than the contrary concerns, expressed by the panel majority, that applying the statute as written "would give the CBM program a virtually unconstrained reach." Maj. Op. 14. As an initial matter, the notion that the Board institutes CBM proceedings for patents that have no particular use for providing financial products or services is unfounded. Indeed, even prior to the panel majority's decision in this case, the Board only instituted CBM review for about 55% of petitions filed,<sup>8</sup> frequently finding that the challenged patent was not

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<sup>7</sup> *E.g.*, *Facebook, Inc. v. Skky, LLC*, CBM2016-00091, Paper No. 7 (P.T.A.B. Nov. 23, 2016); *CoreLogic, Inc. v. Boundary Solutions, Inc.*, CBM 2016-00016, Paper No. 9 (P.T.A.B. May 24, 2016); *AT&T Mobility LLC v. Intellectual Ventures II LLC*, CBM2015-00185, Paper No. 10 (P.T.A.B. May 4, 2016).

<sup>8</sup> U.S. Patent & Trademark Office, *Patent Trial & Appeal Board Statistics 11* (Nov. 30, 2016), available at [https://www.uspto.gov/sites/default/files/documents/aia\\_statistics\\_november2016.pdf](https://www.uspto.gov/sites/default/files/documents/aia_statistics_november2016.pdf).

shown to be used in a financial product or service. *See, e.g., PNC Fin. Servs. Grp., Inc. v. Intellectual Ventures I LLC*, CBM2014-00032, Paper No. 13 (P.T.A.B. May 22, 2014).

Moreover, contrary to the panel majority's suggestions (*see* Maj. Op. 21), patents covering generic inventions such as a "lightbulb" are not vulnerable to CBM review under a broader interpretation of the statute. For a patent to be eligible for CBM review, it must claim "a method or corresponding apparatus for performing *data processing or other operations.*" AIA § 18(d)(1) (emphasis added). Moreover, the claimed method or corresponding apparatus must have a particular "*use[]* in the practice, administration, or management of a financial product or service." *Id.* (emphasis added). As discussed below, the '191 clearly satisfies both requirements. A "lightbulb," on the other hand, satisfies neither. *See* Dissent Op. 7-8 ("Common sense is not precluded from use in interpreting statutes and claims."). Moreover, inventions such as a "lightbulb" would likely be exempted from CBM review under the "technological invention" exception, which was intended to be the primary limitation on the scope of the program. *See* AIA § 18(d)(1); *see also* 37 C.F.R. § 42.301(b).

**II. THE COURT SHOULD RECONSIDER THE PANEL MAJORITY’S DETERMINATION THAT THE ’191 PATENT IS NOT A CBM PATENT.**

**A. The ’191 Patent Claims “A Method Or Corresponding Apparatus For Performing Data Processing ... Used In The Practice ... Of A Financial Product Or Service.”**

Under a correct interpretation of the statute, the ’191 patent falls squarely within the scope of § 18(d)(1). The claims of the ’191 patent explicitly recite an “authentication system” for verifying the security and authenticity of online commerce transactions. *See, e.g.*, Appx94(14:5-10); *see also* Appx93(11:17-21). The specification singularly describes use of the claimed invention for conducting financial transactions.<sup>9</sup> *See* Dissent Op. 5-6 (“The written description of the ’191 patent, in accordance with the requirements of the statute, tells us that the invention is to be used for financial management. The inventors, complying with the statute, thus told us what the invention is to be used for.”).

Accordingly, as the dissent explained, under a correct interpretation of the statute, the ’191 patent qualifies as a CBM patent, as “[t]he claims of the ’191 patent are surely claims to ‘a method or corresponding apparatus for performing data processing or other operations *used in the practice*, administration, or

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<sup>9</sup> *E.g.*, Appx92-93(10:63-11:3) (claimed “authentication system” “may include any system for exchanging data or transacting business”); Appx93(11:22-67) (invention “facilitate[s] online commerce transactions”); Appx88(1:28-33) (describing need to distinguish between legitimate and fraudulent financial websites, such as “‘www.bigbank.com’ vs. ‘www.b[l]gbank.com’”).

management of a financial product or service.” Dissent Op. 2. Indeed, there is no dispute that the ’191 patent claims are directed to “a method or corresponding apparatus for performing data processing or other operations.” *See e.g.*, Appx93(12:9-12) (claiming “[a] *method* comprising: *transforming* ... received *data* ...” (emphases added)). Nor can there be any dispute that the ’191 patent claims methods and systems that are “used in the practice, administration, or management of a financial product or service,” as the specification makes clear. Dissent Op. 2-3. And as the dissent correctly noted, use for such purpose is confirmed by the fact that “no companies have been sued [for infringement of the ’191 patent] other than financial institutions.” Dissent Op. 5; *see also id.* at 3-4; Appellees Br. 5, 16-17.

**B. Rehearing Is Further Warranted In This Case To Correct The Panel Majority’s Misapplication Of *Unwired Planet*.**

Relying primarily on this Court’s decision in *Unwired Planet, LLC v. Google Inc.*, 841 F.3d 1376 (Fed. Cir. 2016), the panel majority concluded that the Board’s finding that the ’191 patent qualified for CBM review was “beyond the scope of the statutory standard and thus ‘not in accordance with law.’” Maj. Op. 17-18. That finding was based on a misapplication of *Unwired Planet*.

*Unwired Planet* involved a patent directed to “a system and method for restricting access to a wireless device’s location information.” 841 F.3d at 1377. The “*sole evidence*” relied upon by the Board to determine that the patent was

CBM-eligible was its “finding that sales could result from advertising related to the practice of the patent,” such that the patent was “incidental to” or “complementary to” financial activity. *Id.* at 1380 (emphasis added). The Court held that “[t]he Board’s application of the ‘incidental to’ and ‘complementary to’ language from the PTO policy statement instead of the statutory definition” was “not in accordance with law.” *Id.* at 1382.

As the panel majority acknowledged (Maj. Op. 18), the Board here did not base its CBM finding solely on the now-prohibited “incidental to” and “complementary to” language. Rather, the Board expressly found that the ’191 patent *claims* a business method “used in the practice, administration, or management of a financial product or service”—a finding subject only to arbitrary-and-capricious review. Appx10; *see also* Dissent Op. 6-7. Moreover, unlike *Unwired Planet*, 841 F.3d at 1382, the ’191 patent claims have a “*particular use*[] ‘in the practice, administration, or management of a financial product or service.’” (emphasis added.) *See supra* pp. 13-14. Indeed, online financial services are the *only* uses of the claimed invention described in the patent, and the claims have *only* been asserted against the online banking services of financial institutions.

## CONCLUSION

Appellees respectfully request that rehearing en banc be granted.

Respectfully submitted,

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**ECF-3(B)(2) REPRESENTATION**

Pursuant to this Court's Administrative Order Regarding Electronic Case Filing, the undersigned represents under ECF-3(b)(2) that counsel for Appellees Santander Bank, N.A. and Nationwide Bank have consented to their signatures on this brief and the Certificates of Interest.

Dated: April 6, 2017

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# **ADDENDUM**

**United States Court of Appeals  
for the Federal Circuit**

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**SECURE AXCESS, LLC,**  
*Appellant*

v

**PNC BANK NATIONAL ASSOCIATION, U.S. BANK  
NATIONAL ASSOCIATION, U.S. BANCORP, BANK  
OF THE WEST, SANTANDER BANK, N.A., ALLY  
FINANCIAL, INC., RAYMOND JAMES &  
ASSOCIATES, INC., TRUSTMARK NATIONAL  
BANK, NATIONWIDE BANK, CADENCE BANK,  
N.A., COMMERCE BANK,**  
*Appellees*

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2016-1353

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Appeal from the United States Patent and Trademark  
Office, Patent Trial and Appeal Board in No. CBM2014-  
00100.

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Decided: February 21, 2017

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Before LOURIE, PLAGER, and TARANTO, *Circuit Judges*.

Opinion for the court filed by *Circuit Judge* PLAGER.

Dissenting opinion filed by *Circuit Judge* LOURIE.

PLAGER, *Circuit Judge*.

This is a patent case—the issue turns on what is a covered business method patent. Appellant Secure Access, LLC (“Secure Access”) challenges a Final Written Decision of the Patent Trial and Appeal Board (“Board” or “PTAB”). As part of that decision, the Board reaffirmed its determination that the patent at issue, U.S. Patent No. 7,631,191 (“’191 patent”), owned by Secure Access, was a covered business method (“CBM”) patent under § 18 of the Leahy-Smith America Invents Act (“AIA”), Pub. L. No. 112-29, 125 Stat. 284 (2011). The Board further held that claims 1–32, all the claims in the patent, were unpatentable under that statute on the grounds that they would have been obvious under the cited prior art.

On appeal, Secure Access challenges the Board’s determination to decide the case as a covered business method patent, as well as the Board’s obviousness determination. We agree with Secure Access on the first point and therefore do not reach the second. Recently, in *Unwired Planet, LLC v. Google Inc.*, 841 F.3d 1376, 1379–82 (Fed. Cir. 2016), we concluded that the Board-adopted characterization of CBM scope in that case was contrary to the statute. We draw the same conclusion here, and further conclude that the patent at issue is outside the definition of a CBM patent that Congress provided by statute.

## BACKGROUND

### 1. The Patent-at-Issue

Secure Access owns the ’191 patent, which issued from a continuation application of U.S. Patent Application No. 09/656,074. That parent application issued as U.S. Patent No. 7,203,838 (“’838 patent”). The ’191 and ’838 patents have substantially the same written descriptions.

The ’191 patent is entitled “System and Method for Authenticating a Web Page.” According to the patent, the “invention relates generally to computer security, and

more particularly, to systems and methods for authenticating a web page.” ’191 patent at 1:16–18. The claims generally support this broad understanding. Claims 1 and 17 are illustrative.

1. A method comprising:

transforming, at an authentication host computer, received data by inserting an authenticity key to create formatted data; and

returning, from the authentication host computer, the formatted data to enable the authenticity key to be retrieved from the formatted data and to locate a preferences file,

wherein an authenticity stamp is retrieved from the preferences file.

*Id.* at 12:9–18; ’191 Certificate of Correction.

17. An authentication system comprising:

an authentication processor configured to insert an authenticity key into formatted data to enable authentication of the authenticity key to verify a source of the formatted data and to retrieve an authenticity stamp from a preferences file.

’191 patent at 12:62–67; ’191 Certificate of Correction.

Similarly, the written description of the ’191 patent generally discusses computer security with a focus on authenticating a web page. However, on occasion, the written description contains references that might be considered to concern (at least facially) activities that are financial in nature, a consideration in determining CBM patent status.

For example, in discussing the invention, the written description explains that an Internet user might be misled to the wrong website without proper authentication. To illustrate the problem, the patent uses

“www.bigbank.com’ vs. ‘www.b[l]gbank.com’ (with an ‘l’ instead of an ‘i’).” ’191 patent at 1:31–33, *see also id.* at 8:22–24 (again, by way of example, using “bigbank.com”). Also, despite typically referring to Internet “users,” the patent occasionally refers to “customers,” *id.* at 1:28–29, and “consumers,” *id.* at 1:44. The written description further explains that “[t]he web server can be any site, for example a commercial web site, such as a merchant site, a government site, an educational site, etc.” *Id.* at 3:34–37.

In contrast to such brief references, the last several paragraphs of the written description provide several more detailed and possibly relevant references:

Moreover, while the exemplary embodiment will be described as an authentication system, the system contemplates the use, sale or distribution of any goods, services or information over any network having similar functionality described herein.

’191 patent at 11:17–21.

The customer and merchant may represent individual people, entities, or business. The bank may represent other types of card issuing institutions, such as credit card companies, card sponsoring companies, or third party issuers under contract with financial institutions. It is further noted that other participants may be involved in some phases of the transaction, such as an intermediary settlement institution, but these participants are not shown.

*Id.* at 11:22–29. (There is no previous mention of “the bank” in the patent—there is only the “www.bigbank.com” reference. Similarly, the only previous mention of a “merchant” is the “merchant site” at 3:36, and the only previous mention of a “customer” is the “customers” at 1:28–29.)

Each participant is equipped with a computing system to facilitate online commerce transactions. The customer has a computing unit in the form of a personal computer, although other types of computing units may be used including laptops, notebooks, hand held computers, set-top boxes, and the like. The merchant has a computing unit implemented in the form of a computer-server, although other implementations are possible. The bank has a computing center shown as a main frame computer. However, the bank computing center may be implemented in other forms, such as a mini-computer, a PC server, a network set of computers, and the like.

*Id.* at 11:30–40. (There is no previous mention of “commerce” or a “commerce transaction” in the patent.)

For instance, the customer computer may employ a modem to occasionally connect to the internet, whereas the bank computing center might maintain a permanent connection to the internet.

*Id.* at 11:46–49.

Any merchant computer and bank computer are interconnected via a second network, referred to as a payment network. The payment network represents existing proprietary networks that presently accommodate transactions for credit cards, debit cards, and other types of financial/banking cards. The payment network is a closed network that is assumed to be secure from eavesdroppers. Examples of the payment network include the American Express®, VisaNet® and the Veriphone® network. In an exemplary embodiment, the electronic commerce system is implemented at the customer and issuing bank. In an exemplary implementation, the electronic commerce system is implemented as computer software modules



loaded onto the customer computer and the banking computing center. The merchant computer does not require any additional software to participate in the online commerce transactions supported by the online commerce system.

*Id.* at 11:52–67.

## 2. Procedural History

At the initial decision-to-institute stage, the Board determined that the '191 patent was a CBM patent. After consolidating three separate CBM review proceedings with regard to the '191 patent, in each of which the patent was treated as a CBM patent, the Board issued the Final Written Decision at issue on appeal. *See PNC Bank, N.A. v. Secure Access, LLC*, CBM2014-00100; *Bank of the West v. Secure Access, LLC*, CBM2015-00009; *T. Rowe Price Inv. Servs., Inc. v. Secure Access, LLC*, CBM2015-00027.<sup>1</sup>

In its Final Written Decision, the Board maintained (in keeping with its institution decisions) that the '191 patent was a CBM patent. On the merits, the Board held that claims 1–32 of the '191 patent were unpatentable because they would have been obvious under 35 U.S.C. § 103 in light of the cited prior art.

In applying the statutory test for determining whether a patent is a CBM patent, the Board quoted the statute, which is found in AIA § 18(d)(1) and which is repeated verbatim in the rules of the Patent and Trademark Office (“PTO”) at 37 C.F.R. § 42.301(a). Invoking the PTO’s rulemaking discussion and this court’s opinion

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<sup>1</sup> In a separate proceeding, the Board declined to institute a fourth CBM review of the '191 patent. *PNC Bank, N.A. v. Secure Access, LLC*, CBM2015-00039, 2015 WL 4467374 (PTAB July 10, 2015).

in *Versata*, the Board rejected the patent owner's contention that the '191 patent was not a CBM patent.

The Board first rejected the patent owner's contention that the statutory phrase "financial product or service" included "only financial products such as credit, loans, real estate transactions, check cashing and processing, financial services and instruments, and securities and investment products." J.A. 9 (citation omitted).

The Board acknowledged the scope of the patent: "[t]he '191 patent relates to authenticating a web page and claims a particular manner of doing so." J.A. 10 (citing the '191 patent at 1:16–18, 12:9–18). However, the Board reasoned that because "[t]he '191 patent is directed to solving problems related to providing a web site to customers of financial institutions . . . the '191 patent covers the ancillary activity related to a financial product or service of Web site management and functionality and so, according to the legislative history of the AIA, the method and apparatus of the '191 patent perform operations used in the administration of a financial product or service." J.A. 10–11.

Despite recognizing our guidance in *Versata Development Group, Inc. v. SAP America, Inc.*, 793 F.3d 1306 (Fed. Cir. 2015), questioning the use of various legislators' competing statements in the legislative history of the AIA, the Board "note[d] nonetheless that at least one legislator viewed 'customer interfaces' and 'Web site management and functionality,' which are at issue here, as ancillary activities intended to be encompassed by the language 'practice, administration and management' of a financial product or service." J.A. 11 (quoting 157 Cong. Rec. S1364–65 (daily ed. Mar. 8, 2011) (statement of Sen. Schumer)).

Further, while recognizing that the factor was not determinative, the Board observed that the patent owner's allegations of infringement by "approximately fifty finan-

cial institutions is a factor weighing toward the conclusion that the '191 patent claims a method or apparatus that at least is incidental to a financial activity, even if other types of companies also practice the claimed invention.” J.A. 11.

The Board stated that the '191 patent disclosed “a need by financial institutions to ensure customers are confident that the financial institution’s web page is authentic.” J.A. 10 (citing the '191 patent at 1:28–33). The Board also stated that the patent disclosed “alternative embodiments of the invention as being used by financial institutions.” *Id.* (citing '191 patent at 8:21–23, 11:23–40, 11:52–67).

The Board then analyzed whether the '191 patent was for a “technological invention”—the exception to the CBM definition pursuant to AIA § 18(d)(1) and 37 C.F.R. § 42.301(b)—and determined that the '191 patent was not for a technological invention. The Board concluded its analysis of the issues, including the question of obviousness, and determined that all 32 claims of the '191 patent would have been obvious over the cited prior art and were therefore unpatentable.

Secure Axcess timely appeals the Board’s Final Written Decision; we have jurisdiction pursuant to 28 U.S.C. § 1295(a)(4)(A).

### DISCUSSION

As we have noted, appellant raises two issues on appeal. First, “whether United States Patent No. 7,631,191 is a ‘covered business method’ patent subject to review under Section 18 of the AIA.” Appellant’s Br. at 6. Appellant states that “[t]his is a patent-specific question that involves an issue of first impression that has broad implications for other CBM cases: Should a patent’s eligibility for CBM review be determined on its claim language in light of the specification as understood at the

earliest effective filing date, or should the PTAB also consider post-grant evidence such as a patent owner's litigation history?" *Id.*

The second issue raised by appellant relates to particular claim constructions made by the Board, which appellant alleges are unreasonable even under the 'broadest reasonable interpretation' standard the Board applied. According to appellant, the Board's claim constructions fatally tainted the obviousness analysis.

### 1. Jurisdiction and Standard of Review

Neither party challenges this court's authority to review on appeal a Final Written Decision of the Board, including, when challenged, whether the Board correctly determined that a particular patent was subject to Board review under the special provisions of AIA § 18 dealing with CBM patents. *See* 35 U.S.C. §§ 329, 141–44; *Versata*, 793 F.3d at 1314–23.

We review the Board's determination regarding whether the '191 patent is within the scope of the CBM statute under the Administrative Procedure Act ("APA"), specifically 5 U.S.C. § 706(2): "The reviewing court shall . . . hold unlawful and set aside agency action, findings, and conclusions found to be—(A) arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law . . . [or] (C) in excess of statutory jurisdiction, authority, or limitations, or short of statutory right . . . ."<sup>2</sup>

Both appellant and appellees are of the view that the applicable standard of review in this case is whether the Board's decision was arbitrary and capricious. That is incorrect. The issue here is not whether a particular

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<sup>2</sup> *See Dickinson v. Zurko*, 527 U.S. 150 (1999) (the United States Patent and Trademark Office is an administrative agency and as such is subject to the APA).

patent falls within the properly-understood scope of the statutory definition of a CBM patent; rather, the issue here is whether the Board properly understood the scope of the statutory definition. That is a question of law. As we shall explain, we conclude that, as a matter of law, the statutory definition of a CBM patent precludes the Board's determination. Thus the Board acted "not in accordance with law," and "in excess of statutory jurisdiction, authority, [and] short of statutory right."<sup>3</sup>

## 2. The Statute and the Board's Understanding

As the Supreme Court forcefully reminds, "in interpreting a statute . . . courts must presume that a legislature says in a statute what it means and means what it says." *Conn. Nat'l Bank v. Germain*, 503 U.S. 249, 253–54 (1992). In the statute before us, Congress did not leave the decision of what qualifies as a CBM patent to chance. The statute first states that "The Director may institute a

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<sup>3</sup> *SightSound Technologies, LLC v. Apple Inc.*, 809 F.3d 1307 (Fed. Cir. 2015), is miscited for the arbitrary or capricious standard. In *SightSound*, this court observed that there was no statutory-interpretation issue to be decided, because "the only legal questions regarding application of AIA § 18 were decided" by an earlier precedent of this court. *Id.* at 1315. All that was presented for decision was whether the particular patents came within the legal standards that themselves were no longer subject to dispute in the case. On that patent-specific law-application question, the court asked whether the Board's determination was arbitrary or capricious, and supported by substantial evidence. *Id.* at 1315–16. A question of legal interpretation, the statutory interpretation question that is dispositive here, is not reviewed under the 'arbitrary or capricious' or 'substantial evidence' portions of 5 U.S.C. § 706.

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[CBM proceeding under § 18] only for a patent that is a covered business method patent.” AIA § 18(a)(1)(E).

Congress then defined a “covered business method patent” as:

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 . . . .

*Id.* § 18(d)(1).<sup>4</sup>

*a. A Patent That Claims . . .*

The statutory definition by its terms makes what a patent “claims” determinative of the threshold requirement for coming within the defined class. The first definitional question presented by this statutory provision is whether the requirement that the patent claim ‘something’ applies only to the first clause—*a method or corresponding apparatus for performing data processing or other operations*—or whether it applies to that clause and the second clause—*used in the practice, etc., of a financial product or service*. In order for a patent to qualify as a CBM patent, is it enough if the patent be one “that claims a method or corresponding apparatus,” as long as that method or apparatus is in fact “used in the practice . . . of a financial product or service,” even if that use is not recited, whether explicitly or implicitly, by the patent’s claims? Or must the patent contain at least one claim to the effect that the method or apparatus is “used in the practice . . . of a financial product or service”?

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<sup>4</sup> There is an exception, not relevant here, for “technological inventions.” For a discussion of the meaning of that term, at least as best it can be understood, see *Versata*, 793 F.3d at 1323, 1326–27.

To sharpen the question in a way relevant to this case, we must first ask, what is meant by the phrase “a patent that claims” something? Claims how, and in what terms? Must that ‘something’ be found in that part of the patent document that is toward the end of the document and preceded typically by “I (or we) claim” or “the invention claimed is,” or the equivalent? If we look to the claim as such, what role do we assign to the written description?

Though this particular statutory phrasing—“patent that claims”—is not common,<sup>5</sup> when viewed in context this language would seem to have a clear meaning, whether in the usual noun form of “claim,” or, as in this case, the verb form “claims.” It invokes one of the most familiar, settled concepts in patent law, derived directly from § 112(b). It is referring to the claims of the patent, which, as properly construed, define “the scope of the patentee’s rights.” See *Teva Pharm. USA, Inc. v. Sandoz, Inc.*, 135 S. Ct. 831, 835 (2015) (quoting *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 372 (1996)). And, as the Supreme Court instructs in such circumstances, it is therefore incorporating the established meaning of “claim.” See *Evans v. United States*, 504 U.S. 255, 259–60 (1992) (quoting *Morissette v. United States*, 342 U.S. 246, 263 (1952)).<sup>6</sup>

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<sup>5</sup> It appears on only two other occasions and is nowhere defined. See 35 U.S.C. § 291 (2016); 42 U.S.C. § 262; see also 35 U.S.C. § 156 (“patent which claims”).

<sup>6</sup> “[W]here Congress borrows terms of art in which are accumulated the legal tradition and meaning of centuries of practice, it presumably knows and adopts the cluster of ideas that were attached to each borrowed word in the body of learning from which it was taken and the meaning its use will convey to the judicial mind unless otherwise instructed. In such case, absence of contrary

The matter does not end there, however. A claim in a patent does not live in isolation from the rest of the patent, as if it can be cut out of the document and read with Webster’s Dictionary at hand. Established patent doctrine requires that claims must be properly construed—that is, understood in light of the patent’s written description; that is a fundamental thesis in claim construction. *Phillips v. AWH Corp.*, 415 F.3d 1303, 1312–17 (Fed. Cir. 2005) (en banc). Indeed, patent drafters can be their own lexicographers, using ordinary words in unordinary ways if the drafter, in the written description, clearly so indicates. It follows that under § 18(d)(1) the written description bears importantly on the proper construction of the claims. But the written description alone cannot substitute for what may be missing in the patent “claims,” and therefore does not in isolation determine CBM status.

Returning to our earlier question, reading the statute as applying only to the first phrase in the statutory definition would give the CBM program a virtually unconstrained reach. Under that reading, a patent would qualify if it claimed a method or corresponding apparatus for performing *any* operations that happen to be used in “the practice, administration, or management of a financial product or service.” The “practice, administration, or management of a financial product or service” phrase, as earlier noted, is not limited to the financial services industry, but reaches a wide range of sales and similar transactional activity. In fact, nearly everything that is invented can and likely will be used in someone’s sale of a good or service. If that use does not have to be part of the claim as properly construed, essentially every patent could be the subject of a CBM petition—a petition filed by

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direction may be taken as satisfaction with widely accepted definitions, not as a departure from them.”



any person sued for or charged with infringement at any time during the life of the CBM program.

Congress intended that the CBM program was to be more limited in scope than that. Its restriction to “covered business method” patents, and its temporary nature (eight years), make clear that it is a program established for a defined set of patents, not for virtually every patent. Moreover, in the AIA, the same statute that established the CBM program, Congress carefully set out limits on the *inter partes* review (“IPR”) program for review of patents after issuance. Persons sued for infringement had no more than one year to petition for IPR, and were restricted to presenting only certain §§ 102 and 103 grounds of unpatentability, thus excluding grounds based on, for example, § 101 or § 112. It is not sensible to read AIA § 18(d)(1) as obliterating these important limits for review of essentially any patent, subject only to the “technological invention” exception. *See* note 3, *supra*.

It follows that bifurcating the statute so that the phrase “a patent that claims” should apply only to the first phrase, and not to the entire definition Congress provided, would be radically out of keeping with the statute and congressional intent, considered in the context of other provisions in the statute.

Finally then, how are we to understand the phrase “a patent that claims”? It is the claims, in the traditional patent law sense, properly understood in light of the written description, that identifies a CBM patent. And for the reasons set out, what a qualifying patent must “claim” requires compliance with the clauses of the statutory definition.

We turn then to the second clause.

*b. ... a financial product or service*

The patent owner argued to the Board that the ’191 patent was ineligible for CBM review because its inven-

tion was not directed to a financial product or service and can be used by institutions other than financial institutions. Specifically, the patent owner contended that covered financial products and services were limited to products and services such as credit, loans, real estate transactions, securities and investment products, and similar financial products and services.

The Board correctly pointed out that both the Patent Office in its rulemaking discussion, and this court in its then-recent *Versata* opinion, rejected that narrow view. (The patent owner submitted its argument before the *Versata* opinion issued.) We agree that the patent owner's position before the Board is incorrect as too limiting, particularly since the argument is essentially the same one made to and rejected by us in *Versata*.

The Board, however, as part of its broader consideration of what is a "financial product or service," concluded that "[t]he method and apparatus claimed by the '191 patent perform operations used in the practice, administration, or management of a financial product or service and are incidental to a financial activity." J.A. 10 (emphasis added). In *Versata*, to decide this part of the case it was enough to establish our jurisdiction to adjudge the question of the Board's authority in a CBM case, and to conclude, as the Board had, that the patent in that case was a CBM patent under the statute. It was unnecessary to go further and opine about where the boundaries of the CBM definition lay.

More recently, in *Unwired Planet*, 841 F.3d at 1379–82, we were called upon to determine if the Board in that case had misstated the meaning of the statutory definition of what is a CBM patent. The Board, in determining that the patent under review was a CBM, did not limit itself to the express language of the statutory definition of a CBM patent. The Board explained that the inquiry of whether a particular patent is a CBM patent involved

determining “whether the patent claims activities that are financial in nature, *incidental to* a financial activity, or *complementary to* a financial activity.” *Id.* at 1378 (emphases added and citation omitted).

We concluded in *Unwired Planet* that the emphasized phrases are not part of the statutory definition, and when used “as the legal standard to determine whether a patent is a CBM patent [that standard] was not in accordance with law.” *Id.* at 1382. We vacated the Board’s decision and remanded for the Board to decide, in the first instance using a correct statutory definition, whether the patent at issue is a CBM patent.

In arriving at its mistaken legal standard, the Board had cited to language used by the PTO in its comments during the process of adopting regulations regarding the AIA. See, comments of the Director upon promulgation of the regulation in 2012: “[T]he legislative history explains that the definition of covered business method patent was drafted to encompass patents ‘*claiming* activities that are financial in nature, incidental to a financial activity or complementary to a financial activity.’” Transitional Program for Covered Business Method Patents—Definitions of Covered Business Method Patent and Technological Invention, 77 Fed. Reg. 48,734, 48,735 (Aug. 14, 2012) (Final Rule) (quoting 157 Cong. Rec. S5432 (daily ed. Sept. 8, 2011) (statement of Sen. Schumer)).

Despite these comments, in its final regulation defining what is a CBM patent the PTO simply adopted the statutory definition of a CBM patent without alteration or expansion. 37 C.F.R. § 42.301(a); *see also Versata*, 793 F.3d at 1323. The Board also referred to legislative history for remarks made by Senator Schumer. In *Unwired Planet* we found that no such extra-statutory sources were persuasive when the plain words of the

statute did not support such additional interpretive phrases. See *Unwired Planet*, 841 F.3d at 1381–82.

In the case before us, the Board as part of its broader discussion of what is a “financial product or service,” concluded that “[t]he method and apparatus claimed by the ’191 patent perform operations used in the practice, administration, or management of a financial product or service *and are incidental to a financial activity.*” J.A. 10 (emphasis added). Consistent with *Unwired Planet*, we hold that the emphasized phrase is not a part of the statutory definition of what is a CBM patent, and, as we did in *Unwired Planet*, we conclude that such a definition of a CBM patent is beyond the scope of the statutory standard and thus “not in accordance with law.”

*Blue Calypso, LLC v. Groupon, Inc.*, 815 F.3d 1331 (Fed. Cir. 2016), is not to the contrary. There the phrase used by the Board was “financial in nature,” which does not involve the statutory broadening at issue in *Unwired Planet*. And the court in *Blue Calypso* agreed with the Board that “financial in nature” was an accurate overall description of the challenged claims, and therefore the patent was adjudged properly under the CBM rubric. See *Blue Calypso*, 815 F.3d at 1340.

This is not a quibble over abstract phrasing. In this case, the Board’s broadened definition of a CBM patent led it, in deciding the status of the ’191 patent, to reach out beyond the question of whether the claims, as understood in light of the written description, met the statutory definition. The Board, in addition to relying on language found in the legislative history and in the PTO’s regulatory proceedings, took into consideration the litigation history of patent owner Secure Axcess in which it sued a large number of defendants who could be described as “financial” in their business activities.

But a patent owner’s choice of litigation targets could be influenced by a number of considerations, such as the

volume of a particular target's perceived infringement; the financial condition of the target; which targets are most likely to be willing to settle rather than bear the cost of litigating; available and friendly venues; and so on. Those choices do not necessarily define a patent as a CBM patent, nor even necessarily illuminate an understanding of the invention as claimed.

To be clear: the phrasing of a qualifying claim does not require particular talismanic words. When properly construed in light of the written description, the claim need only require one of a "wide range of finance-related activities," examples of which can be found in the cases which we have held to be within the CBM provision. See *Versata*, 793 F.3d at 1312–13, 1325–26; *Blue Calypso*, 815 F.3d at 1339–40; *SightSound*, 809 F.3d at 1315–16.

In sum, if a patent that fits the term *covered business method patent*, as defined in AIA § 18(d)(1), is to be usefully distinguished from all other patents, the distinction will not lie based on non-statutory phrases like "incidental to" or "complementary to" financial activity. Such phrases can have unintended consequences. For example, it is safe to assume that most, if not virtually all, inventors of methods or products claimed in a patent have some expectation that complementary financial activity will result—stated another way, that eventually their invention will produce financial rewards for their efforts. A definition that could sweep that broadly obviously will not do. Necessarily, the statutory definition of a CBM patent requires that the patent have a claim that contains, however phrased, a financial activity element.

### 3. The Remedy

Having determined that the Board erred in deciding this case as a CBM under its overly-broad statutory definition, we are confronted with determining the appropriate remedy. Secure Axcess, believing that the Board misapplied the statute, asks that we vacate the Board's

determination that this is a CBM patent, and remand for the Board to decide the CBM question under the correct definition.

The Board considered claims 1 and 17, among others, reproduced above, as illustrative of the claimed subject matter. J.A. at 7–8. In the course of its decision, the Board made several claim construction determinations based on its ‘broadest reasonable construction’ standard, approved by the Supreme Court in *Cuozzo*. See *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2142–46 (2016). Secure Axcess objects to several of these rulings, specifically those related to the issue of whether the patent requires an authenticity key to be used to, or provide the ability to, determine the location of a preferences file, and that these claim constructions tainted the court’s obviousness determinations. However that may be, for purposes of deciding whether the claims qualify the patent as a CBM patent, we find that the Board’s constructions are reasonable in light of the Board’s standard of review.<sup>7</sup>

In that light, and giving the patentee the broad scope available for claiming “the practice, administration, or management of a financial product or service,” we have examined with care the relevant claims as set forth earlier. Based on the record before us, and applying the definition of a CBM patent provided by Congress in AIA § 18(d), and viewed as of the earliest effective filing date, we do not find in the ’191 patent, when the claims are properly construed in light of the written description, a single claim that could qualify this patent as a “patent that claims . . . a method or corresponding apparatus . . .

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<sup>7</sup> See, e.g., *In re Morris*, 127 F.3d 1048 (Fed. Cir. 1997) (holding that, in reviewing a claim construction decided under the ‘broadest reasonable interpretation’ standard, we determine whether the interpretation is within the range of reasonableness).

used in the practice [etc.] of a financial product or service.” Like the lightbulb example in *Unwired Planet*, just because an invention could be used by various institutions that include a financial institution, among others, does not mean a patent on the invention qualifies under the proper definition of a CBM patent.

A remand to the Board for further consideration of the question whether this patent qualifies as a CBM thus would be a wasteful act, since an affirmative finding, applying the proper statutory definition, that this patent so qualifies would be, in terms of the APA standard, arbitrary or capricious. The Board’s conclusion that this is a CBM patent is reversed. The Board’s other determinations, including claim constructions as they bear on obviousness and the obviousness determination itself, are vacated.

#### CONCLUSION

Reversed in part; vacated in part.

#### COSTS

No costs.

**United States Court of Appeals  
for the Federal Circuit**

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**SECURE AXCESS, LLC,**  
*Appellant*

v.

**PNC BANK NATIONAL ASSOCIATION, U.S. BANK  
NATIONAL ASSOCIATION, U.S. BANCORP, BANK  
OF THE WEST, SANTANDER BANK, N.A., ALLY  
FINANCIAL, INC., RAYMOND JAMES &  
ASSOCIATES, INC., TRUSTMARK NATIONAL  
BANK, NATIONWIDE BANK, CADENCE BANK,  
N.A., COMMERCE BANK,**  
*Appellees*

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2016-1353

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Appeal from the United States Patent and Trademark  
Office, Patent Trial and Appeal Board in No. CBM2014-  
00100.

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LOURIE, *Circuit Judge*, dissenting.

I respectfully dissent from the majority's conclusion that the claims of the '191 patent are not directed to a covered business method ("CBM") and hence are not subject to review under AIA § 18. *See Leahy-Smith*



America Invents Act (“AIA”), Pub. L. No. 112–29, § 18, 125 Stat. 284, 329–31 (2011).<sup>1</sup>

The statute defines a CBM patent as “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.” *Id.* at § 18(d)(1). The claims of the ’191 patent are surely claims 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.” *Id.* (emphasis added).

Claim 1 recites “[a] method comprising: transforming . . . received data . . . to create formatted data . . . .” ’191 patent col. 12 ll. 9–18. Claim 17 recites “[a]n authentication system comprising: an authentication processor configured to insert an authenticity key into formatted data to enable authentication of the authenticity key to verify a source of the formatted data . . . .” *Id.* col. 12 ll. 62–67. There can be little doubt that such claims meet the “method or apparatus for performing data processing” limitation of the statute.

They also meet the “financial product or service” language of the statute. Examination of the ’191 patent makes clear that the invention is to be used in the management of a financial service. The exemplary embodiment is described, *inter alia*, as follows:

The customer and merchant may represent individual people, entities, or business. The bank may represent other types of card issuing insti-

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<sup>1</sup> Section 18 of the AIA, pertaining to CBM review, is not codified. References to AIA § 18 herein are to the statutes at large.

tutions, such as credit card companies, card sponsoring companies, or third party issuers under contract with financial institutions. . . . The bank has a computing center shown as a main frame computer. However, the bank computing center may be implemented in other forms, such as a mini-computer, a PC server, a network set of computers, and the like. . . . Any merchant computer and bank computer are interconnected via a second network, referred to as a payment network. The payment network represents existing proprietary networks that presently accommodate transactions for credit cards, debit cards, and other types of financial/banking cards. The payment network is a closed network that is assumed to be secure from eavesdroppers. Examples of the payment network include the American Express®, VisaNet® and the Veriphone® network. In an exemplary embodiment, the electronic commerce system is implemented at the customer and issuing bank. In an exemplary implementation, the electronic commerce system is implemented as computer software modules loaded onto the customer computer and the banking computing center. The merchant computer does not require any additional software to participate in the online commerce transactions supported by the online commerce system.

*Id.* col. 11 ll. 22–67. Similarly, the '191 patent uses “bigbank.com” as the only exemplary URL. *Id.* col. 1 ll. 29–33, col. 8 ll. 21–23. No other applications of the invention are described in the patent.

And, if there were any doubt of the use of the invention in financial management, the identity of the companies Secure Axxess, LLC (“Secure Axxess”) has sued for infringement of the '191 patent should settle the matter.

Their litigation pattern speaks volumes about what they believe their invention is “used” for.

Secure Access filed complaints alleging that the following companies infringe the '191 patent by “using” the invention: PNC Bank National Association, PNC Financial Services Group, Inc., U.S. Bank National Association, U.S. Bancorp, Bank of the West, BNP Paribas, Cantander Bank, N.A., Ally Financial Inc., Ally Bank, GE Capital Retail Bank, GE Capital Bank, General Electric Capital Corporation, General Electric Company, Raymond James & Associates, Inc., Raymond James Financial, Inc., Trustmark National Bank, Trustmark Corporation, Nationwide Financial Services, Inc., Nationwide Corporation, Nationwide Mutual Insurance Company, Nationwide Bank, Cadence Bank, N.A., Commerce Bank, Commerce Bancshares, Inc., Santander Bank, N.A., Vanguard Group Inc., Vanguard Marketing Corporation, Charles Schwab Bank, Charles Schwab Corporation, Ocwen Financial Corporation, Orange Savings Bank, SSB, First Financial Bank National Association, First Financial Bankshares, Inc., Texas Capital Bank, N.A., Texas Capital Bancshares, Inc., T. Rowe Price Investment Services, Inc., T. Rowe Price Associates, Inc., T. Rowe Price Group, Inc., Bank of America Corporation, Bank of America, N.A., A.N.B. Holding Company, Ltd., American National Bank of Texas, Arvest Bank Group, Inc., Arvest Bank, Austin Bankcorp, Inc., Austin Bank, Texas N.A., Bank of the Ozarks, Inc., Bank of the Ozarks, Citizens 1<sup>st</sup> Bank, Compass Bancshares, Inc., Compass Bank, Cullen/Frost Bankers, Inc., the Frost National Bank, Diboll State Bancshares, Inc., First Bank & Trust East Texas, First Community Bancshares, Inc., First National Bank Texas, First National of Nebraska, Inc., First National Bank of Omaha, First National Bank Southwest, Sterling Bancshares, Inc., Sterling Bank, Harris Bankcorp., Inc., Harris N.A., Intouch Credit Union, Credit Union, ING Direct Bancorp, ING Bank, FSB, North Dallas Bank &



financial management. *See* '191 patent col. 11 ll. 22–67; *see also id.* col. 1 ll. 29–33, col. 8 ll. 21–23. The inventors, complying with the statute, thus told us what the invention is to be used for. The claims recite an invention *used in the practice* of a financial product, and the uses are described in the written description of the patent.

In my view, the Board correctly concluded that the “method and apparatus claimed by the '191 patent perform operations used in the practice, administration, or management of a financial product or service,” in accordance with the CBM patent statutory definition. *PNC Bank, N.A. v. Secure Axcess, LLC*, No. CBM2014-00100, 2015 WL 5316490, at \*5 (P.T.A.B. Sept. 8, 2015). It is true that the Board also used overly broad language in stating in the alternative that the “method and apparatus claimed by the '191 patent . . . *are incidental to a financial activity.*” *Id.* (emphasis added). And the Board did state that “the '191 patent claims a method or apparatus that at least is incidental to a financial activity, even if other types of companies also practice the claimed invention.” *Id.* at \*6. But overstatement does not change the basic fact that, as the written description of the patent itself indicates, the invention is directed to a method and apparatus used in financial management, as referred to in the statute. *See, e.g., Blue Calypso*, 815 F.3d at 1339 n.2 (explaining the Board correctly concluded that claims referring to “an incentive program” were eligible for CBM review where the patent “repeatedly, and almost exclusively discloses ‘incentive’ and ‘incentive program’ in a financial context”) (internal citation omitted).

I do recognize that the Board’s overly broad language, *i.e.*, “incidental to a financial activity,” has now been cabined by our recently issued decision in *Unwired Planet, LLC v. Google Inc.*, 841 F.3d 1376 (Fed. Cir. 2016). That curtailment should not cause this panel to topple over an otherwise sound decision by the Board in this case that the '191 patent is directed to financial management.

Such a decision was not based only on the forbidden language. *See PNC Bank*, 2015 WL 5316490, at \*10 (“Having determined that the ’191 patent claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service and does not fall within the exception for technological inventions, we maintain our determination that the ’191 patent is eligible for a covered business method patent review.”).

The majority attempts to escape the clear purport of the invention by ranging into a discussion of the meaning of claims in patent law. Its use of language such as “on occasion,” “might be considered,” and “at least facially” pointedly overlooks the nature of the invention and the meaning of the statute. The opinion has subsections headed “A patent that claims . . .” and “. . . a financial product or service,” but it virtually ignores the statutory language “used in the practice.” The written description clearly describes how this invention is “used in the practice” of a financial product. And, while not conclusive, the post-issuance litigation history makes the point unmistakable. To ignore that is to close one’s eyes to the obvious.

The majority disparages the clear use of this invention in the practice of a financial product or service by worrying that the CBM program would have “virtually unconstrained reach” and that “a patent would qualify [for CBM review] if it claimed a method or corresponding apparatus for performing *any* operations that happen to be used in ‘the practice, administration, or management of a financial product or service.’” The answer to such concerns is that we need not probe the limits of the statutory language by reciting all sorts of non-financial products to show that a sensible interpretation of this statute must include what Secure Axxess itself considers a financial product. Common sense is not precluded from use in

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interpreting statutes and claims. Suffice it to say that the relation of this invention to the financial world is one of substantial identity compared with an incidentally-used invention like a lightbulb or ditch-digging. *Cf. Unwired Planet*, 841 F.3d at 1382.

I therefore respectfully dissent from the conclusion that the '191 patent is not a CBM patent.

## CERTIFICATE OF SERVICE

I hereby certify that, on this 6th day of April, 2017 I filed the foregoing Appellees' Combined Petition for Panel Rehearing and Rehearing En Banc with the Clerk of the United States Court of Appeals for the Federal Circuit via the CM/ECF system, which will send notice of such filing to all registered CM/ECF users.

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## CERTIFICATE OF COMPLIANCE

Pursuant to Fed. R. App. P. 32(g), the undersigned hereby certifies that this brief complies with the type-volume limitation of Circuit Rule 32(a).

1. The petition complies with the type-volume limitations of Fed. R. App. P. 40(b)(1) and 35(b)(2) because exclusive of the exempted portions the petition does not exceed 15 double-spaced pages.

2. The petition complies with the typeface requirements of Federal Rule of Appellate Procedure 32(a)(5) and the type-style requirements of Federal Rule of Appellate Procedure 32(a)(6) because it has been prepared using Microsoft Word 2010 in a proportionally spaced typeface: Times New Roman, font size 14 point.

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April 6, 2017