

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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APPLE, INC.,  
VISA INC., and VISA U.S.A. INC.,  
Petitioner,

v.

UNIVERSAL SECURE REGISTRY LLC,  
Patent Owner.

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CBM2018-00024<sup>1</sup>  
Patent 8,577,813 B2

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Before PATRICK R. SCANLON, GEORGIANNA W. BRADEN, and  
JASON W. MELVIN, *Administrative Patent Judges*.

BRADEN, *Administrative Patent Judge*.

TERMINATION  
Vacating Institution and Dismissing Proceeding  
*35 U.S.C. § 324; 37 C.F.R. §§ 42.72, 42.301(a)*

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<sup>1</sup> Visa Inc. and Visa U.S.A. Inc., which filed a petition in CBM2019-00025, have been joined as petitioners in this proceeding.

We terminate this covered business method patent review proceeding under § 18(a)(1)(E) of the Leahy-Smith America Invents Act (“AIA”), pursuant to 35 U.S.C. § 6(c) and 37 C.F.R. §§ 42.72, 42.301(a). For the reasons that follow, we determine Petitioner has failed to show that U.S. Patent No. 8,577,813 B2 (Ex. 1201, “the ’813 patent”) qualifies for covered business method patent review, such that we have no power to determine the unpatentability of the challenged claims. Thus, we vacate our Decision to Institute this proceeding and terminate the covered business method (“CBM”) patent review under 37 C.F.R. § 42.72.

## I. INTRODUCTION

### A. *Procedural History*

Apple Inc. filed a Petition requesting CBM patent review of claims 1, 2, 4–11, 13–20, and 22–26 of the ’813 patent. Paper 3 (“Pet.”), 1, 18. Patent Owner timely filed a Preliminary Response. Paper 9 (“Prelim. Resp.”). Pursuant to 35 U.S.C. § 324(a), a CBM patent review originally was instituted for (1) claims 1, 2, 4, 5, 11, 13, 16–20, and 24 under 35 U.S.C. § 103(a) as unpatentable over Maes<sup>2</sup> and Jakobsson<sup>3</sup>; (2) claims 6–10 under 35 U.S.C. § 103(a) as unpatentable over Maes, Jakobsson, and Maritzen<sup>4</sup>; and (3) claims 14,

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<sup>2</sup> U.S. Patent No. 6,016,476, issued Jan. 18, 2000 (“Maes,” Ex. 1213).

<sup>3</sup> WO Patent Publication No. WO 2004/051585 A2, published June 17, 2004 (“Jakobsson,” Ex. 1214).

<sup>4</sup> U.S. Patent Publication No. US 2004/0236632 A1, published Nov. 25, 2004 (“Maritzen,” Ex. 1215).

15, 22, 23, 25, and 26 under 35 U.S.C. § 103(a) as unpatentable over Maes, Jakobsson, and Labrou.<sup>5</sup> See Paper 10 (“Dec. to Inst.”), 44.

After institution of trial, Patent Owner filed a Patent Owner Response (Paper 26, “PO Resp.”), to which Petitioner filed a Reply (Paper 31, “Pet. Reply”) and Patent Owner filed a Sur-Reply (Paper 38). Patent Owner also filed Objections to Evidence (Paper 32) and a Motion to Strike (Paper 35). Petitioner opposed Patent Owner’s Motion to Strike (Paper 37), to which Patent Owner replied (Paper 39).

An oral argument was held on August 27, 2019, together with co-pending IPR2018-00812 and CBM2018-00025. A transcript of the oral argument is included in the record. Paper 46 (“Tr.”).

Upon consideration of the entirety of record, as explained in detail below, and in view of recent guidance from the U.S. Court of Appeals for the Federal Circuit, we determine the ’813 patent is directed to a technological invention and does not qualify as a CBM patent for purposes of the AIA. Accordingly, we terminate this CBM patent review. See 37 C.F.R. § 42.72 (2017).

#### *B. Real Parties in Interest*

Petitioner certified that Apple Inc. is the real party in interest.  
Pet. 2.

#### *C. Related Matters and Infringement Suit*

As required by 37 C.F.R. § 42.8(b)(2), each party identifies several judicial or administrative matters that would affect or be

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<sup>5</sup> U.S. Patent Publication No. US 2004/0107170 A1, published June 3, 2004 (“Labrou,” Ex. 1216).

affected by a decision in this proceeding, including concurrently filed CBM2018-00025 and CBM2018-00026. Pet. 2–4; Paper 4, 2 (Patent Owner’s Mandatory Notices). Petitioner specifically identifies being sued in co-pending district court proceeding *Universal Secure Registry, LLC v. Apple Inc. et al.*, No. 17-585-VAC-MPT (D. Del.). Pet. 9 (citing Ex. 1203). Petitioner, however, does not identify IPR2018-00067, which instituted a trial proceeding with a different petitioner on many of the same claims of the ’813 patent under 35 U.S.C. § 103(a). Prelim. Resp. 12–13; see *Unified Patents Inc. v. Universal Secure Registry LLC*, IPR2018-00067, Paper 14 at 4 (PTAB May 2, 2018).

#### *D. The ’813 Patent*

The ’813 patent is titled “Universal Secure Registry” and is directed to authenticating a user using biometric and secret information provided to a user device, encrypted, and sent to a secure registry for validation. Ex. 1201, code (54), Abstract. The ’813 patent issued November 5, 2013, from an application filed September 20, 2011. *Id.* at codes (45), (22). The ’813 patent includes a number of priority claims, including dates as early as February 21, 2006. *Id.* at codes (63), (60), 1:6–32.

##### *1. Written Description*

The specification describes one aspect of the invention as an “information system that may be used as a universal identification system and/or used to selectively provide information about a person to authorized users.” *Id.* at 3:65–4:1. One method described for controlling access involves “acts of receiving authentication

information from an entity at a secure computer network, communicating the authentication information to the secure registry system, and validating the authentication information at the secure registry system.” *Id.* at 4:43–48. The “universal secure registry” (“USR”) is described as a computer system with a database containing entries related to multiple people, with a variety of possible information about each person, including validation, access, and financial information. *Id.* at 9:35–12:18.

Validation information in the ’813 patent “is information about the user of the database to whom the data pertains and is to be used by the USR software 18 to validate that the person attempting to access the information is the person to whom the data pertains or is otherwise authorized to receive it.” *Id.* at 12:19–23. Such information must “reliably authenticate the identity of the individual” and may include “a secret known by the user (e.g., a pin, a phrase, a password, etc.), a token possessed by the user that is difficult to counterfeit (e.g., a secure discrete microchip), and/or a measurement such as a biometric (e.g., a voiceprint, a fingerprint, DNA, a retinal image, a photograph, etc.).” *Id.* at 12:23–31. The ’813 patent describes using such information in combination with other information “to generate a one-time nonpredictable code which is transmitted to the computer system” and used “to determine if the user is authorized access to the USR database.” *Id.* at 12:50–60; *see id.* at 45:55–46:36. According to the ’813 patent, certain systems may relay communication between a user device and the secure registry through a point-of-sale (“POS”) device. *Id.* at 43:4–44:31.

One such system embodiment is illustrated in Figure 31, reproduced below.

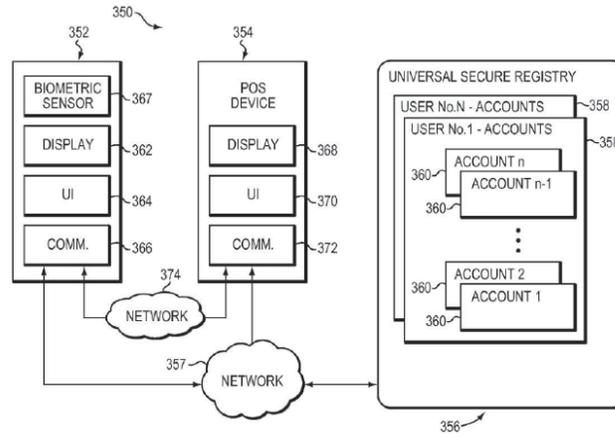


FIG. 31

As shown above, Figure 31 depicts system 350 facilitating financial transactions using POS device 354, user device 352, and USR 356, which can communicate with one another wirelessly over network 357. *Id.* at 43:4–15. The '813 patent states that a “financial transaction” may include any of sales transactions (including transactions conducted on-line or at a point of sale using credit or debit accounts), banking transactions, purchases or sales of investments and financial instruments, or generally the transfer of funds from a first account to a second account. *Id.* at 43:6–12.

## 2. Illustrative Claims

As noted above, a CBM patent review was instituted originally as to claims 1, 2, 4–11, 13–20, and 22–26. Pet. 1. Claims 1, 16, and 24 are independent. Claims 1 and 24 are illustrative of the challenged subject matter and reproduced below.

1. An electronic ID device configured to allow a user to select any one of a plurality of accounts associated with the user to employ in a financial transaction, comprising:

a biometric sensor configured to receive a biometric input provided by the user;

a user interface configured to receive a user input including secret information known to the user and identifying information concerning an account selected by the user from the plurality of accounts;

a communication interface configured to communicate with a secure registry;

a processor coupled to the biometric sensor to receive information concerning the biometric input, the user interface and the communication interface, the processor being programmed to activate the electronic ID device based on successful authentication by the electronic ID device of at least one of the biometric input and the secret information, the processor also being programmed such that once the electronic ID device is activated the processor is configured to generate a non-predictable value and to generate encrypted authentication information from the non-predictable value, information associated with at least a portion of the biometric input, and the secret information, and to communicate the encrypted authentication information via the communication interface to the secure registry; and

wherein the communication interface is configured to wirelessly transmit the encrypted authentication information to a point-of-sale (POS) device, and wherein the secure registry is configured to receive at least a portion of the encrypted authentication information from the POS device.

Ex. 1201, 51:65–52:29.

24. A method of controlling access to a plurality of accounts, the method comprising acts of:

generating, with an electronic ID device, a non-predictable value;

generating, with the electronic ID device, encrypted authentication information from the non-predictable value

generated by the electronic ID device, information associated with at least a portion of a biometric of the user received by the electronic ID device, and secret information provided to the electronic ID device by the user;

communicating the encrypted authentication information from the electronic ID device to a secure registry via a point-of-sale (POS) device to authenticate or not authenticate the electronic ID device with the secure registry;

authorizing the POS device to initiate a financial transaction involving a transfer of funds to or from the account selected by the user when the encrypted authentication information is successfully authenticated; and

denying the POS device from initiation of the financial transaction involving a transfer of funds to or from the account selected by the user when the encrypted authentication information is not successfully authenticated.

*Id.* at 54:24–46.

## II. ANALYSIS

### A. *Principles of Law*

The Federal Circuit has held that 35 U.S.C. § 318(a)

contemplates that a proceeding can be “dismissed” after it is instituted, and, as our prior cases have held, “administrative agencies possess inherent authority to reconsider their decisions, subject to certain limitations, regardless of whether they possess explicit statutory authority to do so.” *Tokyo Kikai Seisakusho, Ltd. v. United States*, 529 F.3d 1352, 1360 (Fed. Cir. 2008).

*Medtronic, Inc. v. Robert Bosch Healthcare Sys., Inc.*, 839 F.3d 1382, 1385 (Fed. Cir. 2016). In *GTNX, Inc. v. INTTRA, Inc.*, 789 F.3d 1309, 1313 (Fed. Cir. 2015), the Federal Circuit held that “the Board has

inherent authority to reconsider its decisions, noting that ‘nothing in the statute or regulations applicable here . . . clearly deprives the Board of that default authority.’”

Under 37 C.F.R. § 42.72, “[t]he Board may terminate a trial without rendering a final written decision, where appropriate.” The USPTO, in discussing § 42.72, has stated that “in the rare situation where the issue of whether the petitioner has standing is raised after institution, the Board would need the flexibility to terminate or dismiss the review, if appropriate.” 77 Fed. Reg. 48,612, 48,648 (Aug. 14, 2012). One of the “[g]rounds for standing” under 37 C.F.R. § 42.304(a) is that “[t]he petitioner must demonstrate that the patent for which review is sought is a covered business method patent.” Thus, the burden is on Petitioner to demonstrate that the ’813 patent qualifies as a CBM patent as defined in § 18(a)(1)(E) of the AIA and 37 C.F.R. §§ 42.301, 42.304(a). Such a burden never shifts to Patent Owner. *See, e.g., Dynamic Drinkware, LLC v. Nat’l Graphics, Inc.*, 800 F.3d 1375, 1378 (Fed. Cir. 2015). The issue of whether a patent is a CBM patent is a matter of law that we analyze based upon underlying facts that are themselves based on the preponderance of the evidence.

The analysis that follows was performed in accordance with the above-stated principles.

*B. Standing to File a Petition for CBM Review*

Section 18 of the AIA provides for the creation of a transitional program for reviewing CBM patents. Section 18 limits reviews to persons or their privies who have been sued or charged with infringement of a “covered business method patent.” AIA

§ 18(a)(1)(B); *see* 37 C.F.R. § 42.302. As discussed above in Section I.C., Petitioner represents it has been sued for infringement of the '813 patent and is not estopped from challenging the claims on the grounds identified in the Petition. Pet. 9 (citing Ex. 1203). We are satisfied Petitioner satisfies these requirements for standing to file a petition for CBM review of the '813 patent.

*C. Qualifying as a CBM Patent for CBM Review*

A threshold question is whether the '813 patent is a “covered business method patent,” as defined by the AIA. Although this question was addressed preliminarily in our Institution Decision, we revisit the issue now. The AIA defines 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.” AIA § 18(d)(1); *see* 37 C.F.R. § 42.301(a). “[Section] 18(d)(1) directs us to examine *the claims* when deciding whether a patent is a [covered business method] patent.” *Blue Calypso, LLC v. Groupon, Inc.*, 815 F.3d 1331, 1340 (Fed. Cir. 2016); *Unwired Planet, LLC v. Google Inc.*, 841 F.3d 1376, 1382 (Fed. Cir. 2016) (CBM patents “are limited to those with *claims* that are directed to methods and apparatuses of particular types and with particular uses ‘in the practice, administration, or management of a financial product or service’” (emphasis added) (quoting AIA § 18(d))); *see also Secure Access, LLC v. PNC Bank Nat’l Assoc.*, 848 F.3d 1370, 1378 (Fed. Cir. 2017) (“The statutory definition by its terms makes what a patent ‘claims’ determinative of the threshold requirement for coming within the

defined class” of a CBM patent.) (cert. granted, judgement vacated as moot by *PNC Bank Nat. Ass’n. v. Secure Access, LLC*, 138 S. Ct. 1982 (2018)).

A patent need have only one claim directed to a CBM to be eligible for review. *See* Transitional Program for Covered Business Method Patents—Definitions of Covered Business Method Patent and Technological Invention; Final Rule, 77 Fed. Reg. 48,734, 48,736 (Aug. 14, 2012); *cf. Versata Dev. Grp., Inc. v. SAP Am., Inc.*, 793 F.3d 1306, 1326–27 (Fed. Cir. 2015) (accepting single claim analysis to determine whether to institute a CBM patent review). “When properly construed in light of the written description, the claim need only require one of a ‘wide range of finance-related activities.’” *Secure Access*, 848 F.3d at 1381; *see also Versata*, 793 F.3d at 1312–13, 1325–26 (identifying a qualifying claim); *Blue Calypso*, 815 F.3d at 1339–40 (identifying a qualifying claim); *SightSound Techs., LLC v. Apple Inc.*, 809 F.3d 1307, 1315–16 (Fed. Cir. 2015) (identifying a qualifying claim).

The parties dispute whether the ’813 patent is a “covered business method patent,” as defined in the AIA and 37 C.F.R. § 42.301. *See* Pet. 9–18; PO Resp. 19–37; Pet. Reply 2–4; Sur-Reply 1–4. As discussed above, it is Petitioner’s burden to demonstrate that the ’813 patent is a CBM patent. *See* 37 C.F.R. § 42.304(a). For reasons explained below, we conclude Petitioner fails to show that the ’813 patent recites claims for a “technological invention,” and therefore, we determine the ’813 patent is not a “covered business method patent.”

*1. Financial Product or Service*

Petitioner identifies several challenged claims that it contends satisfy the threshold financial requirement on the basis of their claim language. Pet. 11 (identifying claims 1, 2, 4–11, 13–20, 22–26). According to Petitioner, claims 1 and 24 (and those that depend from them) disclose a device and method for providing or denying access to information related to a user stored in a secure database in the context of a “financial transaction,” while dependent claims 7, 13, 14, 17, 20, 22, 23, 25, and 26 all explicitly recite financial transactions, user account numbers, purchases, and/or selection of products or services. *Id.* Additionally, Petitioner argues that all independent claims recite a “point of sale” or “POS” device. *Id.*

Petitioner notes that the specification defines a financial transaction as including “transactions conducted on-line or at a point of sale using credit or debit accounts, banking transactions, purchases or sales of investments and financial instruments or generally the transfer of funds from a first account to a second account.” *Id.* (citing Ex. 1201, 43:6–12). Petitioner then contends the patent specification makes clear that the “accounts” recited in all challenged claims can be financial in nature. *Id.* at 11–12 (citing Ex. 1201, 6:66–7:1 (“In still another aspect, a user device is configured to allow a user to select any one of a plurality of accounts associated with the user to employ in a financial transaction.”), 7:47–50 (“authorizing the POS device to initiate a financial transaction involving a transfer of funds to or from the account selected by the user when the encrypted authentication information is successfully authenticated”)).

We agree with Petitioner, because the challenged claims on their face explicitly recite financial terms and a financial product and/or service. *See, e.g.*, Ex. 1201, 51:65–54:51 (claims 1, 16, and 24 recite a “point-of-sale (POS) device”; claim 7 recites a “financial transaction”; claim 14 recites “options for purchase”; claims 15, 23, and 26 recite “at least one product or service”; claim 24 recites “financial transaction,” “transfer of fund to or from the account”; claims 22 and 25 recite “displaying option for purchase”).

## 2. *Exclusion for Technological Inventions*

Petitioner contends the ’813 patent is not directed to a “technological invention” because it leverages known technology for verifying an account holder’s identity based on codes and/or information related to the account holder before enabling a transaction. Pet. 15. Indeed, according to Petitioner, the ’813 patent concedes that the claimed invention is not tied to any particular technology, and can be implemented in “a general-purpose computer system” using “a commercially available microprocessor” running “any other commercially available operating system” and that the secure registry database itself “may be any kind of database,” which can communicate using “any [network] protocol.” *Id.* (quoting Ex. 1201, 10:1–11:28; citing Ex. 1202 ¶ 47).

Patent Owner disputes Petitioner’s contentions, arguing that the ’813 patent claims a “technological invention” and, thus, is ineligible for CBM review. PO Resp. 19–20. According to Patent Owner, *IBG LLC v. Trading Technologies International, Inc.*, 2019 WL 581580, at \*1 (Fed Cir. Feb. 13, 2019) (non-precedential) (“*IBG*”)

from the Federal Circuit has clarified the law regarding “technological inventions” and mandates that the ’813 patent is not eligible for CBM review. *Id.* at 21.

*IBG* concerns four patents that “share a specification,” which describes a graphical user interface for a trading system. *IBG*, at \*1 (U.S Patent Nos. 6,766,304, 6,772,132, 7,676,411, and 7,813,996). *IBG* petitioned for CBM review and the Board instituted proceedings for each patent. *Id.* In the proceedings for the ’304 and ’132 patents, the Board upheld the patent eligibility based upon a prior Federal Circuit decision regarding § 101 in a separate action involving those two patents. *Id.* In the proceedings involving the ’132 and ’411 patents, the Board held the claims were § 101 ineligible. *Id.* On appeal, the patent owner alleged the Board’s determinations that all four patents were not directed to a “technological invention” was erroneous. *Id.* The Federal Circuit vacated the Board’s decision for all four patents “because the patents at issue are for technological inventions and thus were not properly subject to CBM review.” *Id.* In its analysis of the Board’s determinations that none of the four patents were “technological inventions,” the Federal Circuit stated that “discussion of [the relevant] patent[] in the context of eligibility [§ 101] is instructive to the technological invention question.” *Id.* at \*2. The court then noted that a district court, the Federal Circuit, and the Board had all found two of the four patents (’132 and ’304) at issue to be eligible under § 101, in particular that “the claimed subject matter is directed to a specific improvement to the way computers operate.” *Id.* (quotation omitted). In this context, the court held it to be “internally

inconsistent” for those two patents to not be “technological inventions.” *Id.* The court further held that because there was “no meaningful difference between the claimed subject matter of the ’132 and ’304 patents and that of the ’411 and ’996 patents for the purposes of the technological invention question, the same conclusion applies in those cases as well.” *Id.*

Patent Owner argues that *IBG* is identical to the facts of the present case because, as in *IBG*, both the Board and a federal district court have held the exact same challenged claims of the ’813 patent to be eligible under § 101. PO Resp. 22–23 (citing CBM2018-00026, Paper 11 at 24; *Universal Secure Registry, LLC*, No. 1:17-cv-00585-CFC-SRF, Doc. 137, 23–26). According to Patent Owner, it would be “internally inconsistent” for the Board to find the challenged claims of the ’813 patent to be eligible under § 101 in CBM2018-00026 but then to turn around in the present case and find that they are not directed to a technological invention. PO Resp. 23 (citing *IBG*, \*1–\*3). Patent Owner specifically cites to the Federal Circuit’s holding in *IBG* that “[i]f ‘the claimed subject matter is directed to a specific improvement to the way computers operate,’ as we held [previously], the patents are also for a ‘technological invention’ *under any reasonable meaning of that term.*” PO Resp. 24 (citing *IBG*, at \*1–\*3) (emphasis added in brief).

Petitioner contests Patent Owner’s position, arguing that the ’813 patent is not directed to a technological invention and that the *IBG* case is inapplicable. Pet. Reply. 2. Petitioner first argues that CBM review is not available for “patents directed toward

‘technological inventions’ that either (1) claim subject matter that ‘as a whole recites a technological feature that is novel or unobvious over the prior art’ or (2) ‘solves a technical problem using a technical solution.’” *Id.* (quoting 37 C.F.R. § 42.401)<sup>6</sup>. According to Petitioner, the Board need not consider the second prong if, as here, the patent only recites technological features that were known or obvious. *Id.*; Tr. 11:1–17.

Petitioner further contends Patent Owner misconstrues the record in an attempt to compare this case to the facts in *IBG*. Pet. Reply 3; Tr. 13–14. According to Petitioner, *IBG* is inapplicable here because the Board’s Decision Denying Institution in CBM2018-00026 was not a final decision, so therefore, our finding of CBM eligibility in the present case would not be “inconsistent with any final rulings.” Pet. Reply 4; Tr. 15:2–8. Petitioner is correct that the decision denying institution of a CBM review is not a Final Written Decision under 35 U.S.C. § 328(a). Nonetheless, we find our decision in CBM2018-00026 to be instructive because it analyzes, in detail, the nuances of the exact same challenged claims in relation to the statute and case law governing § 101 eligibility. And we specifically found in CBM2018-00026 that:

[T]he claims are not directed to an abstract idea. A reading of the challenged claims reveals they require more than simply verifying an account holder’s identity based on codes or account holder information as alleged by Petitioner. Rather, we find that these claims are directed

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<sup>6</sup> We understand this to be a typographical error and that Petitioner relies on Rule 42.301(b).

to an improvement in the security of mobile devices by using a biometric sensor, a user interface, a communication interface, and a processor working together to generate a time varying or other type of code that can be used for a single transaction, preventing the merchant from retaining identifying information that could be used fraudulently in subsequent transactions. *See* Ex. 1001, 52:1–29.

*Apple, Inc., v. Universal Secure Registry LLC.*, CBM2018-00026., Paper 11 at 22 (PTAB December 10, 2018) (Decision Denying Institution).

[T]he claimed electronic ID device and method are limited to a particular technology using a biometric sensor, a user interface, a communication interface, and a processor, used in a specific order, each of which is narrowly configured to the claimed invention as an improvement to the technology. *See* Ex. 1001, 51:65–52:29.

*Id.* at 23.

[The] claims address a problem specific to the security of a remote device without preempting every device or method for authenticating a remote device payment transaction. Additionally, the claims here recite more than a mere result. Instead, they recite a specific arrangement of components or steps that accomplish the desired result.

*Id.*

Petitioner then contends that “no federal court has held—in final form—the ’813 patent to be [§ 101] eligible,” because Petitioner’s objection to a magistrate judge’s recommendation on this issue is pending currently before a district judge. Pet. Reply 3 (citing PO Resp. 23); Tr. 15:11–19. Again, the magistrate judge’s recommendations regarding § 101 eligibility (*see* Ex. 2015, 23–26) may not be a final determination, but they are instructive. Specifically,

the magistrate judge found the claims were not directed to an abstract idea because “the plain focus of the claims is on an improvement to computer functionality itself, not on economic or other tasks for which a computer is used in its ordinary capacity.” Ex. 2015, 23. The magistrate judge further found that “[t]he ’813 patent thus provides a series of claim elements operating together in a specific way to provide a more secure mobile transaction authentication system with both local and remote authentication, addressing a problem specific to the security of mobile devices without covering, and preempting, every ‘way[ ] you can authenticate a mobile device payment transaction[.]’” *Id.* at 23–24.

Petitioner lastly contends that if we were to reverse the preliminary findings from our Institution Decision regarding CBM eligibility, we would not promote consistency with other USPTO findings under § 101 regarding claims similar to those in the ’813 patent. Pet. Reply 4. Petitioner specifically cites to the final rejections of pending claims in each of the ’813 patent’s five continuation applications as patent ineligible under § 101. *Id.* (citing Patent Application Nos. 14/071,125, 15/045,408, 15/661,943, 15/661,955, 15/685,813); Tr. 16:8–21. Petitioner concludes that the Board’s finding of CBM eligibility here is entirely consistent with the USPTO’s findings in the ’813 patent’s continuation applications, and no reversal on the issue of CBM eligibility is warranted. Pet. Reply 4.

We do not agree with Petitioner for the following reasons. First, in determining whether a patent is for a technological invention, we read 37 C.F.R. § 42.301 to require considering “whether the claimed

subject matter that as a whole” both “[1] recites a technological feature that is novel or unobvious over the prior art; and [(2)] solves a technical problem using a technical solution,” because the conjunction explicitly recited in the rule is “and” not “or” as argued by Petitioner. Additionally, we are required to consider the claims as a whole. *See* 37 C.F.R. § 42.301(b) (“the claimed subject matter as a whole”). Petitioner’s first contention is not persuasive because we find both prongs of the rule are met here.

Second, given our explicit findings in CBM2018-00026 that the challenged claims of the ’813 patent are § 101 eligible due to being an improvement to the technology, which we agree with, and the persuasive holding by the Federal Circuit in *IBG*, we determine here that the ’813 patent is directed to an improvement in the security of mobile devices and is also a “technological invention” under 37 C.F.R. § 42.301. To find otherwise, would render our decision inconsistent with (i) the findings in CBM2018-00026, (ii) the guidance provided by our reviewing court in *IBG*, and (iii) the intent of Section 18 of the AIA to only allow review of CBM patents. Therefore, Petitioner’s second contention is not persuasive.

Third, although the magistrate judge’s report in the district court case is not a final or binding decision, we find it particularly persuasive because it came to the same conclusion of § 101 eligibility regarding the same claims as here and in CBM2018-00026. Therefore, Petitioner’s third contention is not persuasive.

Last, we do not agree with Petitioner’s argument that *IBG* is distinguishable because the USPTO has rejected other claims in other

related pending applications as § 101 ineligible. *See* Pet. Reply, 4. This alleged distinction is misplaced because both the Board and a district court have addressed the identical patent and claims presented here and found them to be § 101 eligible. Thus, Petitioner's final contention is unpersuasive.

### 3. *Conclusion*

Based on the foregoing analysis, given the guidance by our reviewing court in *IBG*, we determine that the '813 patent does not meet the statutory definition under AIA Section 18(d)(1) and is ineligible for CBM review.

## III. CONCLUSION

For the foregoing reasons, we determine that the information presented in the Petition fails to show that the '813 patent qualifies for CBM patent review, such that we have no jurisdiction to determine the unpatentability of the challenged claims.

## IV. ORDER

For the reasons given, it is

ORDERED that, pursuant to AIA § 18(a)(1)(E) and 37 C.F.R. §§ 42.72, 42.301(a), and 42.304(a), the '813 patent does not qualify for CBM patent review;

FURTHER ORDERED that the trial in CBM2018-00024 is hereby terminated; and

FURTHER ORDERED that the Decision to Institute in CBM2018-00024 is hereby vacated.

CBM2018-00024  
Patent 8,577,813 B2

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APPLE, INC.,  
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CBM2018-00025<sup>1</sup>  
Patent 8,577,813 B2

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Before PATRICK R. SCANLON, GEORGIANNA W. BRADEN, and  
JASON W. MELVIN, *Administrative Patent Judges*.

BRADEN, *Administrative Patent Judge*.

TERMINATION  
Vacating Institution and Dismissing Proceeding  
*35 U.S.C. § 324; 37 C.F.R. §§ 42.72, 42.301(a)*

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<sup>1</sup> Visa Inc. and Visa U.S.A. Inc., which filed a petition in CBM2019-00026, have been joined as petitioners in this proceeding.

We terminate this covered business method patent review proceeding under § 18(a)(1)(E) of the Leahy-Smith America Invents Act (“AIA”), pursuant to 35 U.S.C. § 6(c) and 37 C.F.R. §§ 42.72, 42.301(a). For the reasons that follow, we determine Petitioner has failed to show that U.S. Patent No. 8,577,813 B2 (Ex. 1101, “the ’813 patent”) qualifies for covered business method patent review, such that we have no power to determine the unpatentability of the challenged claims. Thus, we vacate our Decision to Institute this proceeding and terminate the covered business method (“CBM”) patent review under 37 C.F.R. § 42.72.

## I. INTRODUCTION

### A. *Procedural History*

Apple Inc. filed a Petition requesting CBM patent review of claims 1, 2, 4–11, 13–20, and 22–26 of the ’813 patent. Paper 3 (“Pet.”), 1, 19. Patent Owner timely filed a Preliminary Response. Paper 7 (“Prelim. Resp.”). Pursuant to 35 U.S.C. § 324(a), a CBM patent review originally was instituted for (1) claims 1, 2, 4–11, 13, 16–20, and 24 under 35 U.S.C. § 103(a) as unpatentable over Jakobsson<sup>2</sup> and Maritzen<sup>3</sup>; and (2) claims 14, 15, 22, 23, 25, and 26

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<sup>2</sup> WO Patent Publication No. WO 2004/051585 A2, published June 17, 2004 (“Jakobsson,” Ex. 1115).

<sup>3</sup> U.S. Patent Publication No. US 2004/0236632 A1, published Nov. 25, 2004 (“Maritzen,” Ex. 1116).

under 35 U.S.C. § 103(a) as unpatentable over Jakobsson and Labrou<sup>4</sup>.  
*See* Paper 8 (“Dec. to Inst.”), 43.

After institution of trial, Patent Owner filed a Patent Owner Response (Paper 20, “PO Resp.”), to which Petitioner filed a Reply (Paper 26, “Pet. Reply”) and Patent Owner filed a Sur-Reply (Paper 33). Patent Owner also filed Objections to Evidence (Paper 27) and a Motion to Strike (Paper 30). Petitioner opposed Patent Owner’s Motion to Strike (Paper 32), to which Patent Owner replied (Paper 34).

An oral argument was held on August 27, 2019, together with co-pending IPR2018-00812 and CBM2018-00024. A transcript of the oral argument is included in the record. Paper 41 (“Tr.”).

Upon consideration of the entirety of record, as explained in detail below, and in view of recent guidance from the U.S. Court of Appeals for the Federal Circuit, we determine the ’813 patent is directed to a technological invention and does not qualify as a CBM patent for purposes of the AIA. Accordingly, we terminate this CBM patent review. *See* 37 C.F.R. § 42.72 (2017).

#### *B. Real Parties in Interest*

Petitioner certifies that Apple Inc. is the real party in interest.  
Pet. 2.

#### *C. Related Matters and Infringement Suit*

As required by 37 C.F.R. § 42.8(b)(2), each party identifies several judicial or administrative matters that would affect or be

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<sup>4</sup> U.S. Patent Publication No. US 2004/0107170 A1, published Jun. 3, 2004 (“Labrou,” Ex. 1117).

affected by a decision in this proceeding, including concurrently filed CBM2018-00024 and CBM2018-00026. Pet. 2–3; Paper 4, 2 (Patent Owner’s Mandatory Notices). Petitioner specifically identifies being sued in co-pending district court proceeding *Universal Secure Registry, LLC v. Apple Inc. et al.*, No. 17-585-VAC-MPT (D. Del.). Pet. 2 (citing Ex. 1103). Petitioner, however, does not identify IPR2018-00067, which instituted a trial proceeding with a different petitioner on many of the same claims of the ’813 patent under 35 U.S.C. § 103(a). Prelim. Resp. 1; *see Unified Patents Inc. v. Universal Secure Registry LLC*, IPR2018-00067, Paper 14 at 4 (PTAB May 2, 2018).

#### *D. The ’813 Patent*

The ’813 patent is titled “Universal Secure Registry” and is directed to authenticating a user using biometric and secret information provided to a user device, encrypted, and sent to a secure registry for validation. Ex. 1101, code (54), Abstract. The ’813 patent issued November 5, 2013, from an application filed September 20, 2011. *Id.* at codes (45), (22). The ’813 patent includes a number of priority claims, including dates as early as February 21, 2006. *Id.* at codes (63), (60), 1:6–32.

##### *1. Written Description*

The specification describes one aspect of the invention as an “information system that may be used as a universal identification system and/or used to selectively provide information about a person to authorized users.” *Id.* at 3:65–4:1. One method described for controlling access involves “acts of receiving authentication

information from an entity at a secure computer network, communicating the authentication information to the secure registry system, and validating the authentication information at the secure registry system.” *Id.* at 4:43–48. The “universal secure registry” (“USR”) is described as a computer system with a database containing entries related to multiple people, with a variety of possible information about each person, including validation, access, and financial information. *Id.* at 9:35–12:18.

Validation information in the ’813 patent “is information about the user of the database to whom the data pertains and is to be used by the USR software 18 to validate that the person attempting to access the information is the person to whom the data pertains or is otherwise authorized to receive it.” *Id.* at 12:19–23. Such information must “reliably authenticate the identity of the individual” and may include “a secret known by the user (e.g., a pin, a phrase, a password, etc.), a token possessed by the user that is difficult to counterfeit (e.g., a secure discrete microchip), and/or a measurement such as a biometric (e.g., a voiceprint, a fingerprint, DNA, a retinal image, a photograph, etc.).” *Id.* at 12:23–31. The ’813 patent describes using such information in combination with other information “to generate a one-time nonpredictable code which is transmitted to the computer system” and used “to determine if the user is authorized access to the USR database.” *Id.* at 12:50–60; *see id.* at 45:55–46:36. According to the ’813 patent, certain systems may relay communication between a user device and the secure registry through a point-of-sale (“POS”) device. *Id.* at 43:4–44:31.

One such system embodiment is illustrated in Figure 31, reproduced below.

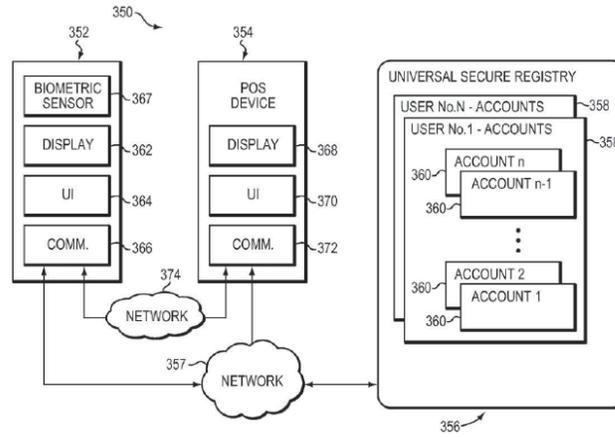


FIG. 31

As shown above, Figure 31 depicts system 350 facilitating financial transactions using POS device 354, user device 352, and USR 356, which can communicate with one another wirelessly over network 357. *Id.* at 43:4–15. The '813 patent states that a “financial transaction” may include any of sales transactions (including transactions conducted on-line or at a point of sale using credit or debit accounts), banking transactions, purchases or sales of investments and financial instruments, or generally the transfer of funds from a first account to a second account. *Id.* at 43:6–12.

## 2. Illustrative Claims

As noted above, a CBM patent review was instituted originally as to claims 1, 2, 4–11, 13–20, and 22–26. Pet. 1. Claims 1, 16, and 24 are independent. Claims 1 and 24 are illustrative of the challenged subject matter and reproduced below.

1. An electronic ID device configured to allow a user to select any one of a plurality of accounts associated with the user to employ in a financial transaction, comprising:

a biometric sensor configured to receive a biometric input provided by the user;

a user interface configured to receive a user input including secret information known to the user and identifying information concerning an account selected by the user from the plurality of accounts;

a communication interface configured to communicate with a secure registry;

a processor coupled to the biometric sensor to receive information concerning the biometric input, the user interface and the communication interface, the processor being programmed to activate the electronic ID device based on successful authentication by the electronic ID device of at least one of the biometric input and the secret information, the processor also being programmed such that once the electronic ID device is activated the processor is configured to generate a non-predictable value and to generate encrypted authentication information from the non-predictable value, information associated with at least a portion of the biometric input, and the secret information, and to communicate the encrypted authentication information via the communication interface to the secure registry; and

wherein the communication interface is configured to wirelessly transmit the encrypted authentication information to a point-of-sale (POS) device, and wherein the secure registry is configured to receive at least a portion of the encrypted authentication information from the POS device.

Ex. 1101, 51:65–52:29.

24. A method of controlling access to a plurality of accounts, the method comprising acts of:

generating, with an electronic ID device, a non-predictable value;

generating, with the electronic ID device, encrypted authentication information from the non-predictable value

generated by the electronic ID device, information associated with at least a portion of a biometric of the user received by the electronic ID device, and secret information provided to the electronic ID device by the user;

communicating the encrypted authentication information from the electronic ID device to a secure registry via a point-of-sale (POS) device to authenticate or not authenticate the electronic ID device with the secure registry;

authorizing the POS device to initiate a financial transaction involving a transfer of funds to or from the account selected by the user when the encrypted authentication information is successfully authenticated; and

denying the POS device from initiation of the financial transaction involving a transfer of funds to or from the account selected by the user when the encrypted authentication information is not successfully authenticated.

*Id.* at 54:24–46.

## II. ANALYSIS

### A. *Principles of Law*

The Federal Circuit has held that 35 U.S.C. § 318(a) contemplates that a proceeding can be “dismissed” after it is instituted, and, as our prior cases have held, “administrative agencies possess inherent authority to reconsider their decisions, subject to certain limitations, regardless of whether they possess explicit statutory authority to do so.” *Tokyo Kikai Seisakusho, Ltd. v. United States*, 529 F.3d 1352, 1360 (Fed. Cir. 2008).

*Medtronic, Inc. v. Robert Bosch Healthcare Sys., Inc.*, 839 F.3d 1382, 1385 (Fed. Cir. 2016). In *GTNX, Inc. v. INTTRA, Inc.*, 789 F.3d 1309, 1313 (Fed. Cir. 2015), the Federal Circuit held that “the Board has

inherent authority to reconsider its decisions, noting that ‘nothing in the statute or regulations applicable here . . . clearly deprives the Board of that default authority.’”

Under 37 C.F.R. § 42.72, “[t]he Board may terminate a trial without rendering a final written decision, where appropriate.” The USPTO, in discussing § 42.72, has stated that “in the rare situation where the issue of whether the petitioner has standing is raised after institution, the Board would need the flexibility to terminate or dismiss the review, if appropriate.” 77 Fed. Reg. 48,612, 48,648 (Aug. 14, 2012). One of the “[g]rounds for standing” under 37 C.F.R. § 42.304(a) is that “[t]he petitioner must demonstrate that the patent for which review is sought is a covered business method patent.” Thus, the burden is on Petitioner to demonstrate that the ’813 patent qualifies as a CBM patent as defined in § 18(a)(1)(E) of the AIA and 37 C.F.R. §§ 42.301, 42.304(a). Such a burden never shifts to Patent Owner. *See, e.g., Dynamic Drinkware, LLC v. Nat’l Graphics, Inc.*, 800 F.3d 1375, 1378 (Fed. Cir. 2015). The issue of whether a patent is a CBM patent is a matter of law that we analyze based upon underlying facts that are themselves based on the preponderance of the evidence.

The analysis that follows was performed in accordance with the above-stated principles.

*B. Standing to File a Petition for CBM Review*

Section 18 of the AIA provides for the creation of a transitional program for reviewing CBM patents. Section 18 limits reviews to persons or their privies who have been sued or charged with infringement of a “covered business method patent.” AIA

§ 18(a)(1)(B); *see* 37 C.F.R. § 42.302. As discussed above in Section I.C., Petitioner represents it has been sued for infringement of the '813 patent and is not estopped from challenging the claims on the grounds identified in the Petition. Pet. 8–9 (citing Ex. 1103). We are satisfied Petitioner has met these requirements for standing to file a petition for CBM review of the '813 patent.

*C. Qualifying as a CBM Patent for CBM Review*

A threshold question is whether the '813 patent is a “covered business method patent,” as defined by the AIA. Although this question was addressed preliminarily in our Institution Decision, we revisit the issue now. The AIA defines 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.” AIA § 18(d)(1); *see* 37 C.F.R. § 42.301(a). “[Section] 18(d)(1) directs us to examine *the claims* when deciding whether a patent is a [covered business method] patent.” *Blue Calypso, LLC v. Groupon, Inc.*, 815 F.3d 1331, 1340 (Fed. Cir. 2016); *Unwired Planet, LLC v. Google Inc.*, 841 F.3d 1376, 1382 (Fed. Cir. 2016) (CBM patents “are limited to those with *claims* that are directed to methods and apparatuses of particular types and with particular uses ‘in the practice, administration, or management of a financial product or service’” (emphasis added) (quoting AIA § 18(d))); *see also Secure Access, LLC v. PNC Bank Nat’l Assoc.*, 848 F.3d 1370, 1378 (Fed. Cir. 2017) (“The statutory definition by its terms makes what a patent ‘claims’ determinative of the threshold requirement for coming within the

defined class” of a CBM patent.) (cert. granted, judgment vacated as moot by *PNC Bank Nat. Ass’n. v. Secure Access, LLC*, 138 S. Ct. 1982 (2018)).

A patent need have only one claim directed to a CBM to be eligible for review. *See* Transitional Program for Covered Business Method Patents—Definitions of Covered Business Method Patent and Technological Invention; Final Rule, 77 Fed. Reg. 48,734, 48,736 (Aug. 14, 2012); *cf. Versata Dev. Grp., Inc. v. SAP Am., Inc.*, 793 F.3d 1306, 1326–27 (Fed. Cir. 2015) (accepting single claim analysis to determine whether to institute a CBM patent review). “When properly construed in light of the written description, the claim need only require one of a ‘wide range of finance-related activities.’” *Secure Access*, 848 F.3d at 1381; *see also Versata*, 793 F.3d at 1312–13, 1325–26 (identifying a qualifying claim); *Blue Calypso*, 815 F.3d at 1339–40 (identifying a qualifying claim); *SightSound Techs., LLC v. Apple Inc.*, 809 F.3d 1307, 1315–16 (Fed. Cir. 2015) (identifying a qualifying claim).

The parties dispute whether the ’813 patent is a “covered business method patent,” as defined in the AIA and 37 C.F.R. § 42.301. *See* Pet. 9–19; PO Resp. 16–36; Pet. Reply 1–4; Sur-Reply 1–4. As discussed above, it is Petitioner’s burden to demonstrate that the ’813 patent is a CBM patent. *See* 37 C.F.R. § 42.304(a). For reasons explained below, we conclude Petitioner fails to show that the ’813 patent recites claims for a “technological invention,” and therefore, we determine the ’813 patent is not a “covered business method patent.”

*1. Financial Product or Service*

Petitioner identifies several challenged claims that it contends satisfy the threshold financial requirement on the basis of their claim language. Pet. 11 (identifying claims 1, 7, 13, 14, 17, 20, 22–26). According to Petitioner, claims 1 and 24 (and those that depend from them) disclose a device and method for providing or denying access to information related to a user stored in a secure database in the context of a “financial transaction,” while dependent claims 7, 13, 14, 17, 20, 22, 23, 25, and 26 all explicitly recite financial transactions, user account numbers, purchases, and/or selection of products or services. *Id.* Additionally, Petitioner argues that all independent claims recite a “point of sale” or “POS” device. *Id.*

Petitioner notes that the specification defines a financial transaction as including “transactions conducted on-line or at a point of sale using credit or debit accounts, banking transactions, purchases or sales of investments and financial instruments or generally the transfer of funds from a first account to a second account.” *Id.* (citing Ex. 1101, 43:6–12). Petitioner then contends the patent specification makes clear that the “accounts” recited in all challenged claims can be financial in nature. *Id.* (citing Ex. 1101, 6:66–7:1 (“In still another aspect, a user device is configured to allow a user to select any one of a plurality of accounts associated with the user to employ in a financial transaction.”), 7:47–50 (“authorizing the POS device to initiate a financial transaction involving a transfer of funds to or from the account selected by the user when the encrypted authentication information is successfully authenticated”))).

We agree with Petitioner, because the challenged claims on their face explicitly recite financial terms and a financial product and/or service. *See, e.g.*, Ex. 1101, 51:65–54:51 (claims 1, 16, and 24 recite a “point-of-sale (POS) device”; claim 7 recites a “financial transaction”; claim 14 recites “options for purchase”; claims 15, 23, and 26 recite “at least one product or service”; claim 24 recites “financial transaction,” “transfer of fund to or from the account”; claims 22 and 25 recite “displaying option for purchase”).

## 2. *Exclusion for Technological Inventions*

Petitioner contends the ’813 patent is not directed to a “technological invention” because it leverages known technology for verifying an account holder’s identity based on codes and/or information related to the account holder before enabling a transaction. Pet. 14–15. Indeed, according to Petitioner, the ’813 patent concedes that the claimed invention is not tied to any particular technology, and can be implemented in “a general-purpose computer system” using “a commercially available microprocessor” running “any other commercially available operating system” and that the secure registry database itself “may be any kind of database,” which can communicate using “any [network] protocol.” *Id.* at 15 (quoting Ex. 1101, 10:1–11:28; citing Ex. 1102 ¶ 47).

Patent Owner disputes Petitioner’s contentions, arguing that the ’813 patent claims a “technological invention” and, thus, is ineligible for CBM review. PO Resp. 16–36. According to Patent Owner, *IBG LLC v. Trading Technologies International, Inc.*, 2019 WL 581580, at \*1 (Fed Cir. Feb. 13, 2019) (non-precedential) (“*IBG*”)

from the Federal Circuit has clarified the law regarding “technological inventions” and mandates that the ’813 patent is not eligible for CBM review. *Id.* at 18.

*IBG* concerns four patents that “share a specification,” which describes a graphical user interface for a trading system. *IBG*, at \*1 (U.S Patent Nos. 6,766,304, 6,772,132, 7,676,411, and 7,813,996). *IBG* petitioned for CBM review and the Board instituted proceedings for each patent. *Id.* In the proceedings for the ’304 and ’132 patents, the Board upheld the patent eligibility based upon a prior Federal Circuit decision regarding § 101 in a separate action involving those two patents. *Id.* In the proceedings involving the ’132 and ’411 patents, the Board held the claims were § 101 ineligible. *Id.* On appeal, the patent owner alleged the Board’s determinations that all four patents were not directed to a “technological invention” was erroneous. *Id.* The Federal Circuit vacated the Board’s decision for all four patents “because the patents at issue are for technological inventions and thus were not properly subject to CBM review.” *Id.* In its analysis of the Board’s determinations that none of the four patents were “technological inventions,” the Federal Circuit stated that “discussion of [the relevant] patent[] in the context of eligibility [§ 101] is instructive to the technological invention question.” *Id.* at \*2. The court then noted that a district court, the Federal Circuit, and the Board had all found two of the four patents (’132 and ’304) at issue to be eligible under § 101, in particular that “the claimed subject matter is directed to a specific improvement to the way computers operate.” *Id.* (quotation omitted). In this context, the court held it to be “internally

inconsistent” for those two patents to not be “technological inventions.” *Id.* The court further held that because there was “no meaningful difference between the claimed subject matter of the ’132 and ’304 patents and that of the ’411 and ’996 patents for the purposes of the technological invention question, the same conclusion applies in those cases as well.” *Id.*

Patent Owner argues that *IBG* is identical to the facts of the present case because, as in *IBG*, both the Board and a federal district court have held the exact same challenged claims of the ’813 patent to be eligible under § 101. PO Resp. 20–23 (citing CBM2018-00026, Paper 11 at 24; *Universal Secure Registry, LLC*, No. 1:17-cv-00585-CFC-SRF, Doc. 137, 23–26). According to Patent Owner, it would be “internally inconsistent” for the Board to find the challenged claims of the ’813 patent to be eligible under § 101 in CBM2018-00026 but then to turn around in the present case and find that they are not directed to a technological invention. PO Resp. 20 (citing *IBG*, \*1–\*3). Patent Owner specifically cites to the Federal Circuit’s holding in *IBG* that “[i]f ‘the claimed subject matter is directed to a specific improvement to the way computers operate,’ as we held [previously], the patents are also for a ‘technological invention’ *under any reasonable meaning of that term.*” PO Resp. 21–22 (citing *IBG*, at \*1–\*3) (emphasis added in brief).

Petitioner contests Patent Owner’s position, arguing that the ’813 patent is not directed to a technological invention and that the *IBG* case is inapplicable. Pet. Reply. 3–4. Petitioner first argues that CBM review is not available for “patents directed toward

‘technological inventions’ that either (1) claim subject matter that ‘as a whole recites a technological feature that is novel or unobvious over the prior art’ or (2) ‘solves a technical problem using a technical solution.’” *Id.* at 3 (quoting 37 C.F.R. § 42.401)<sup>5</sup>. According to Petitioner, the Board need not consider the second prong if, as here, the patent only recites technological features that were known or obvious. *Id.*; Tr. 11:1–17.

Petitioner further contends Patent Owner misconstrues the record in an attempt to compare this case to the facts in *IBG*. Pet. Reply 3–4; Tr. 13–14. According to Petitioner, *IBG* is inapplicable here because the Board’s Decision Denying Institution in CBM2018-00026 was not a final decision, so therefore, our finding of CBM eligibility in the present case would not be “inconsistent with any final rulings.” Pet. Reply 4; Tr. 15:2–8. Petitioner is correct that the decision denying institution of a CBM review is not a Final Written Decision under 35 U.S.C. § 328(a). Nonetheless, we find our decision in CBM2018-00026 to be instructive because it analyzes, in detail, the nuances of the exact same challenged claims in relation to the statute and case law governing § 101 eligibility. And we specifically found in CBM2018-00026 that:

[T]he claims are not directed to an abstract idea. A reading of the challenged claims reveals they require more than simply verifying an account holder’s identity based on codes or account holder information as alleged by Petitioner. Rather, we find that these claims are directed

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<sup>5</sup> We understand this to be a typographical error and that Petitioner relies on Rule 42.301(b).

to an improvement in the security of mobile devices by using a biometric sensor, a user interface, a communication interface, and a processor working together to generate a time varying or other type of code that can be used for a single transaction, preventing the merchant from retaining identifying information that could be used fraudulently in subsequent transactions. *See* Ex. 1001, 52:1–29.

*Apple, Inc., v. Universal Secure Registry LLC*, CBM2018-00026, Paper 11 at 22 (PTAB December 10, 2018) (Decision Denying Institution).

[T]he claimed electronic ID device and method are limited to a particular technology using a biometric sensor, a user interface, a communication interface, and a processor, used in a specific order, each of which is narrowly configured to the claimed invention as an improvement to the technology. *See* Ex. 1001, 51:65–52:29.

*Id.* at 23.

[The] claims address a problem specific to the security of a remote device without preempting every device or method for authenticating a remote device payment transaction. Additionally, the claims here recite more than a mere result. Instead, they recite a specific arrangement of components or steps that accomplish the desired result.

*Id.*

Petitioner then contends that “no federal court has held—in final form—the ’813 patent to be [§ 101] eligible,” because Petitioner’s objection to a magistrate judge’s recommendation on this issue is pending currently before a district judge. Pet. Reply 4 (citing PO Resp. 20–23); Tr. 15:11–19. Again, the magistrate judge’s recommendations regarding § 101 eligibility (*see* Ex. 2017, 23–26) may not be a final determination, but they are instructive. Specifically,

the magistrate judge found the claims were not directed to an abstract idea because “the plain focus of the claims is on an improvement to computer functionality itself, not on economic or other tasks for which a computer is used in its ordinary capacity.” Ex. 2017, 23. The magistrate judge further found that “[t]he ’813 patent thus provides a series of claim elements operating together in a specific way to provide a more secure mobile transaction authentication system with both local and remote authentication, addressing a problem specific to the security of mobile devices without covering, and preempting, every ‘way[ ] you can authenticate a mobile device payment transaction[.]’” *Id.* at 23–24.

Petitioner lastly contends that if we were to reverse the preliminary findings from our Institution Decision regarding CBM eligibility, we would not promote consistency with other USPTO findings under § 101 regarding claims similar to those in the ’813 patent. Pet. Reply 4. Petitioner specifically cites to the final rejections of pending claims in each of the ’813 patent’s five continuation applications as patent ineligible under § 101. *Id.* (citing Patent Application Nos. 14/071,125, 15/045,408, 15/661,943, 15/661,955, 15/685,813); Tr. 16:8–21. Petitioner concludes that the Board’s finding of CBM eligibility here is entirely consistent with the USPTO’s findings in the ’813 patent’s continuation applications, and no reversal on the issue of CBM eligibility is warranted. Pet. Reply 4.

We do not agree with Petitioner for the following reasons. First, in determining whether a patent is for a technological invention, we read 37 C.F.R. § 42.301 to require considering “whether the claimed

subject matter that as a whole” both “[1] recites a technological feature that is novel or unobvious over the prior art; and [(2)] solves a technical problem using a technical solution,” because the conjunction explicitly recited in the rule is “and” not “or” as argued by Petitioner. Additionally, we are required to consider the claims as a whole. *See* 37 C.F.R. § 42.301(b) (“the claimed subject matter as a whole”). Petitioner’s first contention is not persuasive because we find both prongs of the rule are met here.

Second, given our explicit findings in CBM2018-00026 that the challenged claims of the ’813 patent are § 101 eligible due to being an improvement to the technology, which we agree with, and the persuasive holding by the Federal Circuit in *IBG*, we determine here that the ’813 patent is directed to an improvement in the security of mobile devices and is also a “technological invention” under 37 C.F.R. § 42.301. To find otherwise, would render our decision inconsistent with (i) the findings in CBM2018-00026, (ii) the guidance provided by our reviewing court in *IBG*, and (iii) the intent of Section 18 of the AIA to only allow review of CBM patents. Therefore, Petitioner’s second contention is not persuasive.

Third, although the magistrate judge’s report in the district court case is not a final or binding decision, we find it particularly persuasive because it came to the same conclusion of § 101 eligibility regarding the same claims as here and in CBM2018-00026. Therefore, Petitioner’s third contention is not persuasive.

Last, we do not agree with Petitioner’s argument that *IBG* is distinguishable because the USPTO has rejected other claims in other

related pending applications as § 101 ineligible. *See* Pet. Reply, 4. This alleged distinction is misplaced because both the Board and a district court have addressed the identical patent and claims presented here and found them to be § 101 eligible. Thus, Petitioner's final contention is unpersuasive.

### 3. *Conclusion*

Based on the foregoing analysis, given the guidance by our reviewing court in *IBG*, we determine that the '813 patent does not meet the statutory definition under AIA Section 18(d)(1) and is ineligible for CBM review.

## III. CONCLUSION

For the foregoing reasons, we determine that the information presented in the Petition fails to show that the '813 patent qualifies for CBM patent review, such that we have no jurisdiction to determine the unpatentability of the challenged claims.

## IV. ORDER

For the reasons given, it is

ORDERED that, pursuant to AIA § 18(a)(1)(E) and 37 C.F.R. §§ 42.72, 42.301(a), and 42.304(a), the '813 patent does not qualify for CBM patent review;

FURTHER ORDERED that the trial in CBM2018-00025 is hereby terminated; and

FURTHER ORDERED that the Decision to Institute in CBM2018-00025 is hereby vacated.

CBM2018-00025  
Patent 8,577,813 B2

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