

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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CHICAGO MERCANTILE EXCHANGE, INC.

Petitioner

v.

5<sup>TH</sup> MARKET INC.

Patent Owner

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Case CBM2013-00027

Patent 6,418,419

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Before JAMESON LEE, JONI Y. CHANG, and MICHAEL R. ZECHER,  
*Administrative Patent Judges.*

**REQUEST FOR REHEARING**

**Table of Contents**

- I. STATEMENT OF PRECISE RELIEF REQUESTED..... 1
- II. REASONS FOR REHEARING ..... 1
  - A. The Board should institute the § 101 grounds in this proceeding to gain the benefit of forthcoming Supreme Court guidance in this “fractured” area of the law. .... 2
    - 1. The law of patentable subject matter under § 101 is “fractured.” ..... 2
    - 2. Supreme Court guidance is forthcoming. .... 5
    - 3. The legal status of the primary case relied on in the Board’s Institution Decision is uncertain and susceptible to alteration by the Supreme Court. .... 6
  - B. Instituting the § 101 grounds would not unduly delay this proceeding..... 7
  - C. Rehearing is proper because Petitioner could not have presented these arguments in the petition..... 8
  - D. The Board has broad flexibility to determine how to include section 101 in this proceeding..... 9
    - 1. Institution is proper because the Board has found that the petition meets the threshold set forth in 35 U.S.C. § 324(a)..... 9
    - 2. Alternatively, the Board may institute the § 101 grounds because this is an unsettled legal question under 35 U.S.C. § 324(b)..... 10
    - 3. Even if the Board does not institute the § 101 grounds now, it should provide an opportunity to consider this issue later as justice demands. .... 10
  - E. The Board should institute the § 112 grounds in this proceeding because it misapprehended the disclosure of the ’419 patent regarding the disclosed “structure” of the claimed “means for matching”..... 11
- III. CONCLUSION..... 15

**Table of Authorities**

<b>Cases</b>	<b>Page(s)</b>
<i>Accenture Global Services, GmbH v. Guidewire Software, Inc.</i> , 728 F.3d 1336 (Fed. Cir. 2013) .....	3, 4, 6
<i>Aristocrat Techs. Australia Pty Ltd. v. Int'l Game Tech.</i> , 521 F.3d 1328 (Fed. Cir. 2008) .....	12
<i>CLS Bank. Int'l v. Alice Corp. Pty. Ltd.</i> , 717 F.3d 1269 (Fed. Cir. 2013) (en banc) .....	passim
<i>ePlus v. Lawson Software, Inc.</i> , 700 F.3d 509 (Fed. Cir. 2012) .....	14
<i>In re Donaldson Co.</i> , 16 F.3d 1189 (Fed. Cir. 1994) .....	12
<i>Net MoneyIN, Inc. v. VeriSign, Inc.</i> , 545 F.3d 1359 (Fed. Cir. 2008) .....	12
<i>Oracle Corp. v. Click-to-Call Tech. LLP</i> , IPR2013-00312, Paper 39 (Dec. 18, 2013).....	1, 8
<i>Research Corp. Techs., Inc. v. Microsoft Corp.</i> , 627 F.3d 859, 869 (Fed. Cir. 2010) .....	3
<i>Star Fruits S.N.C. v. U.S.</i> , 393 F.3d 1277, 1281 (Fed. Cir. 2005) .....	1
<i>Ultramercial, Inc. v. Hulu, LLC</i> , 722 F.3d 1335 (Fed. Cir. 2013) .....	passim
<i>WMS Gaming, Inc. v. Int'lGame Tech.</i> , 184 F.3d 1339 (Fed. Cir. 1999) .....	12

**Statutes**

35 U.S.C. § 101 .....passim  
35 U.S.C. § 112, ¶ 2 .....passim  
35 U.S.C. § 112, ¶ 6 .....passim  
35 U.S.C. § 324(b) .....9, 10  
35 U.S.C. § 326(a)(3).....7, 11  
Leahy-Smith America Invents Act, Pub. L. No. 112-29, § 18(a)(1) .....9

**Other Authorities**

37 C.F.R. § 42.71(d) .....1  
37 C.F.R. § 42.71(c).....1  
37 C.F.R. § 42.200(c).....7  
37 C.F.R. § 42.208(a).....9  
37 C.F.R. § 42.208(d) .....10  
37 C.F.R. § 42.223 .....11  
Petition for a Writ of Certiorari in *WildTangent, Inc. v. Ultramercial, LLC*, filed August 23, 2013.....6, 8  
Supreme Court Docket No. 13-255, *WildTangent, Inc. v. Ultramercial, LLC*, docketed August 23, 2013.....8

**I. STATEMENT OF PRECISE RELIEF REQUESTED**

Under 37 C.F.R. § 42.71(d), Petitioner Chicago Mercantile Exchange (“CME”) respectfully requests rehearing of the Patent Trial and Appeal Board’s Decision, entered December 18, 2013 (Paper 9, “Decision”), instituting review of claims 1-23 and 41-49 of U.S. Patent No. 6,418,419 (“the ’419 patent”) but not adopting Petitioner’s proposed grounds of rejection of the same claims under 35 U.S.C. §§ 101 and 112 as set forth in the Petition filed June 18, 2013. In particular, Petitioner respectfully requests that the Board institute the proposed §§ 101 and 112 grounds for the reasons provided below.

**II. REASONS FOR REHEARING**

The Board reviews a decision on institution under an abuse of discretion standard. 37 C.F.R. § 42.71(c); *see also Oracle Corp. v. Click-to-Call Tech. LP*, IPR2013-00312, Paper 39 at 3 (Dec. 18, 2013). An abuse of discretion may be found where “a decision is based on an erroneous interpretation of law.” *Oracle v. Click-to-Call* at 3 (citing *Star Fruits S.N.C. v. U.S.*, 393 F.3d 1277, 1281 (Fed. Cir. 2005)). The party seeking rehearing bears the burden of demonstrating grounds for the relief it seeks and must “specifically identify all matters the party believes the Board misapprehended or overlooked.” 37 C.F.R. § 42.71(d).

Petitioner seeks rehearing and institution of the grounds for unpatentability under 35 U.S.C. § 101 to allow the Board to consider recent developments in the

unsettled law of section 101 and to provide for proper consideration of forthcoming guidance on this “fractured” issue from the United States Supreme Court.

Petitioner seeks rehearing and institution of the grounds for unpatentability of the “means for matching” under 35 U.S.C. § 112 because the Board misapprehended the disclosure of the ’419 patent regarding the purported structure corresponding to the claimed “means for matching” in each of claims 1-23 and 41-49.

**A. The Board should institute the § 101 grounds in this proceeding to gain the benefit of forthcoming Supreme Court guidance in this “fractured” area of the law.**

**1. The law of patentable subject matter under § 101 is “fractured.”**

Recognizing the uncertainty that has developed over the proper standard for evaluating computer inventions under 35 U.S.C. § 101, the Federal Circuit recently considered the issue *en banc*. *CLS Bank. Int’l v. Alice Corp. Pty. Ltd.*, 717 F.3d 1269 (Fed. Cir. 2013) (*en banc*). But instead of “ameliorat[ing] this uncertainty by providing objective standards for section 101 patent-eligibility,” the *en banc* court “propounded at least three incompatible standards, devoid of consensus . . . .” *CLS Bank*, 717 F.3d at 1321 (Fed. Cir. 2013) (*en banc*) (Newman, J. dissenting).

Indeed, the *en banc* decision in *CLS Bank* demonstrated that the Federal Circuit is “irreconcilably fractured” over the law of patent eligibility of computer-related

inventions under § 101. *CLS Bank*, 717 F.3d at 1314 (Moore J., dissenting in part). Since *CLS Bank*, the Federal Circuit has rendered two decisions on the patentability of computer inventions under § 101, resulting in irreconcilable panel decisions.

In *Ultramercial*, one panel held that claims to a method of monetizing copyrighted products were not “so manifestly abstract as to override the statutory language of section 101.” *Ultramercial, Inc. v. Hulu, LLC*, 722 F.3d 1335, 1354 (Fed. Cir. 2013) (citing *Research Corp. Techs., Inc. v. Microsoft Corp.*, 627 F.3d 859, 869 (Fed. Cir. 2010)). In reaching its decision, the panel emphasized that the patent at issue “claims a particular internet and computer-based method for monetizing copyrighted products, consisting of . . . [ten] steps,” many of which “require intricate and complex computer programming.” *Id.* at 1350. The panel noted that “the invention involves an extensive computer interface,” that “the ten specific steps in the claim limit any abstract concept within the scope of the invention,” and that the patent “does not claim a mathematical algorithm, a series of purely mental steps, or any similarly abstract concept.” *Id.* at 1352, 1353, 1354.

Soon after deciding *Ultramercial*, another panel held that claims to a computer system for generating tasks to be performed in an insurance organization were not eligible for patenting under § 101. *Accenture Global Services, GmbH v. Guidewire Software, Inc.*, 728 F.3d 1336, 1342, 1346 (Fed. Cir. 2013). The

divided panel ruled that the claims included an abstract idea: “generating tasks [based on] rules . . . to be completed upon the occurrence of an event,” *id.* at 1344, and found that the claims did not add “meaningful limitations” despite including features such as an insurance transaction database, a task library database, a client component, and a server component. Instead, the panel found the claims invalid because they “contain[ed] only generalized steps of generating a task in response to events.”

Although the patents at issue in *Ultramercial* and *Accenture* claim computers and computer technology, the Federal Circuit reached different conclusions on the impact of the claimed computer elements on patent eligibility. *Ultramercial*, 722 F.3d at 1353 (“[T]he broadly claimed method in the ’545 patent does not specify a particular mechanism for delivering media content to the consumer [but] this breadth and lack of specificity does not render the claimed subject matter impermissibly abstract.”); *Accenture*, 728 F.3d at 1345 (“Although the specification of the ’284 patent contains very detailed software implementation guidelines, the system claims themselves only contain generalized software components arranged to implement an abstract concept on a computer.”). These decisions confirm the concern that patentability will “depend on the random selection of the panel.” *CLS Bank*, 717 F.3d at 1321 (Newman, J.).



The fractured *en banc* decision in *CLS Bank*, and the two conflicting decisions since, demonstrate ongoing uncertainty in the law of § 101.

**2. Supreme Court guidance is forthcoming.**

On December 6, 2013, the Supreme Court agreed to consider the question of whether claims to computer-implemented inventions are directed to patent-eligible subject matter within the meaning of § 101 when it granted the petition for certiorari in *CLS Bank. Alice Corp. Pty. Ltd. v. CLS Bank Int'l*, --- S.Ct. ----, 2013 WL 4776518 (U.S.). This is the same issue raised in the Petition for all challenged claims of the '419 patent, and the Supreme Court's forthcoming decision should inform the Board's consideration of the proposed § 101 grounds of unpatentability.

The Supreme Court is scheduled to issue its decision in *CLS Bank* by June 30, 2014, the end of its current term. This is nearly six months before the statutory deadline for the Board's written decision in the present proceeding: December 18, 2014, one year from the institution date. By instituting review of the claims under § 101 now, the Board would have the benefit of the Supreme Court's guidance in *CLS Bank* and could apply it when ultimately determining the patentability of claims of the claims in the '419 patent in the current proceeding.

**3. The legal status of the primary case relied on in the Board's Institution Decision is uncertain and susceptible to alteration by the Supreme Court.**

In denying Petitioner's proposed grounds of unpatentability under § 101, the Board relied almost exclusively on *Ultramercial*. The Board noted that "*Ultramercial* is helpful in determining whether independent claims 1, 41, and 43 include meaningful limitations" and analogized independent claims 1, 41, and 43 of the '419 patent to the claims in *Ultramercial*. Institution Decision at 39-40. The status of the *Ultramercial* decision has been called into question, however, by the subsequent conflicting opinion in *Accenture*, see *supra*, and by several actions at the Supreme Court.

The patent challenger in *Ultramercial* filed a petition for certiorari asking the Supreme Court to review the Federal Circuit's ruling. Petition for a Writ of Certiorari in *WildTangent, Inc. v. Ultramercial, LLC*, filed August 23, 2013. In response, the Supreme Court ordered the patent owner to file a responsive brief by January 6, 2014, a move that typically indicates that the Court is considering granting certiorari, either to consider the merits of the case or to take jurisdiction in order to vacate and remand the case to the lower court. Either way, the finality of the Federal Circuit panel decision has been called into question, with further Supreme Court action due by June 2014.

Given the Board's nearly exclusive reliance on *Ultramercial* and the legal uncertainty now surrounding that case, rehearing should be granted and the § 101 grounds should be instituted to preserve the Board's ability to reach a complete and correct determination on the issue of patentability under § 101 after the legal status of *Ultramercial* is resolved.

**B. Instituting the § 101 grounds would not unduly delay this proceeding.**

By statute, the board must conclude a covered business method review within one year, or within 18 months for good cause. 35 U.S.C. § 326(a)(11); *see also* 37 C.F.R. § 42.200(c). Because the Supreme Court is scheduled to issue its decision in *CLS Bank* by June 2014, instituting the § 101 grounds in the current proceeding would not prevent this Board from reaching its final decision within one year.

Under the current trial schedule for this proceeding, the Patent Owner's response is due March 4, 2014 and the Petitioner's reply is due May 21, 2014, in advance of an August 7, 2014 oral hearing. Scheduling Order, Paper 10 (Dec. 18, 2013). By statute, the Board's final decision is due by December 18, 2014, one year from institution. 35 U.S.C. § 326(a)(11). The existing schedule for this proceeding would therefore provide sufficient time for the parties to address the Supreme Court's forthcoming *CLS Bank* decision, for example at the oral hearing,

and for the Board to consider it before rendering its final decision by December 2014.

Because the existing schedule for this proceeding would allow the parties and this Board to address the impact of the Supreme Court's imminent guidance on the issue of patent eligibility of computer inventions under § 101, the proposed § 101 grounds should be instituted.

**C. Rehearing is proper because Petitioner could not have presented these arguments in the petition.**

The Board has explained that “[a] request for rehearing is not an opportunity to present new arguments or evidence *that could have been presented and developed in the petition.*” *Oracle v. Click-to-Call*, Paper 39 at 3 (emphasis added). All of the developments outlined above regarding the changing § 101 landscape occurred after Petitioner filed its Petition on June 18, 2013. The Supreme Court granted certiorari in *CLS Bank* on December 6, 2013. *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, --- S.Ct. ----, 2013 WL 4776518 (U.S.). WildTangent filed its petition for certiorari on August 23, 2013. Petition for a Writ of Certiorari in *WildTangent, Inc. v. Ultramercial, LLC*. And the Supreme Court ordered Ultramercial to file a responsive brief by January 6, 2014. Supreme Court Docket No. 13-255, *WildTangent, Inc. v. Ultramercial, LLC*, docketed August 23, 2013. Thus, several

major events have very recently occurred affecting § 101 law and Petitioner could not have presented the foregoing arguments in its Petition.

**D. The Board has broad flexibility to determine how to include section 101 in this proceeding.**

**1. Institution is proper because the Board has found that the petition meets the threshold set forth in 35 U.S.C. § 324(a).**

By statute, the Board should institute a trial if a petition for a post grant review of a covered business method patent demonstrates that “it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable.” 35 U.S.C. § 324(a); Leahy-Smith America Invents Act, Pub. L. No. 112-29, § 18(a)(1). Here, the Board has determined that it is more likely than not that at least one of the challenged claims of the ’419 patent is unpatentable. Decision at 43. In particular, the Board found that all claims of the ’419 patent are likely unpatentable under § 103(a), and found that claims 1-23 are likely unpatentable under § 112. *See, id.* Accordingly, institution is proper under the statute based on the Board’s conclusion on these § 103 and § 112 grounds.

On institution, the Board may permit review “on all or some of the challenged claims and on all or some of the grounds of unpatentability asserted for each claim.” 37 C.F.R. § 42.208(a). For covered business method review proceedings, all grounds of unpatentability are applicable including § 101 grounds. 35 U.S.C. § 321(b); Leahy-Smith America Invents Act, Pub. L. No. 112-29,

§ 18(a)(1). The Board may therefore reconsider its Institution Decision and institute review of the challenged claims under § 101 based on the grounds presented in the Petition. *See* Petition at 19-24.

**2. Alternatively, the Board may institute the § 101 grounds because this is an unsettled legal question under 35 U.S.C. § 324(b).**

The statute also authorizes the Board to institute post-grant review to address an “unsettled legal question that is important to other patents or patent applications.” 35 U.S.C. § 324(b); *see also* 37 C.F.R. § 42.208(d). Given the “irreconcilable” fracturing of the *en banc* Federal Circuit in *CLS Bank* and the conflicting panel decisions rendered since, it is hard to imagine a more unsettled legal question than the patent-eligibility of computer inventions under 35 U.S.C. § 101. And the Supreme Court’s decision to weigh in on this issue demonstrates its importance. Instituting the § 101 grounds under § 324(b) would therefore be proper and would enable the Board to fully address this issue in the context of post-grant review after the Supreme Court renders its decision in *CLS Bank*.

**3. Even if the Board does not institute the § 101 grounds now, it should provide an opportunity to consider this issue later as justice demands.**

If the Board declines to institute the § 101 grounds now, Petitioner requests that the Board provide the opportunity for Petitioner to reintroduce the issue at a later time during this proceeding. For example, the statute and rules provide for

the submission of supplemental information after a petition is filed. 35 U.S.C. § 326(a)(3); 37 C.F.R. § 42.223. Even if supplemental information is submitted more than one month after institution or does not relate to a claim for which trial has been instituted, the Board's rules allow for its submission if the information could not be obtained earlier and consideration would be in the interests of justice. At a minimum, therefore, Petitioner requests that the Board provide such an opportunity to raise the § 101 grounds later in this proceeding as the law evolves and the Supreme Court addresses the issue.

**E. The Board should institute the § 112 grounds in this proceeding because it misapprehended the disclosure of the '419 patent regarding the disclosed "structure" of the claimed "means for matching"**

Petitioner respectfully submits that the Board erred by misapprehending the disclosure of the '419 patent regarding the claimed "means for matching" limitation. As explained below, the '419 patent does not disclose any structure regarding how orders are matched. Instead, it merely explains how orders are routed. This misapprehension led the Board to reach an erroneous legal conclusion that claims 1-23 and 41-49 are not more likely than not unpatentable under 35 U.S.C. § 112, ¶2.

"A patent applicant who employs means-plus-function language 'must set forth in the specification an adequate disclosure showing what is meant by that

language.’” *Net MoneyIN, Inc. v. VeriSign, Inc.*, 545 F.3d 1359, 1367 (Fed. Cir. 2008) (quoting *In re Donaldson Co.*, 16 F.3d 1189, 1195 (Fed. Cir. 1994) (en banc)). Where “the disclosed structure is a computer . . . programmed to carry out an algorithm, the disclosed structure is not the general purpose computer, but rather the special purpose computer programmed to perform the disclosed algorithm.” *Aristocrat Techs. Australia Pty Ltd. v. Int’l Game Tech.*, 521 F.3d 1328, 1333 (Fed. Cir. 2008) (quoting *WMS Gaming, Inc. v. Int’lGame Tech.*, 184 F.3d 1339, 1349 (Fed. Cir. 1999)).

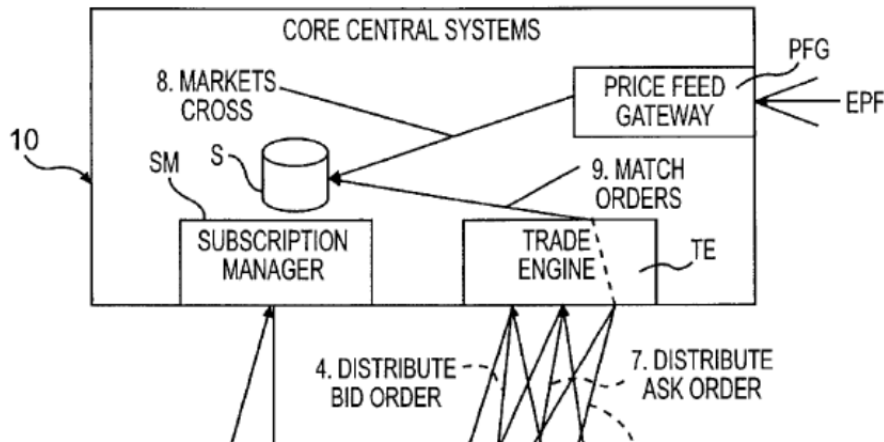
The Board recognized that independent claims 1, 41, 43 each recite a means-plus-function limitation: “means for matching” that must be construed under 35 U.S.C. § 112, ¶ 6. Decision at 14-15. The Board identified purported “corresponding structure for performing the recited function of ‘matching’ to be a computer programmed to perform the ten processing steps illustrated in Figure 3 of the ’419 patent.” Decision at 15. The ten processing steps illustrated in Figure 3 are: (1) Monitor Security, (2) Return Latest Data, (3) Input Bid Order, (4) Distribute Bid Order, (5) Distribute Ticker Data, (6) Input Ask Order, (7) Distribute Ask Order (also Distribute Ticker Data), (8) External prices converge making orders cross, (9) Crossed orders are matched, and (1) Distribute Trade Detail. *Id.*



But, there is no disclosure in the '419 patent of any structure explaining how orders are matched. At most, the '419 patent explains how orders are routed, i.e., how to “Monitor Security,” “Place a Bid Order,” and “Place an Ask Order.” *See* Ex. 1001 at 6:47-7:47. These steps may correspond to steps (1)-(7) of the ten steps that the Board alleged to correspond to the claimed “means for matching,” but they do not disclose or explain how bid and ask orders are actually matched. Step (9)—“Crossed Orders are Matched”—is the recited step that best corresponds to the function of matching bid and ask orders. Although step (9) is mentioned in the specification of the '419 patent, there is no description of what structure or algorithm corresponds to it. The '419 patent merely states that “[a] server-side component charged with routing and matching orders TE receives the message and makes the proper changes to its active order lists.” Ex. 1001 at 6:31-34, 7:43-45.

Moreover, Figure 3 fails to show any additional structure other than merely identifying a “black box” that apparently correspond to step 9. The portion of Figure 3 reproduced below, shows an external price feed input into a Price Feed Gateway of the CORE central system 10 and shows bid and ask orders input into trade engine TE from messaging server 12. But Figure 3 merely identifies the line connecting the trade engine TE with element S (not identified in the '419 patent) as the so-called “Match Orders” step (Step 9). There is nothing more in the '419 patent regarding how the orders are actually matched to one another. Nor is there

any disclosure regarding the structure or algorithm of Step (8) Markets Cross, which is a precursor to Step (9).



(Reproduced Portion of Figure 3 of the '419 Patent)

The inadequate disclosure contained the '419 patent is similar to the disclosure the Federal Circuit found to be inadequate in *ePlus v. Lawson Software, Inc.*, 700 F.3d 509, 518-20 (Fed. Cir. 2012). The disputed limitation in *Lawson* was “means for processing” and the specification of the patent at issue there, like here, failed to explain any details regarding the structure or algorithm for performing that step. *Lawson*, 700 F.3d at 518. The Federal Circuit explained that merely identifying a “black box” in a flow chart that represents the “*function* without any mention of corresponding structure” is not sufficient to satisfy the requirements of 35 U.S.C. § 112, ¶ 6. *Id.* at 518-19 (emphasis in original). Similar to the question at issue in *Lawson*, all that the '419 patent discloses is the *function* of matching orders; it does not disclose any *structure* to do so.

In view of the deficiencies outlined above, Petitioner respectfully requests rehearing by the Board and institution of the proposed § 112 grounds with respect to the claimed “means for matching” limitation.

### III. CONCLUSION

For the foregoing reasons, Petitioner respectfully requests rehearing and institution of covered business method review on the grounds of unpatentability under 35 U.S.C. §§ 101 and 112.

Dated: December 31, 2013

Respectfully submitted,



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CBM2013-00027  
Request for Rehearing

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**CERTIFICATE OF SERVICE UNDER 37 C.F.R. § 42.6(e)**

Under 37 C.F.R. § 42.6(e), the undersigned certifies that the forgoing

REQUEST FOR REHEARING was served on this 31<sup>st</sup> day of December, 2013 to:

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