

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

STARBUCKS CORPORATION,
Petitioner,

v.

AMERANTH, INC.,
Patent Owner.

Case CBM2017-00053
Patent 8,146,077 B2

Before JAMESON LEE, JAMES B. ARPIN, and
STACEY G. WHITE, *Administrative Patent Judges*.

WHITE, *Administrative Patent Judge*.

DECISION
Declining Institution of Covered Business Method Patent Review
37 C.F.R. § 42.208

I. INTRODUCTION

A. Background

Starbucks Corporation (“Petitioner”) filed a Petition (Paper 1, “Pet.”) requesting covered business method patent review of claims 1–18 (“challenged claims”) of U.S. Patent No. 8,146,077 B1 (Ex. 1001, “the ’077 patent”) pursuant to § 18 of the Leahy-Smith America Invents Act (“AIA”). Petitioner contends, with the support of its Declarant, Dr. Abdelsalam Helal (Ex. 1002), that the challenged claims are unpatentable under 35 U.S.C. §§ 101 and 112. Pet. 24–82. Ameranth, Inc. (“Patent Owner”) filed a Preliminary Response. Paper 6 (“Prelim. Resp.”).

We may not institute a covered business method patent review unless Petitioner can “demonstrate 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). Institution of a covered business method patent review, however, is discretionary. *See* 35 U.S.C. § 324(a); 37 C.F.R. § 42.208(a). One specific example of this discretion is set out in 35 U.S.C. § 325(d), which provides that the Office “may take into account whether, and reject the petition or request because, the same or substantially the same prior art or arguments previously were presented to the Office.” For the reasons set forth below, we do not institute a covered business method patent review on any of claims 1–18 of the ’077 patent on any asserted ground.

B. Related Matters

The ’077 patent is at issue in *Ameranth, Inc. v. Starbucks Corp.*, No. 3-13-cv-01072, filed in the Southern District of California on May 6, 2013, and *Ameranth, Inc. v. Pizza Hut, Inc.*, No. 3-11-15 cv-01810, pending in the

same district. Pet. 2. The '077 patent has been challenged in three prior petitions for covered business method patent review. *Id.* at 2–3. Starbucks and thirty-four other entities came together in October 2013 to challenge the '077 patent in CBM2014-00014 (“14 Proceeding”). CBM2014-00014, Paper 1 (“14 Petition” or “14 Pet.”). That petition was denied on March 26, 2014. CBM2014-00014, Paper 19 (“14 Decision” or “14 Dec.”). In February of 2015, another group of petitioners requested a covered business method patent review of the '077 patent. CBM2015-00081, Paper 1 (“81 Petition” or “81 Pet.”). Approximately two dozen other entities came together and filed a petition on March 3, 2015, seeking covered business method patent review and joinder with CBM2015-00081. CBM2015-00095, 2. Those petitions were denied on August 20, 2015. CBM2015-00081, Paper 15 (“81 Decision”), CBM2015-00095, Paper 11.

C. The '077 Patent

The '077 patent, titled “Information Management and Synchronous Communications System with Menu Generation, and Handwriting and Voice Modification of Orders,” states that an inherent problem of personal digital assistant (“PDA”) devices is that the small size of their displays limits the amount of information that may be displayed at any one time. Ex. 1004, (54), 1:54–62. PDAs have not been “quickly assimilated into the restaurant and hospitality industries,” according to the Specification, because “their small display sizes are not readily amenable to display of menus as they are commonly printed on paper or displayed on, e.g., large, color desktop computer screens.” *Id.* at 2:12–17. A object of the '077 patent “is to provide an improved information management and synchronous communications system and method which facilitates . . . generation of

computerized menus for restaurants and other applications that utilize equipment with non-PC-standard graphical formats, display sizes and/or applications.” *Id.* at 2:61–67.

The Specification of the ’077 patent describes a procedure for configuring a menu on a desktop computer and then downloading the menu configuration onto a point of sale (“POS”) interface on a handheld device. *Id.* at 7:44–47. The procedure comprises the following steps:

1. Add Modifiers;
2. Add Sub-Modifiers and link them to the Modifiers;
3. Create Menu categories;
4. Add menu items to the categories;
5. Assign Modifiers to the menu items;
6. Preview the menu on the POS emulator on the desktop PC; and
7. Download the menu database to the handheld device.

Id. at 8:28–36. “[M]enu items are stored using a tree metaphor similar to how files are stored on a PC with folders and subfolders.” *Id.* at 8:4–6.

In a preferred embodiment, a “synchronous communications control module . . . provides a single point of entry for all hospitality applications to communicate with one another wirelessly or over the Web.” *Id.* at 12:39–42. “The single point of entry works to keep all wireless handheld devices and linked Web sites in synch with the backoffice server (central database),” such that, for example, “a reservation made online is automatically communicated to the backoffice server which then synchronizes with all the wireless handheld devices wirelessly.” *Id.* at 12:47–54.

Figure 9 of the ’077 patent is reproduced below:

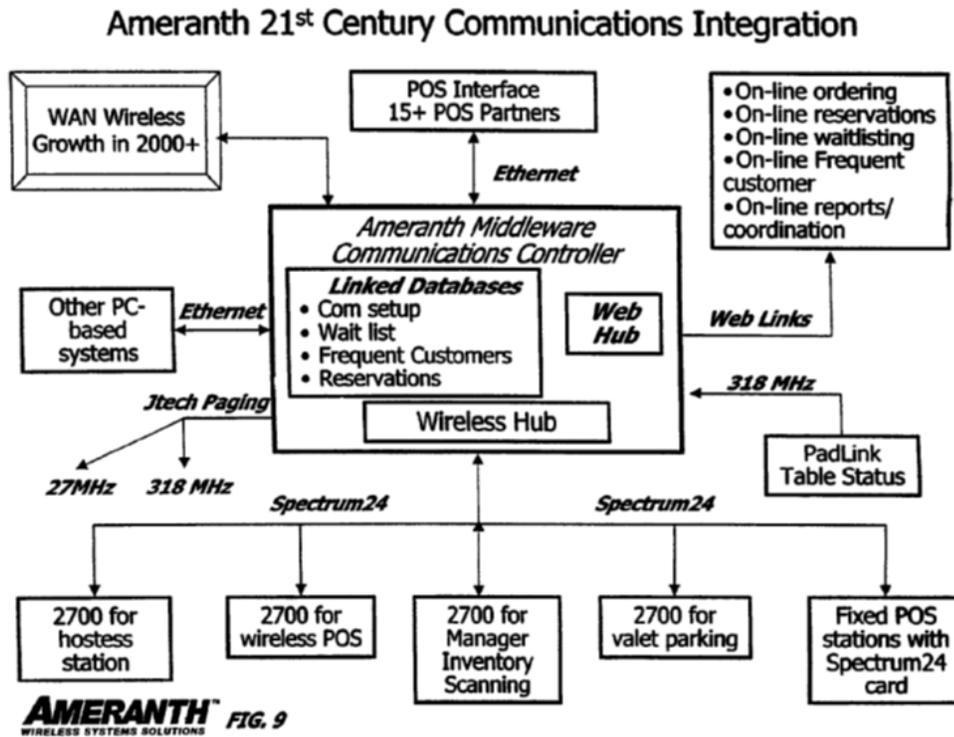


Figure 9 is an exemplary system diagram that illustrates how “[a] single point of entry works to keep all wireless handheld devices and linked web sites in synch with the backoffice server applications so that the different components are in equilibrium at any given time and an overall consistency is achieved.” *Id.* at 5:29–33.

In one embodiment, a modified menu can be generated to meet a particular specification or group of criteria such as, e.g., “dinner,” “low fat,” or “vegetarian.” *Id.* at 15:6–9. “In this embodiment, only items from the master menu that satisfy specified parameters will be included in the generated menu.” *Id.* at 15:9–12.

D. Illustrative Claim

Claims 1, 9, and 13 are independent. Claims 2–8 depend from claim 1, claims 10–12 depend from claim 9, and claims 14–18 depend from claim 13. Claim 1 is illustrative of the '077 patent, and is reproduced below:

1. An information management and real time synchronous communications system for configuring and transmitting hospitality menus comprising:

- a. a central processing unit,
- b. a data storage device connected to said central processing unit,
- c. an operating system including a first graphical user interface,
- d. a master menu including at least menu categories, menu items and modifiers, wherein said master menu is capable of being stored on said data storage device pursuant to a master menu file structure and said master menu is capable of being configured for display to facilitate user operations in at least one window of said first graphical user interface as cascaded sets of linked graphical user interface screens, and
- e. menu configuration software enabled to generate a programmed handheld menu configuration from said master menu for wireless transmission to and programmed for display on a wireless handheld computing device, said programmed handheld menu configuration comprising at least menu categories, menu items and modifiers and wherein the menu configuration software is enabled to generate said programmed handheld menu configuration by utilizing parameters from the master menu file structure defining at least the menu categories, menu items and modifiers of the master menu such that at least the menu categories, menu items and modifiers comprising the programmed handheld menu configuration are synchronized in real time with analogous information comprising the master menu,

wherein the menu configuration software is further enabled to generate the programmed handheld menu configuration in conformity with a customized display layout unique to the wireless handheld computing device to facilitate user operations with and display of the programmed handheld menu configuration on the display screen of a handheld graphical user interface integral with the wireless handheld computing device, wherein said customized display layout is compatible with the displayable size of the handheld graphical user interface wherein the programmed handheld menu configuration is configured by the menu configuration software for display as programmed cascaded sets of linked graphical user interface screens appropriate for the customized display layout of the wireless handheld computing device, wherein said programmed cascaded sets of linked graphical user interface screens for display of the handheld menu configuration are configured differently from the cascaded sets of linked graphical user interface screens for display of the master menu on said first graphical user interface, and

wherein the system is enabled for real time synchronous communications to and from the wireless handheld computing device utilizing the programmed handheld menu configuration including the capability of real time synchronous transmission of the programmed handheld menu configuration to the wireless handheld computing device and real time synchronous transmissions of selections made from the handheld menu configuration on the wireless handheld computing device, and

wherein the system is further enabled to automatically format the programmed handheld menu configuration for display as cascaded sets of linked graphical user interface screens appropriate for a customized display layout of at least two different wireless handheld computing device display sizes in the same connected system, and

wherein a cascaded set of linked graphical user interface screens for a wireless handheld computing device in the system includes a different number of user interface screens from at least one other wireless handheld computing device in the system.

II. DISCRETION UNDER 35 U.S.C. §§ 324(a) and 325(d)

Pursuant to § 324(a), we are authorized to institute a covered business method patent review upon a determination that it is more likely than not that at least one challenged claim is unpatentable. *See* 35 U.S.C. § 324(a); 37 C.F.R. § 42.208(a). This grant of authority, however, is discretionary and the statute does not specify any circumstance in which we are required to institute a covered business method review. *See Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2140 (2016) (discussing Office discretion under § 314(a) which, similar to § 324(a), states that a proceeding “may” be instituted if a threshold reached). In the context of our discretion under the similarly worded provision in § 314(a), the Board has set out a non-exhaustive list of factors to be considered when deciding whether to exercise our discretion to not institute a proceeding. *See Gen. Plastic Indus. Co. v. Canon Kabushiki Kaisha*, Case IPR2016–01357, slip op. 15–16 (PTAB Sept. 6, 2017) (Paper 19) (precedential) (hereinafter, “*General Plastic*”) (citing *NVIDIA Corp. v. Samsung Elec. Co.*, IPR2016–00134, slip op. 6–7 (PTAB May 4, 2016) (Paper 9)). Those factors provide a framework that is also useful in determining whether to exercise discretion in the context of covered business method patent reviews.

In addition, § 325(d) specifies that in deciding whether to institute a proceeding we “may take into account whether, and reject the petition or request because, the same or substantially the same prior art or arguments previously were presented to the Office.” Patent Owner urges us to exercise our discretion under § 325(d) and to decline institution in this proceeding. Prelim. Resp. 9. Thus, we consider the broad grant of general discretion under § 324(a) and the specific grant of one type of discretion under of

§ 325(d) in order to determine whether to decline institution of this proceeding.

A. Discretionary Non-Institution Under § 325(d)

As mentioned above, the '077 patent has been the subject of three previous petitions. Each of those petitions challenged claims 1–18 as unpatentable. The grounds asserted in those petitions are summarized in the chart below.

Case	Asserted Grounds
CBM2014-00014	<ul style="list-style-type: none">- 35 U.S.C. § 101 as being directed to non-statutory subject matter- 35 U.S.C. § 112 ¶ 1 for failing to provide written description support for several terms- 35 U.S.C. § 112 ¶ 2 for claiming both an apparatus and the method steps of using the apparatus in a single claim
CBM2015-00081 CBM2015-00095	<ul style="list-style-type: none">- 35 U.S.C. § 103 as being obvious over cited references- 35 U.S.C. § 112 ¶ 2 for a lack of antecedent basis for the term “the same connected system”

Starbucks was one of the entities that filed the petition in CBM2014-00014. *See Generally* 14 Pet. Starbucks was not a named party to the 81 Petition or the related petition in CBM2015-00095. In this proceeding, Petitioner seeks institution of a covered business method patent review of the '077 patent as unpatentable under (1) 35 U.S.C. § 101 as being directed to non-statutory subject matter; (2) 35 U.S.C. § 112 ¶ 1 as failing to enable the claimed automatic generation of menu configurations and hospitality screens for handheld devices; and (3) 35 U.S.C. § 112 ¶ 2 as indefinite for failing to describe corresponding structure for the terms “menu configuration software” and “communications control software.” Pet. 14, 53–54. Below,

we analyze the extent of the overlap between the present Petition and the previous petitions, and then consider other factors relevant to the issue of whether we should exercise our discretion to deny institution of a covered business method patent review.

In the instant Petition, Starbucks has for the second time urged us to find claims 1–18 unpatentable under 35 U.S.C. §§ 101 and 112. *Compare* Pet. 24–82 *with* 14 Pet. 40–78. Petitioner asserts that we should not exercise our discretion under § 325(d) because the § 112 challenges are not the same or substantially the same and because the Supreme Court’s decision in *Alice Corp. Pty, Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347, 1358 (2014), was a substantial development in the law that was handed down several months after our decision in the 14 Proceeding. Pet. 83. For reasons described below, we are not persuaded by these arguments.

1. *Section 101 Challenge*

In the 14 Petition, Petitioner asserted that claims 1–12 of the ’077 patent were directed to “nothing more than the abstract idea of generating menus.” 14 Pet. 63. In addition, Petitioner asserted that claims 13 and its dependent claims 14–18 “[are] directed to the abstract idea of placing an order or reservation in a hospitality context using a general purpose computer and wireless handheld device.” *Id.* at 68. In the instant Petition, Petitioner similarly asserts that claims 1–12 are directed to the abstract idea of “generating menus on a computer.” Pet. 27. Petitioner also asserts that claims 13–18 “recite[] similar subject matter but at a higher level of abstraction—[they] require[] generating and transmitting ‘hospitality application information’ rather than a menu *per se.*” *Id.* We find a

substantial similarity between Petitioner’s arguments in the 14 Petition and those in this proceeding.

Petitioner does not argue that these grounds are different, but rather that the law has changed due to the Supreme Court’s decision in *Alice*, and, as such, we should revisit our decision as to whether these claims are directed to statutory subject matter. Pet. 24. Specifically, Petitioner asserts that we “relied primarily on *Ultramercial II* which was later vacated by the Supreme Court in the wake of *Alice*, and then reversed by the Federal Circuit on remand.” *Id.* (citing 14 Decision, 33–40). Thus, according to Petitioner, we need to institute a covered business method patent review in order to assess the merits of Petitioner’s assertions pursuant to *Alice* and its progeny.¹ *Id.*

In the 14 Proceeding, we found that “the invention of claim 13 and dependent claims 14–18 is a specific computer-implemented system programmed by ‘real time communications synchronization software’ to perform specialized functions, and [thus,] falls within a category of patent-eligible subject matter.” 14 Dec. 39. In that matter, we found persuasive the existence of claim elements such as the

real time communications control software enabled to
synchronize, in real time, order/reservation information

¹ One of the later cases Petitioner specifically relies upon in its Petition is *Apple, Inc. v. Ameranth, Inc.*, 842 F.3d 1229, 1235 (Fed. Cir. 2016). In that case, the Federal Circuit upheld the Board’s determination that claims from several patents related to the ’077 patent were unpatentable under 35 U.S.C. § 101. There are, however, a number of limitations found in the ’077 patent claims that are not in the related patents. *See* Pet. 33–37; 43–52. Thus, we view *Ameranth* as providing another example of post-*Alice* analysis, but not as requiring a finding of unpatentability for the challenged claims in this proceeding.

(“hospitality application information”) between: (1) a master database configured to store such information; (2) at least one wireless handheld computing device; (3) at least one web server; and (4) at least one web page. Further, claim 13 requires that the communications control software be enabled to format automatically a configuration for display as cascaded sets of linked graphical user interface screens appropriate for two different wireless handheld computing device display sizes.

Id. at 38. As to claims 1–12, we found that those claims were directed to “a specific computer-implemented system programmed by software to perform specialized functions. For example, the system is *enabled to synchronize, in real time*, information between a programmed handheld menu configuration and a master menu file structure stored on a central processing unit.” *Id.* at 39. Thus, we found that the challenged claims were directed “to an actual computer-implemented application of the alleged abstract idea of generating menus” and therefore, Petitioner did not make a sufficient showing that the challenged claims were unpatentable. *Id.* at 39–40.

Petitioner’s argument for institution of its § 101 challenge rests largely on its assertion that we relied on *Ultramercial II* (*Ultramercial, LLC v. Hulu, LLC*, 772 F.3d 1335 (Fed. Cir. 2013)), as part of our analysis of the challenged claims and that case has been superseded by *Ultramercial III* (*Ultramercial, Inc. v. HULU, LLC*, 772 F. 3d 709 (Fed. Cir. 2014)), which reversed the holding of *Ultramercial II* and found the claims at issue to be invalid. Pet. 24. We note, that the Federal Circuit ultimately found the claims at issue in the *Ultramercial* decisions to be invalid because they were directed to an abstract idea and the claims “simply instruct[ed] the practitioner to implement the abstract idea with routine, conventional activity.” *Ultramercial III*, 772 F. 3d at 715. This holding in *Ultramercial III* is not at odds with our analysis in the 14 Proceeding.

In the 14 Proceeding, we noted that “[w]hile an abstract idea by itself is not patentable, a practical application of an abstract idea may be deserving of patent protection.” 14 Dec. 34 (citing *Mayo Collaborative Servs v. Prometheus Labs., Inc.*, 132 S. Ct. 1289, 1293–94 (2012); *Bilski v. Kappos*, 130 S. Ct. 3218, 3230 (2010); *Diamond v. Diehr*, 450 U.S. 175, 187 (1981)). We were cognizant that “[l]imiting the claim to a particular technological environment or field of use, or adding insignificant pre- or post-solution activity, does not constitute a meaningful limitation.” *Id.* at 34 (citing *Bilski*, 130 S. Ct. at 3230; *Diehr*, 450 U.S. at 191–92; *Parker v. Flook*, 437 U.S. 584, 595 n.18 (1978)). The Supreme Court upheld these principles as it applied the *Mayo* test to the computer implemented system at issue in *Alice*. *See Alice*, 134 S.Ct. at 2355, 2358. The second step of the *Mayo* test applied in *Alice* allows for the patentability of claims that “include ‘additional features’ to ensure ‘that the [claim] is more than a drafting effort designed to monopolize the [abstract idea].’” *Id.* As described in *Alice*, “the mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention.” *Id.* Thus, while the specific claims at issue in the *Ultramercial* cases may have fared differently pre- and post-*Alice*, we are not persuaded that our analysis in the 14 Proceeding is at odds with *Alice*, such that we should ignore the substantial similarity between Petitioner’s assertions in the 14 Petition and its assertions in the instant Petition. Our analysis in the 14 Decision was based on the specific application of the alleged abstract idea claimed in the ’077 patent and our determination, based on the record in the 14 Proceeding, that the claims were directed “to a specific computer-aided system programmed by software to perform specialized functions.” 14 Dec. 40. We are not persuaded that

this analysis is in tension with *Alice*, its predecessor *Mayo*, or its progeny, and, therefore, we are not persuaded that we should institute this ground due to subsequent statement of the existing law.

2. *Alleged Lack of Enablement*

In this case, Petitioner asserts that “the specification lacks a basic enabling disclosure of the allegedly novel aspect of the claims, i.e., automatic generation of menu configurations and hospitality application screens for handheld devices.” Pet. 53–54. According to Petitioner, “there is zero discussion in the specification of software that *automatically* generates menu configurations optimized for client devices.” *Id.* at 66. Petitioner also argues that the specification fails to discuss “‘communications control software’ that automatically configures hospitality application information for display on handhelds and web pages.” *Id.* at 66–67.

In the 14 Petition, Petitioner argued that the ’077 patent fails to describe the layout of the handheld displays (14 Pet. 46) and to provide written description support for synchronization between handheld menu and master menu (*id.* at 48–49). In addition, Petitioner argued that the claims were indefinite because they claimed both a method and apparatus in a single claim. Specifically, Petitioner directed us to claims 1 and 9, which recite “*at least the menu categories, menu items and modifiers comprising the programmed handheld menu configuration are synchronized in real time with analogous information comprising the master [and modifier] menu[s].*” *See id.* at 40–41. According to Petitioner, this phrase should be construed as requiring the performance of a method in the apparatus claim. *Id.* Thus, Petitioner in both proceedings asserts challenges under 35 U.S.C.

§ 112 in regards to the recited handheld device menus. In the instant proceeding, Petitioner asserts that the Specification does not describe how to generate these menus and in the prior case, Petitioner argued that the challenged claims were unpatentable because the specification did not provide a proper description of the handheld device menu layout or the synchronization of the handheld device menu and the claims were directed to a communication system yet they required the handheld menu to be synchronized with a master menus.

As noted above, the statute allows us to take into account arguments that are “the same or *substantially the same*.” 35 U.S.C. § 325(d) (emphasis added). In the earlier instance the issue was whether there is sufficient written description to indicate that the inventor was in possession of the claimed subject matter. In the present instance the issue is whether there is sufficient disclosure to enable one with ordinary skill in the art to make and use the claimed subject matter. In both proceedings, Petitioner is raising arguments as to whether the handheld menus are supported properly by the disclosures of the '077 patent. The arguments in both cases require an analysis of the description of the handheld device in order to determine the adequacy of the disclosures. We are persuaded that this similarity supports the exercise of our discretion under 35 U.S.C. § 325(d).

3. *Alleged Means-Plus-Function Terms*

Petitioner’s final argument in the instant proceeding is that the challenged claims are indefinite because they include software-implemented means-plus-function terms without the requisite disclosure of an algorithm for performing the recited function. Pet. 71–72. Specifically, Petitioner asserts that the “menu configuration software” and “communications control

software” are means-plus-function terms, and, thus, they require an algorithm explaining how their functionality is to be performed. *Id.* at 72. According to Patent Owner in the 14 Proceeding, Petitioner repeatedly argued that the recited software lacked an algorithm. Prelim. Resp. 18 (citing 14 Pet. 11, 37, 68, and 71). Indeed, as part of its § 101 argument, Petitioner contended that “[t]here is no algorithm or mathematical formula disclosed to perform the method, and Claims 1–12 and the ‘077 Patent are silent as to how the computer aids these functions “or the significance of the computer to the performance of the method.” 14 Pet. 67 (citations omitted). Further, Petitioner asserted that

[t]he claims do not disclose how the computer is programmed to communicate with the wireless handheld devices, how the computer synchronizes data between the database, wireless handheld computing device, and Web pages, or how the computer enables integration of outside applications with hospitality applications. There is no algorithm or mathematical formula disclosed to practice the features, and the claims are silent as to how the computer aids these features.

Id. at 70.

Here again, we do not find Petitioner’s arguments to be identical between the two proceedings, but rather we find a substantial similarity. In both proceedings, Petitioner argues that the claims do not meet the requirements of the Patent Act because the Specification does not provide an algorithm to support the recited software. In the context of § 101, we analyzed the recited software to see if it provided more than conventional functionality, and, in this proceeding, we are asked to analyze whether there is sufficient disclosure of the software to provide structure for the recited elements. In both instances, Petitioner’s arguments would require us to examine the Specification’s description of the software in order to ascertain

whether the disclosed software elements are sufficiently concrete or definite. Allegations under §§ 112 and 101 have important differences, however, we are persuaded that in this particular instance, Petitioner is directing us to arguments grounded in factual issues that have substantial similarity even though those arguments are based in different portions of the Patent Act. Specifically, Petitioner believes that there is an infirmity in the Specification as to how the software at issue has been described, and, although it has modified its approach by changing from §101 to § 112, we are persuaded that Petitioner in this instance is putting forth similar arguments as to the alleged infirmity of the disclosure.

Thus, based on the specific allegations put forth in these petitions, we are persuaded that these analyses and their related arguments are substantially similar and as such, they support the exercise of our discretion under 35 U.S.C. § 325(d).

B. Discretionary Non-Institution Under 35 U.S.C. § 324(a)

Our precedential decision in *General Plastic* sets forth a non-exhaustive list of factors to be examined when determining whether to exercise our general discretion to decline the institution of a proceeding. These factors are as follows:

1. whether the same petitioner previously filed a petition directed to the same claims of the same patent;
2. whether at the time of filing of the first petition the petitioner knew of the prior art asserted in the second petition or should have known of it;
3. whether at the time of filing of the second petition the petitioner already received the patent owner's preliminary response to the first petition or received the Board's decision on whether to institute review in the first petition;

4. the length of time that elapsed between the time the petitioner learned of the prior art asserted in the second petition and the filing of the second petition;

5. whether the petitioner provides adequate explanation for the time elapsed between the filings of multiple petitions directed to the same claims of the same patent;

6. the finite resources of the Board; and

7. the requirement under 35 U.S.C. § [326(a)(11)] to issue a final determination not later than 1 year after the date on which the Director notices institution of review.

Gen. Plastic, slip op. 15–16 (PTAB Sept. 6, 2017). We address each of these factors in turn, but note that we need not weigh all of these factors equally and not all of the factors need to weigh against institution for us to exercise our discretion under § 324(a).

1. *Whether Petitioner Previously Filed a Petition Directed to the Same Claims of the Same Patent*

As discussed above, Petitioner also challenged claims 1–18 in the 14 Proceeding. Thus, the Petitioner previously has challenged the same claims at issue in the instant Petition.

2. *Whether Petitioner Knew of the Prior Art Asserted in the Second Petition When It Filed the First Petition*

Each of the 14 Petition and the instant Petition challenges the patentability of the '077 patent under §§ 101 and 112. Thus, neither of these petitions is based on prior art. The purpose of this factor, however, is to examine whether Petitioner possessed or should have been able to obtain the information necessary to assert the ground that is before us in the instant Petition. As discussed above, there is substantial overlap between the petitions at issue here. We are presented with no argument or evidence to

show that there was any barrier to Petitioner presenting the § 112 arguments of the instant Petition in the prior 14 Petition. As to the § 101 arguments, Petition supports its arguments with additional recent case law, but the substance of its argument is substantially the same and we are not persuaded that *Alice* modified the law, such that the interest of justice would require us to reconsider Petitioner's § 101 challenge. Thus, we are persuaded that this factor weighs against institution.

3. *Whether Petitioner Had Patent Owner's Preliminary Response and the Board's Institution Decision on the First Petition When Petitioner Filed the Second Petition*

The Elapsed Time Between When Petitioner Had Patent Owner's Preliminary Response and the Board's Institution Decision on the First Petition and When Petitioner Filed the Second Petition

Factors three and four address the Petitioner's opportunity to review the previous preliminary response and institution decision and the delay between filings. Patent Owner alleges that the instant Petition evidences a pattern of delay by Petitioner in regards to the infringement case against it in district court and harassment of the Patent Owner. Prelim. Resp. 5–7. Here, Patent Owner asserts that this Petition was filed nearly four years after the filing of the 14 Petition. *Id.* at 5. As noted above, the '077 patent has been the subject of three prior petitions for covered business method patent review. In addition, there were a number of petitions filed on related patents and based on some of those petitions the Southern District of California stayed the district court proceedings, which included the '077 patent and

related patents. *Id.* at 5–6. According to Patent Owner, the stays were lifted January 10, 2017, and Petitioner then waited another five months to file this Petition. *Id.* at 7. In the interim, Patent Owner prepared and served thirty-four sets of infringement contentions and the parties are set for a claim construction hearing in December 2017. *Id.* Patent Owner asserts that Petitioner may seek another stay of the district court proceeding if covered business method patent review is instituted in this proceeding. *Id.* at 6 (citing Pet. 83 n 14 (Petitioner asserts that it will not seek “*a pre-institution stay* of the pending litigation.”) (emphasis added)). Patent Owner contends that if another stay is entered then “the entire term of the ’077 patent would be effectively wiped out by CBM-derived litigation ‘stays.’” *Id.* at 7.

Thus, we are presented with a situation in which each of the previous petitions directed to the ’077 petition were denied several years before the filing of this Petition, and, therefore, Petitioner had an extended period to review the filings from the prior proceedings. Specifically, the 14 Petition, to which Petitioner was a party, was denied March 26, 2014, and the 18 Petition was denied March 3, 2015. As such, Petitioner had the benefit of reviewing Patent Owner’s preliminary responses and decisions denying institution well before it filed the instant Petition on May 25, 2017. In addition, Patent Owner alleges that this pattern of delay constitutes harassment. Prelim. Resp. 5–7. Consequently, these factors weigh against institution.

4. *Whether Petitioner Has Provided Adequate Explanation*

The fifth *General Plastic* factor is “whether the petitioner provides adequate explanation for the time elapsed between the filings of multiple petitions directed to the same claims of the same patent.” *General Plastic*,

slip op. at 9, 16. Other panels have similarly articulated that the inquiry is whether the petitioner provides adequate explanation as to why we should permit another attack on the same claims of the same patent. *Xactware Sols., Inc. v. Eagle View Techs., Inc.*, Case IPR2017–00034, slip op. at 7–8 (PTAB Apr. 13, 2017) (Paper 9). As noted above, Petitioner asserts that we should not exercise our discretion because the § 112 challenges are not the same or substantially the same and because the Supreme Court’s decision in *Alice* was a substantial development in the law that was handed down several months after our decision in the 14 Proceeding. Pet. 83. Petitioner also asserts that on March 24, 2017, as part of the district court case, Patent Owner served infringement contentions that “underscore the § 112 deficiencies raised [in the Petition].” *Id.* We already have discussed the overlap between the previous asserted grounds and those of the instant Petition. *See supra* § II.A.1. For reasons described above, we are not persuaded that the alleged differences between the grounds weighs against exercising our discretion. In addition, Petitioner mentions new infringement contentions, but Petitioner does not describe or explain why these new contentions created a circumstance that would support Petitioner’s decision to file another petition against these same claims. Consequently, this factor also weighs against institution.

5. *Board Considerations*

The sixth and seventh *General Plastic* factors consider “the finite resources of the Board” and the requirement under 35 U.S.C. § 326(a)(11) to issue a final determination not later than 1 year after the date on which the Director notices institution of review. *General Plastic*, slip op. at 9–10, 16.

We conclude that these factors are not implicated under the circumstances of this proceeding and, therefore, do not weigh for or against exercising our discretion.

6. *Weighing the Factors for Discretionary Non–Institution under § 324(a)*

We have weighed the relevant *General Plastic* factors, and, on this record, we do not find there to be other factors besides those enumerated in *General Plastic* that that would weigh significantly in favor of or against institution. We are not persuaded by Petitioner’s stated rationale for filing this Petition. We do not take lightly denying a petition on grounds unrelated to its substantive patentability challenges. Nor do we hold that multiple petitions against the same claims of the same patent are never permitted. Here, however, weighing the relevant factors under the circumstances of this case, which, as we explain above, all favor exercising our discretion not to institute, we view the prejudice to Patent Owner to be greater than that to Petitioner. We, therefore, exercise our discretion and decline to institute covered business method patent review under 35 U.S.C. § 324(a).

III. CONCLUSION

On this record, we conclude that the circumstances in this proceeding weigh in favor of exercising our discretion under 35 U.S.C. § 325(d) to decline Petitioner’s request to institute a covered business method patent review.

IV. ORDER

Accordingly, it is ORDERED that the Petition is denied as to all challenged claims of the ’077 patent.

CBM2017-00053
Patent 8,146,077 B2

PETITIONER

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