

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

FACEBOOK, INC. and INSTAGRAM, LLC,

Petitioner,

v.

SKKY, LLC,

Patent Owner.

Case CBM2016-00091

Patent 9,037,502 B2

Before JUSTIN T. ARBES, GLENN J. PERRY, and
KEVIN W. CHERRY, *Administrative Patent Judges*.

PERRY, *Administrative Patent Judge*.

DECISION

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

I. INTRODUCTION

This is a preliminary proceeding to decide whether to institute covered business method patent review of U.S. Patent No. 9,037,502 B2 (Ex. 1001, “the ’502 patent” or “the challenged patent”) under Section 18 of the Leahy-Smith America Invents Act, Pub. L. No. 112–29, 125 Stat. 284, 329 (2011) (“AIA”). For reasons stated below, the Petition is denied and we do not institute review.

A. Procedural Posture

Petitioners, Facebook, Inc. and Instagram LLC, filed a Petition (Paper 1, “Pet.”) requesting covered business method patent review of claims 1–11 of the ’502 patent under Section 18 of the AIA. Patent Owner, Skky LLC, filed a Preliminary Response. Paper 6 (“Prelim. Resp.”). With its Preliminary Response, Patent Owner provided evidence (Ex. 2001) that it filed with the Office a statutory disclaimer of claims 6 and 8–11 of the ’502 patent pursuant to 37 C.F.R. § 1.321(a). Prelim. Resp. 4. Accordingly, no covered business method patent review will be instituted for claims 6 and 8–11. *See* 37 C.F.R. § 42.207(e).

At Petitioner’s request, we held a conference call on November 2, 2016. During that conference call, Petitioner argued that we should not disregard the disclaimed claims when making a determination as to whether the ’502 patent qualifies as a covered business method patent. Case law cited to us during the conference call are mentioned below. We have jurisdiction under 35 U.S.C. § 324(a).

Section 18(a)(1) of the AIA provides that a covered business method patent review “shall be regarded as, and shall employ the standards and procedures of, a post-grant review” with certain exceptions. The exceptions

are not relevant here. The standard for instituting a covered business method review is set forth in 35 U.S.C. § 324(a), which provides as follows:

THRESHOLD.—The Director may not authorize a post-grant review to be instituted unless the Director determines that the information presented in the petition filed under section 321, if such information is not rebutted, would demonstrate that it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable.

Upon consideration of the Petition and its supporting evidence, as well as Patent Owner's Preliminary Response and evidence filed therewith including the disclaimer, we determine that the '502 patent is not a covered business method patent. We therefore deny the Petition.

B. Related Matters

Petitioner indicates that the '502 patent is the subject of the following litigation: *Skky, LLC v. Facebook, Inc.*, No. 16:CV-00094 (D. Minn.), filed on January 15, 2016. As of the date of this Petition, no claim construction proceedings have occurred. Additionally, according to Petitioner, an *inter partes* review (IPR) was instituted for U.S. Patent No. 7,548,875 B2, the parent to the '502 patent. See *MindGeek, s.a.r.l. v. Skky, Inc.*, IPR2014-01236. The PTAB issued a Final Decision on January 29, 2016 finding all challenged claims to be unpatentable. See Ex. 1022.

C. The '502 Patent (Ex. 1001)

The '502 patent issued on May 19, 2015 from an application filed Feb. 4, 2009. Claim 1 of the '502 patent is reproduced below:

1. A method for wirelessly delivering one or more digital audio and/or visual files from one or more servers to one or more cell phones comprising:
storing a library of compressed digital audio and/or visual files on one or more servers;
providing to a cell phone a representation of at least a portion of the library of compressed digital audio and/or visual files;
receiving a request from the cell phone for at least one of the compressed digital audio and/or visual files stored on the one or more servers,
providing the one or more requested compressed digital audio and/or visual files to the cell phone and
wherein the cell phone comprises a receiver and one or more processors including a digital signal processor and is configured for receiving and processing files transmitted by orthogonal frequency-division multiplex modulation;
tracking the selection of the requested compressed digital audio and/or visual files.

Ex. 1001, 33:2–22.

D. The Alleged Grounds of Unpatentability

Petitioner asserts the following grounds of unpatentability.

Claims	Ground	Prior Art
1–11	§ 101	Not Applicable
1–11	§ 112	Not Applicable (“regards” clause, written description)

Petitioner relies on the Declaration testimony of William H. Beckmann, Ph.D. (Ex. 1002).

II. ANALYSIS

A. Grounds for Standing

Section 18 of the AIA created a transitional program, limited to persons or their real parties-in-interest or privies that have been sued or charged with infringement of a “covered business method patent.” AIA §§ 18(a)(1)(B), 18(d)(1); *see* 37 C.F.R. § 42.302.

Petitioner represents that it has been sued for infringement of the ’502 patent in *Skky, LLC v. Facebook, Inc.*, No. 16:CV-00094 (D. Minn.), filed on January 15, 2016. Patent Owner does not dispute that Petitioner has been sued for infringement of the ’502 patent. *See* Paper 5, 2.

B. Covered Business Method Patent

A “covered business method patent” is “a patent that claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, except that the term does not include patents for technological inventions.”¹ AIA § 18(d)(1); 37 C.F.R. § 42.301(a). The Federal Circuit has recently held that the Board’s reliance on whether the patent claims activities “incidental to” or “complementary to” a financial activity as the legal standard to determine whether a patent is a CBM patent was not in accordance with law. *Unwired Planet, LLC v. Google Inc.*, No. 2015-1812, -- F.3d --, 2016 WL 6832978, at *5 (Fed. Cir. Nov. 21, 2016).

¹ We refer to that part of the statutory definition of covered business method patent, up to the clause beginning with the word “except,” as the “*financial product or service requirement*,” and the clause commencing with the word “except” as the “*technological invention exception*.”

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