

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

GOOGLE INC.,
Petitioner,

v.

KLAUSTECH, INC.,
Patent Owner.

Case CBM2016-00096
Patent 6,128,651 C1

Before MICHAEL R. ZECHER, CHRISTOPHER M. KAISER, and
KEVIN W. CHERRY, *Administrative Patent Judges*.

ZECHER, *Administrative Patent Judge*.

DECISION
Denying Petitioner's Request for Rehearing
37 C.F.R. § 42.71(d)

I. INTRODUCTION

Petitioner, Google Inc. (“Google”), timely filed a Request for Rehearing under 37 C.F.R. § 42.71(d). Paper 11 (“Req. Reh’g”). Google’s Request for Rehearing seeks reconsideration of the Decision not to institute a covered business method (“CBM”) patent review of U.S. Patent No. 6,128,651 C1 (Ex. 1001, “the ’651 patent”). Paper 10 (“Decision” or Dec.”). In particular, we denied institution as to claims 20, 21, 23–26, 28, and 29 (“challenged claims”) of the ’651 patent because the information presented in the Petition did not establish that this patent qualifies as a CBM patent that is eligible for review, as defined by § 18(d)(1) of the America Invents Act (“AIA”). Dec. 2–3, 16.

In its Request for Rehearing, Google contends that our determination not to institute a CBM patent review was improper for two reasons. First, Google argues that we misapprehended or overlooked unrebutted testimony, cited in the Petition, regarding the scope of “retaining . . . a record,” as recited in each of independent claims 20 and 25. Req. Reh’g 3–7. Second, Google argues that, in assessing the scope of the “retaining . . . a record” claim element, we misapprehended or overlooked statements by Patent Owner, KlausTech, Inc. (“KlausTech”), and supporting testimony regarding these statements that were against KlausTech’s own interest. *Id.* at 7–13. Google argues that proper consideration of either of these two pieces of evidence compels a conclusion that the challenged claims recite operations used in the practice, administration, or management of a financial product or service, such that the ’651 patent should be found eligible for a CBM patent review. *Id.* at 2.

We have considered the arguments presented by Google in its Request for Rehearing, but we discern no reason to modify the Decision not to institute a CBM patent review. We, therefore, *deny* Google’s Request for Rehearing.

II. STANDARD OF REVIEW

A party requesting rehearing bears the burden of showing that the decision should be modified. 37 C.F.R. § 42.71(d). The party must identify specifically all matters we misapprehended or overlooked, and the place where each matter was addressed previously in a motion, an opposition, or a reply. *Id.* When rehearing a decision on a petition, we review the decision for an abuse of discretion. 37 C.F.R. § 42.71(c). An abuse of discretion may be indicated if a decision is based on an erroneous interpretation of law, if a factual finding is not supported by substantial evidence, or if the decision represents an unreasonable judgment in weighing relevant factors. *Star Fruits S.N.C. v. United States*, 393 F.3d 1277, 1281 (Fed. Cir. 2005); *Arnold P’ship v. Dudas*, 362 F.3d 1338, 1340 (Fed. Cir. 2004); *In re Gartside*, 203 F.3d 1305, 1315–16 (Fed. Cir. 2000). With this in mind, we address the arguments presented by Google in turn.

III. ANALYSIS

A.

Google contends that our determination that the ’651 patent is not a CBM patent eligible for review—because the “retaining . . . a record” claim element is not financial in nature—is arbitrary, based on an erroneous conclusion of law, and based on clearly erroneous fact findings, thereby

resulting in an abuse of discretion. Req. Reh’g 3. Google asserts that we are required to evaluate all testimonial evidence from its expert, Mr. Andrew Schulz (Ex. 1003), cited in the Petition, and we must do so “in the light most favorable to the petitioner” in deciding whether to institute a CBM review. *Id.* at 3–4 (quoting 37 C.F.R. § 42.208(c)).

According to Google, we did not follow these requirements because we misapprehended or overlooked Mr. Schulz’s testimony that a person of ordinary skill in the art would have understood that the claimed “record” in the ’651 patent is generated and retained solely to process payments for ad placements. Req. Reh’g 4. In particular, Google quotes Mr. Schulz’s testimony that a person of ordinary skill in the art “would have understood that the only reason ‘records’ are generated and retained in [independent] claims 20 and 25 (and their dependent claims) is for processing payments for ad placements.” *Id.* at 5 (emphasis omitted) (quoting Ex. 1003 ¶ 31).

Google states that it cited to this specific testimony from Mr. Schulz in the Petition at pages 15 and 21 and in the Reply at pages 3–4, but we never acknowledged or discussed this cited testimony in our Decision. *Id.* at 5. Google then argues that, based on Mr. Schulz’s testimony, we did not have to “speculate or assume” the express or inherent scope of the “retaining . . . a record” claim element because Mr. Schulz’s testimony establishes that it is solely for the purpose of compensation and billing and, therefore, is expressly or inherently financial in nature. *Id.* at 5–7.

We disagree that we misapprehended or overlooked Mr. Schulz’s testimony as it was presented to us in the Petition and Reply. The Reply did not cite to Mr. Schulz’s testimony at all, but instead relied on citations to the Petition and disclosures in the ’651 patent in arguing that the “retaining . . . a

record” claim limitation is financial in nature. *See* Reply 3–4 (citing Pet. 13–15; Ex. 1001, Abstract, 2:28–33, 3:32–35, 3:40–43, 4:32–37, Fig. 1). The Petition relied on the same disclosures from the ’651 patent and provided an additional citation to Mr. Schulz’s testimony in support of Google’s argument that “[t]he sole disclosed reason for retaining these claimed ‘records’ of the displayed advertisements, as the specification explains, is to provide a mechanism for ‘compensating’ publisher websites and for ‘billing’ advertisers on the basis of ad content presentation times.” Pet. 14–15 (citing Ex. 1001, Abstract, 2:28–33, 3:32–35, 3:40–43, 4:32–37, Fig. 1; Ex. 1003 ¶¶ 26, 28, 31, 37, 40); *see also id.* at 15 (“[T]he patent discloses ‘retaining’ of records for the purpose of ‘compensating’ publisher websites and ‘billing’ advertisers on the basis of ad content presentation times.” (citing Ex. 1003 ¶ 31)). Mr. Schulz, in turn, relies on the same portions of the ’651 patent’s disclosure cited in the Petition and Reply as a basis for his opinion. *See* Ex. 1003 ¶ 31 (citing Ex. 1001, Abstract, 2:28–33, 3:32–35, 3:40–43, 4:32–37, Fig. 1)

Our Decision explicitly addressed Google’s argument that the sole purpose of the record retention required by the challenged claims is for compensation and billing, and relying on the ’651 patent’s disclosure—as the Petition, Reply, and Mr. Schulz’s testimony directed us to—we determined Google’s position was not persuasive. Dec. 9–10, 12–13. In particular, we noted that the language used in the abstract and specification of the ’651 patent was permissive and optional (e.g., “audit trail from which websites *can be* compensated for ad display and advertisers billed for the ad display,” “record *may be* used to compensate,” and “[u]tilizing this record, advertisers *can be* billed”), and we did not find this language to limit the

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