

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

**PETITIONER'S REPLY TO PATENT OWNER'S
PRELIMINARY RESPONSE**

The challenged claims remain CBM-eligible under the Federal Circuit’s new guidance that tethers CBM-eligibility to the text of AIA § 18(d)(1). *Unwired Planet, LLC v. Google Inc.*, 841 F.3d 1376, 1382 (Fed. Cir. 2016) [hereinafter *Unwired Planet III*]. Under *Unwired Planet III*, a patent is CBM-eligible if it claims a method for performing “operations used in the practice, administration, or management of a financial product or service.” *Id.* at 1378; 1380 n.5 (endorsing the test of whether the patent claims “activities that are financial in nature” while rejecting the “incidental to”/“complementary to” inquiry).

The challenged claims satisfy the requirements from AIA § 18(d)(1) and are distinct from the claims at issue in *Unwired Planet III*. As the Petition explains, the challenged claims *expressly* recite financial-related activities—including operations used in the practice, administration, or management of a financial product or service, such as online advertising. Petition at pp. 9-18. For example, the Petition notes the challenged independent claims 20 and 25 each recite:

- “providing *ad content* for [a] non-scrolling ad frame,”
- “placing *the ad content* in the non-scrolling ad frame . . . to *display the ad content*,” and
- “*retaining . . . a record* of [] browser identity, [] ad identity, and the timer timeout *of the ad content* at the browser.”

GOOGLE1001 at Claims 20, 25 (emphasis added); Petition at pp. 9-10.

The first two of these steps (“providing ad content” and “placing the ad content”) expressly require transmitting and displaying “ad content” in a browser—operations used in the practice, administration, or management of a financial product or service, such as online advertising. Unlike the claims at issue in *Unwired Planet III*, which were directed to location information for wireless devices and did not include any explicit recitations about a financial product or service (*see* 841 F.3d 1378), the claims of the ’651 patent are explicitly directed to the practice, administration, or management of an online advertising system—subject matter that, as cited in the Petition, was deemed to be “financial in nature” and “a financial product or service” in previous CBM cases. Petition at pp. 10-11; *Google Inc. v. Network-1 Techs., Inc.*, CBM2015-00113, Paper No. 7 at p. 7 (PTAB Oct. 19, 2015) (finding that “[a]dvertising is a fundamental business practice”); *Google Inc. v. Patrick Zuili*, CBM2016-00008, Paper No. 18 at p. 10 (PTAB April 26, 2016) (“providing and selling Internet advertising, which is a ‘financial product or service’,” and citing *Blue Calypso, LLC v. Groupon, Inc.*, 815 F.3d 1331, 1337-39 (Fed. Cir. 2016)).

The Federal Circuit’s recent ruling in *Unwired Planet III* did not disturb these earlier holdings of what subject matter qualifies as a “financial product or service,” and indeed cited approvingly to both *Versata* and *Blue Calypso*. *Unwired*

Planet III, 841 F.3d at 1379-80 (citing *Versata Dev. Grp., Inc. v. SAP Am., Inc.*, 793 F.3d 1306 (Fed. Cir. 2015)) and 1381 (citing *Blue Calypso*'s holding that claims to an advertising program satisfied the financial prong); *see also Kayak Software Corp. v. IBM Corp.*, CBM2016-00077, Paper No. 15 at p. 11 (PTAB Dec. 15, 2016) (an application “presenting advertising to the user” was “financial in nature”). As already quoted in the Petition here, *Versata* decision made clear that:

the definition of ‘covered business method patent’ is not limited to products and services of only the financial industry, or to patents owned by or directly affecting the activities of financial institutions such as banks and brokerage houses. *The plain text of the statutory definition ... on its face covers a wide range of finance-related activities.*

Versata, 793 F.3d at 1325 (Fed. Cir. 2015) (emphasis added); Petition at p. 16. Thus, online advertising qualifies as a “financial product or service” even after *Unwired Planet III*—and here, the claims expressly recite it.

The third of these steps (“retaining a record”) is certainly “financial in nature” because the sole function for retaining these claimed “records” of the advertisements is for the financial use of “compensating” websites and “billing” advertisers—thereby claiming an inherent limitation to a finance-related activity. Petition at pp. 13-15 (citing GOOGLE1001 at 4:32-37; 3:32-35; 2:28-33; 3:40-43; Abst.; and Fig. 1). Again, *Unwired Planet III* discusses and endorses the broad

nature of “financial products and services” as previously articulated by the *Versata* case. *Unwired Planet III*, 841 F.3d at 1379. Here, the claimed “retaining . . . a record” operation is used in the practice, administration, or management of a financial product or service—namely, online advertising.

Accordingly, the challenged claims expressly recite operations used in the practice, administration, and management of online advertising, and, as summarized in the Petition, are “necessarily directed to advertisements and the corresponding movement of money, and cannot be regarded as merely ‘tangential’ to a financial product or service.” Petition at p. 15. Indeed, as cited in the Petition, both Patent Owner and the inventor (Mr. Cezar) previously agreed that the ’651 patent claimed activities that are financial in nature. Petition at pp. 11 (Patent Owner stating in district court that “[t]he invention taught and claimed in the ’651 Patent is an internet advertising system that allowed site owners to simply and easily *monetize* their traffic and allowed advertisers *a greater ability to track their impressions*”) (quoting GOOGLE1007 at p. 2); 13 (inventor agreeing that the ’651 patent claims provide a way for “the person who wanted to run this so that he could *gain revenue from an advertiser*”) (quoting GOOGLE1018 at 30:19-21).

The *Unwired Planet III* decision did not change these facts/claim elements showing that the challenged claims are eligible for CBM Review.

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