

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 CBM2017-00002
Patent 9,203,870 B2

Before KARL D. EASTHOM, WILLIAM V. SAINDON, and
CHRISTOPHER G. PAULRAJ, *Administrative Patent Judges*.

SAINDON, *Administrative Patent Judge*.

DECISION ON PETITIONER'S REQUEST FOR REHEARING
37 C.F.R. § 42.71

I. INTRODUCTION

Petitioner, collectively Facebook, Inc. and Instagram, LLC, requests a rehearing (Paper 12, “Reh’g Req.” or “Rehearing Request”), under 37 C.F.R. § 42.71(c) of our Decision Denying Institution (Paper 11, “Dec. Den’g Inst.”) denying its Petition (Paper 1, “Pet.”). We denied institution on the sole ground that the U.S. Patent No. 9,203,870 B2 (Ex. 1001, “the ’870 patent”) was not eligible for covered business method (“CBM”) patent review because the challenged claims existing at the time of the Decision Denying Institution did not require a financial activity. Dec. Den’g Inst. 15.

Upon reconsideration of the record, we maintain our determination that the ’870 patent is not a covered business method patent. Accordingly, we deny the Rehearing Request to the extent it seeks a modification of our Decision Denying Institution.

Prior to its Rehearing Request, Petitioner filed a Petition requesting CBM patent review of claims 1–14 of the ’870 patent under Section 18 of the Leahy-Smith America Invents Act, Pub. L. No. 112–29, 125 Stat. 284, 329 (2011) (“AIA”). Patent Owner, Skky, LLC, filed a Preliminary Response. Paper 8 (“Prelim. Resp.”). With its Preliminary Response, Patent Owner provided evidence (Ex. 2001) that it filed with the Office a statutory disclaimer of claims 1–7 and 9 of the ’870 patent pursuant to 37 C.F.R. § 1.321(a). Prelim. Resp. 2 (citing Ex. 2001). After the Preliminary Response, Petitioner filed a Preliminary Reply to Patent Owner’s Preliminary Response, as authorized by the panel pursuant an e-mail request by Petitioner, to address the consequences of Patent Owner’s disclaimer of claims 1–7 and 9. Paper 9 (“Pet. Prelim. Reply”). In response to the

Preliminary Reply, Patent Owner filed a Preliminary Sur-Reply, also as authorized by the panel. Paper 10 (“PO Sur-Reply”).

II. ANALYSIS

A. Standard of Review

When rehearing a decision on petition, the Board will review the decision for an abuse of discretion. 37 C.F.R. § 42.71(c). “An abuse of discretion occurs 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.” *Arnold P’ship v. Dudas*, 362 F.3d 1338, 1340 (Fed. Cir. 2004). The party requesting rehearing bears the burden of showing an abuse of discretion, and “[t]he request must specifically identify all matters the party believes the Board misapprehended or overlooked.” 37 C.F.R. § 42.71(d).

B. The ’870 Patent

The ’870 patent describes a method for delivering audio and/or visual media files, including recordings of songs, musical compositions, ringtones, video, films, television shows, and personal recordings, wirelessly or non-wirelessly to devices for playback of the content, with or without an Internet connection. Ex. 1001, Abstract, 1:63–2:9.

C. A Covered Business Method (CBM) Patent

A “covered business method (CBM) 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.” AIA § 18(d)(1); 37 C.F.R. § 42.301(a). Under AIA § 18(a)(1)(E), “[t]he Director may institute a transitional proceeding

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only for a patent that *is a covered business method patent.*” (Emphasis added). A patent is eligible for CBM review if it has at least one claim directed to a covered business method. Transitional Program for Covered Business Method Patents—Definitions of Covered Business Method Patent and Technological Invention; Final Rule, 77 Fed. Reg. 48,734, 48,736 (Response to Comment 8).

D. Discussion

Petitioner refers the panel to a related CBM proceeding that also involved a disclaimer of claims, *Facebook, Inc. v. Skky, LLC*, Case CBM2016-00091 (PTAB) (“’091 CBM”). See Reh’g Req. 1. In deciding a rehearing request in the ’091 CBM proceeding, the Chief Judge expanded the panel “to provide guidance regarding the effect of . . . disclaimers on CBM patent review eligibility.” ’091 CBM, Paper 12, 3 (rehearing decision). In that case, the expanded panel denied petitioner’s request for rehearing, holding that “CBM patent review eligibility is determined based on the claims of the challenged patent *as they exist at the time of the decision whether to institute*, and statutorily disclaimed claims must be treated as if they never existed.” ’091 CBM, Paper 12, 11 (emphasis added). The instant Rehearing Decision tracks the reasoning and holding of the ’091 CBM rehearing decision.

Similar to petitioner’s arguments in the ’091 CBM proceeding, Petitioner argues “a patent owner filing a statutory disclaimer of certain claims after the filing of the CBM petition does not extinguish the right of accused infringers (Petitioners here) to challenge the patent in CBM review and should not unilaterally strip the Board of its authority to institute CBM review.” Reh’g Req. 1–3. Citing *Rembrandt Wireless Techs., LP v.*

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Samsung Elecs. Co., 853 F.3d 1370, 2017 (Fed. Cir. Apr. 17, 2017), Petitioner contends that the decision “clarifies the impact of post-filing statutory disclaimers and underscores the points Petitioners previously explained in their preliminary reply.” *Id.* at 3. Namely, Petitioner explains federal courts apply a “time-of-filing” rule for determining federal court jurisdiction, and argues that the Board should use the same rule. *Id.* at 4–9.

Although federal courts apply the rule that “the jurisdiction of the court depends upon the state of things at the time of the action brought,” *Grupo Dataflux v. Atlas Global Grp., L.P.*, 541 U.S. 567, 570 (2004) (quoting *Mollan v. Torrance*, 22 U.S. 537, 539 (1824)) (citation omitted), as an administrative agency, the Board has limited authority defined by statute, *see Kilip v. Office of Personnel Mgmt.*, 991 F.2d 1564, 1569 (Fed. Cir. 1993) (“An agency is but a creature of statute. Any and all authority pursuant to which an agency may act ultimately must be grounded in an express grant from Congress.”).

The Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011) (“AIA”) created a transitional program for the Board to conduct post-grant reviews of a limited set of patents designated as “covered business method patents.” AIA § 18(a). The AIA defines a “covered business method patent” as “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.” *Id.* § 18(d)(1). Thus, in order to institute a CBM review proceeding, the statute requires a patent that *claims* a particular type of method or apparatus. *See Secure Access, LLC v. PNC Bank Nat’l Ass’n*, 848 F.3d 1370, 1381 (Fed. Cir. 2017) (“Necessarily, the statutory definition of a CBM patent

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