

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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FEDERAL RESERVE BANK OF ATLANTA, FEDERAL RESERVE BANK OF BOSTON, FEDERAL RESERVE BANK OF CHICAGO, FEDERAL RESERVE BANK OF CLEVELAND, FEDERAL RESERVE BANK OF DALLAS, FEDERAL RESERVE BANK OF KANSAS CITY, FEDERAL RESERVE BANK OF MINNEAPOLIS, FEDERAL RESERVE BANK OF NEW YORK, FEDERAL RESERVE BANK OF PHILADELPHIA, FEDERAL RESERVE BANK OF RICHMOND, FEDERAL RESERVE BANK OF SAN FRANCISCO, and FEDERAL RESERVE BANK OF ST. LOUIS,  
Petitioner,

v.

BOZEMAN FINANCIAL LLC,  
Patent Owner.

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Case CBM2017-00036  
Patent 8,768,840 B2

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Before MICHAEL W. KIM, WILLIAM V. SAINDON, and KEVIN W. CHERRY, *Administrative Patent Judges*.

CHERRY, *Administrative Patent Judge*.

FINAL WRITTEN DECISION  
*35 U.S.C. § 328(a) and 37 C.F.R. § 42.73*

*I. INTRODUCTION*

Federal Reserve Bank of Atlanta, Federal Reserve Bank of Boston, Federal Reserve Bank of Chicago, Federal Reserve Bank of Cleveland, Federal Reserve Bank of Dallas, Federal Reserve Bank of Kansas City, Federal Reserve Bank of Minneapolis, Federal Reserve Bank of New York, Federal Reserve Bank of Philadelphia, Federal Reserve Bank of Richmond, Federal Reserve Bank of San Francisco, and Federal Reserve Bank of St. Louis (“Petitioner”) filed a Petition (Paper 1, “Pet.”) seeking a covered business method patent review of claims 1–20 of U.S. Patent No. 8,768,840 B2 (Ex. 1001, “the ’840 patent” or the “challenged patent”) under Section 18 of the Leahy-Smith America Invents Act, Pub. L. No. 112–29, 125 Stat. 284, 331 (2011) (“AIA”). Petitioner supports its contentions that the claims are unpatentable with the Declaration of Thomas M. Conte, Ph.D. (Ex. 1007), and its contentions that it was charged with infringement with the Declaration of Richard M. Fraher (Ex. 1008). Patent Owner, Bozeman Financial LLC, filed a Preliminary Response (Paper 5, “Prelim. Resp.”). Patent Owner submitted the Declaration of William O. Bozeman, III with its Preliminary Response. Paper 6 (“First Bozeman Decl.”).

On May 19, 2017, pursuant to our authorization, Petitioner filed a Reply to Patent Owner’s Preliminary Response on the limited issue of whether Petitioner has standing to bring this proceeding. Paper 8 (“Reply”). With its Reply, Petitioner provided a second Declaration of Richard M. Fraher (Ex. 1023). On May 26, 2017, also pursuant to our authorization, Patent Owner filed a Sur-Reply on the limited issue of standing. Paper 12

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(“Sur-Reply”). Patent Owner submitted a second Declaration of William O. Bozeman, III in support of its Sur-Reply. Paper 13 (“Second Bozeman Decl.”).

Pursuant to 35 U.S.C. § 324, in our Decision to Institute, we instituted this proceeding as to claims 1–20 on all asserted grounds. Paper 22 (“Dec.”).

After the Decision to Institute, Patent Owner filed a Patent Owner Response (Paper 24, “PO Resp.”), and Petitioner filed a Reply to the Patent Owner Response (Paper 27, “Pet. Reply”). Patent Owner supported its Response with a third Declaration of William O. Bozeman, III (Ex. 2003) (“Third Bozeman Decl.”).

Patent Owner also filed a Contingent Motion to Amend. Paper 25 (“Mot.”). Petitioner filed an Opposition to the Motion to Amend. Paper 29 (“Opp.”). Patent Owner filed a Reply in Support of its Motion to Amend. Paper 31 (“PO Reply”). Pursuant to our authorization, Petitioner filed a Sur-Reply to Patent Owner’s Motion to Amend. Paper 33 (“Pet. Sur-Reply”).

An oral hearing was held on April 5, 2018. Paper 37 (“Tr.”).

We have jurisdiction under 35 U.S.C. § 6(b). This Decision is a Final Written Decision under 35 U.S.C. § 328(a) as to the patentability of the challenged claims. Based on the complete record, we determine Petitioner has demonstrated, by a preponderance of the evidence, that claims 1–20 are unpatentable. We further *deny* Patent Owner’s Motion to Amend.

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*A. Related Matters*

Petitioner and Patent Owner represent that Petitioner has filed a covered business method patent review, CBM2017-00035, against a related patent, U.S. Patent No. 6,754,640 B2 (“the ’640 patent,” Ex. 1006). Pet. 6–7; Paper 7, 1. Petitioner has also filed a declaratory judgment action of non-infringement of both the ’640 patent and the ’840 patent—*Federal Reserve Bank of Atlanta et al. v. Bozeman Financial LLC*, Case No. 1:17-cv-00389 (N.D. Ga.). Paper 7, 2.

*B. Standing to File a Petition for  
Covered Business Method Patent Review*

A petition for covered business method review must set forth the petitioner’s grounds for standing. 37 C.F.R. § 42.304(a). Rule 42.304(a) states it is Petitioner’s burden to “demonstrate that the patent for which review is sought is a covered business method patent, and that the petitioner meets the eligibility requirements of § 42.302.” *Id.* One of those eligibility requirements is that only persons (or their privies) who have been sued or charged with infringement under a patent are permitted to file a petition seeking a covered business method patent review of that patent. AIA § 18(a)(1)(B); 37 C.F.R. § 42.302(a). Under our rules, “[c]harged with infringement means a real and substantial controversy regarding infringement of a covered business method patent exists such that the petitioner would have standing to bring a declaratory judgment action in Federal court.” 37 C.F.R. § 42.302(a).

The Declaratory Judgment Act provides that “[i]n a case of actual controversy within its jurisdiction, . . . any court of the United States, upon the filing of an appropriate pleading, may declare the rights and other legal relations of any interested party seeking such declaration.” 28 U.S.C.

§ 2201(a). In *MedImmune, Inc. v. Genentech, Inc.*, the Supreme Court stated that the test for whether an “actual controversy” exists is “whether the facts alleged, under all the circumstances, show that there is a substantial controversy, between parties having adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment.” 549 U.S. 118, 127 (2007) (internal quotation marks omitted).

Although it relaxed the test for establishing jurisdiction, *MedImmune* “did not change the bedrock rule that a case or controversy must be based on a *real and immediate* injury or threat of future injury that is *caused by the defendants*—an objective standard that cannot be met by a purely subjective or speculative fear of future harm.” *Prasco, LLC v. Medicis Pharm. Corp.*, 537 F.3d 1329, 1339 (Fed. Cir. 2008). Thus, courts have explained post-*MedImmune* that “jurisdiction generally will not arise merely on the basis that a party learns of the existence of a patent owned by another or even perceives such a patent to pose a risk of infringement, without some affirmative act by the patentee.” *SanDisk Corp. v. STMicroelects., Inc.*, 480 F.3d 1372, 1381 (Fed. Cir. 2007). Instead, courts have required “conduct that can be reasonably inferred as demonstrating intent to enforce a patent.” *Hewlett-Packard Co. v. Acceleron LLC*, 587 F.3d 1358, 1363 (Fed. Cir. 2009).

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