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Paper 11
Entered: July 12, 2018

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

XEROX CORP., ACS TRANSPORT SOLUTIONS, INC.,
XEROX TRANSPORT SOLUTIONS, INC.,
CONDUENT INC., and
NEW JERSEY TRANSIT CORP.,
Petitioner,

v.

BYTEMARK, INC.,
Patent Owner.

Case CBM2018-00018
Patent 9,239,993 B2

Before JOSIAH C. COCKS, BRIAN J. McNAMARA, and BARRY L. GROSSMAN, *Administrative Patent Judges.*

COCKS, *Administrative Patent Judge*.

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

I. INTRODUCTION

A. Background

Pursuant to 35 U.S.C. § 321 and § 18 of the Leahy-Smith America Invents Act, Pub. L. No. 112–29, § 6, 125 Stat. 284, 299–305 (2011) ("AIA"), Xerox Corp., ACS Transport Solutions, Inc., Xerox Transport Solutions, Inc., Conduent Inc., and New Jersey Transit Corp. (collectively "Petitioner") filed a Petition (Paper 6, "Pet.") requesting a Covered Business Method ("CBM") patent review of claims 1–17 and 22–24 of U.S. Patent No. 9,239,993 B2 (Ex. 1001, "the '993 patent"). Bytemark, Inc. ("Patent Owner") filed a Preliminary Response to the Petition. Paper 10 ("Prelim. Resp.").

Section 18 of the AIA statute[1] states that "The Director may institute a [CBM proceeding under § 18] only for a patent that is a covered business method patent." AIA § 18(a)(1)(E). The statute 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); *see also* 37 C.F.R. § 42.301(a) (repeating the statutory definition in the applicable rule). To establish standing to initiate a CBM review, "[t]he petitioner must demonstrate that the patent for which review is sought is a covered business method patent . . . ." 37 C.F.R. § 42.304(a).

The Board considers the Petition on behalf of the Director. *Id.* § 42.4(a).

[1] Section 18 of the AIA, pertaining to CBM review, is not codified. References to AIA § 18 in this opinion are to the statutes at large.

Upon considering the Petition, the Preliminary Response, and the evidence filed therewith, we determine that Petitioner has not established that the '993 patent is a "covered business method patent" pursuant to the statutory definition in § 18(d)(1) of the AIA. Accordingly, we deny the Petition and do not institute CBM review of the challenged claims.

B. Related Matters

The '993 patent is currently the subject of a patent infringement lawsuit brought by the Patent Owner against Petitioner, captioned *Bytemark, Inc. v. Xerox Corp., et al*., No. 17-cv-01803 (S.D.N.Y) (filed March 10, 2017) Pet. 1.

Related U.S. Patent 8,494,967 B2 ("'967 patent') is asserted in patent infringement litigations captioned *Bytemark, Inc., v. Masabi Ltd*., Case No. 2:16-cv-00543-JRG-RSP (E.D. Tex.), and *Bytemark Inc. v. Unwire APS and Unwire US, Inc.*, Case No. 1:17-cv-10124 (SDNY). Paper 9, 2.[2] A petition seeking a CBM review of the '967 patent has been filed by the same collective Petitioner as the Petitioner in the proceeding now before us. *See Xerox Corp et al.v. Bytemark, Inc.*, CBM2018-00011, Paper 1 (PTAB Jan. 10, 2018).

The '967 patent is the subject of IPR2017-01449. Pet. 2. Oral argument in that IPR proceeding is scheduled for August 22, 2018. *See Masabi Ltd. V. Bytemark, Inc.*, IPR2017-01449, Paper 21, 5 (PTAB May 21, 2018).

[2] The '993 patent is based on an application that is a continuation-in-part of the application that matured into the '967 patent.

II. ANALYSIS

A. The '993 Patent

The '993 patent discloses a system and method for verifying electronic tickets. The disclosed and claimed system and method is summarized clearly and concisely in the Abstract of the '993 patent, which we reproduce below.

> This invention discloses a novel system and method for distributing electronic ticketing such that the ticket is verified at the entrance to venues by means of an animation or other human perceptible verifying visual object that is selected by the venue for the specific event. This removes the need to use a bar-code scanner on an LCD display of a cell phone or other device and speeds up the rate at which human ticket takers can verify ticket holders. The system also can permit ticket purchase verification in the absence of a network connection during verification.

Ex. 1001, Abstract; *see* 37 C.F.R. § 1.72(b) ("The purpose of the abstract is to enable the Office and the public generally to determine quickly from a cursory inspection the nature and gist of the technical disclosure.").[3]

As disclosed in the '993 patent,

> Conventional electronic tickets display a barcode or QR code on a user's telephone, typically a cellphone or other portable wireless device with a display screen. The problem with this approach is that a barcode scanner has to be used by the ticket taker. Barcode scanners are not highly compatible with LCD screen displays of barcodes. The amount of time that it takes to process an electronic ticket is greater than that of a paper ticket.

Id. at 2:16–23.

[3] While the purpose of the Abstract is to summarize the "technical disclosure," in this case, as we explain below, it also is a summary of the claimed invention.

To solve this problem, a randomly selected validation symbol that a human can readily recognize is sent to the ticket holder's cell phone or other electronic device. Examples of such symbols include a color display (Ex. 1001, 3:31), a sailboat (*id.*, Fig. 5), or any other human recognizable image (*id.*, 3:31–39). The ticket holder shows the device with the displayed symbol to a human ticket taker who can confirm quickly that the proper validating symbol for the ticketed event is displayed. The ticket holder is then admitted to enter the event.

According to one embodiment of the disclosed system and method, the user purchases a ticket from an on-line website. *Id.* at 2:49–50. The website sends to the user's device a unique number or other electronic identifier, referred to as a "token." *Id.* at 2:50–51. The token also is stored in the ticketing database. *Id.* at 2:51–52.

When the time comes to present the ticket, the venue can select what visual indicator will be used as the designated validation symbol, or "validation visual object." *Id.* at 2:52–54. Counterfeit tickets cannot be prepared in advance of the event because counterfeiters will not know the visual indicator that will be used. *Id.* at 3:3–15. The user communicates with the on-line ticket seller using the supplied token. The token is verified, which causes the validation visual object to be sent to the user and displayed on the user's device. *Id.* at 2:64–67; 3:65–4:11. The ticket taker knows what the validating visual object is, and simply looks to see that the user's device is displaying the correct visual object. *Id.* at 2:67–3:2. No scanning or bar code reading is required. *Id.* at 2:28–30 ("the verification is determined by a larger visual object that a human can perceive without a machine scanning it."). Barcodes and similar codes like the QR code are not validating "visual

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