

United States Court of Appeals for the Federal Circuit

INVENTOR HOLDINGS, LLC,
Plaintiff-Appellant

v.

BED BATH & BEYOND, INC.,
Defendant-Appellee

2016-2442

Appeal from the United States District Court for the District of Delaware in No. 1:14-cv-00448-GMS, Judge Gregory M. Sleet.

Decided: December 8, 2017

RICHARD CHARLES WEINBLATT, Stamoulis & Weinblatt LLC, Wilmington, DE, argued for plaintiff-appellant.

RICARDO BONILLA, Fish & Richardson P.C., Dallas, TX, argued for defendant-appellee. Also represented by DAVID BRANDON CONRAD, NEIL J. MCNABNAY; JOHN A. DRAGSETH, Minneapolis, MN.

Before WALLACH, CHEN, and STOLL, *Circuit Judges*.
CHEN, *Circuit Judge*.

Inventor Holdings, LLC (IH) sued Bed Bath & Beyond, Inc. (BBB) for infringement of U.S. Patent No. 6,381,582 (the '582 patent) in April 2014. The Supreme Court issued its decision in *Alice Corp. v. CLS Bank International* in June 2014. 134 S. Ct. 2347 (2014). BBB thereafter moved for judgment on the pleadings, contending that *Alice* rendered the asserted claims of the '582 patent invalid under 35 U.S.C. § 101. The district court granted BBB's § 101 motion. *See Inventor Holdings, LLC v. Bed Bath & Beyond Inc.*, 123 F. Supp. 3d 557, 563 (D. Del. 2015). We affirmed the district court's § 101 decision without opinion under Federal Circuit Rule 36. *See Inventor Holdings, LLC v. Bed Bath & Beyond, Inc.*, 643 F. App'x 1014, 1015 (Fed. Cir. 2016).

BBB moved for an award of attorney fees pursuant to 35 U.S.C. § 285, arguing that, once *Alice* issued, IH should have reevaluated its case and dismissed the action. The district court granted BBB's fees motion, holding that, "following the *Alice* decision, IH's claims were objectively without merit." *Inventor Holdings, LLC v. Bed Bath & Beyond Inc.*, No. 14-CV-448, 2016 WL 3090633, at *3 (D. Del. May 31, 2016). The district court awarded BBB its attorney fees beginning from the date of the *Alice* decision, including fees incurred during the § 101 appeal. *See id.* at *4. IH appeals the district court's fees decision. We affirm.

BACKGROUND

I. The '582 Patent

The claimed invention relates to a method of purchasing goods at a local point-of-sale system from a remote seller. Claims 8, 25, and 41, excerpted below, are representative of the claims of the '582 patent:

8. A method of processing a payment for a purchase of goods, comprising the steps of:

receiving at a point-of-sale system a code relating to a purchase of goods;

determining if said code relates to a local order or to a remote order from a remote seller;

if said code relates to a remote order, then

determining a price for said remote order,

receiving a payment for said remote order,
and

transmitting to said remote seller data indicating that said payment has been received for said remote order.

'582 patent col. 14 ll. 7–18.

25. A method for a remote seller to process a payment for the sale of goods, comprising the steps of:

receiving a remote order for a purchase of goods from a customer;

generating a code and a purchase price for said remote order;

transmitting said code and said purchase price to the customer;

providing order data for use by a point-of-sale system of a local seller in receiving a payment for said remote order;

receiving payment data confirming said payment has been received at said point-of-sale system of said local seller;

initiating, responsive to said payment data, a shipment of said goods; and

receiving a payment for said remote order from said local seller.

Id. col. 15 ll. 7–25.

41. A method [for] submitting a payment for a purchase of goods, comprising the steps of:

transmitting an order for goods to a remote merchant;

receiving a code and a purchase price for said order from said remote merchant;

providing at least one of said code and said purchase price for use by a point-of-sale system of a local seller in processing a payment for said order;

submitting said payment to said local seller at said point-of-sale system; and

receiving said goods from said remote merchant.

Id. col. 16 ll. 5–15.

Figure 1 from the patent depicts the specification's only embodiment of a system used to perform the methods recited in claims 8, 25, and 41:

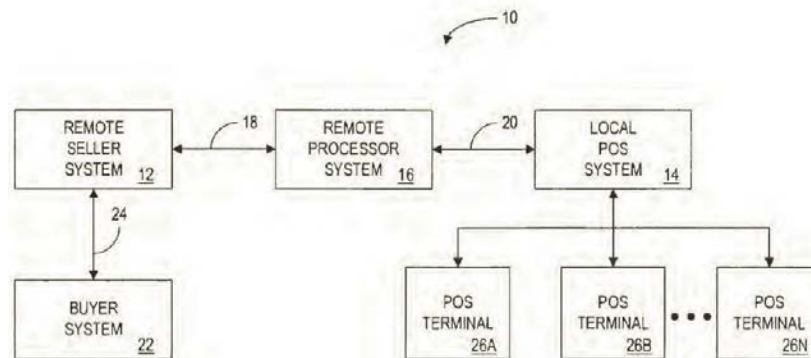


FIG. 1

The patent explains, using the system in Figure 1, that a buyer may place an order for goods with a remote

seller, after which the remote seller generates an “order code.” *Id.* col. 5 ll. 54–56, col. 6 ll. 37–40. The buyer may then enter the order code at a point-of-sale (POS) terminal in a local retail store and pay for the order in person. *See id.* col. 11 ll. 10–57. According to the patent, paying at a local POS terminal distinguishes prior art systems because prior art “catalog purchases” were typically “conducted by telephone and paid for by credit card,” and “[m]any consumers . . . do not feel secure in providing their credit card number to a ‘stranger’ over a telephone.” *Id.* col. 1 ll. 45–48. Thus, the ’582 patent purports to disclose an improved way to “pay for remote purchases” using “payment options available at a local store.” *Id.* col. 13 ll. 34–39. In other words, the invention covers purchasing goods from a remote seller by placing an order, receiving an order code, entering the order code at a POS terminal, and paying for the order in person.

The specification explains that the components in Figure 1 are implemented using conventional computer technology. *Id.* col. 5 ll. 36–38 (“[D]ata link 24 comprises an Internet connection, for example a conventional world-wide-web browser, established through a telephone line.”); *id.* col. 5 ll. 39–41 (“[P]oint-of-sale (POS) terminals 26A, 26B, 26n are connected to local POS system 14, for example through a conventional computer data network.”); *id.* col. 5 ll. 46–48 (“Local POS system 14 with POS terminals 26A–n comprise[] a conventional, commercially available POS processing system.”); *id.* col. 5 ll. 48–49 (“Remote processor system 16 comprises a conventional computer system”); *id.* col. 5 ll. 51–52 (“[B]uyer system 22 comprises a conventional home computer”); *id.* col. 5 ll. 64–65 (“[L]ocal POS system 14 comprises a conventional POS processing system”); *id.* col. 5 ll. 32–34 (“These systems are suitably interconnected by data links 18, 20, comprising for example telephone connections or electronic network connections.”). The only physical

Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

Real-Time Litigation Alerts



Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

Advanced Docket Research



With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

Analytics At Your Fingertips



Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

LAW FIRMS

Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

FINANCIAL INSTITUTIONS

Litigation and bankruptcy checks for companies and debtors.

E-DISCOVERY AND LEGAL VENDORS

Sync your system to PACER to automate legal marketing.