

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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GOOGLE INC.,  
Petitioner,

v.

KLAUSTECH, INC.,  
Patent Owner.

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Case CBM2016-00096  
Patent 6,128,651

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Before MICHAEL R. ZECHER, CHRISTOPHER M. KAISER, and  
KEVIN W. CHERRY, *Administrative Patent Judges*.

ZECHER, *Administrative Patent Judge*.

DECISION

Denying Institution of Covered Business Method Patent Review  
*35 U.S.C. § 324(a) and 37 C.F.R. § 42.208*

## I. INTRODUCTION

Petitioner, Google Inc. (“Google”), filed a Petition requesting a review under the transitional program for covered business method patents of claims 20, 21, 23–26, 28, and 29 (“challenged claims”) of U.S. Patent No. 6,128,651 (Ex. 1001, “the ’651 patent”). Paper 1 (“Pet.”). Patent Owner, KlausTech, Inc. (“KlausTech”), filed a Preliminary Response. Paper 7 (“Prelim. Resp.”).

After Google filed its Petition, but before KlausTech filed its Preliminary Response, the U.S. Court of Appeals for the Federal Circuit issued a decision in *Unwired Planet, LLC v. Google Inc.*, 841 F.3d 1376 (Fed. Cir. 2016) (“*Unwired Planet*”),<sup>1</sup> which provided new guidance regarding the financial prong of the covered business method patent eligibility test. Given this intervening case law, we afforded Google an opportunity to file a reply to explain how the Federal Circuit’s new guidance in *Unwired Planet* impacts this proceeding. Paper 8. Google filed a Reply that was tailored narrowly to address this issue. Paper 9 (“Reply”).

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<sup>1</sup> Shortly before this Decision issued, the Federal Circuit issued a decision in *Secure Access, LLC v. PNC Bank National Ass’n*, No. 2016-1353 (Fed. Cir. Feb. 21, 2017) (“*Secure Access*”). The parties did not have the opportunity to address the holding in *Secure Access* or any possible impact it may have on this case. The Federal Circuit’s decision in *Secure Access* reached a similar outcome as that in *Unwired Planet*, and we determine that its holding does not alter the outcome or analysis presented in this Decision.

We have jurisdiction under 35 U.S.C. § 324,<sup>2</sup> which provides that a covered business method patent review may not be instituted unless the information presented in the Petition demonstrates “that it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable.” Taking into account the arguments presented in KlausTech’s Preliminary Response and Google’s Reply, we determine that the information presented in the Petition does not establish that the ’651 patent qualifies as a covered business method patent that is eligible for review, as defined by § 18(d)(1) of the AIA. We, therefore, *deny* the Petition.

*A. Related Matters*

The parties indicate that the ’651 patent has been asserted in a district court case currently captioned *KlausTech, Inc. v. Google Inc.*, No. 4:10-cv-05899 JSW (N.D. Cal.). Pet. 2–4; Paper 3, 2.

*B. The ’651 Patent*

The ’651 patent generally relates to Internet advertising and, in particular, to a frame displayed on a website that includes ad content controlled and timed by a central controller. Ex. 1001, 1:6–9. According to the ’651 patent, one problem associated with advertising on a web page is that the advertiser who places an ad has little control over how the ad is viewed at a user’s browser. *Id.* at 1:32–33. For instance, some web pages are larger than the screen that displays the web pages and, therefore, allows

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<sup>2</sup> See Section 18(a)(1) of the Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284, 329–31 (2011) (“AIA”), which provides that the transitional program for covered business method patents will be regarded as a post-grant review under Chapter 32 of Title 35 of the United States Code, and will employ the standards and procedures of a post-grant review, subject to certain exceptions.

the web pages and the ads contained therein to be scrolled. *Id.* at 1:34–36. Scrolling in this manner does not allow the advertiser to control when his/her ad is being viewed by the user. *Id.* at 1:36–40. Although one known solution is to place ad content in a non-scrolling frame, this solution has its drawbacks. *Id.* at 1:41–60. Designers of search engines are now equipped to scan a website for the presence of a frame and, if it finds a frame, the search engine is capable of moving on without further interrogation or indexing of the website. *Id.* at 1:67–2:11.

The '651 patent discloses that another problem associated with advertising on a web page is control over how long the ad content is viewed at the user's browser. Ex. 1001, 2:12. Websites displaying ad content that are viewed on non-scrolling frames usually program or randomly change the ad content on a periodic basis. *Id.* at 2:12–16. Because the website has exclusive control over display of the ad content, the same ad content may continue to be displayed indefinitely in the non-scrolling frame for as long as the browser remains on the website. *Id.* at 2:16–19.

The '651 patent addresses these problems by using a webserver that delivers web pages to a user's browser, and a central controller that tracks the extent in which a particular ad is presented at the browser. Ex. 1001, 2:21–23. The web page presents the ad by displaying it in a non-scrolling frame of the browser. *See id.* at 2:24–26. The ad content includes a coded timer that, upon expiration, causes the browser to send a report to the central controller. *Id.* at 2:26–28. According to the '651 patent, this system enables precise control of advertising viewed by the browser, as well as enables the central controller to budget accurately for advertising and adjust accordingly to meet marketing needs. *Id.* at 2:28–32.

*C. Illustrative Claim*

Of the challenged claims, claims 20 and 25 are the only independent claims at issue. Independent claims 20 and 25 are directed to a non-scrolling ad display from a website for causing a browser hitting the website to undertake centrally controlled and recorded ad display for guaranteed minimum time intervals. Claims 21, 23, and 24 directly or indirectly depend from independent claim 20; and claims 26, 28, and 29 directly or indirectly depend from independent claim 25. Independent claim 20 is illustrative of the challenged claims and is reproduced below:

20. A non-scrolling ad display from a website for causing a browser hitting the website to undertake centrally controlled and recorded ad display for guaranteed minimum timed intervals comprising the steps of:

providing a website at a webserver for transmitting at least one page with a non-scrolling ad frame to a browser;

providing ad content for the non-scrolling ad frame, each ad content having ad identity and an individual timer for timing out commencing with display at the browser and an Internet address for fetching by the browser;

providing a central controller interrogating for browser identity and maintaining records associated with the browser identity indicating ad identity displayed, and timer timeout;

placing the ad content in the non-scrolling ad frame of the browser to display the ad content and start the individual timer;

timing out the individual timer of the ad content at the non-scrolling frame at the browser;

reporting from the browser to the central controller the timer timeout of the ad content;

retaining in the central controller a record of the browser identity, the ad identity, and the timer timeout of the ad content at the browser; and

transmitting to the reporting browser an Internet address for new ad content for placement in the non-scrolling ad frame in response to receipt of the timer timeout report at the central controller.

Ex. 1001, Reexamination Certificate, 2:22–49 (italics omitted).

*D. Asserted Grounds of Unpatentability*

Google challenges claims 20, 21, 23–26, 28, and 29 of the ’651 patent based on the asserted grounds of unpatentability (“grounds”) set forth in the table below. Pet. 7–8, 36–83.

<b>Basis</b>	<b>Challenged Claims</b>
§ 101 for failing to claim statutory subject matter	20, 21, 23–26, 28, and 29
§ 101 for claiming patent ineligible subject matter under <i>Alice Corp. v. CLS Bank Int’l</i> , 134 S. Ct. 2347 (2014)	20, 21, 23–26, 28, and 29
§ 112 ¶ 2 for claiming a hybrid claim	20, 21, 23–26, 28, and 29
§ 112 ¶ 2 for failing to claim what applicant regards as its invention	20, 21, 23–26, 28, and 29
§ 112 ¶ 2 for being indefinite	20, 21, 23–26, 28, and 29
§ 112 ¶ 1 for failing to satisfy the written description requirement	20, 21, 23–26, 28, and 29
§ 112 ¶ 1 for failing to satisfy the enablement requirement	20, 21, 23–26, 28, and 29

II. ANALYSIS

*1. Overview of “Covered Business Method Patent”*

Under § 18(a)(1)(E) of the AIA, we may institute a transitional review proceeding only for a covered business method patent. A “covered business method 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

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§ 18(d)(1); *see also* 37 C.F.R. § 42.301 (defining “[c]overed business method patent” and “[t]echnological invention”). For purposes of determining whether a patent is eligible for a covered business method patent review, the focus is on the claims to determine whether there is anything “explicitly or inherently financial in the construed claim language.” *Blue Calypso, LLC v. Groupon, Inc.*, 815 F.3d 1331, 1340 (Fed. Cir. 2016).

## 2. *The Unwired Planet Decision*

As we explained in our Introduction section above, after the filing of the Petition, but before the filing of the Preliminary Response, the Federal Circuit issued its decision in *Unwired Planet*. In that case, the Federal Circuit addressed the scope of the “financial product or service” requirement of the definition of “covered business method patent” found in § 18(d)(1) of the AIA. *Unwired Planet*, 841 F.3d at 1379. As part of its determination of whether the patent at issue in *Unwired Planet* qualified as a covered business method patent eligible for review, the Federal Circuit held that the Board improperly relied on language from the legislative history concerning the scope of covered business method patent review (i.e., the “incidental to” and “complementary to” language), instead of the statutory definition for a covered business method patent. *Id.* at 1380–82.

The Federal Circuit further explained its understanding of the scope of what qualified as a patent claiming a “financial product or service” through its discussion of the specific claims at issue in *Unwired Planet*. Those claims recited a “client application” that, upon reviewing the specification of the patent at issue, the Board determined was broad enough in scope to cover potential sales resulting from advertising. *Unwired Planet*, 841 F.3d at 1378, 1380. The Federal Circuit disagreed with the Board’s

determination—and the argument advanced by the petitioner, Google, on appeal—that the patent at issue qualified as a covered business method patent eligible for review because it included claims that could be used to facilitate advertising. *Id.* at 1379. The Federal Circuit explained that “it cannot be the case that a patent covering a method and corresponding apparatuses becomes a [covered business method] patent because its practice could involve a potential sale of a good or service.” *Id.* at 1382. The Federal Circuit further explained that “[i]t is not enough that a sale has occurred or may occur, or even that the specification speculates such a potential sale might occur.” *Id.*

With this new guidance from the Federal Circuit in mind, we turn to the parties’ arguments as to whether Google has demonstrated that at least one challenged claim of the ’651 patent is directed to a method or apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service.

### *3. The Parties’ Contentions*

Google contends the independent claims 20 and 25 each recite features relating to the presentation and monetization of advertisements. Pet. 9. Google asserts that, because advertising is a “fundamental business practice,” these independent claims are at least incidental or complementary to a financial product or service and, therefore, satisfy the financial prong of covered business method patent eligibility. *Id.* at 10. Google further argues that, as evidenced by a claim construction brief and deposition testimony in the co-pending district court case, KlausTech and the named inventor of the ’651 patent characterize this patent as being directed to a business method



incidental or complementary to a financial product or service. *Id.* at 11, 13–15, 17 (citing Ex. 1007, 2;<sup>3</sup> Ex. 1018, 30:19–21, 31:25–32:7).

Google also argues that the specification of the '651 patent provides additional discussion of the financial context of the particular embodiment covered by independent claims 20 and 25. Pet. 11–13 (citing Ex. 1001, 2:5–9, 2:28–33, 2:46–48, 3:49–61, 5:10–16, 9:10–12, Fig. 1). In particular, Google asserts that the sole reason for retaining “records” of the displayed advertisements, as required by independent claims 20 and 25, is to provide a mechanism for compensation and billing. *Id.* at 14–15 (citing Ex. 1001, 2:28–33, 3:32–35, 3:40–43, 4:32–37, Fig. 1). Lastly, Google directs us to Federal Circuit precedent, as well as previous Board decisions, that purportedly support its assertion that the financial prong of covered business method patent eligibility should be construed broadly. *Id.* at 15–17.

In response, KlausTech contends that the challenged claims do not satisfy the statutory definition for a covered business method patent. Prelim. Resp. 10. KlausTech directs us to the Federal Circuit’s recent decision in *Unwired Planet*, and argues that Google improperly relies upon the “incidental to” or “complementary to” language from the legislative debate concerning the scope of covered business method patent review. *Id.* at 10–12. KlausTech argues that Google fails to point to language in the challenged claims that is financial in nature, such as the subsidy program explicitly recited in the claims at issue in *Blue Calypso*. *Id.* at 12 (citing *Blue Calypso*, 815 F.3d at 1339–40). KlausTech also argues that, unlike the

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<sup>3</sup> All page numbers in Exhibit 1007 refer to the original pages in the middle portion of each page—not the page numbers inserted by Google in essentially the same location.

subsidy program in *Blue Calypso*, the “ad content” recited in independent claim 20 and 25 is not the central or core concept of the claimed invention.

*Id.* Rather, KlausTech argues that the central or core concept of the claimed invention is delivery and display of ad content at the browser apart from the website actually being displayed by the browser. *Id.*

In its Reply, Google counters that, because independent claims 20 and 25 each recite “providing ad content,” “placing the ad content” and “retaining . . . a record,” these claims expressly recite financial-related activities. Reply 1 (citing Ex. 1001, Reexamination Certificate, 2:22–49, 3:19–48). Google argues that transmitting and displaying “ad content” in a browser (i.e., online advertising) constitutes operations used in the practice, administration, or management of a financial product or service. *Id.* at 2. As further support for its argument, Google directs us to the Federal Circuit’s decision in *Blue Calypso*, as well as previous Board decisions addressing whether advertising, by itself, is sufficient to meet the financial prong of covered business method eligibility. *Id.* Google also argues that, even after the Federal Circuit’s decision in *Unwired Planet*, claims that recite online advertising still qualify as a financial product or service. *Id.* at 2–3. Lastly, Google argues that “retaining . . . a record,” as recited in independent claims 20 and 25, is financial in nature because, upon examining the specification of the ’651 patent, the sole function of retaining a record of the displayed advertisement is for compensation and billing. *Id.* at 3–4 (citing Ex. 1001, Abstract, 2:28–33, 3:32–35, 3:40–43, 4:32–37, Fig. 1).

4. *The '651 Patent Does Not Satisfy the Financial Prong of Covered Business Method Patent Eligibility*

We agree with KlausTech that, based on the Federal Circuit's new guidance in *Unwired Planet*, Google has not demonstrated that at least one challenged claim of the '651 patent is directed to a method or apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service. We begin our analysis by focusing on the language of independent claims 20 and 25, each of which recite "providing ad content for the non-scrolling ad frame," "placing the ad content, in the non-scrolling ad frame . . . to display the ad content," and "retaining in the central controller a record of the browser identity, the ad identity, and the timer timeout of the ad content at the browser." Ex. 1001, Reexamination Certificate, 2:22–49, 3:19–48 (italics omitted). We agree with Google that these claims generally apply to Internet advertising. *See* Pet. 9–10; Reply 1–2. The Federal Circuit, however, explained in *Unwired Planet* that claims broad enough in scope to cover the facilitation of advertisement, without more, are not enough to justify concluding that a patent is a covered business method patent eligible for review. *See Unwired Planet*, 841 F.3d at 1379, 1382.

Likewise, independent claims 20 and 25 do not recite explicitly or inherently any additional financial terminology or limitations that would justify concluding that the '651 patent is a covered business method patent eligible for review. Although we recognize that Internet advertising generally involves the sale of ad space, the fact that a sale has occurred or may occur is not enough when the challenged claims neither recite a sale nor are otherwise directed to the practice, administration, or management of a financial product or service. *See Unwired Planet*, 841 F.3d at 1382.

Moreover, although Internet advertising might lead to a sale of a good or service, mere probabilities or possibilities fall short of demonstrating operations necessarily used in the practice, administration, or management of a financial product or service. *See id.* Here, there is nothing explicit or inherent in the challenged claims that is financial in nature, and Google does not propose any claim constructions that are financial in nature that would warrant a different conclusion. *See* Pet. 34–35 (setting forth Google’s proposed construction of “non-scrolling ad display,” which does not include a specific tie to a financial product or service).

To support its argument that independent claims 20 and 25 are directed to a covered business method, Google identifies certain examples in the specification of the ’651 patent. *See* Pet. 11–13; Reply 3–4. Google, however, does not explain how these examples disclosed in the specification limit the scope of the challenged claims. For example, the ’651 patent states “[t]he data base [sic] provides an audit trail from which websites *can be* compensated for ad display and advertisers billed for the ad display.” Ex. 1001, Abstract (emphasis added); *see also id.* at 2:46–48 (stating the same). Independent claims 20 and 25, however, do not require such a database. In any event, the language “can be” is permissive language that renders this particular aspect disclosed in the abstract and specification optional.

As another example, the specification discloses that “[a] record *may be* used to compensate each of the advertiser webservers C for the total time of ad display to particular browsers B,” and “[u]tilizing this record, advertisers *can be* billed for the services that the system renders.” Ex. 1001, 4:34–36, 4:44–45 (emphases added). The particular “record” recited in

independent claims 20 and 25, however, is only limited to include the “browser identity,” “ad identity,” and “timer timeout of the ad content.” *Id.* at Reexamination Certificate, 2:43–45, 3:40–42. Once again, the language “may be” and “can be” used in the specification is permissive language that renders the additional compensation and billing aspects disclosed therein optional.

Putting aside that certain examples in the specification of the ’651 patent are optional features that do not limit the scope of the challenged claims, the Federal Circuit in *Unwired Planet* cautioned that, even if “the specification speculates . . . a potential sale might occur,” that is not enough to render a patent a covered business method patent eligible for review. *Unwired Planet*, 841 F.3d at 1382. As we explained above, the specification indicates that retaining a record of a displayed advertisement may be used for compensation and billing purposes. We, however, decline Google’s invitation to speculate or assume that the sole purpose of the record retention required by the challenged claims is for compensation and billing.

To the extent Google argues that the challenged claims in this proceeding are similar to the claims at issue in *Blue Calypso* and, therefore, satisfy the financial prong of covered business method patent eligibility, we do not agree. *See* Reply 2–3. In *Blue Calypso*, the claims were directed to “[a] method for providing access to an advertisement from an advertiser” that recited, among other things, a “subsidy program.” *Blue Calypso*, 815 F.3d at 1336–37. The Board focused on the subsidy program, particularly the unchallenged construction of the claim term “subsidy,” to qualify the patents at issue as covered business method patents eligible for review. *Id.* at 1339–40. The Federal Circuit agreed with the Board, noting that the

patents at issue “are directed to methods in which advertisers *financially* induce ‘subscribers’ to assist their advertising efforts.” *Id.* at 1340. The challenged claims at issue in this proceeding are distinguishable from the claims at issue in *Blue Calypso* in at least one respect. As we explained above, independent claims 20 and 25 generally apply to Internet advertising. These claims do not recite explicitly or inherently any additional financial terminology or limitation, such as the subsidy program explicitly recited in the claims at issue in *Blue Calypso*.

We do not agree with Google’s argument that there are a number of Board decisions, particularly those addressing advertisements, that support its argument that at least one of the challenged claims of the ’651 patent satisfies the financial prong of covered business method patent eligibility. *See* Pet. 10–11, 15–17; Reply 2–3. The Board decisions cited by Google are not precedential and not binding on this panel. Nonetheless, we have reviewed these decisions. Our review of these decisions, however, reveals that the determination of whether a patent is a covered business method patent eligible for review rests upon the specific facts of each case.

We also take this opportunity to note that the Board decisions cited by Google are distinguishable from the circumstances presented here in at least one additional respect. With the exception of *Kayak Software Corp. v. IBM Corp.*, Case CBM2016-00077 (PTAB Dec. 15, 2016) (Paper 15) (“*Kayak*”), each of the Board decisions cited by Google were issued before the new guidance provided by the Federal Circuit in *Unwired Planet*. Google relies on *Kayak* to support its assertion that an application “presenting advertising to the user” is financial in nature. *See* Reply 3 (citing *Kayak*, slip op. at 11). Although the Board’s decision in *Kayak* did, indeed, make such a statement,

Google does not capture the full context of the Board’s analysis. The Board was discussing an argument presented by the petitioner regarding an application depicted in a figure that gave “the user the option to purchase apples” and was “described as presenting advertising to the user.” *Kayak*, slip op. at 11. The Board went on to explain that “the presence of a financial application in the specification . . . does not limit the claims [at issue] to financial applications.” *Id.* at 12. In fact, the Board eventually concluded that the patent at issue in *Kayak* did not satisfy the financial prong of covered business method patent eligibility, as set forth in § 18(d)(1) of the AIA. *Id.* at 15. Similar to *Kayak*, even though the specification of the ’651 patent indicates that retaining a record of a displayed advertisement may be used for compensation and billing purposes, Google does not direct us to, nor can we find, any language in these claims that would limit them in this way.

Lastly, we do not agree with Google’s argument that the ’651 patent qualifies as a covered business method patent eligible for review merely because, in the co-pending district court case, KlausTech and the named inventor characterize this patent as being financial in nature. *See* Pet. 11, 13–15, 17; *see also* Reply 4 (arguing the same). As we explained above, the focus is on the claims to determine whether they recite explicit or inherent terminology or limitations that are financial in nature. *Blue Calypso*, 815 F.3d at 1340. Apart from being generally applicable to Internet advertising, independent claims 20 and 25 do not recite explicitly or inherently any additional financial terminology or limitations that would justify concluding that the ’651 patent is a covered business method patent eligible for review. In our view, it cannot be the case that the ’651 patent somehow transforms

into a patent that satisfies the financial prong of covered business method patent eligibility simply because KlausTech and the named inventor characterize this patent as financial in nature in the co-pending district court case.

#### 5. *Summary*

In summary, based on this record, we are not persuaded that Google has demonstrated that at least one of the challenged claims satisfies the financial prong of covered business method patent eligibility, as set forth in § 18(d)(1) of the AIA.

### III. CONCLUSION

Taking into account the arguments presented in KlausTech's Preliminary Response and Google's Reply, we determine that the information presented in the Petition does not establish that the '651 patent qualifies as a covered business method patent that is eligible for review, as defined by § 18(d)(1) of the AIA. We, therefore, do not institute a covered business method patent review based on any of the asserted grounds as to any of the challenged claims.

### IV. ORDER

In consideration of the foregoing, it is ORDERED that the Petition is DENIED and no trial is instituted.



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