UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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DELL, INC.
Petitioner

v.

DISPOSITION SERVICES, LLC
Patent Owner

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Case CBM2013-00040
Patent 5,424,944

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PATENT OWNER DISPOSITION SERVICES, LLC'S RESPONSE

Mail Stop PATENT BOARD
Patent Trial and Appeal Board
U.S. Patent & Trademark Office
P.O. Box 1450
Alexandria, VA 22313-1450

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I. INTRODUCTION

In accordance with 37 C.F.R. §§ 42.24 & 42.220(a), Patent Owner, Disposition Services, LLC, submits this Response to Petitioner's Petition for Covered Business Method (CBM) patent review ("the Petition"), of Claims 1-6, and 8-23 of U.S. Patent No. 5,424,944 ("the '944 patent") under § 18 of the America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011) ("AIA").

Patent Owner respectfully submits that, for at least the reasons stated below, the Patent Trial and Appeal Board ("PTAB") must find that Petitioner has failed to prove by clear and convincing evidence that Claims 1-6 and 8-23 of the '944 patent are directed to patent-ineligible subject matter under 35 U.S.C. § 101.

II. THE TEST FOR PATENT-ELIGIBILITY UNDER 35 U.S.C. § 101

35 U.S.C. § 101 lists new and useful processes, machines, manufactures, and compositions of matter as the four broad categories of patent-eligible subject matter. To qualify as a machine under § 101, the claimed invention must be a "concrete thing, consisting of parts, or of certain devices and combinations of devices." *Burr v. Duryee*, 68 U.S. 531, 507 (1863). "In choosing such expansive terms … modified by the comprehensive 'any,' Congress plainly contemplated that the patent laws would be given wide scope." *Bilski v. Kappos*, 130 S.Ct. 3218, 3225 (2010), quoting *Diamond v. Chakrabarty*, 447 U.S. 303, 308 (1980).

In its recent decision in *Alice Corporation v. CLS Bank Int'l*, the Supreme Court reaffirmed that "laws of nature, natural phenomena, and abstract ideas" constitute the three judicially-created exceptions to the broad categories of patent-eligible subject matter under § 101. *Alice Corp. Pty. Ltd. v. CLS Bank Int'l et al.*, 134 S.Ct. 2347, 2354 (2014). In doing so, the Court laid out a two-part test for the determination of patent-eligibility under § 101, guiding the inquiry as follows:

1. First determine whether the claims at issue are directed to a patent-ineligible concept; and
2. If the claims are so directed, the focus shifts to whether the claim's elements, considered both individually and as an ordered combination, transform the nature of the claim into a patent-eligible application.

Alice, 134 S.Ct. at 2355.

A. Abstract Ideas

Determining what constitutes an "abstract idea" sufficient to render a claim as "directed to a patent-ineligible concept" under step one of the above test is a nuanced undertaking inherently biased to the over-inclusive. In recognition of this fact, the Supreme Court has cautioned tribunals to "tread carefully in construing this exclusionary principle lest it swallow all of patent law," because "at some level, all inventions … embody, use, reflect, rest upon, or apply … abstract ideas."

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