

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

EBAY ENTERPRISE, INC. and EBAY, INC.
Petitioner

v.

LAWRENCE B. LOCKWOOD
Patent Owner

Case CBM2014-00026
Patent 5,576,951

Before SALLY C. MEDLEY, MICHAEL W. KIM, and
BENJAMIN D. M. WOOD, *Administrative Patent Judges*.

WOOD, *Administrative Patent Judge*.

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

I. INTRODUCTION

A. *Background*

eBay Enterprise, Inc. (“EEI”)¹ and eBay, Inc. (“eBay”) (collectively “Petitioner”) filed a petition (Paper 1, “Pet.”) to institute a review under the transitional program for covered business method patents of U.S. Patent No. 5,576,951 (Ex. 1008, “the ’951 patent”). Patent Owner Lawrence B. Lockwood (“Patent Owner”)² filed a preliminary response (Paper 13, “Prelim. Resp.”). We have jurisdiction under 35 U.S.C. § 324.

The standard for instituting a covered business method patent review is set forth in 35 U.S.C. § 324(a), which provides as follows:

THRESHOLD—The Director may not authorize a post-grant review to be instituted unless the Director determines that the information presented in the petition filed under section 321, if such information is not rebutted, would demonstrate that it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable.

Petitioner challenges the patentability of claims 1-32 of the ’951 patent under 35 U.S.C. §§ 112 ¶ 2,³ and 103. Taking into account Patent

¹ The petition names eBay and GSI Commerce Solutions, Inc. (“GSI”) as petitioners. *See* Paper 1, cover page. In a paper filed April 11, 2014, Petitioner gave notice that GSI had changed its name to EEI. Paper 17 at 1.

² The petition names Landmark Technologies, LLC (“Landmark”) as the patent owner. Paper 1, cover page. In a paper filed February 21, 2014, Mr. Lockwood gave notice that he owns the ’951 patent and that Landmark is the licensee of the patent. Paper 15 at 1, n.1.

³ Section 4(c) of the America Invents Act. Pub. L. No. 112-29, 125 Stat. 284, 329 (2011) (“AIA”) re-designated 35 U.S.C. § 112 ¶¶ 1-6 as 35 U.S.C. § 112(a)-(f). Because the ’951 patent has a filing date prior to September 16, 2012, the effective date of the AIA, we refer to the pre-AIA version of 35 U.S.C. § 112.

Owner's preliminary response, we determine that the information presented in the petition demonstrates that it is more likely than not that the challenged claims are unpatentable under 35 U.S.C. § 112 ¶ 2. As a result, we are unable to reach the alleged grounds of unpatentability based on 35 U.S.C. § 103. Accordingly, pursuant to 35 U.S.C. § 324, we authorize a covered business method patent review to be instituted as to claims 1-32 of the '951 patent.

B. Related Proceedings

Petitioner discloses that the '951 patent is involved in *Landmark v. iRobot*, Case No. 6:13-cv-411 (E.D. Tex. 2013). Pet. 7. As discussed below, iRobot is Petitioner EEI's customer, and EEI alleges that it is obligated to indemnify iRobot. Petitioner further discloses that a related patent, U.S. Patent No. 7,010,508, is the subject of another petition for transitional covered-business-method review. *Id.*; see *GSI Commerce Solutions, Inc., v. Landmark Technologies LLC*, CBM2014-00025 (Paper 1). Patent Owner discloses that the '951 patent is involved in sixteen additional suits that are pending in the Eastern District of Texas. See Paper 11 at 3-5 and n.2; Paper 18 at 2-4 and n.2.⁴

⁴ Patent Owner suggests that we should not institute CBM review because Petitioner failed to inform the Board of all related proceedings as it was required to do under 37 C.F.R. § 42.8(b)(2). Prelim. Resp. 3-4. Rule 42.8 requires each party to identify "any other judicial or administrative matter that would affect, or be affected by, a decision in the proceeding." 37 C.F.R. § 42.8(a)(1)-(2), (b)(2). While a failure to comply with an applicable rule may be sanctioned (37 C.F.R. § 42.12(a)(1)), we do not believe that a sanction, much less dismissal of the petition, is appropriate here. Patent Owner has not shown that Petitioner failed to identify a related proceeding of which Petitioner was aware. Moreover, we presume that

The '951 Patent also has been the subject of two *ex parte* reexaminations: (1) No. 90/006,625 (“the 1st *ex parte* reexam”); and (2) No. 90/012,685 (“the 2nd *ex parte* reexam”). The 1st *ex parte* reexam confirmed the patentability of original claims 1-10, and added claims 11-32. Ex. 2008, 1st reexam cert., 1:17-20. The 2nd *ex parte* reexam confirmed the patentability of claims 1-32. Ex. 2008, 2nd reexam cert., 1:12.

C. The Claimed Subject Matter

The '951 patent is directed to “data processing systems designed to facilitate commercial, financial and educational transactions between multimedia terminals such as automated sales workstations, information dispensing networks and self-service banking systems.” Ex. 1008, 1:30-34. The preferred embodiment is directed to “a means for automatically creating and displaying customized travel and tour sales presentations from various textual and graphical data sources managed by a multiplicity of operating programs.” *Id.* at 5:24-28. Referring to figure 1, the specification describes this system as comprising “one or more special information and sales terminals 2 linked to an airline computerized reservation system 1 which gives access to the data processing installations of various travel suppliers 4.” *Id.*, 8:44-47; fig. 1. A travel agent interviews a client and enters client’s requests – e.g., travel to Barbados to play golf – into terminal 2. *Id.*, 9:13-14; fig. 2. Based on this input, microprocessor 14: (1) selects relevant video chapters – e.g., relating to golf courses in Barbados – stored locally in the terminal’s A/V Data Sources 9; (2) obtains relevant reservation data – e.g., cost and schedule of flights to Barbados – from remote

Patent Owner has identified all related proceedings that Petitioner did not identify in the petition.

reservation system 1; and (3) combines the video and reservation data into a single personalized presentation displayed on the terminal for the client. *Id.*, 8:54-9:37; figs. 1, 2, 6.

A first alternate embodiment of the invention relates to multimedia terminals used by banking institutions to make their services, such as loan processing, continuously available from various remote locations. *Id.*, 3:35-38. As shown in figure 7, the system comprises financial institution 101 linked to a plurality of remote self-service terminals 102 and credit rating service 103. *Id.*, 12:38-41; fig. 7. The terminal's video screen displays pre-recorded video of a fictitious bank loan officer who guides a loan applicant through the application process. *Id.*, 13:66-14:3; fig. 8. The applicant answers questions posed by the fictitious loan officer via a touch pad. *Id.*, 14:19-29; fig. 9. Based on the applicant's answers, the terminal communicates with financial institution 101 and credit rating service 103 to process the loan. *Id.*, 14:49-60, 15:21-64; figs. 10, 11.

A second alternative embodiment is drawn to a system for "dispensing information, goods and services from multiple retail, travel, financial, grocery and other service industries." *Id.* 16:43-46. As shown in figure 12, the system comprises central data processing center 201 that links customers' information and sales stations 202 to retailers' data processing terminals 204. *Id.*, 16:47-51; fig. 12. Customers can use their terminals to request information about goods and services available from the retailers, and order such goods and services, via central data processing center 201. *Id.*, 17:9-18; fig. 12.

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