

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  
\_\_\_\_\_

Case CBM2013-00040  
Patent 5,424,944  
\_\_\_\_\_

Before SALLY C. MEDLEY, KEVIN F. TURNER, and  
MATTHEW R. CLEMENTS, *Administrative Patent Judges*.

CLEMENTS, *Administrative Patent Judge*.

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

## I. INTRODUCTION

Dell Inc. (“Petitioner”) filed a petition seeking covered business method patent review of claims 1–23 (the “challenged claims”) of U.S. Patent No. 5,424,944 (Ex. 1001, “the ’944 patent”) pursuant to section 18 of the Leahy-Smith America Invents Act (AIA)<sup>1</sup>. Paper 1 (“Pet.”). The petition challenges all of the claims (1–23) of the ’944 patent as unpatentable under 35 U.S.C. § 101. Patent Owner filed a preliminary response opposing institution of the review. Paper 6 (“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.

We determine that the ’944 patent is a covered business method patent. Petitioner has demonstrated that it is more likely than not that the challenged claims are directed to non-statutory subject matter and, thus, unpatentable under 35 U.S.C. § 101. Thus, we institute a covered business method patent review for the challenged claims of the ’944 patent based upon Petitioner’s challenge that those claims are unpatentable under § 101.

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<sup>1</sup> Pub. L. No. 112-29, 125 Stat. 284 (2011).

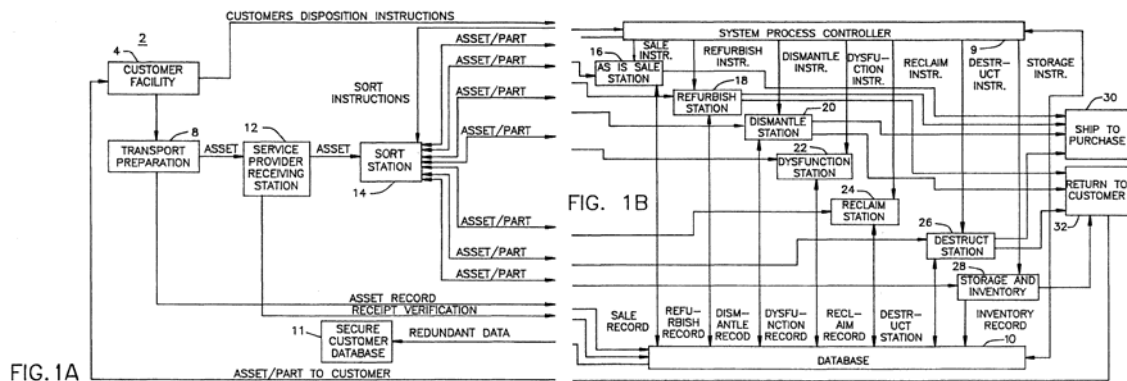
*A. Related Litigation*

In compliance with 37 C.F.R. § 42.302(a), Petitioner certifies that it has been sued for infringement of the '944 patent (the "Dell Litigation"). Pet. 5 (citing Ex. 1002). Patent Owner does not challenge the certification.

*B. The '944 Patent*

The '944 patent "relates to a system and method for the controlled disposition of selected capital assets." Ex. 1001, col. 1, ll. 6–7. According to the '944 patent, there was a need for managing various types of dispositions of surplus or obsolete assets, such as an older model mainframe computer. *Id.* at ll. 20–27. It was known in the prior art to provide a surplus asset to an outside vendor for disassembly. *Id.* at ll. 27–30. However, according to the '944 patent, such vendors inadvertently or fraudulently mismanaged the disassembly and disposition of the surplus asset, such that, for example, parts that should have been kept out of the market were instead sold on a black market. *Id.* at ll. 30–34.

To solve these problems, the '944 patent discloses a disposition process supported by an interactive multimedia system that combines images of the assets with relevant data, audio records, and disposition instructions. *Id.* at ll. 44–49. The major processes are the transport process, the receipt process, the sort process, the disposition process, and the certification or verification process. *Id.* at col. 2, ll. 7–10. Figures 1A and 1B are reproduced below:



Figures 1A and 1B depict a functional block diagram of the preferred embodiment of the '944 patent. *Id.* at col. 4, ll. 10–11. As depicted in Figure 1A, an asset to be disposed of is initially located at customer facility 4 and is first prepared for transport to the disposition facility at transport preparation station 8 that is located either at or proximate customer facility 4. *Id.* at ll. 22–26. At transport station 8, the asset is loaded onto a transport vehicle, such as an airplane, locomotive, or truck, “[t]he transport vehicle is sealed by means known in the art in order to guard against tampering with or theft of the asset during transport, and a transport record is created.” *Id.* at ll. 27–32. “After arrival at the disposition facility, the transport vehicle is unsealed at the asset receiving station 12.” *Id.* at ll. 63–66. After confirmation that the asset has been transported validly, the asset is routed to sort station 14. *Id.* at col. 5, ll. 16–17. Sort station 14 comprises system terminal 108, interactive multimedia device 110, and data capture device 104. *Id.* at ll. 17–22. Disposition facility personnel operate sort station 14 in accordance with instructions previously provided by the customer regarding the desired manner of disposition of the asset, which instructions are displayed on multimedia device 110. *Id.* at ll. 28–32. The asset may be routed to as-is sale station 16, refurbish station 18, dismantle station 20, dysfunction station 22, reclaim station 24, destruct station 26, storage station

28, or some combination thereof. *Id.* at ll. 32–36. At the appropriate station, the asset is sold, dismantled, dysfunctional, reclaimed, destroyed, or stored. *Id.* at col. 5, l. 36 to col. 7, l. 52. In some cases, a record of the action taken is created in database 10. *Id.* at col. 5, ll. 48–51, col. 6, ll. 45–48, and col. 7, ll. 36–40 and ll. 46–51. “After disposition, the asset, component parts and/or reclaimed materials may be sold in the appropriate market to a purchaser, returned to the customer, or stored on-site for subsequent disposition.” *Id.* at col. 3, ll. 65–68.

### C. Exemplary Claim

Of the challenged claims, claims 1, 2, 15, and 16 are the only independent claims. Claim 1 is representative and is reproduced below:

1. A method for verifiably controlling the disposition of an asset, said method comprising the steps of:
  - (a) creating an asset record uniquely associated with said asset;
  - (b) securely sealing said asset in a tamper-proof transport means;
  - (c) creating a transport record associating said asset with said tamper-proof transport means;
  - (d) transporting said asset from a customer facility to a disposition facility;
  - (e) unsealing said asset from within said tamper-proof transport means;
  - (f) creating a receipt record associating said asset with said tamper-proof transport means, said receipt record being reconcilable with said transport record;
  - (g) sorting said asset in accordance with a preselected method of disposition; and
  - (h) disposing of said asset in accordance with said preselected method of disposition and creating a disposition

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