United States Court of Appeals for the Federal Circuit

UNWIRED PLANET, LLC,
Appellant

v.

GOOGLE INC.,
Appellee

2015-1812

Appeal from the United States Patent and Trademark Office, Patent Trial and Appeal Board in No. CBM2014-00006.

Decided: November 21, 2016

WILLIAM M. JAY, Goodwin Procter LLP, Washington, DC, argued for appellant. Also represented by ELEANOR M. YOST; BRETT M. SCHUMAN, DAVID ZIMMER, San Francisco, CA.

JON WRIGHT, Sterne Kessler Goldstein & Fox, PLLC, Washington, DC, argued for appellee. Also represented by MICHAEL V. MESSINGER, JOSEPH E. MUTSCHELKNAUS, DEIRDRE M. WELLS; PETER ANDREW DETRE, Munger, Tolles & Olson, LLP, San Francisco, CA; ADAM R. LAWTON, Los Angeles, CA.

Before REYNA, PLAGER, and HUGHES, *Circuit Judges*.

REYNA, *Circuit Judge*.

Unwired Planet, LLC ("Unwired") appeals from the final written decision of the Patent Trial and Appeal Board ("Board") in Covered Business Method Patent Review No. 2014-00006. *Google Inc. v. Unwired Planet, LLC,* CBM2014-00006, 2015 WL 1570274 (P.T.A.B. Apr. 6, 2015) ("*CBM Final Decision*"). Because the Board relied on an incorrect definition of covered business method ("CBM") patent in evaluating the challenged patent, U.S. Patent No. 7,203,752 (the "'752 patent"), we *vacate* and *remand*.

BACKGROUND

U.S. Patent No. 7,203,752

The '752 patent is entitled "Method and System for Managing Location Information for Wireless Communications Devices." It describes a system and method for restricting access to a wireless device's location information. The specification describes a system that allows users of wireless devices (e.g., cell phones) to set "privacy preferences" that determine whether "client applications" are allowed to access their device's location information. '752 patent col. 1 ll. 60–65. The privacy preferences used to determine whether client applications are granted access may include, for example, "the time of day of the request, [the device's] current location at the time the request is made, the accuracy of the provided information and/or the party who is seeking such information." *Id.* at col. 1 l. 65 to col. 2 l. 1. "In operation, a client application will submit a request over a data network to the system requesting location information for an identified wireless communications device." *Id.* at col. 3 ll. 30–33. The system then determines, based on the user's privacy preferences, whether to provide the requested location information to a client application. *Id.* at col. 3 ll. 38–50.

Claim 25 is representative for the purposes of this appeal. It claims:

> A method of controlling access to location information for wireless communications devices operating in a wireless communications network, the method comprising:
>
> receiving a request from a client application for location information for a wireless device;
>
> retrieving a subscriber profile from a memory, the subscriber profile including a list of authorized client applications and a permission set for each of the authorized client applications, wherein the permission set includes at least one of a spatial limitation on access to the location information or a temporal limitation on access to the location information;
>
> querying the subscribe[r] profile to determine whether the client application is an authorized client application;
>
> querying the subscriber profile to determine whether the permission set for the client application authorizes the client application to receive the location information for the wireless device;
>
> determining that the client application is either not an authorized client application or not authorized to receive the location information; and
>
> denying the client application access to the location information.

Id. at col. 16 ll. 18–40.

CBM 2014-00006

On October 9, 2013, Google Inc. ("Google") petitioned for CBM review of claims 25–29 of the '752 patent. *See* Leahy-Smith America Invents Act ("AIA"), Pub. L. No. 112–29, § 18, 125 Stat. 284, 329–31 (2011).[1] On April 8, 2014, the Board instituted CBM review of all the challenged claims. As a threshold matter, the Board reviewed whether the '752 patent is a CBM patent. *See* AIA § 18(d); 37 C.F.R. § 42.301. The Board based its review on "whether the patent claims activities that are financial in nature, incidental to a financial activity, or complementary to a financial activity." *Google Inc. v. Unwired Planet, LLC*, CBM2014-00006, 2014 WL 1396978, at *7 (P.T.A.B. Apr. 8, 2014) ("*CBM Institution Decision*") (citing Board decisions). After examining the '752 patent's specification, the Board found the '752 patent to be a CBM patent, reasoning:

> The '752 patent disclosure indicates the "client application" may be associated with a service provider or a goods provider, such as a hotel, restaurant, or store, that wants to know a wireless device is in its area so relevant advertising may be transmitted to the wireless device. *See* ['752 patent col. 11 ll.] 12–17. Thus, the subject matter recited in claim 25 of the '752 patent is incidental or complementary to the financial activity of service or product sales. Therefore, claim 25 is directed to a method for performing data processing or other operations used in the practice, administration, or management of a financial product or service.

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[1] Section 18 of the AIA, pertaining to CBM review, is not codified. References to AIA § 18 in this opinion are to the statutes at large.

Id. The Board instituted the CBM review on four grounds: (1) claims 25–29 for unpatentable subject matter under 35 U.S.C. § 101, (2) claim 26 for lack of written description under 35 U.S.C. § 112, (3) claim 25 for obviousness under 35 U.S.C. § 103 over two references, and (4) claim 25 for obviousness over a different combination of two references. *CBM Institution Decision*, 2014 WL 1396978, at *1, *4, *20–21.

The Board issued its final written decision on April 6, 2015. The Board upheld only the first ground, finding that the challenged claims were directed to unpatentable subject matter under section 101. *CBM Final Decision*, 2015 WL 1570274, at *18. Unwired appeals. Google does not cross-appeal. The only issues on appeal are whether the patents are CBM patents and whether the challenged claims are directed to patentable subject matter under section 101. We have jurisdiction under 28 U.S.C. § 1295(a)(4)(A) and 35 U.S.C. § 329. Our jurisdiction includes review of whether the '752 patent is a CBM patent. *Versata Dev. Grp., Inc. v. SAP Am., Inc.*, 793 F.3d 1306, 1323 (Fed. Cir. 2015).

STANDARD OF REVIEW

We review Board determinations under the standards provided in the Administrative Procedure Act ("APA"), 5 U.S.C. § 706. *Pride Mobility Prods. Corp. v. Permobil, Inc.*, 818 F.3d 1307, 1313 (Fed. Cir. 2016); *Power Integrations, Inc. v. Lee*, 797 F.3d 1318, 1323 (Fed. Cir. 2015). "Under 5 U.S.C. § 706(2)(A), (E), the Board's actions here are to be set aside if 'arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law' or 'unsupported by substantial evidence.'" *Pride Mobility*,

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