UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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United Services Automobile Association,

Petitioner,

v.

NADER ASGHARI-KAMRANI and KAMRAN ASGHARI-KAMRANI,
Patent Owner

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Case CBM2016-00064
Patent 8,266,432

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PETITIONER'S REPLY TO PATENT OWNER'S ADDITIONAL BRIEF

The '432 patent ("the '432") qualifies for covered business method ("CBM") review ("CBMR"). The AIA defines a CBM patent as "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*" (emphasis added). AIA § 18(d)(1); *see also* 37 C.F.R. § 42.301. The Federal Circuit's decision in *Secure Axcess, LLC v. PNC Bank Nat'l Ass'n et al.* reiterates the holding in *Unwired Planet, LLC v. Google Inc.*, that patent claims "incidental to a financial activity or complementary to a financial activity" are beyond the scope of CBMR, but also endorses the "financial in nature" interpretation for CBM eligibility provided in *Blue Calypso v. Groupon Inc. See Secure Axcess*, 848 F.3d 1370, 1380-81 (Fed. Cir. 2017); *Unwired Planet*, 841 F.3d 1376, 1379-82 (Fed. Cir. 2016), cf. *Blue Calypso*, 815 F.3d 1331, 1340 (Fed. Cir. 2016). Significantly, the Board's Institution Decision ("ID") and decision denying rehearing in this case are wholly consistent with *Secure Axcess*, interpreting the **claims** in light of the specification to conclude that the '432 is eligible for CBMR. *See SecureAxcess*, 848 F.3d at 1378.

Indeed, Patent Owner's ("PO") briefing completely disregards the explicit definitions of the claim terms "user" and "external entity" provided in the '432 specification (and adopted in the ID) as well as PO's own constructions for those terms. Thus, PO's briefing is flawed as it fails to account for claim construction. To make its new arguments, PO's most recent constructions differ from not only PO's own

prior asserted constructions, the ID, and from the **explicit** definitions in the '432

specification, which are all financial in nature, but also from the actual language of

the claims (*e.g.*, the PO now contends that the claimed method is "a *prerequisite* for

an electronic transaction," however, the claims and ID provide that each step is per-

formed "*during* the [electronic] transaction.") More specifically, PO originally pro-

posed constructions for the term "user" as "a person or business **consuming goods**

and services" and for the term "external-entity" as a "party **offering goods or ser-**

vices in e-commerce and needs to authenticate the users based on digital identity."

Paper 22, 3, 6 (emphases added). Also probative to the meaning of these claim terms,

several explicit definitions from within the '432 reveal that these claims are finan-

cial-in-nature. For example, a "user" is "both a typical person consuming goods and

services as well as a business consuming goods and services" and an "External-En-

tity" is "any party offering goods or services that users utilize by directly providing

their UserName and SecureCode as digital identity," where "such entity could be a

bank or a **credit card issuing company**." USAA-1001, 2:10-12, 19-21, 25-26; *see*

also 3:4-6 ("External-Entity" is "any party offering goods or services **in e-com-**

merce and needs to authenticate the users based on digital identity."). Further, the

'432 specification reveals that "transactions" are conducted "**in e-commerce**."

USAA-1001, 2:54-55, 3:31-32. Even PO's expert confirmed the financial nature of

the '432. USAA-1068, 77:10-78:6 (confirming that the '432 and its claims are related to "financial transactions in the buying and selling of products and services").

Through the prosecution history of the '432, and throughout PO's attempts to allege that either the '676 patent or the '129 patent provide written description support for the claims of the '432, **PO has cited to specific financial entities or finance-related activities as corresponding to the claimed entities of the '432**. USAA-1002, 617; Paper 22, 14-15, 21, 23; Paper 11, 43. Irreconcilable with the argument that the '432 claims are not limited to financial transactions, PO admits that the '129 Patent does *not* explicitly disclose non-financial transactions. USAA-1068, 123:12-15. PO cannot have it both ways.

The Board's analysis from the ID is in accordance with *Secure Axcess*, determining CBM eligibility by applying the above claim term constructions to ascertain the scope of the claims. Further, the claims in *Secure Axcess* were substantially different than the claims here. The claims of the '432 are directed to a method or apparatus "for authenticating a user during an electronic transaction between the user and an external-entity," and requires each recited step or function to be performed "during the transaction." Ex. 1001, 6:24–26. Applying the claim constructions advanced by PO, claim 1 recites a method for authenticating a person or business consuming goods and services during an electronic transaction in e-commerce between the person or business consuming goods and services and a party offering goods or services

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in e-commerce. Further, each recited step of the claimed method is required to be performed *during* the electronic transaction in e-commerce between the person or business consuming goods and services and the party offering goods or services in e-commerce. Thus, the claims, properly construed, require the finance-related activity of offering, and consumption, of goods and services via an electronic transaction between two parties. *See SightSound Techs., LLC v. Apple Inc.*, 809 F.3d 1307, 1315 (Fed. Cir. 2015) (financial activity (e.g., electronic sales of digital audio) not directed to money management or banking can constitute a "financial product or service" within the meaning of the statute). By contrast, in *Secure Axcess*, illustrative claim 1 was directed to a "method" including "transforming…received data by inserting an authenticity key to create formatted data…to locate a preferences file."

Secure Axcess does not change, but rather reinforces, that the Federal Circuit has "declined to limit the application of CBM review to patent claims tied to the financial sector." *Blue Calypso*, 815 F.3d at 1338; *Versata Dev. Grp. Inc. v. SAP Am., Inc.*, 793 F.3d 1306, 1325 (Fed. Cir. 2015) (concluding that the statute "on its face covers a wide range of finance-related activities" and that "the definition of 'covered business method patent' is not limited to products and services of only the financial industry…" but also includes those that are "financial in nature"); *see also Secure Axcess*, 848 F.3d at 1381. The *Secure Axcess* court reasoned that the Board had improperly relied on disclosure in the specification on its own (without regard

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