

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

EBAY INC. AND
PAYPAL, INC.,
Petitioners,

v.

XPRT VENTURES, LLC,
Patent Owner

Case CBM No. 2017-00024
U.S. Patent No. 7,610,244

PETITIONERS' REPLY TO PATENT OWNER'S RESPONSE

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

TABLE OF CONTENTS

	Page
I. INTRODUCTION.....	1
II. THE CHALLENGED CLAIMS ARE CBM CLAIMS	2
III. THE CHALLENGED CLAIMS DO NOT RECITE PATENT ELIGIBLE SUBJECT MATTER.....	4
IV. CONCLUSION.....	7

TABLE OF AUTHORITIES

Page(s)

Cases

<i>Alice Corp. Pty. Ltd. v. CLS Bank Intern.</i> , 134 S. Ct. 2347 (2014)	4, 5, 6
<i>Chicago Mercantile Exchange, Inc. v. 5th Market, Inc.</i> , CBM2013-00027, 2013 WL 8538874 (PTAB Dec. 18, 2013).....	3
<i>Google Inc. v. Performance Price Holdings, LLC</i> , CBM2016-00049, 2016 WL 5787365 (PTAB Sep. 21, 2016)	3
<i>Icon Health & Fitness, Inc. v. Strava, Inc.</i> , 849 F.3d 1034 (Fed. Cir. 2017).....	6
<i>MCM Portfolio LLC v. Hewlett-Packard Co.</i> , 812 F.3d 1284 (Fed. Cir. 2015).....	1
<i>Oil States Energy Servs., LLC v. Green’s Energy Group, LLC</i> , No. 16-712.....	1
<i>SightSound Techs. LLC v. Apple Inc.</i> , 809 F.3d 1307 (Fed. Cir. 2015).....	3
<i>Thunder Basin Coal Co. v. Reich</i> , 510 U.S. 200 (1994)	1

Statutes and Regulations

35 U.S.C. § 101	5, 7
35 U.S.C. § 102	2
35 U.S.C. § 103	2

I. INTRODUCTION

Rather than responding substantively to the instituted invalidity grounds set forth in the Petition, Patent Owner devotes nearly all of its Patent Owner Response to attacking the constitutionality of the AIA's post-grant review system. This argument was previously addressed by the Federal Circuit, *see, e.g., MCM Portfolio LLC v. Hewlett-Packard Co.*, 812 F.3d 1284, 1293 (Fed. Cir. 2015), is already pending before the United States Supreme Court in *Oil States Energy Servs., LLC v. Green's Energy Group, LLC*, No. 16-712, and in any case, would not be within the Board's statutory authority to adjudicate. *See, e.g., Thunder Basin Coal Co. v. Reich*, 510 U.S. 200, 215 (1994) (“[a]djudication of the constitutionality of congressional enactments has generally been thought beyond the jurisdiction of administrative agencies”). As such, Petitioners do not address these arguments in this Reply, but reserve all rights to make rebuttal arguments should Patent Owner renew its constitutional argument on appeal.

Patent Owner's only challenges to the grounds consist of unsupported, conclusory assertions that the challenged claims are not CBM claims and are patent eligible. For the reasons set forth below, Patent Owner's assertions are without merit, and the Board should find the challenged claims unpatentable.

II. THE CHALLENGED CLAIMS ARE CBM CLAIMS

As set forth in Section IV of the Petition, challenged claims 1, 2, 15, 19, 20, 34, 40, 47, 48, 52 and 53 are directed to a covered business method and not a technological invention. Patent Owner raises two arguments in its Response: (1) that the Examiner's decision to allow the claims demonstrates that they are directed to novel and unobvious technological inventions (Patent Owner Response at 7-9); and (2) that the claims allegedly provide technological solutions to the drawbacks of prior art systems set forth in the patent specification (*id.*). Both of these arguments are without merit.

Patent Owner's first argument is patently unsound on its face. The Board and the courts routinely invalidate patent claims that were previously allowed by an examiner; indeed, the *only* patent claims that are eligible for review in *inter partes* review, CBM review, post-grant review proceedings, or federal court litigation are claims of issued patents. If an Examiner's decision to issue a challenged claim were dispositive of whether the claim is novel and nonobvious, then no claim in an issued patent would *ever* be eligible for CBM review, nor would the Board ever find an issued claim unpatentable as anticipated or obvious under § 102 or § 103.

Patent Owner's second argument similarly does not withstand scrutiny. Patent Owner cites the patent's description of purported drawbacks of prior art

Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

Real-Time Litigation Alerts



Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

Advanced Docket Research



With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

Analytics At Your Fingertips



Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

LAW FIRMS

Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

FINANCIAL INSTITUTIONS

Litigation and bankruptcy checks for companies and debtors.

E-DISCOVERY AND LEGAL VENDORS

Sync your system to PACER to automate legal marketing.