

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

ASKELOADDEN LLC,
Petitioner,

v.

SEAN I. McGHIE and BRIAN K. BUCHHEIT,
Patent Owner.

Case IPR2015-00123
Patent 8,523,063 B1

Before SALLY C. MEDLEY, JONI Y. CHANG, and
GEORGIANNA W. BRADEN, *Administrative Patent Judges*.

MEDLEY, *Administrative Patent Judge*.

FINAL WRITTEN DECISION
Inter Partes Review
35 U.S.C. § 318(a) and 37 C.F.R. § 42.73

I. INTRODUCTION

We have jurisdiction to hear this *inter partes* review under 35 U.S.C. § 6(c). This Final Written Decision is issued pursuant to 35 U.S.C. § 318(a) and 37 C.F.R. § 42.73. For the reasons discussed herein, Petitioner has shown by a preponderance of the evidence that claims 1–20 of U.S. Patent No. 8,523,063 B1 are unpatentable.

A. Procedural History

Petitioner, Askeladden LLC, filed a Petition requesting an *inter partes* review of claims 1–20 of U.S. Patent No. 8,523,063 B1 (Ex. 1001, “the ’063 patent”). Paper 1 (“Pet.”). Patent Owner, Sean I. McGhie and Brian K. Buchheit,¹ filed a Preliminary Response. Paper 15 (“Prelim. Resp.”). Upon consideration of the Petition and Preliminary Response, on April 23, 2015, we instituted an *inter partes* review of claims 1–20 pursuant to 35 U.S.C. § 314. Paper 36 (“Dec.”).

In the Scheduling Order, which sets times for taking action in this proceeding, we notified the parties that “any arguments for patentability not raised in the [Patent Owner] response will be deemed waived.”² Patent Owner, however, did not file a Patent Owner Response. To ensure clarity in our record, we required Patent Owner to file a paper, indicating whether it

¹ Patent Owner is represented by inventor Brian Buchheit, who is an attorney and registered to practice before the Office. At times during the proceeding, Mr. Buchheit indicated that he was representing “Patent Owner” (Mr. Buchheit and Mr. McGhie), while at other times Mr. Buchheit indicated that he was not representing Mr. McGhie, but rather acting *pro se*. Papers 4, 39, 53; Ex. 2055. Over the course of the proceeding, we have provided instructions to Patent Owner on filing papers, authorized Patent Owner leave to refile papers and file papers beyond due dates, and expunged other Patent Owner papers that were not authorized, not in compliance with Board rules, and/or contained arguments beyond what was authorized. *See, e.g.*, Papers 8, 9, 11, 14, 39 (and Exhibit 3001), 40, and 56.

² *See* Paper 37, 3; *see also* Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,766 (Aug. 14, 2012) (a patent owner’s “response should identify all the involved claims that are believed to be patentable and state the basis for that belief”).

had abandoned the contest.³ Paper 54. Patent Owner indicated that it had not abandoned the contest. Paper 56. Patent Owner, however, did not seek authorization to belatedly file a Patent Owner Response, nor indicate that it wished to file such a document. We have before us, therefore, the Petition with no Patent Owner Response. Nonetheless, Petitioner bears the burden to show, by a preponderance of the evidence, that the challenged claims are unpatentable.

For the reasons that follow, we determine that Petitioner has shown by a preponderance of the evidence that claims 1–20 of the '063 patent are unpatentable.

B. The '063 Patent

The '063 patent relates to the automatic conversion of non-negotiable credits to funds. Ex. 1001, 1:29–31. In particular, an entity and a commerce partner agree to permit transfers or conversions of non-negotiable credits to entity independent funds in accordance with a fixed credits-to-funds ratio. *Id.* at Abstract. The conversion allows the user to make a purchase from the commerce partner who accepts as payment the converted loyalty points. *Id.* at Fig. 1.

³ An abandonment of the contest is construed as a request for adverse judgment. 37 C.F.R. § 42.73(b)(4). A request for adverse judgment, on behalf of a Patent Owner, would result in the cancellation of the involved claims of a challenged patent, e.g., without consideration of the Petition, etc. On the other hand, when a Patent Owner does not abandon the contest, but chooses not to file a Patent Owner Response, the Board generally will render a final written decision, e.g., based on consideration of the Petition, etc. *See* 37 C.F.R. § 42.71(a).

C. Illustrative Claim

Claims 1, 8, and 13 are independent claims. Claims 2–7 directly depend from claim 1; claims 9–12 directly depend from independent claim 8; and claims 14–20 directly depend from claim 13. Claim 1 is reproduced below.

1. A method comprising:

an entity agreeing to permit transfers or conversions of non-negotiable credits to entity independent funds in accordance with a fixed credits-to-fund ratio, wherein the entity agrees to compensate a commerce partner by paying an amount in cash or credit for each non-negotiable credit redeemed by the commerce partner, wherein the non-negotiable credits are loyalty points of a loyalty program of the entity, wherein the entity independent funds are loyalty points of a different loyalty program of the commerce partner, wherein the entity independent funds are redeemable under terms-of-use of the different loyalty program for consumer partner goods or for consumer partner services, wherein terms-of-use of the different loyalty program does not permit commerce partner goods or commerce partner services to be exchanged for the non-negotiable credits in absence of the non-negotiable credits being transferred or converted into the entity independent funds of the different loyalty program;

a computer for the loyalty program of the entity establishing an account for non-negotiable credits of a loyalty program member;

the computer detecting a set of two or more interactions earning additional non-negotiable credits for the loyalty program member in accordance with terms-of-use of the loyalty program, wherein the computer adds the additional non-negotiable credits to the account; and

responsive to an indication of a conversion operation occurrence, the computer subtracting a quantity of the non-negotiable credits from the account, said subtracted quantity of non-negotiable credits comprising at least a quantity of non-negotiable credits that were converted or transferred to a new

quantity of entity independent funds using the fixed credits-to-funds ratio.

Ex. 1001, 16:5–39.

D. Grounds of Unpatentability

We instituted an *inter partes* review on the grounds that claims 1–5, 8–10, and 12 are unpatentable under 35 U.S.C. § 103(a) based on Postrel⁴ and Sakakibara⁵ and claims 6, 7, 11, and 13–20 are unpatentable under 35 U.S.C. § 103(a) based on Postrel, Sakakibara, and MacLean.⁶ Dec. 18.

II. ANALYSIS

A. Claim Interpretation

In an *inter partes* review, claim terms in an unexpired patent are given their broadest reasonable construction in light of the specification of the patent in which they appear. 37 C.F.R. § 42.100(b); *see also In re Cuozzo Speed Techs., LLC*, 793 F.3d 1268, 1279 (Fed. Cir. 2015) (“Congress implicitly approved the broadest reasonable interpretation standard in enacting the AIA,” and “the standard was properly adopted by PTO regulation.”), *cert. granted sub nom., Cuozzo Speed Techs. LLC v. Lee*, 136 S. Ct. 890 (mem.) (2016). Under the broadest reasonable construction standard, claim terms are given their ordinary and customary meaning, as would be understood by one of ordinary skill in the art in the context of the

⁴ U.S. Patent Application Publication 2005/0021399 A1, published Jan. 27, 2005 (Ex. 1503) (“Postrel”).

⁵ U.S. Patent No. 6,721,743 B1, issued Apr. 13, 2004 (Ex. 1505) (“Sakakibara”).

⁶ U.S. Patent Application Publication 2002/0143614 A1, published Oct. 3, 2002 (Ex. 1504) (“MacLean”).

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