UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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ASKELADDEN LLC,
Petitioner,

v.

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

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Case IPR2015-00123
Patent 8,523,063 B1

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

MEDLEY, *Administrative Patent Judge.*

DECISION
Institution of *Inter Partes* Review
37 C.F.R. § 42.108

I. INTRODUCTION

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 ("Petition" or "Pet."). Patent Owner, Sean I. McGhie and Brian K. Buchheit, filed a Preliminary Response. Paper 15 ("Prelim.

Resp."). We have jurisdiction under 35 U.S.C. § 314, which provides that an *inter partes* review may not be instituted "unless . . . the information presented in the petition . . . shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition."

For the reasons that follow, we institute an *inter partes* review of claims 1–20 of the '063 patent.

A. Related Proceeding

IPR2015-00122 involves the same patent and same parties.

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.

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 of the commerce 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 royalty 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. Asserted Grounds of Unpatentability

Petitioner asserts that claims 1–20 are unpatentable based on the following grounds:

References	Basis	Challenged Claims
Postrel[1] and Sakakibara[2]	§ 103(a)	1–5, 8–10, and 12
Postrel, Sakakibara, and MacLean[3]	§ 103(a)	6, 7, 11, and 13–20

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*, 778 F.3d 1271, 1281–1282 (Fed. Cir. 2015) ("Congress implicitly adopted the broadest reasonable interpretation standard in enacting the AIA," and "the standard was properly adopted by PTO regulation."). 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 entire disclosure. *In re Translogic Tech., Inc.*, 504 F.3d 1249, 1257 (Fed. Cir. 2007).

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[1] U.S. Patent Application Publication 2005/0021399 A1, published Jan. 27, 2005 (Ex. 1003) ("Postrel").
[2] U.S. Patent No. 6,721,743 B1, issued Apr. 13, 2004 (Ex. 1005) ("Sakakibara").
[3] U.S. Patent Application Publication 2002/0143614 A1, published Oct. 3, 2002 (Ex. 1004) ("MacLean").

Petitioner proposes constructions for the following claim terms: independent claims "entity," "non-negotiable credits," and "entity independent funds," which are recited at least in independent claims 1, 8, and 13. Pet. 6–9. At this juncture, Patent Owner does not challenge Petitioner's proposed claim construction for "entity" and "entity independent funds," but proposes a slight modification to "non-negotiable credits." Prelim. Resp. 16–17. Specifically, Patent Owner proposes that "non-negotiable credits" means credits which only are accepted per terms of the loyalty program of the entity. *Id.* Patent Owner has not directed attention to where in the Specification of the '063 patent Patent Owner specifically defined the term the way Patent Owner proposes. Nor has Patent Owner directed attention to a description in the '063 patent Specification which supports the proposed construction. On the other hand, Petitioner directs us to description in the '063 patent Specification which supports its proposed construction for the term "non-negotiable credits."

We have reviewed Petitioner's proposed constructions and Patent Owner's modification to the construction of "non-negotiable credits" and determine Petitioner's constructions are consistent with the broadest reasonable construction. For purposes of this Decision, we adopt the following claim constructions:

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