

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 IPR2015-00124  
Patent 8,540,152 B1

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

BRADEN, *Administrative Patent Judge*.

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

## I. INTRODUCTION

### A. Background

Askeladden LLC<sup>1</sup> (“Petitioner”) filed a Petition (Paper 1, “Pet.”) to institute an *inter partes* review of claims 1–20 of U.S. Patent No. 8,540,152 B1 (Ex. 1501, “the ’152 patent”). Sean I. McGhie and Brian K. Buchheit (collectively “Patent Owner”) filed a Revised Preliminary Response (Paper 15, “Prelim. Resp.”). We have jurisdiction under 35 U.S.C. § 314(a), which provides that an *inter partes* review may not be instituted “unless . . . there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.”

Upon consideration of the Petition and Patent Owner’s Preliminary Response, we conclude Petitioner has established a reasonable likelihood it would prevail with respect to at least one of the challenged claims. Accordingly, for the reasons that follow, we institute an *inter partes* review.

### B. Related Proceedings

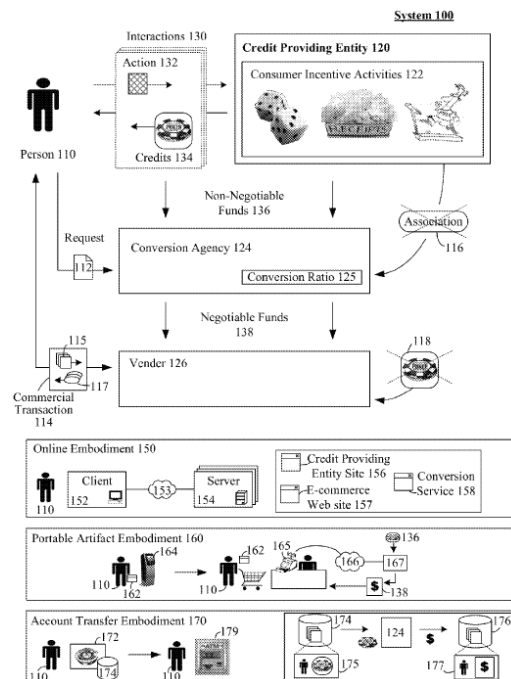
Petitioner informs us that the ’152 patent is the subject of a concurrently-filed petition for *inter partes* review. Pet. 1; *see* IPR2015-00125. Petitioner also informs us that related U.S. Patent Nos. 8,313,023 B1 and 8,511,550 B1 (“’023 Patent” and “’550 Patent,” respectively) are the subjects of covered business method review proceedings, cases CBM2014-00095 (“’023 CBM”) and CBM2014-00096 (“’550 CBM”). *Id.*

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<sup>1</sup> The Real Parties-in-Interest includes The Clearing House Payment Company. *See* Paper 29.

C. The '152 Patent

The '152 patent discloses systems and methods for converting points or credits from one loyalty program to a different loyalty program and redeeming the points or credits for services or merchandise. Ex. 1501, Abstract. One embodiment of the '152 patent is illustrated in Figure 1, reproduced below.



As shown in Figure 1, non-negotiable points or credits 136 earned from a consumer incentive activity 122 (e.g., a frequent flyer loyalty program) are converted to negotiable funds 138 provided by conversion agency 136. *Id.* at 3:60–64; Fig. 1. According to the '152 patent, consumer incentive activity 122 is sponsored by credit providing entity entities 120. *Id.* at 6:19–21. Examples of credit providing entities 120 includes corporations such as airlines, hotels, credit card companies, casinos, cruise ships, States (for lottery, scratch off games, etc.), churches, race tracks, online gambling site providers, e-commerce sites, slot-machine houses, carnivals, gambling

parlors, companies (for promotional sweepstakes), high schools (for raffles), and the like. *Id.* at 6:21–27.

The '152 patent discloses an “online embodiment,” described as Embodiment 150 in Figure 1, where person 110 can interact (130) with credit providing entity site 156 to participate in consumer incentive activity 122. *Id.* at 4:38–41; Fig. 1. According to embodiment 150, commercial transaction 114 can be conducted via an e-commerce Web site 157. *Id.* at 4:41–42. Additionally, conversion agency 124 can implement a software based conversion service 158, which performs conversion of non-negotiable funds 136 into negotiable funds 138. *Id.* at 4:43–46. Web sites 156, 157 and service 158 can run within one or more servers 154. *Id.* at 4:46–47. Servers 154 can be connected to client 152 via network 153, where client 152 is a computing device that user 110 interacts (130 and/or 114) with. *Id.* at 4:47–50.

The '152 patent discloses an “account transfer embodiment,” described as Embodiment 170 in Figure 1, where user 110 participates in consumer incentive activity 122 (e.g., in this instance game of chance 172). *Id.* at 5:15–17; Fig. 1. Earnings (134, 136) from the consumer incentive activity 122 are recorded within tangible data store 174 associated with credit providing entity 120. *Id.* at 5:18–20. Data store 174 can include account 175 for user 110, which tracks the amount of credits 134 (i.e., non-negotiable funds 136) belonging to user 110. *Id.* at 5:20–23. According to the '152 patent, conversion agency 124 can access directly account 175 of data store 174 and can convert a quantity of credits 134 into negotiable funds 138, which are recorded in tangible data store 176 (not directly associated with entity 120). *Id.* at 5:23–27. Data store 176 can include account 177 for

the user 110, which contains an amount of negotiable funds 138 belonging to user 110. *Id.* at 5: 27–29. User 110 can conduct commercial transactions 114 via machine 179, such as a kiosk, an ATM, etc., which can assess and dispense the funds in account 177. *Id.* at 5:29–31.

*D. Illustrative Claim*

As noted above, Petitioner challenges claims 1–20 of the '152 patent, of which claims 1, 7, and 13 are independent claims. Claim 1 is illustrative of the challenged claims and is reproduced below.

1. A method comprising:
  - an entity agreeing to permit transfers or conversions of non-negotiable credits to entity independent funds, 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 said non-negotiable credits are loyalty points of the loyalty program possessed by a member, wherein the loyalty points are maintained in a loyalty program account owned or controlled by the entity, wherein the entity redeems the loyalty points for a set of entity services that the entity provides to the member, wherein said entity independent funds are different loyalty points of a different loyalty program of a commerce partner, wherein the different loyalty points are redeemable by the commerce partner for commerce partner services that the commerce partner provides to the member, wherein said entity independent funds are possessed by the member and are maintained in a funds account, wherein the funds account is neither owned or controlled by the entity or by any subsidiary or parent of the entity, wherein the entity does not accept the entity independent funds as payment for any of the entity services;
  - the computer detecting a set of two or more interactions earning additional non-negotiable credits for the member in accordance with terms-of-use of the loyalty program, wherein the computer adds the additional non-negotiable credits to the loyalty program account; and

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