

## Fed. Circ. Probes Limits Of Business Method Patent Review

By **Michael Macagnone**

*Law360, Washington (June 7, 2016, 9:13 PM ET)* -- A Federal Circuit panel on Tuesday questioned the invalidation of two Unwired Planet patents asserted against Google, saying they had trouble agreeing with a U.S. Patent and Trademark Office decision to review the mobile phone patents under the Covered Business Method standard as though they covered financial services.

The judges grilled both sides over whether the Patent Trial and Appeals Board decision to institute the Covered Business Method patent reviews stepped beyond the intended bounds of CBM review under the America Invents Act. Unwired Planet argued that its mobile phone patents do not fit the definition for CBM review, which is meant to cover nontechnological patents directed to a financial product or service.

Federal Circuit Judge Todd M. Hughes led much of the questioning, wondering whether the PTAB had gone beyond the Federal Circuit's holding in *Versata Development Group Inc. v. SAP America Inc.*, where it found that CBM review could extend beyond financial services. Judge Hughes had dissented from that decision, saying he did not think the AIA would allow for appeals of institution decisions in the first place.

"I don't know what the [Patent Trial and Appeals Board] is doing here," Judge Hughes said Tuesday. "I don't think that any patent that references a financial institution or finding an ATM could be subjected to CBM review."

Jon Wright, counsel for Google, argued to uphold the decisions under CBM review, saying that even if the board's initial reasoning did not pass muster, there was ample support in the record otherwise for the panel to uphold the decision. Wright said the patent placed itself "at the heart" of two financial transactions, allowing for CBM review.

"This patent is in the sweet spot for the type of patent Congress was concerned about when it enacted the CBM review," he said.

In the two cases before the panel, the PTAB tossed Unwired Planet's patents through the CBM process, which allows additional grounds for unpatentability to be raised, rather than an inter partes review process. Judge Hughes repeatedly prodded the board's reasoning for instituting the review, saying the fact that the patent includes references to finding ATMs or possibly being used as part of a business transaction may not be enough to let the CBM decision survive.

“The board has this arbitrary definition of incidental that includes anything related to a bank — that could include a lightbulb you put in a lobby,” Hughes said.

Unwired Planet urged the panel to overturn the CBM decisions in both cases — as well as an inter partes review decision tossing one of its patents in one of the cases — as part of the company’s ongoing litigation against the internet giant. The board’s decision went against the law, as well as prior board decisions that have allowed references to ATMs and other financial institutions to evade CBM review.

“They equate ‘a financial product or service’ with anything someone would pay for,” Unwired Planet counsel William M. Jay said.

Google has repeatedly challenged the 20 Unwired Planet patents asserted against it in 2012, including the two at-issue in the present case. The PTAB initiated half a dozen CBM and IPR proceedings based on the challenges and issued decisions last year in several cases, including the two at issue.

The patents-at-issue are U.S. Patent Numbers 7,024,205 and 7,203,752 B2.

Federal Circuit Judges Jimmie V. Reyna, S. Jay Plager and Todd M. Hughes sat on the panel.

Unwired Planet is represented by William M. Jay, Brett M. Schuman, Eleanor M. Yost and David Zimmer of Goodwin Procter LLP.

Google is represented by Michael V. Messinger, Joseph E. Mutschelknaus, Deirdre M. Wells and Jon Wright of Sterne Kessler Goldstein & Fox PLLC and Peter Andrew Detre and Adam R. Lawton of Munger, Tolles & Olson LLP.

The cases are Unwired Planet LLC v. Google Inc., case numbers 15-1810 and 15-1812, in the United States Court of Appeals for the Federal Circuit.

--Editing by Philip Shea.

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