

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

U.S. BANCORP
Petitioner,

v.

RETIREMENT CAPITAL ACCESS MANAGEMENT COMPANY
Patent Owner.

Case CBM2013-00014
Patent 6,625,582

Before GLENN J. PERRY, THOMAS L. GIANNETTI, and
TRENTON A. WARD, *Administrative Patent Judges*.

WARD, *Administrative Patent Judge*.

DECISION
Institution of Covered Business Method Patent Review
37 C.F.R. § 42.208

I. INTRODUCTION

A. Background

On March 29, 2013, U.S. Bancorp filed a petition (“Pet.”) requesting a review under the transitional program for covered business method patents of U.S. Patent 6,625,582 (“the ’582 patent”) (Ex. 1003). The Retirement Capital Access Management Company (“RCAMC”), filed a preliminary response (“Prelim. Resp.”) on July 2, 2013. We have jurisdiction under 35 U.S.C. § 324. *See* section 18(a) of the Leahy-Smith America Invents Act, Pub. L. 112-29, 125 Stat. 284, 329 (2011) (“AIA”).

The standard for instituting a covered business method review is set forth in 35 U.S.C. § 324(a), which provides as follows:

THRESHOLD --The Director may not authorize a post-grant review to be instituted unless the Director determines that the information presented in the petition filed under section 321, if such information is not rebutted, would demonstrate that it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable.

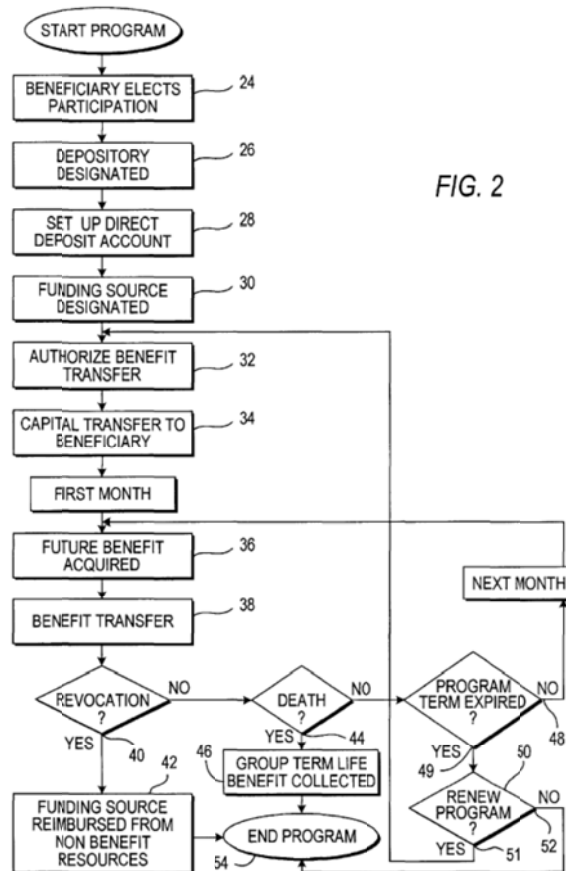
U.S. Bancorp challenges the patentability of claims 1, 13, 14, 18, 30 and 31 of the ’582 patent. Taking into account RCAMC’s preliminary response, we determine that the information presented in the petition demonstrates that it is more likely than not that the challenged claims are unpatentable. Pursuant to 35 U.S.C. § 324 and section 18(a) of the AIA, we authorize a covered business method review of claims 1, 13, 14, 18, 30 and 31 of the ’582 patent for the grounds identified in the Order section of this decision.

U.S. Bancorp’s petition is GRANTED.

II. BACKGROUND

A. The Invention

The '582 patent is titled "Method and System For Converting A Designated Portion Of Future Social Security and Other Retirement Payments To Current Benefits," and generally relates to a method for enabling recipients of Social Security payments to convert a designated portion of future payments into currently available financial resources. '582 patent col. 1, ll. 1-6; 52-56. The patent explains that the beneficiary may access current capital through a funding source in exchange for payment of a predetermined portion of the beneficiary's future retirement benefits. *Id.* at col. 3, ll. 20-27. Figure 2 of the '582 patent provided below illustrates the steps of the method:



'582 patent, Figure 2

As shown above in Figure 2, the beneficiary first elects participation in the program in step 24 and then designates a financial institution to act as the depository for the beneficiary's retirement payments and a disbursement agent for such retirement payments in step 26. *Id.* at col. 5, ll. 52-56. Step 30 involves designating a bank, insurance company, or other source of capital to be the funding source of current capital provided to the beneficiary. *Id.* at col. 5, ll. 43-45. Capital then is paid to the beneficiary from the funding source in an amount based in part upon present value of a designated portion of the beneficiary's future retirement payments in step 34. *Id.* at col. 5, ll. 53-56. Step 36 involves directly depositing a future retirement benefit into the beneficiary's deposit account, and then a predetermined portion of this benefit automatically is disbursed to the funding source in step 38. *Id.* at col. 5, ll. 60-65. Step 40 involves a possible premature termination of participation in the program, in which the beneficiary may become obligated to reimburse the funding source for any advance from resources other than the future retirement benefits. *Id.* at col. 1, ll. 7-12.

Claim 1, illustrates the claimed subject matter and is reproduced below:

1. A computerized method for creating a source of funds based on present value of future retirement payments, comprising the steps of:
 - a. designating an account in a depository for a beneficiary to receive future retirement payments payable to said beneficiary from a source of said retirement payments for a preselected period of time;
 - b. designating a benefit provider for providing a monetary benefit to said beneficiary;
 - c. authorizing said depository to periodically disburse a predetermined portion of said retirement payments

deposited in said account to said benefit provider during said preselected period of time;

- d. providing said monetary benefit to said beneficiary from said benefit provider based at least in part on present value of a designated portion of said future retirement payments without encumbering said beneficiary's right to said future retirement payments and without violating legislated proscriptions in the United States against alienation of future retirement benefits;
- e. causing said future retirement payments to be deposited into said account throughout said preselected period of time;
- f. causing said depository to transfer a portion of said retirement payments deposited into said account to said benefit provider during said preselected period of time; and
- g. reimbursing said benefit provider from resources other than said future retirement payments if said transfer of a portion of said retirement payments from said depository to said benefit provider are curtailed prior to said end of said preselected period of time, and making said retirement payments available for the exclusive use of said beneficiary.

B. Procedural History

On June 22, 2012, RCAMC and Benefit Funding Systems LLC sued U.S. Bancorp for infringement of the '582 patent in the District Court for the District of Delaware. *See* Paper 7, 2. Additionally, on June 22, 2012, RCAMC and Benefit Funding Systems LLC sued two other defendants for infringement of the same patent in the District Court for the District of Delaware. *See id.*

III. ANALYSIS

A. Claim Construction

As a step in our analysis for determining whether to institute a trial, we determine the meaning of the claims. Consistent with the statute and the legislative history of the AIA, the Board will interpret claims using the broadest reasonable construction. *See* Office Patent Trial Practice Guide, 77 Fed. Reg. 48756, 48766 (Aug. 14, 2012); 37 CFR § 100(b). There is a “heavy presumption” that a claim term carries its ordinary and customary meaning. *CCS Fitness, Inc. v. Brunswick Corp.*, 288 F.3d 1359, 1366 (Fed. Cir. 2002).

U.S. Bancorp provides a number of proposed constructions for claim terms. *See* Pet. 8-14. RCAMC does not address the proposed constructions. For purposes of this decision, we proceed on the basis that the plain and ordinary meaning of words in their common usage applies, taken in the context of the disclosure of the ’582 patent.

B. U.S. Bancorp Has Standing to Seek Covered Business Method Review of RCAMC’s ’582 Patent

Section 18 of the AIA provides for the creation of a transitional program for covered business method reviews. Section 18 limits reviews to persons or their privies that have been sued or charged with infringement of a covered business method patent, where covered business method patents do not include patents for technological inventions. AIA, §§ 18(a)(1)(B) and 18(d)(1).

1. U.S. Bancorp Has Been Sued for Infringement of the ’582 Patent

U.S. Bancorp represents that it has been sued for infringement of the ’582 patent in a litigation styled *Benefit Funding Systems LLC v. U.S. Bancorp*, Case No. 1:12-cv-803-LPS (D. Del. Filed June 22, 2012). Pet. 1. RCAMC does not dispute this statement. Therefore, we determine that U.S. Bancorp has been sued for infringement for purposes of AIA § 18(a)(1)(B) and 37 C.F.R. § 42.302.

2. RCAMC's Claims 1, 13, 14, 18, 30, and 31 are Directed to Financial Products and Services

A covered business method patent “claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, except that the term does not include patents for technological inventions.” AIA § 18(d)(1). The legislative history of the AIA “explains that the definition of covered business method patent was drafted to encompass patents ‘claiming activities that are financial in nature, incidental to a financial activity or complementary to a financial activity.’” 77 Fed. Reg. 48734, 48,735 (Aug. 14, 2012) (quoting 157 Cong. Rec. S5432 (daily ed. Sept. 8, 2011)).

RCAMC does not contest U.S. Bancorp’s argument that the challenged claims are directed to methods and systems of operations used in the practice, administration, and management of financial products. Review of the claims illustrates that RCAMC’s challenged method claims are directed to financial services, namely, a “computerized method for creating a source of funds based on present value of future retirement payments.” ’582 patent, claim 1. Similarly, RCAMC’s challenged system claims are directed to financial products, namely, a “system for creating a source of funds based on the present value of future retirement payments.” ’582 patent, claim 13. Therefore, it cannot be disputed reasonably that the RCAMC claims cover “a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service.” AIA § 18(d)(1).

3. Claims 1, 13, 14, 18, 30, and 31 Are Not Directed to a Technological Invention

Covered business method patents by definition do not include patents for technological inventions. AIA § 18(d)(1) (excludes patents for technological

inventions from the definition of covered business method patents). In determining whether a patent is for a technological invention, 37 C.F.R.

§ 42.301(b) provides that it shall be considered whether the claimed invention as a whole:

1. recites a technological feature that is novel and unobvious over the prior art, and
2. solves a technical problem using a technical solution.

Simply making use of technology is not the test for meeting the “technological invention” exception. In that regard, the Office Patent Trial Practice Guide, 77 Fed. Reg. at 48764, states:

The following claim drafting techniques typically would not render a patent a technological invention:

(a) Mere recitation of known technologies, such as computer hardware, communication or computer networks, software, memory, computer-readable storage medium, scanners, display devices or databases, or specialized machines, such as an ATM or point of sale device.

The '582 patent states that the “present invention utilizes *known computer capabilities* and electronic communications links to effect the automated implementation of various aspects of the inventive financial program.” '582 patent, col. 2, ll. 30-33 (emphasis added). Furthermore, the '582 patent states that its “system 10 *utilizes existing computer capabilities*, both hardware and software, and electronic communications links, for example, to effect electronic funds transfers to and from the beneficiary's individual deposit account.” '582 patent, col. 5, ll. 2-5 (emphasis added). Accordingly, no specific unconventional software, computer equipment, tools, or processing capabilities are required. Therefore, we determine that RCAMC's claims lack a novel and unobvious technological feature.

Additionally, RCAMC's claims do not solve a technical problem using a technical solution. RCAMC argues that the difference between its claimed

invention and the prior art cited during prosecution is that RCAMC's claims require providing a benefit "without encumbering said beneficiary's right to said future retirement payments and without violating legislated proscriptions in the United States against alienation of future retirement benefits." Prelim. Resp. 8 (quoting claim 1). Providing a benefit without encumbering a beneficiary's future rights is not a technical problem or solution.

Accordingly, we conclude that RCAMC's '582 patent is a covered business method patent.

C. RCAMC's Claims Are More Likely Than Not Unpatentable Under § 101

The Supreme Court has made it clear that the test for patent eligibility under § 101 is not amenable to bright-line categorical rules. *See Bilski v. Kappos*, 130 S. Ct. 3218 (2010); *see also Mayo Collaborative Servs. v. Prometheus Lab., Inc.* 132 S. Ct. 1289 (2012). For example, the fact that a claim recites a method that is implemented on a computer or is directed to a computer-readable medium that causes a computer to implement certain steps are not per-se indicators of patent eligibility. Rather, a challenged claim, properly construed, must incorporate enough meaningful limitations to ensure that it claims more than just an abstract idea and not just a mere "drafting effort designed to monopolize [an abstract idea] itself." *Mayo*, 132 S. Ct. at 1297. To be limited meaningfully, the claim must contain more than mere field-of-use limitations, tangential references to technology, insignificant pre- or post-solution activity, ancillary data-gathering steps, or the like. *Id.* Claims that recite a method of doing business on a computer and do no more than merely recite the use of the computer for its ordinary function of performing repetitive calculations are not patent eligible. *Bancorp Servs., LLC v. Sun Life Assurance Co.*, 687 F.3d 1266, 1278-79 (Fed. Cir. 2012) (computer used only for its most basic function, the performance of repetitive calculations

does not impose a meaningful claim limitation). Thus, we analyze the claims to determine whether the claims embody a specific, practical application of an abstract idea, or merely nothing more than the abstract idea itself.

1. Claim 1

U.S. Bancorp argues that claim 1 is unpatentable because it claims only the abstract concept of providing funds based on the present value of future payments, without any “inventive concept” beyond this abstract idea. Pet. 30-31. U.S. Bancorp further argues that the nominal recitation of a “computerized method” in the preamble of claim 1 fails to render claim 1 patent eligible because, in order to fall within § 101, the computer must be ““integral”” to the claimed method and ““facilitat[e] the process in a way that a person making calculations or computations could not.”” Pet. 31-32 (quoting *Bancorp Servs. L.L.C. v. Sun Life Assurance Co. of Can.*, 687 F.3d 1266, 1278 (Fed. Cir. 2012)).

RCAMC counters by arguing that the claims of ’582 patent were narrowed during prosecution to cover less than the abstract concept. Prelim. Resp. 7. Specifically, RCAMC argues that the Examiner cited U.S. Patent No. 5,933,815 to Golden (Ex. 2004) against all claims based on its disclosure of a method of providing present value to a beneficiary based on future retirement payments. Prelim. Resp. 7. In response to the Examiner, RCAMC argues that it narrowed the claims to providing a benefit “without encumbering said beneficiary's right to said future retirement payments and without violating legislated proscriptions in the United States against alienation of future retirement benefits.” Prelim. Resp. 7-8 (quoting claim 1). RCAMC argues that the “without encumbering” aspect of the amendment narrowed the claims to something less than the concept of advancing funds based on future retirement payments. Prelim. Resp. 8. U.S. Bancorp disagrees and further argues that while the ’582 patent purports to provide a

financial scheme that complies with U.S. laws, the '582 patent fails to explain how it achieves such compliance. Pet. 5.

We agree with U.S Bancorp. While the '582 patent states that a need exists for a financial program that allows a beneficiary to access present value for future retirement benefits “while complying with the United States laws and regulations governing the assignment of future Social Security or other retirement benefits,” ('582 patent, col. 1, ll. 47-49), the '582 patent fails to provide any description as to how the financial methods or systems accomplish this compliance. More importantly, the claims of the '582 patent do not recite any limitations as to how the financial systems or methods comply with U.S. laws. Accordingly, we are not persuaded by RCAMC’s argument that the “without encumbering” amendment significantly narrows the scope of the claims.

RCAMC also argues that the term “depositing” in claim 1 imports structure into the claim because it should be interpreted to mean “depositing via direct deposit.” Prelim. Resp. 13. RCAMC further argues that the term “direct deposit” has a particular meaning in the financial services industry to describe an electronic funds transfer, such as an “Automated Clearing House (ACH),” which is a “batch processing system governed by the NACHA Operating Rules.” Prelim. Resp. 16-17. RCAMC fails to point to any support in the specification of the '582 patent that would require the construction of the term “depositing” to mean a direct deposit, much less a direct deposit via the ACH network. In fact, the '582 patent states that “[p]referably” depositing is conducted with the “well-known technique of electronic funds transfer,” but the specification does not limit the term “depositing” to this implementation. '582 patent, col. 5, ll. 18-21 (emphasis added). Furthermore, the language of claim 1 does not place any limitations on the term “depositing.”

U.S. Bancorp argues that claim 1 is not tied to a particular machine because the '582 patent only discloses the use of “known” or “existing” computer “capabilities,” suggesting that any general purpose computer will suffice. Pet. 33 (citing '582 patent, col. 2, ll. 30-35, col. 5, ll. 1-5). In *Gottschalk v. Benson*, the Supreme Court considered a patent application that was directed to the programmed conversion of numerical information in general purpose computers. 409 U.S. 63, 73-74 (1972). Although the claims at issue in *Benson* recited computer hardware (“shift register”), the Court nevertheless determined the recitation of generic general purpose computer hardware (processor, memory, storage) in the challenged claims represented routine, well-understood conventional hardware that failed to narrow sufficiently the claims relative to the abstract idea. *Benson*, 409 U.S. at 65 (“The general-purpose computer is designed to perform operations under many different programs.”). Here, the '582 patent states that the “present invention utilizes *known computer capabilities* and electronic communications links to effect the automated implementation of various aspects of the inventive financial program.” '582 patent, col. 2, ll. 30-33 (emphasis added). As the Supreme Court held in *Benson*, claims do not become patentable under § 101 simply for reciting a known, general purpose computer. *See Benson*, 409 U.S. at 68.

U.S. Bancorp additionally argues that claim 1 is the computer implementation of an otherwise purely mental process that could be performed without the use of a computer. Pet. 33. In *Benson*, the Supreme Court was persuaded by the fact that although the claims recited a “shift register,” the method sought to be patented involved ordinary arithmetic steps that could be performed by any existing or future machinery, or even without the use of a computer. 409 U.S. at 68. We are persuaded by U.S. Bancorp’s arguments that the method steps

of claim 1, including “designating an account,” “providing said monetary benefit,” and “reimbursing said benefit provider,” could be performed by conventional computers, or even without the use of a computer.

Accordingly, based on the record presented, we agree with U.S. Bancorp that it is more likely than not that claim 1 covers subject matter that is patent ineligible.

2. Claims 13 and 14

U.S. Bancorp argues that claim 13 is the system counterpart to claim 1 that simply substitutes means-plus-function limitations to perform the method steps recited in claim 1. Pet. 34. We agree. The primary difference between claim 13 and claim 1 is the substitution of means-plus-function limitations to perform the method steps recited in claim 1. Given that the ’582 patent fails to disclose any specific hardware or structure, but simply states that the system is to “utilize[] known computer capabilities” to implement the financial program (’582 patent, col. 2, ll. 30-33), we are not persuaded that the means-plus-function limitations in claim 13 alter the analysis under § 101 from that of claim 1. Furthermore, with respect to dependent claim 14, the only additional limitation is that the “benefit provider is a source of capital.” Claim 14. This limitation does not alter the eligibility analysis of the claim. We are persuaded, therefore, that it is more likely than not that claims 13 and 14 cover subject matter that is patent-ineligible under 35 U.S.C. § 101.

3. Claims 18, 30, and 31

U.S. Bancorp argues that claim 18 is similar to claim 1, except that claim 18 specifies that the future payments are Social Security payments. Pet. 35. U.S. Bancorp further argues that this minor difference from claim 1 does not alter the eligibility analysis. Pet. 35. We agree that the limitations recited in claim 18 are similar to those of claim 1, except that claim 18 specifically recites that the future

retirement payments are “Social Security retirement benefits.” Claim 18. We are not persuaded that this designation of a particular type of retirement benefit alters the eligibility analysis under § 101 from that of claim 1.

As set forth in the discussion of claim 13 above, U.S. Bancorp argues that claim 30 is the system counterpart to claim 18 that simply substitutes means-plus-function limitations to perform the method steps recited in claim 18. Pet. 34. We agree and are not persuaded that the means-plus-function limitations in claim 30 alter the eligibility analysis from that of claim 18. Likewise, dependent claim 31 provides a similar limitation to that of dependent claim 14, namely, that the “benefit provider is a source of capital.” Claim 31. This limitation does not alter the eligibility analysis of claim 31. We are persuaded, therefore, that it is more likely than not that claims 18, 30, and 31 cover subject matter that is patent ineligible under § 101.

IV. ORDER

For the reasons given, it is

ORDERED that the Petition is *granted* as to claims 1, 13, 14, 18, 30, and 31 of the ’582 patent.

FURTHER ORDERED that pursuant to 35 U.S.C. § 324(a), a covered business method patent review of the ’582 patent is hereby instituted commencing on the entry date of this Order, and pursuant to 35 U.S.C. § 324(d) and 37 C.F.R. § 42.4, notice is hereby given of the institution of a trial.

FURTHER ORDERED that the trial is limited to § 101 and no other grounds are authorized.

FURTHER ORDERED that an initial conference call with the Board is scheduled for 2PM Eastern Time on October 11, 2012. The parties are directed

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to the Office Trial Practice Guide, 77 Fed. Reg. 48756, 48765-66 (Aug. 14, 2012) for guidance in preparing for the initial conference call, and should come prepared to discuss any proposed changes to the Scheduling Order entered herewith and any motions the parties anticipate filing during the trial.

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