UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

REGIONS FINANCIAL CORPORATION, ADVANCE AMERICA, CASH ADVANCE CENTERS, INC., and CNU ONLINE HOLDINGS, LLC F/K/A CASH AMERICA NET HOLDINGS, LLC
Petitioners
v.

RETIREMENT CAPITAL ACCESS MANAGEMENT COMPANY LLC
Patent Owner

Patent No. 6,625,582
Issue Date: September 23, 2003
Title: METHOD AND SYSTEM FOR CONVERTING A DESIGNATED PORTION OF FUTURE SOCIAL SECURITY AND OTHER RETIREMENT PAYMENTS TO CURRENT BENEFITS

Covered Business Method Patent Review No. CBM2014-00012

CORRECTED PETITION FOR COVERED BUSINESS METHOD PATENT REVIEW UNDER 35 U.S.C. § 321 AND 37 C.F.R. §42.300 *et seq.*

RCAMC EXHIBIT 2017

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Petitioners Exhibit 1004:	Office Patent Trial Practice Guide, 77 Fed. Reg. 48756, 48764 (Aug. 14, 2012) (to be codified at 37 C.F.R. pt. 42)
Petitioners Exhibit 1005:	December 26, 2001 Amendment in Response to Office Action dated October 31, 2001
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Petitioners Exhibit 1007:	Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents, 77 Fed. Reg. 48680, 48711 (Aug. 14, 2012) (to be codified at 37 C.F.R. pt. 42)
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I. INTRODUCTION

A. Filing Date Requirements for Covered Business Method Patent Review Petition as Set Forth in 77 Fed. Reg. 48612, 77 Fed. Reg. 48680, and 77 Fed. Reg. 48734

1. Mandatory Notice – Real Parties in Interest

The real-parties-in-interest for this Petition are Regions Financial Corporation ("Regions"), 1901 Sixth Avenue North, 18th Floor, Birmingham, Alabama 35203; Advance America, Cash Advance Centers, Inc., 135 N. Church Street, Spartanburg, SC 29306 ("AA"); and CNU Online Holdings, LLC F/K/A Cash America Net Holdings, LLC, 200 W. Jackson Boulevard, Suite 2400, Chicago, IL 60606 ("CNU") (collectively, "Petitioners").

2. Mandatory Notice – Related Matters

Other than as noted below, Petitioners are not aware of any other judicial or administrative matter that could affect, or be affected by, a decision in the instant proceeding:

On June 22, 2012, Benefit Funding Systems LLC ("Benefit Funding") and Retirement Capital Access Company LLC ("Retirement Capital") asserted U.S. Patent No. 6,625,582 ("the '582 patent") against Regions, AA, and U.S. Bancorp in the litigations styled, *Benefit Funding Systems LLC, et al. v. Regions Financial Corporation*, Case No. 1:12-cv-802-LPS (D. Del.) ("the 802 Case"); *Benefit Funding Systems LLC, et al. v. Advance America, Cash Advance Centers, Inc.*

LLC, Case No. 1:12-cv-801-LPS (D. Del.) ("the 801 Case"); and *Benefit Funding Systems LLC, et al. v. U.S. Bancorp*, Case No. 1:12-cv-803-LPS (D. Del.) ("the 803 Case") (collectively, "the Benefit Funding Cases"). On July 3, 2013, Benefit Funding and Retirement Capital amended their complaint in the 801 case to add CNU as a co-defendant.

On March 29, 2000, U.S. Bancorp filed a petition for covered business method patent review of claims 1, 13, 14, 18, 30, and 31 of the '582 patent, now styled, *U.S. Bancorp v. Retirement Capital Access Management Company*, CBM 2013-00014. On September 20, 2013, this Board granted U.S. Bancorp's petition, finding that claims 1, 13, 14, 18, 30, and 31 of the '582 patent more likely than not cover subject matter that is patent ineligible under 35 U.S.C. § 101.

3. Eligibility Based on Infringement Suit

Pursuant to 37 C.F.R. § 42.302(a), Petitioners are eligible to file this Petition because Benefit Funding and Retirement Capital asserted the '582 patent against Regions, AA and CNU in the Benefit Funding Cases, as discussed above.

4. Eligibility Based on Lack of Estoppel

Pursuant to 37 C.F.R. § 42.302(b), Petitioners certify that estoppel does not prohibit this review.

5. Eligibility Based on Time of Filing

Pursuant to 37 C.F.R. § 42.303 and 35 U.S.C. § 321(c), this Petition is not filed in a period during which a post grant review petition could have been filed.

6. Patent is a Covered Business Method Patent

Pursuant to 37 C.F.R. §§ 42.301 and 42.304(a), the '582 patent meets the definition of a covered business method ("CBM") patent and does not qualify as a patent for a technological invention, as explained in Section III.

7. Specific Identification of Challenges

Pursuant to 37 C.F.R. § 42.304(b)(1)-(2), (4)-(5) and 35 U.S.C. § 321(a)(3), Petitioners identify the challenged claims, the grounds on which the challenges to the claims are based, and the evidence that supports the grounds in Sections II(A) and IV. Consistent with 37 C.F.R. § 42.300(b) and 37 C.F.R. § 42.304(b)(3), Petitioners include the appropriate construction for the challenged claims in Section II(B).

8. A Legible Copy of Every Exhibit in the Exhibit List

Pursuant to 37 C.F.R. § 42.63, a copy of every piece of evidence relied upon or referred to is provided as an Exhibit (Petitioners Exhibits 1001-1012), prepared according to the requirements of 37 C.F.R. §§ 42.63(c) and 42.63(d). Because all exhibits are written in English, no translations are required. Pursuant to 37 C.F.R.

§ 42.63(e), an Exhibit List including a brief description of each exhibit is filed herewith.

9. The Complete Covered Business Method Patent Petition Fee

Pursuant to 35 U.S.C. §321(a)(1) and 37 C.F.R. §§ 42.300(a), 42.304, 42.203(a), 42.8(a)(1), 42.8(b)(4), and 42.15(b), Petitioners are submitting a fee of $30,000. To the extent that any additional fees are required to complete this Petition, the Patent Office is hereby authorized by the undersigned to charge Deposit Account No. 19-4293 for such fees.

10. Mandatory Notice – Lead and Back-Up Counsel

Pursuant to 37 C.F.R. §§ 42.304, 42.8(a)(1), and 42.8(b)(3), Petitioners state that the lead counsel is John Caracappa (Reg. No. 43,532) of Steptoe & Johnson LLP, and back-up counsel are Harold Fox (Reg. No. 41,498) (of Steptoe & Johnson LLP), Gretchen Miller (Reg. No. 65,091) (of Steptoe & Johnson LLP), William Barrow (Reg. No. 62,813) (of Steptoe & Johnson LLP), Christopher J. Chan (Reg. No. 44,070) (of Sutherland Asbill & Brennan LLP), Mia K. Fiedler (Reg. No. 64,885) (of Sutherland Asbill & Brennan LLP), Mark T. Deming (Reg. No. 69,263) (of Polsinelli PC), and Robyn Ast-Gmoser (Reg. No. 60,029) (of Polsinelli PC).

11. Powers of Attorney

Pursuant to 37 C.F.R. § 42.10(b), powers of attorney (Petitioners Ex. 1001) are attached.

12. Mandatory Notice – Service Information

Pursuant to 37 C.F.R. §§ 42.304, 42.8(a)(1), and 42.8(b)(4), service information is provided as follows:

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13. Certificate of Service on Patent Owner

Pursuant to 37 C.F.R. § 42.205(a), Petitioners attach a Certificate of Service (Petitioners Ex. 1002) certifying that a copy of the petition and supporting evidence is being served in its entirety on the patent owner at the correspondence address of record for the subject patent, and indicating, pursuant to 37 C.F.R. § 42.6(e)(4)(iii), the date and manner of service and the name and address of every person served.

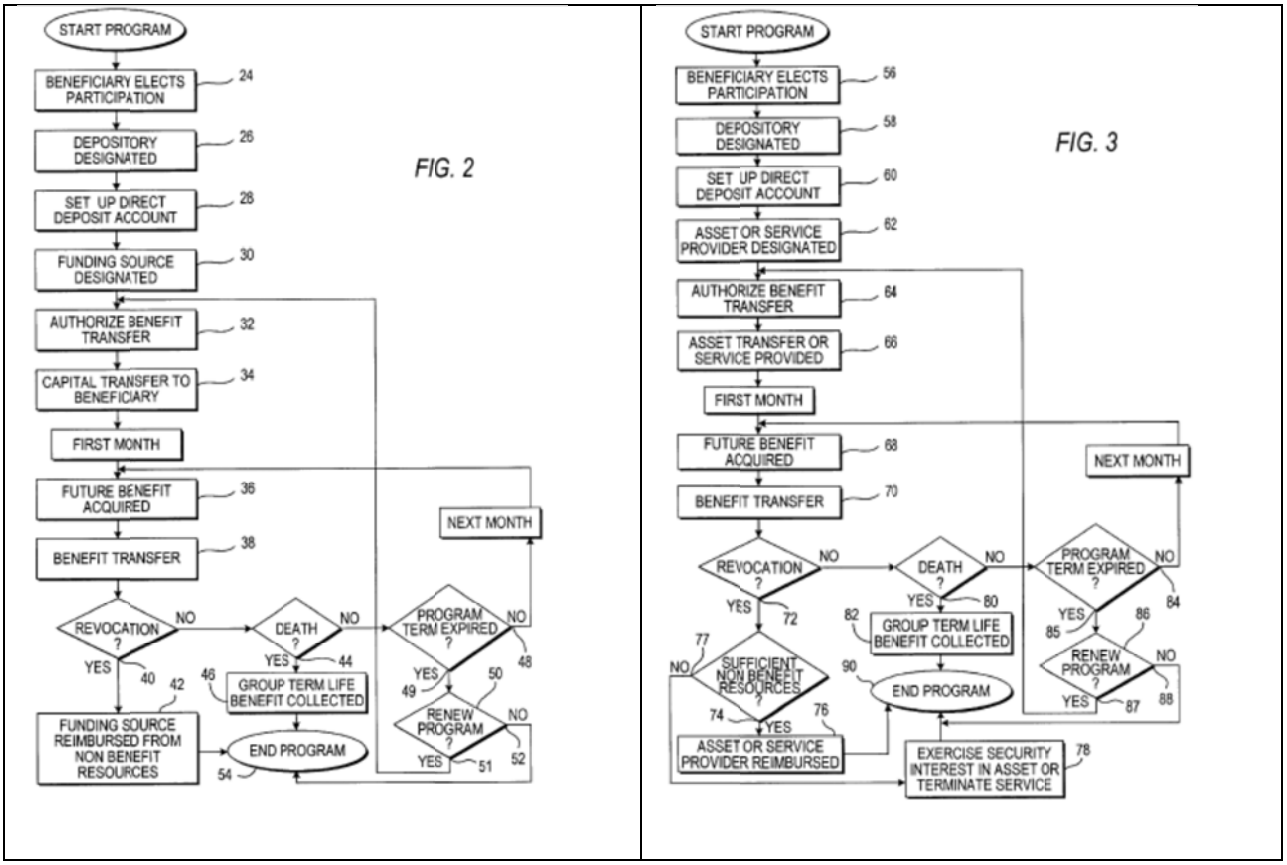
B. Overview of the '582 Patent

The '582 patent is entitled "Method And System For Converting A Designated Portion of Future Social Security And Other Retirement Payments To Current Benefits" and was filed on May 12, 1999. The specification states that "[t]he present invention relates generally to a system and method which provides a mechanism for a [beneficiary] of Social Security payments, or of other retirement payments, to access present value of a designated portion of its future retirement payments . . . . [W]ithout encumbering the beneficiary's rights to its future retirement benefits." *See* Petitioners Ex.1003 ('582 patent), Col. 1:10-22.

The ‘582 patent explains that “retirement age individuals” are finding retirement benefits or the anticipated timing of those benefits “to be somewhat inadequate to meet their present and future financial needs, expectations, and objectives.” *See* Petitioners Ex.1003, Col. 1: 23-29. The ‘582 patent further states that such retirement benefits “have not generally been seen as an adequate source of current capital, particularly to support financing based upon future receipts” due to “the current legislated proscriptions . . . against assigning or otherwise alienating future retirement benefits.” Petitioners Ex.1003, Col. 1:35-43. Therefore, the ‘582 patent purports to provide a financial program that allows a beneficiary to access the present value of future retirement payments while complying with U.S. laws restricting alienation of future retirement benefits. Petitioners Ex.1003, Col. 1:43-49. Curiously though, the ‘582 specification does not explain – and its claims do not recite any limitations regarding – how the patented financial scheme complies with U.S. laws. Instead, each independent claim merely includes the limitation that monetary benefits are provided “without violating legislated proscriptions in the United States against alienation of future retirement funds.” *See, e.g.*, Petitioners Ex.1003, Col. 9:8-9 (claim 1).

Figures 2 and 3 of the ‘582 patent are flow charts depicting the operation of the two disclosed embodiments of the claimed financial program. Figure 2 “depict[s] the steps for enabling a beneficiary . . . to access present value of a

designated portion of retirement benefits in the form of current capital." Petitioners Ex. 1003, Col. 5:29-32. Figure 3 "depict[s] the steps for enabling a beneficiary . . . to access present value of a designated portion of its future retirement benefits in the form of an asset or service." *Id*. at 6:50-53.



Notably, none of the steps requires the use of a computer, and the specification makes clear that all of the steps can be performed by a human alone, without the assistance of a computer. Specifically, to perform the disclosed financial scheme, a beneficiary of retirement benefits elects to participate in the program and selects a financial institution to act as a depository and disbursement

agent for the beneficiary's retirement payments. *See* Petitioners Ex.1003, Col. 5:4-39. A direct deposit account is then set up at the financial institution, and a funding source or asset or service provider is selected to provide current capital, assets, or services to the beneficiary. *Id*. at 5:39-46. The beneficiary authorizes the financial institution to periodically disburse a designated portion of the beneficiary's retirement payments to the funding source or asset or service provider in exchange for the current capital provided by the funding source or the assets or services provided to the beneficiary. *Id*. at 5:46-52. The value of current capital paid, or assets or services provided, to the beneficiary is based on the present value of a designated portion of the beneficiary's future retirement payments. *Id*. at 5:53-56.

The '582 patent admits "techniques for determining present value of a future income stream are well known to those of ordinary skill in the art" (*id*. at 5:56-59) and present value is "determined upon actuarial and other information and utilizing known techniques for calculating present value of a future asset." *Id*. at 3:43-46. If the beneficiary revokes participation in the program, or the participation is otherwise prematurely terminated, "the beneficiary may become obligated to reimburse the funding source for any advance, and if so only from resources other than the future retirement benefits." *Id*. at 5:66-6:11.

II. SUMMARY OF THE CHALLENGED PATENT CLAIMS AND THEIR CONSTRUCTIONS

A. The Claims

The Petitioner respectfully requests that claims 1, 13, 14, 18, 30 and 31 of the '582 patent be canceled because claims 1, 13, 14, 18, 30 and 31 claim abstract ideas that are unpatentable under 35 U.S.C. § 101. Four of the six claims at issue (claims 1, 13, 18, and 30) are independent claims. The other two claims, claims 14 and 31, are dependent claims. The full text of claim 1 is reproduced below:

> 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.

Importantly, none of the claim steps is limited to performance on, or by, any specific device or computer. Indeed, no device or computer is needed at all, as all of the steps can be performed by a human alone, without the assistance of a computer.

Claim 13 is a system claim that corresponds to the method of claim 1. Claims 18 and 30 recite method and system claims, respectively, that are nearly

identical to claim 1, but specify that the future retirement payments are Social Security payments. Dependent claims 14 and 31 specify that the benefit provider is a source of capital.

B. Claim Interpretation

In covered business method patent reviews, patent claim terms "are to be given their broadest reasonable interpretation, as understood by one of ordinary skill in the art and consistent with the disclosure." *See* Petitioners Ex. 1004 (Office Patent Trial Practice Guide, 77 Fed. Reg. 48756, 48764 (Aug. 14, 2012) (to be codified at 37 C.F.R. pt. 42)); *see also* 37 C.F.R. § 42.300(b). Petitioners provide proposed constructions for certain claim terms below, giving each term its broadest reasonable construction:

"Future Retirement Payments" – The term "future retirement payments" should be construed to mean retirement payments that the beneficiary has not yet received. This construction is consistent with the plain meaning of the term "future," and the prosecution history confirms this construction. In response to the Examiner's prior art rejection over U.S. Patent No. 5,933,815 to Golden ("Golden"), the inventors explained that Golden differs from the alleged invention because Golden "does not teach or suggest a method or system for converting future retirement payments into current value as affirmatively recited in independent claims 1 and 11," but instead "provid[es] clients with an annuity

having a liquidity feature using a contribution of a current asset." *See* Petitioners Ex. 1005 (December 26, 2001 Amendment) at 9-10. (emphasis in original). The inventors further argued that "[t]he claimed benefit in Applicants' present application is based on the present value of future retirement benefits. As discussed above, Golden is not at all concerned with creating a benefit based on future retirement benefits." Petitioners Ex. 1005 at 11 (emphasis in original). Accordingly, Petitioners' proposed construction is consistent with the interpretation argued by the inventors to the Patent Office.

"Designating" – The term "designating" should be construed to mean "identifying or selecting." This proposed construction is consistent with the plain and ordinary meaning of the term, and nothing in the intrinsic record suggests an alternative construction. This term should not be construed to require that a machine (let alone a specific machine) perform the claimed "designating" steps, as the claims and specification provide no basis for including such a limitation.

"Authorizing" – The term "authorizing" should be construed to mean "granting authority to or permitting." This claim term also should not be limited to being performed by a machine. This proposed construction is consistent with the plain and ordinary meaning of the term and the intrinsic record. Notably, the '582 patent specification states that the "authorizing" step is performed by a human being, stating that "the beneficiary 18 authorizes the financial institution to permit

fund transfers from the beneficiary's deposit account 14 to the funding source over the designated program term (step 32)." Petitioners Ex.1003, Col. 5:49-52.

"Benefit Provider" – The term "benefit provider" should be construed to mean "funding source or asset or service provider." The '582 patent specification does not use the term "benefit provider," but instead refers to "funding source 20" as performing the role of the "benefit provider" in the claims. The specification broadly describes that the funding source may be "[a] bank, insurance company, or other source of capital." Petitioners Ex.1003, Col. 5:43-44. Alternatively, if the beneficiary has elected to receive an asset or service, the benefit provider may be "[a] life or health insurance company, a trust company, a brokerage and securities company, or other asset provider 22 or service provider 23." *Id*. at 6:64-67.

"Periodically" – The term "periodically" should be construed to mean "at a regular interval." This construction is consistent with the plain meaning of the term and the intrinsic record. For example, the '582 patent specification describes that the funding source provides capital "in exchange for the periodic payment to the funding source of a predetermined portion of the beneficiary's retirement payments." Petitioners Ex.1003, Col. 5:45-48.

"Predetermined Portion" – The term "predetermined portion" should be construed to mean "percentage or ratio agreed upon by the benefit provider and the beneficiary to satisfy the monetary benefit provided by the benefit provider." This

construction is consistent with the '582 patent specification, which explains that "the beneficiary is required to direct the deposit account to disburse to the funding source or asset or service provider a portion of the beneficiary's retirement payments (as they are received over the program term) predetermined to satisfy the terms of the advance." Petitioners Ex. 1003, Col. 2:5-9.

"Present Value" – The term "present value" should be construed to mean "a value of a future income stream discounted to present." Petitioners' proposed construction is consistent with the plain and ordinary meaning of the term and the intrinsic record. For example, the '582 patent specification explains that the present value is "determined upon actuarial and other information and utilizing known techniques for calculating present value of a future asset" and that "techniques for determining present value of a future income stream are well known to those of ordinary skill in the art." Petitioners Ex. 1003, Col. 3:43-46, Col. 5:56-59.

"Causing" – The term "causing" should be construed to mean "making (something) happen", consistent with its plain and ordinary meaning. This term should also not be restricted to "causing" performed by a machine. The '582 patent specification is silent with respect to what causes the future retirement payments to be deposited into the beneficiary's account, or what causes the

depository to transfer a portion of the retirement payments to the benefit provider. This term should therefore be construed to include "causing" by a human being.

"Without encumbering said beneficiary's right to said future [retirement] payments" – This term should be construed to mean "without limiting the beneficiary's right to receive future retirement payments." This construction is consistent with the specification of the '582 patent, which states that in the event the financial program is terminated or revoked, "all (100%) of future retirement payments are freed up for the beneficiary's personal use." Petitioners Ex. 1003, Col. 4:49-51. The specification also states that "[i]n the event that the beneficiary dies prior to the end of the program term, the funding source or asset or service provider are precluded from seeking reimbursement of any outstanding amount owed by the beneficiary from a surviving spouse's share of remaining payment or from the beneficiary's estate. Nor would [they] have any remaining interest in any asset acquired by the beneficiary under the program." Petitioners Ex. 1003, Col. 4:1-8.

"Without violating legislated proscriptions in the United States against alienation of [future retirement / Social Security] benefits" – This term should be construed to mean "without violating U.S. laws or regulations governing the assignment of future retirement/Social Security benefits." The specification of the '582 patent states that one of the purported goals of the alleged invention is to

provide a "financial program that allows a beneficiary of Social Security benefits or other retirement benefits to meet current financial objectives *while complying with the United States laws and regulations governing the assignment of future Social Security or other retirement benefits*." Petitioners Ex. 1003, Col. 1:42-48 (emphasis added). The specification lists several exemplary laws and regulations, including the "Social Security Act, the Employment Retirement Income Security Act of 1974, and the United States tax laws." Petitioners Ex. 1003, Col. 1:34-42.

Independent claims 13 and 30 contain means-plus-function limitations under 35 U.S.C. §112(f). Pursuant to 37 C.F.R. § 42.304(b)(3), Petitioners' proposed constructions for these limitations are provided in the table below.[1] Although Petitioners are not pursuing invalidity based on 35 U.S.C. § 112 in this petition at this time, the means-plus-function claims of the '582 patent are indefinite because the specification does not disclose a special purpose computer programmed to perform the recited function, and it does not clearly link or associate that structure

[1] The identification of a structure is not an acknowledgment that the specification's disclosure is sufficient to satisfy 35 U.S.C. § 112(b) and (f). Petitioners reserve all rights to assert that claims 13 and 30 are invalid under 35 U.S.C. § 112(b) and (f) based on the failure to sufficiently disclose an *adequate corresponding* structure that performs the recited function.

to the function recited in the claim. *See, e.g., Aristocrat Techs. Austl. Pty Ltd. v. Int'l Game Tech*., 521 F.3d 1328, 1333 (Fed. Cir. 2008) (the Federal Circuit "has consistently required that the structure disclosed in the specification be more than simply a general purpose computer or microprocessor").[2]

'582 Patent Claim No.	Limitation	Proposed Construction	Support in Specification
13	"means for causing said future retirement payments to be deposited into said	**Function:** causing said future retirement payments to be deposited into said	Col. 5:1-5

[2] Estoppel in covered business method patent reviews is limited only to the "ground[s] that the petitioner raised during that transitional proceeding," provided that the "transitional proceeding . . . results in a final written decision." *See* Leahy-Smith America Invents Act, H.R. 1249, 112th Congress § 18(a)(1)(D) (2011). Petitioners accordingly reserve all rights to raise other invalidity defenses not raised in this petition, including invalidity under 35 U.S.C. § 112, in future proceedings before this Board and/or pending or future civil actions.

'582 Patent Claim No.	Limitation	Proposed Construction	Support in Specification
	account during said preselected period of time"	account during said preselected period of time **Corresponding Structure:** "existing computer capabilities, both hardware and software, and electronic communication links"	
13	"means for causing said depository to disburse a predetermined portion	**Function:** causing said depository to disburse a predetermined portion	Col. 1: 67-2:9; 3:38-50; 5:1-5

'582 Patent Claim No.	Limitation	Proposed Construction	Support in Specification
	of said retirement payments deposited in said account to a benefit provider during said preselected period of time in exchange for a present benefit provided to said beneficiary from said benefit provider based at least in part on present value of a designated portion of said future retirement payments"	of said retirement payments deposited in said account to a benefit provider during said preselected period of time in exchange for a present benefit provided to said beneficiary from said benefit provider based at least in part on present value of a designated portion of said future retirement	

'582 Patent Claim No.	Limitation	Proposed Construction	Support in Specification
		payments **Corresponding Structure:** the "beneficiary" itself and/or "existing computer capabilities, both hardware and software, and electronic communication links"	
13	"means for reimbursing said benefit provider from resources other than said future	**Function:** reimbursing said benefit provider from resources other than	Col. 5:1-5

'582 Patent Claim No.	Limitation	Proposed Construction	Support in Specification
	retirement payments if said transfers 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"	said future retirement payments if said transfers 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 **Corresponding Structure:** "existing	

'582 Patent Claim No.	Limitation	Proposed Construction	Support in Specification
		computer capabilities, both hardware and software, and electronic communication links"	
13	"means for making said retirement payments available for the exclusive use of said beneficiary"	**Function:** making said retirement payments available for the exclusive use of said beneficiary **Corresponding Structure:** "existing computer capabilities, both hardware and	Col. 5: 1-5

'582 Patent Claim No.	Limitation	Proposed Construction	Support in Specification
		software, and electronic communication links"	
30	"means for causing said future payments of Social Security benefits to be deposited into said account during said preselected period of time"	**Function:** causing said future payments of Social Security benefits to be deposited into said account during said preselected period of time **Corresponding Structure:** "existing computer capabilities,	Col. 5: 1-5

'582 Patent Claim No.	Limitation	Proposed Construction	Support in Specification
		both hardware and software, and electronic communication links"	
30	"means for causing said depository to disburse a predetermined portion of said Social Security payments deposited in said account to a benefit provider during said preselected period of time in exchange for a present benefit	**Function:** causing said depository to disburse a predetermined portion of said Social Security payments deposited in said account to a benefit provider during said preselected period of time in exchange for a	Col. 1:67-2:9; 3:38-50; 5:1-5

'582 Patent Claim No.	Limitation	Proposed Construction	Support in Specification
	provided to said beneficiary from said benefit provider based at least in part on present value of a designated portion of said future payments of Social Security benefits"	present benefit provided to said beneficiary from said benefit provider based at least in part on present value of a designated portion of said future payments of Social Security benefits **Corresponding Structure:** the "beneficiary" itself or "existing computer	

'582 Patent Claim No.	Limitation	Proposed Construction	Support in Specification
		capabilities, both hardware and software, and electronic communication links"	
30	"means for reimbursing said benefit provider from resources other than said future payments if said transfers of a portion of said payments from said depository to said benefit provider are curtailed prior to said	**Function:** reimbursing said benefit provider from resources other than said future payments if said transfers of a portion of said payments from said depository to said benefit provider are	Col. 5:1-5

'582 Patent Claim No.	Limitation	Proposed Construction	Support in Specification
	end of said preselected period of time"	curtailed prior to said end of said preselected period of time **Corresponding Structure:** "existing computer capabilities, both hardware and software, and electronic communication links"	
30	"means for making said future payments of Social Security benefits available for the	**Function:** making said future payments of Social Security benefits available for	Col. 5:1-5

'582 Patent Claim No.	Limitation	Proposed Construction	Support in Specification
	exclusive use of said beneficiary"	the exclusive use of said beneficiary **Corresponding Structure:** "existing computer capabilities, both hardware and software, and electronic communication links"	

III. The '582 Patent is a Covered Business Method Patent

A. The AIA Defines What Is a Covered Business Method

The Leahy-Smith America Invents Act ("AIA") provides the following definition of a "covered business method patent":

> (1) IN GENERAL.—For purposes of this section, the term ‘‘covered business method patent’’ means a patent that 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.

H.R. 1249, 112th Congress, § 18(d)(1) (2011); 37 C.F.R. § 42.301(a).

The PTAB has recognized that in CBM reviews, the definition of a "covered business method patent" is to be "broadly interpreted and [to] encompass patents claiming activities that are financial in nature, incidental to a financial activity or complementary to a financial activity." *SAP Am., Inc. v. Versata Dev. Grp., Inc.*, No. CBM2012-00001 (MPT), Paper 36 at 21-22 (P.T.A.B. Jan. 9, 2013). This broad interpretation of a "covered business method patent" is consistent with the legislative history of the statutory provisions for the enactment of the PTO's program for CBM review. *Id.* CBM review is meant to broadly apply to "patents claiming the financial product or service itself, [and] also patents claiming activities that are financial in nature, incidental to a financial activity or complementary to a financial activity." Petitioners Ex. 1006 (Joe Matal, *A Guide to the Legislative History of the America Invents Act: Part II of II*, 21 Fed. Cir. B.J. 539, 636 (2012)).

B. The '582 Patent Is a CBM

The '582 patent is unquestionably a "covered business method patent" for two separate reasons. First, it falls within the class of patents for which CBM review was specifically created. Second, the patent claims are directed to methods and systems of operations used in the practice, administration and management of financial products. Either reason is sufficient by itself to conclude the '582 patent is eligible for CBM review.

(1) The '582 patent is, on its face classified, as part of Class 705, which is "the generic class for apparatus and corresponding methods for performing data processing operations . . . wherein the apparatus or method is uniquely designed for or utilized in the practice, administration, or management of an enterprise, or in the processing of financial data."[3] While CBM review is available for patents outside of Class 705, patents within in Class 705 are *presumptively* subject to covered business method patent review. *See* Petitioners Ex. 1007 (Changes to Implement *Inter Partes* Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents, 77 Fed. Reg. 48680, 48711 (Aug. 14, 2012) (to be codified at 37 C.F.R. pt. 42)) ("Accordingly, patents

[3] See http://www.uspto.gov/web/patents/classification/uspc705/defs705.htm (accessed March 26, 2013)

subject to covered business method patent review are anticipated to be typically classifiable in Class 705."); Petitioners Ex.1008 (157 Cong. Rec. S5410-02 (daily ed. Sept. 8, 2011) (statement of Sen. Schumer)) ("Originally, class 705 was used as the template for the definition of business method patents in section 18. However, after the bill passed the Senate, it became clear that some offending business method patents are issued in other sections.").

(2) The '582 patent claims a financial scheme. Specifically, the '582 patent claims "[a] computerized method [and system] for creating a source of funds based on present value of future retirement payments." *See, e.g.*, Petitioners Ex. 1003, Col. 8:57-58. Likewise, the specification states that the claimed invention is a "financial program that allows a beneficiary . . . to access, in a convenient manner, present value of future retirement benefits to meet current financial objectives." *Id*. at 1:43-47. Therefore, the claimed invention is a "financial product or service" and/or constitutes "activities that are financial in nature, incident to a financial activity or complementary to a financial activity." H.R. 1249, 112th Congress, § 18(d)(1) (2011); 37 C.F.R. § 42.301(a).

The '582 patent's status as a covered business method patent is further confirmed by the patentee's infringement allegations in the ongoing underlying patent litigation. In the underlying litigations, the patent owner asserts that the challenged claims (1, 13, 14, 18, 30 and 31) are infringed by Regions' product

known as Regions Ready Advance and by AA/CNU's product known as Online Payday Advance. Petitioners Ex. 1009 (Complaint against Regions); Petitioners Ex. 1010 (Amended Complaint against AA and CNU). These products permit some customers to obtain a short term line of credit that is repaid from the customer's next Direct Deposit. Petitioners Ex. 1011 ("A Quick Guide to Regions Ready Advance"); Petitioners Ex. 1012 ("Payday Loans from Advance America") The PTAB has stated that in determining whether a patent relates to a financial product or service, the term "financial" is "an adjective that simply means relating to monetary matters." *SAP Am.*, Paper 36 at 23. Because the '582 patent claims are alleged by the patentee to cover financial activity, the claims fall within the broad ambit of a covered business method.

C. The '582 Patent Is Not a Patent for a Technological Invention

The '582 patent does not fall within the "technological invention" exception to CBM review because the patent addresses a purported financial problem using a financial solution. To avail itself of the technological invention exception, the patent-at-issue must instead solve a technical problem with a technical solution:

> (b) Technological invention. In determining whether a patent is for a technological invention solely for purposes of the Transitional Program for Covered Business Methods (section 42.301(a)), the following will be considered on a case-by-case basis: *whether the claimed subject matter as a whole recites a technological feature that*

> *is novel and unobvious over the prior art; and solves a technical problem using a technical solution.*

37 C.F.R. §42.301(b) (emphasis added). During the implementation of the rules for CBM review, the USPTO provided the following guidance of the type of claims that 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.
>
> (b) Reciting the use of known prior art technology to accomplish a process or method, even if that process or method is novel and non-obvious.
>
> (c) Combining prior art structures to achieve the normal, expected, or predictable result of that combination.

Petitioners Ex. 1004, at 48763-64. Additionally, even if some claims of the patent are directed to a technological invention, the presence of a single covered claim is sufficient to institute a covered business method review. *See SAP Am.*, Paper 36 at 26.

In this case, all of the challenged claims lack a novel and unobvious technological feature and instead rely on known and existing technologies to

implement the claimed financial scheme. For example, the '582 patent states that its invention "utilizes *known* computer capabilities and electronic communications links to effect the automated implementation of various aspects of the inventive financial program . . . ." Petitioners Ex.1003, Col. 2:30-33 (emphasis added). The '582 patent further states that the invention "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. Thus, system 10 may be arranged and constructed without a significant investment in system architecture design and software development." Petitioners Ex.1003, Col. 5:1-8 (emphasis added).

The above citations are the only places in the '582 patent specification that even mention a "computer." There is no disclosure of any novel or unobvious software or algorithm that may be used to program the known computer to implement the claimed invention. "Accordingly, no specific, unconventional software, computer equipment, tools or processing capabilities are required." *See SAP Am.*, Paper 36 at 28; *Dealertrack v. Huber*, 674 F.3d 1315, 1333 (Fed. Cir. 2012) ("computer aided" did not impose meaningful limit on scope of claims as "[t]he claims are silent as to how the computer aids the method, the extent to which a computer aids the method, or the significance of a computer to the performance of the method"). The '582 patent thus lacks a novel and unobvious technological

feature such that it qualifies for the technological invention exception to CBM review. *Interthinx, Inc. v. Corelogic Solutions, LLC*, No. CBM2012-00007 (BJM), Paper 16 at 18 (P.T.A.B. Jan. 31, 2013) ("[T]he mere recitation that the method is computer implemented or that the process is automated, using known techniques such as storing information, does not preclude the patent from qualifying as a covered business method patent.").

In addition, the '582 patent admits that the claimed invention provides a "financial program" designed to help people "meet current financial objectives":

> Social Security benefits or other retirement benefits have not generally been seen as an adequate source of current capital, particularly to support financing based upon future receipts. Thus, a need exists for a ***financial program*** that allows a beneficiary of Social Security benefits or other retirement benefits to access, in a convenient manner, present value of future retirement benefits ***to meet current financial objectives*** while complying with the United States laws and regulations governing the assignment of future Social Security or other retirement benefits.

Petitioners Ex. 1003, Col. 1:40-49 (emphasis added).

The financial, rather than technical, nature of the '582 patent is further confirmed by the fact that the patent owner has asserted in the underlying patent litigations that the '582 patent claims are infringed by checking account advance

products – products that are similar to decades old "pay day loans." *See* Petitioners Ex.1009 (Complaint against Regions) and Petitioners Ex. 1010 (Amended Complaint against AA and CNU). Providing loans based on future direct deposits, using decades old technology, cannot plausibly be characterized as solving a technical problem using a technical solution.

IV. THE ASSERTED CLAIMS ARE INVALID UNDER 35 U.S.C. § 101

A. Legal Standards

"[L]aws of nature, physical phenomena, and abstract ideas" are not patent eligible subject matter under 35 U.S.C. §101. *Bilski v. Kappos*, 130 S. Ct. 3218, 3225 (2010). The patent eligibility of a principle or abstract idea depends on "how much future innovation is foreclosed relative to the contribution of the inventor." *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289, 1303 (2012); *see also Bilski*, 130 S. Ct. at 3231 (invalidating claims that preempted the abstract idea of hedging against risk). In order to be patent-eligible, a claim must include an "inventive concept" beyond the abstract idea on which it is based. *Mayo*, 132 S. Ct. at 1303; *see also CLS Bank International, et al. v. Alice Corporation Pty. Ltd.*, 2013 U.S. App. LEXIS 9493, *33 (Fed. Cir. 2013). In assessing whether a claim impermissibly preempts an abstract idea, "the idea supposedly at risk of preemption" must first be "unambiguously identified." *CLS II* at *33. "With the pertinent abstract idea identified, the balance of the claim can

be evaluated to determine whether it contains additional substantive limitations that narrow, confine, or otherwise tie down the claim so that, in practical terms, it does not cover the full abstract idea itself." *Id.*

Adding well-known elements to an abstract idea does not render an otherwise ineligible claim patentable. *Mayo*, 132 S. Ct. at 1297-98. "[T]o transform an unpatentable [abstract idea] into a patent-eligible *application* of such [an idea], one must do more than simply state the law of nature while adding the words 'apply it.'" *Id.* at 1294. For example, using a general purpose computer to perform a method that merely embodies an abstract idea does not render the method patentable. *Bancorp Servs., L.L.C. v. Sun Life Assurance Co. of Can.*, 687 F.3d 1266, 1278 (Fed. Cir. 2012). Rather, the computer must be both "integral" to the method and sufficiently specialized for the method to perform more than basic computing functions. *Id.; see also CLS II* at *46 ("[S]imply appending generic computer functionality to lend speed or efficiency to the performance of an otherwise abstract concept does not meaningfully limit claim scope for purposes of patent eligibility."); *SiRF Tech., Inc. v. ITC*, 601 F.3d 1319, 1333 (Fed. Cir. 2010) ("[F]or the addition of a machine to impose a meaningful limit on the scope of a claim, it must play a significant part in permitting the claimed method to be performed, rather than function solely as an obvious mechanism for permitting a solution to be achieved more quickly . . . .").

The Federal Circuit has further held that "merely claiming a software implementation of a purely mental process that could otherwise be performed without the use of a computer does not satisfy the machine prong of the . . . test." *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1375 (Fed. Cir. 2011). Moreover, "[t]he mere manipulation or reorganization of data . . . does not satisfy the transformation prong." *Id.* The Supreme Court has held that all of the statutory classes set forth in Section 101 (*i.e.*, process, machine, manufacture, and composition of matter) are subject to the same threshold scrutiny under Section 101. *See Mayo*, 132 S. Ct. at 1293-94. Therefore, the same patent eligibility analysis applies to method claims 1 and 18, and system claims 13, 14, 30, and 31 of the '582 patent.

Several recent decisions instruct the § 101 analysis of the asserted '582 patent claims. Just recently in *CLS Bank International, et al. v. Alice Corporation Pty. Ltd.*, the Federal Circuit ruled that claims directed to a computerized trading platform for exchanging obligations by way of a trusted third party to eliminate settlement risk was a "disembodied concept" and thus abstract. 106 USPQ2d 1696, 2013 U.S. App. LEXIS 9493, *41-62 (Fed. Cir. 2013). The Court held that the recitation of generic computer functionality (in both method and system claims) did not "meaningfully limit" the scope of the claims. *Id.* Addressing the additional limitations regarding the creation and reconciliation of shadow records,

the Court noted that the patentee had merely "use[d] extravagant language to recite a basic function required of any financial intermediary in an escrow arrangement." *Id.*

The PTAB adopted similar reasoning in *SAP Am., Inc. v. Versata Dev. Grp, Inc.*, Case CBM2012-00001 (MPT), holding that claims directed to a system and method for determining the price of a product offered to a purchasing organization recited an abstract idea without adding any "inventive concept." Final Written Decision at 29-34. The Board ruled that the claimed invention required "only routine computer hardware and programming," and that elements which supposedly represented marketplace improvements were nevertheless ineligible subject matter because they failed to meaningfully limit the claims to prevent them from covering the abstract idea. *Id.* at 33.

In *Bilski*, the claimed invention related to a method in which buyers and sellers of commodities in the energy market could hedge against the risk of price changes, and included the steps of "initiating" a series of transactions between a commodity provider and consumers at a first rate, "identifying" market participants with a counter-risk position to the consumers, and "initiating" a series of transactions between the market participants and the commodity provider at a second rate. 130 S. Ct. at 3223-24. The Supreme Court found the claims to be ineligible because they covered the basic and abstract concept of hedging against

risk, and would preempt the use of the abstract idea in all fields, even though the claims were limited to commodities trading. *Id.* at 3231.

Similarly, in *Bancorp*, the Federal Circuit ruled that claims directed to "systems and methods for administering and tracking the value of life insurance policies in separate accounts" did not claim patent eligible subject matter. *Bancorp*, 687 F.3d at 1269. The method and system claims in *Bancorp* included generating a life insurance policy having a value based on a value of underlying securities, and several "calculating" and "determining" steps for determining the value of various parameters "for the current day." *Id.* at 1270-71. The claims were found invalid because "without the computer limitations nothing remain[ed] in the claims but the abstract idea of managing a stable value protected life insurance policy by performing calculations and manipulating the results." *Id.* at 1280.

Likewise, in *CyberSource*, the Federal Circuit found that claims for using the internet to identify credit card fraud by mapping locations where the credit card has been used were ineligible because the claim "can be performed in the human mind, or by a human using a pen and paper." 654 F.3d at 1372. The Court again found that "merely claiming a software implementation of a purely mental process" does not convert an abstract idea into patent eligible subject matter. *Id.* at 1375.

In *Dealertrack*, the Federal Circuit found that claims directed to computer-aided method and systems for processing credit applications over electronic networks were invalid under Section 101. 674 F.3d at 1333. Despite explicitly reciting a "computer aided method" of managing a credit application, the court found that the claims cover the basic concept of "processing information through a clearing-house" and "using a clearinghouse specifically to apply for car loans," and are therefore unpatentable abstract ideas. *Id.* at 1333-34. Because the computer could be programmed in "very different ways," the computer recitation did not meaningfully limit the claims. *Id.* at 1333.

Additionally, in *Fort Properties, Inc. v. American Master Lease LLC*, 671 F.3d 1317, 1322 (Fed. Cir. 2012), the Federal Circuit found that claims reciting a real estate investment tool designed to enable tax-free exchanges of property are directed to an unpatentable abstract concept. Claims requiring a computer to "generate a plurality of deedshares" were ineligible because the computer limitation did not "play a significant part in permitting the claimed method to be performed." *Id.* at 1323 (citations omitted).

B. Claim 1 is Invalid Under § 101

Claim 1 is unpatentable because it recites advancing funds based on future cash flow without any "inventive concept" beyond this abstract idea. *See CLS*, 2013 U.S. App. LEXIS 9493 at *44-48; s*ee also Mayo*, 132 S. Ct. at 1294. The

concept of calculating a present value of future payments is not new, nor is the concept of obtaining a loan based on the present value of future payments. Moreover, the balance of the claim, including any supposed recitation of any computer-implemented functionality or hardware, fails to add anything meaningful or significant to the claim.

1. Claim 1 Recites an Abstract Idea Without Any Inventive Concept

Claim 1 is generally directed to the abstract concept of advancing funds based on future cash flow. Claim 1 generally recites: (1) designating an account in which future retirement payments are deposited; (2) designating a benefit provider; (3) authorizing disbursement of the future payments to the benefit provider; (4) providing money to the beneficiary from the benefit provider based on the present value of a portion of the future payments; (5) depositing the future payments into the account and disbursing a portion of the payments to the benefit provider; and (6) reimbursing the benefit provider from another source if the future retirement payments are curtailed. The foregoing limitations recite little more than the "disembodied concept" of providing funds based on the present value of future retirement payments. *See id.* at *44-45; *SAP America, Inc.*, CBM2012-00001 Decision (holding that the concept of "organizational hierarchies for products and customers" is abstract as it represents a 'disembodied concept'…). Thus the

inquiry turns to whether the balance of the claim "contains additional substantive limitations that narrow, confine, or otherwise tie down the claim, so that, in practical terms, it does not cover the full abstract idea itself" – or in other words, whether the claim recites an "inventive concept." *CLS Bank*, 2013 U.S. App. LEXIS 9493 at *33-34 (citations omitted).

(a) "without encumbering the beneficiary's right to the future retirement payments and without violating legislative proscriptions in the United States against alienation of future retirement payments / Social Security benefits"

The limitation "without encumbering the beneficiary's right to the future retirement payments and without violating legislative proscriptions in the United States against alienation of future retirement /Social Security benefits" fails to import patentability into the claims. The PTAB has previously held that claims reciting abstract ideas "must add more than just insignificant, conventional or routine steps to the idea lest the claim effectively cover the abstract idea itself." *SAP Am., Inc.*, CBM2012-00001, Decision at 31; *see also Mayo*, 132 S. Ct. at 1298. The foregoing limitation is conventional, routine, and insignificant, as it does little more than confine the recited method to the bounds of U.S. law.

For example, the "Background of the Invention" section states that due to "current legislated proscriptions in the United States against assigning or otherwise alienating future retirement benefits (e.g., such as those set forth in the Social

Security Act, the Employee Retirement Income Security Act laws), Social Security benefits or other retirement benefits have not generally been seen as an adequate source of current capital…" Petitioners Ex. 1003, Col. 1:34-41. The '582 patent also states that "a need exists for a financial program that allows a beneficiary of Social Security benefits or other retirement benefits to access…present value of future retirement benefits…while complying with the United States laws and regulations governing the assignment of future Social Security or other retirement benefits." Petitioners Ex. 1003, Col. 1:42-48. Thus the "without violating legislative proscriptions…" portion of this limitation merely requires compliance with U.S. law – nothing more. The "without encumbering…" portion of the limitation is similarly meaningless, as the Social Security Act prohibits private entities from garnishing an individual's Social Security benefits. *See* Social Security Act § 207 (42 U.S.C. § 407). Thus, the entirety of this limitation merely disclaims conduct which is not legal in the first place.

That this limitation was purportedly added to distinguish claim 1 over prior art during prosecution has no bearing on whether it is meaningful or significant. *SAP Am., Inc.,* CBM2012-00001, Decision at 32 ("The contention that the combination of the abstract idea and the specific steps represents an improvement in marketplace technology does not demonstrate that the additional steps are anything other than conventional, routine steps that are a consequence of

implementing the abstract idea."). In *SAP America*, the PTAB noted that "even if the abstract idea and 'specific' steps represent a marketplace improvement, the claims are not patent-eligible where the appended steps lack meaningful limitations that prevent the claim as a whole from covering the practical applications of the abstract idea." *Id.* at 33. Thus the pertinent inquiry is whether the limitation is significant or just routine – not whether it was new at the time of filing. Specifying that the method comport with U.S. law clearly qualifies as routine.

(b) "computerized method"

The nominal recitation of a "computerized method" in the preamble also fails to add a meaningful or significant limitation to claim 1. It is well established that unless the claim "require[s] a computer to perform operations that are not merely accelerated calculations, a computer does not itself confer patent eligibility." *CLS Bank*, 2013 U.S. App. LEXIS 9493 at *46; *see also SiRF Tech.*, 601 F.3d at 1333 ("In order for the addition of a machine to impose a meaningful limit on the scope of a claim, it must play a significant part in permitting the claimed method to be performed, rather than function solely as an obvious mechanism for permitting a solution to be achieved more quickly, i.e., through the utilization of a computer for performing calculations."); *Bancorp*, 687 F. 3d at 1278 ("To salvage an otherwise patent-ineligible process, a computer must be

integral to the claimed invention, facilitating the process in a way that a person making calculations or computations could not.") (citations omitted).

Here, the recited computer is not an integral or required component for execution of the claimed method. Nor does claim 1 expressly define the computer's role in the method. *See CLS Bank*, 2013 U.S. App. LEXIS 9493 at *45 (noting that "the requirement for computer implementation could scarcely be introduced with less specificity" in ruling claims invalid under §101). Moreover, the specification states that the disclosed system "utilizes existing computer capabilities, both hardware and software, and electronic communications links…to effect electronic funds transfers." Petitioners Ex. 1003, Col. 5:1-5. The PTAB addressed the same issue in *SAP America, Inc.*, noting that the patent at issue "state[d] that its invention may be implemented in *any* type of computer system or programming or processing environment." *SAP America, Inc.*, Decision at 30. Thus the Board reasoned that the patent's "contribution to the arts lies not in the type of computer device or processing environment employed." *Id.*

Here, the recited computer is solely for expediting the transfer of funds and calculating the present value of future payments, both of which can be done manually, and have been done manually for at least a century, if not longer. *See CLS II* at *45 (holding that "simply appending generic computer functionality to lend speed or efficiency to the performance of an otherwise abstract concept does

not meaningfully limit claim scope for purposes of patent eligibility."); *see also CyberSource*, 654 F.3d at 1372 (finding claim patent-ineligible where the claim "can be performed in the human mind, or by a human using a pen and paper."). Thus claim 1 is invalid under § 101 because the computer recited in the preamble does not "play a significant part in permitting the claimed method to be performed." *Fort Props.*, 671 F.3d at 1323 (citations omitted).

(c) future "retirement" payments

Lastly, requiring that the future payments consist of *retirement* benefits also fails to import patentability to claim 1. It is well established that "[l]imiting an abstract idea to one field of use or adding token post-solution components [does] not make the concept patentable." *Bliski*, 130 S. Ct. at 3231. Specifying that the future cash flow consist of retirement benefits is a trivial limitation that adds nothing of practical significance to the claims. *See CLS Bank*, 2013 U.S. App. LEXIS 9493 at *47-48 (finding that additional limitations directed to the use of shadow records were "basic function[s] required of any financial intermediary in an escrow arrangement" and thus added "nothing of practical significance to the underlying idea of reducing settlement risk through intermediation"); *Dealertrack*, 674 F.3d at 1333-34 (invalidating claim directed to abstract idea of processing loan information through a clearinghouse, even when limited to applying for car loans).

2. Claim 1 Fails to Satisfy the Machine or Transformation Test

As further confirmation that claim 1 is invalid under § 101, claim 1 fails to meet either prong of the machine or transformation test, which although no longer the dispositive test for determining patent eligibility, remains an "important clue [or] an investigative tool." *Bilski*, 130 S. Ct. at 3227.

First, the claimed method is not tied to a particular machine or apparatus. As discussed above, the only computer recitation occurs in the preamble of claim 1, and even that recitation is not tied to any particular function that would indicate the computer must be a specially-programmed computer. The only disclosure of a computer in the '582 specification is of "known" or "existing" computer "capabilities," suggesting that any general purpose computer will suffice. *See* Petitioners Ex. 1003, Col. 2:30-35, 5:1-5. Claim 1 is thus the computer implementation of an otherwise purely mental process that could be performed without the use of a computer, and therefore fails to meet the "machine" prong of the machine or transformation test. *See CyberSource*, 654 F.3d at 1375.

Second, claim 1 fails the "transformation prong" of the test because it only claims a process for manipulating data to determine a present value loan amount based on future retirement payments. *Id.* ("The mere manipulation or reorganization of data . . . does not satisfy the transformation prong."). In

CyberSource, the claim included steps for obtaining credit card information and processing a number of parameters to construct a map of credit card numbers that can be used to determine if a credit card transaction is valid. *Id.* at 1373-74. The Federal Circuit found the claim to be patent-ineligible because it claimed a process that "manipulates data to organize it in a logical way such that additional fraud tests may be performed." *Id.* at 1375. Claim 1 of the '582 patent likewise fails the transformation prong because it only manipulates data to determine a present value of future retirement payments so that funds can be provided to a beneficiary in exchange for a portion of the future payments. *See Bancorp*, 687 F.3d at 1273 (affirming district court's ruling that claim fails the transformation prong where it does "not transform the raw data into anything other than more data and are not representations of any physically existing objects" (citation omitted)).

C. Claims 13 and 14 are Invalid Under § 101

Independent claim 13 of the '582 patent is the system claim counterpart to method claim 1. Because system claims and method claims are subject to the same patent eligibility analysis, claim 13 is invalid under § 101 for the same reasons set forth above for claim 1. *See CLS Bank*, 2013 U.S. App. LEXIS 9493 at *41-63 (applying similar rationale to find method, computer-readable medium, and system claims invalid under § 101); s*ee also Mayo*, 132 S. Ct. at 1293-94.

Additionally, Claim 13 includes several means-plus-function limitations that perform the method steps recited in claim 1. As discussed above, the only structure identified in the '582 patent specification as performing these steps are known or existing "computer capabilities" or the beneficiary (*i.e.*, a human). Petitioners Ex. 1003, Col. 5:1-5. The generic recitation of a known general purpose computer does not render system claim 13 patentable. *See Bancorp*, 687 F.3d at 1278 ("[T]he use of a computer in an otherwise patent-ineligible process for no more than its most basic function—making calculations or computations—fails to circumvent the prohibition against patenting abstract ideas and mental processes."). Accordingly, claim 13 is also invalid under 35 U.S.C. §101.

Dependent claim 14 depends from claim 13 and recites that the benefit provider is a source of capital. Specifying a benefit provider does not render claim 14 patent-eligible. Claim 14 is therefore is invalid for same reasons set forth above for claims 1 and 13.

D. Claims 18, 30, and 31 Are Invalid Under §101

Claims 18, 30, and 31 are also invalid under §101 for the same reasons discussed above with respect to claims 1, 13, and 14.

Claim 18 is similar to claim 1, except that instead of providing benefits based on future retirement payments, claim 18 specifies that the future payments are Social Security payments. This minor difference from claim 1 does not alter

the eligibility analysis set forth above for claim 1. Accordingly, claim 18 is invalid as directed to unpatentable subject matter for the same reasons discussed above in conjunction with claim 1.

Claim 30 is the counterpart system claim to the method recited in claim 18. Because the same patent-eligibility analysis applies to both system and method claims, claim 30 is invalid for the same reasons as claims 1 and 18. *See Mayo*, 132 S. Ct. at 1293-94; *CyberSource*, 654 F.3d at 1374 ("Regardless of what statutory category ("process, machine, manufacture, or composition of matter," 35 U.S.C. § 101) a claim's language is crafted to literally invoke, we look to the underlying invention for patent-eligibility purposes."). Claim 30 is also similar to claim 13, but with the additional limitation that the future retirement payments are Social Security payments. This additional limitation does not alter the patent eligibility analysis. Claim 30 is therefore invalid for the same reasons as claim 13.

Dependent claim 31, like claim 14 discussed above, recites that the benefit provider is a source of capital. The additional limitation of claim 31 does not change the Section 101 analysis, and claim 31 is again invalid for the same reasons discussed above with respect to claim 30.

V. CONCLUSION

For the reasons set forth above, Petitioners respectfully requests that the Board institute a covered business method patent review of U.S. Patent No.

6,625,582 on the basis that claims 1, 13, 14, 18, 30 and 31 of the '582 patent are invalid under 35 U.S.C. § 101.

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