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Paper 23
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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

DELTA AIRLINES, INC., FRONTIER AIRLINES, INC.,
UNITED AIRLINES, INC., US AIRWAYS, INC.,
AND AMERICAN AIRLINES, INC.,
Petitioner,

v.

LOYALTY CONVERSION SYSTEMS CORPORATION,
Patent Owner.

Case CBM2014-00096
Patent 8,511,550 B1

Before GRACE KARAFFA OBERMANN, JON B. TORNQUIST, and TINA E. HULSE, *Administrative Patent Judges.*

TORNQUIST, *Administrative Patent Judge.*

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

I. INTRODUCTION

Delta Air Lines, Inc., Frontier Airlines, Inc., United Airlines, Inc., US Airways, Inc., and American Airlines, Inc. (collectively "Petitioner") filed a Petition (Paper 1) on March 17, 2014, requesting review of claims 1–3 and 5–7 of U.S. Patent No. 8,511,550 B1 (Ex. 1001, "the '550 patent") under the transitional program for covered business method patents.[1] On April 4, 2014, Petitioner filed a corrected petition (Paper 8, "Pet."). Loyalty Conversion Systems Corp. ("Patent Owner") filed a Preliminary Response (Paper 14, "Prelim. Resp.") on July 1, 2014.

We have jurisdiction under 35 U.S.C. § 324, which provides that a covered business method patent review may not be instituted unless "it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable." *See* § 18(a) of the Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284, 329 (2011) ("AIA").

Upon consideration of the Petition and Preliminary Response, we are persuaded that it is more likely than not that Petitioner would prevail on the assertion that claims 1–3 and 5–7 are unpatentable on the single ground authorized below.

A. Petitioner's Standing

A petition for review of a business method patent may not be granted unless the petitioner or its privies have been sued for infringement of the involved patent. *See* 37 C.F.R. § 42.302. Petitioner represents that each of the entities collectively referred to as Petitioner has been sued for infringement of the '550 patent in the U.S. District Court for the Eastern

[1] A petition for covered business method patent review of related U.S. Patent No. 8,313,023 B1 was filed on March 17, 2014, and designated CBM2014-00095.

District of Texas. Pet. 5–6. Patent Owner does not challenge this representation.

B. The '550 Patent

The '550 patent is directed to a method of using a graphical user interface to convert non-negotiable credits into entity independent funds. Ex. 1001, 1:37–43. Non-negotiable credits may comprise loyalty points, frequent flyer miles, or entertainment credits. *Id.* at 1:40–43. Entity independent funds may include, *inter alia*, loyalty points of a commerce partner that are accepted as "at least partial payment for goods or services provided by the commerce partner." *Id.* at 6:50–59, Abstract.

In the method of the '550 patent, the exchange of non-negotiable credits for entity independent funds is facilitated by a computer "serving a set of one or more Web pages for a loyalty program of an entity." *Id.* at 5:7–52, 6:42–46. These web pages are served to "one or more remotely located client machines" via a client-side browser and rendered as a "graphical user interface." *Id.* at 6:43–47.

In the claimed embodiment, loyalty points of one entity (non-negotiable credits) are converted to loyalty points of a commerce partner (entity-independent funds). *Id.* at 6:56–59. In this embodiment, an agreement exists between the entity and the commerce partner, permitting customers to convert loyalty points in accordance with a credits-to-funds ratio. *Id.* at 6:60–64. This agreement also specifies that the commerce partner is to be compensated for converting the first entity's loyalty points. *Id.* at 6:64–7:1.

C. Illustrative Claim

Independent claim 1 is illustrative of the ’550 patent and is reproduced below:

1. A method comprising:

a computer serving a set of one or more Web pages for a loyalty program of an entity to one or more remotely located client machines, wherein the Web pages are able to be rendered within a client-side browser as a graphical user interface on the one or more client machines, wherein upon being rendered within the client-side browser said graphical user interface shows a quantity of non-negotiable credits, wherein said non-negotiable credits are loyalty points of the loyalty program possessed by a member, wherein upon being rendered within the client-side browser the graphical user interface comprises a conversion option to convert at least a subset of the shown non-negotiable credits into a quantity entity independent funds, wherein said entity independent funds are different loyalty points of a different loyalty program of a commerce partner, wherein said entity independent funds are possessed by the member, wherein an agreement exists between the entity and the commerce partner, wherein the agreement permits members to convert the non-negotiable credits to the entity independent funds in accordance with a fixed credits-to-funds conversion ratio, wherein the agreement specifies that the entity is to compensate the commerce partner in an agreed upon amount of cash or credit for conversions of non-negotiable credits to entity independent funds, wherein said agreed upon amount is a multiple of a quantity of converted non-negotiable credits, wherein the entity independent funds are redeemable per the different loyalty program for commerce partner goods or for commerce partner services, wherein the commerce partner is not said entity, wherein in absence of being converted the non-negotiable credits are not accepted as payment for commerce partner goods or for commerce partner services;

the computer responsive to receiving a message indicating a selection of the conversion option, processing the selection to effectuate changes in the served set of Web pages; and

responsive to the processing, the computer serving one or more Web pages or Web page updates that include the effectuated changes to the one or more remotely located client machines, wherein upon being rendered within the client-side browser the graphical user interface is updated with the effectuated changes, wherein the updated graphical user interface shows a reduced quantity of non-negotiable credits possessed by the member in the loyalty program, said reduced quantity resulting at least in part from the subset of non-negotiable credits being converted into the quantity of entity independent funds in accordance with the fixed credits-to-funds conversion ratio.

D. Prior Art

U.S. Patent Publication No. US 2003/0200144 A1, published Oct. 23, 2003 (Ex. 1004) ("Antonucci").

U.S. Patent Publication No. US 2002/0143614 A1, published Oct. 3, 2002 (Ex. 1005) ("MacLean").

E. Alleged Grounds of Unpatentability

Petitioner asserts that the challenged claims are unpatentable on the following grounds. Pet. 25, 36, 51, 73.

Challenged Claims	Basis	References
1–3 and 5–7	§ 101	
1–3 and 5–7	§ 112, first paragraph	
1–3 and 5–7	§ 102	MacLean
1–3 and 5–7	§ 103	MacLean and Antonucci

II. ANALYSIS

A. Covered Business Method Patent

To be eligible for covered business method patent review, at least one claim of a challenged patent must: (1) be directed to a financial product or service and (2) not include a technological invention. *See* AIA § 18(d)(1);

37 C.F.R. §§ 42.301(a), (b). As discussed below, we find that at least one claim of the '550 patent satisfies these requirements and, therefore, the '550 patent is eligible for covered business method patent review.

1. Financial Product or Service

Based upon the legislative history of the AIA, the term "financial product or service" has been interpreted broadly to encompass activities that are financial in nature, incidental to a financial activity, or complementary to a financial activity. *See* Transitional Program for Covered Business Method Patents—Definitions of Covered Business Method Patent and Technological Invention, 77 Fed. Reg. 48,734, 48,735 (Aug. 14, 2012).

The challenged claims of the '550 patent are directed to a method for transferring or converting loyalty points of an entity into loyalty points of a commerce partner. Ex. 1001, 6:42–7:26. These loyalty points have a "monetary value" and can be used to purchase goods or services provided by the commerce partner. *Id.* at 4:45–47, 5:28–30, 6:42–7:26. We agree with Petitioner that this activity is financial in nature or, at a minimum, incidental to a financial activity. Pet. 13–14. Patent Owner does not dispute that the '550 patent claims are directed to a financial product or service. Accordingly, on this record, we conclude that the challenged claims are directed to a financial product or service, as required by § 18(d)(1) of the AIA.

2. Technological Invention

A technological invention exists when "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." 77 Fed.

Reg. at 48,735; 37 C.F.R. § 42.301(b). The following claim drafting techniques typically do 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.

Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,764 (Aug. 14, 2012).

Claim 1 of the ’550 patent recites two technological features: “a computer serving a set of one or more Web pages” and a “client-side browser” displaying a “graphical user interface.” Ex. 1001, 6:43–49. Petitioner, supported by the testimony of Dr. Sandeep Chatterjee, argues that these technological elements were well known in the art and do not achieve a result that is novel, unexpected, or unconventional. *See* Pet. 16–17; Ex. 1009 ¶¶ 35–45, 50–52.

Patent Owner does not contend that the claims are directed to a technological invention, and the ’550 patent does not suggest otherwise. For example, the recited computer of the ’550 patent may be “any kind of computer system,” including “a general purpose computer,” and the “Web pages” and “graphical user interface” may be rendered by “any of a variety of means including, but not limited to, a Web browser.” Ex. 1001, 5:37–39, 6:18–24, 45–47. Because the challenged claims of the ’550 patent contain only conventional computer hardware and software components that are not

alleged to solve a technical problem using a technical solution, we conclude that the '550 patent does not recite a technological invention. Pet. 15–17; Ex. 1009 ¶¶ 35, 51.

Based on the foregoing, we conclude that the '550 patent is directed to a financial product or service and does not constitute a technological invention; therefore, the '550 patent is eligible for covered business method patent review. AIA § 18(d)(1); 37 C.F.R. §§ 42.301(a), (b).

B. Claim Construction

In a covered business method review, "[a] claim in an unexpired patent shall be given its broadest reasonable construction in light of the specification of the patent in which it appears." 37 C.F.R. § 42.200(b). In determining the broadest reasonable construction, we presume that claim terms carry their ordinary and customary meaning. *See In re Translogic Tech., Inc.*, 504 F.3d 1249, 1257 (Fed. Cir. 2007). This presumption may be rebutted when a patentee, acting as a lexicographer, sets forth an alternative definition of a term in the specification with reasonable clarity, deliberateness, and precision. *In re Paulsen*, 30 F.3d 1475, 1480 (Fed. Cir. 1994).

Petitioner and Patent Owner request that we construe several claim terms. We construe below the one claim term we find necessary for this decision: *wherein an agreement exists between the entity and the commerce partner*. Ex. 1001, 6:60–61.

The '550 patent discloses that "an entity" provides non-negotiable credits to consumers. *Id.* at 1:40–42, 2:53–55. In claim 1, from which each of the challenged independent claims depend, these non-negotiable credits "are loyalty points of the loyalty program" of the entity. *Id.* at 6:44, 50–52.

In claim 1, these non-negotiable credits are then converted to "entity independent funds," which are "different loyalty points of a different loyalty program of a commerce partner." *Id.* at 6:56–58.

Thus, consistent with the claim language, we determine that the broadest reasonable construction of the term *wherein an agreement exists between the entity and the commerce partner* requires that an agreement exist between an entity that provides loyalty points and a commerce partner that provides different loyalty points.

C. Benefit Date

Application No. 13/863,566, which issued as the '550 patent, was filed on April 16, 2013, and claims priority to application No. 11/420,255 ("the '255 application") filed on May 25, 2006, now U.S. Patent No. 7,703,673; application No. 13/532,342 filed on June 25, 2012, now U.S. Patent No. 8,297,502; and application Nos. 13/681,479 and 13/681,493, filed on November 20, 2012. Ex. 1001, 1.

Petitioner asserts that the '550 patent is not entitled to the benefit of the May 25, 2006, filing date of the '255 application because that application does not disclose or reference a "commerce partner" or a "commerce partner agreeing to accept transfers, conversions, and/or compensation, as recited in claim 1 of the '550 Patent." Pet. 19.

The prior art asserted by Petitioner—MacLean and Antonucci—have publication dates of October 3, 2002, and October 23, 2003, respectively. Ex. 1004, 1; Ex. 1005, 1. Each of these references, therefore, has a publication date over one year prior to the earliest possible priority date of the '550 patent. We, therefore, need not address whether the challenged

claims properly claim benefit to the ’255 application for purposes of this decision.

D. Subject Matter Eligibility Under § 101

Patent-eligible subject matter is defined in 35 U.S.C. § 101 as follows:

> Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

There are three implicit exceptions to § 101’s broad patent-eligibility principles: “laws of nature, physical phenomena, and abstract ideas are not patentable.” *Bilski v. Kappos*, 130 S. Ct. 3218, 3225 (2010); *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2354 (2014). As “all inventions at some level embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas,” care must be taken in construing this exception “lest it swallow all of patent law.” *Alice*, 134 S. Ct. at 2354 (citing *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289, 1293–1294 (2012)).

The Supreme Court has set forth a framework for distinguishing patents that claim laws of nature, physical phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts. *Alice*, 134 S. Ct. at 2355. This two-step process first determines whether the claims at issue are directed to one of the patent-ineligible concepts set forth above. *Id.* If such a patent ineligible concept is found, then we must determine whether the elements of each claim, both individually and “as an ordered combination,” contain an “inventive concept” that is “sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the ineligible concept itself.” *Id.*

1. Whether the Challenged Claims Are Directed to an Abstract Idea

Petitioner argues that claims 1–3 and 5–7 of the '550 patent are directed to the abstract idea of currency conversion. According to Petitioner, this abstract idea was well known prior to the filing of the '550 patent and can be performed in the human mind or manually using pen and paper. Pet. 25–35; Ex. 1009 ¶ 36; *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1372 (Fed. Cir. 2011) (finding a claim that "can be performed in the human mind, or by a human using a pen and paper," is not directed to patent-eligible subject matter). Patent Owner argues that the concept at issue in the '550 patent is "loyalty point transformation," not "currency conversion," as loyalty points "have no inherent or recognized value" and are "subject to redemption restrictions and other rules inapplicable to currency." Prelim. Resp. 67–68.

Petitioner notes that mutually agreeing to convert assets, such as currency, according to a ratio of their respective value, i.e., a credit-to-funds ratio, was well known and comprises a simple mathematical calculation that could be performed mentally or with pen and paper. *See* Pet 26; Ex. 1009 ¶¶ 36 (asserting that currency conversion is not new and is "nothing more than another name for the mathematical operation of multiplication"), 40–41 (asserting that mutually agreeing to perform an exchange of assets is a known process). Although Petitioner and Patent Owner disagree as to whether the asset in question is currency or loyalty points, the basic mathematical calculation used in either scenario is the same. *See* Ex. 1009 ¶ 35. Accordingly, on this record, Petitioner has shown sufficiently that the '550 patent is directed to an abstract idea. For purposes of this decision, we will label this abstract idea "mutually agreeing to convert assets."

2. Whether the Claims Contain an "Inventive Concept"

Having determined that the claims encompass an abstract idea, the second step in the analysis is to "examine the elements of the claim to determine whether it contains an 'inventive concept' sufficient to 'transform' the claimed abstract idea into a patent-eligible application" of that idea. *Alice*, 134 S. Ct. at 2357.

Patent Owner asserts that the required "mutual agreement" to exchange loyalty points in claim 1 provides a "material" limitation that is sufficient to transform the claims into patent-eligible subject matter. Prelim. Resp. 64, 69. Petitioner presents evidence, however, that two parties mutually agreeing to exchange assets, such as currency, was known in the art and can be performed manually with pen and paper. Pet. 28; Ex. 1009 ¶¶ 36, 41. Narrowing the type of asset at issue in the agreement, in this case to loyalty points, does not make the idea non-abstract for section 101 purposes. *Alice*, 134 S. Ct. at 2358 (noting that limiting an abstract idea to a particular field of use does not impart patentability to an otherwise unpatentable claim); *see also buySAFE, Inc. v. Google, Inc.*, No. 2013-1575, 2014 WL 4337771, at *4 (Fed. Cir. Sept. 3, 2014) (noting that narrowing the claims to a particular type of agreement, when the broader class of commercial agreements was well known, does not alter the analysis under § 101).

Patent Owner further argues that the existence of substantial hardware and software limitations in the challenged claims—such as a "computer," "Web pages," and "a client-side browser [with] a graphical user interface"—sufficiently narrow the claims "such that they do not cover the full abstract idea." Prelim. Resp. 70. At this stage of the proceeding, we are not persuaded that the use of a generic or general purpose computer in the '550

patent, in combination with standard software components, such as a browser, web pages, and a graphical user interface, transforms the claims into a patent-eligible application of the abstract idea. *See Alice*, 134 S. Ct. at 2358 (noting that using a computer in a conventional manner does not transform or limit an abstract idea); Pet. 29; Ex. 1009 ¶¶ 35–39 (testifying that no novel computer hardware or software components are disclosed in the '550 patent).

Finally, Patent Owner asserts that once the general purpose computer of the '550 patent is programmed to perform the claimed method, a special purpose computer is created, narrowing the claims to a "relatively narrow and specific" application of the abstract concept. Prelim. Resp. 71 (citing *In re Alappat*, 33 F.3d 1526 (Fed. Cir. 1994)). We are not persuaded, however, that programing the general purpose computer of the '550 patent to implement an abstract idea, using only conventional hardware and software components and conventional computer functions, creates a special purpose computer sufficient to salvage the otherwise patent-ineligible claims. *See Alice*, 134 S. Ct. at 2359. As noted by the Supreme Court in *Alice*, "[g]iven the ubiquity of computers, wholly generic computer implementation is not generally the sort of 'additional feature' that provides any 'practical assurance that the process is more than a drafting effort designed to monopolize the [abstract idea] itself.'" *Id.* at 2358 (internal citations omitted).

Based on the foregoing, we determine that Petitioner has established sufficiently that claims 1–3 and 5–7 of the '550 patent are more likely than not unpatentable under 35 U.S.C. § 101.

E. Written Description

Petitioner challenged claims 1–3 and 5–7 of the ’550 patent as lacking adequate written description support under 35 U.S.C. § 112, first paragraph. Pet. 73–79. Specifically, Petitioner asserts that there is insufficient written description support in the ’550 patent for the limitations: “wherein said entity independent funds are different loyalty points of a different loyalty program of a commerce partner” and “wherein the agreement specifies that the entity is to compensate the commerce partner.” Pet. 74–79; Ex. 1001, 6:43–7:9. Patent Owner responds that each of the challenged claim limitations is found in original claim 1 of the ’550 patent, which was not amended during prosecution. Prelim. Resp. 19–20.

The test for written description support is “whether the disclosure of the application relied upon reasonably conveys to those skilled in the art that the inventor had possession of the claimed subject matter as of the filing date.” *Ariad Pharm., Inc. v. Eli Lilly & Co.*, 598 F.3d 1336, 1351 (Fed. Cir. 2010). Original claims are part of the original disclosure and may be relied upon for written description support. *See id.* at 598 F.3d at 1349; *In re Gardner*, 480 F.2d 879, 879 (CCPA 1973).

The original claims of the ’550 patent appear to disclose each of the challenged claim limitations. Ex. 1010, 21. Petitioner does not address these original claims, or explain why they do not support adequately the issued claims. Pet. 73–79. We, therefore, are not persuaded that Petitioner has carried its burden to show that it is more likely than not that claims 1–3 and 5–7 of the ’550 patent lack written description support under 35 U.S.C. § 112, first paragraph.

F. Anticipation by MacLean

Petitioner asserts that claims 1–3 and 5–7 are anticipated under 35 U.S.C. § 102 by MacLean. Pet. 36–51. MacLean is directed to a method and system for managing and exchanging points "that are issued and redeemed in the context of a loyalty program." Ex. 1005 ¶ 1. In this method, a transaction center "acts as a 'currency exchange' for the issuers," permitting each loyalty point issuer to set its own points withdrawal and deposit rates. *Id.* ¶¶ 43, 64.

According to MacLean, the value of points often varies between loyalty programs. For example, 10,000 points in program A may be worth only 3,600 points in program B, after the point withdrawal and deposit rates are applied and transaction fees are deducted. *Id.* ¶¶ 41, 64. In this example, "the customer sees an effective points exchange rate of 3,600:10,000 or 0.36." *Id.* ¶ 64, Fig. 9.

A prior art reference anticipates a patent claim if it expressly or inherently describes each and every limitation set forth in the claim. *See Verdegaal Bros., Inc. v. Union Oil Co.*, 814 F.2d 628, 631 (Fed. Cir. 1987). To establish an inherent disclosure, the supporting evidence must make clear that the missing claim limitation is necessarily present in the recited reference. *See In re Robertson*, 169 F.3d 743, 745 (Fed. Cir. 1999).

Patent Owner asserts that MacLean does not anticipate the challenged claims because it does not disclose, expressly or inherently, that "an agreement exists between the entity and the commerce partner," as required by independent claim 1. Prelim. Resp. 28–29. Petitioner asserts that an agreement is disclosed in paragraphs 41, 51, 62, and 64 and Figures 6C and

9 of MacLean. Pet. 43–44. For the reasons set forth below, we are not persuaded by Petitioner's argument.

Paragraph 41 discloses that a customer may exchange, using the transaction center of MacLean, American Airlines points for points issued by the American Express Card. Ex. 1005 ¶¶ 40–41. Paragraph 41 does not disclose explicitly that an agreement exists *between* American Airlines and the American Express card, and Petitioner does not explain why such an agreement is necessarily present in this example. Pet. 40, 43; Ex. 1005 ¶ 41. Paragraph 51 of MacLean discloses an "agreement," but this agreement is between the issuer and the transaction center, which does not manage a loyalty point program or issue loyalty points to consumers. *Id.* ¶ 51, Fig. 1; Prelim. Resp. 32–33. Paragraph 62 describes MacLean's particular method for converting loyalty points from one issuer to another, but does not disclose an agreement between the participating loyalty point programs. Ex. 1005 ¶ 62; Pet. 43; Prelim. Resp. 33.

Figure 6C of MacLean is a web snapshot that depicts a user entering desired quantities of points to withdraw from two different loyalty point program accounts. Ex. 1005 ¶¶ 35, 52, Fig. 6C. In Figure 6D, the user then selects the type of loyalty points to exchange for these withdrawn points. *Id.* at Fig. 6D. Figure 6C does not disclose or discuss an agreement, and, again, Petitioner does not explain why the depicted method necessarily requires an agreement between the two loyalty point programs. *See* Pet. 43; Ex. 1005 ¶¶ 52–54, Fig. 6C.

Figure 9 and related paragraph 64 of MacLean disclose the revenue flow from a sample trade involving three parties: a credit card loyalty program, a transaction center, and an airline loyalty program. *Id.* at ¶ 64,

Fig. 9. In this example, the customer converts 10,000 credit card loyalty points for 3,600 airline loyalty points. *Id.* at ¶ 64, Fig. 9. Patent Owner asserts that "[n]o contract or agreement is evident *between* the two different loyalty program operators" in Figure 9. Prelim. Resp. 30–31 (emphasis added). We agree. In MacLean, the *transaction center* allows the loyalty programs to "buy" or "sell" their points currency through the points exchange, with each loyalty point program providing invoices to, and accepting invoices from, the transaction center, not a different loyalty point program. Ex. 1005 ¶¶ 66–67.

Based on the foregoing, we determine that Petitioner has not shown sufficiently that MacLean expressly or inherently discloses that "an agreement exists between the entity and the commerce partner." Ex. 1001, 6:60–61. We, therefore, decline to institute a covered business method patent review on the ground that claims 1–3 and 5–7 of the '550 patent are anticipated by MacLean.

G. Obviousness over MacLean and Antonucci

Petitioner asserts that claims 1–3 and 5–7 of the '550 patent are obvious under 35 U.S.C. § 103 over the combination of MacLean and Antonucci. Pet. 51. Antonucci discloses a system and method for the real-time transfer of loyalty points between accounts. Ex. 1004, Abstract. In the Antonucci system, the loyalty program is implemented on a "network-wide level" and utilizes a "universal rewards currency." *Id.* ¶ 12. This currency may be purchased from the system administrator by participating retailers or manufacturers. *Id.* ¶ 70. "For example, Retailer 1 may purchase 10,000 points from the system administrator and then offer consumers 1 point for every $10 dollars spent in Retailer 1's store." *Id.*

In the Antonucci system, customer loyalty points may be transferred between loyalty accounts within the same system or a loyalty point account in a different loyalty point system. *Id.* ¶ 157. For example, Antonucci discloses that "Hilton Reward points may be transferred to a United Airlines frequent flyer account" by exchanging 500 Hilton Rewards points for 100 United Airlines points. *Id.* ¶ 157. In this embodiment, "a conversion engine facilitates any point value conversions that may be appropriate," according to rules or formulas that may be pre-established by the loyalty point issuers. *Id.*

Patent Owner argues claims 1–3 and 5–7 are not obvious over MacLean and Antonucci because neither of these references discloses that "an agreement exists between the entity and the commerce partner." Prelim. Resp. 50. Petitioner argues that paragraphs 98, 157, and 160 of Antonucci disclose this limitation. Pet. 64–65. For the reasons set forth below, we are not persuaded by Petitioner's argument.

Paragraph 98 of Antonucci discloses a consumer terminal that permits online consumers to "interact with," and to "make purchases and generate reward points from," various participating online retailers. Ex. 1004 ¶ 98. As part of this process, the online consumer, online retailer, and the "central rewards mechanism" of Antonucci exchange various types of data, including information regarding "points ratios" and "points redemption." *Id.* Petitioner does not explain sufficiently why the disclosure of generating or redeeming awards within the system of Antonucci—which uses a single "universal rewards currency" among the members of its networked loyalty program—indicates the existence of the claimed agreement between two

different loyalty point programs. *See* Ex. 1004 ¶¶ 12, 70–71; Prelim. Resp. 51, 53.

Paragraph 157 of Antonucci discloses that a consumer may convert "five hundred Hilton Reward points to a United Airlines frequent flyer account." Ex. 1004 ¶ 157. Although this example discloses the conversion of loyalty points between two loyalty point providers, Petitioner does not explain how Antonucci teaches or suggests an agreement between these two loyalty point programs, as opposed to an agreement between each loyalty point program and the administrator of the Antonucci system. Pet. 54–60, 65; Ex. 1004 ¶¶ 71, 157. Moreover, Petitioner's declarant does not address this limitation at all. Ex. 1009 ¶¶ 73–75, 96–116.

Paragraph 160 discloses that "[t]he consumer, loyalty system and/or any other third party may also establish certain rules or criteria for determining which consumers or loyalty point accounts should participate in the transfer of points." *Id.* at ¶ 160. According to Petitioner, these rules are implemented by the "online central rewards mechanism." Pet. 54. Petitioner does not explain sufficiently, however, why the establishment of "certain rules or criteria" for the transfer of points by the central rewards mechanism of Antonucci, discloses or renders obvious an agreement between two different loyalty point providers. *See* Pet. 64–65; Ex. 1009 ¶¶ 73–75, 96–116. Accordingly, on this record, we are not persuaded that Paragraphs 98, 157, and 160 of Antonucci disclose that "an agreement exists between the entity and the commerce partner."

Based on the foregoing, and in light of our previous determination that Petitioner has not established that MacLean discloses an agreement between two loyalty point programs, we are not persuaded that Petitioner has shown

that it is more likely than not that claims 1–3 and 7–9 are obvious over MacLean and Antonucci. *See* 37 C.F.R. § 42.20(c).

H. Remaining Assertions

Patent Owner asserts that the Petition should be dismissed because it fails to conform to several rules of practice before the Board, including: (1) failing "to comply with mandatory rules for backup counsel"; (2) failing "to show with particularity where each element [of] the claims is found in the prior art"; (3) improperly including "arguments in claim charts"; and (4) filing a power of attorney for US Airways that was signed by an individual no longer employed by the company. Prelim. Resp. 76–79.

Upon review of Patent Owner's arguments, we do not identify an alleged violation of Board rules that warrants denial of the petition. Prelim. Resp. 78. With respect to the employment status of the US Airways employee, the power of attorney states "The individual signing below has the authority to execute this document on behalf of US Airways, Inc.," and Patent Owner's citation to a LinkedIn status page is not, on this record, sufficient to call into question this affirmation. *See* Paper 5, 1; Ex. 2005, 1.

III. CONCLUSION

For the reasons stated above, we grant the Petition and institute a covered business method patent review as set forth in the Order. Our factual findings and conclusions at this stage of the proceeding are based on the evidentiary record developed thus far, without Patent Owner's Response. This is not a final decision as to patentability of claims for which covered business method patent review is instituted. Our final decision will be based on the record as fully developed during trial.

IV. ORDER

For the foregoing reasons, it is

ORDERED that pursuant to 35 U.S.C. § 324(a), a covered business method patent review of the ’550 patent is hereby instituted on the following ground:

Claims 1–3 and 5–7 as unpatentable under 35 U.S.C. § 101; and

FURTHER ORDERED that 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; the trial commencing on the entry date of this decision.

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