UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEALS BOARD

AMAZON.COM, INC.,

Petitioner

v.

C4CAST.COM, INC.,

Patent Owner

Case No.: To Be Assigned

Patent No.: 7,958,204

PETITION FOR COVERED BUSINESS METHOD PATENT REVIEW UNDER 37 C.F.R. § 42.300 AND SECTION 18 OF THE LEAHY-SMITH AMERICA INVENTS ACT

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Amazon.com, Inc. ("Petitioner"), in accordance with 37 C.F.R. § 42.300 and Section 18 of the Leahy-Smith America Invents Act ("AIA"), requests covered business method patent review ("CBMR") of Claims 1–26 ("the Challenged Claims") of U.S. Patent No. 7,958,204 ("the '204 Patent") (AMAZ-0001), owned by c4cast.com, Inc. ("Patent Owner").

I. 37 C.F.R. § 42.8: MANDATORY NOTICES

A. REAL PARTY-IN-INTEREST

Amazon.com, Inc. is the real party-in-interest.

B. RELATED MATTERS

c4cast.com, Inc. v. Apple Inc., 2:14-cv-00493, E.D.Tex. (2014-04-23); *c4cast.com, Inc. v. Valve Corporation,* 2:14-cv-00497, E.D.Tex. (2014-04-23); *c4cast.com, Inc. v. Barnes & Noble, Inc. ,* 2:14-cv-00489, E.D.Tex. (2014-04-23); *c4cast.com, Inc. v. Amazon.com, Inc.,* 2:14-cv-00484, E.D.Tex. (2014-08-13); *c4cast.com, Inc. v. Kohl's Corporation et al,* 2:13-cv-00033, E.D.Tex. (2013-01-20); *c4cast.com, Inc. v. Sears Holdings Management Corporation et al,* 2:13-cv-00036, E.D.Tex. (2013-01-20); *c4cast.com, Inc. v. Time Inc.,* 2:13-cv-00737, E.D.Tex. (2013-09-17); *c4cast.com, Inc. v. CBS Interactive, Inc.,* 2:13-cv-00736, E.D.Tex. (2013-09-17); *c4cast.com, Inc. v. Dow Jones & Company, Inc.,* 2:13-cv-00738, E.D.Tex. (2013-09-17); *c4cast.com, Inc. v. The New York Times Company*, 2:13-cv-00733, E.D.Tex. (2013-09-17); *c4cast.com, Inc. v. The Hearst Corporation et al,* 2:13-cv-00056, E.D.Tex. (2013-01-28); *c4cast.com, Inc. v. Gametap, LLC,* 2:13-cv-00739,

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C. LEAD AND BACK-UP COUNSEL

Lead Counsel Andrew S. Ehmke HAYNES AND BOONE, LLP 2323 Victory Ave. Suite 700 Dallas, TX 75219	 Phone: (214) 651-5116 Fax: (214) 200-0853 andy.ehmke.ipr@haynesboone.com USPTO Reg. No. 50,271
Backup Counsel Scott T. Jarratt HAYNES AND BOONE, LLP 2323 Victory Ave. Suite 700 Dallas, TX 75219	 Phone: (972) 739-8663 Fax: (214) 200-0853 scott.jarratt.ipr@haynesboone.com USPTO Reg. No. 70,297

Petitioner submits a Power of Attorney with this Petition.

II. 37 C.F.R. § 42.203: PAYMENT OF FEES

The undersigned authorize the U.S. Patent and Trademark Office ("PTO") to charge any additional fees that may be due in connection with this Petition to Deposit Account. No. 08-1394.

III. 37 C.F.R. § 42.304: GROUNDS FOR STANDING

A. Petitioner is Eligible to File a CBMR

Petitioner is eligible to file this CBMR because it has been sued for alleged infringement of the '204 Patent by Patent Owner. *See* Original Complaint for Patent Infringement, *c4cast.com, Inc. v. Amazon.com, Inc.*, No. 2:14-cv-00484 (E.D. Tex. Apr. 23, 2014) (AMAZ -1004).

B. Petitioner is Not Estopped

Petitioner certifies that the '204 Patent is available for CBMR and that Petitioner is not estopped from requesting CBMR of the '204 Patent on the identified grounds. Amazon certifies: (1) Petitioner does not own the '204 Patent; (2) Petitioner has not filed a civil action challenging the validity of any claim of the '204 Patent; (3) the estoppel provisions of 35 U.S.C. § 325(e)(1) do not prohibit this CBMR; (4) this Petition is filed after the '204 Patent was granted; and (5) there are no pending petition(s) for post-grant review that would satisfy 35 U.S.C. § 321(c).

IV. THE '204 PATENT IS ELIGIBLE FOR COVERED BUSINESS METHOD REVIEW

The PTO Rules and the AIA define a covered business method ("CBM") patent as one 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." 37 C.F.R. 42.301(a); AIA § 18(d)(1). A patent is eligible for CBMR if it: (1) 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," and (2) does not claim a "technological invention[]." *Id*. The '204 Patent satisfies both requirements.

A. The Claims Recite Methods and Systems for Performing Data Processing or Other Operations Used in the Practice, Administration, and Management of a Financial Product or Service

Consistent with the legislative history, the Board interprets CBMR-eligibility to encompass patents "'claiming activities that are financial in nature, incidental to a financial activity or complementary to a financial activity.'" *Google Inc. v. Simpleair, Inc.*, CBM2014-00054, Paper No. 19, at 5 (P.T.A.B. May 13, 2014) (quoting 157 Cong. Rec. S5432 (daily ed. Sept. 8, 2011) (statement of Sen. Schumer); *see also* 77 Fed. Reg. 42.301(a); *Apple Inc. v. SightSound Techs., LLC*, CBM2013-00020, Paper No. 14, at 11 (P.T.A.B. Oct. 8, 2013); *Apple Inc. v. SmartFlash LLC*, CBM2014-00105, Paper No. 9, at 10 (P.T.A.B. Sept. 30, 2014).

Under the Board's standard, a patent is eligible for CBMR as long as it ***covers*** financial products or services, including activities that are financial in nature as well as activities that are complementary or incidental to financial products or services. This approach reflects Congress's intent that "'patent claims must only be broad enough to *cover* a financial product or service'" to qualify for CBMR. *Salesforce.com, Inc. v. VirtualAgility, Inc.*, CBM2013-00024, Paper No. 47, at 9–10 (P.T.A.B. Sept. 16, 2014) (quoting 157 Cong. Rec. S1365 (daily ed. Mar. 8, 2011) (statement of Sen. Schumer)) (emphasis added).

The '204 Patent qualifies for CBMR because at least one claim covers

activities that are financial in nature. For example, claim 1 recites:

> **1.** A computer-readable medium storing computer-executable process steps for providing resources to participants over an electronic network, said process steps comprising:
>
> maintaining a collection of resources, wherein both the collection and the resources can be accessed by a participant over the electronic network at any given time;
>
> assigning points to an individual resources based on an amount of participant access of said individual resources over the electronic network; and
>
> modifying the collection based on the points assigned to the resources.

AMAZ-1001, 60:59-61:2. The claim thus recites maintaining resources that can be accessed over an electronic network, assigning points to those resources based on some measure of how participants have accessed those resources, and modifying the collection of resources based on those points. These steps encompass financial products and services, regardless of whether the claim uses the word "financial." *See, e.g.*, *SAP Am., Inc. v. Versata Dev. Grp., Inc.,* CBM2012-00001, Paper 36, at 23 (instituting CBM of patent absent literal recitation of financial products or services because "[w]e do not interpret the statute as requiring the literal recitation of the terms financial products or services. The term financial is an adjective that simply means relating to monetary matters.").

For the ’204 Patent, it is clear that the claims encompass financial products and services. Indeed, the ’204 Patent is explicit that the purported invention is *specifically intended* and *especially adapted* for use in financial products and services. The specification exclusively enumerates financial activities as the invention’s defining features: Forecasting Contests, AMAZ-1001, 6:52; Prediction Input, *id.* at 8:58; Community-Selected Content, *id.* at 10:1; Combination Forecasting Using Clusterization, *id.* at 11:4; Pricing Derivative Instruments, *id.* at 12:32; and Utilization of Banner Ad Click-Through Information, *id.* at 13:1; *see also* AMAZ-1003, ¶¶ 23. The ’204 Patent *explicitly* describes financial products and services in the Summary of the Invention, which “strongly indicates” that they are attributes of the invention. *VirnetX, Inc. v. Cisco Sys., Inc.*, 767 F.3d 1308, 1318 (Fed. Cir. 2014) (citations omitted); *see also, e.g., Microsoft Corp. v. Multi–Tech Sys., Inc.*, 357 F.3d 1340, 1348 (Fed. Cir. 2004) (“Those statements, some of which are found in the ‘Summary of the Invention’ portion of the specification, are not limited to describing a preferred embodiment, but more broadly describe the overall inventions of all three patents.”).

The fact that the ’204 Patent discloses financial products and services as preferred embodiments of the invention means that the claims must be understood to encompass them where (as here) there is no disclaimer of scope. *Epos Techs. Ltd. v. Pegasus Techs. Ltd.*, 766 F.3d 1338, 1347 (Fed. Cir. 2014) (“‘A claim

construction that excludes a preferred embodiment . . . is rarely, if ever correct and would require highly persuasive evidentiary support.'") (quoting *Anchor Wall Sys., Inc. v. Rockwood Retaining Walls, Inc.*, 340 F.3d 1298, 1308 (Fed. Cir. 2003) (citations omitted) (alteration in original omitted)). Here, the preferred embodiments constitute financial products and services. *See* AMAZ-1003, ¶¶ 35-44.

1. The Claims are Directed to Predicting the Price of Stocks, Derivatives, and Other Assets

The Summary of the Invention states that "the present invention is directed to pricing a derivative instrument whose value is dependent upon the value of an underlying asset at a future date." AMAZ-1001, 12:36-38. The specification describes pricing derivatives based on data representing "a number of predetermined different prices" in combination with "[a] number of individual forecasts" that users submit based on their predictions for "the value of the underlying asset." *Id.* at 12:39-42. Thus, the invention is specifically directed to a financial product or service—pricing derivative instruments.

In another embodiment, the specification describes using the invention to form "sets of clusters" based on "predictions over multiple different categories (e.g., short-term DJIA, short term price of Microsoft stock and short-term NASDAQ index)." AMAZ-1001, 44:5-10. In a further embodiment, the specification describes using the invention to "provide a statistically meaningful

combination forecast," such as "a common stock price or other asset price, based on contemporaneously available forecasts of other variables (e.g., prices of other stocks but not the target stock)." AMAZ-1001, 47:5-10. The '204 Patent thus specifically depicts the "resources" (as recited in the claim) as economic and financial products and services, such as forecasts, stock price predictions, NASDAQ predictions, and prices of assets.

2. The Claims are Directed to Predicting Economic Indicators

In one example, click-through data can be used to predict economic data such as "new housing starts . . . based on the click-through rate for a particular mortgage advertisement." AMAZ-1001, 13:18-20. In another, the use of click-through rates "permit[s] the display of more effective website banner advertisements. For example, if the click-through rate for a particular mortgage advertisement is significantly less than the click-through rate for all mortgage advertisements, that particular mortgage advertisement may need to be modified or replaced." *Id.* at 13:42-47. Because the specification describes using the invention to predict economic data and improve the efficacy of online advertising, the '204 Patent is directed to financial products and services.

The specification further explains how the claimed invention can be used to analyze economic indicators. AMAZ-1003, ¶¶ 41-43. In a preferred embodiment, click-through rates, can be used as "leading indicators for broader economic

measures (e.g., mortgage click-throughs may be a leading indicator for housing starts or GNP)." AMAZ-1001, 56:20-24. According to the specification, "[t]he indices can also provide the foundation for additional consumer sentiment measures, even to the extent of analyzing differential industry performance." *Id.* at 56:24-26. Thus, click-through rates can be used in financial products and services to generate useful economic data. AMAZ-1003, ¶¶ 41-43. Because the specification describes using the invention to provide "economic information" as "leading indicators for broader economic measures," it is clear that the '204 Patent covers financial products and services. *See* AMAZ-1001, 55:33-34, 56:20-24.

In addition, the '204 Patent discloses that the invention may be used in connection with financial forecasting contests. AMAZ-1003, ¶¶ 36-38. In fact, the specification illustrates forecasting contests as an embodiment of the resources recited in the Challenged Claims. *Id*. at ¶ 38 (quoting '204 Patent, Fig. 2). In this embodiment, "[t]he person submitting the most accurate prediction for the [Dow Jones Industrial average] and the person submitting the most accurate prediction for an individual stock are each given a fixed monetary award, such as $300." *Id.* (quoting '204 Patent, Fig. 2) (internal quotation marks omitted). The '204 Patent thus discloses using the claimed invention to run an economic forecasting contest that is a financial service or product. *Id.* at ¶ 38. At the very least, contests

designed to yield predictions of financial data constitute ancillary activity related to financial services and products.

3. The Claims are Directed to Marketing, Advertising and Selling Products

The Summary of the Invention discloses yet another financial service that the claims cover—optimizing online advertising based on user data. "The present invention provides the following novel techniques for utilizing banner ad click-through information to predict values of variables and to manage the display of banner ads." AMAZ-1001, 13:2-5. Information about the number of times users click on particular ads generates "information [that] can be used in a wide variety of additional applications, such as further increasing the efficiency of advertisers' marketing efforts, predicting certain events, and others." *Id.* at 6:39-43.

For example, in one embodiment, the specification describes content areas called "Soapboxes." *See* AMAZ-1001, 41:21-40. Soapboxes are given a score based on ratings provided by users, and a "[p]roprietor [of a Soapbox] may be given a fixed monthly stipend . . . and/or also may earn additional compensation based on the Soapbox's current score." *Id.*

Additionally, the specification discloses using the claimed invention to facilitate advertising. Per the specification, the "banner ad click-through information can be used in a wide variety of additional applications, such as further increasing the efficiency of advertisers' marketing efforts, predicting certain

events, and others." AMAZ-1001, 6:39-44. Thus, the claims of the '204 Patent are at least complementary to financial activity. According to the Board, "[a] definition of 'marketing' is 'the technique[] used in selling a product.' Listing items online so that the intended customers can find them more easily is, therefore, a marketing technique in the sale of products" that makes a patent eligible for CBMR. *LinkedIn Corp. v. AvMarkets Inc.*, CBM2013-00025, Paper No. 13, at 11 (P.T.A.B. Nov. 12, 2013) (quoting Dictionary of Business 2006 (http://www.credoreference.com /entry/acbbusiness/marketing)).

As in *LinkedIn*, the '204 Patent recites a method for selling products, such as advertising space, website content, or related products using data, such as click-through rates. *See* AMAZ-1003, ¶¶ 35-44. The specification states that the claimed invention is specifically instrumental to the provision of advertising content: "In particular, this information can have important implications for targeting banner ads in the most effective manner." AMAZ-1001, 56:66-67; *see also* AMAZ-1003, ¶¶ 41-42. In fact, the illustrative banner ads promote financial products or services (*i.e.*, "Ameritrade" and "Discover Brokerage"). *Id.* ¶ 36 (reproducing '204 Patent, Figs. 1-4). The same embodiment also provides a "Store" that sells website subscriptions, books, reports, and data products. *Id.* (reproducing '204 Patent, Fig. 4). A method of gathering and analyzing user data

to provide advertising or sell products is a financial product or service. AMAZ-1003, ¶¶ 43-44.

4. The Claims are Directed to Making Strategic Business Decisions

In a further example, the claims of the '204 Patent are directed toward a method for processing data to make business decisions, as with the patents in *Liberty Mutual Insurance Co. v. Progressive Casualty Insurance Co.*, CBM2013-00004, Paper No. 11 (P.T.A.B. Mar. 15, 2013), *Indeed, Inc. and Monster Worldwide Inc. v. Career Destination Development, LLC*, CBM2014-00068, Paper No. 11 (P.T.A.B. Aug. 20, 2014), and *Salesforce.com, Inc. v. VirtualAgility, Inc.*, CBM2013-00024, 2014 WL4675293 (P.T.A.B. Sept. 16, 2014). In *Liberty Mutual*, the Board instituted review of claims directed to "a system for monitoring, recording, processing, and communicating operational data of a vehicle to determine the cost of insurance." *Liberty Mutual*, at *6. In *Indeed*, the claimed invention was similarly directed to using data to provide business-oriented services, specifically, "facilitating contact information exchange between employers and [job] candidates . . . when a potential match is found." *Indeed*, at *3. In *Salesforce.com*, the Board instituted CBMR because the patent "disclose[d] use of the claimed method and apparatus for the practice, administration, or management of collaborative activity that *can include* financial aspects or activities of an organization." *Salesforce.com*, at *3 (emphasis added).

Similarly, Claim 1 of the ’204 Patent recites a method of using data to make strategic business decisions. In the context of an online store, the claimed method would allow a website proprietor to change sales offerings based on user access or user ratings. AMAZ-1003, ¶ 44. Specifically, a web site could display items that users buy frequently in a store listing in place of less popular items. *Id.* That is precisely what the CBMR-eligible patents in *Liberty Mutual* and *Indeed* involved: analyzing data to determine what to offer consumers (*i.e.*, an insurance policy or contact information for a job candidate). Claim 1 thus recites data processing steps used in a financial product or service. And like the claims in *Salesforce.com*, the method of claim 1 involves managing collaborative activity (providing content to users and measuring users’ access to such content) that has financial aspects (predicting value and generating revenue).

5. The Claims are also Directed to Ancillary Activities Related to Financial Products and Services

Moreover, to the extent the claims of the ’204 Patent are read to relate only to the operation of the website that *provides* this kind of commercial service (rather than to the commercial service itself), it would still qualify for CBMR because it would still read on “ancillary activities related to a financial product or service, including, without limitation, marketing, customer interfaces, Web site management and functionality, transmission or management of data, servicing, underwriting, customer communications, and back office operations—e.g.,

payment processing, stock clearing." 157 Cong. Rec. S1364–65 (daily ed. Mar. 8, 2011) (statement of Sen. Schumer).

The Board has repeatedly instituted CBMR for similar claims. For example, in *Volusion, Inc. v. Versata Software Inc.*, the Board instituted CBMR of claims directed to "a computer system and a database that stores product configurations and product configuration information." CBMR2013-00017, 2013 WL8538866, Paper No. 8, at 1. Though "the steps [we]re not limited in application to any particular product or service," they nonetheless qualified for CBMR because "at least one claim cover[ed] data processing or other operations used in the practice, administration, or management of a financial product (e.g., a credit card, an auto loan, or a mortgage)." *Id.* at 3. Like the claim in *Volusion*, claim 1 of the '204 Patent recites steps that are (at a minimum) necessary operations—providing web content based on user activity data—for the practice, administration, or management of a financial product. Thus, claim 1 qualifies (at least) as activity that is ancillary to a financial product or service.

The patent further describes financial products and services that particular website subscriptions provide. AMAZ-1003, ¶¶ 39, 44. This mechanism allows content packages to be differentiated across price tiers so that users willing to pay more have more content at their disposal. The highest subscription tier ("Institutional Service") comes with a financial service, called the "Yardstick," that

allows subscribers to "'enter third party advisors' forecasts and compare them to various benchmarks (generated from the contest data) for accuracy, bias, and efficiency evaluation (the 'Yardstick'). The Yardstick can thus function as an element of due diligence evaluation when selecting and evaluating performance of fund managers, portfolio advisors, and staff economists.'" *Id.* at ¶ 39 (quoting AMAZ-1001, 21:37-43). The Yardstick is a tool for using economic and financial data in a financial context; such tools constitute financial products or services. *Id.*

In addition, the '204 Patent repeatedly discloses using the invention for ancillary activities related to financial products and services. Indeed, the '204 Patent recognizes that the prior art in this field is financial in nature, describing "financial forecasting contests" in which participants submit predictions. AMAZ-1001, 1:22-23. The specification explains that users of the invention can "***submit predictions of values***, projected at plural time points." *Id.* at 6:59-60 (emphasis added). "For example, an individual participant might elect to predict what the exchange rate between the U.S. Dollar and the Japanese Yen will be at the end of next week and at the end of the year." *Id.*at 6:63-65. The winner of the contest earns "a fixed monetary award, such as $300," though "[o]ther contests in the financial arena typically allow participants to invest an imaginary amount of money." *Id.* at 1:31-34. The '204 Patent thus discloses using the claimed

invention to run an economic forecasting contest that is at the very least an ancillary activity related to financial services and products.

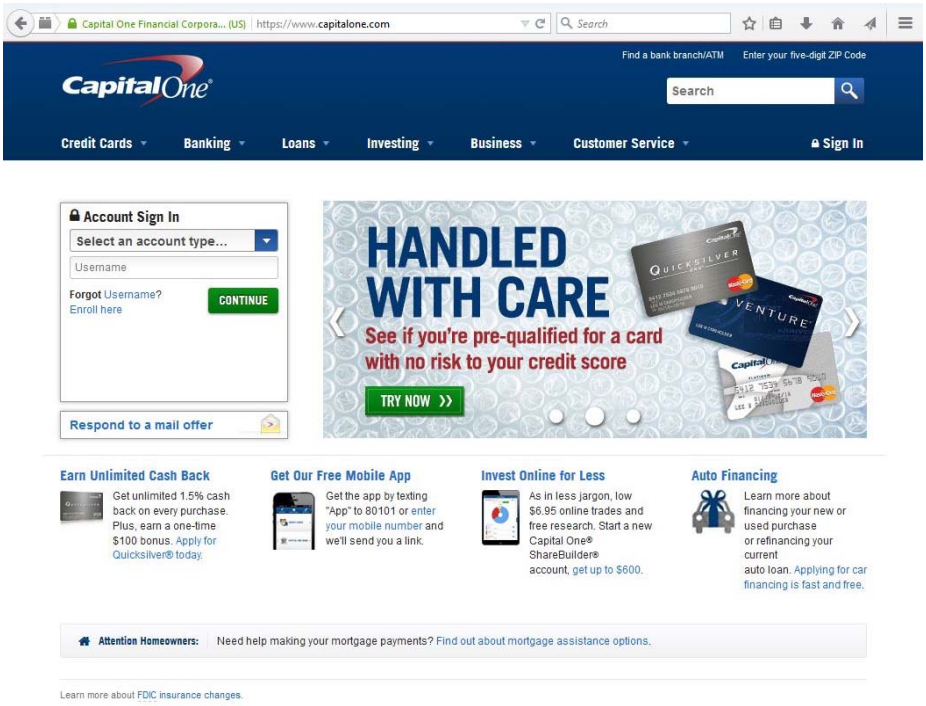
6. Patent Owner Has Asserted the '204 Patent Against Financial Products and Services

Patent Owner has accused financial products and services of infringing the Challenged Claims. According to the legislative history of the CBMR provisions, "if a patent holder alleges that a financial product or service infringes its patent, that patent shall be deemed to cover a 'financial product or service' for purposes of this amendment regardless of whether the asserted claims specifically reference the type of product o[r] service accused of infringing." 157 Cong. Rec. S1360, S1365 (Mar. 8, 2011) (statement of Sen. Schumer).

Patent Owner has done precisely what Senator Schumer described as deemed sufficient to warrant CBMR. By asserting the Challenged Claims against financial products and services, Patent Owner has shown that the '204 Patent can be used to exclude others from administering or managing financial products or services. Although the Board does "not consider the statement by Senator Schumer . . . as opening CBM review to all patents asserted against financial institutions," it nevertheless "deem[s] such activity as one factor to be considered in making that determination." *PNC Fin. Servs. Grp., Inc. v. Intellectual Ventures I LLC*, CBM2014-00032, Paper No. 13, at 14 (P.T.A.B. May 22, 2014).

Patent Owner's assertion activities support institution of CBMR here. For example, Patent Owner's complaint against Capital One Financial alleges infringement for "selling, and/or offering for sale apparatuses and systems and providing methods practiced on Defendants' various websites (including, without limitation, http://www.capitalone.com . . .) for maintaining a collection of resources, assigning points . . . and modifying the collection based on the points . . . ." Original Complaint for Patent Infringement ¶ 12, *c4cast.com, Inc. v. Capital One Fin. Corp.*, No. 2:13-cv-00329-JRG (E.D. Tex. Apr. 24, 2013), ECF No. 1 (AMAZ -1005). As even a quick visit to the accused Capital One website mentioned in the complaint shows, that website *is* a financial service (*e.g.*, it offers financial information to interested parties) and it is *ancillary* to the provision of

financial products and services (such as the sale of credit cards):

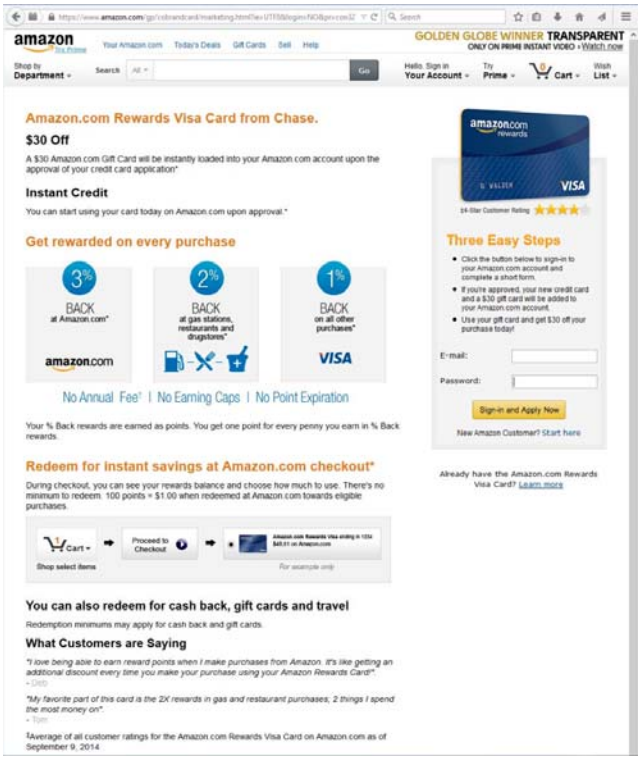


AMAZ-1003, ¶ 45. On its face, the accused website offers numerous financial products and services under titles such as "Credit Cards," "Banking," "Loans," "Investing," and "Business." *Id*. at ¶ 46.

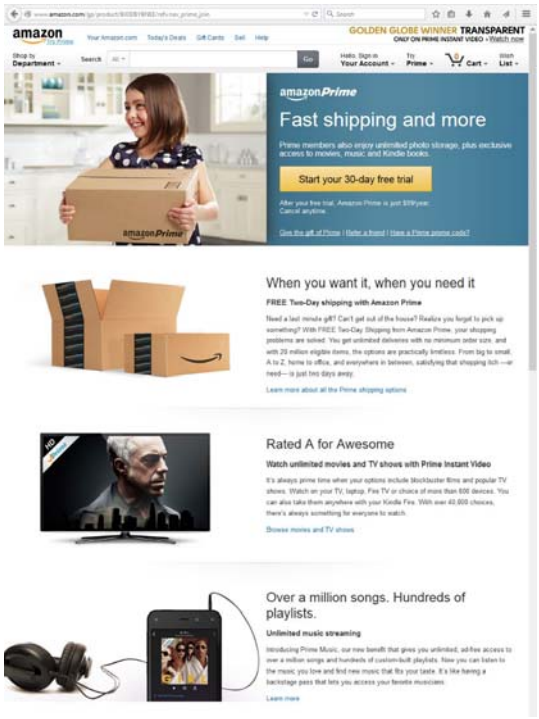
These allegations establish that *even according to the Patent Owner*, the Challenged Claims encompass financial products and services and/or websites and other tools which are ancillary to such financial products and services. Patent Owner specifically alleged that Capital One infringed "one or more claims of the '204 Patent" through its "various websites (including, without limitation http://www.capital one.com . . .)." AMAZ-1005, ¶ 12.

Patent Owner's allegations against Petitioner are likewise directed to financial products and services and ancillary instrumentalities. Patent Owner has alleged that Petitioner's "various websites (including without limitation, www.amazon.com and related internal systems supporting the operation of said websites) for maintaining a collection of interactive resources, assigning points to individual resources based on amount of participant access, and modifying the collection based on the points assigned to the resources" infringe the '204 Patent. AMAZ-1004, ¶ 7.

A visit to the Petitioner's accused website, www.amazon.com, shows that the accused website sells products, memberships and subscriptions, gift cards, and credit cards. AMAZ-1003, ¶¶ 47-48. Users can also interact with the website and other users through the website, which provides content to users in response to their requests and conditioned on certain rules (e.g., payment or active subscription). Amazon offers a number of products that are specifically financial in nature, such those shown on the page captured below:



AMAZ-1003, ¶¶ 47-48. The webpage link, "Sign-in and Apply Now," allows users to apply for an Amazon.com Rewards Visa credit card. Consumers can use that credit card to make purchases on credit and earn reward points that can be applied to future purchases. The credit card, however, is only one of the payment products that Amazon offers. Additional offerings include a corporate credit line that provides credit and history reporting services for businesses, government institutions, libraries, and schools. AMAZ-1003, ¶¶ 51-52. Amazon's website also offers subscription services that offer subscribers access to exclusive deals (*i.e.*, free shipping), content (*i.e.*, movies and books), media storage, and recommendations, as shown below:



AMAZ-1003, ¶¶ 49-50. Amazon's website thus provides financial products and services that are the basis of Patent Owner's infringement allegations.

Even if Amazon's website is not itself a financial product or service, it is at least an electronic commerce platform for related ancillary activities. In fact, Amazon's website offerings correspond to the categories that CBMR was intended to encompass: "marketing, customer interfaces, Web site management and functionality, transmission or management of data, servicing, underwriting, [and] customer communications." 157 Cong. Rec. S1364-65 (daily ed. Mar. 8, 2011) (statement of Sen. Schumer). Indeed, Amazon's website requires such ancillary activities to function, and the website's functionality is the sole basis of Patent Owner's infringement allegations.

Moreover, these allegations made by Patent Owner against Petitioner are identical (but for the defendant's name and number) to Patent Owner's allegations in the complaints it filed against other companies that provide financial products and services, such as American Express, Capital One, Dow Jones & Company, and the Hearst Company. *See, e.g.*, AMAZ-1006. Accordingly, Patent Owner has asserted that the claims of the '204 Patent against the websites of financial institutions that provide financial products and services.

By asserting the Challenged Claims against websites that sell products, websites that provide credit cards, and websites that conduct electronic commerce, Patent Owner has affirmatively shown that the '204 Patent is directed toward financial products and services within the meaning of the AIA, and is therefore eligible for CBMR.

Thus, the '204 Patent depicts financial products and services, including techniques for pricing derivative instruments, predicting economic variables based on user input, generating revenue from advertising and fee-based content, strategic business decisions, marketing, and advertising. *See* AMAZ-1003, ¶¶ 35-44. Thus, the invention was specifically intended, directed, and useful in both the provision of financial products and services *and* in ancillary activities related to a financial product or service. Moreover, Patent Owner has asserted the '204 Patent against

financial product and services. Accordingly, the '204 Patent qualifies for CBMR under either prong of the Board's standard.

B. The Challenged Claims do not Recite a "Technological Invention"

Because the '204 Patent covers financial products or services, the PTO's regulations exclude the Challenged Claims from CBMR ***only*** if their "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). The PTO has clarified that a patent is only excluded once ***both*** requirements are satisfied. Transitional Program for Covered Business Method Patents, 77 Fed. Reg. 48,735–36 (explaining that a conjunctive test represents "the best policy choice"). The Challenged Claims do not recite a "technological invention" that is novel and non-obvious or that solves a technical problem with a technical solution. Therefore, they are not exempt from CBMR.

1. The Challenged Claims Do Not Recite a Technological Feature that is Novel and Nonobvious over the Prior Art

Adding basic functionality that every computer can perform does not exempt a patent covering financial products and services from CBMR. Rather, a patent is only considered a "technological invention" if it recites ***novel and not well-known*** components. *Bloomberg Inc. v. Markets-Alert Pty. Ltd.*, CBM2013-00005, Paper No. 18, at 6–7 (P.T.A.B. Mar. 29, 2013); *see also CRS Advanced Techs., Inc. v. Frontline Techs., Inc.*, CBM2012-00005, Paper No. 17, at 9 (P.T.A.B. Jan. 23,

2013) (generic hardware is not novel or unobvious under this standard). This exception "is not meant to exclude patents that use known technology to accomplish a business process or method of conducting business—whether or not that process or method appears to be novel." 157 Cong. Rec. S1360, 1364 (Mar. 8, 2011) (statement of Sen. Schumer). This means that "a patent is not a technological invention because it combines known technology in a new way to perform data processing operations." *Id.*

Consistent with the AIA's legislative history, the PTO's regulations establish that merely reciting generic computer hardware and software does "not typically render a patent a technological invention." PTO Trial Practice Guide, 77 Fed. Reg. 48,756, 48,764 (Aug. 14, 2012). Claims may therefore recite "computer hardware, communication or computer networks, software, memory, computer-readable storage medium, scanners, display devices or databases" and qualify as non-technological inventions subject to CBMR. *Id.*; *see also* 157 Cong. Rec. at S1364 ("[T]he recitation of computer hardware, communication or computer networks, software, memory, computer-readable storage medium, scanners, display devices or databases . . . or other known technologies, does not make a patent a technological invention.").

The specification of the '204 Patent confirms that the Challenged Claims involve concepts and components that were ubiquitous by 1999. For example, the

specification acknowledges that using known data to predict future outcomes was well-established at the time the application was filed: "Almost as long as there have been measurements of economic data, people have attempted to formulate forecasts of prices and economic activity by using a variety of techniques." AMAZ-1001, 1:36-38. The '204 Patent thus concedes that using data to predict financial information was not novel or unobvious at the time of its invention.

The only technological features that the Challenged Claims recite are generic computer components that do not render a patent "technological" under the AIA. For example, claim 1 recites only generic computer components:

1. A computer-readable medium storing computer-executable process steps for providing resources to participants over an electronic network, said process steps comprising:	A computer-readable medium, a computer-executable process, and an electronic network are each well-known technology being used in a well-known manner. AMAZ-1003, ¶¶ 54-58.
maintaining a collection of resources, wherein both the collection and the resources can be accessed by a participant over the electronic network at any given time;	Providing a collection of resources over an electronic network is a well-known capability being used in a well-known manner. AMAZ-1003, ¶¶ 59-62.
assigning points to individual resources	Assigning points to resources based on

based on an amount of participant access of said individual resources over the electronic network; and	participant access is a well-known capability being used in a well-known manner. AMAZ-1003, ¶¶ 63-66.
modifying the collection based on the points assigned to the resources.	Modifying a collection of resources based on point assignments is a well-known capability being used in a well-known manner. AMAZ-1003, ¶¶ 67-72.

Using "*known technology* to accomplish a business process or method of conducting business" does not exempt a patent from being a CBM patent. 157 Cong. Rec. S1364 (daily ed. Mar. 8, 2011) (emphasis added). This is especially applicable here because the recitations of a "computer-readable medium" and "computer-executable process steps" appear only in the claim preambles. While claims must be given their broadest reasonable construction in a PTO proceeding, preambles do not as a rule limit claims even in the context of district court litigation. *E.g.*, *Digitech Image Techs., LLC v. Elecs. for Imaging, Inc.*, 758 F.3d 1344, 1351 (Fed. Cir. 2014) ("[W]e have routinely held that a preamble does not limit claim scope if it 'merely states the purpose or intended use of an invention.'") (quoting *Bicon, Inc. v. Straumann Co.*, 441 F.3d 945, 952 (Fed. Cir. 2006)). The references to computer-readable storage media and computer-executable process

steps in the claim preambles merely indicate that the invention is intended for use with computers.

Even if the preambles were limiting, generic recitations of a "computer-readable medium" and "computer-executable process steps" do not constitute non-novel or non-obvious technological elements. *See* AMAZ-1003, ¶¶ 54-58. Crucially, these claim elements do not refer to any computer hardware as the '204 Patent itself explains: "Suitable computers for use in implementing the present invention may be obtained from various vendors," and "machine readable media . . . may take the form of a portable item such as a small disk, diskette, cassette, etc., or . . . the form of a relatively larger or immobile item such as a hard disk drive or RAM provided in a computer." AMAZ-1001, 59:43-44, 59:52-61.

Nor do the claims recite any other novel or non-obvious features. Dr. Melvin, an expert in the field of computer science for over thirty years, concluded that "the only technological features recited in claims 1-26 of the '204 Patent are features that were well-known to, were widely used by and/or would have been obvious to persons of skill in the art as of September 1999." AMAZ-1003, ¶ 53. "Computer readable media date back at least to the 1950s when punch cards were used for storing programs and data. . . . By 1999, computer-readable media in common use included floppy disks, hard disks, volatile semiconductor chips (RAM) as well as non-volatile semiconductor storage." *Id.* at ¶ 56. Similarly,

computer-executable process steps are "computer instructions" that "date back at least to the first stored program computers, such as the Electronic Delay Storage Automatic Calculator (EDSAC) . . . in the late 1940s." *Id.* at ¶ 57. Neither computer-readable media nor computer-executable process steps would have been novel or unobvious to a person of ordinary skill in the computer science field at the time of the invention of the '204 Patent. *See id.* at ¶¶ 54-57. These are "[m]ere recitation[s] of known technologies" that cannot make an invention technological. PTO Trial Practice Guide, 77 Fed. Reg. 48,756, 48,764 (Aug. 14, 2012).

The only other technological component that the claims recite is an "electronic network." The specification explicitly states that electronic networks, such as the Internet, predate the invention of the '204 Patent as the "[u]se of the Internet ha[d] become more and more common over the past few years" before its priority date. AMAZ-1001, 2:64-65. In fact, "[e]lectronic networks date back to at least the 1960s with the development of ARPANET. . . . By 1999, electronic networks in common use included the Internet, but also other public and private local and wide-area networks." AMAZ-1003, ¶ 58. A person of ordinary skill in computer science would have known and used an "electronic network" at least by the time of the '204 Patent's priority date. *Id.* The mere recitation of an "electronic network" therefore cannot make the claimed invention technological.

The only other claim recitations are steps of "maintaining a collection of resources, wherein both the collection and the resources can be accessed by a participant over the electronic network . . . assigning points to individual resources based on an amount of participant access of said individual resource . . . ; and modifying the collection based on the points assigned to the resources." AMAZ-1001, 60:62-61:2. The prosecution history confirms that all of these claim elements—"resources," "a collection of resources," "points," and "modifying a collection"—were not novel technological features, but rather were well-known features of conventional websites at the time of the '204 Patent's invention. The applicant admitted to the PTO that maintaining and modifying content were well-known before the invention of the '204 Patent. Specifically, he acknowledged that the prior art included "actual Web resources [that] are, of course, maintained by a variety of different people and entities," "conventional Internet search engines," and search engines used to "maintain a database of Web resources . . . that contains information regarding the available Web resources[.]" AMAZ-1002, p. 23. The applicant's own admissions demonstrate that the prior art included maintaining resources, databases of resources, and information regarding such resources.

The applicant also acknowledged that assessing the relevancy of content was known in the prior art. In response to the PTO's obviousness rejection, the applicant explicitly acknowledged that one prior art reference (Perkins) taught

methods for "searching content . . . and, more specifically, providing the search results in an order that is more likely to reflect relevancy to the particular individual who has submitted the query." AMAZ-1002, pp. 22-23. The applicant similarly admitted that the prior art (Kirsch) taught the "calculation of an overall relevance score based on statistics provided by different search engines." *Id*. at p. 22. The applicant thus conceded that measuring the relevancy of web content was known in the prior art.

However, the applicant asserted that "[t]here is simply no indication that Perkins either ***maintains or modifies the collection*** of resources that is being searched by its system." *Id*. at p. 23 (emphasis added). He made the same argument about Kirsch, arguing that it "does not appear to say anything at all about ***modifying any collection*** of resources that is accessible over an electronic network." *Id.* (emphasis added). The applicant thus claimed that the distinction over the prior art came from combining prior art methods for assessing the relevancy of web content with maintaining and modifying collections of such content—explicitly acknowledging that maintaining and modifying web content were both known in the prior art. And, in fact, the applicant could not have invented modifying or maintaining collections of content provided over an electronic network. "Providing information referencing content available over an electronic network was well-known in 1999." AMAZ-1003, ¶ 61. Examples of

such systems include the Minitel system, the Archie search tool, and the Altavista search engine, all of which predate the '204 Patent. *Id.*at ¶¶ 61-62. In fact, it was even "common by 1999 for personal, individually maintained web sites to provide links to content available on the Internet as provided by other websites." *Id.*at ¶ 62. Consequently, "'maintaining a collection of resources wherein both the collection and the resources can be accessed by a participant over the electronic network at any given time' was well-known to persons of skill in the art in September 1999." *Id.*

Even if the applicant's invention represented a new combination of known methods for maintaining and modifying content collections, merely combining known technological features (even in a new way) does not render a claimed invention "technological," and thus exempt from CBMR. To the contrary, PTO Regulations state that "[c]ombining prior art structures to achieve the normal, expected or predictable result of that combination" does not establish technological novelty for the purposes of CBMR. PTO Trial Practice Guide, 77 Fed. Reg. at 48,764. Here, the prior art included methods for providing resources over an electronic network, ranking the relevancy of those resources, and maintaining and modifying collections of such resources—and a combination thereof does not make an invention technological for the purpose of CBMR.

Moreover, there is no indication that the applicant invented a new way of providing content because "assigning points to resources based on participant access and ratings were well-known and would have been obvious to persons of ordinary skill in the art in 1999." AMAZ-1003, ¶ 63; *see also id.* ¶¶ 63-66 (detailing examples). The Apache server, for instance, provided tools "to process log files and sort web content based on an amount of access, or the number of 'hits.'" *Id.* at ¶ 64. U.S. Patent No. 5,918,014 to Robinson ("Robinson") similarly taught that user activity could be tracked and used to improve the efficiency of content (advertisements) provided over the Internet. *Id.* at ¶ 65. The BookMatcher service disclosed in U.S. Patent No. 6,163,778 to Linden ("Linden") disclosed a system that "decides whether to recommend content to a user based on measures of access to similar content," and "also teaches modifying a collection of resources based on points reflecting user access and/or ratings." *Id.* at ¶¶ 70, 71; *see also id.* at ¶¶ 68, 69. As reflected in the prior art, the idea of "using measures of user access (such as how many times a user has accessed content on a web site) and/or user-generated ratings to predict the utility, relevance, or desirability of web content was well known and widely practiced by persons of ordinary skill in the art in 1999." *Id.* at ¶ 72.

Thus, the Challenged Claims are not directed to a technological invention.

2. The Challenged Claims Do Not Solve a Technical Problem Using a Technical Solution

The Challenged Claims are not exempt from CBMR for an independent reason: they do not concern a technical problem or provide a technical solution. To be exempt from CBMR, a patent must recite novel and unobvious technological elements (discussed above) *and* offer a technical solution to a technical problem. *See* 157 Cong. Rec. S1364 (daily ed. Mar. 8, 2011) (statement by Sen. Schumer). The Challenged Claims address a commercial problem—the difficulty of knowing what consumers want—and solve that problem with a commercial solution: using information about consumers' behavior and preferences to determine what content to show them.

(a) The Alleged Problem Is Non-Technical

The Board has repeatedly distinguished technical problems from non-technical problems addressing informational, organizational, and commercial problems. For example, it has concluded that addressing "the prior art's disadvantages in storing, maintaining, and retrieving large amounts of data" is not a technical solution to a technical problem. *SAP Am., Inc. v. Versata Dev. Grp., Inc.*, CBM2012-00001, Paper 36, at 28 (P.T.A.B. Jan. 9, 2013); *see also, e.g.*, *Salesforce.com, Inc. v. VirtualAgility, Inc.*, CBM2013-0024, Paper 47, at 3 ("managing collaborative activity (e.g., strategic planning and project management)" does not solve a technical problem); *U.S. Bancorp v. Ret. Capital*

Access Mgmt. Co., CBM2013-00014, Paper 12, at 9 ("[p]roviding a benefit without encumbering a beneficiary's future rights" does not solve a technical problem).

The '204 Patent addresses an economic and organizational problem: "providing appropriate resources to users over an electronic network, such as the Internet, that more accurately reflect the users' desires." AMAZ-1001, 1:16-19. "However, providing appropriate resources that accurately reflect users' desires does not in itself represent a technical problem . . . ." AMAZ-1003, ¶ 79. Rather, the "problem of providing users what they want is a fundamental problem that arises whenever a collection of information is presented to a user." *Id*. at ¶ 80. For example, the same problem arises in old-fashioned libraries that "weed" unpopular books out of circulation. *Id.* at ¶ 81. "In fact, any merchant with a selection of items for sale would logically want to provide appropriate resources (items being sold) to more accurately reflect shoppers' desires, and will do so by gathering information about which items are sold, and then modify the selection based on such data." *Id.* at ¶ 82.

The fact that this problem arises in non-technological environments further supports the conclusion that the '204 Patent addresses a non-technological problem. *Id*. There is no meaningful distinction between the non-technical problem the '204 Patent addresses and the non-technical problem addressed by other CBMR-eligible patents: the problem of understanding what consumers want.

(b) The Purported Solution Is Non-Technical

Additionally, the *solution* the '204 Patent proposes is non-technical. *See* AMAZ-1003, ¶ 84. The difference between the '204 Patent and the prior art, as discussed above, has nothing to do with novel technical features, but rather with organizing and combining preexisting and well-known technical features. In *Versata*, the Board explained that merely "[o]rganizing data into hierarchies[,] however, is not a technical solution as this is akin to creating organizational management charts." *Versata*, at 28. The solution of claim 1 similarly pertains to organizing data—specifically, data about users' online activities—to understand what content is likely to appeal to users.

Even if there could be a technical solution to the problem of providing users with content they want, the claims of the '204 Patent do not recite a technical solution to that problem. AMAZ-1003, ¶ 84. "A technical solution to a technical problem that relates to providing information over the Internet would in principle involve a requirement for improved technology, such as faster hardware, increased processing capacity in client or server machines, improved network infrastructure, different communication protocols, or enhanced programming interfaces, for example." *Id*. at ¶ 79. However, the claims of the '204 Patent do not provide any technological solutions.

The Challenged Claims (including claim 1) do not require any specific technology to carry out this supposed solution. *See* AMAZ-1003, ¶ 84. In fact, they are "broad enough to cover manual or mental solutions." *Id.* at ¶ 80. For example, "in the field of library management it is common practice to remove little-used books from a collection. This is known in the field as 'weeding.' There are a variety of methods that can be used to weed a library collection, some of them very simple." *Id.* at ¶ 81. Even without computers, human beings can gather information about content that users access or prefer, and use that information to modify content collections. Merely "allowing users to participate in determining what is useful is not in itself a technical solution." *Id.* at ¶ 79.

Nor do the steps recited in the Challenged Claims amount to technological solutions. "[M]erely assigning and using points is not a technical solution, it is a basic idea that can be performed mentally or with pencil and paper." *Id.* at ¶ 84. Beyond the basic idea of assigning points, the "claims of the '204 Patent do not recite any specific algorithm or technique that would constitute a technological solution involving assigning and using points for updating a collection of resources." *Id.* Thus, "the claims of the '204 Patent are not directed to a technical problem, and the claims do not recite a technical solution." *Id.* at ¶ 85.

(c) The Challenged Claims Recite Well-Known Technological Features

The ’204 Patent does not disclose any new technology, and in fact disclose barely any technology at all. What it does disclose corresponds to the barebones of conventional computer networking and data processing functionality.

The ’204 Patent repeatedly acknowledges that the technology used in the claimed invention was well known and conventional:

- Computers: “Suitable computers for use in implementing the present invention may be obtained from various vendors. Various computers, however, may be used depending upon the size and complexity of the tasks. Suitable computers include mainframe computers, multiprocessor computers, workstations or personal computers. In addition, although a general purpose computer system has been described above, a special-purpose computer may also be used.” AMAZ-1001, 59:43-51.
- Computer-readable media: “[M]achine readable media on which are stored program instructions for performing methods of this invention . . . include, by way of example, magnetic disks, magnetic tape, optically readable media such as CD ROMs, semiconductor memory such as PCMCIA cards, etc. In each case, the medium may take the form of a portable item such as a small disk, diskette, cassette, etc., or it may take the form of a relatively larger or immobile item such as a hard disk drive or RAM provided in a computer.” *Id.* at 59:52-60.
- Electronic networks: “Network communication is accomplished through the network interface circuit and an appropriate network. For example, the network interface circuit can

> connect through a hub (not shown) into an external router (not shown) for communication over a local area network, a wide area network, or the Internet." *Id.* at 59:26-31. "Use of the Internet has become more and more common over the past few years. Similarly, the number of websites on the Internet has grown exponentially and is expected to continue to grow at a fast pace. As a result, the amount of information available on the Internet can be staggering." *Id.* at 2:63-67.

- Forecasting: "Approximately thirty years ago, a group of econometricians . . . began to develop alternative economic prediction methods. Foremost, single equation models using "time series" techniques popular in engineer applications were found to out-predict the large multiple equation economic models. The development of straightforward computer programs implementing these forecasting techniques allowed for the rapid development of these single equation forecasting models. Numerous economic variables were found to be reasonably predictable using such techniques. These techniques have continued to advance . . . ." *Id.* at 4:11-22.

Apart from well-known computer technology, the specification also shows that the Challenged Claims are directed to well-known, non-technical applications. The specification admits that the prior art included forecasting contests, *id.* at 1:19-2:61, providing on-line resources, *id.* at 2:62-3:19, financial forecasting, *id.* at 3:20-6:24, and using banner ad click-through information, *id.* at 6:25-44. And the '204 Patent concedes that these applications were "conventional." *See, e.g.*, *id.* at

7:12 ("conventional contests"), 8:10 ("conventional ranking techniques"), and 42:43-44 ("conventional combination forecasting techniques"). Even if the potential applications of the claimed invention were technological (which they are not), they were conventional—as the '204 Patent itself admits. These well-known operations cannot exempt the Challenged Claims from CBMR. The Challenged Claims do not recite a "technological invention" and are not exempt from CBMR.

V. STATEMENT OF PRECISE RELIEF REQUESTED

Petitioner requests that the Board institute a proceeding for covered business method review of claims 1-26 of the '204 Patent. The '204 Patent (titled "Community-Selected Content") is directed to methods and systems "for providing resources to participants over an electronic network." AMAZ-1001, Abstract. Those methods and systems are not technological or inventive. They amount to nothing more than applying an abstract idea—the idea of using information about consumers to determine what to offer them—to computers connected to the Internet.

The claims themselves state that they are intended to be performed by generic computers, referencing "a computer-readable medium" storing "computer-executable process steps." They recite one tangible element—"an electronic network"—through which users access content. The claims thus require

components and capabilities that were widely known and well-established before September 8, 1999—the '204 Patent's priority date.

The Supreme Court has held that conventional computer technology cannot by itself render claimed subject matter eligible for patent under 35 U.S.C. § 101. *Alice Corp. Pty. Ltd. v. CLS Bank Int'l*, 134 S. Ct. 2347, 2358-60 (2014); *see also* U.S. Patent and Trademark Office ("PTO"), 2014 Interim Eligibility Guidance, 79 Fed. Reg. 74618, 74628 (Dec. 16, 2014) ("Use of an unspecified, generic computer does not transform an abstract idea into a patent-eligible invention."). The Challenged Claims are not valid under *Alice* because they implicate an abstract idea—using consumer information to decide what to offer consumers—and do not add any meaningful limitations. Nothing tethers the '204 Patent's claims to a new or useful end. Given their broad scope, the Challenged Claims preempt the idea of using information about consumers to decide what to offer them.

CBMR is designed to address claims like those in the '204 Patent. The Challenged Claims cover financial products and services, but do not recite any novel or unobvious elements or solve a technical problem with a technical solution. Instead, the '204 Patent claims an abstract idea that is not patent-eligible subject matter under 35 U.S.C. § 101. Petitioner thus requests that the Patent Trial and Appeal Board ("Board") institute a CBMR of the Challenged Claims, and declare them invalid for claiming ineligible subject matter pursuant to § 101.

VI. REASONS FOR THE REQUESTED RELIEF

The full statement of reasons for the relief requested is as follows:

A. Identification of Challenges

1. Challenged Claims

Claims 1-26 of the '204 Patent are challenged in this petition.

2. Statutory Grounds on Which the Challenge is Based

Challenge #1: Claims 1-26 are invalid under 35 U.S.C. § 101.

B. Claim Construction

A claim of an unexpired patent in CBMR is given the broadest reasonable interpretation in light of the specification to one having ordinary skill in the art. 37 C.F.R. § 42.200(b). This Board construes claims under the broadest reasonable interpretation standard. *See In re NTP, Inc.*, 654 F.3d 1268, 1274 (Fed. Cir. 2011).

Petitioner contends that the preambles of the independent claims are not limiting. Applying the broadest reasonable interpretation standard, Petitioner proposes the following construction:

"*resources*"

The claim recites "resources" in the context of "maintaining a collection of resources, wherein both the collection and the resources can be accessed by a participant over the electronic network at any given time." AMAZ-1001, 60:62-64 (claim 1), 61:45-47 (claim 13), 62:24-27 (claim 20). The claims also require modifying the collection of resources based on points indicating users' access to or

ratings of individual resources. *Id.* at 60:65-66 (claim 1), 61:49-50 (claim 13), 62:29-30 (claim 20).

The specification does not explicitly define "resources." However, the specification users the word "content" to describe the problem and solution of the claimed invention, and equates "content" with "resources."

First, the title of the '204 Patent explicitly defines the subject matter of the invention as "Community-Selected ***Content***." AMAZ-1001, Title (emphasis added); *see also id*. at 10:1 ("Community-Selected ***Content***" in the Summary of the Invention). Additionally, the Summary of the Invention explains: "The present invention . . . addresses the above-described problems of providing the most useful ***content over an electronic network***, such as the Internet…by providing a systematic technique for allowing users to participate in determining what ***content*** is most useful to them." AMAZ-1001 at 10:2-7 (emphases added). The specification then uses similar language, but exchanges the terms "content" and "resources": "the present invention can provide a systematic and automatic technique for updating a collection of ***resources over an electronic network***, such as the Internet." *Id.* at 19:8-28 (emphasis added). Indeed, it emphasizes that websites provide content: "A typical website might contain advertising, as well as a certain amount of ***content.***" *Id.* at 3:3-8 (emphasis added). The '204 Patent thus

describes the claimed "resources" as content provided over an electronic network. *See* AMAZ-1003, ¶¶ 31-34.

Additional evidence for construing "resources" as "content" also comes from the applicant's statements made during prosecution. After the Examiner rejected all of the applied-for claims as obvious in view of U.S. Patent No. 7,072,888 ("Perkins") and U.S. Patent No. 5,659,732 ("Kirsch"), the applicant argued for patentability on the ground that his invention was applicable to the "management of a ***collection of content*** based on the perceived relevance of ***individual items of such content*** to the collection's end users"—therein using "content" to refer to the "resources" recited in the claim. AMAZ-1002, p. 22 (emphases added). Echoing the specification, the applicant described the invention as pertaining to items and collections of "content."

In sum, the applicant used the term "content" to describe "resources" repeatedly—in the title, summary, and description of the invention in the '204 Patent, and in submissions to the PTO for the purpose of obtaining the patent.

Accordingly, for purposes of this petition, the broadest reasonable interpretation of "resources" in light of the specification and prosecution history is: "content." *See* AMAZ-1003, ¶¶ 30-34.

Petitioner proposes that all other terms be given their broadest reasonable interpretation and do not necessitate specific construction for purposes of this CBMR.

C. Identification Of How The Claims Are Unpatentable

1. Challenge #1: Claims 1-26 are invalid under 35 U.S.C. § 101 for failure to claim patent-eligible subject matter

For the Board to institute CBMR, the petition must only "demonstrate that it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable." 35 U.S.C. § 324(a); *see also* AIA § 18(a)(1) (applying the standard for institution of a post-grant review to CBMR); *Redfin Corp. v. Corelogic Solutions, LLC*, CBM2014-00027, Paper No. 12, at 2 (P.T.A.B. Mar. 20, 2014).

Here, *all* of the Challenged Claims are invalid because they are directed to an abstract idea—the idea of using information about consumers to decide what to offer them—that the claims do not transform into patent-eligible subject matter under § 101. Because the claims do not recite any meaningful limitations, they threaten to preempt any use of information about content that users access electronically, specifically to determine what content to offer them. The claims add nothing inventive to that abstract idea. Instead, they inform an audience about a well-known economic principle—that information about consumers' past choices (or preferences) is useful for predicting their future choices—and tell them to apply that idea to the provision of content over an electronic network.

(a) Description of the Alleged Invention of the '204 Patent

The '204 Patent relates generally to "Community-Selected Content," and "concerns techniques for predicting the value of a variable, such as the price of a share of stock or a commodity." AMAZ-1001, 1:13-15. Although the specification describes different features associated with the inventive techniques, it states that community-selected content is designed to address "problems of providing the most useful content over an electronic network, such as the Internet. Generally speaking this problem is addressed in the present invention by providing a systematic technique for allowing users to participate in determining what content is most useful to them." *Id*. at 10:1-7.

This is accomplished through point assignments. "Points are assigned to each resource based on participant access of the resource and the collection is modified based on the points assigned to each resource." *Id.* at 10:13-16. The specification describes additional possible features: having a fixed number of points assigned whenever a participant accesses a resource, putting resources in a second collection once the points reach a preset threshold, automatically updating a collection based on predetermined criteria, differentially weighting points, allowing users to rate resources, and incorporating different variables into point assignments. *See id.* at 10:16-11:3; *see also* AMAZ-1003, ¶¶ 19-27.

The preferred embodiment of the community-selected content feature involves "content areas," which it specifically refers to as "Soapboxes." AMAZ-1001, 35:32-33. These Soapboxes convey a range of content, such as articles. Soapbox owners, or "Proprietors" may also be ranked on a number of factors, including user ratings. Based on those rankings, a Proprietor may earn additional money or more prominent website placement for the Soapbox. *Id.* at 35:29-49. This embodiment corresponds to the elements of claim 1: maintaining resources (Soapboxes), assigning points (rankings) to those resources, and modifying the resources based on those rankings (by removing or replacing unpopular Soapboxes).

(b) Claims that Merely Implement Abstract Ideas Using General-Purpose Computers Are Not Patent-Eligible

Alice Corp. Pty. Ltd. v. CLS Bank Int'l makes explicit that reciting generic computer implementation does not transform claims directed to an abstract idea into a patent-eligible invention. 134 S. Ct. 2347, 2358 (2014) ("[T]he mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention."). The Court has long held that abstract ideas are not patentable. *Alice*, 134 S. Ct. at 2354 (citing *Ass'n for Molecular Pathology v. Myriad Genetics, Inc.*, 133 S. Ct. 2107, 2116 (2013); *Bilski v. Kappos*, 561 U.S. 593, 601–02 (2010); *O'Reilly v. Morse*, 56 U.S. (15 How.) 62, 112-120 (1854);

and *Le Roy v. Tatham*, 55 U.S. (14 How.) 156, 174-75 (1853)). This prohibition ensures that patent rights do not preempt all uses of an abstract idea so that people have access to the "basic building blocks of human ingenuity." *Alice*, 134 S. Ct. at 2354. Therefore, a patent must recite an application of an idea "to a new and useful end" to be eligible under § 101. *Alice*, 134 S. Ct. at 2344 (quoting *Gottschalk v. Benson*, 409 U.S. 63, 67 (1972)).

In *Alice*, the Supreme Court applied a two-step framework for determining patent eligibility, previously articulated in *Mayo Collaborative Services v. Prometheus Laboratories, Inc*., 132 S. Ct. 1289 (2012):

> First, we determine whether the claims at issue are directed to one of those patent-ineligible concepts. If so, we then ask, "what else is there in the claims before us?" To answer that question, we consider the elements of each claim both individually and as an ordered combination to determine whether the additional elements transform the nature of the claim into a patent-eligible application. We have described step two of this analysis as a search for an inventive concept—*i.e.*, an element or combination of elements that is sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the ineligible concept itself.

Alice, 134 S. Ct. at 2355 (quotation marks omitted). The § 101 inquiry thus requires first determining whether the claims at issue are directed to an abstract idea, and second, whether they add enough to the abstract idea to constitute an invention that is significantly more than the abstract idea itself.

(c) The Challenged Claims Are Directed to an Abstract Idea

The first part of the § 101 analysis is determining whether the claims are directed to an abstract idea. In *Alice*, the Court did not "delimit the precise contours" of the category, *id.* at 2357, but discussed abstract ideas that the Court had previously identified: in *Gottschalk v. Benson*, 409 U.S. 63 (1972), a method of converting numbers into binary form, in *Parker v. Flook*, 437 U.S. 584 (1978), computing alarm limits in a catalytic conversion process, and in *Bilski*, 561 U.S. at 611, the basic concept of hedging economic risk. In light of these decisions, the Court concluded that "[i]t is enough to recognize that there is no meaningful distinction between the concept of risk hedging in *Bilski* and the concept of intermediated settlement at issue here. Both are squarely within the realm of 'abstract ideas' as we have used that term." *Alice*, 134 S. Ct. at 2357.

Since *Alice*, the Federal Circuit has upheld findings of patent-ineligible abstract ideas in four precedential decisions. In *Ultramercial, Inc. v. Hulu, LLC*, the Federal Circuit (on its second remand from the Supreme Court's vacatur, this time following *Alice*) held that the patent was directed to the abstract idea of "showing an advertisement before delivering free content." 772 F.3d 709, 715 (Fed. Cir. 2014). The claims required user interaction, but nevertheless implicated an abstract idea. As the court explained, "[t]his ordered combination of steps recites an abstraction—an idea, having no particular concrete or tangible form. . . .

Although certain additional limitations, such as consulting an activity log, add a degree of particularity, the concept embodied by the majority of the limitations describes only the abstract idea of showing an advertisement before delivering free content." *Id.* at 715. The court also emphasized that "any novelty in implementation of the idea is a factor to be considered only in the second step of the *Alice* analysis." *Id*. The Federal Circuit thus found the claims directed to the idea of providing web content in exchange for advertising time.

In *buySAFE, Inc. v. Google, Inc.*, the Federal Circuit described the Supreme Court's precedent as identifying "an abstract idea in certain arrangements involving contractual relations, which are intangible entities." 765 F.3d 1350, 1353 (Fed. Cir. 2014). There, the abstract idea pertained to "creating a contractual relationship—a 'transaction performance guaranty'—that [wa]s beyond question of ancient lineage." *Id.* at 1355 (citation omitted)). In *Content Extraction and Transmission, LLC, v. Wells Fargo Bank*, the Federal Circuit similarly held that "[t]he concept of data collection, recognition, and storage is undisputedly well-known. Indeed, humans have always performed these functions." No. 13-1588 at *8 (Fed. Cir. Dec. 23, 2014). The Federal Circuit has thus consistently recognized that abstract ideas are implicated by Internet-mediated exchanges of intangible matter (*i.e.*, content or information) that effectively reproduce longstanding, fundamental practices that predate modern computer networking.

Similarly, in two non-precedential decisions, the Federal Circuit identified related abstract ideas, such as "managing a bingo game while allowing a player to repeatedly play the same sets of numbers in multiple sessions," *Planet Bingo, LLC v. VKGS LLC*, 576 F. App'x 1005, 1007 (Fed. Cir. 2014), and "using categories to organize, store, and transmit information" or "the well-known concept of categorical data storage," *Cyberfone Sys., LLC v. CNN Interactive Grp., Inc.*, 558 F. App'x 988, 992 (Fed. Cir. 2014).[1] These Federal Circuit cases also reflect the contours of the category of abstract ideas that includes intermediated settlement, as in *Alice*, and hedging risk, as in *Bilski*.

Even before *Alice*, the Federal Circuit recognized abstract ideas in claims reciting—but not practically requiring—computer implementation. For instance in *Accenture Global Servs., GmbH v. Guidewire Software, Inc.*, the court described the abstract idea "at the heart of the system claim" as "generating tasks [based on] rules . . . to be completed upon the occurrence of an event." 728 F.3d 1336, 1344

[1] Although the *Cyberfone* opinion issued on February 26, 2014—before the Supreme Court's June 19, 2014 ruling in *Alice*—the Federal Circuit did not issue the mandate until after *Alice*, on July 17, 2014. *See* Order Denying Petition for Panel Rehearing and Rehearing En Banc, *Cyberfone Systs., LLC, v. CNN Interactive Grp., Inc.*, No. 2012-1637 (Fed. Cir. July 10, 2014), ECF No. 195.

(Fed. Cir. 2013) (alterations in original); *see also Bancorp Servs., L.L.C. v. Sun Life Assurance Co. of Can. (U.S.)*, 687 F.3d 1266, 1278 (Fed. Cir. 2012) (holding that, as in *Bilski*, the patent was an "attempt to patent the use of the abstract idea of [managing a stable value protected life insurance policy] and then instruct the use of well-known [calculations] to help establish some of the inputs into the equation." (alterations in original)); *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1372 (Fed. Cir. 2011) (patent covered "any method of detecting credit card fraud based on information relating past transactions to a particular 'Internet address,' even methods that can be performed in the human mind"); *SmartGene, Inc. v. Advanced Biological Labs., SA*, 555 F. App'x 950, 955 (Fed. Cir. 2014) (abstract idea involved using information about patients and medical therapies to generate treatment recommendations).

Some of these pre-*Alice* decisions emphasized the fact that a person could implement the abstract idea without any technological intervention. Under this line of cases, "a method that can be performed by human thought alone is merely an abstract idea and is not patent-eligible under § 101." *CyberSource*, 654 F.3d at 1373. That is so "because computational methods which can be performed *entirely* in the human mind are the types of methods that embody the 'basic tools of scientific and technological work' that are free to all men and reserved exclusively to none." *Id.* (quoting *Gottschalk*, 409 U.S. at 67); *see also, e.g.*, *Bancorp*, 687

F.3d at 1279 ("[T]he computer merely permits one to manage a stable value protected life insurance policy more efficiently than one could mentally. Using a computer to accelerate an ineligible mental process does not make that process patent-eligible."); *In re Comiskey*, 554 F.3d 967, 979 (Fed. Cir. 2009) ("However, mental processes—or processes of human thinking—standing alone are not patentable even if they have practical application."); *SmartGene*, 555 F. App'x at 955 (patent-ineligible claims "involve[d] a mental process excluded from section 101: the mental steps of comparing new and stored information and using rules to identify medical options."). Nothing in *Alice* undermines the well-established principle that a process requiring only mental steps is an abstract idea.

As discussed below, the Challenged Claims are not patent-eligible both because they fall squarely within the realm of abstract ideas involving basic economic concepts and because they recite mental processes that humans can and do perform without technological intervention.

i. The Challenged Claims Are Directed to the Abstract Idea of Using Information to Marketing Products to Consumers

The Challenged Claims are directed to the abstract idea of using information about consumers to determine what content to offer them. *See* AMAZ-1003, ¶¶ 86-88. The specification does not identify any single inventive feature, but rather, "a number of different inventive features," AMAZ-1001, 6:48, namely:

Forecasting Contest, Prediction Input, Combination Forecasting Using Clusterization, Forecasting Using Interpolation Modeling, Pricing Derivative Instruments, and Utilization of Banner Ad Click-Through Information. AMAZ-1001, 6:48, 6:52, 8:58, 11:4, 11:51, 12:33, 13:1. All of these features pertain to using information about consumers to predict unknown information, *i.e.*, what consumers want.

The ’204 Patent explains the fundamental problem it addresses: “[k]nowing what prices will be in the future could allow market participants to change the amounts at which they would otherwise transact (e.g., if prices are expected to increase in the near future, knowledgeable sellers might withhold inventory from the market place.).” *Id.* at 3:31-35. That is why “[e]conomists, mathematicians, and forecasters have spent over a century” trying to create accurate forecasting models. *Id.* at 3:44-45. The idea underlying the claimed invention is “the abstract idea of using information about users’ access to content to modify the selection of content that is offered to them.” AMAZ-1003, ¶ 88.

The preferred embodiment captures the implementation of that idea according to the invention of the ’204 Patent. “The website according to the preferred embodiment of the present invention also includes certain resources that are available to the participants (or users).” AMAZ-1001, 35:22-28. The resources are “content areas” or “Soapboxes.” *Id.* at 35:33-34. Users can interact

in a variety of ways, from publishing articles, to chatting, and rating Soapboxes. *Id*. at 35:43-58. In the preferred embodiment, "Soapbox Proprietors sponsor the content of their Soapboxes and receive a stipend, based upon popularity. It is also preferable that periodically, the least popular Soapboxes are turned over to new Proprietors. It is further preferred that all Soapbox Proprietors must be subscribers and must submit a prescribed minimum number of forecasts." *Id.* at 35:63-36:3.

This description maps directly onto claim 1, which recites "maintaining a collection of resources," "assigning points to individual resources based on an amount of participant access of said individual resources," and "modifying the collection based on the points assigned to the resources." *Id.* at 60:62-61:2. As described, the resources are the Soapboxes, points are rankings, and modifications occur when unpopular Proprietors are rousted from their Soapboxes. The elements—a collection of resources, evaluating those resources based on how much consumers use (or participants access) them, and changing the contents of the collection in accordance with consumer use—could read on almost any economic enterprise at all. In the context of the '204 Patent, it is the basic idea of using information about consumers to decide what content to show them, AMAZ-1003, ¶¶ 86-88, *i.e.*, the idea of tailoring supply to demand.

The idea of providing content based on consumer data falls squarely within the realm of abstract ideas found ineligible in *Bilski, Alice,* and their progeny. In

Bilski, the claimed steps required initiating financial transactions, identifying participants whose portfolios put them at heightened risk for the commodity to be exchanged, and initiating transactions between the participants and the commodity provider to balance the risk of the first series of transactions. *Alice*, 134 S. Ct. at 2355–56. In *Alice*, the claims were for "a method of exchanging financial obligations between two parties using a third-party intermediary to mitigate settlement risk" that was "[l]ike the risk hedging in *Bilski* . . . 'a fundamental economic practice long prevalent in our system of commerce.'" *Id.* at 2356.

The claims here similarly recite a method for using information about a website's users to decide what content to provide them. The '204 Patent states that "[t]he present invention also address the above-described problems of providing the most useful content over an electronic network, such as the Internet . . . providing a systematic technique for allowing users to participate in determining what content is most useful to them." AMAZ-1001, 10:2-8. That is the abstract idea of using information about consumers to decide what to offer them. AMAZ-1003, ¶¶ 86, 88.

The idea of using consumer data to modify product offerings is a patent-ineligible abstract idea because "[u]sing information about what content a user has accessed to generate a number of points, or a numerical score, is a very basic idea." AMAZ-1003, ¶ 87. People have long used that idea. For example, "[t]his idea is

used extensively in the field of library management to "weed" a collection of books. In that case, user access is tracked by keeping track of the number of times a book is checked out, and the number of times a book is used within the library. The idea underlying the concept of weeding in the field of library management is the same as the idea underlying the claims of the '204 Patent, namely that information gathered from what users' access is used to modify the collection that is offered to them." *Id*. The '204 Patent effectively teaches the use of well-known technologies to exploit the basic economic principle that Adam Smith observed long ago: "The quantity of every commodity . . . regulates itself . . . according to the demand of those who are willing to pay the whole [cost] . . . which must be paid to prepare and bring it to market." Adam Smith, An Inquiry into the Nature and Causes of the Wealth of Nations, Vol. II 9 (2d ed. 1778) (AMAZ-1007). The idea that consumer demand affects market supply is a basic economic concept that long predates the advent of computers or the Internet.

The idea of using information about content that users access online when determining what content (such as an advertisement) to provide them is not distinguishable from giving users access to content in exchange for displaying content (such as an advertisement), as in *Ultramercial*. The Federal Circuit has now established that claims merely reciting the collection and use of information implicate abstract ideas. *See Content Extraction and Transmission, LLC, v. Wells*

Fargo Bank, No. 13-1588, at *8 (Fed. Cir. Dec. 23, 2014) (claims were directed to "the abstract idea of 1) collecting data, 2) recognizing certain data within the collected data set, and 3) storing that recognized data in a memory"); *Univ. of Utah Research v. Ambry Genetics Corp.*, No. 2014-1361, *15 (Fed. Cir. Dec. 17, 2014) (claims were directed to "the patent-ineligible abstract idea of comparing [gene] sequences and determining the existence of alterations").

In sum, the Challenged Claims are directed to an abstract idea—the fundamental economic principle that information about consumers' activities and preferences is useful in determining what to offer them.

ii. The Challenged Claims Comprise Steps that Human Beings Can and Do Perform in Their Minds

The Challenged Claims also implicate an abstract idea under the pre-*Alice* line of cases identifying abstract ideas in claims that a person could perform mentally or using only a pen and paper. *See, e.g.*, *CyberSource*, 654 F.3d at 1375 ("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 machine-or-transformation test."); *Bancorp*, 687 F.3d at 1279 ("Using a computer to accelerate an ineligible mental process does not make that process patent-eligible."). Humans can and do perform the claimed steps of assigning points to resources mentally, or with pencil and paper, and can use such points to

modify content offerings manually. *See* AMAZ-1003, ¶¶ 84, 90. Like the ineligible claims on verifying online credit card transactions in *CyberSource*, and managing life insurance policies in *Bancorp*, the Challenged Claims recite processes that humans being can perform without any technological intervention.

Claim 1, from which claims 2-12 and 21-26 depend, reads:

> **1.** A computer-readable medium storing computer-executable process steps for providing resources to participants over an electronic network, said process steps comprising:
>
> maintaining a collection of resources, wherein both the collection and the resources can be accessed by a participant over the electronic network at any given time;
>
> assigning points to an individual resources based on an amount of participant access of said individual resources over the electronic network; and
>
> modifying the collection based on the points assigned to the resources.

AMAZ-1001 at 60:59-61:2. People can perform these steps without a computer. Librarians in fact *have* practiced these steps without technological intervention "in the process of 'weeding.'" AMAZ-1003, ¶ 87. In the context of library science, weeding facilitates the removal of infrequently accessed books from library shelves. *Id.* at ¶¶ 77, 81. For example, a librarian could modify a library's collection of books (resources) based on their "shelf-time period" (points) which

can be assigned using book cards or markings made directly on book spines (an amount of participant access). *Id.* at ¶¶ 93-98. Books with a high shelf-time period have a low probability of being used in the future and are therefore removed from the collection, thus modifying the collection. *Id.* The claim could equally describe the operation of a broadcast television network, modifying program schedules based on the size of a program's audience as indicated by a point-based rankings (such as Nielsen ratings). *Id.* at ¶ 82.

The analysis is the same for independent claim 13, reproduced below:

> **13.** A computer-readable medium storing computer-executable process steps for providing information to participants over an electronic network, said process steps comprising:
>
> maintaining a collection of resources, wherein both the collection and the resources are accessibly by a participant over the electronic network at any given time;
>
> permitting participants to rate the resources; assigning points to individual resources based on how the participants rated said individual resources; and
>
> automatically removing resources from the collection based on points assigned to the resources and based on an established criterion.

AMAZ-1001, 61:41-53. This claim adds no limitation that would change a person's ability to perform the steps unaided by any particular technology. AMAZ-1003, ¶¶ 73-74. The only difference between it and claim 1 is that users (or

participants) may rate the resources, points are assigned based on those resources, and resources are removed based on the points and an established criterion, not participant access alone. AMAZ-1001, 61:48-53; *see also* AMAZ-1003, ¶ 22. Like measures of user access, utilizing "user-generated ratings to predict the utility, relevance, or desirability of web content was well known and widely practiced by persons of ordinary skill in the art in September 1999." AMAZ-1003, ¶ 72; *see also id.* ¶¶ 63, 71, 82.

If anything, the Challenged Claims recite steps that are easier to perform in one's mind than those in *CyberSource*, where a person performing the invention would have had to cross-reference lists of credit card numbers against lists of Internet-generated data to identify abnormalities indicative of fraud. Here, the steps do not specify any particular algorithm for assigning points and using those points to modify resources. AMAZ-1003, ¶ 84. There is no indication that basing an allocation of resources on previously assigned points is a step that a human could not accomplish. Rather, assigning points and taking action based on points would appear to be well within the range of human capacity. AMAZ-1003, ¶¶ 84, 90. The Challenged Claims are thus directed to an abstract idea for the additional reason that they recite a mental process that constitutes an abstract idea.

2. The Challenged Claims Add Nothing to the Abstract Idea Because They Only Recite Computers and the Internet

For the second step in the patent eligibility analysis under § 101, "a claim that recites an abstract idea must include 'additional features' to ensure 'that the claim is more than a drafting effort designed to monopolize the abstract idea" in order to be patent-eligible. *Alice*, 134 S. Ct. at 2350. Critically, "[s]imply appending conventional steps, specified at a high level of generality is not 'enough' to supply an 'inventive concept.'" *Id.* The Court emphasized that the presence of computers—admittedly tangible matter—could not save claims from abstraction. As the Court put it, "the mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention." *Id*. Indeed, "[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*. (citation omitted) (internal quotation marks omitted).

In *Alice*, the Supreme Court held that the system claims should fall with the method claims. "The method claims recite the abstract idea implemented on a generic computer; the system claims recite a handful of generic computer components configured to implement the same idea." *Id*. at 2351. Merely reciting a "system" rather than a method did not change the § 101 analysis there because "the system claims are no different from the method claims in substance." *Id.* at

2360. The Court explained that nothing in the claims (including the preamble) "offers a meaningful limitation beyond generally linking the use of the method to a particular technological environment, that is, implementation via computers." *Id*. Consequently, the Court explained, the claims failed because patent eligibility cannot "depend simply on the draftsman's art." *Id*.[2]

The Federal Circuit's post-*Alice* decision in *Ultramercial* confirms that generic computer functionality, including user interfaces, cannot transform abstract ideas into patentable matter as required in step two of the § 101 inquiry. There, the Federal Circuit explained that claim limitations "[a]dding routine additional steps such as updating an activity log, requiring a request from the consumer to view the ad, restrictions on public access, and use of the Internet does not transform an otherwise abstract idea into patent-eligible subject matter. Instead, the claimed sequence of steps comprises only 'conventional steps, specified at a high level of generality,' which is insufficient to supply an 'inventive concept.'" *Ultramercial*,

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[2] As the PTO recognizes, "[a]ll claims (product and process) with a judicial exception (any type) are subject to the same steps," *i.e.*, the two steps of the analysis set forth in *Mayo* and *Alice*. PTO, 2014 Interim Eligibility Guidance, 79 Fed. Reg. at 74621.

772 F.3d at 716. The Federal Circuit has thus recognized that *Alice* precludes routine computer functionality, without more, from conferring patent-eligibility.

In determining whether the claimed steps at issue were sufficient, the Federal Circuit recognized that its cases had established "data-gathering steps," at least standing alone, as insufficient. *Id*. (quoting *CyberSource*, 654 F.3d at 1370). The court then pointed to a particular feature of the *Ultramercial* patent with the same character—the fact that the "system is active, rather than passive, and restricts public access also represents only insignificant '[pre]-solution activity.'" *Ultramercial*, 772 F.3d at 716 (describing the feature as "also not sufficient to transform an otherwise patent-ineligible abstract idea into patent-eligible subject matter." (quoting *Mayo*, 132 S. Ct. at 1298)).

In *Ultramercial*, the Federal Circuit expressly held the Internet could not be the "something more" required in step two of the *Alice* analysis: "The claims' invocation of the Internet also adds no inventive concept. As we have held, the use of the Internet is not sufficient to save otherwise abstract claims from ineligibility under § 101." *Ultramercial*, 772 F.3d at 716 (citing *CyberSource*, 654 F.3d at 1370 and *Alice*, 134 S. Ct. at 2358). "Given the prevalence of the Internet, implementation of an abstract idea on the Internet in this case is not sufficient to provide any 'practical assurance that the process is more than a drafting effort

designed to monopolize the [abstract idea] itself.'" *Ultramercial*, 772 F.3d at 716 (quoting *Mayo*, 132 S. Ct at 1297) (alteration in original).

There is no longer any doubt that implementing an abstract idea on a computer or over a network is not enough to save patent-ineligible subject matter. Indeed, the Federal Circuit's decision in *DDR Holdings, LLC v. Hotels.com, L.P.* confirms that "not all claims purporting to address Internet-centric challenges are eligible for patent." No. 2013-1505 at *22 (Fed. Cir. Dec. 5, 2014). There, the court found the patent eligible under § 101, not because it required computer implementation, but because it did not "recite a commonplace business method aimed at processing business information, applying a known business process to the particular technological environment of the Internet, or creating or altering contractual relations using generic computer functions and conventional network operations." *Id. at* *23. Rather, the "claimed solution [was] necessarily rooted in computer technology," *id.* at *20, and thus "d[id] not attempt to preempt every application of the idea of increasing sales by making two web pages look the same, or of any other variant [of the idea]." *Id.* at *23. Thus, only claims that recite non-generic, non-conventional computer technology may be the subject of a patent.

(a) The Challenged Claims Do Not Add Anything of Significance to the Abstract Idea, Alone or Together

The Challenged Claims are not patent-eligible under § 101 and longstanding case law including *Alice*. As discussed above and in Dr. Melvin's declaration, a human being could perform all of the claimed steps. *See* AMAZ-1003, ¶¶ 84, 90. The claims do not reference any technological contribution or meaningful limitation. As a result, the claims lack boundaries that would preclude them from being asserted against anyone using consumer data to provide content or sell products over the Internet.

The Federal Circuit's *Ultramercial* decision is particularly relevant because the patent at issue involved an interactive system for providing content to users over the Internet, just like the '204 Patent. In the *Ultramercial* patent, the claims recited eleven steps that amounted to offering media content over the Internet, giving a user the choice of watching an ad or paying for a subscription in exchange for the content, and providing the content based on the user's choice. *Ultramercial*, 772 F.3d at 712. The court described the method as involving "a transaction involving the grant of permission and viewing of an advertisement by the consumer, the grant of access by the content provider, and the exchange of money between the sponsor and the content provider." *Id.* at 717.

The court ultimately concluded that "[t]hese manipulations of 'public or private legal obligations or relationships, business risks, or other such abstractions cannot meet the [section 101] test because they are not physical objects or

substances, and they are not representative of physical objects or substances.'" *Id.* (quoting *Bilski*, 545 F.3d at 963). The court rejected the notion that user interactivity saved the claims from ineligibility: "that the system is active, rather than passive . . . represents only insignificant '[pre]-solution activity,' which is also not sufficient to transform an otherwise patent-ineligible abstract idea into patent-eligible subject matter." *Ultramercial*, 772 F.3d at 716 (alteration in original).

The Challenged Claims recite the same type of interactive steps that the *Ultramercial* patent claims recited. Here, the steps involve providing information (resources), gathering other information (about the content users are accessing), and then using that information (via points) to decide what information to provide. *E.g.*, AMAZ-1003, ¶¶ 19, 21, 22, 24-27. These transactions involve the exchange of information or content over the Internet, exactly like the claims in *Ultramercial*. Aside from the computer implementation recited in the preamble, those claims do not refer to any tangible matter other than the infrastructure underlying the electronic network. That network is merely the environment over which the claims require maintaining content that is accessible to users. The preexisting network cannot be the basis for patent-eligibility. Indeed, *Ultramercial* establishes that simply mediating exchanges that occur over the Internet does not meaningfully limit an abstract idea for the purposes of the § 101 analysis. Here, as in

Ultramercial, the Internet-mediated steps simply involve data-based transactions between intangible entities.

Data-processing steps cannot establish patent-eligibility. The Federal Circuit confirmed this in *Digitech*. There, the patent-ineligible claims recited a "data profile" as well as a related "process that employ[ed] mathematical algorithms to manipulate existing information to generate additional information." *Digitech*, 758 F.3d at 1351; *see also In re Nuijten*, 500 F.3d 1346, 1355, 1357 (Fed. Cir. 2007) (holding claimed electromagnetic signal patent-ineligible where the claims did not recite the encoding process or the device used to generate the signal). *Digitech* is relevant to this petition because it demonstrates that the manipulation of data by a generic computer does not establish patent-eligibility. The Challenged Claims have the same characteristic: all of the steps involve generating and manipulating data without adding tangible matter. The claims require transmitting "resources" over an electronic network; such resources must be intangible. *See* AMAZ-1003, ¶¶ 31-32, 60, 90. Consequently, there is no distinction to draw between the patent-ineligible methods involving intangible data profiles in *Digitech* and the patent-ineligible methods involving intangible resources here.

Nor does the decision in *DDR* offer any basis for finding conventional data processing steps sufficient to transform an abstract idea into patent-eligible matter.

Unlike the '204 Patent, the patent at issue in *DDR* addressed a problem that was "Internet-centric," and thus did not exist before or apart from that environment. In contrast, the problem here—the difficulty of knowing what consumers want—long predates the Internet or any particular technological advance. The same problem could (and does) arise in libraries, which make vast quantities of information accessible to users whose interests and needs are unknown.

Additionally, the patent in *DDR* channeled a user to a third-party website while retaining the look and feel of the originating website—reversing the conventional sequence of computer-implemented steps. By contrast, the '204 Patent uses the conventional sequence of computer-implemented steps without modification. The claims call for providing content, gathering data about user behavior or preferences with respect to that content, and then modifying the content. Gathering data and then using that data is a routine and conventional sequence of computer-implemented steps. Given the ancient provenance of the problem (understanding consumers' desires) and the patent's recitation of conventional computer technology, there are no limitations that minimize the risk of preemption, unlike in *DDR*. Rather, the Challenged Claims would monopolize all uses of the abstract idea that consumer information is useful for determining what to offer consumers.

Nor do the claims recite anything that could qualify as a patent-eligible machine or transformation. The Supreme Court has stated that "the machine-or-transformation test is a useful and important clue, an investigative tool, for determining whether some claimed inventions are processes under § 101," *Bilski v. Kappos*, 561 U.S. at 604, but "is not a definitive test of patent eligibility." *Mayo*, 132 S. Ct. at 1296; *Bilski*, 561 U.S. at 604. Under the machine or transformation test, "[a] claimed process can be patent-eligible under § 101 if: '(1) it is tied to a particular machine or apparatus, or (2) it transforms a particular article into a different state or thing.'" *Ultramercial*, 772 F.3d at 716 (quoting *In re Bilski*, 545 F.3d 943, 954 (Fed. Cir. 2008) (en banc)). For "a machine to impose a meaningful limit . . . it must play a significant part in permitting the claimed method to be performed." *SiRF Tech., Inc. v. ITC*, 601 F.3d 1319, 1332-33 (Fed. Cir. 2010).

As discussed above, the claims here are not tied to any particular machine or apparatus, only a general purpose computer, just as in *Ultramercial*. *See Ultramercial*, 772 F.3d at 716 ("The claims of the '545 patent, however, are not tied to any particular novel machine or apparatus, only a general purpose computer."). The specification teaches that various computers and storage media would work; no *particular* computer or medium (which could in fact be a computer) is required. *See* AMAZ-1003, ¶¶ 55-57; *see also* AMAZ-1001, 14:29-33 ("FIG. 13 illustrates a representative computer system that is one of the suitable

platforms for performing computer-executable process steps to implement the techniques of the present invention."), 59:43-44 ("Suitable computers for use in implementing the present invention may be obtained from various vendors."), 59:56-59 ("[T]he medium may take the form of a portable item such as a small disk, diskette, cassette, etc., or it may take the form of a relatively larger or immobile item such as a hard disk drive.").

The only other "machine" possibly referenced in the '204 Patent is an electronic network, such as the Internet. However, electronic networks such as the Internet predate the '204 Patent. AMAZ-1003, ¶ 58. Moreover, the Federal Circuit has repeatedly held that "the Internet is not sufficient to save the patent under the machine prong of the machine-or-transformation test." *Ultramercial*, 772 F.3d at 716 (citing *CyberSource*, 654 F.3d at 1370). The Internet "is a ubiquitous information-transmitting medium, not a novel machine." *Ultramercial*, 772 F.3d at 716-17; *see also CyberSource*, 654 F.3d at 1370 ("We are not persuaded by the appellant's argument that the claimed method is tied to a particular machine because it 'would not be necessary or possible without the Internet.' . . . Regardless of whether 'the Internet' can be viewed as a machine, it is clear that the Internet cannot perform the fraud detection steps of the claimed method." (internal citation omitted)). Like a "computer readable medium," an "electronic network" is not a machine, let alone a particular machine that plays a

significant part in the claimed invention. It cannot render the Challenged Claims patent-eligible under § 101.

Nor do the steps of providing resources, assigning points to resources, or modifying resources based on assigned points, alone or together amount to a patent-eligible transformation. As in *Ultramercial*, these manipulations "'cannot meet the test because they are not physical objects or substances, and they are not representative of physical objects or substances.'" *Ultramercial*, 772 F.3d at 717 (quoting *In re Bilski*, 545 F.3d at 963). The steps of transmitting, receiving, and processing data over the Internet here, as in *Ultramercial*, "do not transform any article to a different state or thing." *Ultramercial*, 772 F.3d at 717. The claims call for modifying only the resources, *i.e.*, the content that is provided over the Internet, which by definition is not tangible matter. The Federal Circuit has repeatedly held that "mere data-gathering steps cannot make an otherwise nonstatutory claim statutory." *CyberSource*, 654 F.3d at 1370 (internal quotation marks and alteration in original omitted) (quoting *In re Grams*, 888 F.2d 835, 840 (Fed. Cir. 1989)).

Although claim 1 is representative, neither of the other two independent claims nor any of the dependent claims contains a single meaningful limitation that adds non-generic computer implementation. The only limitations that distinguish claim 13 are steps of "permitting participants to rate the resource," incorporating

those ratings into the point system of claim 1, and "automatically removing resources from the collection based on points assigned the resources and based on an established criterion." AMAZ-1001, 61:48–53; *see also* AMAZ-1003, ¶ 22. Claim 13's additional steps call for permitting users to rate content and taking those ratings into account when assigning points (and thus when selecting content in the future). The only difference between ratings and access (the basis for point assignments in claim 1) is that in claim 13, the user ratings are generated on the user's side. These types of user interaction are not sufficient to confer patent eligibility under *Ultramercial*. There, the Federal Circuit found that dependent claims reciting additional limitations requiring user interactivity made no difference with respect to patent-eligibility. The result is the same for claim 13, which merely assigns points based on user-provided ratings instead of information about user access.

Claims 2-12 and 21-26 depend from claim 1. Claim 2 adds the limitation "wherein the resources having a worst overall rating based on assigned points are removed from the collection." AMAZ-1001, 61:3-6. This merely specifies one condition for removing a resource. That it would be advantageous to remove the lowest-rated resources follows from the invention's own disclosure, which teaches the same functionality in its discussion of removing the least popular Soapbox in the preferred embodiment. *See id.* at 35:66-36:1 ("It is also preferable that,

periodically, the least popular Soapboxes are turned over to new Proprietors."). In any case, narrowing the claim to require removing resources does not introduce any new matter that could confer patent eligibility on its own. *See Content Extraction*, at *10 (dependent claim reciting generic, pre-existing technology cannot confer patent-eligibility). Removing content based on a particular rule is old and well-known. AMAZ-1003, ¶¶ 76-77, 97-98. Search engine "robots," for example, routinely remove content from collections of relevant links when those links are no longer valid. *Id.* at ¶ 76. Claim 2 includes no meaningful limitations amounting to an inventive concept as required by *Alice*.

Most of the claims depending from claim 1 similarly specify rules or conditions for manipulating or generating data. Some refer to how points are assigned: claim 3 adds that "a fixed number of points is assigned to a resource when a participant accesses said resource." AMAZ-1001, 61:6-9. Claim 4 specifies that the "number of points assigned to a resource when a participant accesses the resource is based upon a participation level of said participant." *Id.* at 61:9-12. Claim 6 adds a limitation in which "points assigned more recently are weighted more heavily in determining the score than are points assigned less recently." *Id.* at 61:21-23. Claim 9 requires that "points are assigned to said individual resources when said individual resources are accessed via the collection." *Id.* at 61:30-31. Claim 11 adds that "points are also assigned . . .

based on how the participants rated said individual resources." *Id.* at 61:35-37. Others relate to rules for removing or moving resources: claim 5 recites that "resources whose assigned points satisfy a predetermined criterion are removed from the collection and placed in a second collection." *Id.* at 61:14-16. Claim 7 adds a limitation "wherein resources automatically are removed from the collection based on assigned points and an established criterion." *Id.* at 61:24-36.

None of these claim limitations, whether taken together or individually, is sufficient to transform the claims under step two of the § 101 analysis. They are specific examples of patent-ineligible comparison and rule-based information (or data) management processes. It does not matter whether the patent claims are drawn to narrow and specific ineligible matter. *See, e.g.*, *Mayo*, 132 S. Ct. at 1303 ("A patent upon a narrow law of nature may not inhibit future research as seriously as would a patent upon Einstein's law of relativity, but the creative value of the discovery is also considerably smaller. And, as we have previously pointed out, even a narrow law of nature (such as the one before us) can inhibit future research."). Even if the dependent claims include narrowing limitations, those limitations must amount to an "inventive concept" to confer patent eligibility. *Content Extraction*, at *11 ("[W]hile these [dependent] claims have a narrower scope than the representative claims, no claim contains an 'inventive concept' that transforms the corresponding claim into a patent-eligible application of the

otherwise ineligible abstract idea."). These dependent claims are therefore patent-ineligible for the same reasons as the broader independent claims.

The remaining dependent claims describe characteristics of the resources or collection: claim 8 recites that "at least some of the resources are interactive." AMAZ-1001, 61:28. Claim 10 requires that "the collection includes links to at least some of the resources." *Id.* at 61:32-34. Claim 12 requires that "the resources include web sites sponsored by different persons." *Id.* at 61:38-40. Claim 21 specifies that "wherein upon request of the participant, individual ones of the resources are provided to the participant over the electronic network." *Id.* at 62:33-37. Claim 22 requires that "the resources comprise a plurality of distinct content areas." *Id.* at 62:38-39. Claim 23 requires that "the resources comprise published articles." *Id.* at 62:42. Claim 24 specifies that "the resources comprise a plurality of separate websites." *Id.* at 62:43-46. Claim 25 states that "each of said distinct content areas structures community interaction." *Id.* at 62:45-48. Claim 26 recites that "the resources having a score, calculated based on the points assigned, that exceeds a specified threshold are promoted out of the collection and into a second collection." *Id.* at 62:48-52. These claims merely restate generic features of websites and web-based content generally while repeating previously recited steps (*i.e.*, additional resources, collections, or point criteria). These limitations add nothing significant or meaningful, but only more conventional

capabilities that cannot make the Challenged Claims patent-eligible subject matter. *See Contract Extraction*, at *1 (dependent claims reciting "well-known, routine, and conventional functions of scanners and computers" were not patent-eligible).

The analysis is the same for claims 14–19, which depend from claim 13 rather than claim 1. Claims 14–18 restate limitations from claims 2, 4–6, and 8. Claim 19 adds a limitation "wherein the points assigned to a resource based on a rating of said resource from a participant are modified based on a prior rating history of said participant." AMAZ-1001, 62:19-21. A user's rating history is just another variable that can be considered when assigning points. Like user access and user ratings, it is information, or data, that is not patent-eligible standing by itself. Moreover, such steps were well-known and well established, in a number of fields, including computer and library science. AMAZ-1003, ¶¶ 63, 71-72, 92-97. The dependent claims thus recite limitations that add nothing of significance individually or together.

Independent claim 20 (from which no claims depend) recasts the method of claim 1 into a "system." It reads:

> **20.** A system for providing resources to participants over an electronic network, said system comprising:
>
> means for maintaining a collection resources, wherein both the collection and the resources can be accessed by a participant over the electronic network at any given time;

means for assigning points to individual resources based on an amount of participant access of said individual resources over the electronic network; and

means for modifying the collection based on the points assigned to the resources.

AMAZ-1001, 62:23–32. The only difference between this claim and claim 1 is that the preamble says "system" instead of "computer-readable medium." This makes no difference for the same reason that "computer-readable medium" makes none: using the word "computer" or obliquely referring to generic computer equipment cannot by itself save a claim that is directed to a patent-ineligible abstract idea.

Alice made this clear when the Court rejected the position of those on the Federal Circuit who would have upheld the system claims apart from the methods. The Court explained that "the system claims are no different from the method claims in substance. The method claims recite the abstract idea implemented on a generic computer; the system claims recite a handful of generic computer components configured to implement the same idea." *Alice*, 134 S. Ct. at 2360. Invoking the longstanding principle that "[t]he concept of patentable subject matter under § 101 is not 'like a nose of wax which may be turned and twisted in any direction,'" *id.*, the Court rejected the system claims and method claims alike.

Claim 20, like the system claims rejected in *Alice*, adds nothing substantive to distinguish its scope from that of claim 1. The claim language makes overwhelmingly clear that the system comprises three "means" elements that amount to nothing more than the functional steps comprising the method of claim 1. Indeed, claim 20 claims a "means for . . . maintaining a collection of resources; assigning points to individual resources . . . and modifying the collection based on the points." Apart from the phrase "means for," those are identical to the steps of claim 1. *See* AMAZ-1003, ¶ 22. There is nothing in claim 20 or anywhere in the specification that distinguishes the scope of these recitations from those of claim 1.

The Challenged Claims recite no inventive concept to transform the recited abstract idea into a patent-eligible invention. The Court in *Alice* explicitly warned that "[g]iven the ubiquity of computers . . . [a] 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.'" *Alice*, 132 S. Ct. at 2358 (alterations in original omitted). The Challenged Claims are patent-ineligible because they add only generic and conventional computer limitations to the abstract idea of using information to decide what content to offer to consumers.

VII. CONCLUSION

For the reasons set forth above, Petitioner has established a reasonable likelihood of prevailing with respect to claims 1-26 of the '204 Patent. Therefore, Petitioner asks that the Board institute a CBMR trial and then proceed to cancel claims 1-26.

Respectfully submitted,

/Andrew S. Ehmke/
Andrew S. Ehmke
Registration No. 50,271

HAYNES AND BOONE, LLP
Customer No. 27683
Telephone: 214/651-5116
Facsimile: 214/200-0853
Attorney Docket No.: 43603.755

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PETITIONER'S EXHIBIT LIST

January 22, 2014

AMAZ-1001	U.S. Patent No. 7,958,204
AMAZ-1002	Prosecution History of U.S. Patent No. 7,958,204
AMAZ -1003	Declaration of Dr. Stephen Melvin Under 37 C.F.R. § 1.68
AMAZ -1004	Original Complaint for Patent Infringement, *c4cast.com, Inc. v. Amazon.com, Inc.*, No. 2:14-cv-00484 (E.D. Tex. Apr. 23, 2014)
AMAZ -1005	Original Complaint for Patent Infringement , *c4cast.com, Inc. v. Capital One Fin. Corp.*, No. 2:13-cv-00329-JRG (E.D. Tex. Apr. 24, 2013), ECF No. 1
AMAZ-1006	Various Complaints for Patent Infringement by c4cast.com
AMAZ -1007	Portions of Adam Smith, An Inquiry into the Nature and Causes of the Wealth of Nations, Vol. II (2d ed. 1778)
AMAZ -1008	U.S. Patent No. 5,659,732
AMAZ -1009	U.S. Patent No. 7,072,888
AMAZ -1010	U.S. Patent No. 6,266,649
AMAZ -1011	U.S. Patent No. 5,918,014
AMAZ -1012	U.S. Patent No. 5,446,891
AMAZ -1013	U.S. Patent No. 6,163,778
AMAZ -1014	U.S. Patent No. 6,064,980
AMAZ -1015	Stanley J. Slote, Weeding Library Collections: Library Weeding Methods, Fourth Edition, Libraries Unlimited, Inc., 1997

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re patent of Phillips et al.	§	Petition for Covered Business Method Patent Review
U.S. Patent No. 7,958,204	§	
	§	Attorney Docket No.: 43603.755
Issued: June 7, 2011	§	Customer No.: 27683
	§	Real Party in Interest: Amazon.com, Inc.
Title: COMMUNITY-SELECTED CONTENT	§	

CERTIFICATE OF SERVICE

The undersigned certifies, in accordance with 37 C.F.R. § 42.205, that service was made on the Patent Owner as detailed below.

Date of service	January 22, 2015
Manner of service	FEDERAL EXPRESS
Documents served	Petition for Covered Business Method Patent Review Petitioner's Exhibit List Exhibits AMAZ-1001 through AMAZ-1015
Persons served	Joseph Swan, A Professional Corporation 1334 Parkview Avenue, Suite 100 Manhattan Beach, CA 90266

/Andrew S. Ehmke/

Andrew S. Ehmke
Registration No. 50,271