

## **BREAKING: Fed. Circ. Reins In PTAB On Reach Of CBM Reviews**

By **Ryan Davis**

*Law360, New York (November 21, 2016, 1:55 PM EST)* -- The Federal Circuit ruled Monday that the Patent Trial and Appeal Board uses an overly broad interpretation of which patents are subject to the America Invents Act's covered business method patent review program, saying the board's definition "renders superfluous" limits set by Congress.

The appeals court vacated a decision invalidating an Unwired Planet LLC patent on restricting access to a wireless device's location information, which was challenged by Google Inc., saying the board wrongly found that the patent could be reviewed under the program for challenging financial patents.

The AIA states that the covered business method program, known as CBM review, is available for patents "used in the practice, administration, or management of a financial product or service." The U.S. Patent and Trademark Office, of which the PTAB is a part, has taken an expansive view of what that means, writing in a policy statement that the program applies to patents that are "incidental to a financial activity, or complementary to a financial activity."

The board found that Unwired Planet's patent is incidental to financial services and subject to review under the program because sales could result from advertising related to use of the patent. The Federal Circuit said that went too far and "was not in accordance with law."

"The board's application of the 'incidental to' and 'complementary to' language from the PTO policy statement instead of the statutory definition renders superfluous the limits Congress placed on the definition of a CBM patent," the court wrote.

The statute limits the CBM program to patents that are closely related with financial services, the court wrote, and "it cannot be the case that a patent covering a method and corresponding apparatuses becomes a CBM patent because its practice could involve a potential sale of a good or service."

For instance, the court said that a patent for a novel light bulb that is found to work particularly well in bank vaults cannot be reviewed under the CBM program just because it can be used in banks. Similarly, a patent on an apparatus for digging ditches would not be a CBM patent just because that dirt may eventually be sold, it added.

The words "incidental" and "complementary" are not found anywhere in the AIA, but were used by Sen. Chuck Schumer, D-N.Y., an advocate of the program, during debate in Congress over the AIA.

However, the Federal Circuit said that the views of a single legislator, even a bill's sponsor, are not controlling, and debate in Congress over the CBM program included "inconsistent views, some of which speak more clearly and directly on the definition than does the single statement picked by the PTO."

The CBM program allows patents to be challenged on grounds that are not available in the more common inter partes reviews, including that a patent is invalid for not claiming patent-eligible subject matter.

That is what the board concluded in the Unwired Planet case, holding that Google had shown that the patent was invalid for claiming the abstract idea of controlling access to location information. The Federal Circuit vacated that ruling and remanded the case so the PTAB could determine under a correct definition of the CBM program whether the patent qualifies for review.

Through the end of September, the PTAB has received 476 petitions challenging patents under the CBM program, compared to 5,143 under the inter partes review program.

Attorneys for the parties could not immediately be reached for comment Monday.

The patent-in-suit is U.S. Patent Number 7,203,752.

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

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

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

The case is Unwired Planet LLC v. Google Inc., case number 15-1812, in the United States Court of Appeals for the Federal Circuit.

--Editing by Jack Karp.