

UNWIRED PLANET, LLC v. GOOGLE INC., Appeal No. 2015-1812 (Fed. Cir. November 21, 2016). Before Reyna, Plager, and Hughes. Appealed from Patent Trial and Appeal Board.

Background:

Google petitioned for covered business method (CBM) review of certain claims of Unwired's patent. The patent claims are directed to a system and method for controlling access of various applications to a wireless device's location information based on a user's privacy settings. As a threshold issue, the PTAB reviewed whether Unwired's patent is a CBM patent. Finding that the patent claims subject matter "incidental" or "complementary" to a financial activity, the PTAB concluded that the patent is a CBM patent. As a result, the PTAB instituted CBM review and ultimately issued a decision finding that the claims were directed to unpatentable subject matter under 35 U.S.C. §101. Unwired appealed.

Issue/Holding:

Did the PTAB err in finding that the patent is a CBM patent? Yes, vacated and remanded.

Discussion:

The Federal Circuit found that the PTAB did not apply the statutory definition of a CBM patent in deciding to institute CBM review. The statutory definition of a CBM patent for which CBM review is exclusively available is "a patent that claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, except that the term does not include patents for technological inventions." AIA §18(d)(1).

The PTAB, however, applied a lower standard, requiring only that the patent claim activities "incidental" or "complementary" to a financial activity. The PTAB pointed to the specification's disclosure that businesses may want to know when a wireless device is in its area for transmitting relevant advertising. From this, the PTAB concluded that the patent was a CBM patent because the location service could eventually lead to a sale of goods or services resulting from the advertising.

As noted by the Federal Circuit, the "incidental" or "complementary" language is not found in the statute, but instead originates from a statement made by Senator Schumer during the Senate debate over the AIA. The PTO quoted Senator Schumer as an example of the legislative history in its response to public comments on its proposed rules relating to CBM review. But the PTO did not adopt the general policy statement as a rule. Thus, the Federal Circuit pointed out that it is not legally binding and cannot replace the statutory definition.

Further, the Federal Circuit found that the PTAB's application of the "incidental" and "complementary" language goes beyond the limits Congress placed on the definition of a CBM patent. A patent cannot become a CBM patent merely because its practice could lead to a potential sale of goods or services. The Federal Circuit noted that, at some level, all patents relate to the potential sale of a good or service. As an analogy, the Federal Circuit stated that a patent for a light bulb that is found to work particularly well in bank vaults does not become a CBM patent because of its incidental or complementary use in banks. Because the Federal Circuit remanded the case for further consideration under the proper definition, the court did not reach the patentability of the claims under 35 U.S.C. §101.