

**Keywords:** America Invents Act § 18(d)(1), AIA Covered Business Method, CBM, infringement, ambiguity, statutory language, claim construction, statutory interpretation, financial activity, banking

*Secure Access, LLC v. PNC Bank Nat'l Ass'n*

U.S. Court of Appeals Federal Circuit  
Case Nos. 2016-1353; CBM2014-00100  
Decided February 21, 2017  
Rehearing, en banc, denied June 6, 2017

**I. Facts**

Secure Access owns U.S. Patent No. 7,631,191 (“191 patent”), a continuation application of U.S. Patent Application No. 09/656,074, which issued as U.S. Patent No. 7,202,838 (“838 patent”), and is entitled “System and Method for Authenticating a Web Page.” Generally, the patent provides for a system and method wherein an authenticity key is inserted into a web page, returned to the user’s system, which then decodes the key to determine if the web page is genuine.

The specification includes any system that “contemplates the use, sale or distribution of any goods, services or information over any network . . . .” ‘191 Patent, Col. 11, lines 17-21. The specification also directly uses banks in its examples and embodiments. The background of the patent includes an example where a user could be fraudulently misdirected from “www.bigbank.com.” *Id.* at Col. 1, lines 32-34. The description details how a valid service provider could encrypt part of its URL, such as “bigbank.com,” into its graphical images as a cryptographic signature. *Id.* at Col. 8, lines 19-23. Additionally, the description explains how a bank computing center or bank computer might be configured to fulfill the system requirements of the patent. *Id.* at Col. 11, lines 22-65.

**II. Procedural History**

The Patent Trial and Appeal Board (“PTAB” or “the Board”) used the two-step test established based on § 18(d)(1) of the America Invents Act (AIA), which defines a covered business method patent as “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” and excludes patents that are technological inventions.

For the first step, PTAB relied on the Court’s recognition in *Versata Dev. Group, Inc. v. SAP Am., Inc.* that a patent didn’t have to be intended for sole use in the financial industry or financial institutions, but could encompass a wide-range of finance-related activities. 793 F.3d 1306, 1325 (2015). Though the Board acknowledged that the patent broadly related to authenticating a web page, the Board reasoned the patent was directed at covering ancillary activity related to a financial product or service, which the legislative history of the AIA classified as administrative operations of a financial product or service. PTAB also reasoned that Secure Access’s pursuit of enforcement of its rights against approximately fifty allegedly infringing financial institutions indicated the patent was related to financial activities.

For the second step, PTAB used the language of 37 C.F.R. § 42.301(b), which defines a technological invention as one where “the claimed subject matter as a whole recites a technological feature that is novel and unobvious over the prior art; and solves a technical problem using a technical solution.” The Board found that while the ‘191 patent used technology in the form of computers and software, the systems and methods claimed did not use the technology in any novel or nonobvious way.

After conducting the two-part test, PTAB issued a Final Written Decision determining the ‘191 patent was a Covered Business Model (“CBM”) patent and declaring the claims unpatentable as obvious under 35 U.S.C. § 103 in light of the cited prior art. Secure Axxess challenged PTAB’s decision, arguing (1) ‘191 was not a covered business method patent and (2) PTAB went beyond the “broadest reasonable interpretation” standard.

### **III. Issues**

Must a CBM method claim both the “method or corresponding apparatus” and the “used in the practice, administration, or management of a financial product or service” language of the statute?

### **IV. Discussion**

The Federal Circuit’s review authority of PTAB’s final decision derives from 5 U.S.C. § 706(2) of the Administrative Procedure Act (“APA”). Despite both sides thinking the question was whether the Board’s actions were “arbitrary and capricious” under § 706(2)(A), the Federal Circuit decided the question fell under § 706(2)(C), switching the focus to whether the Board’s actions were within the scope of AIA § 18(d)(1).

To determine scope, the court looked to the language of the statute. The court interpreted the “a patent that claims . . .” phrase to refer to the patent’s claims, which define “the scope of the patentee’s rights.” *See Teva Pharms. USA, Inc. v. Sandoz, Inc.*, 135 S. Ct. 831, 835 (2015) (quoting *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 372 (1996)). The court went on to recognize that the claim must be “understood in light of the patent’s written description.” *Phillips v. AWH Corp.*, 415 F.3d 1303, 1312-1317 (Fed. Cir. 2005) (en banc).

The court next asked if the claims must claim both the “method or corresponding apparatus” and the “used in the practice, administration, or management of a financial product or service” language of the statute. The court reasoned to read the statutory language to only apply to the first phrase would be inconsistent with congressional intent to limit the number of patents within the scope of the CBM language because it would allow the statute to apply to any finance-related operations. The court further reasoned that such an interpretation would interfere with the *inter partes* review (“IPR”) outlined in other parts of the statute.

The court then focused on what constituted a finance-related activity. In making its decision, PTAB had used the language “incidental to a financial activity,” but the court found that this language was not included in the statute and therefore beyond the statute’s scope. The court also found PTAB’s reliance on who Secure Axxess sought remedy from to go beyond the use of claims and specification to define a patent, arguing that pursuit of relief was a business decision that did not necessarily provide guidance for understanding a patent.

While the court refused to adopt a broad definition such as “incidental to a financial activity,” the court held that the patent must contain a claim that contains a financial activity element. The court found no such financial activity element in the claims of the ‘191 patent and held that it was not a covered business method patent.

### ***En banc***

After the Federal Circuit case, PTAB conducted a separate IPR and determined all but claim 24 to be unpatentable, so only claim 24 was at issue before the Federal Circuit *en banc*. See *Secure Access, LLC v. EMC Corp.*, No. 2016-1354, 2017 WL 676603 (Fed. Cir. Feb. 21, 2017). Claim 24 states, “[t]he system of claim 17, wherein the authentication processor is further configured to receive a preferences key from a third party,” ‘191 Patent, Col. 13, lines 18-20, with claim 17 claiming:

An authentication system comprising: an authentication processor configured to insert an authenticity key into formatted data to enable authentication of the authenticity key (i) to verify a source of the formatted data and (ii) to retrieve an authenticity stamp from a preferences file.

‘191 Patent, Col. 12, lines 62-67. The court found that the claim applied to computer access technology in general and didn’t rely on any of the bank-related language of the specification.

The court further found that the panel ruling followed traditional statutory interpretation rules of finding that the verb “claims” applies to both parts of the predicate clauses of the statute. *Cf. Global-Tech Appliances, Inc. v. SEB S.A.*, 563 U.S. 754, 760–61, 766 (2011) (recognizing ambiguity as to whether, in the phrase “induces infringement,” the implicit knowledge requirement in “induce” applies not just to the act that infringes but also to its infringing character; resolving the ambiguity by requiring knowledge of both). The court held that applying claims to the first part of the statute would allow interpretation to include any finance-related activities, which could include items such as glass and HVAC, implausible items outside the scope of Congress’s consideration when drafting the AIA.

The court addressed the dissent’s focus on the specification by pointing out that the statute does not include language limiting the scope to embodiments disclosed within the specification. The court also addressed the dissent’s use of named litigants in lawsuits as a possible indicator of a patent’s intended scope by arguing that it is an indeterminate standard, which are discouraged by the Supreme Court. The court concluded that the Federal Circuit’s previous decision avoided the ill-defined scope that the dissent’s method would inspire and that the CBM program is small in scale and time-limited, so to spend more judicial resources on the issue would be a waste. The court concluded that if Congress chooses to extend the program, then lawmakers will be in a better position to overcome any issues with current statutory language.

### **V. Conclusion**

To be a CBM patent, a patent must claim both the “method or corresponding apparatus” and the “used in the practice, administration, or management of a financial product or service” language of the statute.