

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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iVENTURE CARD TRAVEL LTD,  
Petitioner,

v.

SMART DESTINATIONS, INC.,  
Patent Owner.

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Case CBM2016-00092  
Patent 7,765,128 B2

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Before THOMAS L. GIANNETTI, RAMA G. ELLURU, and  
CHRISTOPHER M. KAISER, *Administrative Patent Judges*.

GIANNETTI, *Administrative Patent Judge*.

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

Petitioner, iVenture Card Traveler Ltd, filed a Petition (Paper 1, “Pet.”) pursuant to 35 U.S.C. §§ 321–329, seeking to institute a covered business method patent review of claims 1–24 (all claims) of U.S. Patent No. 7,765,128 B2 (Ex. 1001, “the ’128 patent”). Patent Owner, Smart Destinations, Inc., did not file a Preliminary Response. Applying the standard set forth in 35 U.S.C. § 324(a), which requires demonstration that more likely than not Petitioner would prevail with respect to at least one challenged claim, we grant Petitioner’s request to institute a covered business method review of the challenged claims.

## I. BACKGROUND

### A. *The ’128 Patent (Ex. 1001)*

The ’128 patent is titled “Programmable Ticketing System.” As stated in the specification, the ’128 patent describes a “system and business model for allowing tourists access to a variety of attractions using a passcard.” Ex. 1001, col. 4, ll. 42–45. The Abstract further describes the subject matter as follows:

A smart-card based system and methods to control access to a plurality of attractions within a geographical area. The system may include one or more reward terminals that are located at attractions and are configured to read smart cards presented to them and, assuming the card is valid for that location, allow the card holder to access the attraction. Each smart card may be programmed with a product code that defines the attractions at which the card may be used. Product codes may be stored in a central database along with a list of the attractions associated with the each product code. The list of attractions may be updated as desired, thereby updating and changing the attractions at which any given card may be used.

*Id.* at Abstract.

The subject matter of the '128 patent is illustrated by Figure 2 of the patent, which is reproduced here:

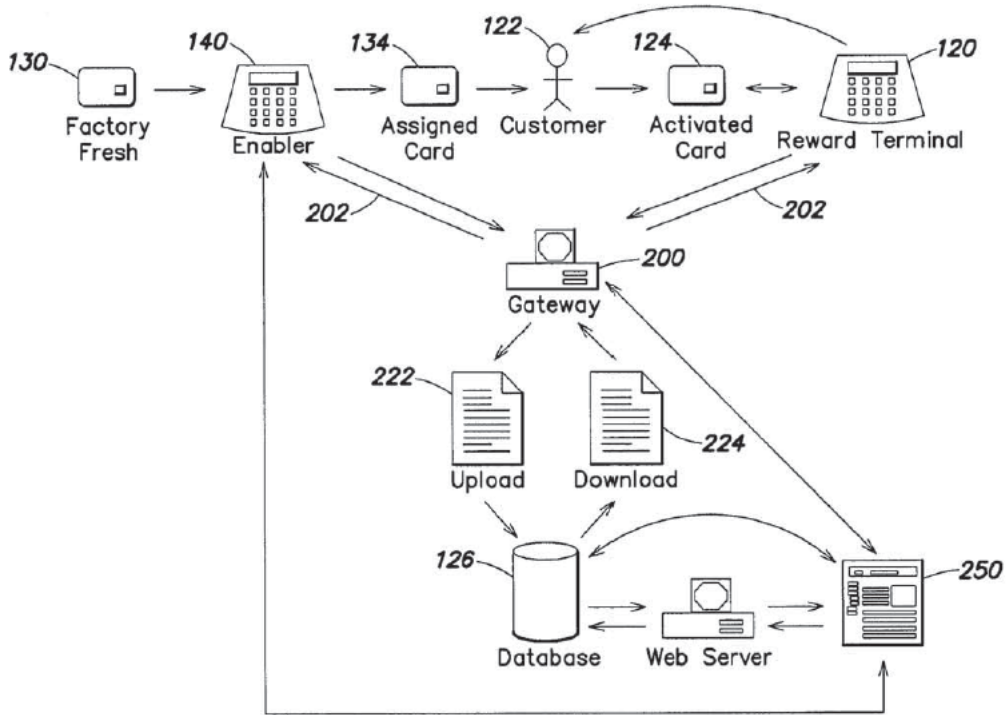


FIG. 2

Figure 2 is a schematic diagram of an embodiment of the '128 patent. Ex. 1001, col. 11, ll. 21–23. As illustrated, the system includes one or more reward terminals 120 which may be configured as smart card readers. *Id.* at 24–27. Reward terminal 120 located at each partner attraction can be configured to read cards 124 presented to it and to indicate whether or not a card-visitor 122 has access to the attraction. *Id.* at 27–30. Database 126, stored in a central location, run by the system manager, stores data relating to the system, cards, partners, etc. *Id.* at col. 11, ll. 30–36. The database is updated over a network with nightly downloads to the terminals of any

changes to products that use the attractions (and the cards that, therefore, allow access) and uploads to the database of actual use data. *Id.*

As shown in Figure 2, the system also includes central user interface 250. Via the user interface, a system manager controller may access the system network and run programs on gateway 200 or store or retrieve data from database 126. *Id.* at col. 27, ll. 6–13. The central controller is used to calculate compensation for each attraction based on level of use, e.g., the compensation for allowing the bearer of each card access to the attraction. *Id.* at col. 5, ll. 10–13. Thus, owners of cards have access to multiple attractions without having to pay separately for each attraction. *Id.* at col. 5, ll. 14–16. Rather, a person may simply pay once for a card and use that card to access attractions that are partners of the system. *Id.* at col. 5, ll. 16–18. Attractions may be paid by the system manager, at the end of a day, week, month, or other time frame, access fees corresponding to all the cards that have been used at that attraction during the time period. *Id.* at col. 5, ll. 19–24.

### *B. Illustrative Claim*

The '128 patent contains three independent claims: claims 1, 8, and 18. Claim 1 illustrates the subject matter:

1. A manager system that permits access to a plurality of attractions, the system comprising:

a network interface configured to:

receive data corresponding to actual use of reward terminals to access respective attractions of the plurality of attractions for a time period, the reward terminals being located in proximity to the plurality of attractions, being configured to

access the respective attractions using at least one product code, the data identifying at least one attraction; and

provide at least one product definition to the reward terminals, the at least one product definition including associations between the at least one product code and the respective attractions, whereby a change in the associations between the at least one product code and the respective attractions changes the access to the respective attractions via the reward terminals using the at least one product code;

a database to store the at least one product definition;

a database to store the data corresponding to the actual use of the reward terminals to access the attractions; and

a controller to calculate an aggregated compensation for each attraction based on the actual use of the reward terminals to access the respective attraction by a plurality of users, wherein the controller does not compensate the attractions based on the actual use of the reward terminals at a time of the actual use of the reward terminals via a card.

### *C. Related Proceedings*

Petitioner identifies the following civil action involving the '128 patent: *Smart Destinations, Inc. v. Travel Fun Card, LLC and iVenture Card Asia, LTD*, 1:14-cv-06586-JPO (S.D.N.Y. 2014). Pet. 1. In addition, a related patent (U.S. Patent No. 8,346,618) is the subject of CBM2016-00093.

### *D. Real Party-in-Interest*

The Petition identifies iVenture Card Travel Ltd as the real party-in-interest. Pet. 1. According to the Petition, iVenture Card Travel Ltd “is a wholly owned subsidiary of iVenture Card Ltd, a Hong Kong Entity.” *Id.* Further, the Petition states: “iVenture Card International Pty

Ltd, an Australian Entity and owner of the SmartvisitSystem intellectual property used by iVenture in undertaking its business, is also a wholly owned subsidiary of iVenture Card Ltd.” *Id.*

*E. Grounds Asserted*

The Petition challenges the ’128 patent claims as directed to unpatentable subject matter under 35 U.S.C. § 101. Pet. 56. No other ground of challenge is asserted.

II. ANALYSIS

*A. Standing*

Petitioner states that it has been accused of infringing the ’128 patent and is not estopped from challenging the patent claims. Pet. 3. Petitioner asserts further that its predecessor-in-interest, iVenture Card Asia Ltd, was sued by Patent Owner for infringing the ’128 patent. *Id.* Patent Owner does not contest this assertion. We determine, therefore, that Petitioner has standing to seek review of the ’128 patent under Section 18 of the AIA. Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011) (“AIA”) § 18(a)(1)(A); see 37 C.F.R. § 42.302.

*B. Financial Product or Service*

A covered business method patent 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.” AIA § 18(d)(1); *see* 37 C.F.R. § 42.301(a). Petitioner contends that the requirement is met because the ’128 patent is “expressly directed to a controller calculating aggregated compensation for payment to

attractions.” Pet. 24. Petitioner states further: “[a]ll independent claims cover methods or systems for calculating compensation.” *Id.* at 25. We are persuaded by this analysis. The ’128 patent specification describes, and the claims specifically recite, a financial product or service, namely, calculating aggregate compensation. For at least these reasons and those advanced by Petitioner, we determine that the “financial product or service” requirement is met.

### *C. Technological Invention*

The AIA excludes from covered business method patent review patents for a “technological invention.” AIA § 18(d)(1). To determine whether a patent is for a “technological invention,” we consider “whether 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.” 37 C.F.R. § 42.301(b).

Petitioner asserts that the claims of the ’128 patent are not directed to a “technological invention.” Pet. 27–56. Petitioner further asserts that the claims do not recite a novel and non-obvious technical feature. *Id.* at 32–54. Petitioner argues that all of the claim elements of the ’128 patent were known in the prior art and provides extensive supporting evidence. Pet. 41–54. Petitioner asserts: “[e]verything illustrated in Figure 2 of the ’128 Patent, and described in the accompanying text, was conventional technology used in conventional ways before the asserted priority date.” *Id.* at 32. For support, Petitioner relies on testimony from its expert, Mr. Roger Bodamer. Ex. 1032 (“Bodamer Decl.”) ¶¶ 51–72. Petitioner further asserts: “[e]ach of the steps of each of the method claims and each of the elements of

each of the system claims are present in the prior art.” *Id.* at 41 (citing Bodamer Decl. ¶¶ 73–96 and Appendix A).

Petition also contends that the ’128 patent claims do not solve a technical problem with a technical solution. Pet. 54–56. Petitioner argues that the ’128 patent claims “are directed to solving the business problem of calculating aggregated compensation based on actual use.” *Id.* at 54. We agree with Petitioner that the ’128 patent is directed to a business problem. Among other reasons, the patent itself describes the invention as “a system and *business model* for allowing tourists access to a variety of attractions.” Ex. 1001, col. 4, ll. 43–44 (emphasis added).

We are persuaded, therefore, that the exclusion for “technological inventions” does not apply here. We agree, instead, with Petitioner’s analysis demonstrating that the claims address a business problem of calculating compensation and apply standard known computer components to achieve this business goal. Pet. 56.

We conclude, therefore, that based on the current record, the ’128 patent is a covered business method patent eligible for review.

#### *D. Claim Construction*

In a covered business method patent review, claim terms in an unexpired patent are construed according to their broadest reasonable interpretation in light of the specification of the patent in which they appear. 37 C.F.R. § 42.300(b); Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,766 (Aug. 14, 2012). Under that standard, claim terms are generally given their ordinary and customary meaning, as would be understood by one of ordinary skill in the art, in the context of the entire



disclosure. *In re Translogic Tech., Inc.*, 504 F.3d 1249, 1257 (Fed. Cir. 2007).

Petitioner first contends that no claim construction is required for the analysis of the claims under § 101. Pet. 20. Petitioner, however, then goes on to proffer constructions of several terms “for clarity.” *Id.* We are not persuaded that these terms (“controller,” “terminal,” “product definition,” and “aggregated compensation”) require construction. Instead, for the purpose of this decision, we determine that we need not construe any terms because explicit constructions are not necessary to resolve the § 101 issues before us. *See Vivid Techs., Inc. v. Am. Sci. & Eng’g, Inc.*, 200 F.3d 795, 803 (Fed. Cir. 1999) (“[O]nly those terms need be construed that are in controversy, and only to the extent necessary to resolve the controversy.”).

*E. Subject Matter Eligibility Under 35 U.S.C. § 101*

Petitioner contends that the challenged claims are directed to an abstract idea that is not eligible subject matter for a patent under 35 U.S.C. § 101. Pet. 61. In *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2355 (2014), the Supreme Court followed the two-step framework set forth in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 132 S. Ct. 1289 (2012), “for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts.” *Alice*, 134 S. Ct. at 2355.

In the first step, “we determine whether the claims at issue are directed to one of those patent-ineligible concepts.” *Id.* (citing *Mayo*, 132 S. Ct. at 1296–1297). “If so, we then ask, ‘[w]hat else is there in the claims before us?’” *Id.* (quoting *Mayo*, 132 S. Ct. at 1297). In the second step, 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. *Id.*

Under step one of *Alice*, Petitioner contends that the '128 patent claims “as a whole are directed to the abstract and well-known idea of calculating aggregated compensation for attractions based on actual usage (over some period of time, but not at the actual time of use).” Pet. 61. For support, Petitioner relies on testimony from its expert, Mr. Bodamer. Bodamer Decl. ¶¶ 108–122. Petitioner asserts, “[u]sing a card to access an attraction and calculating aggregated compensation based on actual use of the attraction have been disclosed in the prior art.” Pet. 62 (citing Bodamer Decl. ¶¶ 81–94). Petitioner points out that during prosecution of the application for the '128 patent, “the applicant specifically distinguished the claims over prior art based on calculating ‘aggregate compensation . . . wherein the controller does not compensate the attractions based on the actual use of the reward terminals at a time of the actual use of the reward terminals via a card.” *Id.* Petitioner further contends that “using a card to access an attraction and calculating aggregated compensation based on actual use of the attraction have been disclosed in the prior art.” *Id.* (citing Bodamer Decl. ¶¶ 81–94).

On the current record, we are persuaded that, for the reasons given, the Petition provides sufficient proof that the first step of *Alice* is met. We, therefore, turn to the Petition’s analysis of the second step. *Id.* at 65–86.

Step two of the *Alice* analysis may be described 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 (citing *Mayo*, 132 S. Ct. at 1294). Petitioner argues that “[o]ne of skill in the art reading the ’128 Patent would understand that it merely teaches using generic computers, and computer components, to perform generic functions.” Pet. 66. The Petition presents an analysis of the following claim elements to demonstrate that they recite “off-the-shelf general purpose computing tools:” terminals and card readers, smart card technology, servers, standard databases, and a controller. *Id.* at 66–71. In addition, the Petitioner asserts that this known technology is used in a conventional way in the ’128 patent for both the independent and dependent claims. *Id.* at 66–78.

On the current record, Petitioner persuades us that the claim elements when considered as an ordered combination “merely recite conventional activity.” *Id.* at 78–81. For example, relying on expert testimony, the Petition demonstrates that “[t]he client/server computing architecture used in the ’128 Patent claims was well known in the prior art.” Pet. 78–79. Petitioner demonstrates also that the ’128 patent claims “utilize known software, such as terminal software, networking software, and operating system software in known prior art combinations.” *Id.* at 80 (citing Bodamer Decl. ¶¶ 73–96 and 117). Petitioner gives as examples “reading codes, copying data between terminals and servers, and calculating compensation.” *Id.* Petitioner asserts: “[t]hese generic functions do not improve the functioning of the computing devices or network communications and are not used in an unconventional way.” *Id.* On the current record, we are persuaded, for the reasons given, that Petitioner provides sufficient proof that the second step of *Alice* is met.

We determine, on this record, that Petitioner has made a sufficient showing that it is more likely than not to prevail on its challenge under 35 U.S.C. § 101 to at least one of the '128 patent claims.

### III. ORDER

For the reasons given, it is,

ORDERED that pursuant to 35 U.S.C. § 324(a), covered business method patent review of claims 1–24 of the '128 patent is instituted commencing on the entry date of this Order, and pursuant to 35 U.S.C. § 324(c) and 37 C.F.R. § 42.4, notice is given of the institution of a trial; and

FURTHER ORDERED that the trial is instituted on the following ground: patent eligibility of claims 1–24 under 35 U.S.C. § 101.

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