UNITED STATES PATENT AND TRADEMARK OFFICE
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BEFORE THE PATENT TRIAL AND APPEAL BOARD
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HP INC. and SAP AMERICA, INC.,
Petitioner,

v.

BIG BABOON, INC.,
Patent Owner.
_____

Case CBM2016-00020
Patent 6,343,275 B1
_____

Before JUSTIN T. ARBES, TRENTON A. WARD,
and ROBERT J. WEINSCHENK, *Administrative Patent Judges.*

WARD, *Administrative Patent Judge*.

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

I. BACKGROUND

HP Inc. and SAP America, Inc. (collectively, "Petitioner") filed a Petition (Paper 3, "Pet.") seeking a covered business method patent review of claims 15 and 20–34 (the "challenged claims") of U.S. Patent No. 6,343,275 B1 (Ex. 1001, "the '275 patent").[1] Big Baboon, Inc. ("Patent Owner") filed a Preliminary Response. Paper 9 ("Prelim. Resp."). We have statutory authority under 35 U.S.C. § 324, which provides that a post-grant review may not be instituted "unless . . . the information presented in the petition . . . would demonstrate that it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable."

For the reasons that follow, Petitioner failed to establish that it is more likely than not that at least one of the challenged claims is unpatentable. Therefore, we deny the Petition.

A. Petitioner's Standing

Section 18 of the Leahy-Smith America Invents Act ("AIA") governs the transitional program for covered business method patent reviews.[2] Section 18(a)(1)(B) of the AIA limits such reviews to persons, or their privies, that have been sued or charged with infringement of a covered business method patent. Petitioner asserts that HP Inc.'s predecessor-in-interest was sued for infringement of the '275 patent in the related district court case captioned *Big Baboon, Inc. v. Dell, Inc. , et al.*, Case No. 2:09-

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[1] The claims of the '275 patent were amended in a reexamination certificate, U.S. Patent No. 6,343,275 C1, issued on August 19, 2015. Ex. 1002.

[2] *See* Section 18(a) of the Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284, 329 (2011); 37 C.F.R. § 42.302(a).

CV-01198-SVW-SS (C.D. Cal.). Pet. 2.[3] On this record, we conclude that Petitioner has met the requirement of 37 C.F.R. § 42.302(a).

B. Related Proceeding

Petitioner states that the '275 patent is the subject of pending litigation, *Big Baboon, Inc. v. Dell, Inc.*, Case No. 2:09-CV-011980-SVW-SS (C.D. Cal.). Pet. 2. Petitioner also provides that the '275 patent was subject to an *ex parte* reexamination in Reexamination Control No. 90/010,961 ("'961 Reexam"), which involved a decision by the Board affirming the Examiner's rejection of claims 1–14 and 16–19 in Appeal No. 2013-010745 (Ex. 1003) that subsequently was affirmed by the United States Court of Appeals for the Federal Circuit in Case No. 2014-1601. Pet. 2–3. Additionally, Petitioner provides that U.S. Patent No. 6,115,690 ("'690 patent"), the patent to which the '275 patent claims priority, was subject to an *ex parte* reexamination in Reexamination Control No. 90/010,987 ("'987 Reexam"), which involved a decision by the Board affirming the Examiner's rejection of all claims in Appeal No. 2013-007772 (Ex. 1005) that is currently on appeal to the Federal Circuit in Case No. 2016-1019. Pet. 3.

C. The '275 Patent (Ex. 1001)

The '275 patent is titled "Integrated Business-to-Business Web Commerce and Business Automation System," and is directed to a software system that enables business-to-business Web commerce and "automates to the greatest degree possible, in a unified and synergistic fashion and using

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[3] Petitioner states that HP Inc.'s predecessor, Hewlett-Packard Company, was the named defendant in the Big Baboon lawsuit. Pet. 2.

best proven business practices, the various aspects of running a successful and profitable business." Ex. 1001, Title, Abstract. The patent states that Web business and business automation are both greatly facilitated using a computing model based on a single integrated database management system ("DBMS"). Ex. 1001, 4:13–16. "The effect of such integration on the business cycle is profound, allowing the sale of virtually anything in a transactional context (goods, services, insurance, subscriptions, etc.) to be drastically streamlined." *Id.* at 4:19–22.

In particular, the Specification discloses that the "automated business process may be imagined as a kind of information assembly line" in which each worker in turn builds upon the information base established by preceding workers. *Id*. at 11:30–32, 12:8–9. Figure 2B of the '275 patent is reproduced below.
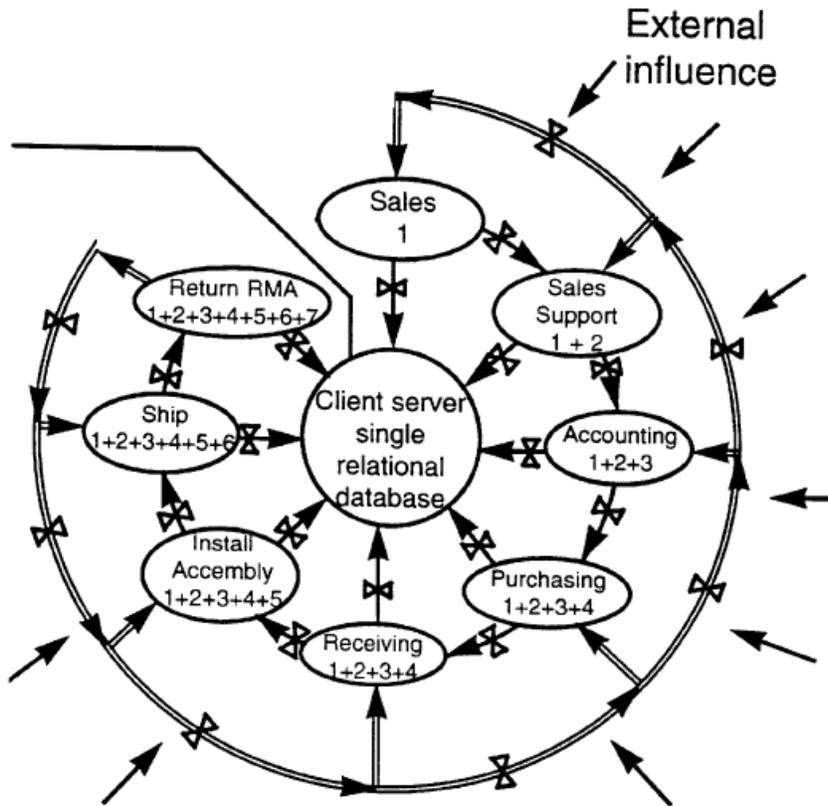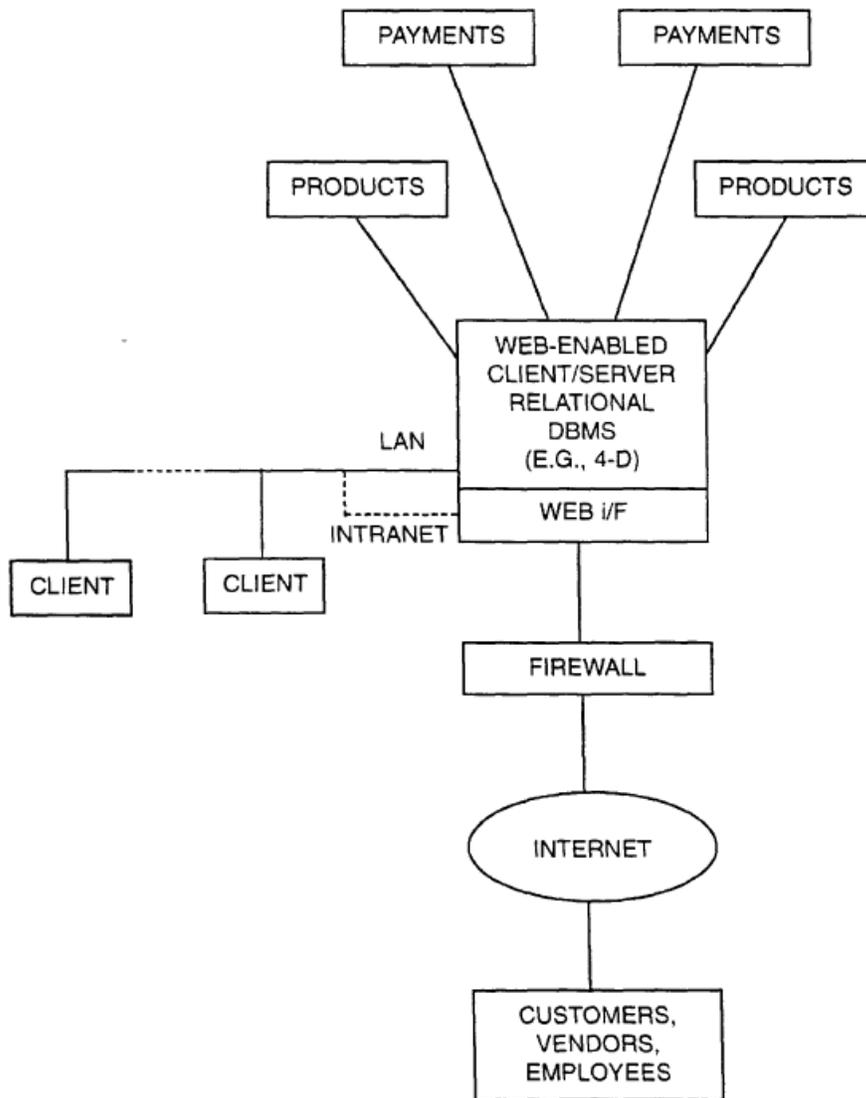
Figure 2B shown above illustrates the "circular automated business process" which revolves around a single integrated database that accumulates information. *Id.* at Fig. 2B, 12:22–25. Figure 3 provides a block diagram of the computing environment in which the system may be used and is also reproduced below. *Id.* at 12:53–55.

FIG.3

Figure 3, shown above, illustrates the Web-enabled, client/server relational DBMS.

Referring now to FIG. 3, a block diagram is shown of a computing environment in which the present invention may be used. A Web-enabled, client/server relational database management system (DBMS) is provided storing a database

> including files belonging to different business domains, e.g. a products domain, a payments domain, a financial performance domain and a personnel domain. (The term "product" is used generically herein to refer to items sold and may be tangible goods, financial products, subscriptions—anything that may be bought and sold in a discrete transaction.) Also provided are code modules pertaining to each of the different domains.

Id. at 12:53–64.

D. Illustrative Claims

Petitioner challenges claims 15 and 20–34. Claim 15 is an independent claim from which claims 20–34 depend. Independent claim 15 and two representative dependent claims are provided below.

> 15. A method comprising the steps of:
>
> providing an end-to-end, business-to-business, e-commerce business automation software for automation business functions across multiple business domains;
>
> identifying multiple modules of the software; and
>
> via Web administration, producing a software configuration in which selected ones of the modules are enabled or disabled;
>
> wherein the software producing a workscope/workflow structured display of complex database records each comprising multiple lines of text and pertaining to both a first party to a business transaction and a second party to the business transaction, the structured display constituting an integrated decision-making environment for a particular business function.

> 20. The method of claim 15, further comprising forming said database records as item records.

> 22. The method of claim 20, further comprising forming accounts receivable item records, accounts payable item records, or both.

E. The Asserted Grounds of Unpatentability

Petitioner challenges the patentability of the challenged claims of the '275 patent based on the following grounds:

Claims	Reference(s)	Basis
15, 20–34		§ 101
15, 20–34	R/3 Online[4] and R/3 Book[5]	§ 103
15, 20–34	R/3 Online and WebServer Guide[6]	§ 103
15, 20–34	R/3 Online and Heller[7]	§ 103

II. ANALYSIS

A. Claim Interpretation

In a covered business method patent review, a claim in an unexpired patent shall be given its broadest reasonable construction, in light of the specification of the patent in which it appears. 37 C.F.R. § 42.300(b); *Versata Dev. Grp., Inc. v. SAP Am., Inc.*, 793 F.3d 1306, 1328 (Fed. Cir. 2015) (affirming use of the broadest reasonable construction standard in a covered business method patent review); *Cuozzo Speed Techs., LLC v. Lee*, No. 15–446, 2016 WL 3369425, at *12 (U.S. June 20, 2016) (upholding the use of the broadest reasonable interpretation standard as the claim construction standard to be applied in an *inter partes* review proceeding).

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[4] SAP AG, R/3 Online Documentation, Release 3.0E (excerpts) (Ex. 1012) ("R/3 Online").

[5] Jonathon Blain, *Special Edition, Using SAP R/3* (excerpts) (Ex. 1014) ("R/3 Book").

[6] Oracle, Oracle WebServer User's Guide, Release 1.0, Part. No. A34986-2 (Ex. 1020) ("WebServer Guide").

[7] Oracle, Oracle Magazine, Sept. / Oct. 1996, Oracle: All the Nuts and Bolts; Peter Heller, Oracle Applications for the Web: Customers, Suppliers, and Employees Serve Themselves (Ex. 1021) ("Heller").

Under that standard, claim terms are presumed to be 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). Any special definition for a claim term must be set forth in the specification with reasonable clarity, deliberateness, and precision. *In re Paulsen*, 30 F.3d 1475, 1480 (Fed. Cir. 1994). A particular embodiment appearing in the written description should not be read into the claim if the claim language is broader than the embodiment. *SuperGuide Corp. v. DirecTV Enters, Inc.*, 358 F.3d 870, 875 (Fed. Cir. 2004); *In re Van Geuns*, 988 F.2d 1181, 1184 (Fed. Cir. 1993). Furthermore, "[t]he PTO should also consult the patent's prosecution history in proceedings in which the patent has been brought back to the agency for a second review." *Microsoft Corp. v. Proxyconn, Inc.*, 789 F.3d 1292, 1298 (Fed. Cir. 2015).

Petitioner urges the Board to construe two claim phrases. First, Petitioner urges us to construe the claimed "end-to-end, business-to-business, e-commerce business automation software for automation business functions across multiple business domains" to mean "[s]oftware that, using a computer network, at least partially automates business functions relating to two or more businesses and from two or more business domains (such as products, payments, and financial performance)." Pet. 19. Second, Petitioner urges us to construe the claimed "via Web administration, producing a software configuration in which selected ones of the modules are enabled or disabled" to mean "producing a software configuration in which modules can be enabled or disabled by (1) changing the configuration parameters of a web server program or (2) using a Web browser to change

configuration parameters of software running on a server." Pet. 21. Patent Owner does not offer any proposed constructions of claim terms in its Preliminary Response.

For the reasons explained below, in this case determining the scope of the terms proffered by Petitioner is not necessary to determine whether Petitioner has met the standard for institution of a covered business method patent review, and we decline to adopt the constructions sought by Petitioner. *See, e.g.*, *Wellman, Inc. v. Eastman Chem. Co.*, 642 F.3d 1355, 1361 (Fed. Cir. 2011) ("[C]laim terms need only be construed 'to the extent necessary to resolve the controversy.'") (quoting *Vivid Techs., Inc. v. Am. Sci. & Eng'g, Inc.*, 200 F.3d 795, 803 (Fed. Cir. 1999)).

B. Covered Business Method Patent

Under § 18(a)(1)(E) of the AIA, the Board may institute a transitional proceeding only for a patent that is a covered business method patent. A "covered business method patent" is 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." AIA § 18(d)(1); 37 C.F.R. § 42.301(a). In promulgating rules for covered business method patent reviews, the Office considered the legislative intent and history behind the AIA's definition of "covered business method patent." *See* Transitional Program for Covered Business Method Patents—Definitions of Covered Business Method Patent and Technological Invention; Final Rule, 77 Fed. Reg. 48,734, 48,735–36 (Aug. 14, 2012). The "legislative history explains that the definition of covered business method patent was drafted to encompass patents 'claiming

activities that are financial in nature, incidental to a financial activity or complementary to a financial activity.'" *Id*. at 48,735 (emphasis added) (citing 157 Cong. Rec. S5432 (daily ed. Sept. 8, 2011) (statement of Sen. Schumer)). When determining whether a patent is eligible for covered business method patent review, the focus is on "what the patent claims." *Id.* at 48,736. A patent need have only one claim directed to a covered business method to be eligible for review. *Id.*

1. Financial Product or Service

The legislative history indicates that the phrase "financial product or service" in the AIA should be interpreted broadly. *Id.* at 48735–36. Thus, "[a]t its most basic, a financial product is an agreement between two parties stipulating movements of money or other consideration now or in the future." 157 Cong. Rec. S5432 (daily ed. Sept. 8, 2011) (statement of Sen. Schumer). In accord with the legislative history, the Federal Circuit construed covered business method patents as encompassing "a wide range of finance-related activities" and "not limited to products and services of only the financial industry, or to patents owned by or directly affecting the activities of financial institutions such as banks and brokerage houses." *Versata*, 793 F.3d at 1312, 1325 (finding a claim directed to "a method for determining a price of a product offered to a purchasing organization" subject to covered business method patent review).

Petitioner argues that the challenged claims encompass financial products or services because they expressly recite financial matters, including commercial transactions for products or financial accounting activity. Pet. 7. With respect to independent claim 15, Petitioner argues that the claimed method is expressly tied to software characterized as "business-

to-business" and "e-commerce." *Id.* Additionally, Petitioner argues that claim 15 recites "multiple business domains," which are described in the '275 patent Specification as potentially being "a products domain, a *payments domain*, a *financial performance domain* and a personnel domain." *Id.* (citing Ex. 1001, 12:56–59 (emphasis added)). Furthermore, Petitioner argues that the products domain relates to financial activity because the '275 patent Specification defines a "product" as encompassing "financial products." *Id.* (citing Ex. 1001, 12:59–62 ("The term 'product' is used generically herein to refer to items sold and may be tangible goods, financial products, subscriptions—anything that may be bought and sold in a discrete transaction.")). Petitioner also argues that claim 15 recites the display of database records pertaining to parties to a "business transaction." *Id.* at 7–8. Petitioner further identifies that other claims include limitations regarding financial activities, such as forming "accounts receivable" and "accounts payable" database records as recited in dependent claim 22. *Id.* at 8.

Claim 15 of the '275 patent expressly recites finance-related activities, namely providing "an end-to-end, business-to-business, e-commerce automation software" for "multiple business domains" and "pertaining to both a first party to a business transaction and a second party to a business transaction." Claims 22 and 34 additionally claim the following: "forming *accounts receivable* items records, *accounts payable* item records, or both." The '275 patent Specification discloses that the "accounts payable module is designed to ensure that invoices are timely paid but to prevent double payment, overpayment, etc. and to systematically resolve problems with invoices so that they may be paid." Ex. 1001, 34:26–29. Additionally, the '275 patent Specification discloses that for accounts receivable, "[w]hen an

order is shipped, a customer invoice is automatically issued, i.e. entered into the computer system." *Id.* at 33:23–24. Thus, we are persuaded that at least claims 15, 22, and 34 recite methods for performing data processing or other operations used in the practice, administration, or management of a financial product or service. Given the express finance-related language of the claims, and the corresponding disclosure of the Specification, we are not persuaded by Patent Owner's arguments that the '275 patent does not qualify because claim 15 is not "limited" to finance-related activities. *See* Prelim. Resp. 5–10. Accordingly, for the reasons stated above and based on the particular facts of this proceeding, Petitioner has made a sufficient showing that at least one challenged claim satisfies the "financial product or service" requirement of Section 18.

2. *Technological Invention*

The definition of a "covered business method patent" in § 18(d)(1) of the AIA excludes patents for "technological inventions." When determining 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).

The following claim drafting techniques typically do not render a patent a "technological invention":

> (a) Mere recitation of known technologies, such as computer hardware, communication or computer networks, software, memory, computer-readable storage medium, scanners, display devices or databases, or specialized machines, such as an ATM or point of sale device.

(b) Reciting the use of known prior art technology to accomplish a process or method, even if that process or method is novel and non-obvious.

(c) Combining prior art structures to achieve the normal, expected, or predictable result of that combination.

Office Patent Trial Practice Guide, 77 Fed. Reg. at 48,763–64 (Aug. 14, 2012). The Federal Circuit in *Versata* accepted the Board's determination that a computer-implemented method of "determining a price" was not for a technological invention under § 18(d)(1) because the method could be practiced "in any type of computer system or programming or processing environment," absent "specific, unconventional software, computer equipment, tools or processing capabilities." *Versata*, 793 F.3d at 1327 (referencing *Dealertrack, Inc. v. Huber*, 674 F.3d 1315, 1333 (Fed. Cir. 2012)).

Petitioner contends, with supporting evidence, that none of the challenged claims are directed to technological features or solve a technical problem using a technical solution. Pet. 8–12. Petitioner argues that the challenged claims do not recite specific computer hardware or software elements. *Id.* at 10. Also, Petitioner argues that the challenged claims, at best, facilitate and automate well-known business functions, and Petitioner further argues that there is nothing technical about "providing . . . business automation software" with "multiple modules," as recited in claim 15. *Id.* Additionally, Petitioner argues that although claim 15 recites that the software configuration is produced "via Web administration," the claim does not require any particular configuration and the '275 patent Specification does not provide any technical details about how this enabling/disabling of

software modules "via Web administration" can be implemented. *Id.* at 9, 11 (citing Ex. 1032 ¶¶ 31, 41).

Patent Owner attempts to rebut Petitioner by arguing that the recitation that the software modules are "Web-enabled" necessarily means that there must be some technical method to cause the enablement and disablement of the software modules via the Web. Prelim. Resp. 11. Patent Owner adds that the '275 patent Specification discloses that "in the case of the present integrated business automation process, a customer receives everything but may only pay for [or] be given access to a subset of files— e.g. AP/AR files." *Id.* (citing Ex. 1001, 6:23–26). Patent Owner further states that the '275 patent Specification goes on to provide extensive detail on how the individual modules are constructed using database schema. *Id.* at 11–12 (citing Ex. 1001, 20:25–24:5).

We are not persuaded by Patent Owner's arguments. First, contrary to Patent Owner's arguments, the challenged claims do not require the software modules to be "Web-enabled"; claim 15 merely recites "identifying multiple modules of the software" and, "via Web administration, producing a software configuration in which selected ones of the modules are enabled or disabled." Thus, claim 15 does not require one or more software modules to be fully executable from the Web, but merely that the method provide a software configuration in which selected ones of the modules are enabled or disabled "via Web administration." Second, the purported "extensive detail" in portions of the '275 patent Specification relied upon by Patent Owner (*id.* at 11–12) discloses a "Database Schema" for a single database used to automate an overall business process. We are not persuaded that the disclosure is sufficient to conclude that the '275 patent is for a technological

invention due to the "via Web administration, producing a software configuration in which selected ones of the modules are enabled or disabled" limitation recited in claim 15.

Patent Owner concedes that although the "claims are not limited to the database schema disclosed in the specification of the '275 patent, the database schema certainly is a technical implementation of the software module." *Id.* at 12–13. Arguments about technical disclosure in the specification not required by the claims are not persuasive. When determining whether a patent is for a technological invention, we consider "whether the claimed subject matter . . . solves a technical problem using a technical solution." 37 C.F.R. § 42.301(b). Petitioner has shown sufficiently that claim 15 does not solve a technical problem using a technical solution. Accordingly, based on the current record, we are persuaded that Petitioner has made a sufficient showing that the technological exception does not apply.

In view of the above, and based on the particular facts of this proceeding, we find that the '275 patent is eligible for covered business method patent review.

C. *Asserted Ground of Unpatentability under 35 U.S.C. § 101*

Petitioner asserts that claims 15 and 20–34 are directed to abstract ideas that are not patentable under 35 U.S.C. § 101. Pet. 23–42.

1. *Overview*

"Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement

thereof, may obtain a patent therefor, subject to the conditions and requirements of this title." 35 U.S.C. § 101. Supreme Court precedents, however, provide three specific exceptions to the broad categories of § 101: laws of nature, natural phenomena, and abstract ideas. *Bilski v. Kappos*, 561 U.S. 593, 625 (2010). "The 'abstract ideas' category embodies the longstanding rule that '[a]n idea of itself is not patentable.'" *Alice Corp. Pty. Ltd. v. CLS Bank Int'l*, 134 S. Ct. 2347, 2355 (2014) (citing *Gottschalk v. Benson*, 409 U.S. 63, 67 (1972)).

In *Alice*, the Supreme Court referred to the two-step analysis set forth in *Mayo Collaboration Services. v. Prometheus Laboratories, Inc.*, 132 S. Ct. 1289 (2012), as providing "a framework 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. 2355 (citing *Mayo*, 132 S. Ct. at 1289). Under *Mayo*, "[w]e must first determine whether the claims at issue are directed to a patent-ineligible concept." *Id*. Next, "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*. (citing *Mayo*, 132 S. Ct. at 1297–98).

Under *Mayo*, to be patentable, a claim must do more than simply state the law of nature or abstract idea and add the words "'apply it.'" *Mayo*, 132 S. Ct. at 1294; *Benson*, 409 U.S. at 67. For example, "the mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention." *Alice*, 134 S. Ct. at 2358. "Thus, if a patent's recitation of a computer amounts to a mere instruction to 'implemen[t]' an

abstract idea 'on . . . a computer,' that addition cannot impart patent eligibility." *Id*. (internal citation omitted).

A challenged patent claim, properly construed, must incorporate enough meaningful limitations to ensure that it claims more than just an abstract idea and not just a mere "'drafting effort designed to monopolize the [abstract idea].'" *Alice*, 134 S. Ct. at 2357 (quoting *Mayo*, 132 S. Ct. at 1297). "'Simply appending conventional steps, specified at a high level of generality,'" is not "'*enough*'" for patent eligibility. *Id.* (quoting *Mayo*, 132 S. Ct. at 1300). Thus, we analyze the challenged claims of the '275 patent to determine whether the claims embody a patent-eligible application of an abstract idea or merely the abstract idea itself.

2. *Whether Claims 15 and 20–34 Are Directed to an Abstract Idea*

We first "determine whether the claims at issue are directed to one of those patent-ineligible concepts." *Alice*, 134 S. Ct. at 2355. In *Alice*, the Supreme Court determined that the claims at issue were "drawn to the concept of intermediated settlement," i.e., the use of a third party to mitigate settlement risk. *Id*. at 2356. The Supreme Court determined that "[l]ike the risk hedging in *Bilski*, the concept of intermediated settlement is 'a fundamental economic practice long prevalent in our system of commerce.'" *Id*. With respect to the first step of the "*Mayo* framework," the Supreme Court concluded in *Alice* that "there is no meaningful distinction between the concept of risk hedging in *Bilski* and the concept of intermediated settlement" in *Alice*, and that "[b]oth are squarely within the realm of 'abstract ideas' as we have used that term." *Alice*, 134 S. Ct. at 2357.

Petitioner asserts that the challenged claims of the '275 patent are "directed to the abstract economic concept of *gathering information* from across a business and using the information to make decisions." Pet. 27 (emphasis added). For example, Petitioner argues that "when deciding whether to create a new product, a business must consult with its engineering department about design and manufacturing capabilities, its human resources department about staffing requirements, and its sales department about marketing and sales prospects." *Id.* at 28. Similarly, Petitioner argues that "a decision to purchase a new piece of equipment would require information from the purchasing department (why the equipment is needed) and the accounting department (whether there is money in the budget for the purchase)." *Id.*

Claim 15 (the only claim substantively addressed by Petitioner), however, does not recite any "gathering" steps, and Petitioner does not explain sufficiently how the limitations of claim 15 are directed to the concept of "gathering" information. For example, claim 15 merely recites "providing . . . business automation software, "identifying multiple modules of the software," and producing a "software configuration." Additionally, claim 15 requires producing a "workscope/workflow structured display of complex database records," which constitutes "an integrated decision-making environment for a particular business function." Thus, the method of claim 15 does not expressly require that information be *gathered* across "multiple business domains." Rather, claim 15 requires providing "business automation software" to produce a "structured display" of "records" pertaining to a "business transaction," such that the display constitutes an "integrated decision-making environment for a particular business function."

Thus, even if Petitioner is correct that "gathering information from across a business and using the information to make decisions" by itself is an abstract idea, Petitioner's analysis does not address sufficiently the specific language of claim 15 and explain why claim 15 is directed to that idea. *See* Pet. 27. Similarly, dependent claims 20–34 are not directed to "gathering information," and Petitioner provides no analysis of the language of the dependent claims.

In light of the above, we determine that Petitioner has failed to establish the first step of the *Mayo* framework; i.e., Petitioner fails to identify sufficiently an abstract idea to which claim 15 is directed.[8] Petitioner combines its arguments under § 101 against dependent claims 20–34 with its arguments against claim 15 and fails to provide any additional arguments for these dependent claims. *See* Pet. 25 (arguing that the "sixteen challenged claims of the '275 patent are likewise unpatentable under §101"). Therefore, we similarly determine that Petitioner fails to establish the first step of the *Mayo* framework with respect to dependent claims 20–34. Based on the foregoing, we determine Petitioner has failed to establish, based on the record presented, that claims 15 and 20–34 are more likely than not directed to patent ineligible subject matter under 35 U.S.C. § 101.

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[8] We need not decide whether claim 15 is directed to a different abstract idea, and only determine that Petitioner has not shown sufficiently that claim 15 is directed to the alleged abstract idea that Petitioner proposes in the Petition.

D. Nuber Declaration

Patent Owner asserts that the Declaration of Petitioner's declarant, Stefan Nuber ("Nuber Declaration," Ex. 1013), and the exhibits attached to the declaration,[9] are inadmissible. Prelim. Resp. 13–23. We need not address this issue, however, because we conclude, for the reasons explained below, that the Petition should be denied even if the material is considered.

E. Asserted Obviousness in view of R/3 Online and R/3 Book

Petitioner asserts that claims 15 and 20–34 would have been obvious under 35 U.S.C. § 103 in view of R/3 Online and R/3 Book. Pet. 42–65.

1. Overview of R/3 Online

R/3 Online provides the contents of the "R/3 Online Documentation CD," a CD-ROM that is described as containing "documentation for the R/3 System in Windows Help format. It contains documentation covering the areas of Accounting, Logistics, Human Resources, Business Process Technology, and Basis Technology." Ex. 1012, 3. R/3 Online describes the mapping of R/3 system services, including the distribution of R/3 application services such as the dialog, update, enqueue, batch, message, gateway, and spool services. *Id.* at 9.

R/3 Online describes that in the "three-tier, client/server architecture of the R/3 System, there are three basic layers of services," including the Presentation Service (SAPGUI), Application Service, and Database Service.

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[9] The parties are reminded that documents must be filed as separate exhibits, rather than as combined exhibits, and numbered sequentially in the appropriate range. *See* 37 C.F.R. § 42.63.

Id. The SAPGUI is the "user interface module that implements platform-specific input and output functions of the R/3 System." *Id*. at 10.

R/3 Online provides an illustration of the credit workflow reproduced below. *Id*. at 116.
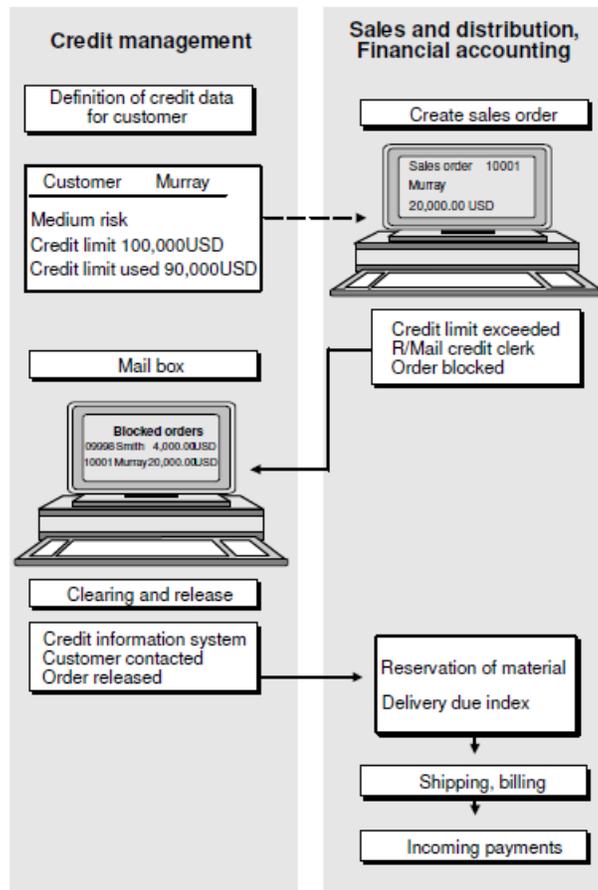
Id. As shown in the figure above, the R/3 system enables data to be exchanged between credit management, sales and distribution, and financial accounting systems. *Id*. The example of credit workflow illustrates "defining credit master data and the active credit control through to contacting the credit representative who reviews and releases credit holds." *Id*. R/3 Online also discloses third-party order processing, as illustrated in the figure reproduced below.
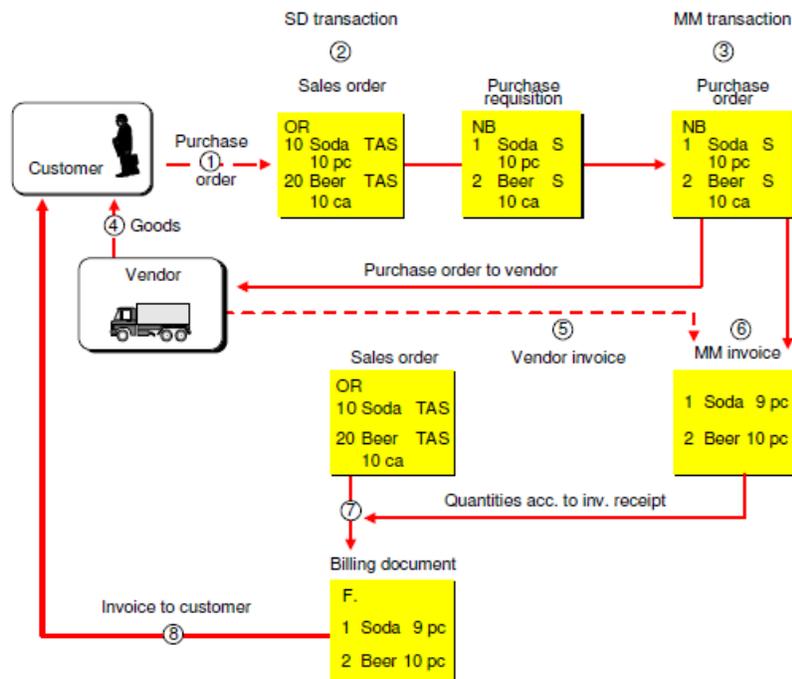
Id. at 275. The figure above shows how a third-party business transaction is processed in the R/3 system. *Id*. In this embodiment, "your company does not deliver the items requested by a customer"; instead, "you pass the order along to a third-party vendor who then ships the goods directly to the customer and bills you." *Id*. R/3 Online discloses that "[p]urchasing is a component of the Materials Management (MM) module," which is fully integrated with other modules in the R/3 system. *Id*. at 153. In addition to the Materials Management module, R/3 discloses numerous modules including "Controlling (CO)," "Financial Accounting (FI)," and "Sales and Distribution (SD)." *Id*. R/3 Online discloses that communication between all participants in the procurement process is necessary for purchasing to flow smoothly; thus, the various modules in the R/3 system communicate with each other to "ensure a constant flow of information." *Id*.

2. *Overview of R/3 Book*

R/3 Book provides what is described as the most complete reference to "[u]nderstand, implement, and install your own SAP system" including how to "[m]aster the structure of the SAP environment and discover the power of the integrated SAP modules application." Ex. 1014, 1. The "Technical Background" section of the R/3 Book describes the "Basic Principles of R/3 Software" and the "R/3 Architecture." *Id*. at vi–vii.

In describing the R/3 Architecture, the R/3 Book discloses that all R/3 installations include a set of components that form the core of the system and that set is referred to as the R/3 BASIS. *Id*. at 66. "R/3 BASIS provides you with the tools to build a suite of integrated programs that can be fitted exactly to the requirements of your company and changed as your company develops." *Id*. The R/3 Book discloses that some application modules depend on other application modules, such as the CO-Controlling module depending on the FI-Financial Accounting module. *Id*. "Some of the functions within a component may be optional," and "[a]s a result of this flexibility, each R/3 installation may be built to fit exactly the unique requirements of the client company." *Id*.

3. *Analysis*

Petitioner asserts that claims 15 and 20–34 would have been "obvious over R/3 Online and Using SAP R/3."[10] Pet. 42. We note that although this ground is identified in the Table of Contents, the "Statement of Precise Relief Requested," and the subsequent heading in the Petition as

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[10] We note that the Petition makes reference to both "Using SAP R/3" and "R/3 Book," but these references appear to be the same exhibit, Exhibit 1014. Herein, we will refer to Ex. 1014 as "R/3 Book."

"R/3 Online and Using SAP R/3" (or R/3 Book), Petitioner, in fact, also relies on the alleged "common knowledge and the state of the art" for its proposed combination. *Compare* Pet. ii, 12, 42 *with id.* at 63.

Specifically, Petitioner argues that R/3 Online teaches all elements of independent claim 15 except the following recitation: "via Web administration, producing a software configuration in which selected ones of the modules are enabled or disabled." *Id.* at 45. For this limitation, Petitioner argues that a person of ordinary skill in the art would have combined R/3 Online with R/3 Book to create a system that produced "a software configuration in which selected ones of the modules are enabled or disabled." *Id.* at 62. More particularly, Petitioner alleges that in implementing a system such as the one described in R/3 Online, a person of ordinary skill in the art would have consulted other available publications on R/3, including the R/3 Book. *Id.* (citing Ex. 1032 ¶¶ 84–86, 110–112). Furthermore, Petitioner argues that the R/3 Book teaches that modules can be enabled or disabled. *Id.* (citing Ex. 1032 ¶¶ 84, 112; Ex. 1014, 66–67).[11]

During the reexamination of the '275 patent, the Examiner considered a similar challenge to claim 15, alleging that claim 15 was obvious over R/3 Online, R/3 on the Internet White Paper (provided herein as Ex. 1019), R/3 Book, and U.S. Patent No. 5,933,646, issued Aug. 3, 1999 ("Hendrickson"). Ex. 3001, April 28, 2010 Request for *Ex Parte* Reexamination, 10, 234–37. The Examiner found that R/3 Book taught the

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[11] We note that although the Petition and Petitioner's declarant, Philip Greenspun, Ph.D., cite pages 115–42 and 630–33 of Ex. 1014 (*see* Pet. 62, Ex. 1032 ¶ 112), these pages do not appear in the copy of Ex. 1014 filed with the Board.

claim 15 limitation that "modules are enabled or disabled." Ex. 1008, 74.
The Examiner stated that R/3 Book "teaches modules that can be enabled or
disabled" by teaching that some components of a module may be optional
and that each R/3 installation may be built to fit exactly the unique
requirements of the client company. *Id.* (citing Ex. 1014, 66–67). The
Examiner in the reexamination of the '275 patent also determined, however,
in the "Statement of Reasons for Patentability and/or Confirmation"
confirming the patentability of claim 15, that the cited art in the
reexamination proceeding did not teach the claim 15 limitation of "via Web
administration, producing a software configuration in which selected ones of
the modules are enabled or disabled." *Id*. Particularly, the Examiner
determined that "[n]o configuration of enabling or disabling software
modules is believed to be achieved over a network (Web or otherwise) in
Hendrickson." *Id.* at 75.

Importantly, in the instant challenge, Petitioner does *not* rely on
R/3 Book, or the combination of R/3 Online and R/3 Book, as teaching or
suggesting the claim limitation of producing a software configuration in
which selected modules are enabled or disabled "via Web administration."
Indeed, neither reference teaches producing such a software configuration
via Web administration. Rather than relying on a third prior art reference for
the limitation, which a person of ordinary skill in the art would have
considered in combination with R/3 Online and R/3 Book, Petitioner argues
that "*in view of common knowledge and the state of the art, a [person of
ordinary skill in the art] would have added a system administration web
interface* to the system described in R/3 Online." Pet. 63 (emphasis added).
Petitioner further states that a person of ordinary skill in the art "would have

been (1) highly motivated and (2) able to *provide a Web interface* for system administration of the R/3 System." *Id.* (emphasis added) (citations omitted). Additionally, Petitioner states that "it would have been obvious for a [person of ordinary skill in the art] to *provide a Web interface* for system administration of the system described by R/3 Online and the R/3 Book." *Id.* at 65 (emphasis added). Accordingly, we understand Petitioner's obviousness ground to be predicated upon common knowledge as teaching the claim 15 limitation of "via Web administration," which the only two prior art references cited for the ground (R/3 Online and R/3 Book) admittedly do not teach.

In the recent decision of *Genzyme Therapeutic Products Ltd. P'ship v. Biomarin Pharm. Inc.*, the Federal Circuit stated that "[t]his court has made clear that the Board may consider a prior art reference to show the state of the art at the time of the invention." *Genzyme v. Biomarin Pharm.*, No. 2015-1720, 2016 WL 3254734, at *6 (Fed. Cir. June 14, 2016). Referencing an earlier decision in *Ariosa Diagnostics v. Verinata Health, Inc.*, the Federal Circuit stated that background references not relied upon as pieces of prior art defining a combination for obviousness "can legitimately serve to document the knowledge that skilled artisans would bring to bear in reading the prior art identified as producing obviousness." *Id.* (quoting *Ariosa Diagnostics v. Verinata Health, Inc.*, 805 F.3d 1359, 1365 (Fed. Cir. 2015)). Furthermore, in *Randall Mfg. v. Rea*, the Federal Circuit rejected a "blinkered focus" on individual documents and required an analysis that reads the prior art in context, "taking account of 'demands known to the design community,' 'the background knowledge possessed by a person having ordinary skill in the art,' and 'the inferences and creative steps that a

person of ordinary skill in the art would employ.'" *Randall Mfg. v. Rea*, 733 F.3d 1355, 1362 (Fed. Cir. 2013) (quoting *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 418 (2007)). The Federal Circuit further held that additional prior art references, not part of the stated ground of unpatentability, could be used to "explain why an ordinarily skilled artisan would have been motivated to combine or modify the cited references to arrive at the claimed inventions." *Id.*

Thus, common knowledge can provide context for how an ordinarily skilled artisan would have understood the prior art (*Ariosa*) and can show why an ordinarily skilled artisan would have been motivated to combine or modify the prior art (*Randall Mfg.*). In the particular circumstances presented here, however, we do not see how—and Petitioner has not explained why—such alleged "common knowledge" renders obvious the "via Web administration, producing a software configuration in which selected ones of the modules are enabled or disabled" limitation of claim 15.[12] In *K/S Himpp v. Hear-Wear Techs., LLC*, 751 F.3d 1362, 1366–67 (Fed. Cir. 2014), for example, the Federal Circuit affirmed the Board's determination not to adopt the third-party requester's proposed obviousness contention on the basis that "the Board cannot accept general conclusions about what is 'basic knowledge' or 'common sense' as a replacement for documentary evidence for core factual findings in a determination of

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[12] Given this deficiency, we need not decide at this time whether it was appropriate for Petitioner to rely on alleged "common knowledge," rather than a third prior art reference, in combination with R/3 Online and R/3 Book for the limitation of "via Web administration, producing a software configuration in which selected ones of the modules are enabled or disabled." *See Ariosa*, 805 F.3d at 1365; *Randall Mfg.*, 733 F.3d at 1362.

patentability."

        We believe the same is true in this matter. Petitioner fails to identify specific documentary evidence indicating that the claim element "via Web administration, producing a software configuration in which selected ones of the modules are enabled or disabled" would have been obvious to a person of ordinary skill in the art at the time of the '275 patent. At best, Petitioner provides a string cite to nine different documents, without pointing to any particular page or disclosure in any of those documents, as allegedly illustrating an "industry-wide push to Web-enable," and provides a string cite to eight different paragraphs of testimony from Dr. Greenspun, as allegedly indicating why a skilled artisan "would have seen a strong need to provide Web-enabled system administration capabilities for the R/3 system described in R/3 Online and R/3 Book." *See* Pet. 63–64 (citing Exs. 1017–1021, 1023, 1026, 1027, 1030; Ex. 1032 ¶¶ 58–60, 85–86, 110–112). Petitioner, however, fails to identify with specificity which documentary evidence indicates that it would have been common knowledge to provide a Web interface for system administration of the system described by R/3 Online and the R/3 Book and, thus, that claim 15 would have been obvious to an ordinarily skilled artisan based on combining this alleged common knowledge with the system described by R/3 Online and R/3 Book. The Board, and Patent Owner, are left to speculate as to which particular evidence Petitioner is relying on. *See* Pet. 12, 42; 37 C.F.R. §§ 42.304(b)(4)–(5) (a petition must "specify where each element of the claim is found in the prior art" and identify "specific portions of the evidence that support the challenge"), 42.22(a)(2) (a petition must include a "full statement of the reasons for the relief requested, including a detailed

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explanation of the significance of the evidence"). In view of this deficiency, we determine that Petitioner fails to articulate sufficient reasoning to support its assertion of obviousness. *See KSR*, 550 U.S. at 418 (citing *In re Kahn*, 441 F.3d 977, 988 (Fed. Cir. 2006)). Accordingly, based on the record before us, we determine that Petitioner fails to demonstrate that it is more likely than not that independent claim 15, and claims 20–34 dependent therefrom, would have been obvious over R/3 Online and R/3 Book.

F. Asserted Obviousness in view of R/3 Online and WebServer Guide

Petitioner asserts that claims 15 and 20–34 would have been obvious under 35 U.S.C. § 103 in view of R/3 Online and WebServer Guide. Pet. 65–71.

1. Overview of WebServer Guide

WebServer Guide provides the "Oracle WebServer User's Guide," which describes the Oracle WebServer and explains how to use and administer its various components. Ex. 1020, i. The manual states that it is designed for two distinct audiences: "the programmer writing applications that publish Oracle data over the World Wide Web, and the administrator managing a commercial Web site that has deployed the Oracle WebServer." *Id*. "The Oracle WebServer is an HTTP server with a tightly integrated Oracle7 Server that enables the creation of dynamic HTML documents from data stored in an Oracle database." *Id*. at 1–2 (emphasis omitted). "When the data changes, these HTML documents are updated automatically, with no further effort on the part of the site administrator." *Id*. "This approach supplements the presentation of static, or unchanging, data which is found

on most Web sites, . . . with the dynamic real-time data present in business systems based on the Oracle7 Server." *Id*.

> 2. *Analysis of Obviousness in view of R/3 Online and WebServer Guide*

Petitioner asserts that claims 15 and 20–34 would have been obvious over R/3 Online and WebServer Guide. Pet. 65–71. Petitioner relies upon its arguments from the ground with respect to R/3 Online and R/3 Book addressed above as teaching all elements of the challenged claims except for the recitation in claim 15 of "via Web administration, producing a software configuration in which selected ones of the modules are enabled or disabled." *Id.* at 68 (citing "Supra Sections IX. B – IX. D."). Notably, however, unlike its obviousness challenge based on R/3 Online and R/3 Book, Petitioner does not rely upon R/3 Book as teaching the claim element of "a software configuration in which selected ones of the modules are enabled or disabled." *Id.* Instead, Petitioner argues that the WebServer Guide teaches using a Web browser to produce a software configuration in which different modules are enabled or disabled. *Id.* (citing Ex. 1032 ¶¶ 100–102). Petitioner further states that "a web browser could be used to enable/disable access to modules within an RDBMS (WebServer Guide at 7–4) and enable or disable access to a module of a system (*id.* at 7–23)." Pet. 68 (citing Ex. 1020, 7–4, 7–23; Ex. 1032 ¶¶ 100–102).

The cited page of the WebServer Guide, 7–4, merely states, however, that the "Web Agent Administration page enables you to create, delete, or modify Web Agent Services, which Web Agents use to connect to the database." *Id*. Dr. Greenspun states that the above language from the WebServer Guide shows "how to disable or enable a module via creating or

deleting a Web Agent" (Ex. 1032 ¶ 101), but neither Petitioner nor
Dr. Greenspun sufficiently describe how a person of ordinary skill in the art
would have combined the teaching of "creating or deleting a Web agent" in
an Oracle WebServer with R/3 Online's disclosure pertaining to the SAP
R/3 system to enable or disable the various modules of the R/3 system. *See*
Ex. 1032 ¶¶ 100–102. Additionally, upon review of the second cited page of
the WebServer Guide, 7–23, we are equally unpersuaded that it teaches
enable/disabling modules. *See* Ex. 1020, 7–23. This page of the WebServer
Guide, 7–23, provides a disclosure of directory mapping: "The Directory
Mappings control the mapping of directories from the file system into the
Web Listener's virtual file system." Ex. 1020, 7–22, 7–23. Dr. Greenspun
states that this disclosure in WebServer Guide regarding directory mapping
in the Oracle WebServer teaches enabling or disabling access to a module of
a system via adding or removing a directory mapping. Ex. 1032 ¶ 102
(citing Ex. 1020, 7–23). As with the previous citation, neither Petitioner nor
Dr. Greenspun sufficiently describe how a person of ordinary skill in the art
would combine the teaching of "directory mapping" in an Oracle WebServer
with R/3 Online's disclosure pertaining to the SAP R/3 system to enable or
disable the various modules of the R/3 system. *See* Ex. 1032 ¶ 102. "An
invention is not obvious just 'because all of the elements that comprise the
invention were known in the prior art;' rather a finding of obviousness at the
time of invention requires a 'plausible rational[e] as to why the prior art
references would have worked together.'" *Broadcom Corp. v. Emulex
Corp.*, 732 F.3d 1325, 1335 (Fed. Cir. 2013) (citations omitted).

In support of its proposed combination, Petitioner further argues that
because Oracle was a significant competitor of SAP, "[o]n seeing that

Oracle allowed software modules to be enabled/disabled using Web administration, a [person of ordinary skill in the art] would have been motivated to provide a similar feature in the R/3 system." Pet. 69 (citing Ex. 1032 ¶¶ 110, 113). Petitioner also argues that the multi-module Web administration in the WebServer Guide was compatible with the R/3 system and "there were no obstacles to modifying the R/3 Online system." *Id.* at 69–70 (citing Ex. 1032 ¶113). We are not persuaded by Petitioner's conclusory rationale that simply because Oracle was an SAP competitor and allegedly "there were no obstacles to modifying the R/3 Online system," a person of ordinary skill in the art would have found it obvious to combine a feature disclosed with respect to an Oracle system into a SAP R/3 System to arrive at the claimed limitation of "via Web administration, producing a software configuration in which selected ones of the modules are enabled or disabled" recited in claim 15. "[R]ejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness." *KSR*, 550 U.S. at 418 (quoting *Kahn*, 441 F.3d at 988). In view of this deficiency, we determine that Petitioner fails to articulate sufficient reasoning to support its assertion of obviousness. *See id.* Accordingly, based on the record before us, we determine that Petitioner fails to demonstrate that it is more likely than not that independent claim 15, and claims 20–34 dependent therefrom, would have been obvious over R/3 Online and WebServer Guide.

G. Asserted Obviousness in view of R/3 Online and Heller

Petitioner asserts that claims 15 and 20–34 would have been obvious under 35 U.S.C. § 103 in view of R/3 Online and Heller. Pet. 71–80.

1. Overview of Heller

Heller is an article titled "Oracle Applications for the Web: Customers, Suppliers, and Employees Serve Themselves," which appears in the September/October 1996 issue of Oracle Magazine. Ex. 1021, 79–86. Heller discloses that "Oracle Applications Release 10.6, Oracle Workflow, and Oracle WebServer 2.0, the new Applications provide all the necessary tools for Web-based commerce." *Id*. at 79. Heller also discloses that users of the Oracle systems may "manage system administration for all three of the new Applications through HTML pages," controlling "user setup, expiration dates, and data-access options and can assign specific systems functions to specific users." *Id*. at 80.

2. Analysis of Obviousness in view of R/3 Online and Heller

Petitioner asserts that claims 15 and 20–34 would have been obvious over R/3 Online and Heller. Pet. 71–80. Petitioner relies upon its arguments from the ground with respect to R/3 Online and R/3 Book addressed above as teaching all elements of the challenged claims except for the recitation in claim 15 of "via Web administration, producing a software configuration in which selected ones of the modules are enabled or disabled." *Id.* at 74 (citing "Supra Sections IX.B – IX.D."). Notably, however, unlike its obviousness challenge based on R/3 Online and R/3 Book, Petitioner does not rely upon R/3 Book as teaching the claim element of "a software configuration in which selected ones of the modules are enabled or disabled." *Id.* Instead, Petitioner argues that Heller teaches administration

of the Oracle system through HTML pages. *Id.* (citing Ex. 1021, 79–80).

More particularly, Petitioner cites the following disclosure in Heller:

> Oracle Applications for the Web allow access only to registered users and provide a security profile controlling which functions they can perform and what data they can view. Administrators can allow users to view only data that they created, all the data for a given address, or all data across the organization, for example.

Ex. 1021, 84. Petitioner argues that based on upon this disclosure in Heller, a person of ordinary skill in the art would have understood this to result in different enterprise resource planning (ERP) software configurations, each having certain ERP modules (or functions) enabled/disabled. Pet. 75 (citing Ex. 1032 ¶ 108). Upon review of the cited disclosure in Heller, we are not persuaded that it teaches the claim 15 recitation of "via Web administration, producing a software configuration in which selected ones of the modules are enabled or disabled." *See* Ex. 1021, 79–80, 82, 84. The cited pages of Heller describe modifying security profiles. *Id.* Dr. Greenspun states a person of ordinary skill in the art carrying out these security profile modifications would "identify different modules of system software that would be accessible to the user." Ex. 1032 ¶ 108. Dr. Greenspun fails to cite to any support in Heller for his conclusion or to identify any disclosure in Heller relating these security profile modifications to modules, as recited in the claim. *See id.* Additionally, neither Petitioner nor Dr. Greenspun sufficiently describe how a person of ordinary skill in the art would have combined the teaching of modifying a security profile in an Oracle system with R/3 Online's disclosure pertaining to the SAP R/3 system to enable or disable the various modules of the R/3 system. *See* Pet. 74–76; Ex. 1032 ¶ 108.

Similar to the challenge described above relying upon WebServer Guide, Petitioner further argues a person of ordinary skill in the art would have combined Heller and R/3 Online because Oracle was a significant competitor of SAP, and "[u]pon discovering that SAP's competitor Oracle offered Web administration, as taught by Heller, a [person of ordinary skill in the art] would have been motivated to provide a similar feature in implementing the R/3 system." Pet. 78 (citing Ex. 1032 ¶¶ 110, 114, 117). Petitioner also argues that the multi-module Web administration was compatible with the R/3 system and "there were no obstacles to modifying the R/3 Online system." Pet. 78–79 (citing Ex. 1032 ¶¶115, 117). We are not persuaded by Petitioner's conclusory rationales for the reasons explained above. In view of this deficiency, we determine that Petitioner fails to articulate sufficient reasoning to support its assertion of obviousness. *See id.* Accordingly, based on the record before us, we determine that Petitioner fails to demonstrate that it is more likely than not that independent claim 15, and claims 20–34 dependent therefrom, would have been obvious over R/3 Online and Heller.

III. ORDER

Accordingly, it is:

ORDERED that the Petition is denied and no trial is instituted;

FURTHER ORDERED that Petitioner's motion requesting acceptance of the Petition filed by means other than electronic filing (Paper 4) is *dismissed* as moot; and

FURTHER ORDERED that Petitioner's motion for *pro hac vice* admission (Paper 8) is *dismissed* as moot.

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