IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT AND TRIAL APPEAL BOARD

GOOGLE INC.

Petitioner

v.

INVENTOR HOLDINGS, LLC

Patent Owner

Case CBM 2014-0002

Patent 5,884,270

PATENT OWNER'S RESPONSE TO PETITION FOR COVERED BUSINESS METHOD PATENT REVIEW OF U.S. PATENT NO. 5,884,270 UNDER §18 OF THE LEAHY-SMITH AMERICA INVENTS ACT

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EXHIBIT LIST

2001	Deposition of James Duke, June 4, 2014.
2002	Declaration of Henry A. Kautz, Ph.D.
2003	Curriculum Vitae of Henry A. Kautz, Ph.D.

Pursuant to 37 C.F.R. §§ 42.220(a) and 42.300(a), Patent Owner, Inventor Holdings, LLC, submits the following response to the petition.

1. Overview of U.S. Patent No. 5,884,270.

U.S. Patent 5,884,270 (the "'270 Patent") describes methods and systems for facilitating an exchange of information between two anonymous parties. The systems and methods allow a party to establish rules to maintain control over the timing and release of certain information, including the party's identity, to another party. *Ex. 1001* at 4:10-23.

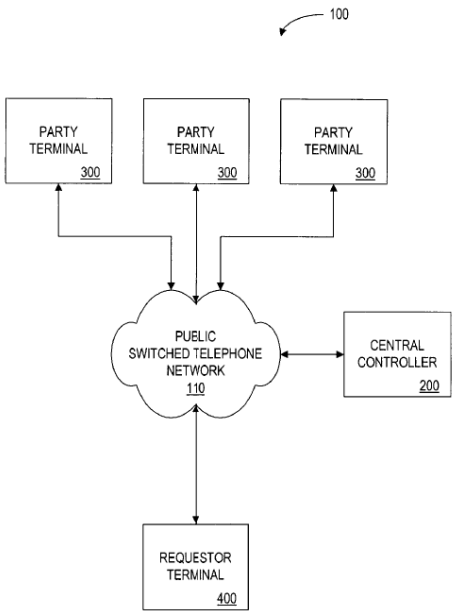

FIG. 1

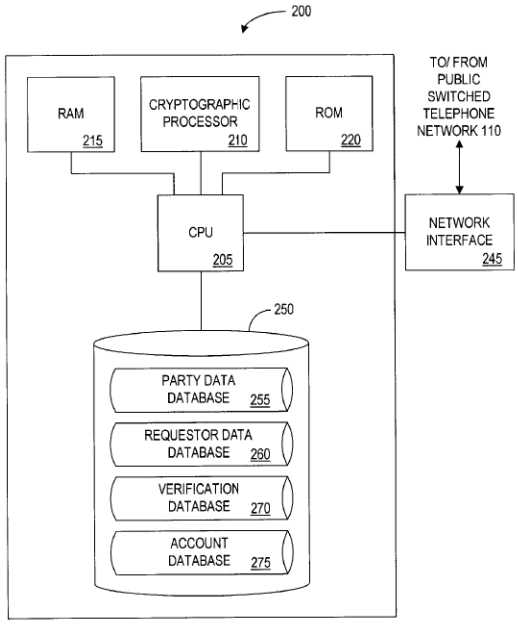

FIG. 2A

As illustrated above, the system includes a central controller 200, which controller includes a processor (CPU 205) that executes instructions stored on a memory (RAM 215, ROM 220, and/or data storage device 250). *Id.* at 8:19-21. When executing the instructions, the processor is operative to receive data from first and second parties. *Id.* at 8:24-27. The data includes information that identifies each respective party ("identity"). *Id.* at 7:1-6. The processor also receives, from each of the respective first and second parties, rules for releasing the data. *Id.* at 8:7-9, 27-31. For each party, the rules include a rule for releasing the identity the respective party. *Id.* at 8:7-9. A search request comprising at least one search criterion is received from the second party by the processor. The search request is processed to determine whether the data received from the first party satisfies the search criterion of the second party. *Id.* at 15:56-67.

If it is determined by the processor that the first data satisfies said search criterion, the first and second data, except said identities of said first and second parties, is exchanged between the first and second parties in accordance with the first-party and second-party rules. *Id.* at 16:1-14. Following the exchange and further upon satisfying the first-party rule for releasing the identity of said first party, the identity of the first party is transmitted to the second party and, upon satisfying the second-party rule for releasing the identity of the second party, the identity of said second party is transmitted to the first party. *Id.* at 16:21-59.

The Board has adopted claim constructions that are generally consistent with those of the district court in the underlying litigation. An "identity" of a party has been construed as "information that determines a person is a specific person." *Google Inc. v. Inventor Holdings, LLC,* CBM2014-0002, Paper 16 at 13, (P.T.A.B Apr. 1, 2014). An "anonymous party" is "a party whose identity is shielded from others." *Id.* A "party rule," is "a *party's* criterion or a set of criteria." *Id.* The Board also recognized that, contrary to the Petitioner's assertion, the claims do not recite "party rules for releasing party data except identity." *Id.* at 12.

2. ARGUMENT

A. Claims 1, 2, 5, 10, 11, 23, 24, 27, 32, and 33 of the '270 Patent Each Recite Patentable Subject Matter Under 35 U.S.C. § 101.

"[A]ny new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof," is eligible for a patent. 35 U.S.C. § 101. This sweeping expanse of patent eligibility is constrained by only three narrow exceptions for laws of nature, physical phenomena, and abstract ideas. *Bilski v. Kappos*, 561 U.S. 593, 601-602 (2010). The "abstract idea" exception provided the basis for institution of this proceeding. CBM2014-00002, *supra*, Paper 16 at 14. Nevertheless, the claims of the '270 Patent do not recite a mere abstract idea, and even if they did the claims do not preempt use of any such idea in all fields so as to grant a monopoly over the idea. *See Alice Corporation Pty. Ltd. C. CLS Bank Int'l et al.*, 573 U.S. __ (slip

op., at 5-6) (2014) citing *Bilski*, *supra*, at 611-612 and *Molecular Pathology v. Myriad Genetics, Inc.*, 569 U.S. ___ (slip op. at 11) (2013). Accordingly, these claims remain patentable under Section 101.

i. In Determining Whether A Claim Recites An Abstract Idea, The Claim Must Be Read As A Whole And According To Its Terms.

It is the claims of a patent that "define the scope of a patent grant." *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 373 (1996). For this reason, the Supreme Court has explained that claim language, as written, is definitive:

> The claim is a statutory requirement, prescribed for the very purpose of making the patentee define precisely what his invention is; and it is unjust to the public, as well as an evasion of the law, to construe it in a manner different from the plain import of its terms.

White v. Dunbar, 119 U.S. 47, 51-52 (1886); *see also McCarty v. Lehigh Valley R.R.*, 160 U.S. 110, 116 (1895) ("if we once begin to include elements not mentioned in the claim, in order to limit such claim …, we should never know where to stop"). It is, therefore, improper to look to the "heart" or "gist" of an invention, rather than the actual invention as described in the claim's language. *Diamond v. Diehr*, 450 U.S. 175, 188 (1981) (claims must be considered as a whole, rather than "dissect[ing] the claims into old and new elements and then ... ignor[ing] the presence of the old elements in the analysis"); *Warner-Jenkinson Co. v. Hilton Davis Chem. Co.*, 520 U.S. 17, 29 (1997)

("Each element contained in a patent claim is deemed material to defining the scope of the patented invention."). In particular, the eligibility of a claim under § 101 does not turn on whether any individual element of the claim is itself patent-eligible or "novel." *Diehr*, 450 U.S. at 188-89 ("The 'novelty' of any element or steps in a process, or even of the process itself, is of no relevance in determining whether the subject matter of a claim falls within the § 101 categories of possibly patentable subject matter."). Instead, the relevant inquiry is whether a claim, on its face, recites an abstract idea, and, if it does, whether it "implements or applies that formula in a structure or process which, when considered as a whole, is performing a function which the patent laws were designed to protect." *Id.* at 192. Indeed, a contrary approach would, "if carried to its extreme, make all inventions unpatentable because all inventions can be reduced to underlying principles of nature which, once known, make their implementation obvious." *Id.*; *see also Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289, 1293 (2012) ("[T]oo broad an interpretation of [the exceptions to subject-matter eligibility] could eviscerate patent law. For all inventions at some level embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas.").

ii. The Claims Do Not Recite An Abstract Idea.

The purpose of the abstract ideas exception is to avoid foreclosure of the "basic tools of scientific and technological work." *Gottschalk v. Benson*, 409 U.S. 63, 67 (1972). Put simply, "An idea itself is not patentable." *Rubber-Tip Pencil Co. v. Howard*, 87 U.S. (20 Wall.) 498, 507 (1874). For this reason, claims to a "fundamental economic practice" were found to be patent ineligible. *Bilski*, 561 U.S. at 611. So too were claims that merely set forth "the concept of intermediated settlement." *Alice*, 573 U.S. __ (slip op., at 10).

In contrast to the claims at issue in *Bilski* and *Alice*, however, the present claims recite a specific implementation of an inventive concept and not merely an overarching abstract idea. More specifically, the present claims include, by their terms, much more than just the idea of an intermediated exchange of information. Claim 1, for example, requires that each of a first and second party provide multiple rules for releasing a party's respective information, including a rule for releasing that party's identity. Further, the claim requires that an exchange of data of the respective first and second parties, other than the party's respective identities, occur in accordance with the respective party-rules. Finally, the claim demands that the release of an individual party's identity to the other party occur only after the exchange of data and then only upon satisfying that individual party's rule for releasing the party's identity. *Ex. 1001* at 23:60 – 24:22. This phased approach to the exchange of data and subsequent release of identity information is not coextensive with the idea of an intermediated

exchange of information to the point where it is abstract. For example, an intermediated exchange, considered in the abstract, need not necessarily involve a multi-step process in which each party's release of identity information is treated separately from the other party's release of identity information, as required by claim 1, or involve the search request and subsequent determination of whether one party's data satisfies such a request, as recited. More than just the "concept" of intermediated data exchange then, claim 1 recites a specific implementation thereof and, therefore, fall outside the realm of abstract ideas as the Supreme Court has used that term.

Claim 1's dependent claims provide even further restrictions on how the intermediated exchange of information is to occur. Claims 2 and 5, for example, place specific temporal constraints on when party-rules must be received vis-à-vis receipt of the recited search request, thereby further confining or restricting the implementation of the information exchange set forth in claim 1. *Id.* at 24:23-27, 36-40. Such constraints further remove the recited implementation from a mere abstract concept. For example, temporal constraints such as those recited in claims 2 and 5 define a specific sequences for the information exchange involved in the recited method. Such specifics remove the claims from the realm of an abstract idea because intermediated data exchange, in the abstract, need not occur according to such sequences and so the idea must necessarily be broader than that which is defined by these particularities.

Claims 10 and 11 also further restrictions on the recited method of claim 1 and demand that party-rules be conditional on the content of another party's data. *Id.* at

24:58-63. Content-dependent rules are not a feature of every form of intermediated communication system and, hence, these claims cannot be considered coextensive with the abstract idea of intermediated communications.

Claim 23 is a system claim that includes a memory storing a program for a processor. The program is operative to cause the processor to perform actions similar to the steps recited in claim 1. *Id.* at 26:1-41. Accordingly, claim 23 recites statutory subject matter for at least the same reason as claim 1. Dependent claims 24, 27, 32 and 33 recite features similar to those recited in claims 2, 5, 10 and 11, respectively, hence, they recite statutory subject matter for at least the same reasons as claims 2, 5, 10 and 11.

In addition to reciting a specific implementation of an inventive concept, and not merely an overarching abstract idea, the present claims recite a solution to a technical problem. As explained by the inventors of the '270 Patent, while the need for shielded identity arises in many everyday situations, *Id.* at 1:37-38, 49-63, prior attempts to automate the use of intermediaries failed to accommodate this need for anonymity. *Id.* at 3:66 – 4:8. Accordingly, there was a need in the art for the development of such solutions. *Id.* at 4:8-11.

Thus, the technical problem addressed by the '270 Patent centers around the failure of prior systems and methods to provide for efficient anonymous communication between two parties. *Id.* at 3:22-27. For example, the use of intermediaries (e.g., search firms or match makers) for facilitating communication

between anonymous parties creates inefficiencies, when compared to direct anonymous communication between the parties because such communication necessarily goes through the intermediary prior to reaching the intended party. *Id.* at 2:64-3:4.

Another technical problem addressed by the claims of the '270 Patent is the failure of prior systems and methods to provide parties who store their information on various system but who wish to remain anonymous, control over the release of their information to others (*e.g.*, if and when the party(ies) deem it desirable to do so). *Id.* at 2:23-25 and 2:48-51. A lack of control exposes parties that wish to communicate anonymously to the premature or indiscriminate release of their sensitive data and/or identity and this insecurity results in a chilling effect on such communications. *Id.* at 2:48-63.

The technical solution to the above-mentioned technical problems involves the use of a particular computer system to facilitate an exchange of identities between otherwise anonymous parties by allowing each party to maintain effective control over the timing and release of certain information stored in a database, including the identity and other relevant data about the party, to another party. Per the claims of the '270 Patent, the system receives, from a first party, first data including an identity of said first party and at least two first-party rules for releasing said first data including a rule for releasing said identity of said first party and, from a second party, second data including an identity of said second party and at least two second -party rules for

releasing said second data including a rule for releasing said identity of said second party. The system receives a search request comprising at least one search criterion from the second party and processes the request to determine if said (i.e. received) first data satisfies the search criterion. If the first data satisfies said search criterion, then first and second data is exchanged, except said identities of said first and second parties, between said first and second parties in accordance with said first-party and second-party rules. After the initial exchange of the first and second data, and upon satisfying said first-party rule for releasing said identity of said first party, said identity of said first party is transmitted to said second party, and after the exchange, upon satisfying said second-party rule for releasing said identity of said second party, said identity of said second party is transmitted to said first party.

Receipt of data, of an identity, and of the at least two rules from each party is significant because it enables both parties to control any release of their respective data and identification, in accordance with each party's respective rules for such release. In this way, the method and system of the claims reduces the parties' exposure to premature, unwanted and/or indiscriminate release of their data and/or identity (something that may not be achievable if human intermediaries are relied upon), and improves the efficiency of communication between the parties.

Under *Alice*, a solution to a technical problem is *not* an "abstract idea," and a claim drawn to such a solution, even if broad, is not subject to the *Mayo* framework. In discussing its prior decision in *Diehr*, the Supreme Court noted that the computer-

implemented process for curing rubber at issue in that case was patent eligible, not because it involved a computer but rather because, "it used that equation in a process designed to solve a technological problem in 'conventional industry practice.'" *Alice,* 573 U.S. at __ (slip op., at 12) citing *Diehr*, 450 U.S. at 177, 178. Thus, the *Alice* Court excluded claims, such as those presented here, directed to applied technology from the boundaries of "abstract ideas" and, hence, the claims are patentable under Section 101.

iii. The Present Claims Are Patent-Eligible Because They Do Not Preempt Any Abstract Idea.

Even if claims 1, 2, 5, 10, 11, 23, 24, 27, 32 and 33 were determined to recite a mere abstract idea, they remain patentable because these claims do not preempt such an idea to the point that Patent Owner has a monopoly over the idea. *Cf. Alice,* 573 U.S. at __ (slip op., at 6) and see *Diehr*, 450 U.S. at 188 ("Arrhenius' equation is not patentable in isolation, but when a process for curing rubber is devised which incorporates in it a more efficient solution of the equation, that process is at the very least not barred at the threshold by § 101.").

Claim 1 recites a method of operating a computer system to (a) receive first data including an identity of the first party; (b) receive two first-party rules for releasing the first data including a rule for releasing the identity of the first party; (c) receive second data including an identity of the second party; (d) receive two second-

party rules for releasing the second data including a rule for releasing the identity of the second party; (e) receive and process a search request that includes a search criterion from the second party to determine if the first data satisfies the search request, and, if it does; (f) exchange the first and second data, but not the parties' identities, between the first and second parties in accordance with the first-party and second-party rules; and (g) thereafter, (1) upon satisfying the first-party rule for releasing identity of the first party, transmitting the identity of the first party to the second party; and (2) upon satisfying the second-party rule for releasing identity of the second party, transmitting the identity of the second party to the first party. Although this claim may have no "anchor in physical structure" as it involves the acts of software, the claim nevertheless recites functional and palpable applications in the field of computer technology. *Cf. Research Corp. Techs. v. Microsoft Corp.*, 627 F.3d 859, 863, 868 (Fed. Cir. 2010) ("inventions with specific applications or improvements to technologies in the marketplace are not likely to be so abstract that they override the statutory language and framework of the Patent Act."). Indeed, by its terms, the claimed invention provides a solution to the problem of effectively controlling, by a party, the timing and release of certain information, including the party's identity, to another party. Thus, claim 1 includes sufficient substantive limitations that narrow, confine, and tie down the claim so that it does not cover the full abstract idea itself in such a way as to preclude other practical applications of that idea.

There are myriad ways of facilitating an exchange of data between two parties involved in a search that do not require, for example, receiving from each of two parties, at least two rules for releasing party data, including a rule for releasing the identity of the party; exchanging data, other than identities of the parties, between the parties in accordance with the rules; and, upon satisfying the party rules for releasing identities, transmitting those identities, as recited in claim 1. For example, the parties may not be permitted to set the rules for releasing identities at all and may instead be forced to comply with system-wide rules established by a market maker or similar entity. Unlike party-specified rules, such system-wide rules may offer assurances of (or at least thresholds for) information reciprocity. Thus, there are clear and substantial differences between the claim and the abstract idea of information exchange between two anonymous parties and, consequently, the claim does not cover the full abstract idea itself, every practical application of the idea nor does it preempt the idea. In fact, even Petitioner's declarant, Mr. Duke, agreed that there are ways other than that recited in claim 1 of the '270 Patent to implement a method for operating a computer system to facilitate the exchange of identities between two anonymous parties. *Ex. 2001* at 45:22 – 46:4 (indicating that *Silvermann, Ex. 1004,* teaches a different approach to that recited in claim 1 of the '270 Patent).

iv. The Present Claims Recite More Than Mental Steps Performed By A General Purpose Computer.

In commenting on the present method claims, Petitioner argues that they are mere abstractions implemented with a general-purpose computer. Corrected Petition at 26-27. Petitioner's analysis, however, does not account sufficiently for the claimed subject matter as a whole. Indeed,

> nothing in the Supreme Court's precedent, nor in [the Federal Circuit's], allows a court to go hunting for abstractions by ignoring the concrete, palpable, tangible, and otherwise not abstract invention the patentee actually claims. It is fundamentally improper to paraphrase a claim in overly simplistic generalities in assessing whether the claim falls under the limited 'abstract ideas' exception to patent eligibility under 35 U.S.C. § 101. Patent eligibility must be evaluated based on what the claims recite, not merely on the ideas upon which they are premised.

CyberFone Systems, LLC v. Cellco P'ship, 885 F. Supp. 2d 710, 716 (D. Del. 2012) (emphasis added).

As stated explicitly in '270 Patent, CPU 205 (which is part of central controller 200) is programed to receive party data and requestor data, maintain same along with rules for release of the data in respective databases, and seek verification to authenticate requests for such data. *Ex. 1001* at 8:19-36. The CPU is also programmed to perform searches and transmit information in response to such searches. *Id.* at 8:37-39, 51-53. Rather than a general-purpose computer, these are the

actions of a computer that has been specially programmed to carry out specific functions.

The claims likewise recite specialized programming that transform a general-purpose computer system into a specialized tool for performing defined functions. Claim 23, for example, requires specific programming to cause a processor to (a) receive first data including an identity of a first party; (b) receive two first-party rules for releasing the first data including a rule for releasing the identity of the first party; (c) receive second data including an identity of the second party; (d) receive two second-party rules for releasing the second data including a rule for releasing the identity of the second party; (e) receive and process a search request that includes a search criterion from the second party to determine if the first data satisfies the search request, and, if it does; (f) exchange the first and second data, but not the parties' identities, between the first and second parties in accordance with the first-party and second-party rules; and (g) thereafter, (1) upon satisfying the first-party rule for releasing identity of the first party, transmitting the identity of the first party to the second party; and (2) upon satisfying the second-party rule for releasing identity of the second party, transmitting the identity of the second party to the first party. *Id.* at 26:1-41. Such activities are not insignificant token pre-or post-solution activity added to the claim as an afterthought. Instead, the limitations recited in the claim are integral to the claimed invention, and the operation of the computer system for carrying out

the invention, for facilitating an exchange of identities between two otherwise anonymous parties.

It is for these reasons that the present claims do not suffer from the deficiencies of those at issue in *Bancorp*. The claims at issue in *Bancorp*, such as claim 9 of the '792 Patent, reproduced here,

> 9. A method for managing a life insurance policy on behalf of a policy holder, the method comprising the steps of:
>
> generating a life insurance policy including a stable value protected investment with an initial value based on a value of underlying securities;
>
> calculating fee units for members of a management group which manage the life insurance policy;
>
> calculating surrender value protected in-vestment credits for the life insurance policy;
>
> determining an investment value and a value of the underlying securities for the current day;
>
> calculating a policy value and a policy unit value for the current day;
>
> storing the policy unit value for the cur-rent day; and one of the steps of:
>
> removing the fee units for members of the management group which manage the life insurance policy, and
>
> accumulating fee units on behalf of the management group.

recited nothing more than pure mental steps. *Bancorp Services, L.L.C. v. Sun Life Assur.*, 687 F.3d 1266, 1276, 1279 (Fed. Cir. 2012). The *Bancorp* claims involve no particularized computer system or component thereof and the fact that later dependent claims simply recited take the method and "apply it" on a computer was not sufficient to make that computer integral to the recited method. *Id.* In marked contrast, the present claims recite only a very specific implementation of an inventive concept, require the computer system to "process" search requests, and cannot be regarded as merely abstract. Indeed, as explained in the flow charts of Figures 6A and 6B, the steps in the process are tied to a computer implementation:

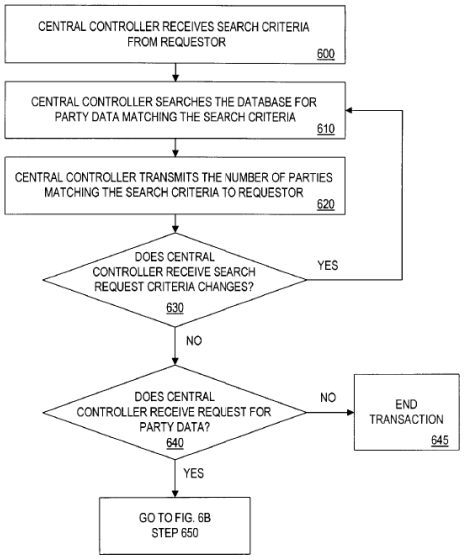

FIG. 6A

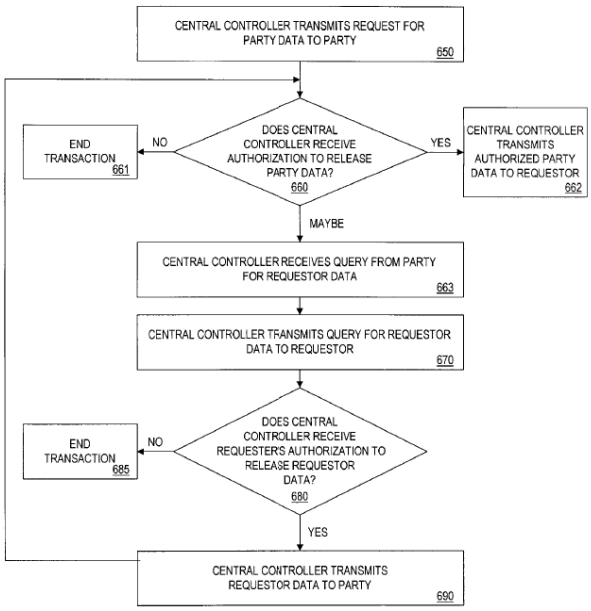

FIG. 6B

Thus, far from being abstract, when viewing the subject matter as a whole, the invention of claims 1 and 23 clearly require extensive computer involvement. Further, even though claim 1 does not specify a particular mechanism for each step of the process, this does not render the claimed subject matter impermissibly abstract because the patent provides sufficient disclosure to enable a person of ordinary skill in the art to practice the invention.

B. Claims 1, 2, 5, 10, 11, 23, 24, 27, 32, And 33 Of The '270 Patent Are Patentable Over *Silvermann*.

"A claim is anticipated only if each and every element as set forth in the claim is found, either expressly or inherently described, in a single prior art reference." *Verdegaal Bros. v. Union Oil Co. of Californi*a, 814 F.2d 628, 631 (Fed. Cir. 1987), *see also* MPEP § 2131.02. "The identical invention must be shown in as complete detail as is contained in the . . . claim." *Richardson v. Suzuki Motor Co.*, 868 F.2d 1226, 1236 (Fed. Cir. 1989). Accordingly, "there must be no difference between the claimed invention and the reference disclosure, as viewed by a person of ordinary skill in the field of the invention." *Scripps Clinic & Research Found. v. Genentech, Inc.*, 927 F.2d 1565, 1576 (Fed. Cir. 1991). Here, *Silvermann* does not anticipate claims 1 and 23 because *Silvermann* fails to disclose the exchange of identities between parties according to party rules. *Ex. 2002* at ¶¶ 18, 20.

i. Silvermann Teaches The Use Of System Rules, Not Party Rules, For The Exchange Of Identities Between Parties.

Silvermann describes a negotiated matching system that "first matches potential counterparties who are acceptable to each other based on trading and ranking information, and then enables the two counterparties to negotiate and finalize the terms of a transaction." *Ex. 1004* at Abstract. *Silvermann* defines the commencement of trading activities through the matching of two potential counterparties to a transaction as the "initiation" stage of operation and the negotiation and finalization as the "completion" stage of the operation. *Id.* at p. 22. "At the completion of the initiation stage of operation, the identities of the parties are revealed so that they may negotiate the outstanding terms of the transaction in the completion stage" *Id.* Thus, the identities of the parties to the transaction are not released until just before or at the time a deal has been struck. *Id.* at p. 6.

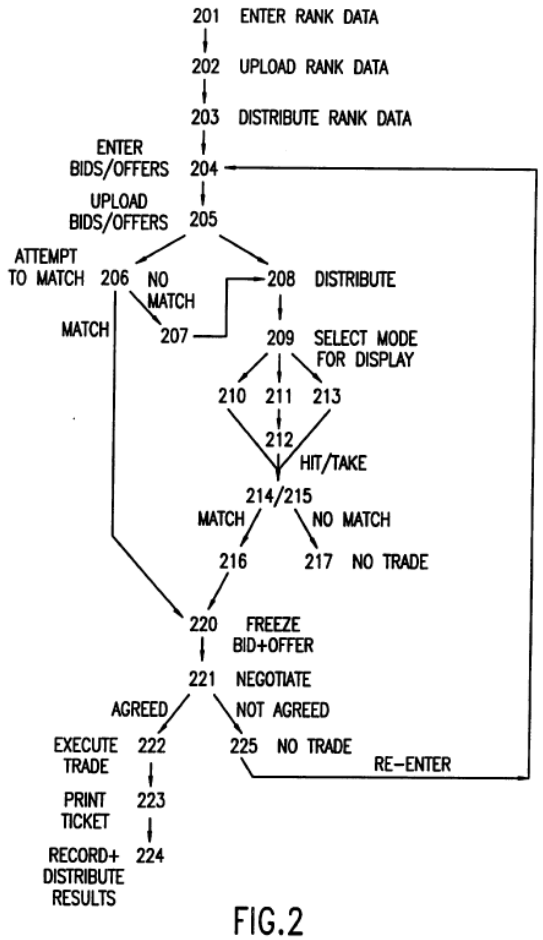

FIG.2

Silvermann's Figure 2, reproduced here, provides a detailed explanation of the negotiated transaction process. Initially, parties enter "ranking"

information (at 201), which is uploaded to the matching computer and stored (202). *Id.* at 12. The raking information "indicates a party's willingness to trade with other parties (i.e., counterparties) in the system." *Id.* at 17; *Ex. 2001* at 40:7-24. Users then enter bids and offers (with attendant negotiable and non-negotiable parameters) (204) and the matching computer uploads and stores them (205). *Ex. 1004* at 12-13.

Once this information has been uploaded, the matching computer attempts to match bids and offers based on the associated parameters entered by the parties (206). When a match is identified, the matching computer freezes the associated bid and offer (220) and signals the counterparties associated with that bid and offer to enable electronic communication between them (221). *Id.* at 13. If the parties successfully complete their agreement, the transaction is executed (222), tickets are printed (224) and the transaction is recorded (224). *Id.* at 13-14. If no deal is reached, however, the bids and offers are released back into the system (225). *Id.* at 14.

Users of the *Silvermann* system are provided the opportunity to view information relating to the available bids and offers. Depending on a selected display mode, a user can view filtered or unfiltered information. An unfiltered view provides information concerning all offers/bids in the market (213) *Id.* at 15, 16. A filtered view provides information concerning only those bids/offers acceptable to the viewing party and an associated counter party (210), or bids/offers acceptable to only one of the viewing party and an associated counter party (211). *Id.* at 14-15, 16. In each case, the filtering is based on the ranking information provided by a party. *Id.* at

15, 16. Accordingly, "information stored in the matching computer 11 and displayed on the counterparties' display screens is automatically updated as rankings are modified by the users." *Id.* at 19.

As indicated above, the matching computer first searches for bids and offers that it can match. When such a match has been achieved, the "initiation" process is complete, id. at 22, and the system moves to the "completion" stage where the terms of a transaction are finalized between the matched potential counterparties. *Id.* Importantly, "At the completion of the initiation stage of operation, the identities of the parties are revealed so that they may negotiate the outstanding terms of the transaction in the completion stage." *Id.* That is, the negotiated matching system, and not the parties, determines when the identities of the parties are revealed. *Ex. 2002* at ¶¶ 18-20.

ii. Silvermann's Rankings Are Not Party Rules For Releasing Identities.

Petitioner argues that the rankings described by *Silvermann* are rules for releasing a party's identity. Corrected Petition at 46. This is not so. Instead, the rankings are merely information that "indicates a party's willingness to trade with other parties (i.e., counterparties) in the system." *Ex. 1004* at 17; *Ex. 2001* at 40:7-24; *Ex. 2002* at ¶ 18.

Even when considered in the context of the bilateral filtering display mode, in which the only bids and offers that are displayed to a user are ones that would be

acceptable to both the user and the associated counterparty, *Ex. 1004* at 14-15, the party rankings do not determine whether or not identities are revealed among counterparties. *Ex. 2002* at ¶ 19. Instead, all that is determined is whether or not associated bids and offers are displayed. *Id.* It is only the identification of a matching bid and offer that triggers the revelation of identities between counterparties, *id.*, and this occurs for all such matched transactions irrespective of any party's ranking information. Indeed, by the time a match has been made ranking information has already been taken into account. *Id.* Thus, ranking information may be regarded as a party-specified parameter that plays a role in a party's willingness to trade, but it does not determine when or how a party's identity is released. *Id.*

iii. Silvermann Cannot Anticipate Claim 1 and 23 Because Silvermann Does Not Teach Receiving and Satisfying Party Rules For Releasing Identity.

Claims 1 and 23 each recite "receiv[e[]ing] from said first party . . . a rule for releasing said identity of said first party," "receiv[e][ing] from said second party . . . a rule for releasing said identity of said second party," "upon satisfying said first-party rule for releasing said identity of said first party, transmit[ting] said identity of said first party to said second party," and "upon satisfying said second-party rule for releasing said identity of said second party, transmit[ting] said identity of said second party to said first party." As demonstrated above, however, *Silvermann* teaches no such first-party and second-party rules for releasing identity. As recognized by the Board, a

"party rule," is "a *party's* criterion or a set of criteria." CBM2014-0002, *supra*, Paper 16 at 13. In contrast, *Silvermann's* negotiated matching system relies on system-specified rules for revealing identities of counterparties to one another once the initiation stage of a transaction is complete so that they may negotiate the outstanding terms of the transaction. *Ex. 1004* at 22; *Ex. 2002* at ¶¶ 18, 20. Because such a system does not receive or satisfy *party* rules for releasing identity, *Silvermann* cannot anticipate claims 1 and 23. *Verdegaal Bros., supra*, 814 F.2d at 631.

Insofar as Petitioner argues, "if the rules provided by the parties so specified it, the parties may negotiate anonymously, in which case 'the identity of the parties to the transaction is not revealed until just before or at the time a deal has been struck.'" Corrected Petition at 49 citing *Ex. 1004* at p. 6, this argument misrepresents the teachings of *Silvermann* and takes the above quoted passage out of context. *Ex. 2002* at ¶ 21. The full passage in *Silvermann* referenced by Petitioner reads as follows:

> Yet another object of the present invention is to provide a matching system which automatically matches users making offers (offerers) or bids (bidders) with potential counterparties who are interested in the type of offer/bid being made by the offeror/bidder, wherein the parties are mutually acceptable trading partners for the particular category of transaction sought by the offerer, and wherein the identity of the parties to the transaction is not revealed until just before or at the time a deal has been struck.

Ex. 1004 at p. 6. As is evident, when this passage is considered in its proper context, it provides no support whatsoever for Petitioner's argument. *Ex. 2002* at ¶ 21. In fact, *Silvermann* teaches no such anonymous negotiation even where "the identity of the parties to the transaction is not revealed until just before or at the time a deal has been struck." *Ex. 1004* at p. 6; *Ex. 2002* at ¶ 21. Instead, *Silvermann* only teaches automatically matching users making offers with potential interested counterparties and then revealing the identity of the counterparties just before or at the time a deal is struck. This falls short of disclosing the presently claimed invention at least because once again the identity information is exchanged between the parties in accordance with system rules and not both first- and second-party rules for revealing identity. *Id.*

Hence, for at least the reasons provided above, *Silvermann* fails to disclose each and every feature of claims 1 and 23 and, consequently, cannot anticipate claims 1 or 23. Claims 2, 5, 10, and 11 depend from claim 1, and claims 24, 27, 32, and 33 depend from claim 23. Each respective dependent claim is patentable over *Silvermann* for at least the same reasons as its respective parent claim.

3. Conclusion.

For at least the foregoing reasons, claims 1, 2, 5, 10, 11, 23, 24, 27, 32, and 33 recite patentable subject matter and are patentable over *Silvermann*.

Please charge any fees due to Deposit Account 50-5798.

Respectfully submitted,

Date: June 24, 2014 by: */Tarek N. Fahmi/*
Tarek N. Fahmi, Reg. No. 41,402

Ascenda Law Group, PC
84 W. Santa Clara St., Suite 550
San Jose, CA 95113-1812
1 866 877 4883

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing

PATENT OWNER'S RESPONSE

was served on June 24, 2014, by filing this document though the Patent Review Processing System as well as delivering a copy via EMAIL directed to the attorneys of record for Petitioner at the following address:

Michelle K. Holoubek
Michael V. Messinger
STERNE, KESSLER, GOLDSTEIN & FOX, P.L.L.C.
1100 New York Avenue, N.W.
Washington, D.C. 2005-3934

mholoubek-PTAB@skgf.com and mikem-PTAB@skgf.com

The parties have agreed to electronic service in this matter.

Respectfully submitted,

Date: June 24, 2014 by: */Tarek N. Fahmi/*
Tarek N. Fahmi, Reg. No. 41,402

Ascenda Law Group, PC
84 W. Santa Clara St., Suite 550
San Jose, CA 95113-1812
1 866 877 4883