No. 2015-1245

IN THE
UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

JOAO BOCK TRANSACTION SYSTEMS, LLC

Plaintiff-Appellant

v.

JACK HENRY & ASSOCIATES, INC.,

Defendant-Appellee

APPEAL FROM THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE IN CASE NO. 1:12-CV-01138-SLR,
HONORABLE SUE L. ROBINSON

APPELLEE JACK HENRY & ASSOCIATES, INC.'S CORRECTED OPENING BRIEF

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CERTIFICATE OF INTEREST

Counsel for Defendant-Appellee, Jack Henry & Associates, Inc. certifies the following:

1. The full name of every party or amicus represented by us is:

   Jack Henry & Associates, Inc. (Defendant-Appellee)

2. The name of the real party in interest represented by us is:

   Jack Henry & Associates, Inc. (Defendant-Appellee)

3. All parent corporations and any publicly held companies that own 10 percent or more of the stock of the party represented by us are: None

4. The names of all law firms and the partners or associates that appeared for the party or amicus now represented by us in the district court or agency or are expected to appear in this Court are:

   Polsinelli PC – Russell S. Jones, Jr., Richard P. Stitt, Joshua M. McCaig, Shanti M. Katona, Christopher M. Coggins, Jay E. Heidrick

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STATEMENT OF RELATED CASES

Pursuant to Federal Circuit Rule 47.5, Defendant-Appellee provides as follows:

(a) There have been no previous appeals in this case.

(b) Defendant-Appellee is aware of the following pending district or appellate court cases in which Plaintiff-Appellant is asserting U.S. Patent No. 7,096,003 and that may be affected by the Court's decision in this case:

- *Joao Bock Transaction Systems, LLC v. Fidelity National Information Services* No. 3:13-cv-00223-TJC-JRK (M.D. Fla.)
- *Joao Bock Transaction Systems, LLC v. Online Resources Corp*., No. 8:13-cv-00245-JFB-TDT (D. Neb.)
- *Joao Bock Transaction Systems, LLC v. KeyCorp an KeyBank National Association*, No. 7:14-cv-02883-WWE (S.D.N.Y.)
- *Joao Bock Transaction Systems, LLC v. HSBC USA, Inc. and HSBC USA, National Associations*, No. 7:14-cv-02881-WWE (S.D.N.Y.)
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- *Joao Bock Transaction Systems, LLC v. Capital One Financial Corp., Capital One Bank (USA) N.A.; Capital One. N.A.*, No. 1:14-cv-00425-SLR (D. Del.)
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- *Online Resources Corp*., *et al. v. Joao Bock Transaction Systems, LLC*, No. 15-1567 (U.S. Court of Appeals – Fed. Cir.)

STATEMENT OF THE ISSUES

Jack Henry does not agree with JBTS's statement of the issues, in that (1) JBTS failed to argue in the District Court that disputed material facts prevented summary judgment from being entered in Jack Henry's favor on its motion; (2) the "clear and convincing evidence" standard does not apply to a §101 determination, which is made as a matter of law; and (3) it was not necessary that the district court give a name to the abstract idea it found in the '003 patent.

A more correct statement of the issues is this:

1. Did the District Court properly enter summary judgment on the basis that the asserted claims in the '003 patent are directed to unpatentable subject matter outside the scope of 35 U.S.C. §101?

2. Can the District Court's summary judgment be affirmed for the separate reason that all the asserted claims are obvious and therefore invalid under 35 U.S.C. §103?

I. INTRODUCTION

The District Court[1] entered summary judgment of invalidity and non-infringement because the asserted claims in U.S. Patent No. 7,096,003[2] are all

[1] The Honorable Sue L. Robinson.

[2] Plaintiff ultimately asserted four (4) independent claims: claims 30, 102, 317 and 414; and eight (8) dependent claims: claims 31, 34, 106, 122, 324, 343, 416, and 422. (A-012 in Appellant's Addendum to its Opening Brief).

invalid under 35 U.S.C. §101 for claiming non-patentable subject matter. Because Judge Robinson reached the correct conclusion under §101 and, separately, because the asserted claims are invalid under §103, this Court should affirm the District Court's judgment.

II. STATEMENT OF FACTS

A. The Parties.

Appellant Joao Bock Transaction Systems, LLC ("JBTS") is an LLC owned by Raymond Joao and Robert Bock, both of Yonkers, New York. Messrs. Joao and Bock are co-inventors on the '003 Patent and on a number of other patents in the same family, most notably U.S. Pat. No. 6,529,725.[3]

Mr. Joao is a patent lawyer who has applied for and been granted several patents. Mr. Bock is a detective sergeant with the Yonkers, New York police department. Neither Mr. Joao nor Mr. Bock have ever worked in or for a bank or financial institution, and neither has any experience designing or creating hardware or software used to perform banking operations. (JA1173-1179, excerpts from Joao trial testimony in *Sleepy Hollow Bank* N.Y. case). (JA1180-1183, Bock Depo. Mar. 17, 2014, p. 78-80, 86-90.) JBTS has never made, built, or created any of the "inventions" disclosed in its various patents. (JA1184-1187, Joao Depo. March 18,

[3] JA1112-1171.

2014, 139:14-140:13). Instead, it has "commercialized" them through actual or threatened litigation.[4]

Jack Henry & Associates, Inc. is a corporation founded in 1976. Its headquarters was and still is in Monett, a small town in southwestern Missouri. Messrs. Jack Henry, a bank accountant, and Jerry Hall, a data processing manager for a shoe company, set out to create software to enable small banks to perform their own data processing and thereby compete with larger banks. They borrowed a computer, rented space in the back of an engine repair shop, and began working on their first software package. The company was successful; it went public in 1985, trading on the NASDAQ. It has grown organically and through acquisitions. Today, Jack Henry offers five "core," and more than three hundred "complementary," software solutions to more than 10,000 small and regional banks, savings and loans, and other financial institutions across the United States. In fiscal 2014, Jack Henry employed more than 5,600 people and earned over $1.2 billion in revenue. *See* www.jackhenry.com/learn-more/pages/history.aspx; (JA1188-1189).

B. The Litigation History Between the Parties.

In late 2003, JBTS accused a Jack Henry customer – Sleepy Hollow Bank of Sleepy Hollow, New York – of infringing U.S. Pat. No. 6,529,725. Jack Henry

[4] *See, for example*, JBTS's Opening Brief, at p. 1.

defended the *Sleepy Hollow* case on behalf of its customer, and JBTS soon added Jack Henry as a defendant. The accused product was a Jack Henry software product called NetTeller, which allowed banks to offer online or Internet banking services to their customers. JBTS accused NetTeller of infringing six claims in the '725 patent because NetTeller allowed bank customers to send stop-payment instructions and receive alert messages electronically. (JA1190-1194; JA1198-1200); JA1207-1235).

The *Sleepy Hollow* case was tried in 2010. After a jury verdict in Jack Henry's favor on all issues, the district court entered judgment that all of the asserted '725 claims were invalid under §§102 and 103 based on several references: the Fulton patent, No. 6,182,052 (including its embodiment by Huntington Bank), Jack Henry's pre-1996 Cash Management product; and patents to Lawlor, U.S. No. 5,220,501; Blonder, U.S. No. 5,708,422; and Deming, U.S. No. 4,823,264.[5] (JA1237-1240; JA1242-1245). This Court affirmed, *per curiam*. (JA1246-1247).

C. The '003 Patent and the Present Litigation.

While JBTS was pursuing the Sleepy Hollow Bank action, the inventors were also prosecuting a continuation patent based on the '725. That patent issued

[5] The Fulton Patent appears at pp. JA414-434 of the Joint Appendix. Lawlor appears at JA0902-0980; Blonder appears at JA0878-900; and Deming appears at JA1237-1240.

as the ‘003 patent in August, 2006. (JA0038). Being a continuation of the ‘725 patent, the ‘003 specification is identical to the ‘725 specification. (JA0114, n.17). Both patents claimed a priority date of August 8, 1996. (JA0038, JA1112).

The ‘003 Patent is titled “Transaction Security Apparatus.” (JA0038). Its 424 claims encompass variations of an apparatus that includes a memory device, a processing device, a “central transaction processing computer” containing those devices, a transmitter, a receiver, and a communication device that allows a person to communicate instructions to a bank and, in some cases, to receive confirming information back from the bank.

Although the claims are all apparatus claims, they are written to describe what the components *do*, not what they *are*. The memory device stores information. The communication device, transmitter, and receiver send and receive information. The processing device processes the information. The inventors and JBTS’s expert agree that Messrs. Joao and Bock did not invent any of the claimed devices. (JA1174, JA1249-1250, Joao *Sleepy Hollow* testimony; JA1251-52, Cheng dep. 102:25-103:11). As claimed, there is nothing unique or special about the memory device, processing device, communications device, transmitter, or receiver – all of which existed in the prior art. They are simply said to do what such devices do.

Nor did the inventors come up with any special or unique way of making the claimed devices function. They did not write any software for or build any prototype of the '003 invention. (JA1184-1187; Joao dep. 139:14-140:4-13). The '003 patent does not describe any unique way the components connect or interact. For example, the "central processing computer may be linked with" the communications device "via any suitable communication system." (JA0062; Col. 5:11-16).[6] And the specification explains that generic, prior art software would run the apparatus. *See* Col. 25, lines 17-24 (JA0072) (italics added):

> The central processing computer 103 will then, at step 133, process the information and/or data pertinent to the transaction and to the particular account. *The central processing computer 103 may utilize any of the widely known data processing and/or software routines, which are known to those skilled in the art, in order to process transaction requests and/or authorizations* involving the use of the respective account(s) and/or related card(s).

The '003 specification explains that people had been communicating transaction limits and safeguards on account use with their banks for years, but it might be only when a monthly bank statement arrives that the customer sees a suspicious or possibly fraudulent transaction. (JA0060-61; Col. 2:60-3:34). The only claim to novelty is that the '003 apparatus uses the Internet to allow bank customers to communicate with their bank more quickly than they could in the pre-Internet era. (JA0060-61; Col. 2:60-3:16; 3:66-4:7).

[6] *See also* Col. 10:3-12, 45-52; Col. 14:58-65. (JA0064, JA0066).

Claim 30 is illustrative. It describes what JBTS's expert called the invention's "key structures":

- a memory device, which stores a limitation or restriction[7] containing information for prohibiting a check from being cashed;
- a communication device associated with an individual account holder, which sends the limitation or restriction over the Internet or World Wide Web; and
- a processing device, which uses the limitation or restriction in processing the banking transaction and generates a signal containing information for approving or disapproving the transaction. (JA0083; Col. 47:19-43).

In other words, Claim 30 asserts a memory device that stores certain information about a banking transaction, a communication device that sends the information over the Internet, and a processing device that processes the information and generates a signal relating to the information. (JA0083, Col. 47:20-43).

[7] The District Court construed "limitation or restriction" as "a restraining, confining or bounding rule or condition." (JA0111-113). This was the same construction that term was given in the *Sleepy Hollow* case. (JA0112). JBTS contended that a bill-pay instruction would be a "limitation or restriction." (JA1254-1258 and JA1260-1261, excerpts from Cheng Infringement Rept. and Plaintiff's Final Infringement Contentions). As discussed more fully below, in the *Sleepy Hollow* case, JBTS contended that a stop-payment instruction was a limitation or restriction.

The "key structures" for claim 102 are essentially the same as those in claim 30, except the claimed bank account is being used to purchase goods or services and the processing device processes an "authorization request." (JA0087; Col. 55:10-31).

Claim 317 adds an "input" or "data entry" device and a transmitter that transmits the signal generated by the processing device to a communication device "independently of any processing of the transaction by a central transaction processing computer." (JA0096; Col. 74:12-39).

Claim 414 claims the processing device (but omits the limitation or restriction) and adds a transmitter that transmits a signal containing information about a banking transaction to a "network computer" in "real time," as well as having information sent to one of a set of listed communication devices. (JA0101; Cols. 83:21-84:5).

D. Claim Construction.

In its claim construction Memorandum Order (JA0102-121), the District Court rejected most of JBTS's proposed constructions and construed most terms as Jack Henry had proposed. JBTS relied almost exclusively on "definitions the patentees [chose] to give certain claim language during the claim amendment process that took place in the PTO from October 2004 to September 2005," more than eight years after the original August 8, 1996 application date. (JA105). The

District Court noted that JBTS was "turn[ing] [claim construction] principles on their head" (JA0105) and, because the proffered definitions "were not included in the specification, were not the subject of commentary by the examiner, were made years after the earliest priority date, and were added for litigation purposes, that is, to differentiate the '003 patent from a related [the '725] patent," the District Court rejected JBTS's proposed constructions. (JA0105-06).

The District Court rejected JBTS's proposed construction of "network computer" (JBTS said this was essentially any computer connected to a network) and instead construed it as Jack Henry suggested: "a term of art used throughout the computer industry in the mid-to-late 1990s that referred to a computing device capable of running its own operating system but reliant upon an outside network for software, data storage, and data processing." (JA0113). The District Court referred to the Encyclopedia of Computers and Computer History 570-71 (Paul Rojas, ed., vol. 2, 2001) (JA0113, JA0114 n. 16), which referred to a "network computer" as being a machine created by Oracle's Larry Ellison in the mid-1990s to offer an inexpensive alternative to the PC. Mr. Ellison's machine never caught on because PC prices dropped, and his "network computer" became obsolete and disappeared by about 2000. (JA1263-1268, excerpts from online dictionaries;

JA1270-1279, network computer articles attached to Jack Henry Supplement to Second Markman Decision in *Sleepy Hollow Bank* N.Y. case).[8]

The District Court construed "real time" (used in Claim 414) as "immediately." (JA0115). Claim 414 requires that the processing device generate a signal,[9] which would then be "transmitted to the network computer in real-time." (JA0101; Col. 83:33-36). JBTS's expert then opined that, because a "network computer" was really a "router," and because a "signal" did not exist until it was transmitted, "a signal is always transmitted in real time." (JA1281-1296, excerpts from Cheng Infringement Rept. pp. 62-65; 71-72). In other words, under JBTS's theory, transmitting a signal in real time added nothing to the claims because *all* signals are transmitted in real time.

Only two other claim constructions are arguably germane to this appeal. The District Court construed "processing device" as "that part of the central processing computer[10] which processes information about transactions[11] and accounts."

[8] Unhappy with this construction (because none of the accused products used network computers), JBTS's expert witness theorized for the first time that the "network computer" as used in the claims was really a "router" or, more specifically, an "edge router" used to connect the apparatus with an external network. (JA1301-1307, Cheng depo. 85:4-87:13; 238:7-240:9).

[9] "Signal" was construed as "an electromagnetic transmission containing data or information." (JA0108-09).

[10] "Central Processing computer" was construed as "a computer through which banking or other transactions are processed. (JA0110).

(JA0114). And it construed "communication device associated with an individual account holder" as "a communication device[12] having a pre-recognized, pre-registered, or linked relationship with an individual account holder." (JA0116-17).

E. Evidence of Obviousness.

Jack Henry provided fact testimony and expert reports of Dr. Steven Kursh and Mr. John Fulton regarding invalidity of the '003 patent.[13] Dr. Kursh opined that the asserted claims were invalid as obvious under 35 U.S.C. §103 in light of a pre-1996 Jack Henry product named Cash Management and several Internet banking publications.[14] Mr. Fulton opined that the '003 claims were invalid as obvious in light of his own patent, U.S. No. 6,182,052 (JA0413-434), its embodiment as Huntington Bank's SmartPhone product offered before 1996, and the Internet banking publications. (JA0441).

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[11] "Transaction" was construed as "an activity." (JA0116).

[12] "Communication device" was construed as "a device for transmitting and receiving signals, data or information." (JA0107).

[13] *See*, Kursh Report, JA0296-412 and JA1308-1458 (charts); Fulton Report, JA0436-0512.

[14] *See* JA0358-0359; 0365-0412. The articles referenced by Kursh as "Internet Banking Publications" are included as JA1467-1474. These include articles published in NETWORK WORLD, BUSINESS WIRE and COMPUTER WORLD describing Internet banking offerings from Stanford Federal Credit Union, Security First Network Bank, Wells Fargo, First Union, Capital One Financial, and Bank of America.

Mr. Fulton provided an element-by-element analysis of each claim and explained how his ‘052 patent and the Huntington Bank/AT&T SmartPhone offered before 1995 covered virtually every element of the asserted claims. The Fulton materials disclosed a pre-programmed telephone with a touch-screen that would allow a Huntington Bank customer to communicate directly with the computer in the bank to perform a number of banking and other transactions. These transactions included putting in stop-payment orders, paying bills, and buying groceries, tickets, and other items. (JA0413-0434; Figs. 1-15 and Cols. 1:55-2:63). The SmartPhone and the bank’s host computer had all the structural features of the ‘003 claims: memory device, processing device, communication device, receiver, and transmitter; and performed almost all the functions claimed in the ‘003 claims. The Fulton apparatus communicated over a phone line or using a pre-Internet X-25 communication protocol. (JA0445-0446).

Dr. Kursh also provided an element-by-element analysis of each limitation for each asserted claim and showed that Jack Henry’s pre-1996 Cash Management was in use by others well before the priority date of the ’003 Patent. (JA0358-359, JA0365-412). Cash Management allowed a bank’s business customers to perform banking transactions using a personal computer connected to a bank’s host computer through a modem-to-modem phone line connection. Like the Fulton

system, Cash Management had all the physical structures recited in the '003 claims and performed virtually all of the claimed functions. (JA0365-412).

The only limitations in the asserted claims missing from Cash Management and Fulton were using the Internet for transmission, and using a wireless device as required by dependent claims 343 and 416. But Dr. Kursh opined that use of the Internet and wireless devices would nevertheless have been obvious to a person of ordinary skill in the art before the priority date, and cited to numerous publications he entitled "Internet Banking Publications," which are articles published before August 8, 1996 which described that various financial institutions allowed customers to conduct banking transactions over the Internet. (*See* fn. 14, above).

One such publication cited by Dr. Kursh was a June 21, 1995 *Business Wire* article titled "Stanford Federal Credit Union Pioneers Online Financial Services." The article explained how Stanford Federal Credit Union ("SFCU") in California pioneered online banking over the Internet in the early 1990s.[15] One of the SFCU employees quoted in the article was Sam Tuohey, then vice-president for marketing.

Mr. Tuohey was deposed in this case, and he corroborated the substance of the *Business Wire* article. He testified that in 1993, SFCU began allowing customers to perform Internet banking transactions including fund transfers,

[15] *See* JA1476-1477.

withdrawing funds with a check, and observing transactional history.[16] Particularly, he described withdrawing funds with a check as follows:

> Q. Okay. Explain to me what you mean by withdrawing funds with a check. How would that have worked with the Internet at that time?
>
> A. You would log on, you would indicate which account you wished to access, and then you would type in the amount of the dollars and cents you would like to see on the check, and the check would be confirmed by the user and then a check would be printed by the financial institution, Stanford, and then mailed to the person at their address of record on our system.[17]

Mr. Tuohey further testified that by 1994, SFCU customers could log into their accounts via the World Wide Web to make loan payments over the Internet.[18] Based on the combination of the Cash Management system and the Internet Banking Publications, Dr. Kursh opined that all of the Asserted Claims were invalid as obvious under 35 U.S.C. § 103.

JBTS's expert, Alex Cheng, of course disagreed with Dr. Kursh's opinion that Jack Henry's Cash Management in combination with the Internet Banking Publications rendered the asserted claims obvious. But summary judgment on obviousness was nonetheless appropriate because Mr. Cheng seriously challenged only Dr. Kursh's opinion that a person of ordinary skill in the art would have been

[16] (JA1481, Tuohey deposition, 23:19 – 24:3).

[17] (JA1481, Tuohey deposition, 24:18 – 25:3).

[18] (JA1482-1483, Tuohey deposition, 29:19 – 31:21).

motivated to utilize the Internet for banking functions on or before August 8, 1996.[19] Mr. Cheng did not dispute that Cash Management met the other limitations, nor that using a wireless device would have been obvious to a person of ordinary skill in 1996.[20] As discussed below, the uncontroverted evidence and the case law together compel the conclusion that using the Internet to send and receive signals regarding banking transactions was obvious in 1996.

III. SUMMARY OF ARGUMENT

A. The Asserted Claims Are Directed to Patent-Ineligible Subject Matter and Therefore Did Not Qualify for Being Patented Under 35 U.S.C. §101.

The asserted claims of the '003 Patent cover nothing more than the unpatentable abstract idea of observing whether a banking transaction (*e.g.*, a check) meets an account rule or limit and, in some claims, contacting the account owner about it. This abstract idea consists of no more than a well-known and commonly used business practice, performed on a generic or general purpose computer claimed as off-the-shelf component parts. The '003 claims omit any explanation as to *how* the computer would be programmed; indeed, the inventors admitted that the software required to carry out the claimed operations would be "any of the widely known data processing and/or software routines, which are

[19] *See* JA1502-1504, Cheng Validity Report, pgs. 172-174 ¶¶ 373 – 377.

[20] *Id.*

known to those skilled in the art."[21] Because the asserted claims are directed to a generic computer configured to implement subject matter that is patent-ineligible under 35 U.S.C. § 101, the asserted claims are invalid as a matter of law. *See Alice Corp. Pty. Ltd., v. CLS Bank Int'l*, 134 S.Ct. 2347 (2014*); Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 713 (Fed. Cir. 2014).

B. The Asserted Claims Are Obvious Under 35 U.S.C. § 103 in View of the Cited Prior Art and the Judgment Against JBTS in the *Sleepy Hollow* Action.

Although the District Court did not reach the issue, the summary judgment in favor of Jack Henry can also be affirmed on the alternative and independent basis that the cited prior art disclosed virtually every structure and function in the asserted claims: memory devices that store information, communications devices, transmitters and receivers that send and receive signals containing information, and processing devices that process data relating to activities. *See Thomson Multimedia, Inc. v. United States*, 340 F.3d 1355, 1360 n.3 (Fed. Cir. 2003) (*citing Dandridge v. Williams*, 397 U.S. 471, 475 n.6 (1970). The only real difference between the asserted claims and the cited prior art was that the asserted claims use the Internet—instead of a telephone network or pre-Internet communication protocols—to send and receive communications. But this difference was not meaningful, in that the undisputed evidence and case law establish that

[21] '003 Patent, Col. 25:17-22 (JA000072).

transitioning from older means of electronic communications to the Internet was obvious as a matter of law in 1996. All asserted claims are thus invalid under 35 U.S.C. §103.

IV. STANDARD OF REVIEW

Section 101 patent eligibility is a question of law appropriate for resolution on a motion for summary judgment. *See, e.g., Accenture Global Services, GmbH v. Guideware Software, Inc.*, 728 F.2d 1336, 1338 (Fed. Cir. 2013). This Court reviews questions concerning patent-eligible subject matter under §101 *de novo*, without deference. *Ultramercial, Inc*, 772 F.3d at 713.[22]

Obviousness is also a question of law, albeit one that "depends on several underlying factual inquiries." *Nuance Commc'ns, Inc. v. Tellme Networks, Inc.*, 707 F. Supp.2d 472, 492 (D. Del. 2010). Summary judgment is appropriate on obviousness grounds where the party asserting the defense shows by clear and convincing evidence that "the differences between the matter sought to be patented

[22] The District Court noted the traditional "clear and convincing evidence" standard in its §101 analysis (A-005). But because patent eligibility under §101 is a question of law, not a matter of evidence, several courts have held that the "clear and convincing evidence" standard does not apply. *See, e.g., Cal. Inst. of Tech. v. Hughes Commc'ns, Inc.*, 2014 WL 5662190 at *2 n.6 (C.D. Cal., Nov. 3, 2014); *Modern Telecom Sys., LLC v. Juno Online Servs., Inc.*, No. 8:14-cv-00348 (D.C. Cal., March 17, 2015), slip op. at 10-11; *see also Ultramercial*, 772 F.3d 709, 720-21 (Mayer, J., concurring). This Court need not decide whether the "clear and convincing" standard applies here, because the '003 patent fails to meet §101 under any analysis.

and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art." 35 U.S.C. §103(a).

In the District Court, JBTS did not argue that summary judgment should not have been granted on §101 or §103 grounds because material facts were in dispute. (JA0553-595). In fact, JBTS filed its own motions for summary judgment on both §101 and §103, arguing that no material facts were in dispute. (JA0122-161).

V. ARGUMENT

A. The '003 Claims Are Invalid Because They Are Directed to Patent-Ineligible Subject Matter, in that They Claim Only An Abstract Idea Comprising Mental or Human-Controlled Processes Performed Using A General Purpose Computer.

Section 101 of the Patent Act defines patentable subject matter:

> Whoever invents or discovers any new and useful process, machine, manufacturer, 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.

Excluded from patent protection by §101 are laws of nature, natural phenomena, and abstract ideas. *Ass'n for Molecular Pathology v. Myriad Genetics, Inc.*, 133 S.Ct. 2107, 2116 (2013); *Mayo Collaborative Servs. v. Prometheus Laboratories*, 132 S.Ct. 1289, 1293 (2012).

In *Alice*, the Supreme Court described the two-step 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. at 2355. First, a court determines whether claims are drawn to a patent-ineligible concept. *Id*. Second, if the answer is "yes," then the court looks to "the elements of the claim both individually and as an 'ordered combination'" to see if there is an "'inventive concept' – *i.e*., an element or combination of elements that is 'sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the [ineligible concept] itself.'" *Id*.; *Ultramercial*, 772 F.3d at 714.

A claim that by its terms "read[s] on a human-made physical thing ('machine, manufacture, or composition of matter') or a human-controlled series of physical acts ('process')" falls outside section 101 "if (a) it is 'directed to' matter in one of the three excluded categories and (b) 'the additional elements' do not supply an 'inventive concept' in the physical realm of things and acts—a 'new and useful application' of the ineligible matter in the physical realm – that ensures that the patent is on something 'significantly more than' the ineligible matter itself." *buySAFE, Inc. v. Google, Inc*., 765 F.3d 1350, 1353 (Fed. Cir. 2014) (citing *Alice*, 134 S.Ct. at 2355, 2357 and *Mayo*, 132 S.Ct. at 1294, 1299, 1300).

JBTS acknowledges the *Alice* test, but suggests that it should be applied in light of a statement in the Patent Act's legislative history that "Congress intended statutory subject matter to 'include anything under the sun that is made by man.'" (JBTS Brief at 22, citing *Diamond v. Diehr*, 450 U.S. 175 (1981)). JBTS's

quotation, however, is incomplete, and misleadingly so. As Judge Mayer's concurrence in *Ultramercial* explained:

> Read in context, however, the legislative history says no such thing. *See Mayo*, 132 S.Ct. at 1303-04. The full statement from the committee report reads: "A person may have 'invented' a machine or a manufacture, which may include anything under the sun that is made by man, *but it is not necessarily patentable under section 101 unless the conditions of the title are fulfilled*." H.R.Rep. No. 1923, 82nd Congr., 2d Sess., at 6 (1952), 1952 U.S.C.C.A.N. 2394, 2399

772 F.3d at 720 (emphasis added).

B. The Supreme Court and This Court Have Elaborated on the Abstract Idea Element, Teaching That Claims Directed To Processes for Performing Business or Financial Transactions Are Directed Toward Abstract Ideas.

Patents that merely claim well-established, fundamental concepts fall within the category of abstract ideas. *See, e.g., Bilski v. Kappos*, 130 S.Ct. 3218, 3231 (2010) (hedging is a fundamental economic practice long present in our system of commerce and taught in any introductory finance class); *see also Alice,* 134 S.Ct at 2358 (intermediated settlement); *CyberSource Corp. v. Retail Decisions, Inc*., 654 F.3d 1366, 1370-71 (Fed. Cir. 2011) (claim for verifying the validity of a credit card transaction over the Internet was drawn to unpatentable mental process); *Content Extraction and Transmission LLC v. Wells Fargo Bank, N.A.*, 776 F.3d 1343, 1347 (Fed. Cir. 2014) ("claims directed to the mere formation and manipulation of economic relations may involve an abstract idea").

The two-step "abstract idea" analysis followed in *Alice* applies to both method and system (apparatus) claims. In *Alice*, the Court first identified the claimed concept to be "a fundamental economic practice long prevalent in our system of commerce," an "'abstract idea' beyond the scope of §101." 134 S.Ct. at 2356. The Court then analyzed the claim "as an ordered combination" and found that the steps of the method "add nothing that is not already present when the steps are considered separately." *Id.* at 2359. The Court also found that the *system* (*i.e.*, device or apparatus) claims "fail for substantially the same reasons" because the "system claims recite a handful of generic computer components configured to implement the same idea." *Id.*, at 2360.

While this Court has noted that the line separating patent-eligible from patent-ineligible inventions is not always clear, some principles have emerged both before and since *Alice*. For example, mathematical algorithms, "including those executed on a generic computer, are abstract ideas." *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1255 (Fed. Cir. 2014). "Some fundamental economic and conventional business practices are also abstract ideas." *Id., (citing Bilksi*, 130 S.Ct. at 3231 and *Alice*, 134 S.Ct. at 2356). Among those conventional business practices are: creating a transaction performance guaranty for a commercial transaction on computer networks such as the Internet (*buySAFE*, 765 F.3d at 1355); collecting data, recognizing certain data within the collected set, and

storing that recognized data in memory (*Content Extraction,* 776 F.3d at 1348); managing a stable value-protected life insurance policy (*Bancorp Servs. LLC v. Sun Life Assur. Co. of Canada (U.S.)*, 687 F.3d 1266, 1278 (Fed Cir. 2012)); processing loan information through a clearinghouse (*Dealertrack, Inc. v Huber*, 674 F. 3d 1315, 1333 (Fed. Cir. 2012)); generating rule-based tasks for processing an insurance claim (*Accenture Global,* 728 F.3d at 1338); managing the game of bingo (*Planet Bingo, LLC v. VKGS LLC*, 2014 WL 4195188, 576 Fed. Appx. 1005 (Fed. Cir., Aug. 26, 2014)); organizing "information through mathematical correlation . . . not tied to a specific structure or machine" (*Digitech Image Technologies, LLC v. Electronics for Imaging, Inc*., 758 F.3d 1344, 1350-51 (Fed. Cir. 2014)); and using the Internet to verify credit card transactions, (*CyberSource Corp. v. Retail Decisions, Inc*., 654 F.3d 1366, 1370 (Fed. Cir. 2011)).

Indeed, this Court noted in *buySAFE* that business-method claims are *usually* directed to abstract ideas; the reason that there is no *per se* "business method exception" to patent eligibility is that business-methods claims rise or fall based on the second step of the *Alice* inquiry – whether there is "something significantly more" than the abstract idea itself. 765 F.3d at 1353, 1354.[23]

[23] As the *buySAFE* Court explained, "*Bilski* makes clear that the recognition that the formation or manipulation of economic relations may involve an abstract idea does not amount to creation of a business-method exception. The required section 101 inquiry has a second step beyond identification of an abstract idea. If

C. Reciting a Generic or General-Purpose Computer Does Not Provide Enough "More" to Make an Abstract Idea Patentable.

Applying the second *Alice* step, this Court and others have held that adding the "additional features" that go beyond the abstract idea itself "must be more than 'well-understood, routine, conventional activity.'" *Ultramercial*, 772 F.3d at 715, (quoting *Mayo*, 132 S.Ct. at 1298); *see also In re BRCA1 and BRCA2-Based Hereditary Cancer Test Patent Litig.*, 774 F.3d 755, 765 (Fed. Cir. 2014). To answer the second *Alice* question, courts "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 patent-eligible application." *Alice*, 134 S.Ct. at 2355. This step is "a search for 'an inventive concept.'" *Id*. This transforming "inventive concept" requires "more than simply stating the abstract idea while adding the words 'apply it' in the form of a patent claim." *Id*.

Similarly, the mere "introduction of a computer into the claims does not alter the analysis at *Mayo* step two." *Alice*, 134 S.Ct. at 2357. "[R]ecitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention." *Id*. at 2358. Nor is it sufficient to "simply instruct the practitioner to implement the abstract idea . . . . on a generic computer." *Id*. at 2359; *see also*

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enough extra is included in a claim, it passes muster under section 101 even if it amounts to a 'business method.'" 765 F.3d at 1354.

Ultramercial, 772 F.3d at 722-23; *Mayo*, 132 S.Ct. at 1294 (where a patent's reciting of a computer is a mere instruction to implement an abstract idea on a computer, such does not make the invention patent-eligible). Claims that "in substance [are] directed to nothing more than the performance of an abstract business practice on the Internet or using a conventional computer . . . are not patent-eligible." *DDR Holdings*, 773 F.3d at 1256.

After *Alice*, it is well-settled that reciting even specific computer hardware elements is insufficient to confer patentability. *See*, 134 S.Ct. at 2360 (recitation of a "data processing system," "communications controller" and "data storage unit" were "purely functional generic"); *Content Extraction*, 776 F.3d at 1347-48; *Intellectual Ventures I, LLC v. Motorola Mobility LLC*, 2015 WL 846532 at *8 (D. Del., February 24, 2105); *see also CyberSource*, 654 F.3d at 1375-76 ("purely mental processes, even when performed by a computer" can be unpatentable, *citing Gottschalk v. Benson*, 409 U.S. 63, 65-67 (1972)); *Bancorp*, 687 F.3d at 1280 (implementing an abstract idea on a computer, without meaningful limitations to the concept, does not create patentability); *IpLearn, LLC v. K12, Inc.*, Civ. A. No. 11-1026-RGA, 2014 WL 7206380 at *6-7 (D. Del., Dec. 17, 2014) ("The fact that computers, networks, the Internet, computer readable medium, or computer program code figure into [the] claims . . . does not save them").

As this Court wrote in *Content Extraction*, "the role of a computer in a computer-implemented invention" might be "deemed meaningful in the context of this analysis" only if it involves more than performance of "'well-understood, routine, [and] conventional activities previously known to the industry.'" 776 F.3d at 1347-48 (quoting *Mayo*, 132 S.Ct. at 1294). Further, "the mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention." *Id.* (quoting *Alice*, 134 S.Ct. at 2358).

And for §101 purposes, using the Internet to transmit signals also does not "transform the nature of the claim into patent-eligible application" or provide the searched-for "inventive concept." *Alice*, 134 S.Ct. at 2355; *accord Ultramercial*, 772 F.3d at 716. Indeed, "the prohibition against patenting abstract ideas cannot be circumvented by attempting to limit the use of [the idea] to a particular technological environment." *Alice*, 134 S.Ct. at 2358 (quoting *Bilski*, 561 U.S. at 610).

Relying on these holdings, the United States District Court for the District of Delaware recently held that "performance of a sales transaction" was an abstract idea, and "performing a sales transaction over the Internet . . . . does not make the concept any more 'concrete.'" *PricePlay.com, Inc. v. AOL Advertising, Inc.*, No. 14-92-RGA (D. Del., March 18, 2015), slip op. at 6. The *PricePlay* court

concluded that "the fact that the claims require the communication to be over the Internet does not save the claimed invention from invalidity." *Id*., slip op. at 8.

This Court reached a similar conclusion in *Soverain Software LLC v. Newegg Inc*., explaining that using the Internet to operate prior art applications was no more than an obvious modification of the prior art. 705 F.3d 1333, 1340 (Fed. Cir. 2013), *cert. denied*, 2014 WL 102440 (2014) (citing *Muniauction, Inc. v. Thomson Corp.*, 532 F.3d 1318, 1327 (Fed. Cir. 2008) ("conducting previously known methods through an Internet web browser was obvious as it amounted to no more that applying the use of the Internet to existing electronic processes at a time when doing so was commonplace")). Notably, the applications for the patents at issue in *Newegg* were filed in 1994 and 1995, a time during which Internet use for "existing processes" was "commonplace." *Id*.[24]

Under *Newegg, PricePlay* and *Ultramercial*, using the Internet to carry signals related to remote banking does not add patentable subject matter to the otherwise unpatentable ideas in the asserted claims. The '003 claims fit squarely within these precedents. As described in more detail below, the '003 claims (1) "read on . . . a human-controlled series of physical acts," (2) are directed to an abstract idea, and, (3) the claims' "additional elements" do not "supply an

[24] As noted, the original application that became the '725 and later the '003 patents was filed on August 8, 1996. (JA1112).

'inventive concept' in the physical realm of things." *See buySAFE*, 765 F.3d at 1353.

D. The Asserted Claims Fail the *Mayo* and *Alice* Two-Step Test.

1. The Claims are Directed to An Abstract Idea.

The '003 patent claims are directed to an abstract idea in the form of a standard banking practice known and used for many years:

- comparing a bank transaction (*e.g.*, a check) to account rules or limits (claims 30, 102, and 122); and then, for some claims,
- advising the account owner of the action or requesting approval (claims 31, 24, 106, 317, 324, 343, 414, 416 and 422).[25]

Claims 30 and 102, and their dependent claims,[26] are directed to transmitting, receiving, processing, and storing instructions from a user to limit banking transactions to those that fit within certain parameters. Claim 317 simply includes an "input" or "data entry" device and a transmitter that transmits the

[25] JBTS complains that the District Court erred by not specifically naming the abstract idea. But JBTS has not cited, here or in the District Court, any cases requiring such specific naming, and the District Court's lengthy quotation from Jack Henry's brief – including the charts showing the interplay between the banker and customer – shows plainly that the District Court accepted Jack Henry's formulation of the abstract idea. In any event, this Court reviews *judgments*, not opinions, *Gen'l Mills, Inc. v. Hunt-Wesson, Inc.*, 103 F.3d 978, 981 (Fed. Cir. 1997), so what matters is whether *this Court* finds the claims to be directed to an abstract idea, not whether the District Court gave the idea a specific name.

[26] *See* fn. 2, *supra*.

signal generated by the processing device to a communication device "independently of any processing of the transaction by a central transaction processing computer." (JA0096). Claim 414 adds only the limitation that the bank sends a confirmation or other "signal" back to the customer.

Prior art patents treat activities like these as commonplace and well-known bank procedures. In Lawlor, U.S. Patent No. 5,220,501 (filed December 8, 1989), the inventor recites bank rules analysis and applies it in the form of stop-payment orders (Col. 35:36-41), PIN analysis (Col. 20:27-36), determinations of sufficient funds (Col. 21:30-40), and rules for making pre-authorized payments. (Col. 34:29-45) (JA0959-0960, 0966-0967). In Fulton, U.S. Patent No. 6,182,052 (filed June 6, 1994), the inventor acknowledges that placing and using stop-payment orders is a standard bank practice (JA0430; Col. 7:51-end). And Stanford Federal Credit Union was offering its members the ability to transfer funds and make payments online as early as 1993. (JA1476-1477).

The '003 claims thus merely perform the standard banking procedure of applying rules or limits as bank transactions are reviewed. *See generally buySAFE*, 765 F.3d at 1353, 1354. This is not patent-eligible subject matter; it is an abstract idea performed on a generic computer. *See Cybersource*, 654 F.3d at 1373 ("[A] method that can be performed by human thought alone is merely an abstract idea and is not patent-eligible under § 101"). Merely claiming "a computer to accelerate

an ineligible mental process does not make that process patent-eligible." *Bancorp Servs. LLC,* 687 F.3d at 1279; *accord Accenture,* 728 F.3d at 1345.

a. Step Two: Nothing Else in the Claims Makes Them Patent-Eligible.

All asserted claims recite a generic or general purpose computer as component parts, *i.e.*, a processing device, a memory device, a receiver, and a transmitter. These computer parts simply do what such parts do: the memory device stores information, the receiver receives it, the transmitter transmits it over the Internet, and the processing device processes it. The '003 claims are thus indistinguishable from those held "not even arguably inventive"—and thus not patent-eligible—in *buySAFE,* 765 F.3d at 1355 ("That a computer receives and sends the information over a network – with no further specification – is not even arguably inventive"). There, as here, the computer parts performed the covered tasks exactly as a person would perform them, but did so (at least in theory) faster. Variation in speed of result, however, does not confer patent eligibility. *See Bancorp Servs.,* 687 F.3d at 1279 ("using a computer to accelerate an ineligible mental process does not make that process patent-eligible").

JBTS does not dispute that the processes at issue were not new or novel in 1996, and indeed – as the chart below illustrates – at that time the processes were well-known and routine as carried out between banks and their customers. Again, the tasks are merely comparing a banking transaction (*e.g.*, a presented check)

against account rules or limits (claims 30, 102, and 122) and contacting the account owner for verification of the transaction (claims 31, 34, 106, 317, 324, 343, 414, 416 and 422). These are mundane mental and manual tasks. The asserted claims merely add use of a generic computer to more quickly perform these manual and mental banking processes.

The District Court appropriately agreed that the abstract nature of the claims is shown here by comparing each claim limitation to a hypothetical example:

> Mr. Ashley, a bank teller, is sorting the checks presented that day for payment. An account holder, Ms. Samuels, asks (or has asked) Mr. Ashley to stop payment on her check No. 235 for $75.00. Mr. Ashley locates check 235 for $75.00 and does not pay it. [27]

[27] JBTS complains that this example is inapposite because, it argues, a stop-payment instruction is not a "limitation or restriction." The testimony JBTS cites from Jack Henry's non-infringement expert, Mr. Callman, does not support what JBTS claims. (JBTS Brief p. 32, n. 8). Further, the entire *Sleepy Hollow* case was based on JBTS's allegation and trial testimony that a stop-payment instruction *was* a "limitation or restriction" on an account. (*See* JA0538, JA1209-1210, JA1213-1214, JA1219-1221, JA1224-1226). Because the claim term was construed the same way in both *Sleepy Hollow* and this case, there can be no real argument that a "limitation or restriction" for the '725 patent would be different than a "limitation or restriction" for the '003 patent.

And here, JBTS asserted that a bill-pay instruction, *i.e.*, an instruction to pay this bill, in this amount, to this payee, and on this date, is the accused limitation or restriction. (JA1260-1261). It is difficult to see how such an instruction is a "a restraining, confining or bounding rule or condition." But even if the Court accepts JBTS's theory, the interaction between Mr. Ashley and Ms. Samuels is essentially the same: Ms. Samuels asks Mr. Ashley to send a draft or other payment to a vendor, a request that Mr. Ashley hears (receives), remembers (memory), and carries out, and that he then confirms with Ms. Samuels.

In the comparison tables below, the column labeled "Performance Without a Computer" details Mr. Ashley's activities as he performs the claimed activities. Every limitation claimed is something a person did before, using manual or mental effort. The asserted claims only instruct that a generic or general purpose computer be used to perform these tasks, instead of Mr. Ashley. This does not create a patentable invention. *See generally Alice*, 134 S.Ct. at 2360.

In claims 30, 31, 34 and 102, 106, and 122, the hypothetical Mr. Ashley sorts checks to apply customers' stop-payment orders. Claim 30 performs these same activities with a computer, but no "inventive concept" is added. Mr. Ashley's mental or manual acts neatly parallel each activity performed by the computer of these asserted claims:[28]

'003 Claim Language ***(all parentheticals are added to claim)***	**Performance Without a Computer**
Claim 30	
30. A transaction security apparatus, comprising:	
a memory device *(computer memory)*, wherein the memory device stores	Mr. Ashley's memory or the bank's written list used for reference regarding holds or stop payment orders.

[28] As the District Court did, we are including herein only the chart for Claim 30; similar charts for the rest of the claims appear in the Joint Appendix at JA0272-0276 and JA1506-1508.

a limitation or restriction regarding a banking transaction, wherein the banking transaction involves a withdrawal from a checking account or a cashing of a check on a checking account, wherein the limitation or restriction contains information for prohibiting a withdrawal from a checking account or for prohibiting a cashing of a check on a checking account,	Mr. Ashley has memorized the written list of accounts having a hold or stop-payment order on checking accounts
wherein the limitation or restriction is transmitted from a communication device *(e.g., a personal computer)* associated with an individual account holder, and further wherein the limitation or restriction is transmitted to a receiver *(computer communications controller)* on or over at least one of the Internet and the World Wide Web,	An account holder, Ms. Samuels, speaks to Mr. Ashley, or she gives him a note, or calls him, and asks that Mr. Ashley stop payment on Check No. 235 for $75.00, or that he put a hold order on her account.
wherein the limitation or restriction is automatically received by the receiver, and further wherein the limitation or restriction is automatically stored in the memory device;	Mr. Ashley hears Ms. Samuels's request or reads her note and he either memorizes it or writes it onto the bank list of stop-payment orders or account-hold orders
and a processing device *(computer CPU)*, wherein the processing device processes information regarding a banking transaction,	Mr. Ashley (as he sorts that day's presented checks for cashing).

wherein the processing device utilizes the limitation or restriction automatically stored in the memory device in processing the banking transaction, and further	Mr. Ashley consults the list or remembers Ms. Samuels's stop-payment order or hold order while sorting the presented checks for payment.
wherein the processing device generates a signal containing information for allowing or disallowing the banking transaction.	Mr. Ashley notices a check on Ms. Samuels's account that matches the stop-payment order and Mr. Ashley decides that he is not to pay the check.

Claim 102 is nearly identical in scope to and indistinguishable from Claim 30 in terms of patentability (or lack thereof). In claim 102, a rule or limitation/restriction is received, stored, and applied to a transaction by the recited generic computer processing device, and a result is generated. Claim 317 is even broader. In that claim, the apparatus comprises only a data input or data entry device that puts data into the apparatus, a processing device that processes the data, and a transmitter that transmits it to an account holder. The account holder then receives and views it through a communication device, like a personal computer, cell phone, or personal digital assistant.

Claims 414, 416 and 422 similarly lack patentable subject matter. In claim 414, the apparatus comprises three generic computer parts: a processing device, an input device or receiver, and a transmitter.[29] These computer parts receive

[29] JA1512-1513, Cheng Infringement Report, pgs. 76-77.

transaction data, process that data, and transmit a message based on the processing device's output to one or two of the account holder's computers. Claim 414 also recites a "network computer," which JBTS asserts is a generic router.[30]

What JBTS claims is nothing more than what bank employees have been doing for many years.[31] And plaintiff's expert, Alex Cheng, proved that comparing a bank transaction or a presented check to account rules or limits (such as stop-payment orders or account holds) is a simple human mental or manual activity. Mr.

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[30] While the "network computer" in Claim 414 is separated from its usual recitation as part of the group of "individual account holder communications devices," it must continue to be the same device associated with an account holder in other claims and the specification. The term "network computer" appears in the specification 22 times, always as one of a list of user-facing devices used to communicate and display information to the account holder or user. For example:

> The communication device 4 may also comprise any one or more of a facsimile (fax) machine, a personal computer, a telephone, a telephone answering machine, an alternate telephone, an alternate telephone answering machine, *a network computer*, and/or an alternate beeper or pager. The central processing computer 3 may be linked with each of the above devices via any suitable communication system."

(JA0066; Col. 14: 58-65) (emphasis added).

[31] JBTS argues that the '003 claims are patent-eligible because they do not preempt the idea of banks receiving instructions about transactions from their customers and telling their customers what happened, because a bank "could communicate with its account holders in person, by mail, or over the telephone without infringing any of the asserted claims." (JBTS Br. at 45). JBTS also argues that banks could use the systems disclosed in the prior art – Fulton '052, Lawlor '501, Blonder '422 or Cash Management. (*Id.*) But this argument only shows how well-established the abstract idea was, and how commonplace it was in 1996 for banks and customers to communicate instructions and results.

Cheng admitted that he could perform the following sorting (or, in his words, "filtering") activities on a bag of checks: sort the checks by routing number and account number, find all the checks for more than $250, identify checks associated with a specific account and written for more than $250, find the check written to Bob's Grocery Store, and add up the checks dated for particular dates. (JA1534-1537).

These are the same sorting activities performed by the asserted claims. The claims use a "memory device" to store instructions, a "receiver" to receive those instructions, a "processing device" to carry out the instructions, and a "transmitter" to tell the account holder what has occurred. [32] Mr. Ashley (or Mr. Cheng) can do all these things. Like the "intermediated settlement" claimed in *Alice* and the "hedging risk" claimed in *Bilski*, the concepts claimed in the asserted claims are

[32] These receivers and transmitters "may be a fax/modem and/or any other device(s) which are well known to those skilled in the art for providing communications and/or a link with a server computer in such a network environment." (JA0077, Col. 35:39-44). The "communication device" "may comprise a home and/or a personal computer, a laptop or notebook computer and any one or more of the herein-described personal communications devices." *Id.* Col. 35:46-49. Those other communications devices could include "a beeper, a pager, a telephone, a two-way pager, a reply pager, . . . a television, an interactive television, a digital television, a personal digital assistant, a display telephone, a video telephone, a watch, a cellular telephone, a wireless telephone, a mobile telephone, a display cellular telephone, and a facsimile machine." (JA0101, Col. 83:39-84:1). Just as the software running the "processing device" could have been "any of the widely known data processing and/or software routines" (JA0072, Col. 25:19-21), the claimed hardware devices were off-the-shelf components well known in the field.

"basic concept[s]" and "fundamental economic practice[s] long prevalent in our system of commerce." *Alice*, 134 S.Ct. at 2356. They are, as the District Court correctly found, abstract ideas.

b. The '003 Patent Claims A General Purpose Computer And Is Admitted To Be Using Widely Known Prior Art Software Routines.

A concept is not patent-eligible if it does no "more than simply instruct the practitioner to implement the abstract idea . . . on a generic computer." *Alice*, 134 S.Ct. at 2359. The '003 claims asserted here do nothing more than that. Like the computer in *Alice*, the computer here consists merely of "a handful of generic components" that are fundamental to every computer. *See, id.* at 2360 ("nearly every computer will include a 'communications controller' and 'data storage unit' capable of performing . . . basic calculations, storage and transmission functions . . .)." None of the hardware devices recited by the asserted claims thus offers a meaningful limitation beyond use of a generic computer. *Id.*

Nor does the specification in the '003 patent provide a software program or algorithm sufficient to teach how the "processing device" performs its claimed processing of the claimed transaction against the "limitations or restrictions." Mr. Joao, in deposition, cited to several figures (Figs. 4, 6a, 6b, and 6c) and Columns 22 – 28 of the '003 patent specification as teaching an algorithm and a description of the processing-device programming. But nothing taught in these passages (if

anything is taught at all) would transform the claimed generic computer parts into a special-purpose computer. (JA1539-1546, JA1549-1570).

Mr. Joao also cited to figures and portions of the specification as teaching the processor's computing operations.[33] The identified figures, however, offer no more than general descriptions. Nothing in the cited specification or these cited figures thus describes a "meaningful limitation beyond use of a general purpose computer." *Alice*, 134 S.Ct. at 2360. And in any event, the *claims* do not contain any such algorithm or explanation.

In an analogous case, the *Planet Bingo* patent holder argued that its patents recited "significantly more" than an abstract idea (managing a game of bingo) because the invention included "complex computer code with three distinct subparts." *Planet Bingo, LLC v. VKGS LLC*, No. 2013-1663, 2014 WL 4195188 at *3 (Fed. Cir. Aug. 26, 2014).[34] This Court rejected the argument, however,

[33] Mr. Joao identified Figures 6a (steps 133 and 134), 6b, and 6c, and Col. 23:38; Col. 25:12 to 67 and Col. 24:50 to Col. 28:44 as showing an algorithm or an algorithm in narrative form. (JA1549-1570).

[34] *Planet Bingo* is not only persuasive, but is fully consistent with many other post-*Alice* decisions. *See, e.g., Digitech Image Techs., LLC v. Elecs. for Imaging, Inc.*, 758 F. Supp. 3d 1344 (Fed. Cir. 2014) (claims for a method of organizing information using mathematical correlations invalid under §101); *Walker Digital, LLC v. Google, Inc.*, 2014 WL 4365245 (D. Del. Sept. 3, 2014) (claims to an abstract idea paired with a general-purpose computer are outside §101); *Eclipse IP LLC v. McKinley Equip. Corp.*, 2014 WL 4407592 at *12 (C.D. Cal., Sept. 4, 2014) (same); *Loyalty Conversion Sys. Corp. v. Am. Airlines, Inc.*, 2014 WL 4364848, at *14 (E.D. Tex., Sept. 3, 2014) (same); *Every Penny Counts,*

observing that "[t]he [patents] do not claim the accounting program, ticket program, and verification program that Planet Bingo identifies in its briefs. Instead, the claims recite a program that is used for the generic functions of storing, retrieving, and verifying a chosen set of [data]." *Id*.

The '003 inventors here *admit* the generic nature of any programming related to the "processing device" function – that is, they admit that the device "may utilize any of the widely known data processing and/or software routines, which are known to those skilled in that art, in order to process transaction requests and/or authorizations." *See* '003 patent, Col. 25:17-24 (JA0072). The asserted claims thus are merely a generic or general purpose computer running "widely known" prior art software, not the "something more" that *Alice* and its progeny require.

In this regard, the present case closely resembles *Alice* and *Ultramercial*, and is altogether distinguishable from *DDR Holdings*. In *Alice*, the claims disclosed "a computer-implemented scheme for mitigating 'settlement risk' (*i.e*., the risk that only one party to a financial transaction will pay what it owes) by using a third-party intermediary." 134 S. Ct. at 2351-52. The Court found intermediated settlement to be an abstract idea, (*id*. at 2355), and held that "[t]he

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Inc. v. Wells Fargo Bank, N.A., 2014 WL 4540319 (M.D. Fla. Sept. 11, 2014). Its citation is therefore fully consistent with Fed. R. App. 32.1 and Fed. Cir. R. 32.1.

introduction of a computer into the claims does not alter the analysis at *Mayo* step two," and "cannot transform a patent-ineligible abstract idea into a patent-eligible invention." *Id*. at 2357-58.

The Court ultimately held that reciting steps of using a computer to create "shadow records" for each party, obtain start-of-day balances, adjust the records as transactions were entered, and issue end-of-day instructions to carry out the permitted transactions did not amount to patent-eligible subject matter. *Id*. at 2359. The computer components were strictly generic: claiming a "data processing system," "communications controller," and "data storage unit" did not make the claimed invention patentable. *Id*. at 2360.

This case is also like *Ultramercial*. The patentee there claimed a multi-step method for distributing products over the Internet using a "facilitator." *Ultramercial* 772 F.3d at 712. This Court found that the claims were directed to the abstract idea of using advertising as a method of exchange or currency, and that using the Internet "add[ed] no inventive value." *Id*. at 715-16. To the contrary, "[n]arrowing the abstract idea of using advertising as a currency to the Internet is an 'attempt[] to limit the use' of the abstract idea 'to a particular technological environment,' which is insufficient to save a claim. *Id*. at 716 (citing *Alice*, 134 S.Ct. at 2358.

Even before *Alice*, this Court found that claims covering a "method and system for detecting fraud in a credit card transaction between [a] customer and a merchant over the Internet" were not patentable under §101. *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1367 (Fed. Cir. 2011). First, the claimed steps could be performed "in the human mind, or by a human using a pen and paper"; the method was thus an abstract idea. *Id.* at 1372. Second, with respect to the claim to a "computer readable medium" containing the instructions for a computer to perform the claimed method, this Court held that "the incidental use of a computer to perform the mental processes . . . does not impose a sufficiently meaningful limit on the claim's scope," leaving them unpatentable. *Id.* at 1375. Nor did using the Internet – "merely described as the source of the data" – make the claims patentable. *Id.* at 1370.

The present case is much like *Alice*, *Ultramercial,* and *CyberSource*. The '003 claims use generic computer components – a memory device, transmitter, receiver, processing device and communications device[35] – running "well known"

[35] Just as the software running the "processing device" could have been "any of the widely known data processing and/or software routines" (JA0072, Col. 25:19-21), the claimed hardware devices were off-the-shelf components well known in the field. The receivers and transmitters "may be a fax/modem and/or any other device(s) which are well known to those skilled in the art for providing communications and/or a link with a server computer in such a network environment." (JA0077, Col. 35:39-44). The "communication device" "may comprise a home and/or a personal computer, a laptop or notebook computer and

prior art software, to carry out the abstract idea of having the bank compare a proposed transaction to a pre-existing limit, and then (for some claims) notifying the account holder. The claims "do not . . . purport to improve the functioning of the computer itself . . .[n]or do they effect an improvement in any other technology or technical field." *Alice*, 134 S.Ct. at 2359. Using the Internet as the means of sending signals back and forth between the communications device and the apparatus adds no more to the '003 claims than it did to the claims at issue in *Ultramercial* and *CyberSource*.

The two cases on which JBTS primarily relies—*Diamond v. Diehr*, 450 U.S. 175, 101 S.Ct. 1048 (1981) and *DDR Holdings*—do not compel or even suggest a different conclusion. *Diehr* involved a process for curing synthetic rubber. The process was held patentable because it transformed a physical article – raw, uncured synthetic rubber – into a new refined product. *See Diehr*, 450 U.S. at 182. While the process used a computer to control cure time, the process was held patentable *despite*, not because of, that fact. *See, id.* at 187-88. Thus adding a

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any one or more of the herein-described personal communications devices." *Id.* Col. 35:46-49.

Those other communications devices could include "a beeper, a pager, a telephone, a two-way pager, a reply pager,….a television, an interactive television, a digital television, a personal digital assistant, a display telephone, a video telephone, a watch, a cellular telephone, a wireless telephone, a mobile telephone, a display cellular telephone, and a facsimile machine." (JA0101, Col. 83:39-84:1).

computer neither adds to nor subtracts from the patentability of a claim under §101.

DDR Holdings involved method claims directed to maintaining website visitors by directing users to an illusory web page made to look like a hyperlink embedded in an advertisement. The claims did not "recite a fundamental economic or longstanding commercial practice." *DDR Holdings*, 773 F.3d at 1257. Instead, they were directed to solving a problem that existed only in a computer/Internet environment. *Id*. The claims recited "a specific way to automate the creation of a composite web page by an 'outsource provider' that incorporate[d] elements from multiple sources in order to solve a problem faced by websites on the Internet." *Id*. at 1259. And the claims in *DDR Holdings* also "specif[ied] how interactions with the Internet w[ere] manipulated to yield a desired result." *Id*. at 1258.

By contrast, the claims at issue here, like those in *Alice*, *Ultramercial*, *buySAFE*, *Accenture*, and *Bancorp*, "recite[d] a commonplace business method aimed at processing business information, applying a known business process to the particular technological environment of the Internet, or creating or altering contractual relations using generic computer functions and conventional network operations." *DDR Holdings*, 773 F.3d at 1259. As the District Court correctly found, the '003 claims here nowhere decide how any of the claimed devices and processes happen.

2. The Asserted Claims Fail the Machine-or-Transformation Test.[36]

Under the machine-or-transformation test, a process claim is patent-eligible if "(1) it is tied to a particular machine or apparatus, or (2) it transforms a particular article into a different state or thing." *Bilski*, 130 S.Ct. at 3224. The claims in the '003 patent fail both parts of this test. The claims merely invoke a generic computer to execute well-known processes related to banking transactions, and do not transform any particular article into something else.

Under the machine-or-transformation test, the machine involved must "impose meaningful limits on the claim's scope." *CyberSource*, 654 F.3d at 1375. A machine will only do this if it plays "a significant part in permitting the claimed method to be performed, rather than function solely as an obvious mechanism for permitting a solution to be achieved more quickly, *i.e.*, through the utilization of a computer for performing calculations." *Id*. A computer is not a significant part of the process if that process can be performed without a computer. *See CyberSource*, 654 F.3d at 1375 ("merely claiming a software implementation of a purely mental

[36] While most recent §101 cases apply the *Alice* two-step analysis, this Court has suggested that the traditional machine or transformation test "by itself, is not sufficient to render a claim patent-eligible," *DDR Holdings*, 773 F.3d at 1256, but can be a "useful clue" with respect to the second *Alice* step. *Ultramercial*, 772 F.3d. at 716. Under either analytical framework, the '003 claims are not patentable under §101.

process that could otherwise be performed without the use of a computer does not satisfy the machine prong of the machine-or transformation test").

The claimed generic computer does not "impose meaningful limits on the claim's scope." *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1375 (Fed. Cir. 2011) (internal quotation omitted). It merely performs sorting or filtering functions and applies rules to permit a solution to be achieved more quickly. *See id*. These processes can be performed without a computer and thus do "not satisfy the machine prong of the machine or transformation test." *Id.*

As to the second prong, there is no transformation here of "a particular article into a different state or thing." *Bilski*, 130 S.Ct. at 3224. "Transformation and reduction of an article 'to a different state or thing' is the clue to the patentability of a process claim that does not include particular machines." *Gottschalk* 409 U.S. at 70 (1972). "Purely mental processes in which thoughts or human based actions are 'changed' are not considered an eligible transformation. *CyberSource*, 654 F.3d at 1372 n.2. And in the context of data, the mere "manipulation of basic mathematical constructs" has not been "deemed a transformation." *Id*. Because the claimed processes here do nothing more, they are patent-ineligible.[37]

[37] The fact that the district court below did not find—and indeed that Jack Henry did not argue—that the '003 claims were anticipated and therefore invalid under § 102, does not warrant a different conclusion, as the Supreme Court

E. This Court Can Properly Affirm the District Court's Judgment on the Alternative and Independent Basis that the Asserted Claims are Invalid Based on Obviousness Under 35 U.S.C. § 103.

This Court can properly affirm an underlying district court judgment for the same reason that the judgment was entered, or upon any other ground on which the judgment could have been based. *See Thomson Multimedia, Inc. v. United States*, 340 F.3d 1355, 1360 (Fed. Cir. 2003). Here, while the District Court only entered judgment based on §101, it could have done so under §103 as well. Therefore, this Court can affirm for the separate and independent reason that the asserted claims were all obvious under §103.

1. Obviousness In General.

35 U.S.C. § 103(a) renders invalid as obvious patents for which "the differences between the claimed invention and the prior art are such that the claimed invention as a whole would have been obvious before the effective filing date of the claimed invention to a person having ordinary skill in the art to which the claimed invention pertains."

Obviousness is a question of law based on the underlying facts. *Soverain Software*, 705 F.3d at 1336. The factors to determine obviousness are: (1) the

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observed in *Mayo*, 132 S.Ct. at 1304. There the Supreme Court noted that "in evaluating the significance of additional steps, the §101 patent-eligibility inquiry and, say, the §102 novelty inquiry might sometimes overlap. But that need not always be so." The Supreme Court thus "decline[d] the . . . invitation to substitute §§ 102, 103 and 112 inquiries for the better established inquiry under §101." *Id*.

scope and content of the prior art; (2) the difference between the prior art and the claimed invention; (3) the level of ordinary skill in the field of the invention; and (4) any relevant objective considerations. *See id*. (citing *Graham v. John Deere Co*., 383 U.S. 1, 17 (1966)).[38]

If a technique has been used to improve one device and a person of ordinary skill in the art would recognize that it would improve similar devices in the same way, then using the technique is obvious unless its actual application is beyond that person's skill. *Fresenius USA, Inc. v. Baxter Intern., Inc*., 582 F.3d 1288, 1301 (Fed. Cir. 2009). Further, "[w]here the problem is known, the possible approaches to solving the problem are known and finite, and the solution is predicable through use of a known option, a solution that is obvious to try may indeed be obvious." *In re Brimonidine Patent Litig.*, 643 F.3d 1366, 1375 (Fed. Cir. 2011) (internal quotation omitted). In an obvious-to-try analysis, "[t]he important question is whether the invention is an identified predictable solution and an anticipated success." *Rolls-Royce, PLC v. United Technologies Corp*., 603 F.3d 1325, 1339 (Fed. Cir. 2010). A patent is invalid, therefore, where it applies an obvious, commonly-used technique to improve an existing device or identifies a predictable solution with anticipated success.

[38] Because obviousness requires fact analysis, Jack Henry agrees that the clear-and-convincing evidence standard applies to a §103 analysis.

2. The Asserted Claims Are Invalid As Obvious Because the Only Real Distinction Plaintiff Has Made Between the Cited Prior Art and the Claim is Using the Internet as a Means of Sending Information.

Jack Henry's experts submitted reports and claim charts making a *prima facie* case for each element of each asserted claim that the Fulton '052 patent and its embodiment by Huntington Bank, and Jack Henry's pre-1996 Cash Management system, combined with the Internet Banking Publications, rendered the asserted claims obvious.[39] They also explained how all of the "key structures" in the '003 claims, as well as the "input-output" features of the claims, existed in pre-1996 Cash Management and the Fulton '052 patent and the AT&T/Huntington Bank SmartPhone. *See* affidavits of Jon Henley and John Fulton JA1572-1604, JA1605-1629.[40]

JBTS' only serious argument in opposition is that a person of ordinary skill in the art would not have been motivated to use the Internet for Fulton or Cash Management before August 8, 1996 (the '003 patent's priority date). Summary judgment would nevertheless have been proper on the basis of obviousness because (1) use of the Internet was obvious in 1996 as a matter of law; and (2)

[39] Dr. Kursh's and Mr. Fulton's Invalidity Reports are at JA0296-412 and JA0435-512.

[40] Appellant dismisses Mr. Fulton, his '052 patent and the Huntington Bank Smart Phone because they were never widely used. *See* JBTS Br. at 13. But that criticism misses the mark – prior art does not have to have been commercially successful; it is enough that it disclosed and taught all the relevant limitations.

JBTS does not dispute that people were already utilizing the Internet for banking transactions before and after August 8, 1996.

3. Internet Use in 1996 was Obvious as a Matter of Law.

In *Newegg*, this Court made clear that using the Internet to operate prior art applications was no more than an obvious modification of the prior art. 705 F.3d at 1340 (in the context of a patent with a priority date of 1996, it was obvious to adapt the prior art to known browser capabilities when these capabilities became commonplace); *see also Muniauction*, 532 F.3d at 1327 ("conducting previously known methods through an Internet web browser was obvious as it amounted to no more that applying the use of the Internet to existing electronic processes at a time when doing so was commonplace").

The *Newegg* facts are nearly identical to those presented here. In *Newegg*, plaintiff Soverain Software sued Newegg for infringement based on an online shopping platform. Newegg's expert compared the asserted claim with a prior art system, "CompuServe Mall," on an element-by-element basis, opining that it was invalid. *See Newegg*, 705 F.3d at 1338. Soverain's expert opined that the CompuServe reference lacked two elements of the asserted claims: (1) a product-identifier-message, clause; and (2) a "shopping cart database." *Id*. at 1339. He did not dispute that the remaining elements were met.

Soverain argued that the "product identifier message, clause" limitation was missing from the CompuServe reference because the system claimed in its patents was adapted to the Internet, whereas the CompuServe reference relied on a pre-Internet network. *Id*. at 1340. This Court flatly rejected Soverain's argument, quoting from its previous decision in *Muniauction*:

> [C]onducting previously known methods through an Internet web browser was obvious because it amounted to no more than applying the use of the Internet to existing electronic processes at a time when doing so was common place.

Id. at 1340.

The Court reversed the district court's finding that Newegg had failed to present a *prima facie* case of obviousness. Because using the Internet was obvious, Soverain's expert "did not provide evidence to rebut Newegg's prima facie case that every claim element was embodied in the prior art." *Newegg*, 705 F.3d. at 1341.

Virtually indistinguishable facts are presented here. Jack Henry's experts Dr. Kursh and Mr. Fulton made a *prima facie* case of invalidity under §103. Like Newegg's expert, they provided an element-by-element basis for their invalidity opinions. And like Soverain's expert, the only aspect seriously challenged by JBTS' expert is that a person of ordinary skill in the art would not have been motivated to use the Internet for Fulton or Jack Henry's pre-1996 Cash Management System which, like the CompuServe reference, used a pre-Internet

network. Under these facts, the district court below could have appropriately granted summary judgment in Jack Henry's favor, because using the Internet to perform previously known methods was well known before 1996 and obvious as a matter of law. *Newegg*, 705 F.3d at 1333; *Muniauction*, 532 F.3d at 1326-27.

Mr. Cheng also asserted that Fulton and other references "taught away" from using the Internet. But Mr. Cheng either misunderstood or misapplied the "teaches away" concept. That a reference mentions one way of doing something and does not mention another is not "teaching away."

A patent reference is said to "teach away" when a person of skill in the art, upon reading the reference, would be discouraged from following the path set out in the reference, or would be led down a path that diverges from the path taken by the reference in question. *See In re Gurley*, 27 F.3d 551, 553 (Fed. Cir. 1994) (citing *United States v. Adams*, 383 U.S. 39, 52 (1966) ("known disadvantages in old devices which would naturally discourage the search for new inventions may be taken into account in determining obviousness)). Similarly, if references taken in combination would produce a "seemingly inoperative device," such references "teach away" from the combination. *McGinley v. Franklin Sports, Inc*., 262 F.3d 1339, 1354 (Fed. Cir. 2001). But the prior art's disclosure of more than one alternative does not constitute a "teaching away" from any of these alternatives where such disclosure does not criticize, discredit, or otherwise discourage the

solution being considered. *In re Daniel S. Fulton*, 391 F.3d 1195, 1201 (Fed. Cir. 2004). Mr. Cheng was therefore simply wrong when he opined that Fulton "teaches away" from using the Internet because it used a modem-to-modem communications link. Nothing in Fulton (or any other cited reference) discouraged using the Internet to communicate in the area of banking transactions or otherwise.

And JBTS did not dispute that the Internet was being used in financial and banking platforms before August 8, 1996. In addition to the articles cited by Dr. Kursh and Mr. Fulton, undisputed testimony established that in 1993, Stanford Federal Credit Union already had some of the same banking services that JBTS contends infringe the asserted claims here. (JA1476-1477)

Claim 30, for example, contains a limitation requiring the transmission of "a limitation or restriction regarding a banking transaction." (JA0083, Col. 47:19-44). JBTS's expert claimed that NetTeller online banking satisfied this element, opining:

> The "make payment" instruction is an example of a limitation on the use of a checking account, and provides bounds within which a transaction on the checking account is allowed, and outside of which the transaction is prohibited. (JA1633-1634)

Even if a "make payment" instruction is a "limitation or restriction"—which is not conceded—it is undisputed that Stanford Federal Credit Union offered this same function for loan payments and check withdrawals over the Internet in 1994. (JA1480-1494, Tuohey deposition, supra and Exs. 1, 2 and A to that deposition). It

was therefore undisputed that the asserted claims' technology was being practiced over the Internet before August 8, 1996. Accordingly, under *Newegg* and *Muniauction*, Internet use was obvious as a matter of law.

4. A Person of Ordinary Skill in the Art Would Have Been Motivated to Use the Internet for Banking Services Before August 8, 1996.

Because Mr. Cheng did not seriously challenge any other portion of Dr. Kursh's opinion that Cash Management and the Internet Banking Publications invalidated the Asserted Claims as obvious under Section 103, the only remaining issue is whether a person of ordinary skill in the art would have been motivated to utilize the Internet for banking transactions on or before August 8, 1996.

According to Mr. Cheng, a person of ordinary skill in the art would not have been motivated to put a functioning banking system on the Internet on August 8, 1996 because (1) security was inadequate; (2) there was no guarantee of bandwidth on the Internet; (3) the Internet was not sufficiently reliable; and (4) he had concerns about support.[41] Of these reasons, Mr. Cheng primarily focused on his opinion that the Internet was not reliable, relying exclusively on a 19-hour server outage experienced by AOL on August 7, 1996, the day before the '003 application date. Mr. Cheng opined that due to the headlines generated by the outage, "a

[41] *See*, Cheng Validity Report, pg. 73-74, ¶ 158 (JA1497-1498).

person of ordinary skill in the art would not [have] be[en] motivated to put a functioning system on the Internet"[42] on August 8, 1996.

Mr. Cheng's opinion that a person of ordinary skill would not have used the Internet for a functioning banking system is not supportable. Even accepting his speculation about the AOL outage as true,[43] Mr. Cheng ignores what a person of ordinary skill would have done *before* August 7, 1996 (the day of the outage). Stated differently, Mr. Cheng has presented no evidence to support his bare opinion that a service outage at AOL on August 7, 1996 would have dissuaded a person of ordinary skill from using the Internet on August 6, 1996 or before.

And Mr. Cheng cannot credibly make such a claim because the undisputed facts show that the banking industry used the Internet for banking transactions well before 1996. In addition to the Stanford Federal Credit Union system mentioned above and the Internet Banking Publications referenced by Dr. Kursh, Mr. Cheng's own report cites to a program announced by Jack Henry in 1995 "to develop a home banking software system that would become available through the Internet

[42] *See*, *id*., at pg. 172, ¶ 374; pgs. 73-77, ¶¶ 158-161(JA1502, JA1497-1501).

[43] The logic of Mr. Cheng's position would suggest that all the people working at Jack Henry and elsewhere to create more Internet-based banking products on and before August 6, 1996 suddenly lost their motivation and quit working on their projects on August 7. There is, of course, no evidence or other support for such speculation, and the industry's move toward using the Internet proceeded apace on and after August 8, 1996.

and online service CompuServe." (JA1503, Cheng Report, p. 173, ¶ 375). Thus, even Mr. Cheng's report admits that Jack Henry was motivated to join Stanford Federal and other institutions working to utilize the Internet for banking transactions before August 8, 1996.

Mr. Cheng's contradictory testimony aside, a person of ordinary skill would unquestionably have been motivated to use the Internet for banking transactions before and after August 8, 1996. Entities like the Stanford Federal Credit Union were then already using the Internet for banking transactions. Internet usage is thus obvious as a matter of law. Because this is the only element JBTS seriously challenged in Jack Henry's prima facie case of invalidity under 35 U.S.C. §103, JBTS failed to rebut Jack Henry's *prima facie* case of invalidity, and the District Court could properly have entered summary judgment that all the Asserted Claims are invalid as obvious under 35 U.S.C. §103.

VI. CONCLUSION

For the reasons stated above, this Court should affirm the District Court's entry of summary judgment in favor of Jack Henry.

Dated: May 4, 2015

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CERTIFICATE OF COMPLIANCE

1. This brief complies with the type-volume limitation of Federal Rule of Appellate Procedure 32(a)(7)(B) or Federal Rule of Appellate Procedure 28.1(e) because it contains 10,970 words, excluding parts of the brief exempted by Federal Rule of Appellate Procedure 32(a)(7)(B)(iii).

2. This brief complies with the typeface requirements of Federal Rule of Appellate Procedure 32(a)(5) or Federal Rule of Appellate Procedure 28.1(e) and the type style requirements of Federal Rule of Appellate Procedure 32(a)(6), because it has been prepared in a proportionally spaced typeface using Microsoft Word 2010 in Times New Roman 14 point font.

Dated: May 4, 2015

Respectfully submitted,
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CERTIFICATE OF SERVICE

I hereby certify that on May 4, 2015, on behalf of Defendant-Appellee JACK HENRY & ASSOCIATES, INC., I caused to be filed with the Clerk of the United States Court of Appeals for the Federal Circuit via the Court's CM/ECF system, which caused to be served on an all counsel of records, a copy of the APPELLEE JACK HENRY & ASSOCIATES, INC.'S CORRECTED OPENING BRIEF.

In addition, I served by electronic mail a copy on counsel as indicated below:

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Dated: May 4, 2015

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