

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

THE UNITED STATES POSTAL SERVICE (USPS) AND
THE UNITED STATES OF AMERICA,
AS REPRESENTED BY THE POSTMASTER GENERAL,
Petitioner,

v.

RETURN MAIL, INC.,
Patent Owner.

Case CBM2014-00116
Patent 6,826,548 B2

Before KEVIN F. TURNER, BARBARA A. BENOIT, and
JO-ANNE M. KOKOSKI, *Administrative Patent Judges*.

TURNER, *Administrative Patent Judge*.

FINAL WRITTEN DECISION
35 U.S.C. § 328(a) and 37 C.F.R. § 42.73

I. INTRODUCTION

A. *Background*

The United States Postal Service and United States of America, as represented by the Postmaster General (collectively “USPS”), filed a Petition requesting a covered business method patent review of claims 39–44 of U.S. Patent No. 6,826,548 B2 (Ex. 1001, “the ’548 Patent”), pursuant to § 18 of the Leahy-Smith America Invents Act (“AIA”). Paper 2 (“Pet.”). In support of that Petition, USPS also included a declaration from Joe Lubenow, Ph.D. (Ex. 1008, “Lubenow Decl.”). In response, Return Mail, Inc. (“Return Mail”) filed a Patent Owner Preliminary Response. Paper 6 (“Prelim. Resp.”). On October 16, 2014, we instituted a transitional covered business method patent review (Paper 11, “Dec.”) based upon Petitioner’s assertion that the challenged claims are unpatentable based on the following grounds:

Reference	Basis	Claims Challenged
	§ 101	39–44
1997 ACS ¹	§ 102	39–44

Dec. 35.

Subsequent to institution, Return Mail filed a Patent Owner Response (Paper 21, “PO Resp.”) and, in support, a declaration from Scott M. Nettles, Ph.D. (Ex. 2015, “Nettles Decl.”). Petitioner filed a Reply (Paper 22, “Reply”) to Patent Owner’s Response, and, in support, a supplemental declaration from Dr. Lubenow (Ex. 1028, “Lubenow Supp. Decl.”).

¹ United States Postal Service, *Address Change Service*, Publication 8 (July 1997) (Ex. 1004, “1997 ACS”).

An oral hearing was held on May 12, 2015, and a transcript of the hearing is included in the record (Paper 40, “Tr.”).

We have jurisdiction under 35 U.S.C. § 6(c). This Final Written Decision is issued pursuant to 35 U.S.C. § 328(a) and 37 C.F.R. § 42.73.

For the reasons that follow, we determine that Petitioner has shown by a preponderance of the evidence that claims 39–44 of the ’548 Patent are unpatentable.

B. The ’548 Patent

The ’548 Patent relates to a system and method of processing returned mail. Ex. 1001, Abs. Returned mail is received from United States Postal Service 90 and passed through high volume mail sorter 20 and optical scanner 40, where the optical scanner reads the information previously optically encoded onto each mail piece before it was sent. This information is stored through application server 50 in mass storage device 60, containing a plurality of subscriber databases 62. The addresses may then be extracted from the scanned data for processing. *Id.* at 3:32–51; Fig. 1.

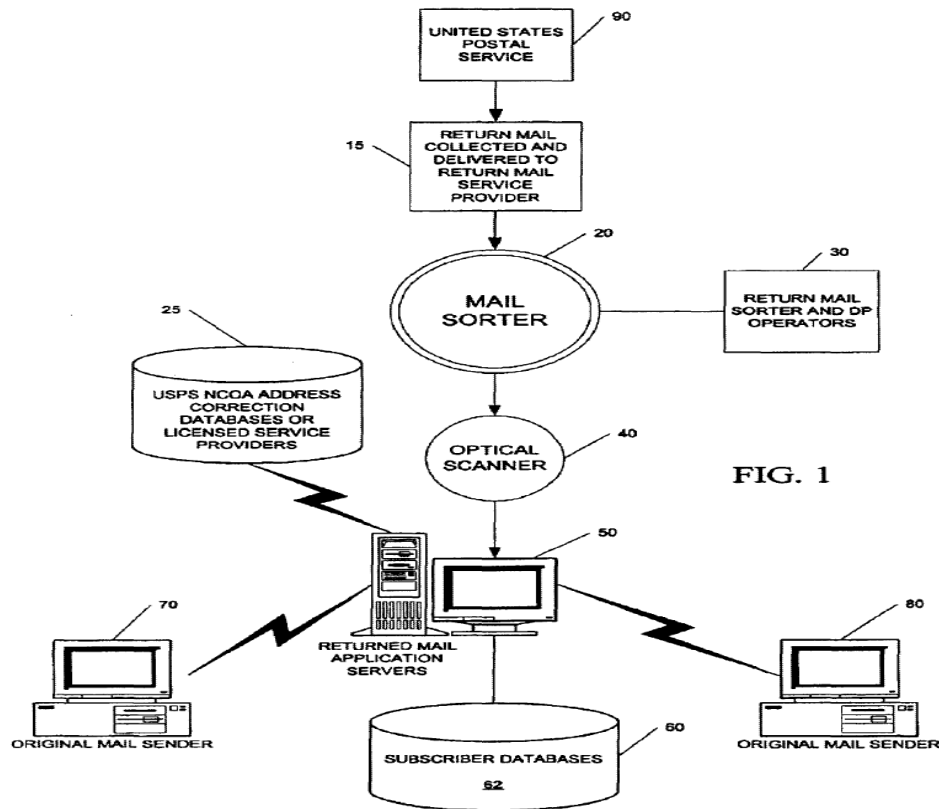


Fig. 1 of the '548 Patent illustrates the processing flow for the returned mail handling system.

C. Procedural History

The '548 Patent issued on November 30, 2004, based on a provisional application, No. 60/263,788, filed January 24, 2001, and a non-provisional application, No. 10/057,608, filed January 24, 2002. USPS points out that Return Mail applied for a reissue of the '548 Patent (reissue application No. 11/605,488, filed November 29, 2006), which was subsequently abandoned. Pet. 4. The challenged claims in this proceeding were obtained during a reexamination of the '548 Patent requested by USPS, also cancelling the original claims (Reexamination Control No. 90/008,470, Ex Parte

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Reexamination Certificate issued January 4, 2011 as U.S. Patent No. 6,826,548 C1). Ex. 1002, 1:21–2:32; Prelim. Resp. 3.

In addition, Return Mail sued the United States for infringement of the '548 Patent in the U.S. Court of Federal Claims. *See Return Mail, Inc. (RMI) v. United States*, No. 1:11-cv-00130 (Fed. Cl. Filed Feb. 28, 2011). The Court construed the subject claims in an Order issued on October 4, 2013. Ex. 1011.

D. The Instituted Claims

The challenged claims include four independent claims, claims 39–42, and dependent claims 43 and 44, which depend from claim 42. Claims 39 and 42 are illustrative of the subject matter of the claims at issue and are reproduced below:

39. A method for processing returned mail items sent by a sender to an intended recipient, the method comprising the steps of:

decoding, subsequent to mailing of the returned mail items, information indicating whether the sender wants a corrected address to be provided for the intended recipient, on at least one of the returned mail items;

obtaining an updated address of the intended recipient subsequent to determining that the sender wants a corrected address to be provided for the intended recipient; and

electronically transmitting an updated address of the intended recipient to a transferee, wherein the transferee is a return mail service provider.

42. A method for processing a plurality of undeliverable mail items, comprising:

receiving from a sender a plurality of mail items, each including i) a written addressee, and ii) encoded data indicating whether the sender wants a corrected address to be provided for the addressee;

identifying, as undeliverable mail items, mail items of the plurality of mail items that are returned subsequent to mailing as undeliverable;

decoding the encoded data incorporated in at least one of the undeliverable mail items;

creating output data that includes a customer number of the sender and at least a portion of the decoded data;

determining if the sender wants a corrected address provided for intended recipients based on the decoded data;

if the sender wants a corrected address provided, electronically transferring to the sender information for the identified intended recipients that enable the sender to update the sender's mailing address files; and

if the sender does not want a corrected address provided, posting return mail data records on a network that is accessible to the sender to enable the sender to access the records.

II. ANALYSIS

A. Claim Construction

We construe all terms, whether or not expressly discussed here, using the broadest reasonable construction in light of the '548 Patent specification. *See* 37 C.F.R. § 42.300(b); *see also In re Cuozzo Speed Techs., LLC*, 93 F.3d 1268, 1278–80 (Fed. Cir. 2015) (“Congress implicitly approved the broadest reasonable interpretation standard in enacting the AIA,” and “the standard was properly adopted by PTO regulation.”).

During the pre-trial stage of this proceeding, the parties submitted their constructions for specific claim terms and we adopted constructions

consistent with the constructions adopted by the U.S. Court of Federal Claims (Ex. 1011). Dec. 8–10. Return Mail does not dispute the constructions adopted. PO Resp. 16–27.

Upon review of the parties’ explanations and supporting evidence before us, we discern no reason to modify our claim constructions set forth in the Decision on Institution with respect to these claim terms. Dec. 8–10. For convenience, our claim constructions are reproduced in the table below:

Claim Term(s)	Claims	Construction
“decode,” “decoding,” “decoded information,” “decoded data”	39–42	“decipher information into useable form,” “deciphered usable information,” “deciphered, usable data”
“encode,” “encoding,” “encoded information,” “encoded data”	41, 42, 44	“convert information into code,” “information converted into code,” “data converted into code”
“returned mail items” “mail items returned”	39, 40	“items that are mailed and come back to a post office facility”
“returned service provider”	39–41	“an entity that performs electronic return mail processing”
“detector”	41	“a device for detecting information”
“processor”	41	“a computing device”
“network”	42	“electronic connections enabling access”
“posting”	42	“making available on a network”

B. Covered Business Method Patent

Under AIA § 18(a)(1)(E), we may institute a transitional review proceeding only for a patent that is a covered business method patent. A

“covered business method patent” is a patent that “claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, except that the term does not include patents for technological inventions.” AIA § 18(d)(1); *see* 37 C.F.R. § 42.301(a). A patent need have only one claim directed to a covered business method to be eligible for review. *See* Transitional Program for Covered Business Method Patents—Definitions of Covered Business Method Patent and Technological Invention; Final Rule, 77 Fed. Reg. 48,734, 48,736 (Aug. 14, 2012).

USPS contends that independent claim 39 of the ’548 Patent includes subject matter that is financial in nature because it “provides a method for easing the administrative burden of finance companies, mortgage companies, and credit card companies by making relaying updated mailing address data more cost effective.” Pet. 7–8 (citing Ex. 1001, 1:25–38). USPS also points out that method of claim 39 “is particularly applicable to high volume (bulk) mail users such as credit card companies.” *Id.* at 8 (citing Ex. 1001, 2:60–65). Return Mail has not disputed that claim 39 recites subject matter that is financial in nature. Prelim. Resp. 10–14; PO Resp. 10–16. In the Decision on Institution, we agreed with USPS that independent claim 39 satisfies the “financial product or service” component of the definition set forth in AIA § 18(d)(1). Dec. 11–12.

For the following reasons, we maintain our determination. First, as recently confirmed by the Federal Circuit, “[t]he plain text of the statutory definition contained in § 18(d)(1)—‘performing . . . operations used in the practice, administration, or management of a financial product or service’—on its face covers a wide range of finance-related activities.” *Versata Dev.*

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Grp., Inc. v. SAP Am., Inc., 2015 WL 4113722 at *16 (Fed. Cir. July 9, 2015). The method recited in claim 39 performs operations used in the practice, administration, or management of a financial product or service and are incidental to a financial activity. As noted by Petitioner, the '548 Patent itself indicates “[t]he return mail process is particularly applicable to high volume (bulk) mail users such as credit card companies” Ex. 1001, 2:60–62; Pet. 8 (citing same). The '548 Patent also describes an embodiment related to a credit card company. Ex. 1001, 3:15–24. The '548 Patent is directed to solving problems related to returned mail processing. *Id.* at 1:20–60. Thus, the '548 Patent covers the ancillary activity related to a financial product or service of processing return mail for credit card companies.

We recognize that the legislative history of the AIA has “competing statements from various legislators with regard to the possible scope of [these] issues.” *Versata Dev. Grp.*, 2015 WL 4113722 at *12. We note nonetheless that at least one legislator viewed “transmission or management of data” and “back office operations—e.g., payment processing,” at issue here, as ancillary activities intended to be encompassed by the language “practice, administration and management” of a financial product or service. 157 Cong. Rec. S1364–65 (daily ed. Mar. 8, 2011) (statement of Sen. Schumer) (indicating the language “practice, administration and management” of a financial product or service “is intended to cover any ancillary activities related to a financial product or service, including, without limitation, marketing, customer interfaces, Web site management and functionality, transmission or management of data, servicing,

underwriting, customer communications, and back office operations—e.g., payment processing, stock clearing”).

USPS also contends that the claimed features merely eliminate the very labor intensive task of manually updating individual mailing address records. Pet. 9 (citing Ex. 1015, 250). USPS argues that the claims employ no specific technology, and “recite only nominal, generic, long-existing technologies, such as the common telephone, any computer, or any Internet or intranet address or location.” *Id.* USPS also argues that, even if these claimed features could be characterized as technical, they are not novel or nonobvious, nor do they introduce a technical solution to a technical problem. *Id.* at 9–10. In the Decision on Institution, we concluded that the subject matter of claim 39 of the ’548 Patent does not solve a technical problem using a technical solution, and that the ’548 Patent is a covered business method patent eligible for a covered business method patent review. Dec. 15.

In its Patent Owner Response, Return Mail argues that the ’548 Patent is not a covered business method patent under the AIA. PO Resp. 10–16. Return Mail cites *Experian Marketing Solutions, Inc. v. RPost Communications Ltd*, CBM2014-00010, slip op. at 5–9 (PTAB Apr. 22, 2014) (Paper 20), and argues that the ’548 Patent solves technical problems in processing return mail, including an inability to handle large volumes of mail efficiently and inaccuracy of processing. *Id.* at 10–12. Return Mail emphasizes the use of a processor and an optical scanner in its system, and “the specification’s preferred embodiment encodes the sender’s preference by creating a bar code with the information.” *Id.* at 12–13. However, these aspects are not present in claim 39, upon which the determination of

eligibility for covered business method patent review was made. Although claim 39 could encompass those technological features, they are not recited therein, and the subject claim must have a greater breadth than those features.

Return Mail also argues that USPS has described the '548 Patent as a technological improvement over the existing technology and USPS has failed to meet its burden to demonstrate that the claimed subject matter is not a technological invention, making only conclusory assertions and failing to evaluate claim 39 as a whole. *Id.* at 13–14. We do not agree. We were persuaded by USPS's analysis and did not find it insufficient. Dec. 14–15. The degree of specificity that a petition must supply is dependent on the nature of the technology and the facts of the case. USPS pointed to the nature of the steps, and based on an understanding of the nature of the technology at the time of the invention, we concurred that claim 39 does not solve a technical problem using a technical solution. *Id.* As we stated in the Decision on Institution:

at the time of the invention of the '548 Patent, neither decoding, such as bar code reading, nor electronically transmitting, was unknown, unachievable, or incapable of being combined in the manner claimed. In fact, the '548 Patent discloses that such encoding and decoding were old and well-known at the time the application leading to the '548 Patent was filed.

Id. (citations omitted). Therefore, we remain persuaded by USPS that claim 39 of the '548 Patent does not solve a technical problem using a technical solution, and that the '548 Patent is a covered business method patent eligible for a covered business method patent review.

C. Standing Under AIA Section 18

Return Mail asserts, as it did in its Preliminary Response, that USPS lacks standing to petition for covered business method patent review of the '548 Patent because Return Mail sued USPS in the U.S. Court of Federal Claims under an eminent domain statute, 28 U.S.C. § 1498, for unlicensed use of the '548 Patent, and, therefore, USPS has not been sued for, or charged with, infringement of the '548 Patent under 35 U.S.C. §§ 271 and 281; *compare* Prelim Resp. 6–10 *with* PO Resp. 4–10. We discern no significant difference between Return Mail's arguments in the Preliminary Response and the Patent Owner Response. As such, we incorporate our previous analysis regarding USPS's standing under AIA § 18 (Dec. 15–18), and determine that USPS has demonstrated that it has standing under this section.

D. Unpatentability under 35 U.S.C. § 101; Claims 39–44

USPS contends that claims 39–44 are directed to non-statutory subject matter under 35 U.S.C. § 101. Pet. 17–27. After considering the arguments and evidence presented in the Petition and the Preliminary Response, we instituted trial with respect to claims 39–44, concluding that USPS was likely to prevail in showing unpatentability under 35 U.S.C. § 101. Dec. 19, 35.

Section 101 provides that: “Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.” The Supreme Court recognizes three exceptions to these statutory classes: laws of nature,

natural phenomena, and abstract ideas. *Alice Corp. Pty, Ltd. v. CLS Bank Int'l*, 134 S. Ct. 2347, 2354 (2014); *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289, 1293 (2012). Although an abstract idea by itself is not patentable, a practical application of an abstract idea may be deserving of patent protection. *Alice*, 134 S. Ct. at 2355. We must consider “the elements of each claim both individually and ‘as an ordered combination’ to determine whether the additional elements ‘transform the nature of the claim’ into a patent-eligible application.” *Id.* (citing *Mayo*, 132 S. Ct. at 1298). The claim must contain elements or a combination of elements that are “sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the [abstract idea] itself.” *Id.* (citing *Mayo*, 132 S. Ct. at 1294).

We have reviewed the Petition, the Patent Owner Response, and Petitioner’s Reply, as well as the relevant evidence discussed in those papers, and we are persuaded that claims 39–44 are directed to non-statutory subject matter. We address USPS’s contentions and showings, and then address Return Mail arguments in response.

USPS contends that claim 39 recites the abstract idea of relaying mailing address data with only insignificant extra-solution activity, and fails the machine-or-transformation test. Pet. 19–22. USPS cites *Dealertrack, Inc. v. Huber*, 674 F.3d 1315 (Fed. Cir. 2012) and *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366 (Fed. Cir. 2011), and argues that claim 39 uses conventional technology to relay mailing address data. *Id.* at 19–20. USPS also argues that “electronically transmitting” applies conventional telecommunications systems and is not integral to the claimed subject

matter, and further argues that claim 39 fails to transform any article. *Id.* at 20–22. We agree.

USPS has shown, by a preponderance of the evidence, that claim 39, as a whole, is directed to the processing of returned mail items, involving decoding information, obtaining an updated address, and electronically transmitting that updated address to a transferee. USPS has shown that the steps are directed to the abstract idea of relaying mailing address data, with the inclusion of an electrical transmission step.

Regarding whether claim 39 includes limitations that amount to significantly more than the abstract idea of relaying mailing address data, per our claim construction, USPS has shown that the “decoding” step is “deciphering information into useable form,” but that does not necessarily bring it out of the realm of processes performed in the past by human beings. In fact, all of the claimed steps could be performed in the human mind, with the exception of the transmitting step. Additionally, USPS has shown that what the data might be deemed to represent to the human mind — e.g., “information indicating whether the sender wants a corrected address to be provided for the intended recipient” — does not substantially affect the underlying structure or function of the claim or any machine on which it is carried out. Consistent with USPS’s position, the ’548 Patent disclosure does not describe any particular hardware to perform the steps recited in claim 39, but refers merely in broad terms to generic computer hardware and software.

Additionally, like the terms “computer-aided” in *Dealertrack* and “transaction database” in *Accenture Global Servs., GmbH v. Guidewire Software, Inc.*, 728 F.3d 1336 (Fed. Cir. 2013), the “electronically

transmitting an updated address of the intended recipient to a transferee, wherein the transferee is a return mail service provider” limitation in claim 39 does not amount to significantly more than the abstract idea of relaying mailing address data. The transmission technology is employed only for the purposes of creating more efficient communication, and would be a basic function of any electrical transmission system.

With respect to claim 40, USPS argues that the claim merely embodies the steps of claim 39, citing *Dealertrack* for the proposition that apparatus claims directed to a “computer readable medium” that simply transcribed, applied, or embodied an abstract method claim would not render the claim patentable. Pet. 22–23. USPS further argues that claim 40 differs from claim 39 in substance only that it includes a step of “causing a computer to store decoded information,” and the claims should be considered equivalent for purposes of patent eligibility. *Id.* We agree.

USPS has shown, by a preponderance of the evidence, that the analysis of claim 40 should be similar to that of claim 39. Claim 40 also recites a “customer number,” and determining decoded data based on that number. It does little to further limit the same abstract idea embodied in claim 39. As such, USPS has shown that claim 40 is directed to non-statutory subject matter.

USPS argues that claim 41 merely recites a detector and a processor, and adds an encoding limitation. Pet. 23. According to USPS, a detector and a processor are alleged to be generic and only capable of performing the method steps of claim 39. *Id.* at 23–24. USPS emphasizes the format of a claim does not change its patent eligibility analysis under § 101. *Id.* at 23 (citing *Bancorp Servs., L.L.C. v. Sun Life Assurance Co. of Canada*, 687

F.3d 1266, 1276-1277 (Fed. Cir. 2012)). USPS also alleges that “detector” is broad enough to encompass all forms of optical scanning, including by a person, and the encoded information could be a zip code. *Id.* at 24. USPS also urges that even if claim 41 requires a particular detector, decoder, or computer, that claim still is not a “technical advance used to implement an abstract idea unrelated to that technology.” *Id.* at 24 (citing *CRS Adv. Tech Inc., v. Frontline Tech Inc.*, Case CBM2012–00005, slip op. at 15 (PTAB Jan. 23, 2014) (Paper 66)). We agree with USPS’s analysis of claim 41. Thus, USPS has shown that claim 41 is directed to non-statutory subject matter.

USPS acknowledges that claim 42 adds posting and creating output data steps to the steps recited in claim 39, but argues that those steps are “conventional, non-technological steps that simply ensnare the abstract business process of relaying mailing address data.” Pet. 25. We agree. USPS has shown, by a preponderance of the evidence, that claim 42 is directed to non-statutory subject matter. Claim 42 recites steps that (1) receive mail items including certain types of data, (2) identify mail items that are returned subsequent to mailing as undeliverable, (3) decode encoded data indicating whether the sender wants a corrected address to be provided, (4) create output data including a customer number and decoded data, and (5) determine if the sender wants a corrected address. The method of claim 42 also recites steps based on whether the sender wants a corrected address—electronically transferring information if a corrected address is wanted, and posting return mail data records on a network if the sender does not want to receive the corrected address.

USPS has shown that claim 42 is directed to the abstract idea of relaying mailing address data and does not recite limitations that amount to significantly more than that abstract idea. For reasons discussed previously, we are persuaded, on this record, that decoding, encoding, and electronically transferring information do not impart meaningful limitations to the abstract idea of relaying mailing address data.

Claims 43 and 44 depend from independent claim 42. Claim 43 recites transmitting a name and address, and claim 44 recites that the encoded data indicates a name and address of the intended recipient. USPS asserts that the limitations of claims 43 and 44 do not recite non-generic technological limitations and, therefore, do not amount to significantly more than the abstract concept of relaying mailing address data. Pet. 26–27. As discussed above, we are not persuaded, on this record, that the limitations of claim 42 add significantly more to the abstract idea of relaying mailing address data. USPS, in its contentions that claims 43 and 44 are unpatentable under 35 U.S.C. § 101, addresses the additional limitations recited by claimed 43 and 44 and asserts the limitations do not amount to significantly more than the abstract concept of relaying mailing address data. Pet. 26–27. As such, USPS has shown claims 43 and 44 are directed to non-statutory subject matter.

Turning now to Return Mail’s arguments, Return Mail argues that the challenged claims improve the technological process of return mail processing and do not exclude other methods of doing the same, citing others obtaining patents in the same technology space. PO Resp. 28–29 (citing Ex. 2015 ¶¶ 43–69, 85–94). However, given the recentness of the *Alice* decision, we are not persuaded that the presence of other patentees

necessarily means that the technology space is “open.” Additionally, the claims of the other patents may be drawn to more specific methods and systems, such that they could fall within the broad scope of the challenged claims and still be patentable.

We also agree with USPS that whether a claim recites statutory subject matter under 35 U.S.C. § 101 is a question of law. Reply 3–4. We do not, however, discount the testimony of Dr. Nettles, although we agree that his opinion appears to be directed to his own two-part test. Ex. 2015 ¶¶ 50–64; Reply 3–4. We credit Dr. Nettles’s testimony but do not agree that we need to consider the “architecture” that supports automation, when that architecture is not specifically claimed or when the claimed architecture is well-known and/or conventional technology.

Return Mail also argues that challenged claims do not only involve an abstract idea but have meaningful limitations, such as decoding information that has been encoded on the mail item, storing and processing of that decoded information, and providing the desired type of updated address information. PO Resp. 30. Return Mail’s argument is not persuasive because any embodiment of the abstract idea of “relaying mailing address data” would likely determine information contained on the returned item and store and provide that information, which is the most generic form of implementing the idea. The “encoding” and “decoding” of such information is acknowledged by Return Mail to be conventional (Ex. 1001, 2:66–3:15), such that they do not transform the abstract idea into a distinct embodiment with statutory subject matter under 35 U.S.C. § 101.

Return Mail also argues that the challenged claims have an inventive concept that contains technical features that solve a technical problem. PO

Resp. 31–38. Return Mail argues that the prior art methods have many flaws and the '548 Patent “contemplates information encoded directly *onto* the piece of mail, the information *on* the piece of mail can be read directly by an optical scanner, and then automatically processed by the application server.” *Id.* at 36 (citing Ex.2015 ¶¶ 56-65). We do not agree.

We are persuaded by USPS’s argument that the challenged claims do not recite an “optical scanner” or “application server,” and to consider the claims reciting such, we would need to read limitations into those claims, in violation of proper claim construction principles. Reply 4. As stated in the Decision on Institution, “at the time of the invention of the '548 Patent, neither decoding, such as bar code reading, nor electronically transmitting, was unknown, unachievable, or incapable of being combined in the manner claimed. In fact, the '548 Patent discloses that such encoding and decoding were old and well-known at the time the application leading to the '548 Patent was filed.” Dec. 14. Although it is true that claims are evaluated in the context of the specification, we disagree with Return Mail that we must determine what the claim limitations “relate to” and continue our analysis from there. *See* Tr. 36–39. In the instant case, Return Mail urges that the decoding step of claim 39 “relates to the discussion in the specification of an optical scanner,” and that the obtaining step, from the same claim, “relates to the specifically programmed application server in the specification.” *Id.* at 38. We are not persuaded that such a “relate to” analysis is called for under *Mayo* or *Alice*.

Return Mail also argues that the claims satisfy both the machine or transformation tests. PO Resp. 39. Specifically, Return Mail argues that the claims require “a number of machines arranged, interlinked and

programmed to perform specific tasks that are integral to performing the purposes of the patent.” *Id.* at 40. However, we agree with USPS that the claims recite, at most, conventional and generic hardware that existed before the ’548 Patent was filed, and are not limited to a particular or specific-purpose machine. Reply 5. Recitation of conventional or generic hardware cannot render a claim drawn to non-statutory subject matter to be statutory. *See Dealertrack*, 674 F.3d at 1333–34; *CyberSource*, 654 F.3d at 1375. Return Mail also discusses the use of the application server which is a special purpose computer (PO Resp. 43–44), but, again, no such server is claimed.

Return Mail also argues that the challenged claims meet the transformation test, in that the decode step transforms information from one state into another. PO Resp. 45–46. To the extent that scanned information is transformed, we are not persuaded that such a process was not conventional or well-known at the time the application for the ’548 Patent was filed. Additionally, we agree with USPS that the claims do not recite “transform[ing] incorrect address information into correct address information after checking the available database” or providing a “notification that the prior address is incorrect.” Reply 4 (citing PO Resp. 39).

For the reasons set forth above, we conclude that USPS has shown, by a preponderance of the evidence, that claim claims 39–44 of the ’548 Patent are directed to non-statutory subject matter under 35 U.S.C. § 101.

E. Anticipation by 1997 ACS; Claims 39–44

USPS contends that claims 39–44 are anticipated by 1997 ACS. Pet. 42–53. After considering the arguments and evidence presented in the Petition and the Preliminary Response, we instituted trial with respect to claims 39–44, concluding that USPS was likely to prevail in showing unpatentability under 35 U.S.C. § 102 over 1997 ACS. Dec. 35.

1. Overview of 1997 ACS

1997 ACS discloses an automated electronic process for providing address corrections to mail senders. Ex. 1004, 5. Senders place an intended recipient on the mail piece and encode an Address Change Service (“ACS”) participant code on the mail piece for which they would like a corrected address. *Id.* at 8. The ACS participant code includes seven alphabetical characters preceded by a pound sign (“#”). *Id.*; see “#BXBJDCK” in the figure, reproduced below.

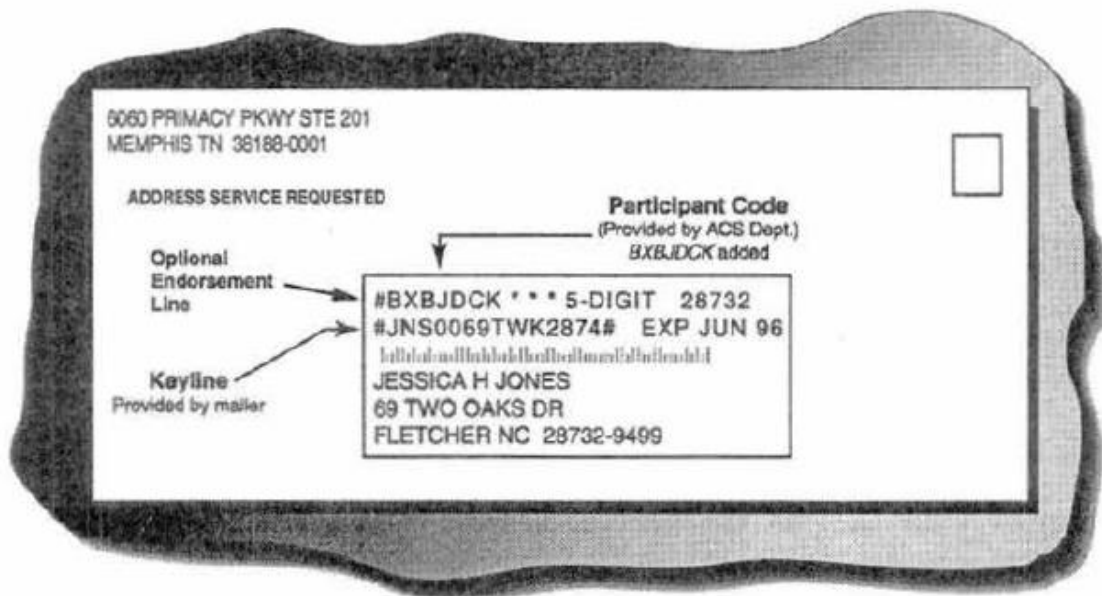


Figure from page 8 of 1997 ACS illustrating the participation requirements of its address change service.

A properly coded ACS participant code includes information about the additional service (known as an “ancillary service”) or set of services the mailer is requesting (e.g., corrected address requested or destroy mail piece subsequent to mailing). Ex. 1004, 4. Dr. Lubenow states that “[t]o receive address change services a sender must place either an ancillary service endorsement or a participant code on the mail piece.” Ex. 1008 ¶ 176. The ACS participant code needs to be deciphered into usable information, as one merely regarding the code cannot know what ancillary services it includes.

When the mail is undeliverable-as-addressed (e.g., the intended recipient moved and did not file a change of address), the carrier sends the mail to the Computerized Forwarding System (CFS), where the CFS accesses the ACS participant code and determines how to process the returned piece of mail. Ex. 1004, 4. The ACS system obtains an updated address of the intended recipient by matching the name and address to a Change of Address (COA) record on file at the CFS. *Id.* ACS electronically transmits the updated address for the intended recipient to a mail service provider (e.g., National Customer Service Center), which provides updated addresses to ACS participating mailers. *Id.* at 4–8. 1997 ACS describes that the notifications can occur through “telecommunications transmissions rather than physical magnetic media.” *Id.* at 9. Returned mail without an ancillary service endorsement or ACS participant code indicates corrected address service is not wanted for this mail piece. *Id.* at 4; Ex. 1008 ¶ 176.

2. *Analysis*

We have reviewed the Petition, the Patent Owner Response, and Petitioner’s Reply, as well as the relevant evidence discussed in those

papers. We are not persuaded that claims 39–44 are anticipated by 1997 ACS.

Preliminarily, we are compelled to note, based on the arguments of the parties, that the grounds identified in a transitional covered business method patent review are not restricted to the types of grounds that may be utilized in an *inter partes* review, where the latter is restricted to grounds under 35 U.S.C. §§ 102 or 103 based on patents or printed publications. *Compare* 37 C.F.R. § 42.204 *with* 37 C.F.R. § 42.104. In the instant proceeding, however, 1997 ACS is a printed publication, and no ground was raised against the challenged claims over the actual function of the system described therein or what would have been performed in any public use of the system. *See* Pet. 42–53. Therefore, the actual functioning of the system and what it was capable of performing is less important than what explicitly falls within the four corners of the 1997 ACS publication and what is taught by 1997 ACS inherently. *See Kennametal, Inc. v. Ingersoll Cutting Tool Co.*, 780 F.3d 1376, 1381 (Fed. Cir. 2015) (“[A] reference can anticipate a claim even if it ‘d[oes] not expressly spell out’ all the limitations arranged or combined as in the claim, if a person of skill in the art, reading the reference, would ‘at once envisage’ the claimed arrangement or combination.” (citations omitted)).

We determine this distinction to be important because much of the dispute between the parties seems to be over what the CFS units did and what equipment was deployed. *See, e.g.*, Pet. 43–45; Ex. 1008 ¶¶ 75, 171–74; Ex. 1023, 171–75; Ex. 1028 ¶¶ 32–35; PO Resp. 59–62; Reply 8–9. However, the proper inquiry under 35 U.S.C. § 102 is what does 1997 ACS *disclose*, expressly or inherently, with respect to decoding/detecting

information indicating whether the sender wants a corrected address to be provided for the intended recipient. As discussed above in Section II.A, we find that decoding means “deciphering information into useable form.”

In addition, we agree with the U.S. Court of Federal Claims, in deciding between the proffered constructions of “[d]ecipher information into useable form” and “[c]onvert information into useable form,” the court concluded that “using the terms ‘decipher’ and ‘deciphered’ more closely follow the customary meaning of the terms and reflects the claim language. This is because decoding must operate on encoded data,” which is recognized in the term “decipher” but not in “convert.” Ex. 1011, 22–23. USPS contends that “the carrier converts into intelligible form the participant code and endorsement thereby performing the claimed ‘decoding.’” Pet. 45. However, we find no support within 1997 ACS that the *carrier* decodes or deciphers the participant code or endorsement because the carrier (a person) is merely *reading* those indicators. The indicator “ADDRESS SERVICE REQUESTED” is merely read and there is no disclosure that *the carrier* decodes the participant code or the keyline. We disagree with Dr. Lubenow that the plain-English endorsements “meet the plain and ordinary meaning of the term ‘code.’” Ex. 1028 ¶ 18. As such, we are not persuaded that the carrier in 1997 ACS acts to decode encoded data on the returned mail items.

The sole other section of 1997 ACS relied upon by USPS as teaching the decoding aspect of the claims (Pet. 47–50) follows in its entirety:

When a carrier receives a mailpiece and it is undeliverable-as-addressed at the old address due to customer relocation, the mailpiece (depending on its mail class and endorsements) is sent by the postal employee to the CFS unit responsible for forwarding mail destined to that old address. An attempt is

then made *to match the name and address* to a COA on file at the CFS unit. *If* a match is attained from the CFS database *and* the mailpiece bears an active ACS participant code, the opportunity exists for an electronic notification to be generated. Otherwise, the COA notification is provided manually. Depending on its mail class and endorsements, the mailpiece is forwarded, discarded, or returned to sender.

Ex. 1004, 4 (emphases added). We discern no express teaching that the CFS unit or an operator therein “decodes” any code contained on the returned mail items. Although we credit Dr. Lubenow’s testimony that “mailers must place certain codes . . . on the mail piece for which the mailer would like to receive address corrections notification” (Ex. 1028 ¶ 21), we can find no express disclosure of decoding such codes in 1997 ACS.

This conclusion is further buttressed by USPS’s counsel, who stated:

all we’re left with is the fact that there is electronic processing of those codes and the way that we read the electronic processing based upon our knowledge of how the ACS system worked in 1997, the answer is yes, but can I point you to a quotation other than the fact that the ACS 1997 reference says that the codes are electronically processed? No, but that's all I have.

Tr. 69.

Turning now to any inherent disclosures in 1997 ACS, we note first that “[t]o serve as an anticipation when the reference is silent about the asserted inherent characteristic, such gap in the reference may be filled with recourse to extrinsic evidence. Such evidence must make clear that the missing descriptive matter *is necessarily present* in the thing described in the reference, and that it *would be so recognized by persons of ordinary skill.*”

Continental Can Co. USA v. Monsanto Co., 948 F.2d 1264, 1268 (Fed. Cir. 1991) (emphases added).

From the discussion above, it is clear that the name and address are used to searching for a matching Change Of Address. Regardless if this information was scanned or not, which is disputed by the parties (Ex. 1008 ¶ 176; PO Resp. 64 n.30; Reply 13–14), we cannot say that this information was “decoded.” The name and address are in plain language, i.e., English or some other language, and need not be decoded or deciphered. 1997 ACS continues that “[i]f a match is attained from the CFS database and the mailpiece bears an active ACS participant code, the opportunity exists for an electronic notification to be generated.” Ex. 1004, 4. The question then is whether that disclosure would be recognized by persons of ordinary skill as teaching a decoding of the ACS participant code.

In the instant proceeding, we have contradictory testimony from different experts.² Dr. Nettles testifies that “1997 ACS does not disclose any data being converted into the participant code, and there is also no disclosure of the participant code being matched to anything.” Ex. 2015 ¶ 103. Dr. Lubenow testifies that “[b]ased on the rest of 1997 ACS, a person of ordinary skill in the art would understand that the Participant Code and the ACS Endorsement code must be *read* from the mail pieces in order for the CFS Unit to determine if an electronic notification should be generated.” Ex. 1028 ¶ 32 (emphasis added). Given the testimony, we are persuaded that the ACS participant code is read, in certain situations, but we are not

² We note that although both parties seek to exclude the Declarations of each other’s declarants (Papers 25, 28), as discussed below, we are not persuaded that any Declaration should be excluded.

persuaded that it must be “decoded,” per the challenged claims. As discussed in Section II.A, “decoding” means “deciphering information into useable form,” which requires more than merely reading information.

We agree with Return Mail that “1997 ACS describes a process dependent upon particular circumstances.” PO Resp. 53. Further, even accepting *arguendo* that the ACS participant code is encoded data, we are not persuaded that 1997 ACS discloses, even inherently, the decoding of those data. *Id.* at 56–57. Even if the ACS participant code is matched, so that an electronic notification *can* be generated, it is not clear that decoding or deciphering is necessarily occurring. The 1997 ACS describes that “the opportunity exists for electronic notification to be generated” but also allows the notification to be provided manually. Ex. 1004, 4 (“If a match is attained from the CFS database and the mailpiece bears an active ACS participant code, the opportunity exists for an electronic notification to be generated. Otherwise, the COA notification is provided manually.”).

Further, we are not persuaded by Dr. Lubenow’s testimony that CFS units necessarily had scanners for such data (Ex.1008 ¶ 199), i.e., thus involving scanning and decoding, because he has acknowledged that he has no actual knowledge of the internal details of CFS operations. Ex. 1023, 145. Moreover, we view such testimony as an indication of what the CFS units did and what equipment was deployed, rather than evidence of an inherent disclosure by 1997 ACS.

Based on the instant arguments and evidence, we cannot say that USPS has shown, by a preponderance of the evidence, that 1997 ACS anticipates the claimed step of “decoding ... information indicating whether the sender wants a corrected address to be provided for the intended

recipient,” as recited in claim 39, and equivalent recitations in claims 40–44.³

For the reasons set forth above, we conclude that USPS has not shown, by a preponderance of the evidence, that claim claims 39–44 of the ’548 Patent are anticipated by 1997 ACS.

III. MOTIONS TO EXCLUDE

A. USPS’s Motion to Exclude

USPS filed a Motion to Exclude (Paper 28), Return Mail filed an Opposition to USPS’s motion (Paper 33), and USPS filed a Reply in support of its motion (Paper 37). USPS’s Motion to Exclude seeks to exclude: (1) the 21st Century Dictionary of Computer Terms (Ex. 2013); (2) specific paragraphs of the testimony of Dr. Nettles (Ex. 2015); (3) descriptions of USPS mail handling systems (Exs. 2016–2020, 2031); (4) patents filed after the priority date of the ’548 Patent (Exs. 2021–2029); (5) PARS Excellence document (Ex. 2030); (6) file history of U.S. Patent No. 8,195,575 (Ex. 2032); and (7) patents that cite the ’548 Patent (Ex. 2035–2052).

Paper 28, 2–9. As movant, USPS has the burden of proof to establish that it is entitled to the requested relief. *See* 37 C.F.R. § 42.20(c). For the reasons stated below, USPS’s Motion to Exclude is dismissed-in-part and denied-in-part.

³ Independent claim 40 recites “store decoded information indicating whether a sender wants a corrected address to be provided;” independent claim 41 recites the “detector detects . . . encoded information . . . indicating whether a sender wants a corrected address to be provided;” independent claim 42 recites “encoded data indicating whether the sender wants a corrected address to be provided for the addressee” and “decoding the encoded data.” Claims 43 and 44 depend from independent claim 42.

Because we do not rely on Exhibits 2015, 2021–2030, 2032, and 2035–2052 (items (1) and (4)–(7), as noted above) in reaching the Final Written Decision, we dismiss as moot USPS’s Motion to Exclude as to these exhibits. With respect to exhibits described in items (2) and (3) above, we discuss them in more detail below.

USPS argues that Dr. Nettles’s testimony, specifically paragraphs 37–95, should be excluded under Federal Rules of Evidence (“FRE”) 403 and 704 because portions of the Nettles Declaration contain testimony on matters as to which the witness lacks sufficient knowledge, personal or otherwise, and testimony that directly opines on issues that are ultimately determinations of law, as opposed to underlying factual bases. Paper 28, 3. In addition, USPS objects to the specific paragraphs of Ex. 2015 as hearsay under FRE 802 because Dr. Nettles mischaracterizes information he proffered for the truth asserted. *Id.* at 4–5.

Return Mail counters that no explanation was provided for USPS’s objection that Dr. Nettles’s testimony lacks sufficient knowledge, that his testimony is technical and related to the state of the art at the time of the invention, and that documents quoted by Dr. Nettles are public records produced in a related litigations and not hearsay under FRE 801(d)(2) or 807, and would fall under the public records exception. Paper 33, 4–8.

USPS replies that Dr. Nettles opines not based on his scientific or technical knowledge, but rather on issues that are ultimately determinations of law including issues of patent law and/or patent examination practice and that citations provided by Return Mail refer to the Board accepting testimony based on that scientific or technical knowledge. Paper 37, 1–2.

We have reviewed Dr. Nettles's testimony, including the specific paragraphs, and determine that excluding the testimony is not warranted. We are further persuaded that the information quoted by Dr. Nettles falls under one of the exceptions of the hearsay rule. We assess USPS's arguments with respect to the weight to be given to relevant portions of Dr. Nettles's testimony, rather than to its admissibility. 37 C.F.R. § 42.65.

With respect to the descriptions of USPS mail handling systems, Exs. 2016–2020 and 2031, USPS argues that these documents are irrelevant to the argument proffered in the cited section of the Patent Owner Response as they are unrelated to the disclosure of 1997 ACS, per FRE 401–403. Paper 28, 5. USPS continues that the probative value of the documents “is substantially outweighed by a danger of confusing the issues and wasting time addressing systems not relevant to the current proceeding.” *Id.* at 6.

Return Mail counters that the documents illustrate the state of technology before the '548 Patent, and its evolution, and that USPS's arguments are nothing more than assertions of irrelevance. Paper 33, 8–9. USPS replies that the cited documents are all after the relevant time frame and cannot be used to illustrate the state of the technology before the '548 Patent. Paper 37, 2.

Because these exhibits are evidence relied upon by USPS to support its assertions with respect to the state of the art and to knowledge of a person of ordinary skill in the art, and how it evolved, which are relevant to obviousness, we are not persuaded that they are irrelevant under FRE 401–403. Accordingly, we decline to exclude these exhibits.

B. Return Mail's Motion to Exclude

Return Mail filed a Motion to Exclude (Paper 25), USPS filed an Opposition to Return Mail's motion (Paper 34), and Patent Owner filed a Reply in support of its motion (Paper 36). Return Mail's Motion to Exclude seeks to exclude (1) Declaration of Dr. Lubenow (Ex. 1008); (2) Dr. Lubenow's Notes (Ex.1022); (3) Supplemental Declaration of Dr. Lubenow (Ex. 1028); (4) USPS Redirection History (Ex. 1018); (5) Move Update, April 1997 document (Ex. 1019); (6) references related to un-instituted grounds (Exs. 1003, 1005, 1006, 1007, 1013, 1014); (7) Auxiliary Markings Newsletter (Ex. 1025); and (8) Postal Automated Redirection System (Ex. 1026). Paper 25, 4–14. As movant, Return Mail has the burden of proof to establish that it is entitled to the requested relief. *See* 37 C.F.R. § 42.20(c). For the reasons stated below, Return Mail's Motion to Exclude is dismissed-in-part and denied-in-part.

Because we do not rely on Exhibits 1003, 1005, 1006, 1007, 1013, 1014, 1018, 1019, 1025 and 1026 (set forth above in items (4)–(8)), we dismiss as moot USPS's Motion to Exclude as to these exhibits. With respect to the exhibits noted in items (1)–(3) above, we discuss them in more detail below.

Return Mail argues that Dr. Lubenow's Declarations (Exs. 1008, 1028), as well as his notes (Ex. 1022), should be excluded because Dr. Lubenow is not qualified to tender expert opinion in this case, his testimony is largely based on information from counsel, he adopts incorrect claim constructions, and his testimony consists of conclusory statements. Paper 25, 4–8. Return Mail also argues that much of Dr. Lubenow's testimony is irrelevant to this proceeding. *Id.* Return Mail cites specific

paragraphs of Dr. Lubenow's Declaration that should be excluded (*id.* at 8–10), argues that Dr. Lubenow's notes (Ex. 1022) are new, improper opinions, violate the best evidence rule, and are hearsay (*id.* at 10–11), and argues that the Supplemental Declaration of Dr. Lubenow (Ex. 1028) expresses opinions beyond the proper scope of a reply declaration. *Id.* at 11.

USPS counters that Return Mail has mischaracterized Dr. Lubenow's testimony, that Dr. Lubenow is qualified to give expert testimony, his Declaration contains the analysis necessary to support his testimony, and the notes prepared by Dr. Lubenow are admissible under the Federal Rules of Evidence. Paper 34, 2–5, 8. Return Mail replies that it has not mischaracterized Dr. Lubenow's testimony, and that if Dr. Lubenow's notes are admitted, this will open the door for parties to do the same in the future. Paper 36, 1–4.

We are not persuaded by Return Mail's arguments. Dr. Lubenow has sufficient background and knowledge to tender an expert decision in this proceeding. Ex. 2008, 1–1. We are, therefore, not persuaded by Return Mail's argument that he should not be relied upon as an expert. We agree with USPS that Dr. Lubenow's testimony contains analysis sufficient to support his testimony. To the extent that Dr. Lubenow's Supplemental Declaration exceeds the proper scope of a reply declaration, we have not relied on any portion that would be deemed to be outside that scope. With respect to Dr. Lubenow's notes (Ex. 1022), we do not rely on this exhibit, and therefore we consider the motion to exclude that exhibit to be moot. Additionally, to the extent that the parties are arguing in the motions to exclude about the specific disclosure of 1997 ACS, pursuant to

Dr. Lubenow's testimony, motions to exclude and oppositions thereto are not the proper vehicles for making such arguments.

IV. CONCLUSION

USPS has shown, by a preponderance of the evidence, that claims 39–44 of the '548 Patent are unpatentable under 35 U.S.C. § 101.

V. ORDER

Accordingly, it is:

ORDERED that claims 39–44 of the '548 patent are determined to be *unpatentable*;

FURTHER ORDERED that USPS's Motion to Exclude (Paper 28) is *dismissed-in-part* and *denied-in-part*;

FURTHER ORDERED that Return Mail's Motion to Exclude (Paper 25) is *dismissed-in-part* and *denied-in-part*; and

FURTHER ORDERED that, because this is a Final Written Decision, parties to the proceeding seeking judicial review of the decision must comply with the notice and service requirements of 37 C.F.R. § 90.2.

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