

Seyfarth PTAB Blog



A legal look at Patent Trial and Appeal Board decisions and trends

Court Invalidates Claims Under §101 After PTAB Denies CBM Review

By Patrick T. Muffo

A Covered Business Method (CBM) review applies to patents that “claim[] 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.” One major difference between a CBM and an *inter partes* review is that the CBM allows a petitioner to challenge the claims under §101. But how do courts view §101 challenges when a CBM has already been denied?

The District of Nevada held the claims of a patent invalid under §101 despite the PTAB denying the institution of a CBM. In *Global Cash Access, Inc., v. NRT Technology Corp.*, Case No. 2:15-cv-00822 (March 25, 2016 Order), the PTAB invalidated claims directed to an ATM system that allowed a user to obtain additional cash even if the user had withdrawn their daily limit.

Of particular interest is the PTAB’s denial of a CBM. In the denial, the PTAB held the Defendants had failed to show “that the claims are more likely than not patent-ineligible.” The court discussed the PTAB’s denial in a footnote, obviously in disagreement. In fact, the court went so far as to explicitly disagree with the PTAB: “After reviewing the parties’ briefs, the claims at issue, and the ‘792 Patent overall, the Court disagrees with the PTAB’s threshold analysis.”

The court noted the PTAB denied the petition because the Defendants “‘oversimplified the challenged claims’ by characterizing them as being directed to ‘providing money to an account holder or using trial-and-error until success is achieved.’” However, the court found the Defendants more persuasively characterized the claim scope in the motion to dismiss, a “more distilled” characterization of “offering an account-holder an alternative way to obtain cash or something of value – i.e., when the first transaction is denied, offering to perform a second type of transaction to achieve the same results.”

After conducting a two-prong *Alice* analysis, the court found the claims were directed to an abstract idea with no inventive concept, and granted the portion of the Defendant’s motion to dismiss relating to lack of patentable subject matter.

Takeaway

This is an interesting case in that the PTAB held the claims were more likely than not patent-eligible, yet the district court held the claims were patent *ineligible* by clear and convincing evidence. This case stresses the importance of how parties characterize §101-challenged claims both at the PTAB and district court level. After all, the district court appeared to turn their decision based on a “more distilled” characterization of the claims before the court as opposed to the “oversimplified” characterization before the PTAB.

[Patrick T. Muffo](#) is an author of the Seyfarth PTAB Blog and Associate in the firm’s Chicago office. For more information, please contact a member of the [Patent Practice Group](#), your Seyfarth Shaw LLP attorney, or Patrick T. Muffo at pmuffo@seyfarth.com.

www.seyfarth.com



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