

THE
NATIONAL LAW REVIEW

E*Trade, Scottrade, TD Ameritrade v. Droplets, Inc.: Denying Institution of Covered Business Method Patent

Tuesday, November 4, 2014

Takeaway: It is the petitioner's burden to show standing to institute a covered business method patent review.

Additionally, the petitioner cannot just point to its anticipation and obviousness arguments to show that the claimed subject matter does not recite a technological feature that is novel and unobvious.

In its [Decision](#), the Board denied institution of covered business method patent review of all of the challenged claims (claims 1-25) of the '115 Patent. The '115 Patent relates to a method and system "for delivering interactive links for presenting applications and second information at a client computer from remote sources in a network-configured computer processing system."

The Board began by discussing whether the '115 Patent is eligible for covered business method patent review. Under 37 C.F.R. § 42.301(a), 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." Therefore, the Board began by examining whether Petitioner demonstrated that the '115 Patent is not for a technological invention. That question is determined on a case-by-case basis. To qualify as a technological invention, the claimed subject matter must satisfy a two pronged test: "as a whole recite[] a technological feature that is novel and unobvious over the prior art; and solve[] a technical problem using a technical solution." 37 C.F.R. § 42.301(b).

Turning to the first prong, the Board observed that Petitioner relied in large part on anticipation and obviousness challenges to establish that the subject matter of the '115 Patent, as a whole, is not directed to a novel and unobvious technological feature. The Board noted that the requirement of showing that the claimed subject matter does not recite a technological feature that is novel and unobvious over the prior art is separate from specifying where each element of the claim is found in the prior art; therefore, Petitioner cannot demonstrate grounds for standing under 37 C.F.R. § 42.301(a) by directing the Board to a discussion of the grounds of unpatentability made for the purposes of 37 C.F.R. § 42.301(b). The Board also noted that Petitioner made unsupported, conclusory statements that are insufficient to demonstrate that the claimed subject matter is not a technological invention. The Board was persuaded by Patent Owner's argument that the combination of hardware and software elements changes a fundamental technical operation of a computer system, how the computer system engages in interactivity over the web, in a manner which is novel and nonobvious over the prior art. Because Petitioner was unable to show otherwise, the Board found that Petitioner had not shown that the claimed subject matter, as a whole, does not recite a technological feature that is novel and unobvious over the prior art.

The Board then examined the second prong - whether the claimed subject matter solves a technical problem using a technical solution. Patent Owner contended that the claimed subject matter of the '115 Patent solves "the technical problems of initiating a user session and user interactivity across the Internet" by "provid[ing] interactive links to applications and information remotely stored across the network." Petitioner only addressed this prong with a single conclusory statement, which the Board found insufficient to show that the claimed subject



Article By

[Intellectual Property Litigation Drinker Biddle](#)

[Drinker Biddle & Reath LLP/TAB Trial Blog](#)

[Financial Institutions & Banking](#)

[Intellectual Property](#)

[Communications, Media & Internet](#)

[Litigation / Trial Practice](#)

[Federal Circuit / U.S. Court of Spec.](#)

[Jurisdiction](#)

matter does not solve a technical problem using a technical solution. Therefore, Petitioner did not meet its burden of showing standing under 37 C.F.R. § 42.304(a).

E*Trade Financial Corporation, E*Trade Securities, LLC, E*Trade Bank, Scottrade, Inc., Scottrade Financial Services, Inc., TD Ameritrade Holding Corporation, and TD Ameritrade, Inc. v. Droplets, Inc., CBM2014-00123

Paper 15: Decision Denying Institution of Covered Business Method Patent Review

Dated: October 30, 2014

Patent 8,402,115 B2

Before: Linda M. Gaudette, Michael R. Zecher, and Scott A. Daniels

Written by: Gaudette

Related Proceedings: CBM2014-00124; Droplets, Inc. v. E*TRADE Financial Corp., No. 1:12-cv-02326-CM (S.D.N.Y.)

© 2019 Drinker Biddle & Reath LLP. All Rights Reserved

Source URL: <https://www.natlawreview.com/article/etrade-scottrade-td-ameritrade-v-droplets-inc-denying-institution-covered-business-m>