

PTAB Nixes Ad Patent Claims Under Alice In Google Challenge

By **Matthew Bultman**

Law360, New York (April 25, 2017, 4:20 PM EDT) -- The Patent Trial and Appeal Board on Monday held that claims in a web advertising patent were invalid under the U.S. Supreme Court's Alice decision, delivering a win to Google Inc., which challenged the patent in an America Invents Act covered business method review after being sued for infringement.

In a final decision, the PTAB found the challenged claims in Brite Smart Corp. CEO Patrick Zuili's patent covered only an abstract idea and were not eligible for a patent under Section 101 of the Patent Act. The board also said the claims were obvious.

"[W]e determine that petitioner has shown by a preponderance of the evidence that [the challenged patent claims] are unpatentable," it wrote.

The patent covers a system to detect invalid clicks in pay-per-click advertising agreements. By measuring the number of clicks for a user in a given time period, the system can automatically determine if certain clicks are illegitimate, which helps a search engine company fairly charge advertisers.

It is one of four patents that Brite Smart had accused Google in 2014 of infringing with pay-per-click ad services, like AdWords, that are used in connection with Google's search engine. The case was initially filed in the Eastern District of Texas but later transferred to California.

In March 2016, U.S. District Judge Beth Labson Freeman in San Jose dismissed the suit because Brite Smart failed to obtain local counsel by a court-imposed deadline. Local counsel was necessary because Brite Smart's attorney was not admitted to the Northern District of California bar.

Prior to the case's dismissal, Google filed petitions with the PTAB and challenged claims in three of Brite Smart's patents. Monday's decision is the first final decision to come from the board as a result of those challenges. Rulings from the board are expected in the other cases before the beginning of June.

In this case, Zuili argued, in part, that his patent wasn't eligible for the covered business method review program, which is restricted to patents used in the practice or management of a "financial product or service." Rejecting that argument, the board said the clicks were financial transactions.

This was because "each valid click is a transaction for which the merchant is charged a fee and each invalid click is a fraudulent transaction that should be deducted from the merchant's invoice," the board wrote.

With respect to the validity of the challenged claims, Google argued they were directed to the abstract idea of “detecting invalid clicks based on the time between two requests by the same device.” In its landmark 2014 Alice decision, the Supreme Court held that an abstract idea implemented using a computer is not eligible for a patent unless it contains an inventive concept.

The board agreed with Google, and found there was not an inventive concept that would make the claims eligible for a patent.

“We determine that the subject matter of [the claims], when the elements of each claim are considered individually and as a whole, does not add meaningful limitations to the abstract idea of detecting invalid clicks based on the time between two requests by the same device,” the board wrote.

This case generated some attention last June, when Google won a rare rehearing following the board’s institution decision.

The board initially agreed to hear just the arguments related to the claims being directed to an abstract idea, but later said it would institute review on obviousness grounds as well. In its final decision Monday, the board said the challenged claims were indeed made obvious by earlier writings.

Zuili, who represented himself in the case, and an attorney for Google could not immediately be reached for comment.

The patent at issue is U.S. Patent Number 8,671,057.

Google is represented by Robert Pluta and Saqib Siddiqui of Mayer Brown LLP.

The case is Google Inc. v. Zuili, case number CBM2016-00008, before the Patent Trial and Appeal Board.

--Editing by Aaron Pelc.