

**FEDERAL CIRCUIT*****Secure Access, LLC v. PNC Bank National Association***

On February 21, 2017, the U.S. Court of Appeals for the Federal Circuit (“Federal Circuit”) issued its opinion in *Secure Access, LLC v. PNC Bank* (“PNC”), holding that, to be eligible for covered business method (“CBM”) review under the America Invents Act (“AIA”), a patent’s claims must contain some financial activity element.

Secure Access, LLC (“Secure Access”) owned U.S. Patent No. 7,631,191 (“the `191 patent”) covering a system for authenticating a web page. PNC, joined by other major financial institutions, petitioned the U.S. Patent Trial and Appeal Board (“PTAB”) to institute CBM review of the `191 patent. While the claim language of `191 patent was not limited exclusively to financial services, the patentee only sued financial service providers in enforcing the patent. Additionally, elements of the specification seemed to presume some financial service applications. Claim 1 of the `191 patent recited the following:

A method comprising:

transforming, at an authentication host computer, received data by inserting an authenticity key to create formatted data; and
returning, from the authentication host computer, the formatted data to enable the authenticity key to be retrieved from the formatted data and to locate a preferences file, wherein an authenticity stamp is retrieved from the preferences file.

In order to be eligible for CBM review under the AIA, a patent must qualify as a CBM patent. § 18(d)(1) of the AIA defines a CBM patent as “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....” The PTAB instituted CBM review of the patent and eventually issued a final written decision holding all claims unpatentable under 35 U.S.C. § 103 as obvious over prior art.

The Federal Circuit however, reversed the PTAB decision, finding that the `191 patent fell outside of the CBM patent definition under the AIA. In its analysis, the Federal Circuit began by focusing on the language “a patent that claims” as it is used in the statute. This phrase in the definition, the Federal Circuit noted, requires that CBM patents must be identified by their claims. As a result, the Federal Circuit held that the PTAB erred in considering the litigation activity by the patentee as relevant.

The Federal Circuit also focused on the phrase “a financial product or service” as it is used in the AIA definition for a CBM patent. The PTAB had found that the legislative history of the AIA suggested that the definition was meant to encompass products or services “incidental or complementary” to financial activity. However, the Federal Circuit refused to accept this broadening of the definition, noting that such terms like “incidental to” or “complementary to” are “not a part of the statutory definition of what is a CBM patent, and... such a definition of a CBM patent is...not in accordance with the law.”

As a result, the Federal Circuit held that the AIA definition of a CBM patent requires that a patent’s claim include some “financial activity element.” The Federal Circuit then went on to hold that the `191 patent did not fall under the statutory definition for a CBM patent as a matter of law. While there was some contemplation of financial applications in the patent specification, because the claims themselves did not include a financial activity element, the Federal Circuit found that the PTAB erred in instituting the CBM review.