

No. 17-350

IN THE
Supreme Court of the United States

PNC BANK NATIONAL ASSOCIATION, U.S. BANK NATIONAL
ASSOCIATION, U.S. BANCORP, BANK OF THE WEST,
SANTANDER BANK, N.A., ALLY FINANCIAL, INC., RAYMOND
JAMES & ASSOCIATES, INC.,

Petitioners,

v.

SECURE AXXESS, LLC,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS FOR THE
FEDERAL CIRCUIT

RESPONSE IN OPPOSITION TO PETITION

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QUESTIONS PRESENTED

1. Whether the Federal Circuit Court of Appeals's precedential decision outlining the proper consideration for Covered Business Method Review eligibility and holding that United States Patent No. 7,631,191 does not meet the statutory definition in light of that consideration is nevertheless moot under *United States v. Munsingwear, Inc.*, 340 U.S. 36 (1950) in light of the subsequent dismissals of separate lawsuits pending in a District Court, where the decision on appeal was not from the District Court action but from a ruling of the Patent & Trademark Office Patent Trial and Appeal Board.

2. Whether the Federal Circuit Court of Appeals correctly held, consistent with the statutory language, that patents must include *claim language* that recites, however phrased, a financial activity to qualify for Covered Business Method Review.

CORPORATE DISCLOSURE STATEMENT

Secure Access, LLC (“Secure Access”) is a wholly owned subsidiary of Prism Technologies, LLC. Prism Technologies, LLC, is wholly owned by Prism Technologies Group, Inc., a publicly traded company (PRZM).

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STATEMENT OF THE CASE

A. Summary of Arguments

This case involves United States Patent Number 7,631,191 (“the ’191 Patent”), which “relates generally to computer security, and more particularly, to systems and methods for authenticating a web page.” App. 3a (quoting ’191 Patent at 1:16–18).

Before the Federal Circuit appeal, the Patent Trial and Appeal Board (“PTAB”) was granting petitions for Covered Business Method (“CBM”) reviews for virtually every kind of patent that could possibly be used *by* a financial institution, regardless of whether the patent was actually used *in* the practice, administration, or management of a financial activity—as the statute requires. To stem the misuse of this limited statutory mechanism, the Federal Circuit correctly held that, consistent with the statute, a patent must include, “however phrased,” a financial activity element within the claim language to qualify for CBM review. App. 19a–20a.

Contrary to Petitioners’ argument, the Federal Circuit decision below has not “Eviscerate[d] The CBM Program.” Pet. at 18. The PTAB still grants a substantial percentage of CBM petitions, despite the Federal Circuit’s decision below. Moreover, every ground available for invalidating patents under the CBM program is available via alternate PTAB review procedures. Considering these circumstances, together with the fact that the CBM program is set to expire in 2020, this case does not present the “compelling reasons” that would warrant a place on

this Court's limited docket. *See* Supreme Court Rule 10.

Finally, Petitioners are incorrect that the Federal Circuit's decision is moot in light of an intervening resolution of the parties' district court disputes. The PTAB proceedings included controversies that were not at issue in the district court litigation. Moreover, the PTAB's jurisdiction exists separately from the Article III courts, and it was explicitly that jurisdiction (or lack thereof) that was at issue in the Federal Circuit appeal. *Munsingwear* and its progeny therefore do not apply, and Petitioners' request for vacatur should be denied.

B. The '191 Patent

The patent at issue, United States Patent No. 7,631,191 ("the '191 Patent") describes a "System and Method for Authenticating a Webpage." App. 3a. The '191 Patent generally relates to machine-level authentication of data presented to a user and the use of an "authenticity stamp" (*i.e.*, user-defined and/or user-specific image, sound, or other attribute) to verify for the user that the information displayed has been authenticated and is from a valid source.

The technology at issue involves deterring online fraud. Because fraudulent webpages often appear authentic, it can be difficult for users to determine whether the page they are viewing is genuine. App. 3a–4a, 32a. For example, a fraudster may copy the styling and general content of a webpage, including a company's logo, and create a malicious site in hopes that innocent users will sign on and reveal personal identification information. *Id.* The '191 Patent addresses this issue. A webpage that has been

authenticated according to the techniques described in the '191 Patent includes “all of the information in the same format as the non-authenticated page.” App. 32a (quoting '191 Patent at 2:58–60). However, the authenticated page also includes an “authenticity stamp,” *Id.* (quoting '191 Patent at 2:60–62), a secret image or other element that is known to and indicative of the user. When the user sees his or her authenticity stamp, he or she knows that the page has been authenticated and that it comes from a valid source.

The claims of the '191 Patent generally describe the broad application of the invention. For example, Claim 1 (which the parties agree is illustrative) states:

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.¹

¹ Language reflects errors corrected via a Certificate of Correction dated May 11, 2010. App. 3a.

App. 3a.

Neither Claim 1 nor any other claim of the '191 Patent recites, "however phrased, a financial activity element," as the Federal Circuit held below. App. 19a–20a. In fact, as the Federal Circuit noted in its precedential order denying rehearing *en banc*,

[i]n this case, there is not even a contention that any claim, properly construed, incorporates any requirement based on the specification's mention of banks or any reference to "use[] in the practice, administration, or management of a financial product or service." [Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284, § 18(d)(1) ("AIA")]. It is undisputed that the claims in this case all apply to certain computer access technologies, whether or not they are used in the practice, administration, or management of a financial product or service.

App. 135a.

C. The PTAB's CBM Review

Petitioners challenged the validity of every claim of the '191 Patent via CBM review under 35 U.S.C. §§ 101, 102, 103, and 112. App. 98a, 102a. The PTAB instituted CBM review only on §§ 102 and 103 grounds, ultimately finding that all claims were unpatentable. App. 130a, 96a.

In its final written decision (as in its institution decision), the PTAB did not analyze the claim

language of the '191 Patent at all, but instead focused its analysis on (1) examples from the specification discussing potential applicability in the financial services industry; (2) congressional debate statements from the sponsor of CBM review and others; and (3) the identity of Secure Access's litigation targets. App.36a–39a. Secure Access appealed the Final Written Decision to the Federal Circuit Court of Appeals.

D. The Federal Circuit's Precedential Opinion Reversing the PTAB Decision

The Federal Circuit reversed the PTAB's decision, agreeing with Secure Access that the '191 Patent did not qualify for CBM review. App. 21a.

Additionally, the Federal Circuit ruled that the PTAB had improperly interpreted the CBM statute, ignoring the word “claims” in the statute and focusing instead on factors such as the identification of litigation targets, which, according to the majority, do not “even necessarily illuminate an understanding of the invention as claimed.” App. 19a.

The majority agreed with Secure Access that the proper inquiry for CBM review considers the claim language as of the effective filing date of the patent, App. 21a, holding in a precedential opinion that “the statutory definition of a CBM patent requires that the patent have a claim that contains, however phrased, a financial activity element.” App. 19a–20a.

Petitioners sought rehearing *en banc*, which was denied in a precedential opinion from a majority of the court. App. 131a–145a. Petitioners now seek a petition for writ of certiorari in this Court.

Additionally, The Clearing House Payments Company, LLC (“The Clearing House”) has filed an amicus brief. (“TCH Brief”).

REASONS FOR DENYING THE PETITION

Supreme Court Rule 10 describes considerations governing review on a writ of certiorari. It states:

Review on a writ of certiorari is not a matter of right, but of judicial discretion. A petition for a writ of certiorari will be granted only for compelling reasons. The following, although neither controlling nor fully measuring the Court's discretion, indicate the character of the reasons the Court considers:

(a) a United States court of appeals has entered a decision in conflict with the decision of another United States court of appeals on the same important matter; has decided an important federal question in a way that conflicts with a decision by a state court of last resort; or has so far departed from the accepted and usual course of judicial proceedings, or sanctioned such a departure by a lower court, as to call for an exercise of this Court's supervisory power;

(b) a state court of last resort has decided an important federal

question in a way that conflicts with the decision of another state court of last resort or of a United States court of appeals;

(c) a state court or a United States court of appeals has decided an important question of federal law that has not been, but should be, settled by this Court, or has decided an important federal question in a way that conflicts with relevant decisions of this Court.

A petition for a writ of certiorari is rarely granted when the asserted error consists of erroneous factual findings or the misapplication of a properly stated rule of law.

Petitioners here cannot meet the high burden of showing that review is warranted in this case. Because the Federal Circuit correctly applied the AIA § 18(d)(1) statute, its decision does not meet any of the three guiding considerations set forth in Rule 10. As the Federal Circuit noted, “[t]he [CBM] program has consistently been small in scale, unlike the permanent program for inter partes review.” App. 134a. The Federal Circuit majority’s opinion is *not* inconsistent with other binding precedent, but, rather, “soundly resolves an ambiguity in the statutory language and is consistent with every one of [the Federal Circuit’s] precedents and with a number of Patent Trial and Appeal Board decisions dating to when the program began.” *Id.*; *see also* App. 136a–139a (discussing the majority opinion’s

consistency with prior precedent of the Federal Circuit and with various orders from the PTAB). As the order denying rehearing *en banc* explained, “further review of the CBM issue here would be a poor use of judicial resources. Should an extension of the CBM program in some form be deemed desirable, congressional redrafting is a better process through which to address the issues raised by the statute’s current language.” *Id.* This case does not present a question worthy of certiorari for the reasons set forth below.

A. The *Munsingwear* Case Is Inapplicable.

Petitioners urge this Court to vacate the Federal Circuit’s opinion, citing *United States v. Munsingwear*, 340 U.S. 36 (1950), for the proposition that an appeal becomes moot upon the resolution of a case or controversy at the lower court. Pet. at 11. While the *Munsingwear* rule may be the Court’s general practice in appeals from a federal court, it is not applicable here for the following reasons.

First, it is incorrect to say that all issues in dispute between the parties were resolved when the district court actions were dismissed. Article III of the U.S. Constitution limits the jurisdiction of federal courts to “actual, ongoing controversies.” *Honig v. Doe*, 484 U.S. 305, 317 (1988). A finding by an administrative agency that the claims of a patent are invalid is an actual, ongoing controversy, regardless of whether there is an underlying district court action. The CBM review included issues beyond those that were litigated in the district court action, including the issue of whether the ’191 Patent claimed a covered business method. Thus, the

administrative finding had a much more significant impact on the claims of the '191 Patent than the district court litigation.

To avoid this fatal flaw in their argument, Petitioners rely on the fact that the Federal Circuit affirmed the finding of invalidity in the co-pending IPR involving the '191 Patent. However, while the PTAB invalidated all 32 claims of the '191 Patent in its final written decision in the CBM, it did not find Claim 24 invalid in the co-pending IPR proceeding. App. 134a–135a. Thus, while the final written decision in the IPR proceeding is now non-appealable, it leaves Claim 24 valid. Accepting Petitioners' argument and vacating the appeal of the final written decision in the CBM proceeding would result in the cancellation of Claim 24, as it was invalidated in the CBM review—which the Federal Circuit determined below that the PTAB did not have authority to conduct. Thus, accepting Petitioners' *Munsingwear* argument would result in the improper cancellation of a property right (Claim 24) that was not at issue in the district court litigation, and cannot be properly subjected to the *Munsingwear* analysis.

Second, *Munsingwear* does not apply because the appeal at issue here is from a separate administrative agency, not from the district court where the dismissal occurred. It is not a district court judgment that Petitioners seek to vacate, but a judgment of the PTAB, an administrative agency whose jurisdiction arises separately by independent statute.² The *Munsingwear* situation, in contrast,

² Secure Access does not concede that the PTAB has jurisdiction to conduct administrative proceedings that seek to

“deal[s] with a civil case from a court in the federal system which has become moot while on its way [to the Supreme Court] or pending [the Court’s] decision on the merits.” *Munsingwear*, 340 U.S. at 39. In *Munsingwear* and the other cases Petitioners cite, there was a linear, judicial-only path between the order sought to be vacated, the appeal to a higher court, and the subsequent circumstances giving rise to mootness. Here, such a judicial-only path is not present. The appeal in this case is not from “a civil case from a court in the federal system.” Rather, Petitioners here seek to vacate an order of an administrative agency (which they themselves appealed to this Court) in view of the dismissal of a separate group of district court actions (from which no appealed order is at issue). Indeed, Petitioners have not cited a single case where *Munsingwear* was applied to vacate a decision of an administrative body due to settlement or dismissal of a separate action in an Article III court.

Moreover, the settlement or dismissal of an underlying district court litigation does not extinguish the jurisdiction of the PTAB to continue its review of the patents, according to the current PTAB statutory framework. Rather, upon dismissal of a district court case, parties must petition the PTAB to terminate a pending review, and even then the PTAB has some discretion. *See* 35 U.S.C. § 327; 37 C.F.R. § 42.74.

The *Munsingwear* case—and the others Petitioners cite—is fundamentally different because

invalidate *any* patents, as that issue is currently before this Court in *Oil States Energy Servs., LLC v. Greene’s Energy Group, LLC*, Case No. 16-712.

there, the decision that is subject to vacatur was issued by a court that unquestionably had jurisdiction to rule. Here, in contrast, the appellate path was from a decision that the ruling body (the PTAB) did not have jurisdiction to issue. Thus, Petitioners are asking the Court to vacate a decision *regarding the PTAB's authority* and thus let stand a decision for which there was no legal jurisdiction. That was not the case in *Munsingwear* or any other case applying it, where the jurisdiction of the issuing court was uncontested.

The *Munsingwear* rule applies—when it does—to protect parties adversely affected by a now-unreviewable lower court judgment. This is not the case here. Petitioners seek to dismiss the appeal from the PTAB, essentially unwinding a precedential opinion by the Federal Circuit regarding proper application of the CBM statute. If the decision of the Federal Circuit (where Petitioners were defeated) is vacated, then the only thing left standing is the decision of the PTAB (where they prevailed). In other words, under the natural extension of Petitioner's interpretation of the *Munsingwear* rule, dismissal of the separate district court litigations unwinds the parallel PTAB litigation—but only to the point where they prevailed. This is not and cannot be the intent behind the *Munsingwear* rule, and it illustrates why it is important to consider *which* proceeding led to the appeal and *which* proceeding included the events that led to the alleged mootness.

Petitioners claim that “failing to vacate the decision below would preclude Petitioners from seeking CBM review of the one remaining claim of Secure Axxess’ [sic] patent (claim 24) should Secure Axxess attempt to assert that claim against

Petitioners in the future.” Pet. at 15. Of course that is the case. Petitioners already sought review of Claim 24 in a CBM. The Federal Circuit has determined that it does not meet the statutory definition. On the other hand, if the Federal Circuit’s decision is vacated, then the PTAB ruling invalidating Claim 24 would stand, depriving Secure Access of a property right that the Federal Circuit has clearly stated was improperly taken away. Petitioners’ insinuation that they are without recourse with respect to Claim 24 is incorrect. The Federal Circuit explicitly recognized that Petitioners have options available to them at the PTAB if they are ever sued for infringement of that claim:

Appellees may challenge remaining claim 24 in court if Secure Access alleges that they infringe that claim. The PTO may also further review claim 24, e.g., through an *ex parte* reexamination (initiated *sua sponte* or at someone’s request, 35 U.S.C. § 303) or through an IPR (if properly requested, *see* 35 U.S.C. § 315(b), (e)).

App. 135a.

In practice, adopting Petitioners’ view would prevent Secure Access from asserting a claim that was improperly invalidated against other infringers *and* would effectively constitute a judgment that the ’191 Patent qualifies for CBM review when, in fact, the Federal Circuit has found that it does not. Secure Access has other patents in its portfolio that cover similar technologies using claim language that—like the ’191 Patent—is devoid of terminology that places the claims within the scope of CBM review. To allow the PTAB’s CBM decision to stand would effectively

deprive Secure Access of these other property rights without due process. As such, Petitioners' arguments for *Munsingwear* vacatur represent an unwarranted and improper extension of current law, and should be rejected.

* * *

Importantly, *Munsingwear* vacatur remains a discretionary exercise of the Court's equitable authority. A request for vacatur under *Munsingwear* must therefore (as with all petitions for writs of certiorari) persuade the Court not only that equitable relief is appropriate, but also that the Supreme Court's time and intervention are warranted. Thus, regardless of whether the Court believes that *Munsingwear* applies, it should decline to hear this case for the reasons that follow.

B. The Federal Circuit Opinion Has Not “Eviscerated” CBM Review.

Petitioners paint a dire picture of the future (and present) of the CBM program, suggesting the Federal Circuit's decision below has effectively “eviscerated” it. Pet. at 18. This is simply not true.

1. The PTAB continues to grant CBM petitions at a steady pace.

Since the Federal Circuit's decision below, the PTAB has continued to grant CBM review. For example, as Petitioners note, the PTAB granted CBM review 55% of the time leading up to the *Secure Access* decision. See Pet. at 22. What Petitioners do not mention, however, is that in just over six months following the *Secure Access* decision, the PTAB

granted CBM review in 13 of 31 (*i.e.*, 41.9%) of its institution decisions.³ In fact, in the six-month

³ **Granted:** *DISH Network Corp., et al. v. Customedia Techs., LLC*, Case No. CBM2017-00019, Paper 11 (P.T.A.B. June 12, 2017); *DISH Network Corp., et al. v. Customedia Techs., LLC*, Case No. CBM2017-00023, Paper 11 (P.T.A.B. June 12, 2017); *DISH Network Corp., et al. v. Customedia Techs., LLC*, Case No. CBM2017-00031, Paper 10 (P.T.A.B. July 18, 2017); *Ebay Inc., et al. v. XPRT Venutres, LLC*, Case No. CBM2017-00024, Paper 8 (P.T.A.B. July 26, 2017); *Ebay Inc., et al. v. XPRT Venutres, LLC*, Case No. CBM2017-00025, Paper 8 (P.T.A.B. July 26, 2017); *Ebay Inc., et al. v. XPRT Venutres, LLC*, Case No. CBM2017-00026, Paper 8 (P.T.A.B. July 26, 2017); *Ebay Inc., et al. v. XPRT Venutres, LLC*, Case No. CBM2017-00027, Paper 8 (P.T.A.B. July 26, 2017); *Ebay Inc., et al. v. XPRT Venutres, LLC*, Case No. CBM2017-00028, Paper 8 (P.T.A.B. July 26, 2017); *Ebay Inc., et al. v. XPRT Venutres, LLC*, Case No. CBM2017-00029, Paper 10 (P.T.A.B. July 26, 2017); *DISH Network Corp., et al. v. Customedia Techs., LLC*, Case No. CBM2017-00032, Paper 10 (P.T.A.B. July 28, 2017); *Securus Techs., Inc. v. Global Tel*Link Corp.*, Case No. CBM2017-00034, Paper 9 (P.T.A.B. Aug. 3, 2017); *Fed. Reserve Bank of Atlanta, et al. v. Bozeman Fin. LLC*, Case No. CBM2017-00035, Paper 23 (P.T.A.B. Aug. 29, 2017); *Fed. Reserve Bank of Atlanta, et al. v. Bozeman Fin. LLC*, Case No. CBM2017-00036, Paper 22 (P.T.A.B. Aug. 29, 2017); **Denied:** *Google Inc. v. Klaustech, Inc.*, Case No. CBM2016-00096, Paper 10 (P.T.A.B. Feb. 27, 2017); *Google Inc. v. HBAC Matchmaker Media, Inc.*, Case No. CBM2016-00097, Paper 16 (P.T.A.B. Feb. 27, 2017); *Twilio Inc. v. Telesign Corp.*, Case No. CBM2016-00099, Paper 13 (P.T.A.B. Feb. 27, 2017); *Ford Motor Co. v. Versata Dev. Group, Inc.*, Case No. CBM2016-00101, Paper 12 (P.T.A.B. Mar. 15, 2017); *Ford Motor Co. v. Versata Dev. Group, Inc.*, Case No. CBM2016-00100, Paper 12 (P.T.A.B. Mar. 20, 2017); *Facebook, Inc., et al. v. Skky, LLC*, Case No. CBM2017-00007, Paper 9

period before the *Secure Access* decision, the PTAB issued orders denying CBM review fifteen times.⁴ In

(P.T.A.B. Apr. 10, 2017); *Facebook, Inc., et al. v. Skky, LLC*, Case No. CBM2017-00006, Paper 9 (P.T.A.B. Apr. 11, 2017); *Facebook, Inc., et al. v. Skky, LLC*, Case No. CBM2017-00002, Paper 11 (P.T.A.B. Apr. 12, 2017); *Facebook, Inc., et al. v. Skky, LLC*, Case No. CBM2017-00003, Paper 9 (P.T.A.B. Apr. 12, 2017); *Broadsign Int'l, LLC v. T-Rex Prop. AB*, Case No. CBM2017-00008, Paper 7 (P.T.A.B. Apr. 26, 2017); *Google Inc. v. Alfonso Cioffi, et al.*, Case No. CBM2017-00009, Paper 10 (P.T.A.B. May 1, 2017); *Google Inc. v. Alfonso Cioffi, et al.*, Case No. CBM2017-00011, Paper 10 (P.T.A.B. May 1, 2017); *Google Inc. v. Alfonso Cioffi, et al.*, Case No. CBM2017-00014, Paper 9 (P.T.A.B. May 1, 2017); *Google Inc. v. Alfonso Cioffi, et al.*, Case No. CBM2017-00016, Paper 10 (P.T.A.B. May 1, 2017); *Google Inc. v. Alfonso Cioffi, et al.*, Case No. CBM2017-00010, Paper 9 (P.T.A.B. May 2, 2017); *Google Inc. v. Alfonso Cioffi, et al.*, Case No. CBM2017-00015, Paper 9 (P.T.A.B. May 2, 2017); *Cloud9 Techs. LLC v. IPC Sys., Inc.*, Case No. CBM2017-00037, Paper 8 (P.T.A.B. July 21, 2017); *AOL Inc. v. Improved Search LLC*, Case No. CBM2017-00038, Paper 11 (P.T.A.B. July 24, 2017). Information obtained via the Patent Trial and Appeal Board's End-to-End System, available at <https://ptab.uspto.gov>.

⁴ See *Google Inc. v. At Home Bondholders' Liquidating Trust*, Case No. CBM2016-00036, Paper 12 (P.T.A.B. Aug. 22, 2016); *BMC Software, Inc. v. Zit Consulting GmbH*, Case No. CBM2016-00044, Paper 10 (P.T.A.B. Aug. 23, 2016); *Plaid Techs., Inc. v. Yodlee, Inc.*, Case No. CBM2016-00045, Paper 7 (P.T.A.B. Aug. 23, 2016); *Apple Inc. v. Ameranth, Inc.*, Case No. CBM2016-00053, Paper 9 (P.T.A.B. Sept. 28, 2016); *Nextel Operations, Inc., et al. v. Intellectual Ventures II LLC*, Case No. CBM2016-00052, Paper 9 (P.T.A.B. Oct. 3, 2016); *Plaid Techs., Inc. v. Yodlee, Inc.*, Case No. CBM2016-00070, Paper 8 (P.T.A.B. Oct. 6, 2016); *Plaid Techs., Inc. v. Yodlee, Inc.*, Case No. CBM2016-00082, Paper 8 (P.T.A.B. Oct. 6, 2016); *Google*

the six months following the decision, it issued eighteen such orders.⁵

Moreover, in addition to deciding at the petition stage whether a patent qualifies for CBM review, the PTAB's final written decision must effectively affirm or reverse its eligibility decision. The decision whether to retain an initial eligibility finding is not automatic. For example, following the Federal Circuit's decision in *Unwired Planet, LLC v. Google Inc.*, 841 F.3d 1376 (Fed. Cir. 2016), the PTAB has ordered supplemental briefing on the issue of CBM eligibility before determining whether it could issue a final written decision. *See, e.g., Google Inc. v. Zuili*, Case No. CBM2016-00008, Paper 56 at 6 (P.T.A.B. Apr. 24, 2017). Since the Federal Circuit's decision below, the PTAB has issued 32 final written decisions (counting consolidated cases as a single case), finding in *every single one of them* that the

Inc. v. Locationet Sys. Ltd., Case No. CBM2016-00062, Paper 7 (P.T.A.B. Oct. 25, 2016); *NRT Tech. Corp., et al. v. Everi Payments Inc.*, Case No. CBM2016-00080, Paper 12 (P.T.A.B. Nov. 10, 2016); *Facebook, Inc., et al. v. Skky, LLC*, Case No. CBM2016-00091, Paper 7 (P.T.A.B. Nov. 23, 2016); *T-Mobile US, Inc. v. Intellectual Ventures II LLC*, Case No. CBM2016-00083, Paper 10 (P.T.A.B. Nov. 23, 2016); *Kayak Software Corp. v. Int'l Bus. Machines Corp.*, Case No. CBM2016-00075, Paper 16 (P.T.A.B. Dec. 15, 2016); *Kayak Software Corp. v. Int'l Bus. Machines Corp.*, Case No. CBM2016-00076, Paper 16 (P.T.A.B. Dec. 15, 2016); *Kayak Software Corp. v. Int'l Bus. Machines Corp.*, Case No. CBM2016-00077, Paper 15 (P.T.A.B. Dec. 15, 2016); *Kayak Software Corp. v. Int'l Bus. Machines Corp.*, Case No. CBM2016-00078, Paper 15 (P.T.A.B. Dec. 15, 2016). Information obtained via the Patent Trial and Appeal Board's End-to-End System, *available at* <https://ptab.uspto.gov>.

⁵ *See* note 3, *supra*.

patent at issue was CBM eligible.⁶ If the Federal Circuit's decision below had "eviscerated" the CBM

⁶ See *IBG LLC, et al. v. Trading Techs. Int'l, Inc.*, Case No. CBM2015-00182, Paper 129 (P.T.A.B. Feb. 28, 2017); *IBG LLC, et al. v. Trading Techs. Int'l, Inc.*, Case No. CBM2015-00181, Paper 138 (P.T.A.B. Mar. 3, 2017); *Tradestation Group, Inc., et al. v. Trading Techs. Int'l, Inc.*, Consolidated Case Nos. CBM2015-00161 & CBM2016-00035, Paper 129 (Mar. 13, 2017); *The Kroger Co., et al. v. Nexuscards, Inc.*, Case No. CBM2015-00183, Paper 38 (P.T.A.B. Mar. 27, 2017); *Tradestation Group, Inc., et al. v. Trading Techs. Int'l, Inc.*, Consolidated Case Nos. CBM2015-00172 & CBM2016-00040, Paper 11 (P.T.A.B. Mar. 31, 2017); *Google Inc. v. Zuili*, Case No. CBM2016-00008, Paper 56 (P.T.A.B. Apr. 24, 2017); *IBG LLC, et al. v. Trading Techs. Int'l, Inc.*, Case No. CBM2016-00009, Paper 72 (P.T.A.B. Apr. 26, 2017); *Google Inc. v. Zuili*, Case No. CBM2016-00021, Paper 48 (P.T.A.B. May 5, 2017); *Google Inc. v. Zuili*, Case No. CBM2016-00022, Paper 48 (P.T.A.B. May 5, 2017); *Walgreen Co., et al. v. Advanced Mktg. Sys., LLC*, Case No. CBM2016-00012, Paper 36 (P.T.A.B. May 11, 2017); *Walgreen Co., et al. v. Advanced Mktg. Sys., LLC*, Case No. CBM2016-00013, Paper 35 (P.T.A.B. May 24, 2017); *Walgreen Co., et al. v. Advanced Mktg. Sys., LLC*, Case No. CBM2016-00014, Paper 35 (P.T.A.B. May 24, 2017); *Walgreen Co., et al. v. Advanced Mktg. Sys., LLC*, Case No. CBM2016-00015, Paper 35 (P.T.A.B. May 24, 2017); *Life Techs. Corp. v. Unisone Strategic IP, Inc.*, Case No. CBM2016-00025, Paper 24 (P.T.A.B. June 23, 2017); *IBG LLC, et al. v. Trading Techs. Int'l, Inc.*, Case No. CBM2016-00031, Paper 47 (Aug. 7, 2017); *IBG LLC, et al. v. Trading Techs. Int'l, Inc.*, Case No. CBM2016-00051, Paper 44 (P.T.A.B. Aug. 7, 2017); *IBG LLC, et al. v. Trading Techs. Int'l, Inc.*, Case No. CBM2016-00032, Paper 51 (P.T.A.B. Aug. 14, 2017); *Nautilus Hyosung Inc. v. Diebold Nixdorf, Inc.*, Case No. CBM2016-00034, Paper 33 (P.T.A.B. Aug. 14, 2017); *United Servs. Automobile Ass'n v. Nader Asghari-Kamrani, et al.*, Case

program to the extent Petitioners claim, the PTAB likely would have found in at least *one* of those cases that it lacked the statutory authority to issue a final written decision. Instead, of all 63 orders (31 institution decisions and 32 final written decisions) assessing the eligibility of patents for CBM review the PTAB has issued since the Federal Circuit's decision below, the PTAB has found that the patent

No. CBM2016-00063, Paper 42 (P.T.A.B. Aug. 15, 2017); *United Servs. Automobile Ass'n v. Nader Asghari-Kamrani, et al.*, Case No. CBM2016-00064, Paper 42 (P.T.A.B. Aug. 15, 2017); *Interactive Brokers LLC, et al. v. Chart Trading Dev., LLC*, Case No. CBM2016-00038, Paper 46 (P.T.A.B. Aug. 18, 2017); *Interactive Brokers LLC, et al. v. Chart Trading Dev., LLC*, Case No. CBM2016-00039, Paper 51 (P.T.A.B. Aug. 18, 2017); *CQG, Inc., et al. v. Chart Trading Dev., LLC*, Case No. CBM2016-00046, Paper 44 (P.T.A.B. Sept. 1, 2017); *CQG, Inc., et al. v. Chart Trading Dev., LLC*, Case No. CBM2016-00047, Paper 43 (P.T.A.B. Sept. 1, 2017); *CQG, Inc., et al. v. Chart Trading Dev., LLC*, Case No. CBM2016-00048, Paper 43 (P.T.A.B. Sept. 1, 2017); *Autodesk, Inc. v. Uniloc USA, Inc., et al.*, Case No. CBM2016-00042, Paper 14 (P.T.A.B. Sept. 11, 2017); *Autodesk, Inc. v. Uniloc USA, Inc., et al.*, Case No. CBM2016-00043, Paper 15 (P.T.A.B. Sept. 11, 2017); *Google Inc. v. Performance Price Holdings, LLC*, Case No. CBM2016-00049, Paper 37 (P.T.A.B. Sept. 13, 2017); *Google Inc. v. Performance Price Holdings, LLC*, Case No. CBM2016-00050, Paper 33 (P.T.A.B. Sept. 13, 2017); *IBG LLC v. Trading Techs. Int'l, Inc.*, Case No. CBM2016-00054, Paper 61 (P.T.A.B. Oct. 17, 2017); *iVenture Card Travel Ltd. v. Smart Destinations, Inc.*, Case No. CBM2016-00092, Paper 14 (P.T.A.B. Nov. 3, 2017); *iVenture Card Travel Ltd. v. Smart Destinations, Inc.*, Case No. CBM2016-00093, Paper 14 (P.T.A.B. Nov. 3, 2017). Information obtained via the Patent Trial and Appeal Board's End-to-End System, *available at* <https://ptab.uspto.gov>.

at issue was eligible for CBM review 45 times—71.4%.

Thus, contrary to Petitioners' interpretation of the ruling's effect, the CBM program has not been rendered "largely toothless." Pet. at 20. Rather, the CBM program appears to be functioning much as it was before the decision below, with just a slightly smaller percentage of CBM institution decisions.

Petitioners suggest that the Federal Circuit's decision below was wrong in part because the number of CBM petitions granted has decreased. Of course it has. The Federal Circuit held that the PTAB was misconstruing the CBM statute and granting review when it should not have. It necessarily follows that the rate of grant would decrease upon correction of that error. However, as shown above, the PTAB is still granting CBM petitions at a regular and significant pace; it is just doing so at a lower rate than before the decision below. If the case below curtailed the abusive practice of over-granting petitions challenging patents that have nothing to do with covered business methods, that is a good thing—not a bad one, and it furthers the statutory goals of implementing a limited-scope review program designed to target an isolated class of patents. App.14a–15a (“[The CBM program’s] restriction to ‘covered business method’ patents, and its temporary nature (eight years), make clear that it is a program established for a defined set of patents, not for virtually every patent.”).

In a cautionary tale of the perceived dangers of allowing the Federal Circuit's decision to stand, Petitioners cite *Twilio Inc. v. Telesign Corp.*, Case No. CBM2016-00099, Paper 13 (P.T.A.B. Feb. 27,

2017), where a patentee filed a statutory disclaimer of several claims in a patent, in an allegedly “blatant attempt to avoid CBM review.” Pet. at 19. But if owners of so-called “poor business-method patents” are canceling claims of their patents in light of the Federal Circuit’s clarification of the CBM-eligibility rules, isn’t the system working? Wasn’t the purpose of CBM review to cut down on “poor business-method patents”? If the Federal Circuit’s decision below means that patentees are narrowing the number of assertable claims in such patents, that would be consistent with the statute’s desired purpose—not a reason for reversal. And even though the patent in *Twilio* was not eligible for CBM review after the disclaimer, the petitioner in that case also filed an IPR against the same patent, which *was* instituted. See *Twilio Inc. v. Telesign Corp.*, Case No. IPR2016-01688, Paper 10 (P.T.A.B. Mar. 8, 2017).

The same is true for several of the exemplary cases The Clearing House cites in its amicus brief. See, e.g., *Facebook, Inc. v. Skky LLC*, Case No. IPR2017-00685, Paper 10 (P.T.A.B. July 26, 2017) (granting IPR of U.S. Patent No. 9,203,870); *Facebook, Inc. v. Skky LLC*, Case No. IPR2017-00602, Paper 9 (P.T.A.B. July 13, 2017) (granting IPR of U.S. Patent No. 9,219,810); *Facebook, Inc. v. Skky LLC*, Case No. IPR2017-00687, Paper 9 (July 26, 2017) (granting IPR of U.S. Patent No. 9,215,310). The *Twilio* and *Facebook* cases are illustrative. The common practice of serially filing CBMs and IPRs against the same patents dampens any perceived negative effect that the Federal Circuit’s opinion in *Secure Access* may have had on a litigant’s right to challenge patents at the PTAB. These cases show the Federal Circuit’s decision has hardly rendered the CBM program “toothless.”

In the Petition and in the amicus brief filed by The Clearing House, it is argued that artful drafting of patent claims may dodge otherwise appropriate CBM review. *See* Pet. at 18; TCH Brief at 8–10. Once again, this concern is overblown. Parties who began artfully drafting their claims after the Federal Circuit’s decision below may not even have their patents issued and asserted in time to be subject to CBM review, which ends in 2020. *See* AIA § 18(a)(3). Current USPTO statistics show that on average, patent applicants do not receive a first office action for 16.3 months.⁷ Besides, artful drafting is always a result when laws evolve or are clarified by the courts. This has been the case since long before *Secure Access*, and it will be the case long after. Moreover, it is peculiar to suggest that careful drafting of claim language is something to be cautious of. It is black-letter patent law that claim interpretation focuses on the actual language of a claim. *See, e.g., Renishaw PLC v. Marposs Società Per Azioni*, 158 F.3d 1243, 1248 (Fed. Cir. 1998) (“The claims define the scope of the right to exclude; the claim construction inquiry, therefore, begins and ends in all cases with the actual words of the claim.”); *see also Abtox, Inc. v. Exitron Corp.*, 122 F.3d 1019, 1023 (Fed. Cir. 1997) (“The language of the claim frames and ultimately resolves all issues of claim interpretation.”). Whether a patent “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” is, ultimately, a

⁷ U.S. Patent & Trademark Office Data Visualization Center, *available at* <https://www.uspto.gov/dashboards/patents/main/dashxml> (last accessed Nov. 9, 2017).

question of claim scope. Careful drafting of claims is essential to maintaining the integrity of our patent system, whether that careful drafting means the patent is a CBM-eligible patent or not.

Additionally, even before this case there have been relatively few appeals to the Federal Circuit from CBM reviews, and fewer still that included a CBM-eligibility question. App. 134a (“[T]he issue presented in this case has arisen only rarely.”). And of the previous Federal Circuit cases cited as being consistent with the opinion below, none have been overturned by this Court. Thus, the decision appealed here cannot be said to be inconsistent with any prior precedent of this Court. *See* Supreme Court Rule 10.

2. Litigants have alternative avenues to obtain similar relief as available in CBM review.

Importantly, even after the Federal Circuit’s decision below, every ground of permitted challenge under CBM review is still available via other PTAB procedures to petitioners who want to challenge patents that do not meet the statutory requirements for CBM review.

Before the America Invents Act, petitioners could only challenge issued patents at the Patent Office under 35 U.S.C. §§ 102 and 103, either in an *ex parte* reexamination or an *inter partes* reexamination. Once the AIA was enacted, petitioners were granted three new procedures for challenging issued patents: (1) *inter partes* review (“IPR”); (2) covered business method review (“CBM”); and (3) post grant review (“PGR”).

Effectively, PGR is the counterpart to IPR. Together, they collectively replace *inter partes* reexamination, with PGR review being available immediately after a patent issues and IPR becoming available after the PGR period has ended (*i.e.*, the later of nine months after a patent grant or reissue). While IPR review is limited to challenges under 35 U.S.C. §§ 102 and 103—and only involving patents and printed publications as prior art—PGR may seek invalidity under any ground that may be raised under 35 U.S.C. § 282(b)(2) or (3), including patent subject matter eligibility or utility under 35 U.S.C. § 101, novelty under 35 U.S.C. § 102, obviousness under 35 U.S.C. § 103, and enablement, written description, and definiteness under 35 U.S.C. § 112. In fact, the scope of available challenges under PGR is even broader than under CBM, where petitioners may not seek to invalidate a patent under 35 U.S.C. § 102(e), (f), or (g). Thus, Petitioners’ arguments that the decision below robs them of a procedure for non-judicial review of a patent’s validity are overstated and incorrect.

C. The Federal Circuit Corrected a Misapplication of the Law.

Before the Federal Circuit’s decision in the *Secure Access* appeal, the PTAB was using an overly broad interpretation of the phrase “used in the practice, administration, or management of a financial product or service” to ensnare seemingly limitless classes of patents for CBM review.

Petitioners mischaracterize the Federal Circuit majority’s opinion, claiming that it “effectively rewrites [the language of the statute] to require that

the claims be written so specifically that the method is ‘[**only**] used’ ‘in the practice, administration, or management of a financial product or service.’” See Pet. at 17. That is not what the majority held. The majority was clear that “the phrasing of a qualifying claim does not require particular talismanic words.” App. 19a. Instead, the majority held that there must be some “financial activity element” in at least one claim for a patent to qualify for CBM review. The majority’s opinion was well reasoned and considered both the claims and the specification of the ’191 Patent.

Unsatisfied, Petitioners rely in part on Judge Lourie’s dissent, where he stated, “[a]s a matter of patent law, claims do not necessarily need to recite uses of products.” Pet. at 18 (citing App. 26a). However, the majority’s opinion below does not say that a patent claim was required to “recite uses of products.” Rather, the majority opinion said that the patent must “have a claim that contains, however phrased, a financial activity element.” App. 19a. That opinion is consistent with the statute, which requires a determination of whether the patent “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 majority required, “however phrased, a financial activity *element*.” App. 20a (emphasis added). A financial activity *element* may clearly be different than a recited financial *activity* or *use*. It is broader, because it does not require an express reference to a financial activity, as long as there is something within the claim language that may fairly tie the claimed invention to “the practice, administration, or management of a financial product or service.”

This is not a matter of “exalt[ing] form over substance.” See Pet. at 18. The claim language of a patent *is its substance*. See *Renishaw*, 158 F.3d at 1248 (“The claims define the scope of the right to exclude; the claim construction inquiry, therefore, begins and ends in all cases with the actual words of the claim.”); *Abtox*, 122 F.3d at 1023 (“The language of the claim frames and ultimately resolves all issues of claim interpretation.”). Secure Axcress’s argument for reversal was that the PTAB ignored the claim language entirely—a fundamental error that cannot (and did not) withstand judicial review by the Federal Circuit. Secure Axcress has *never* argued that it is improper to consider the specification in the CBM-eligibility analysis. But what *is* improper is to consider *only* the specification—and ignore the language of the claims, as the PTAB did in this case. As the majority panel noted:

Established patent doctrine requires that claims must be properly construed—that is, understood in light of the patent’s written description It follows that under § 18(d)(1) the written description bears importantly on the proper construction of the claims. But the written description alone cannot substitute for what may be missing in the patent “claims,” and therefore does not in isolation determine CBM status.

App. 13a–14a (internal citations omitted). This is precisely the correct analysis—not a legal error as Petitioners contend. The majority recognized that the statute requires a consideration of what is “claimed.” The Federal Circuit already considered

the arguments Petitioners are making here—*i.e.*, that statements about potential “uses” in the specification can satisfy CBM eligibility even where there is no link to those uses in the claims. The majority rejected that argument, as it should have.

CBM eligibility should be considered like all questions about a patent’s scope—as determined by the claim language in light of the specification as understood at the earliest effective filing date. The majority below accepted this approach, agreeing with Secure Access that “a patent owner’s choice of litigation targets could be influenced by a number of considerations” and that “[t]hese choices do not necessarily define a patent as a CBM patent, nor even necessarily illuminate an understanding of the invention as claimed.” App. 19a; *see also id.* (applying analysis “as of the earliest effective filing date”). Even now, Petitioners continue to place undue emphasis on Secure Access’s litigation targets, but there is simply no room in the CBM analysis (which considers, in effect, the scope of the patent’s claims) for contemporaneous evidence such as the identity of litigation targets. *See* App. 135a (“The clear prescription is that what counts is what the patent *claims*—which, as the panel explained, is a matter of proper claim construction, in which the specification plays a large role (the roster of litigation defendants does not).”). In its amicus brief, The Clearing House attempts to justify the reliance on litigation targets by noting that “extrinsic evidence can help explain a claim’s meaning and scope.” TCH Brief at 14. While this is true, such extrinsic evidence must be contemporaneous with the date of invention. *See Metabolite Labs., Inc. v. Lab. Corp. of Am. Holdings*, 370 F.3d 1354, 1361 (Fed. Cir. 2004). Thus, there is no room in the

analysis for litigation strategies that occur years later. The majority opinion was correct on this point, and its holding should be left undisturbed.

Consideration of the invention claimed in the '191 Patent illustrates why the Federal Circuit majority's opinion was correct. The '191 Patent claims a general utility invention. The '191 Patent describes and claims a system and method involving an Internet security protocol to help guard against phishing attacks. The claims themselves are drawn toward the security mechanism itself—not to the systems and methods that are accessed through the authentication screen. Petitioners do not dispute that the '191 Patent has applicability to a wide range of non-financial websites. Signing onto a web page is not a “financial-related activity.” To hold that it is begs the question: Is unlocking the door to a bank a financial-related activity? Is driving to the bank in your car a financial-related activity? Is using a word processor to draft a letter to a customer a financial-related activity? What if you include the customer's account number on the letter? If one accepts Petitioners' position, all of these things are financial-related activities. But if that is the case, virtually *all* patents could be construed as CBM patents. *See, e.g.*, U.S. Patent No. 6,357,270 (“Free-wheeling door lock mechanism”); U.S. Patent No. 5,701,984 (“Synchronizer for automobile transmission”); U.S. Patent No. 8,458,231 (“Word processor data organization”). The PTAB has recognized the dangerous precedent an overly broad view of the statute would set:

[F]inding that anything with a possible use with respect to activities involving financial products and services would

capture claimed inventions only tangentially related to activities involving financial products and services and would not be limited to a covered business method patent.

See AT&T Mobility LLC v. Intellectual Ventures II LLC, Case No. CBM2015-00185, Paper 10 at 12 (P.T.A.B. May 4, 2016) (citing *Sony Corp. of Am. v. Network-1 Techs., Inc.*, Case No. CBM2015-00078, Paper 7 at 11–12 (P.T.A.B. July 1, 2015)); *see also id.* (“Additionally, the Office has stated, the legislative history of the AIA indicates that ‘financial product or service’ should be interpreted ‘broadly,’ but ‘broadly’ does not mean ‘without limits.’”) (citing Transitional Program for Covered Business Method Patents, 77 Fed. Reg. 48,736 (Aug. 14, 2012)).

Indeed, in other previous opinions consistent with the ruling below, the PTAB has repeatedly found that general utility claims were not directed to financial products or services. *See, e.g., AT&T*, Case No. CBM2015-00185, Paper 10 at 10–12; *Google Inc. v. SimpleAir, Inc.*, Case No. CBM2015-00019, Paper 11 at 11–12 (P.T.A.B. May 19, 2015) (denying CBM review for a patent with claims directed to a system for transmitting, receiving, and processing data that recited “only generic, context-neutral data” without any language relating to a financial product or service); *Sega of Am., Inc. v. Uniloc USA, Inc.*, Case No. CBM2014-00183, Paper 11 at 11–13 (P.T.A.B. Mar. 10, 2015) (rejecting CBM review where claims were “directed to technology that restricts the use of software” and where the software had “no particular relationship to a financial product or service”); *PNC Fin. Servs. Group, Inc. v. Intellectual Ventures I, LLC*, Case No. CBM2014-00032, Paper 13 at 6–15

(P.T.A.B. May 22, 2014) (denying CBM review where claims described “software systems that have general utility not specific to any application”); *Par Pharm., Inc., et al. v. Jazz Pharms., Inc.*, Case No. CBM2014-00149, Paper 12 at 10–13 (P.T.A.B. Jan. 13, 2015) (concluding that in the context of the claim as a whole, a claim relating to a method for controlling access to a prescription drug did not recite or require an activity involving the movement of money, extension of credit, or other financial product or service).

In this case, however, the PTAB ignored the claim language entirely, focusing instead on Senator Schumer’s statements about what he believed the statute said, Secure Axxess’s litigation history, and statements from the specification about what industries might find the invention claimed in the ’191 Patent useful. Had the PTAB cited to the claim language, it would not have found a hook to tie the ’191 Patent to a financial product or service. Instead, the Board would have been forced to conclude that the ’191 Patent is a general utility patent that claims a security system and method for signing onto a web page—any web page. The fact that it *can be* used by banks and other financial-related businesses to protect their web pages was not enough to render the ’191 Patent subject to CBM review:

Mere ability to use the claimed invention in a financial context, standing alone, does not require a finding that the financial prong has been met, especially when the specification as a whole suggests a broader application.

AT&T, Case No. CBM2015-00185, Paper 10 at 12–13 (citing *ServiceNow, Inc. v. Hewlett-Packard Co.*, Case No. CBM2015-00108, Paper 10 at 17 (P.T.A.B. Oct. 7, 2015); *ServiceNow, Inc. v. BMC Software, Inc.*, Case No. CBM2015-00107, Paper 12 at 11–12 (P.T.A.B. Sept. 11, 2015) (finding instructive that the problem addressed by the patent at issue was non-financial in nature and that a significant portion of the specification described the claimed method in general terms)).

The CBM program was intended to be a limited program for a small group of patents. App.14a–15a (“[The CBM program’s] restriction to ‘covered business method’ patents, and its temporary nature (eight years), make clear that it is a program established for a defined set of patents, not for virtually every patent.”). Had Congress intended to create a procedure that allowed review of *all* patents asserted against financial institutions—regardless of whether they were used in the practice, administration, or management of a financial product or service or whether they were used in the practice, administration, or management of some other aspect of their business—then it certainly could have done so. It did not. The Federal Circuit’s decision below properly constrains the scope of CBM review to patents that actually “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.” The decision is proper, well reasoned, consistent with existing precedent, and should be upheld.

CONCLUSION

Contrary to Petitioners' arguments, there is an ongoing controversy between the parties, and *Munsingwear* does not apply because the appeal is from an administrative agency with independent jurisdiction; thus, the intervening dismissal of the district court litigations involving the patent at issue does not render the ongoing controversy moot.

Despite the ongoing controversy, this case does not warrant the Court's limited attention. The CBM program remains alive and well after the Federal Circuit's decision below. The rate at which the PTAB grants petitions has decreased *slightly*, but this is merely the intended effect of the Federal Circuit's majority decision, which attempted to correct the PTAB's overly broad interpretation of the CBM statute. In light of this, and of the approaching sunset of the CBM program, the Court should decline to grant a writ of certiorari in this case.

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Respectfully submitted,

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