

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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EBAY INC. and PAYPAL, INC.,  
Petitioner,

v.

PURPLE LEAF, LLC,  
Patent Owner.

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Case CBM2015-00051  
Patent 8,527,407 B1

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Before BART A. GERSTENBLITH, JAMES A. TARTAL, and  
BRIAN P. MURPHY, *Administrative Patent Judges*.

GERSTENBLITH, *Administrative Patent Judge*.

DECISION

Institution of Covered Business Method Patent Review  
*37 C.F.R. § 42.208*

## I. INTRODUCTION

### A. *Background*

eBay Inc. and PayPal, Inc. (“Petitioner”) filed a confidential Petition (“the Petition”) on December 29, 2014, to institute a covered business method patent review of claims 1–11 of U.S. Patent No. 8,527,407 B1 (Ex. 1001, “the ’407 patent”). Paper 1 (“Pet.”).<sup>1</sup> Purple Leaf, LLC (“Patent Owner”) filed a confidential Preliminary Response to the Petition on May 6, 2015. Paper 13 (“Prelim. Resp.”).

We have jurisdiction under 35 U.S.C. § 324. *See* Section 18(a) of the Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284, 329 (Sept. 16, 2011) (“AIA”).

The standard for instituting a covered business method patent review is set forth in 35 U.S.C. § 324(a), which provides:

**THRESHOLD.**—The Director may not authorize a post-grant review to be instituted unless the Director determines that the information presented in the petition filed under section 321, if such information is not rebutted, would demonstrate that it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable.

Upon consideration of the information presented, we institute review because Petitioner has demonstrated that claims 1–11 of the ’407 patent are more likely than not unpatentable.

### B. *Related Proceedings*

Petitioner indicates that patents related to the ’407 patent, U.S. Patent Nos. 8,027,913 B1<sup>2</sup> (“the ’913 patent”) and 7,603,311 B1<sup>3</sup> (“the

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<sup>1</sup> Petitioner filed a redacted version of the Petition on the same day. Paper 2.

<sup>2</sup> The ’407 patent issued from a continuation of U.S. Patent Application No. 12/576,147, which issued as the ’913 patent. Ex. 1001, at [63].

'311 patent”), are both involved in multiple reexamination proceedings. Pet. 1–2; Paper 9, 2. Petitioner also indicates that U.S. Patent Application No. 14/252,992 claims the benefit of the application that issued as the '407 patent. Pet. 2; Paper 9, 2. U.S. Patent No. 8,744,963 B1 (“the '963 patent”), also related to the '407 patent,<sup>4</sup> is the subject of a petition for covered business method patent review in CBM2015-00052. Pet. 2; Paper 9, 2.

*C. The References*

Petitioner relies upon the following references:

International Application Publication No. WO 1999/09502, published February 25, 1999 (Ex. 1002, “Takayama”)<sup>5</sup>;

B. Clifford Neuman and Gennady Medvinsky, *Requirements for Network Payment: The NetCheque<sup>TM</sup> Perspective*, PROCEEDINGS OF IEEE COMPCON '95 (Mar. 1995) (Ex. 1005, “Neuman”);

U.S. Patent No. 5,809,144, issued Sept. 15, 1998 (Ex. 1003, “Sirbu”);  
and

U.S. Patent No. 5,754,655, issued May 19, 1998 (Ex. 1004, “Hughes”).

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<sup>3</sup> The '913 patent issued from a continuation of U.S. Patent Application No. 09/721,728, which issued as the '311 patent. Ex. 1001, at [63].

<sup>4</sup> The '963 patent issued from a continuation of U.S. Patent Application No. 13/214,163, which issued as the '407 patent. CBM2015-00052, Ex. 1001, at [63].

<sup>5</sup> Petitioner relies upon the English-language translation of Exhibit 1002, European Patent Application Publication No. EP 0 950 968 A1, published October 20, 1999 (Exhibit 1026). *See* Pet. 17, 17 n.3. Petitioner’s citations are to Exhibit 1026, as are our citations herein.

*D. The Asserted Grounds*

Petitioner challenges the patentability of claims 1–11 of the '407 patent based upon the following grounds:

Reference(s)	Basis	Claim(s) challenged
Takayama	§ 102(a)	1 and 3–11
Takayama and Neuman	§ 103(a)	2
Sirbu	§ 102(b)	10 and 11
Sirbu and Hughes	§ 103(a)	1–9

Petitioner supports its challenge with a Declaration by Henry N. Dreifus, dated December 26, 2014 (Ex. 1007).

*E. The '407 Patent*

The '407 patent is directed to a process for conducting electronic transactions, particularly “a more effective and efficient way to make a payment over the Internet.” Ex. 1001, Abst. In particular, the '407 patent explains that the processes for paying, *inter alia*, citations, tickets, and utility bills are “very cumbersome.” *See, e.g., id.* at 1:57, 2:3, 2:20–21, 2:34–35, 2:49. Thus, the '407 patent teaches a “simpler and more efficient way to pay” a citation, for example, “using the Internet.” *Id.* at 2:57–59.

*F. Illustrative Claims*

Claims 1 and 10 are the only independent claims challenged in this proceeding. Claims 2–9 depend from claim 1, and claim 11 depends from claim 10. Claims 1 and 10 are illustrative of the claimed subject matter and are reproduced below:

1. A method for conducting a transaction based on a request for payment remittance information, comprising:
  - receiving from a payor, an authorization of at least one payment due on the request for a payment to a payee;
  - associating in a computer readable memory, the at least one payment with a payment request information;
  - sending to a wireless computing device at least one payment instruction;
  - initiating via the wireless computing device the at least one payment of an amount at least in part responsive to the at least one payment instruction; and
  - wherein the at least one payment has payment remittance information arranged within a computer readable data structure and delivered via the wireless computing device, the data structure comprising one or more data fields to hold data that is responsive to received information from the payee, and wherein said payment remittance information further comprises a structured remittance data, wherein at least part of the payment remittance information is kept hidden from the payee.

Ex. 1001, 19:46–20:7.

10. A method of executing computer-executable instructions residing on a non-transitory computer readable medium, comprising:
  - storing a receipt and a payment remittance information in a memory, the payment remittance information comprising at least in part a structured remittance data, a portion of the payment remittance information is not transmitted and therefore kept hidden from a payee;
  - presenting the receipt to the payee without revealing at least part of said structured remittance data;
  - accepting from a payor a payment instruction comprising at least an amount to be paid and an account of the payor from which to draw the amount while prohibiting the payor from altering data obtained in the structured remittance data;
  - associating the payment instructions with the structured remittance data;

communicating the payment instructions from the memory to initiate at least one payment; and routing a paid amount to the payee.

*Id.* at 20:35–54.

## II. CLAIM CONSTRUCTION

We interpret claims of an unexpired patent using the “broadest reasonable construction in light of the specification of the patent in which [they] appear[.]” 37 C.F.R. § 42.300(b); *accord Versata Dev. Grp., Inc. v. SAP Am., Inc.*, No. 2014-1194, 2015 WL 4113722, at \*19 (Fed. Cir. July 9, 2015) (endorsing the broadest reasonable construction standard for unexpired patents in covered business method patent reviews) (citing *In re Cuozzo Speed Techs. LLC*, No. 14-1301, slip op. at 10–19 (Fed. Cir. July 8, 2015)). Claim terms are given their ordinary and customary meaning, as would be understood by a person of ordinary skill in the art at the time of the invention and in the context of the entire patent disclosure. *See In re Translogic Tech., Inc.*, 504 F.3d 1249, 1257 (Fed. Cir. 2007). We apply this standard to the claims of the ’407 patent. *See* Pet. 22 (proposing to construe the claims of the ’407 patent in accordance with their broadest reasonable interpretation).

In determining whether to institute covered business method patent review, we construe claim terms as necessary to apply the references.

### A. “receipt”

Claims 10 and 11 recite the term “receipt.” Ex. 1001, 20:38, 43, 56. Petitioner proposes that we construe “receipt” as both “(1) an acknowledgement that payment was received and (2) a request for payment.” Pet. 22. Petitioner asserts that although the “commonly

understood meaning” of “receipt” is “an acknowledgement that payment was received” (*id.* at 22–23 (citing Ex. 1038<sup>6</sup>)), the ’407 patent uses the term more broadly to also include “a request for payment” (*id.* at 23). Petitioner points to the ’407 patent’s list of examples of “receipts” and asserts that several, e.g., “hospital receipt, a rental receipt, [and] a property tax receipt,” are “consistent with the conventional meaning of the term” while others, e.g., “a traffic ticket, a citation, [and] a utility bill,” “describe a receipt as a request for payment[.]” *Id.* Patent Owner’s Preliminary Response does not propose a construction for the term “receipt.”

Method claim 10 recites two steps including the term “receipt”:  
(1) “storing a *receipt* and a payment remittance information in a memory,”  
and (2) “presenting the *receipt* to the payee without revealing at least part of said structured remittance data.” Ex. 1001, 20:38–39, 43–44 (emphases added). Claim 11 recites the method of claim 10 “further comprising communicating at least one of the *receipt* and the payment remittance information to at least one intermediary.” *Id.* at 20:55–57 (emphasis added). The specification of the ’407 patent includes the following with respect to the term “receipt”:

The receipt is selected from the group consisting of a traffic ticket, a citation, a utility bill, a court ticket, a court warrant, hospital receipt, a rental receipt, a property tax receipt, a property transfer tax receipt, a business permits receipt, a business license receipt, a business license renewal receipt, an administrative citation receipt, a facility rental receipt, a class sign-up receipt, a building permit receipt, a planning permit receipt, an airport use receipt, a roads and highway receipt, a fire department receipt, a waste disposal receipt, a recycling

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<sup>6</sup> COLLINS ENGLISH DICTIONARY 1286 (HarperCollins Pub. 4th ed. 1998) (“receipt”).

waste bill, a marriage license receipt, a birth certificate receipt, a death certificate receipt, a lien receipt, a passport application receipt, a passport renewal receipt, a visa application receipt, a visa renewal receipt, a land development maps receipt, an United States Geological Service Maps Division receipt, an Internal Revenue Service receipt, a State Tax Board receipt, a Driver's license renewal receipt, a Vehicle License tags renewal receipt, a car insurance receipt, an electric bill, a phone bill, a gas bill, a water receipt, a business tax receipt and a parking ticket.

*Id.* at 5:1–18.

First, it appears that the principal use of the term “receipt” in the '407 patent specification is as a request for payment. In particular, the specification provides several examples of conducting electronic transactions, such as paying a ticket, citation, or utility bill (invoice). *See, e.g., id.* at 2:53–4:4, 11:55–19:44. Although these examples and description do not recite the term “receipt,” the block quotation above indicates that “receipt” includes a “traffic ticket,” “citation,” and “utility bill,” each of which is understood as a request for payment.

Second, the specification also includes embodiments in which the term “receipt” is used. These embodiments include conducting a transaction using a medium, computer-executable instructions using a medium, and means for storing a receipt. *See, e.g., id.* at 4:17–67. The description of each of these embodiments also is consistent with the meaning of “receipt” as a request for payment. *See, e.g., id.* at 4:20 (“enabling an entity to authorize a payment due on the receipt”), 4:34–35 (“enabling the entity to specify payment instructions comprising at least an amount to be paid on the receipt”), 4:44–45 (“means for enabling an entity to authorize a payment due on the receipt”), 4:59–61 (“means for enabling the entity to specify payment

instructions comprising at least an amount to be paid on the receipt”). Specifically, the embodiments refer to “a payment due on the receipt” and “an amount to be paid on the receipt,” each of which indicates that the receipt has not been paid. Thus, the description discussed above is consistent with construing “receipt” as “a request for payment.”

As stated by Petitioner, the list of items in the ’407 patent that constitute “receipts” (as shown above in the block quotation from the specification) includes both an acknowledgement that payment was received and a request for payment. Accordingly, we construe “receipt” to encompass “an acknowledgement that payment was received” and “a request for payment.”

### III. ANALYSIS

#### A. *Standing for Covered Business Method Patent Review of the ’407 Patent*

The parties disagree as to whether Petitioner has standing to file a petition for a covered business method review of the ’407 patent. *See* Pet. 3–17; Prelim. Resp. 2–24. In fact, Patent Owner dedicated nearly the entire Preliminary Response to addressing the issue of standing.

##### 1. *Charged with Infringement Under the ’407 Patent*

“[T]he starting point for a standing determination for a litigant before an administrative agency . . . is the statute that confers standing before that agency.” *Ritchie v. Simpson*, 170 F.3d 1092, 1095 (Fed. Cir. 1999). In this case, the starting point is Section 18 of the AIA, which creates the transitional covered business method patent review program. AIA § 18(a)(1)(B) provides: “A person may not file a petition for a transitional proceeding with respect to a covered business method patent unless the

person or the person's real party in interest or privy has been sued for infringement of the patent or has been charged with infringement under that patent." This requirement is repeated in 37 C.F.R. § 42.302(a), which further defines "charged with infringement" to mean that "a real and substantial controversy regarding infringement of a covered business method patent exists such that the petitioner would have standing to bring a declaratory judgment action in Federal court." 37 C.F.R. § 42.302.

To demonstrate a sufficient controversy for a declaratory judgment claim, "the facts alleged, under all the circumstances, [must] show that there is a substantial controversy, between parties having adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment." *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 127 (2007) (quotation omitted). In the context of patent disputes, an actual controversy requires "an injury in fact traceable to the patentee," which exists if the party seeking declaratory judgment alleges "(1) an affirmative act by the patentee related to the enforcement of his patent rights and (2) meaningful preparation to conduct potentially infringing activity." *Ass'n for Molecular Pathology v. USPTO*, 689 F.3d 1303, 1318 (Fed. Cir. 2012), *rev'd on other grounds*, *Ass'n for Molecular Pathology v. Myriad Genetics, Inc.*, 133 S. Ct. 2107 (2013) (citations omitted).

*a. Patent Owner's Challenge to Petitioner's Reliance on Particular Asserted Facts*

At the outset we address the parties' dispute over which alleged facts we may consider in determining whether Petitioner has shown that it was charged with infringement. In particular, Patent Owner contends that many of Petitioner's assertions are based upon information that is subject to a

confidentiality agreement between the parties or is protected from disclosure by Federal Rule of Evidence 408 (“Rule 408”), or both. Prelim. Resp. 2. Petitioner’s position regarding this information is more fully expressed in its Renewed Motion to Seal (Paper 16) and its Response to Patent Owner’s Motion to Seal (Paper 20). We address each of Patent Owner’s positions.

*i. Confidentiality Agreement*

Although Petitioner has the ultimate burden to show that at least one claim of the ’407 patent is more likely than not unpatentable, Patent Owner, as the party seeking to block the use of some of the information upon which Petitioner relies based on a confidentiality agreement, bears the burden of showing that a confidentiality agreement exists. In particular, Patent Owner must show, at a minimum, that a confidentiality agreement exists, which (a) governs the information at issue and (b) includes a non-disclosure clause prohibiting the use of the information in the manner about which Patent Owner complains.

Patent Owner contends that, as of the end of June 2014, the parties were in the process of negotiating a non-disclosure agreement. Prelim. Resp. 6–7. In particular, Patent Owner asserts that Petitioner transmitted a draft agreement to Patent Owner on June 27, 2014. *Id.* at 7. Patent Owner alleges that it proposed changes to the draft on July 8, 2014, but that Petitioner did not respond. *Id.* Patent Owner contends that “the governing terms of that understanding should accordingly be construed as those in the last written proposal made on July 8, 2014, by Patent Owner’s counsel.” *Id.* at 7–8. Further, Patent Owner contends that the terms of the draft “prevent[] Patent Owner from submitting copies of that draft agreement into evidence.” *Id.* at 7.

Petitioner asserts that it never entered into an agreement with Patent Owner regarding the confidentiality of their communications. Paper 16, 1. Petitioner contends that “[t]he parties only agreed to keep two specific items of information confidential: (1) a settlement and license agreement that Petitioner sent to Patent Owner and (2) Patent Owner’s monetary demand.” *Id.* Petitioner also asserts that Patent Owner unilaterally designated additional communications as confidential. *Id.* Petitioner further contends that Exhibit 1024 includes correspondence pertaining to the settlement and license agreement. *Id.* at 2.

The only evidence in the record indicating the existence of a confidentiality agreement is Exhibit 1024. Exhibit 1024 is an email exchange between Anup Tikku, in-house counsel of Petitioner entity eBay Inc., Gabriel G. Gregg of Robinson & Wood, Inc., whose email reflects that he represents Patent Owner, and Brooke A.M. Taylor of Susman Godfrey L.L.P., who also represents Patent Owner. The email thread begins with an email from Mr. Tikku indicating that before sending Mr. Gregg “eBay’s template agreement setting out the terms of any resolution,” Mr. Tikku requested that Mr. Gregg “confirm that you and your client will keep this document confidential and agree that it is being provided pursuant to FRE 408.” Ex. 1024, 2 (also referring to the “document” as “template terms of resolution”). Mr. Gregg responded by stating that he “confirms that [Patent Owner] and its counsel will keep the eBay template agreement confidential per FRE 408.” *Id.* Mr. Tikku then responded by thanking Mr. Gregg for “confirming that [Patent Owner] and its counsel: (1) will treat the attached draft agreement as confidential, and (2) acknowledging that it is being provided pursuant to Federal Rules [sic] of Evidence 408.” *Id.* at 1–2.

Exhibit 1024 reveals that the parties agreed to keep “eBay’s template agreement setting out the terms of any resolution” confidential. While other communications and information were marked by Patent Owner as “highly confidential” (e.g., Exs. 1045–47), the record does not reflect any other confidentiality agreement between the parties. Additionally, with respect to the draft nondisclosure agreement to which Patent Owner asserted Petitioner should be bound, (1) the draft is not in the record, and we are unable to review its contents; (2) the parties’ alleged negotiations exchanging different versions of said draft agreement are not in the record, and we are unable to review the substance of those negotiations; and (3) Patent Owner does not offer any support, for example, by citation to statute, rule, or case law, for its position that Petitioner should be bound by a draft agreement that it did not sign.

Accordingly, on the record before us, we determine that the only information shown to be subject to a confidentiality agreement<sup>7</sup> between the parties are the terms of the eBay template agreement setting out a potential resolution, as referred to in Exhibit 1024, and Patent Owner’s monetary demand.

*ii. Federal Rule of Evidence 408*

Patent Owner asserts that Federal Rule of Evidence 408 precludes the use of settlement discussions to establish declaratory judgment jurisdiction or, more specifically in this case, to establish that Petitioner was charged

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<sup>7</sup> Although the terms of the parties’ confidentiality agreement were not identified in Exhibit 1024 and are not alluded to elsewhere, it appears that Petitioner agrees that it may not rely upon the terms of the template agreement or Patent Owner’s monetary demand to show that Patent Owner charged it with infringement, as discussed further *infra*.

with infringement of the '407 patent. Prelim Resp. 4–6. Patent Owner asserts that certain information Petitioner relies on to show that it was charged with infringement “is clearly being presented to, among other things, ‘prove or disprove the validity . . . of a disputed claim.’ That is, Petitioner’s attempt to manufacture standing was made to try to prove invalidity of the '407 patent . . . .” Prelim. Resp. 6. Petitioner asserts that Rule 408 does not preclude the admissibility of information derived from the parties’ settlement negotiations to establish declaratory judgment jurisdiction. *See* Paper 20, 6 n.2 (citation omitted).

Rule 408 provides:

- (a) Prohibited Uses. Evidence of the following is not admissible – on behalf of any party – either to prove or disprove the validity or amount of a disputed claim or to impeach by a prior inconsistent statement or a contradiction:
  - (1) furnishing, promising, or offering – or accepting, promising to accept, or offering to accept – a valuable consideration in compromising or attempting to compromise the claim; and
  - (2) conduct or a statement made during compromise negotiations about the claim – except when offered in a criminal case and when the negotiations related to a claim by a public office in the exercise of its regulatory, investigative, or enforcement authority.
- (b) Exceptions. The court may admit this evidence for another purpose, such as proving a witness’s bias or prejudice, negating a contention of undue delay, or proving an effort to obstruct a criminal investigation or prosecution.

Most relevant to the parties’ dispute, Rule 408 precludes the use of settlement negotiations “to prove or disprove the validity or amount of a disputed claim.” Fed. R. Evid. 408. The disputed claims at issue in this proceeding are the four grounds under which Petitioner asserts that the

claims of the '407 patent are unpatentable. The specific facts relied upon here, discussed further *infra*, are relevant to whether Patent Owner charged Petitioner with infringement, but do not “prove or disprove the validity . . . of” Petitioner’s patentability challenges (i.e., whether the claims of the '407 patent are anticipated or obvious).

Additionally, it is noteworthy that multiple courts have reached the same result. *See, e.g., SanDisk Corp. v. STMicroelectronics, Inc.*, 480 F.3d 1372, 1375 n.1 (Fed. Cir. 2007) (finding that Rule 408 does not preclude SanDisk’s use of the parties’ licensing discussions and an infringement study to establish declaratory judgment jurisdiction); *Nat’l Presort, Inc. v. Bowe Bell + Howell Co.*, 663 F. Supp. 2d 505, 508 (N.D. Tex. 2009) (Statements offered in a letter were not “being used to prove ‘liability for, invalidity of, or amount of’ any claim. FED. R. EVID. 408(a)[.] Rather they are being offered to establish jurisdiction in this, a separate matter.”); *Google, Inc. v. Traffic Info., LLC*, No. CV09-642-HU, 2010 WL 743878, at \*2–3 (D. Or. Feb. 2, 2010) (relying upon communications marked “confidential” and rejecting that Rule 408 precludes their use to establish declaratory judgment jurisdiction); *see also Rhoades v. Avon Prods., Inc.*, 504 F.3d 1151, 1161 (9th Cir. 2007) (“Here, DermaNew does not rely on the threats in an attempt to prove whose trademark is valid, or to impeach Avon. Instead, it uses the threats to satisfy the jurisdictional requirements of an action for declaratory relief.[.] This is perfectly acceptable under Rule 408.”). And, importantly, Patent Owner does not cite any support for its argument that Rule 408 precludes Petitioner’s use of settlement negotiations to establish declaratory judgment jurisdiction.

Accordingly, we determine that Rule 408 does not preclude Petitioner's reliance upon the parties' settlement discussions to establish that it was charged with infringement of the '407 patent.

*b. Injury in Fact Traceable to Patent Owner*

As set forth above, Petitioner may show an injury in fact traceable to Patent Owner by alleging "(1) an affirmative act by the patentee related to the enforcement of his patent rights and (2) meaningful preparation to conduct potentially infringing activity." *Ass'n for Molecular Pathology*, 689 F.3d at 1318 (citations omitted). The facts alleged by Petitioner in favor of showing an affirmative act by Patent Owner related to the enforcement of its patent rights include:

- (1) Patent Owner filed a lawsuit against Petitioner entity eBay on or about July 12, 2011, in which Patent Owner asserted that eBay infringed the '311 patent. Ex. 1006 ¶ 2 (citing Ex. 1012). The lawsuit was voluntarily dismissed without prejudice. *Id.* (citing Ex. 1013).
- (2) In May and June of 2011, Patent Owner filed lawsuits against several other companies asserting infringement of the '311 patent. *Id.* ¶ 3 (citing Exs. 1014, 1016, 1018).
- (3) Since 2011, the parties have been involved in several reexamination proceedings involving the '311 and '913 patents. *Id.* ¶¶ 5-7.

- (4) Patent Owner filed a lawsuit<sup>8</sup> against Zuora, Inc. (a third-party) alleging infringement of the '407 patent. *Id.* ¶ 10 (citing Ex. 1022).
- (5) During a meeting on June 2, 2014, between representatives of Patent Owner and Petitioner, including Mr. Tikku, Mr. Gregg and Ms. Yadav-Ranjan (the sole named inventor of the '407 patent), Mr. Gregg and Ms. Yadav-Ranjan “repeatedly asserted that eBay infringed” the '407, '913, and '311 patents, and would infringe a patent application that was soon to issue as the '963 patent, and demanded that eBay take a license to each of the three patents and the soon-to-issue '963 patent. *Id.* ¶¶ 13–15.
- (6) Patent Owner’s counsel contacted Petitioner entity eBay “numerous times demanding that eBay take a license to [Patent Owner’s] patents.” *Id.* ¶ 17.
- (7) Patent Owner’s representative, Brooke Taylor, sent Mr. Tikku a claim chart, via email on November 4, 2014, showing how claim 8 of the '913 patent allegedly reads on eBay and PayPal’s online payment system. *Id.* ¶ 19 (citing Exs. 1045, 1046).
- (8) Attached to the same email, Ms. Taylor sent Mr. Tikku additional material that “would be included in any license.” *Id.* (quoting Ex. 1045, citing Ex. 1047).
- (9) Ms. Taylor’s email stated that “[o]ur demand is outstanding” and that if Patent Owner did not hear from Petitioner by November 13,

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<sup>8</sup> The lawsuit against Zuora, Inc. was dismissed with prejudice in light of a settlement between the parties to that action. Ex. 1023.

2014, Patent Owner will “understand that eBay is not interested in further discussions.” *Id.* (quoting Ex. 1045).

Patent Owner asserts that much of the evidence offered by Petitioner weighs in favor of Patent Owner’s argument that it did not charge Petitioner with infringement of the ’407 patent. Prelim. Resp. 9–10. First, Patent Owner notes there is no allegation (or evidence) that it has sued Petitioner for infringement of the ’407 patent.<sup>9</sup> *Id.* at 11. Second, Patent Owner emphasizes that it did not provide Petitioner with a claim chart based on any claim of the ’407 patent. *Id.* at 10. Third, Patent Owner’s email correspondence of record reflects that, after the June 2, 2014 meeting between representatives of Patent Owner and Petitioner, Patent Owner’s representatives asserted that Patent Owner has not charged Petitioner with patent infringement. *See* Ex. 1024 (reflecting correspondence between August 27 and September 3, 2014, in which Mr. Gregg and Ms. Brooke, respectively, state that Patent Owner “has not charged eBay with infringement of any patents,” and “is not alleging infringement now”). Fourth, the reexamination proceedings involving patents other than the ’407 patent were initiated by Petitioner.

Considering the evidence of record, we determine that Petitioner has shown an injury in fact traceable to the patentee in light of “(1) an

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<sup>9</sup> Of course, if Patent Owner had sued Petitioner for infringement of the ’407 patent, Petitioner would not have to rely on being “charged with infringement” under AIA § 18(a)(1)(B); rather, the suit itself would have provided an independent basis to assert jurisdiction under § 18(a)(1)(B). AIA § 18(a)(1)(B) (“A person may not file a petition for a transitional proceeding with respect to a covered business method patent unless the person . . . *has been sued for infringement of the patent* or has been charged with infringement under that patent.” (emphasis added)).

affirmative act by the patentee related to the enforcement of his patent rights and (2) meaningful preparation to conduct potentially infringing activity.” *Ass’n for Molecular Pathology*, 689 F.3d at 1318. Mr. Tikku’s Declaration that Patent Owner’s representatives “repeatedly asserted that eBay infringed” the ’407 patent during the June 2nd meeting is the strongest evidence weighing in Petitioner’s favor on both factors. *See, e.g., 3M Co. v. Avery Dennison Corp.*, 673 F.3d 1372, 1379 (Fed. Cir. 2012) (indicating, in the context of an appeal from a motion to dismiss, that telephone conversations between the parties’ representatives, in which the patent owner’s representative allegedly stated that the declaratory judgment plaintiff’s product “may infringe” and that “licenses are available,” “if found by the district court, would be sufficient to constitute a case or controversy between 3M and Avery”); *Hewlett-Packard Co. v. Accelaron LLC*, 587 F.3d 1358, 1364 (Fed. Cir. 2009) (finding, in the context of an appeal from a motion to dismiss, implied assertions of patent rights sufficient to show a “definite and concrete” dispute between parties having adverse legal interests). Mr. Tikku’s Declaration testimony stands unrebutted on the record before us.<sup>10</sup> Additionally, Patent Owner’s history of litigation with

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<sup>10</sup> Patent Owner’s Preliminary Response asserts that “the primary focus of the [parties] discussions was on the ’913 patent, rather than the other [Patent Owner] patents,” given the procedural posture of the reexamination proceedings involving the ’311 and ’913 patents. Prelim. Resp. 14–15. Patent Owner contends that Patent Owner’s representatives did not “repeatedly assert[] infringement of any of Patent Owner’s patents by Petitioner,” and did not demand that Petitioner take a license to the ’311, ’913, and ’407 patents during the meeting between the parties’ representatives on June 2, 2014. *Id.* Patent Owner indicates that it “strenuously denies all of these assertions, and . . . is prepared to provide testimony to the Board confirming the same.” *Id.* at 16. Patent Owner,

Petitioner, although based on the related '311 patent, and Patent Owner's history of litigation with at least one third party based on the '311 and '407 patents, also show affirmative acts by Patent Owner related to the enforcement of its patent rights.<sup>11</sup> *See, e.g., Hewlett-Packard Co.*, 587 F.3d at 1364 n.1 (“A history, or lack thereof, of litigating in the industry can certainly be a factor to be considered.” (quoting *Prasco, LLC v. Medicis Pharm. Corp.*, 537 F.3d 1329, 1341 (Fed. Cir. 2008) (“Prior litigious conduct is one circumstance to be considered in assessing whether the totality of the circumstances creates an actual controversy.”))).

Accordingly, Petitioner has shown on the current record that it has been charged with infringement of the '407 patent by Patent Owner.

## 2. *Financial Service or Product*

Section 18 of the AIA defines the phrase “covered business method 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, except that the term does not include patents for technological inventions.” AIA § 18(d)(1); *see* 37 C.F.R. § 42.301(a). A “covered business method patent” is “not limited to products and services of only the financial industry, or to

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however, did not seek authorization to submit new testimonial evidence with its Preliminary Response under 37 C.F.R. § 42.107(c). Accordingly, on the record before us, Mr. Tikku's Declaration testimony is un rebutted.

<sup>11</sup> Although the '311 patent is not challenged in this proceeding, Patent Owner's history of affirmative acts related to the enforcement of its rights under the '311 patent is relevant here at least because the '407 patent is a grandchild of the '311 patent (i.e., the application that issued as the '407 patent is a continuation of a continuation of the application that issued as the '311 patent). Thus, the '407 and '311 patents have substantially the same written description portions of their specifications.

patents owned by or directly affecting the activities of financial institutions such as banks and brokerage houses.” *Versata*, slip op. at 35. Rather, the “plain text of the statutory definition . . . covers a wide range of finance-related activities.” *Id.*

The legislative history explains that the definition of a covered business method patent was drafted to encompass patents “claiming activities that are financial in nature, incidental to a financial activity or complementary to a financial activity” and that “financial product or service” should be interpreted broadly. 157 Cong. Rec. S5432 (daily ed. Sept. 8, 2011) (statement of Sen. Schumer). As Senator Schumer observed, “[a]t its most basic, a financial product is an agreement between two parties stipulating movements of money or other consideration now or in the future.” *Id.* Thus, “[a]ny business that sells or purchases goods or services ‘practices’ or ‘administers’ a financial service by conducting such transactions.” *Id.*

To determine whether a patent is eligible for a covered business method patent review, the focus is on the claims. *See* Transitional Program for Covered Business Method Patents—Definitions of Covered Business Method Patent and Technological Invention; Final Rule, 77 Fed. Reg. 48,734, 48,736 (Aug. 14, 2012). A patent need have only one claim directed to a covered business method to be eligible for review. *Id.*; *Versata*, slip op. at 38 (accepting the Board’s use of a single claim to determine whether a patent is eligible for covered business method patent review).

Petitioner indicates that the '407 patent is classified in Technology Class 705,<sup>12</sup> and asserts that claims 1–9 “recite ‘[a] method for conducting a transaction based on a request for payment remittance information,’ and involve, for example, ‘authorization of at least one payment,’ ‘sending . . . at least one payment instruction,’ and ‘initiating . . . at least one payment.’” Pet. 4 (quoting Ex. 1001, claims 1–9). Petitioner contends that claims 10 and 11 “recite financial-related processes, such as ‘accepting . . . a payment instruction comprising at least an amount to be paid and an account of the payor’ and ‘initiat[ing] at least one payment.’” *Id.* (quoting Ex. 1001, claims 10 and 11).

Patent Owner asserts that the claims of the '407 patent “do not by themselves recite any particular ‘financial product or service,’ such as, merely for instance, a calculation of insurance risk or automated brokerage settlement services.” Prelim. Resp. 29. Rather, Patent Owner contends that “the claims . . . on their face recite a technique for conducting a transaction based on payment remittance information, and/or communicating payment instructions in a specified manner.” *Id.* Patent Owner asserts that the claims are directed to transaction techniques that “can be used . . . as part of different kinds of financial transactions, as well as many other types of

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<sup>12</sup> Technology Class 705 (“Data processing: financial, business practice, management, or cost/price determination”) “is the generic class for apparatus and corresponding methods for performing data processing operations, in which there is a significant change in the data or for performing calculation operations wherein the apparatus or method is uniquely designed for or utilized in the practice, administration, or management of an enterprise, or in the processing of financial data.” Section I - Class Definition *available at* <http://www.uspto.gov/web/patents/classification/uspc705/defs705.htm> (last visited July 21, 2015).

transactions, but . . . do not in and of themselves encompass a ‘business method.’” *Id.*

Claim 1 recites, generally, a method for conducting a transaction based on a request for payment remittance information comprising, *inter alia*, the steps of receiving authorization of a payment due on a request for payment to a payee, sending a payment instruction to a wireless computing device, and initiating a payment responsive to the payment instruction. *See* Ex. 1001, 19:46–20:7. As Patent Owner acknowledges, claim 1 is directed to a transaction technique that can be used as part of a financial transaction. *See* Prelim. Resp. 29. The transaction technique specifically recites a request for payment, sending a payment instruction, and initiating a payment. Thus, claim 1 is directed to the movement of money or other consideration, and practices or administers a financial service by enabling such transactions. Accordingly, on this record, Petitioner has satisfied its burden of showing that claim 1 is directed to a financial service or product.<sup>13</sup>

### 3. *Technological Invention Analysis*

The definition of “covered business method patent” in section 18(d)(1) of the AIA excludes patents for “technological inventions.” In determining whether a patent is for a technological invention, we consider

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<sup>13</sup> Although not dispositive, we note that the ’407 patent is in Technology Class 705. Ex. 1001, at [58]. Most patents subject to business method patent review were anticipated to be classifiable in Class 705. *See* Transitional Program for Covered Business Method Patents—Definitions of Covered Business Method Patent and Technological Invention; Final Rule, 77 Fed. Reg. 157, 48,734, 48,739 (Aug. 14, 2012); *see Versata*, slip op. at 33 n.14 (noting that while Class 705 “apparently served as the original template for the definition of a ‘covered business method,’ . . . [it] was thought to be too narrow”) (citation omitted).

“whether the claimed subject matter as a whole recites a technological feature that is novel and unobvious over the prior art; and solves a technical problem using a technical solution.” 37 C.F.R. § 42.301(b). The following claim drafting techniques, for example, typically do not render a patent a “technological invention”:

(a) Mere recitation of known technologies, such as computer hardware, communication or computer networks, software, memory, computer-readable storage medium, scanners, display devices or databases, or specialized machines, such as an ATM or point of sale device.

(b) Reciting the use of known prior art technology to accomplish a process or method, even if that process or method is novel and non-obvious.

(c) Combining prior art structures to achieve the normal, expected, or predictable result of that combination.

Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,763–64 (Aug. 14, 2012).

Petitioner contends that the claims of the ’407 patent are not directed to technological inventions because they “generically recite known technologies for communicating and storing data for the purpose of conducting a payment transaction, a basic financial concept that is neither novel nor unobvious.” Pet. 6. Patent Owner asserts that the claims are directed to technological inventions because the platforms and techniques recited in the claims “employ various intermediation and security features to ensure a safe transaction in which the payor can . . . control and limit exposed payment information and instructions, including to keep ‘at least a part’ of ‘payment remittance information’ hidden from the payee.” Prelim. Resp. 29–30. Patent Owner contends that such subject matter “rests on

actual technical advances that were unknown in the art at the time [the '407 patent was] . . . fil[ed].” *Id.* at 30.

Petitioner has shown, on this record, that the '407 patent claims are not directed to technological inventions. In particular, claim 1 recites known technologies, e.g., a computer readable memory, wireless computing device, and computer readable data structure. As noted in the Office Patent Trial Practice Guide referenced above, “[r]eciting the use of known prior art technology to accomplish a process or method, even if that process or method is novel and non-obvious,” typically does not render a patent a “technological invention.” 77 Fed. Reg. at 48,764. We agree with Petitioner that such is the case here.

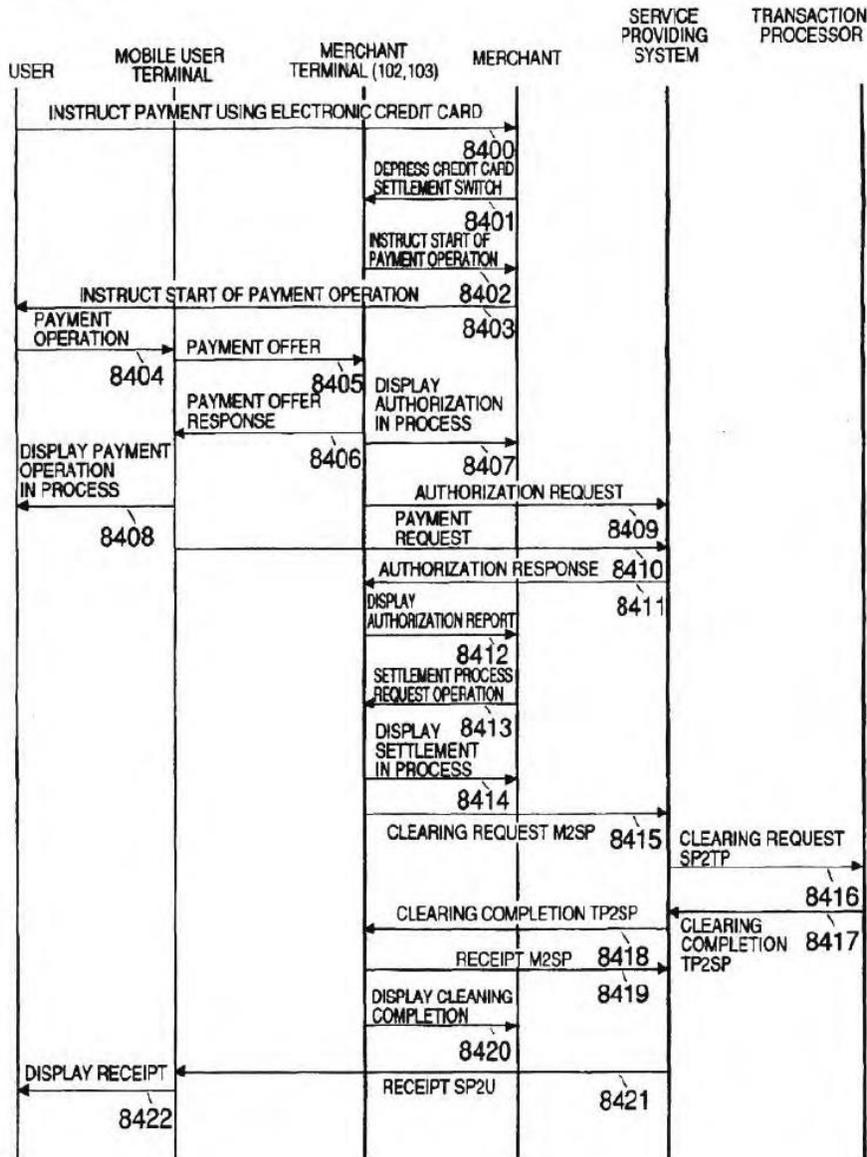
*B. Anticipation of Claims 1 and 3–11 by Takayama*

Petitioner contends that claims 1 and 3–11 are anticipated by Takayama. Pet. 24–55. In support of its challenge, Petitioner provides an analysis of Takayama’s disclosure and includes a detailed discussion explaining how each limitation of the challenged claims is allegedly disclosed by Takayama. *Id.*

Takayama is directed to “an electronic commerce system that provides a settlement function” using a wireless communication means, such as a telephone. *See, e.g.*, Ex. 1026, Abst., ¶¶ 1, 32–33, Fig. 1. Takayama generally discloses four embodiments of mobile electronic commerce services: (1) an electronic ticket service; (2) an electronic payment card service; (3) an electronic telephone card service; and (4) an electronic credit card service. *Id.* ¶ 361. Petitioner’s challenge to claims 1 and 3–11 of the '407 patent is primarily based on the electronic credit card service embodiment. Pet. 24. Takayama’s Figure 84, which shows the process

steps and messages exchanged when performing an electronic credit card payment via a mobile user device, is shown below:

**FIG. 84**



Takayama’s Figure 84 is “a flowchart showing real credit settlement.”  
 Ex. 1026, 53:50–52.

Patent Owner asserts that the “prior art relied upon by Petitioner . . . is not sufficient to call into question the patentable nature of the claims of the [’]407 patent.” Prelim. Resp. 31. Patent Owner contends “[t]hat [the] art

instead reflects essentially cumulative subject matter which does not raise new questions of anticipation or obviousness with regard to . . . the claims.” *Id.* Patent Owner states that “[i]n view of the deficiencies in Petitioner’s standing and admissibility presented herein, Patent Owner elects to forego further demonstration of the failure of the alleged prior art to affect patentability of the [’]407 patent, in this Preliminary Response.” *Id.* Thus, Patent Owner did not address the merits of Petitioner’s challenge based on Takayama.

1. *Claims 1 and 3–9*

Upon review of Petitioner’s analysis and the evidence of record, we determine that Petitioner has established that it is more likely than not that claims 1 and 3–9 are anticipated by Takayama.

2. *Claims 10 and 11*

Claim 10 is directed to a method of executing computer-executable instructions comprising several steps pertaining to a receipt and payment remittance information. Ex. 1001, 20:35–54. In particular, claim 10 recites “presenting the receipt to the payee.” *Id.* at 20:43. Claim 11 depends from claim 10. *Id.* at 20:55.

Petitioner asserts that Takayama’s “receipt 8419” and “payment offer response” allegedly disclose the recited “receipt.” Pet. 40–42. With respect to “receipt 8419,” Petitioner contends that “upon receiving the ‘clearing completion notification 13637,’ the merchant terminal ‘generates a receipt 8419.’” *Id.* at 46 (citations omitted). Petitioner states: “The merchant terminal also displays on the LCD the contents of the clearing completion notification [i.e., receipt] 8419 . . . in order to notify the operator (merchant) that the settlement process has been completed (display clearing

completion: 8420).” *Id.* (alterations made by Petitioner). Petitioner asserts, “[t]hus, the ‘receipt 8419,’ which constitutes the claimed ‘receipt,’ is presented to the payee.” *Id.* (citing Ex. 1007 ¶ 105).

Takayama states:

Upon receiving the clearing completion notification 8418, the merchant terminal *generates* a receipt message 8419, which corresponds to a receipt, and transmits it to the service providing system. The merchant terminal also displays on the LCD the contents of the clearing completion notification 8419 in order to notify the operator (merchant) that the settlement process has been completed (display clearing completion: 8420).

Ex. 1026 ¶ 813 (emphasis added); *see id.* ¶ 2091 (“Upon receiving the clearing completion notification 8418, the merchant terminal decrypts it and examines the digital signature, and *generates* a receipt 8419 and transmits it to the merchant processor.”) (emphasis added); *see also id.* at Fig. 84.

First, it is not entirely clear if Petitioner relies upon the merchant terminal or the merchant as disclosing the “payee” recited in claim 10.<sup>14</sup> Under either interpretation, however, Petitioner’s analysis is deficient.

Second, Petitioner does not identify expressly which teaching of Takayama corresponds to the “presenting” limitation of claim 10. In particular, Petitioner’s arguments quoted above refer to Takayama’s

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<sup>14</sup> In addressing claim 1, Petitioner identified the merchant as the payee. *See* Pet. 26–27 (“Takayama discloses that authorization of at least one payment due on the request for a payment to a payee (i.e., merchant) is received from a payor (i.e., user of mobile user terminal)”). In addressing claim 10, it appears that Petitioner continues to rely upon the merchant as disclosing the recited “payee.” *See id.* at 46 (asserting that certain structured remittance data is “not revealed to the merchant”).

disclosure of a generating action and a displaying action, but Petitioner does not equate explicitly one or the other with “presenting.”

Third, if Petitioner’s intent was to equate Takayama’s disclosure that the merchant terminal “generates” receipt 8419 with the “presenting” limitation of claim 10, Petitioner has not explained how or why *generating* the receipt discloses *presenting* the receipt to the merchant or the merchant terminal.

Fourth, if Petitioner’s intent was to equate Takayama’s disclosure that the merchant terminal LCD displays certain information with the “presenting” limitation of claim 10, Petitioner fails to show that receipt 8419 is displayed (even if we assume that displaying discloses “presenting”). In particular, Takayama’s paragraph 813, quoted above, teaches that the *clearing completion notification* is displayed on the merchant terminal LCD. Ex. 1026 ¶ 813. Petitioner has not shown that paragraph 813 teaches that receipt 8419 is displayed on the LCD.<sup>15</sup> Additionally, Petitioner has not explained why displaying the clearing completion notification discloses

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<sup>15</sup> Although Petitioner altered its quotation from Takayama (*see* Pet. 46) to refer to “receipt” 8419, Takayama does not include that disclosure. The more reasonable interpretation of paragraph 813 is that it contains a typographical error when referring to “clearing completion notification 8419” in one instance. This is more likely the correct interpretation of the reference because Takayama uses reference numeral 8418 to refer to the clearing completion notification discussed in paragraph 813 and reference numeral 8419 to refer to the receipt message or receipt. Ex. 1026 ¶ 813. The use of reference numeral 8418 to refer to the clearing completion notification and reference numeral 8419 to refer to the receipt is further supported by Figure 84. *Id.* at Fig. 84 (identifying the reference numerals as indicated herein). Further, paragraph 813 states, “display clearing completion: 8420,” to refer to what is displayed on the merchant terminal LCD. Paragraph 813 does not state, expressly, that receipt 8419 is displayed on the LCD.

presenting the *receipt*. Our review of Takayama reveals that receipt 8419 is not the same element as clearing completion notification 8418. *See, e.g., id.* at Fig. 84; *see also id.* at Fig. 136C (illustrating clearing completion SP2M), Fig. 137A (illustrating receipt 8419). Thus, Petitioner has not shown that receipt 8419 is displayed on the merchant terminal LCD or that displaying clearing completion notification 8418 discloses “presenting the receipt to the payee,” as recited in claim 10.<sup>16</sup>

With respect to “payment offer response,” the second element upon which Petitioner relies as disclosing the “receipt” limitation of claim 10, Petitioner asserts that Takayama teaches that the merchant terminal selects and transmits a payment offer response to the mobile user terminal, and also transmits the payment offer response to the service providing system as part of an authorization request. Pet. 46 (citing Ex. 1026 ¶¶ 2072, 2076). Petitioner also relies upon Takayama’s teaching that “[a]t this time, the message indicating that the authorization process is in progress is displayed on the LCD of the merchant terminal (display ‘authorization process in progress’: 8407.)” *Id.* at 47 (quoting Ex. 1026 ¶ 805). Thus, Petitioner contends that “the ‘payment offer response,’ which constitutes the claimed ‘receipt,’ is presented to the payee.” *Id.* (citing Ex. 1007 ¶ 106).

Petitioner’s argument regarding Takayama’s “payment offer response” does not identify expressly which feature of Takayama is relied upon as disclosing the “presenting” step of claim 10. In particular, Petitioner’s argument refers to at least three disclosed actions—selecting, transmitting, and displaying—but does not explain which specific action

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<sup>16</sup> Petitioner’s reliance upon Mr. Dreifus’s testimony fares no better because the testimony on this issue is essentially identical to the discussion in the Petition. *See* Ex. 1007 ¶ 105.

corresponds to “presenting the receipt to the payee.” Assuming, without deciding, that displaying teaches presenting, and that Petitioner intended to rely upon that teaching of Takayama as disclosing the “presenting” step of claim 10, Takayama teaches that the “authorization process in progress” message (8407) is what is displayed “on the LCD of the merchant terminal.” Ex. 1026 ¶ 805. The authorization process in progress message, however, is not the same element as the payment offer response. Thus, displaying that message does not disclose “presenting the receipt to the payee,” as recited in claim 10.<sup>17</sup>

Accordingly, for the reasons discussed above, we determine that Petitioner has not established that it is more likely than not that claim 10 and claim 11, which depends from claim 10, are anticipated by Takayama.

*C. Obviousness of Claim 2 over Takayama and Neuman*

Petitioner asserts that the combination of Takayama and Neuman would have rendered the subject matter of claim 2 obvious to one of ordinary skill in the art at the time of the invention. Pet. 55–57.

Neuman describes several Internet payment models and systems, including a system called NetCheque. Ex. 1005, Abst. “NetCheque is a payment system based on the credit-debit model.” *Id.* Neuman discloses that a NetCheque account works in a manner similar to that of a

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<sup>17</sup> Although we addressed whether Petitioner has shown that Takayama teaches displaying the payment offer response, we need not hypothesize whether Petitioner intended to rely upon “selecting” or “transmitting” as teaching “presenting” because neither Petitioner nor Mr. Dreifus equates expressly either of these actions with “presenting.” Pet. 46–47; Ex. 1007 ¶ 106.

conventional checking account, where an account holder writes an electronic document that includes, *inter alia*, the name of the payor. *Id.* at 3.<sup>18</sup>

Claim 2 depends from claim 1 and recites, “wherein the payment remittance information further comprises of payor’s first name where the wireless device is a cellular telephone.” Ex. 1001, 20:8–10. Petitioner relies upon Neuman as disclosing payment remittance information comprising a payor’s first name. Pet. 56. Petitioner asserts that one of ordinary skill in the art would have been motivated to modify Takayama to include the first name of the customer, *inter alia*, “to identify the payor who is authorizing and providing payment.” *Id.* at 57 (citing Ex. 1007 ¶ 137). Petitioner also provides additional reasons with rational underpinnings as to why one of ordinary skill in the art would have been motivated to make such modification. *Id.* (citations omitted). As noted *supra*, Patent Owner elects to forego arguments, in its Preliminary Response, directed to Petitioner’s challenges based on the alleged prior art. Prelim. Resp. 31.

Upon review of Petitioner’s analysis and the evidence of record, we determine that Petitioner has established that it is more likely than not that the combination of Takayama and Neuman would have rendered the subject matter of claim 2 obvious to one of ordinary skill in the art at the time of the invention.

*D. Anticipation of Claims 10 and 11 by Sirbu*

Petitioner contends that claims 10 and 11 are anticipated by Sirbu. Pet. 57–67. In support of its challenge, Petitioner provides an analysis of Sirbu’s disclosure and includes a detailed discussion explaining how each limitation of the challenged claims is allegedly disclosed by Sirbu. *Id.* As

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<sup>18</sup> Citations are to the page number of the exhibit.

noted *supra*, Patent Owner elects to forego arguments, in its Preliminary Response, directed to Petitioner's challenges based on the alleged prior art. Prelim. Resp. 31.

Sirbu is directed to a method and apparatus "for purchasing and delivering goods over a network." Ex. 1003, Abst.; *see id.* at 1:8–11. Sirbu discloses a transaction method and system that include, *inter alia*, "customer computer 10," "merchant server 12," "account server 16," and "financial institution 18." *See id.* at 3:41–55.

Upon review of Petitioner's analysis and the evidence of record, we determine that Petitioner has established that it is more likely than not that claims 10 and 11 are anticipated by Sirbu.

*E. Obviousness of Claims 1–9 over Sirbu and Hughes*

Petitioner asserts that the combination of Sirbu and Hughes would have rendered the subject matter of claims 1–9 obvious to one of ordinary skill in the art at the time of the invention. Pet. 67–80.

Hughes is directed to a system for remote purchase payment and remote bill payment transactions. Ex. 1004, at [54]. Hughes discloses a "terminal which can perform purchase payment and bill payment transactions" and "allow debit and credit card holders the ability to conveniently and remotely perform these financial transactions." *Id.* at 2:15–20. Hughes teaches that its terminal provides for "wireless or cellular telephone communication with a remote host computer." *Id.* at 2:25–27.

Claim 1 recites, *inter alia*, "sending to a wireless computing device at least one payment instruction." Ex. 1001, 19:52–53. Claims 2–9 depend from claim 1 and recite, *inter alia*, either "where the wireless device is a cellular telephone" or "where the wireless device being a cellular

telephone.” *See, e.g., id.* at 20:9–10 (claim 2), 20:12–13 (claim 3).

Petitioner relies upon Hughes as disclosing the wireless computing device of claim 1 and the cellular telephone of claims 2–9. *See* Pet. 67–80.

Petitioner asserts that

it would have been obvious to a person of ordinary skill in the art at the time of the alleged invention to use a wireless computing device (e.g., a cellular telephone), such as, or similar to, the cellular telephone disclosed in Hughes, for “customer computer 10” [of Sirbu] to allow Sirbu’s system to provide remote transactions through mobile devices.

*Id.* at 79 (citing Ex. 1007 ¶ 236). Petitioner also provides additional reasons with rational underpinnings as to why one of ordinary skill in the art would have been motivated to make such modification. *Id.* at 80 (citations omitted). As noted *supra*, Patent Owner elects to forego arguments, in its Preliminary Response, directed to Petitioner’s challenges based on the alleged prior art. Prelim. Resp. 31.

Upon review of Petitioner’s analysis and the evidence of record, we determine that Petitioner has established that it is more likely than not that the combination of Sirbu and Hughes would have rendered the subject matter of claims 1–9 obvious to one of ordinary skill in the art at the time of the invention.

#### IV. CONCLUSION

For the foregoing reasons, we determine that the information presented in the Petition, notwithstanding the Preliminary Response, establishes that it is more likely than not that Petitioner would prevail in demonstrating the unpatentability of claims 1–11 of the ’407 patent. We,

however, have not made a final determination with respect to the claim construction or the patentability of any challenged claim.

#### V. ORDER

Accordingly, it is

ORDERED that pursuant to 35 U.S.C. § 324, a covered business method patent review is hereby instituted as to claims 1–11 of the '407 patent on the following grounds:

Claims 1 and 3–9 under 35 U.S.C. § 102(a), as anticipated by Takayama;

Claim 2 under 35 U.S.C. § 103(a), as obvious over Takayama and Neuman;

Claims 10 and 11 under 35 U.S.C. § 102(b), as anticipated by Sirbu; and

Claims 1–9 under 35 U.S.C. § 103(a), as obvious over Sirbu and Hughes;

FURTHER ORDERED that no other ground raised in the Petition, with respect to any claim, is instituted for trial; and

FURTHER ORDERED that pursuant to 35 U.S.C. § 324(d) and 37 C.F.R. § 42.4, notice is hereby given of the institution of a trial commencing on the entry date of this Decision.

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Patent 8,527,407 B1

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