

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

UNIFIED PATENTS, LLC,
Petitioner,

v.

CASELAS, LLC,
Patent Owner.

IPR2021-00799
Patent 9,715,691 B2

Before JAMES A. TARTAL, RICHARD H. MARSCHALL, and
ARTHUR M. PESLAK, *Administrative Patent Judges*.

MARSCHALL, *Administrative Patent Judge*.

JUDGMENT
Final Written Decision
Determining All Challenged Claims Unpatentable
35 U.S.C. § 318(a)

Unified Patents, LLC (“Petitioner”) filed a Petition (Paper 2, “Pet.”) requesting an *inter partes* review of claims 1–23 of U.S. Patent No. 9,715,691 B2 (“the ’691 patent”) (Ex. 1001). Pet. 3. Caselas, LLC (“Patent Owner”) did not file a Preliminary Response. Pursuant to 35 U.S.C. § 314, we instituted an *inter partes* review of claims 1–23 of the ’691 patent on all presented challenges. Paper 7 (“Inst. Dec.”).

After institution, Patent Owner filed a Response (Paper 11, “PO Resp.”), Petitioner filed a Reply (Paper 13, “Pet. Reply”), and Patent Owner filed a Sur-reply (Paper 14, “PO Sur-reply”). An oral hearing in this proceeding was held on July 26, 2022, and a transcript of the hearing is included in the record (Paper 20, “Tr.”).

We have jurisdiction under 35 U.S.C. § 6. This Final Written Decision is issued pursuant to 35 U.S.C. § 318(a) (2018) and 37 C.F.R. § 42.73 (2019). For the reasons set forth below, we determine that Petitioner has shown by a preponderance of the evidence that claims 1–23 of the ’691 patent are unpatentable.

BACKGROUND

A. Real Parties in Interest

Petitioner identifies itself as its sole real party in interest. Pet. 1. Patent Owner identifies itself as its sole real party in interest. Paper 5 (Patent Owner’s Mandatory Notices), 2.

B. Related Matters

Petitioner and Patent Owner identify numerous district court litigation matters involving the ’691 patent that may affect, or be affected, by a decision in this proceeding. Pet. 1–2; Paper 5, 2–4.

C. The '691 Patent

The '691 patent relates to a computer-implemented method “for providing transaction history information, account history information, and/or charge-back information, or individual information, . . . in processing a transaction in order to prevent and/or in order to reduce the incidence of” fraud. Ex. 1001, 1:40–49. The fraud the method seeks to prevent includes credit card fraud and fraudulent activities in connection with bank accounts. *Id.* at 1:49–2:4. According to the '691 patent, the increased prevalence of non-face-to-face telephone- and Internet-based transactions increases the risk of non-payment because merchants and vendors do not have “the opportunity to verify and/or otherwise ensure that they are entering into transactions with the true account holder.” *Id.* at 3:8–18. In one scenario, dishonest shoppers will deny receiving a product they did in fact receive, resulting in a “charge-back” to the merchant without any return of the product in question, which leads to loss of revenue and the product as well as potential charge-back fees. *Id.* at 3:19–33. In one embodiment, the '691 patent discloses a merchant reviews a customer’s transaction history to assess whether it should proceed with a transaction, with the goal of identifying transactions that could lead to fraud. *Id.* at 23:66–24:10.

Figure 3 of the '691 patent is reproduced below.

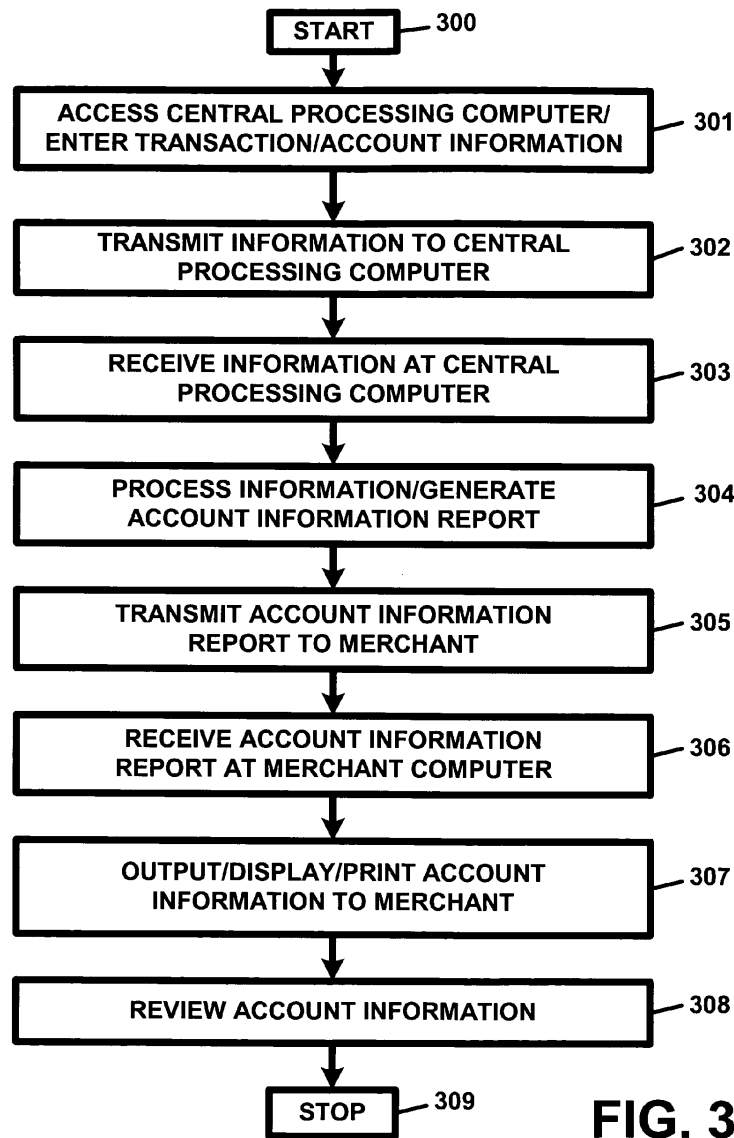


Figure 3 shows a flow chart of a method that “can be utilized to provide information regarding charge-backs” or non-payment due to insufficient funds that have occurred in relation to a customer’s credit card or other accounts. Ex. 1001, 53:26–48. Figure 3 shows a series of steps numbered 300–309. *Id.* at 54:3–57:67, Fig. 3. The process begins when a merchant enters information regarding a transaction or account (step 301) and transmits the information to central processing computer 10 (step 302).

Id. at 54:3–20, Fig. 3. Step 303 involves receipt of transaction/account information at central processing computer 10. *Id.* at 54:20–21, Fig. 3. Step 304 involves processing the information received in conjunction with information stored in database 10H, and generating a “charge-back information report” or a “stopping of payment information report.” *Id.* at 54:21–25, 55:34–44, Fig. 3. The charge-back report can include information as to charge-backs that are associated with the customer or account in question. *Id.* at 54:26–55:33. Step 305 involves transmitting the account information report to merchant computer 20. *Id.* at 57:6–10, Fig. 3. Merchant computer 20 then receives the report (step 306) and the account information is output, displayed, or printed for the merchant (step 307). *Id.* at 57:20–31, Fig. 3. The merchant then reviews the information in the report (step 308) and determines whether or not to proceed with the transaction in question or ask for further information. *Id.* at 57:32–51, Fig. 3.

D. Challenged Claims

Petitioner challenges claims 1–23 (all claims) of the ’691 patent. Pet. 4. Claims 1, 18, and 20 are independent, and we reproduce claim 1 below.

1. A computer-implemented method, comprising:
processing, with a processing device, information regarding an account involved in a transaction involving an individual;
generating, with the processing device, a report or a message in response to the processing of the information regarding the account, wherein the report or the message contains information regarding a charge-back regarding a previous transaction involving the account; and
transmitting, with or from a transmitter, the report or the message to a communication device associated with a merchant, a vendor, or a provider, of a good, a product, or a service.

Ex. 1001, 102:58–103:4.

E. Asserted Ground and Evidence

Petitioner contends that the challenged claims are unpatentable based on the following ground:

Claims Challenged	35 U.S.C. § ¹	References
1–23	103	Justice ²

Pet. 4. In support of this ground, Petitioner submits two declarations of Michael Shamos, Ph.D. Exs. 1003, 1012. Patent Owner does not rely on any declarant testimony. *See* PO Sur-reply ii (listing an excerpt from the Manual of Patent Examining Procedure (Ex. 2001) and the transcript from the deposition of Dr. Shamos (Ex. 2002) as its only exhibits).

ANALYSIS

A. Legal Standards

To prevail in its challenges, Petitioner must prove unpatentability by a preponderance of the evidence. 35 U.S.C. § 316(e); 37 C.F.R. § 42.1(d).

“In an [*inter partes* review], the petitioner has the burden from the onset to show with particularity why the patent it challenges is unpatentable.”

Harmonic Inc. v. Avid Tech., Inc., 815 F.3d 1356, 1363 (Fed. Cir. 2016) (citing 35 U.S.C. § 312(a)(3) (requiring *inter partes* review petitions to

¹ The Leahy-Smith America Invents Act (“AIA”), Pub. L. No. 112-29, 125 Stat. 284, 287–88 (2011), amended certain sections of this statute, including § 103, and the effective date of the relevant amendment is March 16, 2013. The ’691 patent issued from an application filed on June 17, 2010, and claims priority to several applications, the earliest of which is a provisional application filed on January 16, 2001. Ex. 1001, codes (22), (60), (63). Accordingly, we apply the pre-AIA version of § 103. *See* Pet. 4 n.1 (“The pre-AIA statutory framework applies to the ’691 patent.”).

² US 6,516,056 B1, filed January 7, 2000, published February 4, 2003 (Ex. 1002) (“Justice”).

identify “with particularity . . . the evidence that supports the grounds for the challenge to each claim”)). This burden of persuasion never shifts to Patent Owner. *See Dynamic Drinkware, LLC v. Nat’l Graphics, Inc.*, 800 F.3d 1375, 1378 (Fed. Cir. 2015) (discussing the burdens of proof in an *inter partes* review).

Petitioner relies on obviousness in its challenges to the claims. A claim is unpatentable as obvious under 35 U.S.C. § 103(a) if the differences between the claimed subject matter and the prior art are such that the subject matter, as a whole, would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 406 (2007). The question of obviousness is resolved on the basis of underlying factual determinations, including: (1) the scope and content of the prior art; (2) any differences between the claimed subject matter and the prior art; (3) the level of skill in the art; and (4) when in evidence, so-called secondary considerations.³ *Graham v. John Deere Co. of Kansas City*, 383 U.S. 1, 17–18 (1966).

B. Level of Ordinary Skill in the Art

The level of skill in the art is “a prism or lens” through which we view the prior art and the claimed invention. *Okajima v. Bourdeau*, 261 F.3d 1350, 1355 (Fed. Cir. 2001). “The person of ordinary skill in the art is a hypothetical person who is presumed to know the relevant prior art” at the time of the invention. *In re GPAC, Inc.*, 57 F.3d 1573, 1579 (Fed. Cir. 1995). Factors that may be considered in determining the level of

³ The parties do not introduce or rely upon any objective indicia of nonobviousness.

ordinary skill in the art include, but are not limited to, the types of problems encountered in the art, the sophistication of the technology, and educational level of active workers in the field. *Id.* In a given case, one or more factors may predominate. *Id.*

Petitioner contends a person of ordinary skill in the art (“POSITA”) “would have had an undergraduate degree in computer science or a related field, or equivalent work experience, and, in addition, one to two years of work experience developing interactive client-server computer systems.” Pet. 8 (citing Ex. 1003 ¶¶ 38–43). Patent Owner does not address Petitioner’s proposal as to the level of ordinary skill in the art.

We find Petitioner’s proposal is consistent with the level of skill reflected in the ’691 patent and Justice. We apply Petitioner’s proffered level of ordinary skill in the art in this Decision.

C. Claim Construction

In *inter partes* reviews, we interpret claims in the same manner used in a civil action under 35 U.S.C. § 282(b). 37 C.F.R. § 42.100(b); *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005) (en banc) (setting forth claim construction approach in district court cases). Under that standard, we generally give claim terms their ordinary and customary meaning, as would be understood by a person of ordinary skill in the art at the time of the invention, in light of the language of the claims, the specification, and the prosecution history. *See Phillips*, 415 F.3d at 1313–14. We need only construe terms in controversy, and then only to the extent necessary to resolve the controversy. *See Nidec Motor Corp. v. Zhongshan Broad Ocean Motor Co.*, 868 F.3d 1013, 1017 (Fed. Cir. 2017) (“[W]e need only construe terms ‘that are in controversy, and only to the extent necessary to resolve the

controversy.’” (quoting *Vivid Techs., Inc. v. Am. Sci. & Eng’g, Inc.*, 200 F.3d 795, 803 (Fed. Cir. 1999))).

In the Petition, Petitioner addresses the claim limitation “processing device” in its claim construction analysis and argues “that the claimed *processing device* is not a means-plus-function limitation and that a [POSITA] would interpret a *processing device* according to its plain and ordinary meaning.” Pet. 11–12. Patent Owner does not address or contest Petitioner’s arguments as to “processing device,” and proposes its own constructions for “account,” “account involved in a transaction,” and “previous transaction involving an account.” PO Resp. 4–9. We agree with Petitioner that we need not formally construe “processing device,” as a means-plus-function limitation or otherwise, and we apply its plain and ordinary meaning in this Decision. We address the parties disputes as to the remaining limitations in turn below.

1. “*account*”

Patent Owner argues that we should construe “account” as “any account that can be utilized by an individual and/or entity in order to engage in a transaction with a merchant, vendor, and/or provider, of goods, products, and/or services.” PO Resp. 6 (emphasis omitted). In support of its proposed construction, Patent Owner relies on what it describes as “an explicit definition” of “account” in the specification, which states that “[a]s defined herein, the term ‘account’ . . . refers to . . . accounts that can be utilized by an individual and/or entity in order to engage in a transaction with any of the herein-defined merchants, vendors, and/or providers.” *Id.* at 4–5 (quoting Ex. 1001, 31:45–54). Patent Owner also relies on the specification’s definitions of “merchant,” “vendor,” and “provider,” which

refer to merchants, vendors, or providers of “goods, products, or services.” *Id.* at 5 (quoting Ex. 1001, 31:39–44); *see also* PO Sur-reply 1–2 (relying on same arguments and definitions in the specification). Patent Owner also argues that the specification supports its position because every embodiment describes a merchant engaged in a transaction with an individual “using the account in order to effectuate payment for a transaction involving, and/or to gain access to, goods, products, and/or services.” PO Resp. 5 (citing Ex. 1001, Figs. 4–8, 54:3–9, 59:38–44, 68:33–43, 78:12–22, 90:14–21, 96:31–35).

Petitioner argues that, although Patent Owner’s proposed construction largely tracks the “definition” Patent Owner relies on in the specification, we should not adopt Patent Owner’s proposed construction because Patent Owner effectively limits the construction to “payment accounts,” i.e., accounts that effectuate payments for a transaction. Pet. Reply 3–4 (citing PO Resp. 5). Petitioner argues that Patent Owner does not provide a basis for its argument, but appears to rely on the phrase “in order to engage in a transaction” as referring to a payment account, which “injects ambiguity” into the meaning of “in order to engage in a transaction.” *Id.* at 4 (citing PO Resp. 16–18). Petitioner further argues that the portion of the specification Patent Owner relies upon as definitional “does not limit accounts to payment accounts,” and provides over seventy “examples of accounts that are not payment accounts.” *Id.* at 4–5 (citing Ex. 1001, 31:45–32:57). According to Petitioner, “due to the ’691 Patent’s broad disclosure of possible account types, a POSITA would have understood that the term *account* is not arbitrarily limited to a payment account as PO proposes.” *Id.* at 5–6 (citing Ex. 1012 ¶¶ 7–9). Petitioner further contends that the specification describes

“a payment account can correspond to a customer account, such as a merchandise account or subscription account” and that the “customer account could be utilized by an individual to ‘engage in a transaction’ with a merchant . . . and an additional payment account would then be used to pay” for the transaction, contrary to Patent Owner’s construction that restricts “account” to payment accounts. *Id.* at 6–7 (citing Ex. 1001, 31:45–54, 34:45–36:4; Ex. 1012 ¶¶ 7–9). Petitioner also argues that Patent Owner’s proposed construction conflicts with dependent claim limitations that require certain customer accounts rather than payment accounts. *See id.* at 8–9.

Patent Owner disagrees with Petitioner’s contention that the specification’s list of accounts, including a “healthcare account,” a “telephone calling card account,” and a “subscription account” for any good, product, or service, “are not ‘payment accounts.’” PO Sur-reply 3. According to Patent Owner, every account that the ’691 patent specification lists “*can function as payment accounts* in that they can be used ‘to engage in a transaction with a merchant, vendor, and/or provider, of goods, products, and/or services’ as Patent Owner’s proposed construction requires.” *Id.* As an example, Patent Owner argues that “a telephone calling card account can be used to make a phone call on a communication provider’s network (e.g., engage in a transaction with a communication provider)” and in that scenario functions as a payment account. *Id.*

Based on our review of the arguments and evidence, we agree with Patent Owner that the specification of the ’691 patent defines the term “account,” but we disagree with Patent Owner’s reading of that definition as limited to payment accounts. There are several reasons why we do not limit the claim term “account” to payment accounts. First, the claim language

merely refers to an “account” without referring to “payment” or some other modifier that restricts the type of account. *See* Ex. 1001, 102:60. The word “account” appears within the phrase “account involved in a transaction,” but we do not read that phrase, standing alone, as restricting the term “account” to payment accounts, and Patent Owner provides insufficient argument and evidence to support that position and improperly assumes that the phrase means using the account to effectuate payment. *See* PO Resp. 4–7; PO Sur-reply 1–4.

Second, the specification’s definition of “account” makes no mention of payment accounts. *See* Ex. 1001, 31:45–32:57. The first part of the definition that Patent Owner relies upon states that “[a]s defined herein, the term ‘account’ . . . refers to . . . accounts that can be utilized by an individual and/or entity in order to engage in a transaction with any of the herein-defined merchants, vendors, and/or providers.” Ex. 1001, 31:45–54. The specification goes on to further define the term “account” as expressly including all of the various types of accounts listed in the specification. *Id.* at 31:55–32:57 (“As defined herein, the term ‘account,’ . . . also refers to a credit card account, a charge account, . . . a subscription account . . . , an insurance account, . . . a cable television account, . . . a telephone calling card account, a utility account, . . .”). None of the language in the specification limits the defined “accounts” to payment accounts. *See id.* Again, the phrase “in order to engage in a transaction” within the definition, standing alone, does not require limiting the definition to payment accounts, and Patent Owner fails to provide sufficient argument and evidence to support such an argument. As we read that phrase, it merely indicates that the account must play some role in the transaction, not that the account must

play the specific role of effectuating payment as Patent Owner assumes. *See* PO Resp. 5–6. In addition, merely because the accounts listed in the ’691 patent may be used to engage in a transaction does not require that they are the only account used in the transaction or that they must also be used to make a payment. For example, accounts that customers hold with a merchant, such as a cable television account or calling card account, may be involved in obtaining services or initiating transactions even though a separate credit card or other payment account may also be involved in the transaction to effectuate payment. The ’691 patent recognizes this distinction by referring to credit card accounts “corresponding to” the long list of accounts that individuals can use to engage in transactions with merchants. *See* Ex. 1001, 31:45–54.

Third, Petitioner relies on declarant testimony that reads the ’691 patent specification from the viewpoint of one of ordinary skill in the art and concludes that the specification does not indicate that “account” must be limited to payment accounts. *See* Ex. 1012 ¶ 7. As an example, Dr. Shamos states: “I can use my Panera Bread® account to order food, but I have to pay using a credit card. I utilize my Panera Bread® account to ‘engage in a transaction’ (e.g., it knows my previous orders and allows me to reorder), but it is not a payment account.” *Id.* ¶ 8. Dr. Shamos also testifies that while the list of accounts in the specification includes payment accounts such as a credit card account, the specification also includes accounts that are customer accounts, not payment accounts, such that the specification does not limit the definition of the term “account” to payment accounts. *Id.* ¶¶ 8–9. According to Dr. Shamos, one of ordinary skill in the art would not look to the specification’s “exceedingly broad disclosures of possible

account types but then arbitrarily limit the claimed account to a payment account.” *Id.* ¶ 9. We find this testimony credible and persuasive because the specification supports it.

Based on the foregoing, we determine that the specification defines the term “account” as “accounts that can be utilized by an individual and/or entity in order to engage in a transaction” with merchants, vendors, and/or providers and includes the accounts listed in the specification within its scope. Ex. 1001, 31:45–32:57. We do not construe the term “account” as limited to payment accounts, as Patent Owner argues.

2. *“account involved in a transaction” and “previous transaction involving an account”*

Patent Owner argues that the “phrases ‘an account involved in a transaction’ (hereinafter the ‘First Phrase’) and ‘previous transaction involving the account’ (hereinafter the ‘Second Phrase’)” appearing in the independent claims should be read such that “‘the account’ in the Second Phrase is necessarily referring to the same ‘account’ that is referenced in the First Phrase.” PO Resp. 7. Patent Owner also refers back to its proposed construction of “account” and the definitions in the specification that it relies on to construe the term as limited to accounts used to “effectuate payment for a transaction,” and applies the definitions in the context of the First Phrase and Second Phrase. *Id.* at 7–8. According to Patent Owner, we should (1) construe “an account involved in a transaction” as “an account used for the present purchase of, and/or access to, goods, products, and/or services;” and (2) construe “previous transaction involving the account” as “a previous purchase of, and/or access to, goods, products, and/or services, using the same account as that being used for the present purchase of, and/or access to, goods, products, and/or services.” *Id.* at 8.

Petitioner argues that Patent Owner’s proposed constructions for these phrases rely on the same flawed construction of “account” that improperly reads the term as limited to payment accounts. Pet. Reply 7–8 (citing PO Resp. 7–8). Petitioner also argues that “these additional two constructions are arbitrarily narrower than the plain language of the term” because the “plain language *involved in a transaction* and *involving the account* should not be arbitrarily limited to being ‘used for the present purchase of, and/or access to goods, products, and/or services’ as PO proposes.” *Id.* at 8 (citing Ex. 1012 ¶¶ 7–9). According to Petitioner, “nothing in the specification of the ’691 patent would require such a restriction” and Patent Owner “provides no evidence or argument for why these terms should be interpreted outside of their plain and ordinary meaning.” *Id.*

Patent Owner replies that its constructions are not arbitrarily narrower than the plain language of the term because the constructions are based on explicit definitions in the specification. PO Sur-reply 5. Patent Owner also repeats its assertion that the term “account” in each of these phrases refers to the same “account,” which “necessarily means that the same account that is currently being used was used previously for the purchase of goods, products, and/or services.” *Id.* (emphasis omitted).

We agree with Patent Owner that all of the references to “account” in these limitations refer to the same “account” that we address above. As noted directly above, however, we disagree with Patent Owner’s contention that we should construe “account” as limited to payment accounts, and for the same reasons we do not construe “an account involved in a transaction” or “previous transaction involving the account” as referring only to payment accounts, or accounts used to effectuate payments, as Patent Owner argues.

See PO Resp. 7–8. These limitations add no language that would form the basis to limit the claims in that manner, and we agree with Petitioner that the phrase “involved in a transaction” and “transaction involving the account” do not limit the phrase to accounts used to purchase a good, product, or service. *See* Pet. Reply 7–8. As noted above, we apply the definition provided in the specification to the term “account” in these limitations, but we otherwise apply the plain and ordinary meaning to the remaining terms in these limitations.

D. Obviousness Based on Justice

Petitioner challenges claims 1–23 under 35 U.S.C. § 103, contending that the claimed subject matter would have been obvious over Justice. Pet. 14–76. Patent Owner argues that Petitioner fails to show that Justice renders the claimed subject matter obvious if we adopt Patent Owner’s proposed claim constructions. PO Resp. 9–30. We provide an overview of Justice, and then turn to the parties’ arguments.

1. Overview of Justice

Justice relates to a system and method that prevents fraud when customers use a credit card to purchase goods and services over the telephone or Internet in non-face-to-face transactions. Ex. 1002, 1:6–42. Justice’s method includes identifying one or more fraud indicators by examining past transactions associated with the account in question. *Id.* at 1:46–50. If the fraud risk exceeds a predetermined threshold, further steps are taken to verify the owner of the account. *Id.* at 1:54–59. Justice’s method includes a computing device linked to a database of past transactions associated with a customer account, and an order processing program that

receives a customer order and assesses risk level based on past transactions stored in the database. *Id.* at 2:7–15.

In one embodiment, Justice discloses customer 12 with a customer account and customer service center 14 configured to process transactions related to the customer account. Ex. 1002, 3:1–4. The “customer account” in Justice may be a telephone calling card account, or alternatively, “a membership account, merchandise account, a bank account, or virtually any other form of customer account.” *Id.* at 3:36–45. Justice’s customer service center 14 includes a customer service representative (CSR) operating CSR computer terminal 32, a fraud clerk computer terminal 36, and customer service center server 38 coupled to database 40. *Id.* at 3:64–4:5, 4:24–26. Terminals 32, 36, and server 38 execute the order processing program. *Id.* at 4:9–11. Database 40 includes recorded incidences of fraud or disputed charges, including chargebacks. *Id.* at 4:62–65. Justice describes assigning a risk level to transactions based on fraud indicators in pending or past transactions associated with the customer account, customer name, or another parameter. *Id.* at 9:4–17. Justice also describes placing an order in a “fraud queue” if the risk associated with the order meets the predetermined threshold, where the CSR or a fraud clerk reviews the order prior to approval of the order. *Id.* at 11:1–13. The CSR or fraud clerk may access a detailed view of an order, referred to as strike ticket 500, which includes detailed strike list 506 of all “strikes,” or fraud indicators, associated with the account. *Id.* at 11:4–7, 11:25–40. After this review, the order may be approved or cancelled. *Id.* at 11:45–47.

Justice further describes the aspect of its method that detects whether there have been “any charges disputed and unpaid by the customer, referred

to in the credit industry as ‘chargebacks.’” Ex. 1002, 15:36–38. “[I]f a chargeback is detected in the order history associated with the customer account, the cumulative risk level associated with the transaction is increased by adding strikes (typically three).” *Id.* at 15:39–42.

Justice further states that its “method typically includes determining whether the payment account, typically a credit or debit card account, has been placed on a list of payment accounts known to be fraud risks,” known as a “payment account blacklist.” *Id.* at 15:44–48. The “payment account may be internally generated by the customer service center, or may be purchased from an outside credit agency.” *Id.* at 15:48–50. According to Justice, “[b]lacklists may also be maintained for customer accounts, customer names, billing addresses, or virtually any other parameter indicative of fraudulent activity.” *Id.* at 15:53–56.

2. Discussion of Independent Claims 1, 18, and 20

Petitioner contends that Justice renders independent claims 1, 18, and 20 obvious. Pet. 18–48. Petitioner provides a detailed explanation of its contentions in the Petition, including a limitation-by-limitation analysis specifying how Justice discloses or renders obvious each claim, accompanied by annotated figures from Justice. *Id.* Petitioner also cites to the supporting testimony of Dr. Shamos. *See id.* (citing Ex. 1003); Ex. 1003 ¶¶ 53–104. Patent Owner argues that Justice fails to render the claims obvious when “account,” “an account involved in a transaction,” and “previous transaction involving an account” are construed as Patent Owner proposes—e.g., construed such that the “account” requires a payment account. PO Resp. 9–13. Petitioner disagrees with Patent Owner’s claim construction that forms the basis of its arguments, and also argues that

Justice renders the claims obvious even if we adopt Patent Owner’s proposed constructions. *See* Pet. Reply 10–17. We first address Petitioner’s arguments and evidence using the proper construction of the disputed terms, and then address Petitioner’s alternative argument that Justice renders the claims obvious even using Patent Owner’s proposed constructions.

a. Applying the Correct Claim Constructions

As discussed above in our claim construction analysis, we do not construe “processing device” pursuant to 35 U.S.C. § 112, ¶ 6 and give the limitation its ordinary meaning, as Petitioner proposes. *See* Pet. 11–12. As to “account,” “account involved in a transaction,” and “previous transaction involving an account,” we give the term “account” in these limitations the meaning as set forth by the definitions provided in the specification and do not read these limitations as requiring a payment account. *See* Ex. 1001, 31:45–32:57. We give the other claim terms within these phrases their plain and ordinary meanings.

Patent Owner does not argue that Petitioner fails to establish that Justice discloses or renders obvious the limitations in the independent claims, as Petitioner argues in its Petition, in the event that we do not limit the claims to payment accounts as Patent Owner proposes. Instead, Patent Owner repeatedly ties its arguments as to the validity of the claims as “properly construed”—i.e., as construed by Patent Owner. *See* PO Resp. 1, 9–11; PO Sur-reply 6, 9. We provide the following overview of Petitioner’s arguments and evidence as to independent claims 1, 18, and 20. *See* Pet. 18–48; Pet. Reply 10–13.

The preambles of claims 1, 18, and 20 require a “computer-implemented method” (claims 1 and 18) or an “apparatus” (claim 20).

Ex. 1001, 102:58, 105:29, 106:12. Petitioner argues that Justice discloses the preambles, to the extent they limit the claims, because Justice discloses an “order processing program” executed or implemented by “either the CSR computer terminal 32, the fraud clerk computer 36, or the server 38.”

Pet. 18–19 (citing Ex. 1002, 2:12–15, 4:11–12; Ex. 1003 ¶¶ 54–55).

As to the limitation requiring “processing, with a processing device, information regarding an account involved in a transaction involving an individual,”⁴ Petitioner contends that Justice discloses customer service center 14 with server 38 configured to process transactions related to customer account 12. Pet. 19–24 (citing Ex. 1002, Figs. 1, 4, 2:7–15, 3:1–4, 3:61–63, 4:9–15, 4:24–5:24, 8:48–9:17, 11:10–14, 11:25–40, 13:45–51, 13:65–15:42, 39:48–52:7; Ex. 1003 ¶¶ 56, 58–61). Petitioner relies on Justice’s description of both its customer account and payment account in its analysis. *See id.* at 21–23. In its Reply, Petitioner argues that both customer accounts and payment accounts fall under the definition of “account” in the specification that Patent Owner relies on for its proposed construction (absent Patent Owner’s narrow interpretation of the definition to only cover payment accounts). *See* Pet. Reply 10–11. Petitioner further contends that (1) Justice describes an order processing system that allows an individual to engage in virtually any transaction with a merchant that involves goods and services; (2) the “order includes a customer account number;” and (3) Justice describes using the customer account for the present purchase of goods,

⁴ Where, as here, the language in independent claims 18 and 20 generally tracks the language in claim 1, we refer to the language in claim 1 for ease of reference.

products, and/or services. *Id.* at 11 (citing Pet. 15, 21–24; Ex. 1002, 2:7–15, 3:1–4, 3:61–63; 4:9–15, 5:13–24, 13:45–51; Ex. 1012 ¶¶ 12–13).

As to the limitation requiring “generating . . . a report or a message . . . wherein the report or the message contains information regarding a charge-back regarding a previous transaction involving the account,”⁵ Petitioner contends that (1) Justice’s strike ticket 500 containing detailed strike list 506 discloses the claimed message and (2) Justice discloses the flagging of charge-backs as one of the fraud indicators. Pet. 24–31 (citing Ex. 1002, Figs. 4, 6–9, 14, 2:7–15, 11:1–60, 12:33–58, 13:26–29, 13:65–15:42; Ex. 1003 ¶¶ 62–70). More specifically, as to charge-backs, Petitioner contends that Justice discloses “detecting whether there have been any charges disputed and unpaid by the customer, referred to in the credit industry as ‘chargebacks.’” *Id.* at 28 (quoting Ex. 1002, 15:36–39). According to Petitioner, “by 1) generating a strike ticket (e.g., generating the claimed report or message) for a customer order that includes a detailed strike list of all strikes against an account such as chargebacks; or 2) automatically inserting a chargeback comment into a customer information screen, Justice clearly teaches . . . generating . . . a report or a message that contains information regarding a charge-back” as required by claim 1. *Id.* at 30 (citing Ex. 1012 ¶ 67) (emphasis omitted); *see also* Pet. Reply 12–13 (arguing that Justice teaches this limitation using Patent Owner’s construction based on the definition of “account” from the specification, without limiting it to payment accounts).

⁵ Only claim 1 specifically requires “information regarding a charge-back” and claims 18 and 20 are broader than claim 1 in this respect. *See* Pet. 24–25.

As to the limitation requiring “transmitting, with or from a transmitter, the report or the message to a communication device . . .,” Petitioner argues that Justice’s “server 38 or a portion of server 38” transmits the message to CSR terminal 32 and that a POSITA would understand that there must be a transmitter within server 38 because “[w]ere it not so, server 38 would not be able to send data over network 48 as disclosed in Justice.” *Id.* at 31–33 (citing Ex. 1003 ¶¶ 71–72). Petitioner also sets forth additional reasons why Justice must include a transmitter, or, alternatively, that it would have been obvious or inherent in light of Justice’s disclosure. *See id.* at 34–40 (citing Ex. 1003 ¶¶ 73–84).

Petitioner also addresses additional limitations in independent claim 18 that are not present in claims 1 and 20. *Id.* at 40–48. Claim 18 requires “determining whether a transaction involving the account is authorized or not authorized.” Ex. 1001, 106:1–2. Petitioner relies on Justice’s customer service center 14 “linked via an authorization center 16 to a plurality of issuers 18a-18e of payment accounts and associated payment cards, such as credit cards.” Pet. 40 (quoting Ex. 1002, 3:5–8). Petitioner argues that the “purpose of the ‘authorization center’ is to provide information that the CSR uses in deciding whether the transaction should be authorized.” *Id.* (citing Ex. 1003 ¶ 87); *see also id.* at 40–42 (citing Ex. 1003 ¶¶ 88–91 (providing further support for argument that Justice discloses this step of claim 18)). Petitioner also addresses Patent Owner’s argument that Justice’s authorization server fails to include information regarding a previous purchase using the same credit card, an argument Patent Owner makes against all claims and based on the assumption that “account” in the claims

requires use of a payment account. *See* Pet. Reply 17–20; PO Resp. 19–20.⁶ As to this argument, Petitioner points out that authorization in claim 18 merely requires determining whether a transaction involving the account is authorized or not authorized, which does not specify that any information, such as information involving a previous transaction, must form the basis for the authorization determination. Pet. Reply 19.

As to claim 18’s additional step requiring “generating a second report or a second message containing information regarding whether the transaction is authorized or not authorized,” Petitioner argues that Justice discloses generating the second report in the form of a response to customer service center server 38. Pet. 42–44 (citing Ex. 1001, 90:35–37, 90:40–47; Ex. 1002, 9:41–57; Ex. 1003 ¶¶ 94–96). Petitioner relies in part on the same communication to customer service center server 38 when arguing that Justice discloses claim 18’s additional step requiring “transmitting the second report or the second message to the communication device.” *Id.* at 44–48 (citing Ex. 1001, 36:24–50, 90:37–38; Ex. 1002, 9:41–57, 10:34–48, Fig. 4; Ex. 1003 ¶¶ 97–104).

⁶ We do not view Patent Owner’s argument as specifically addressing the steps involving authorization in claim 18 because Patent Owner never references claim 18 or the steps involving authorization. *See* PO Resp. 19–20. Instead, Patent Owner’s argument appears in a series of arguments based on the premise that we accept Patent Owner’s claim construction. *See id.* at 9–29; *see also* PO Sur-reply 10–11 (repeating similar argument referencing Justice’s authorization server in the context of arguing that Justice fails to mention “chargeback activity as a reason that the authorization server may deny a requested authorization involving a payment account”—an argument premised on Patent Owner’s claim construction).

Based on our review of the foregoing arguments and evidence, we find that Petitioner establishes sufficiently that Justice discloses or renders obvious each of the limitations of independent claims 1, 18, and 20. *See* Pet. 18–48; Pet. Reply 10–13. We adopt Petitioner’s analysis of claims 1, 18, and 20 as our own findings and conclusions as to these claims. Pet. 18–48; Pet. Reply 10–13.

b. Applying Patent Owner’s Proposed Constructions

Petitioner argues that Justice renders all of the claims obvious, including independent claims 1, 18, and 20, even under Patent Owner’s interpretation of its constructions. Pet. Reply 13–17. For purposes of this analysis, we apply Patent Owner’s proposed construction of “account” that includes the definition in the specification and Patent Owner’s assumption that an account involved in a transaction requires a payment account that effectuates payment for the transaction. *See* PO Resp. 4–7. We also apply Patent Owner’s proposed constructions for “an account involved in a transaction” and “previous transaction involving the account.” *See id.* at 7–9.

Patent Owner argues, employing its own constructions for the disputed claim terms, that Justice fails to disclose several limitations of the claims. PO Resp. 9–13. Patent Owner contends that Justice distinguishes between its customer account and its payment account, and Justice ties its fraud indicators that determine cumulative risk, including charge-back information, to the customer account, not the payment account. *Id.* at 14–18. Patent Owner also argues that Justice ties its list of fraud indicators only to the customer’s history with the merchant that provides the customer account, an approach that fails to address one of the key problems the ’691 patent

addresses—detecting fraudulent activity that goes beyond a single merchant. *Id.* at 16–18, 20–21. According to Patent Owner, “[i]n Justice, the customer account is the good, product, or service, provided by the merchant, and the merchant must have a history with that customer in order to determine a risk level.” *Id.* at 18. Patent Owner argues that Justice decides whether to authorize use of the payment account without analyzing information regarding any previous transactions with the same payment account. *Id.* at 19–20. Patent Owner also contends that Petitioner and its declarant employ impermissible hindsight in their obviousness analysis. *Id.* at 21–29. More specifically, Patent Owner contends that Dr. Shamos revealed the use of hindsight at his deposition when he opined that “when Justice wrote this patent application, he didn’t know that this was going to be art cited in the subsequent IPR many years later” and Justice “didn’t spend a lot of time talking about charge-backs.” *Id.* at 27–28 (quoting Ex. 2002, 59:3–24).

Petitioner argues that Patent Owner acknowledges that Justice discloses both a customer account and payment account, and limits its argument to Justice’s failure to tie its fraud indicators, including charge-back information, to Justice’s payment account. Pet. Reply 14–15 (citing PO Resp. 14–21). Petitioner argues that Justice adequately ties its fraud indicators to its payment account because it determines whether its payment account “has been placed on a list of payment accounts known to be fraud risks” known as a “payment account blacklist” and does so by using an internally generated list or a list purchased from an “outside credit agency.” *Id.* at 15–16 (quoting Ex. 1002, 15:44–50) (citing Ex. 1012 ¶ 18). Petitioner also argues that because the payment account blacklist may be purchased from an outside agency, the fraud indicators are not limited to transactions

with a single merchant as Patent Owner argues. *Id.* at 16 (citing Ex. 1002, 15:47–50; Ex. 1012 ¶¶ 18–19). Petitioner further contends that “because Justice discloses that the blacklist can be maintained for ‘virtually any other parameter indicative of fraudulent activity’ (e.g., chargebacks), Justice therefore discloses or at least renders obvious referencing a chargeback in an order history of a payment account.” *Id.* at 16 (citing Ex. 1002, 15:50–53; Ex. 1012 ¶ 19). As to Patent Owner’s argument that Justice’s authorization step does not consider previous transactions involving the payment account, Petitioner argues that the argument only applies to claim 18, which does not require consideration of any specific information before authorizing a transaction. *Id.* at 17–20. Petitioner also argues that Justice addresses the key problems the ’691 patent allegedly overcomes because Justice ties the fraud indicators to the payment account as well as the customer account, and therefore the system detects fraudulent activity involving the payment account (or credit card) as well as the account with the merchant. *Id.* at 20–21 (citing Ex. 1002, 15:44–56). As to Patent Owner’s hindsight argument, Petitioner argues that the line of questioning at issue in the deposition improperly assumes that Justice fails to tie fraud indicators to the payment account, and Dr. Shamos properly relied on Justice’s disclosure of chargebacks as one type of fraud indicator that Justice could track with respect to its payment account, which does not require any hindsight. *Id.* at 21–23.

Patent Owner replies that Justice’s customer account amounts to the “good, product, or service, provided by the merchant (i.e., a telephone calling card account that is periodically recharged by the customer)” and Justice discloses using its “‘payment account’ . . . (i.e., credit card account)” to purchase the “goods, products, and/or services (i.e., for recharging the

customer account).” PO Sur-reply 8. Patent Owner also repeats its argument that Justice ties its fraud indicators, including charge-back information, to its customer account, not its payment account. *Id.* at 8–9. As to the payment account blacklist Petitioner relies on, Patent Owner argues that Justice never teaches or suggests using “chargeback history” as one of the reasons to place a payment account on the blacklist. *Id.* at 10. As to its hindsight argument, Patent Owner argues that Justice does not disclose use of chargeback information as one of the reasons to deny authorization, and Dr. Shamos improperly relies on hindsight to fill that gap. *Id.* at 11–12.

Based on our review of the parties’ arguments and evidence, we agree with Petitioner that Justice discloses or renders obvious all of the limitations of the independent claims even using Patent Owner’s proposed constructions. The heart of the parties’ dispute centers on whether Justice ties its fraud indicators to its customer account alone, and not its payment account, as Patent Owner contends. Patent Owner does not dispute that Justice describes detecting whether there have been chargebacks, and “if a chargeback is detected in the order history associated with the customer account, the cumulative risk level associated with the transaction is increased by adding strikes (typically three).” Ex. 1002, 15:36–42. The parties appear to agree that these descriptions of the use of chargebacks are tied to the customer account, and the dispute involves whether one of ordinary skill in the art reading Justice would apply those teachings to the payment account. We agree with Petitioner and Dr. Shamos that they would, and Patent Owner gives inadequate weight to the sentences that immediately follow the portions of Justice discussing chargebacks.

Justice describes step 204 immediately after describing step 202 addressing detection of chargebacks. Ex. 1002, 15:39–56. In step 204, Justice states that its “method typically includes determining whether the payment account, typically a credit or debit card account, has been placed on a list of payment accounts known to be fraud risks,” known as a “payment account blacklist.” *Id.* at 15:44–48. The fraud risk information “may be internally generated by the customer service center, or may be purchased from an outside credit agency.” *Id.* at 15:48–50. Based on these teachings alone, Justice expressly discloses obtaining fraud risk indicators tied to the payment account, contrary to Patent Owner’s argument. *See* PO Resp. 16–18.

Justice goes on to state that “[b]lacklists may also be maintained for customer accounts, customer names, billing addresses, or virtually any other parameter indicative of fraudulent activity.” *Id.* at 15:53–56. Petitioner contends that by referencing “virtually any other parameter indicative of fraudulent activity” used with payment accounts, Justice teaches the use of chargebacks as one of those indicators of fraudulent activity. *See* Pet. Reply 16 (citing Ex. 1002, 15:40–52; Ex. 1012 ¶¶ 18–19). We agree. Justice first refers to chargebacks as indicative of increased risk, leading to increased strikes to the cumulative risk level, and then a few sentences later refers to “any other parameter indicative of fraudulent activity,” which necessarily includes the chargeback indicator Justice describes in the immediately preceding paragraph. *See* Ex. 1002, 15:36–56. In doing so, Justice ties not only the use of fraud risk indicators to the payment account, but also the use of chargeback information because Justice describes it as a known parameter indicative of fraudulent activity. *See id.* Dr. Shamos reads

Justice in the same manner from the perspective of one of ordinary skill in the art, which we find credible and persuasive because Justice supports that testimony. *See* Ex. 1012 ¶¶ 18–19.

We have considered Patent Owner’s remaining arguments, but find them unpersuasive. For example, Patent Owner’s reliance on nine different factors that can lead to denial of authorization for a transaction without listing chargeback information does not address the key passages that reference chargeback information and the use of “any other parameter indicative of fraudulent activity” in connection with payment accounts. Ex. 1002, 15:36–56; PO Sur-reply 10–11. Those same disclosures of Justice also remove any need for alleged hindsight by Dr. Shamos. *See* PO Sur-reply 11–12. We do not view the isolated testimony Patent Owner relies upon as indicative of hindsight bias sufficient to infect Petitioner’s entire obviousness analysis.

Based on our review of the foregoing arguments and evidence, we find that Petitioner establishes sufficiently that Justice discloses or renders obvious each of the limitations of independent claims 1, 18, and 20, even when applying Patent Owner’s preferred claim constructions. *See* Pet. 18–48; Pet. Reply 13–23.

c. Conclusion as to Independent Claims 1, 18, and 20

“Once all relevant facts are found, the ultimate legal determination [of obviousness] involves the weighing of the fact findings to conclude whether the claimed combination would have been obvious to an ordinary artisan.” *Arctic Cat Inc. v. Bombardier Recreational Prods. Inc.*, 876 F.3d 1350, 1361 (Fed. Cir. 2017). Above, based on the full record before us, we provide our factual findings regarding (1) the level of ordinary skill in the art, (2) the

scope and content of the prior art, (3) any differences between the claimed subject matter and the prior art; and (4) objective indicia of nonobviousness.

In particular, we find that (1) Petitioner’s proposed level of ordinary skill in the art is consistent with the art of record; (2) Petitioner establishes sufficiently that Justice discloses or renders obvious all the limitations of claims 1, 18, and 20 for the reasons provided by Petitioner, even if we construe the claims in the manner Patent Owner proposes; and (3) the parties do not introduce or rely upon any objective indicia of nonobviousness. Weighing these underlying factual determinations, Petitioner has shown, by a preponderance of the evidence, that claims 1, 18, and 20 of the ’691 patent are unpatentable as obvious over Justice.

3. Discussion of Dependent Claims 2–17, 19, and 21–23

Petitioner contends that Justice renders dependent claims 2–17, 19, and 21–23 obvious. Pet. 48–76. Petitioner provides a detailed explanation of its contentions in the Petition, including a limitation-by-limitation analysis specifying how Justice discloses or renders obvious each claim. *Id.* Petitioner also cites to supporting testimony of Dr. Shamos. *See id.* (citing Ex. 1003); Ex. 1003 ¶¶ 105–174.

For the dependent claims, Patent Owner relies on its arguments addressed above in the context of the independent claims, which we find unpersuasive. *See* PO Resp. 29–30. Patent Owner also addresses dependent claim 7⁷ in passing, arguing that it “provides yet another clear cut example of the differences between the teachings of Justice in view of the knowledge

⁷ Claim 7 depends from claim 1 and further requires “wherein the account is a credit card account, a credit account, a charge card account, a charge account, a debit card account, or a debit account.” Ex. 1001, 103:50–53.

of a POSITA and the '691 patent.” *Id.* at 30. Patent Owner argues that “the authorization server, the only device in Justice which is described as being able to process information regarding a payment account, does not disclose, teach, or suggest, providing charge-back information, or information regarding a previous transaction, in which a credit card account, a credit account, a charge card account, a charge account, a debit card account, or a debit account, is being used as a payment account to effectuate payment for, and/or to access, a good, product, or service.” *Id.* Patent Owner’s one-sentence argument does not provide sufficient explanation or any citation of support, and we cannot determine whether Patent Owner argues that claim 7 may be patentable for reasons that go beyond the arguments we already address above in the context of the independent claims, or the basis for any argument to that effect. Such undeveloped arguments are given no weight.

In addition, Patent Owner’s argument fails to address Petitioner’s argument in the Petition that Justice discloses a “bank account” as one type of customer account that falls within the scope of claim 7, which we find persuasive. Pet. 54–55 (citing Ex. 1002, 3:41–45; Ex. 1003 ¶¶ 124–125). Further, to the extent that Patent Owner merely refers to dependent claim 7 as evidence that all of the claims require payment accounts, that argument ignores other dependent claims directed to customer accounts. *See* Pet. Reply 8–9. In addition, even if claim 7 limits the claimed “account” and related limitations to payment accounts for purposes of claim 7, consistent with Patent Owner’s proposed constructions, Justice still discloses a payment account meeting all of the limitations of claims 1 and 7 for the reasons discussed above.

As to the remaining dependent claims, we have reviewed these aspects of Petitioner’s contentions, and determine that the Petition establishes adequately that Justice discloses or renders obvious each of the limitations of claims 2–6, 8–17, 19, and 21–23 as Petitioner proposes. Pet. 48–76. We need not set forth formal findings as to the undisputed assertions by Petitioner.⁸ We adopt Petitioner’s analysis as to these claims as our own findings and conclusions. *See* Pet. 48–76.

As to dependent claims 2–17, 19, and 21–23, we find that (1) Petitioner’s proposed level of ordinary skill in the art is consistent with the art of record; (2) Petitioner establishes sufficiently that Justice discloses or renders obvious all the limitations of claims 2–17, 19, and 21–23 for the reasons provided by Petitioner, even if we construe the claims in the manner Patent Owner proposes; and (3) the parties do not introduce or rely upon any objective indicia of nonobviousness. Weighing these underlying factual determinations, Petitioner has shown, by a preponderance of the evidence, that claims 2–17, 19, and 21–23 of the ’691 patent are unpatentable as obvious over Justice.

⁸ *See In re NuVasive, Inc.*, 841 F.3d 966, 974 (Fed. Cir. 2016) (“Although the Board did not make findings as to whether any of the other claim limitations (such as fusion apertures or anti-migration teeth) are disclosed in the prior art, it did not have to: NuVasive did not present arguments about those limitations to the Board. . . . The Board, having found the only disputed limitations together in one reference, was not required to address undisputed matters.”); Paper 8, 8 (emphasizing that “any arguments for patentability not raised in the response may be deemed waived”).

CONCLUSION⁹

A summary of our conclusions appears in the chart below:

Claim(s)	35 U.S.C. §	Reference(s)/Basis	Claims Shown Unpatentable	Claims Not Shown Unpatentable
1–23	103	Justice	1–23	
Overall Outcome			1–23	

ORDER

In consideration of the foregoing, it is:

ORDERED that claims 1–23 of U.S. Patent 9,715,691 B2 have been shown, by a preponderance of the evidence, to be unpatentable; and

FURTHER ORDERED that, because this is a Final Written Decision, the parties to the proceeding seeking judicial review of the decision must comply with the notice and service requirements of 37 C.F.R. § 90.2.

⁹ Should Patent Owner wish to pursue amendment of the challenged claims in a reissue or reexamination proceeding subsequent to the issuance of this decision, we draw Patent Owner’s attention to the April 2019 *Notice Regarding Options for Amendments by Patent Owner Through Reissue or Reexamination During a Pending AIA Trial Proceeding*. See 84 Fed. Reg. 16,654 (Apr. 22, 2019). If Patent Owner chooses to file a reissue application or a request for reexamination of the challenged patent, we remind Patent Owner of its continuing obligation to notify the Board of any such related matters in updated mandatory notices. See 37 C.F.R. § 42.8(a)(3), (b)(2).

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