

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

UNIFIED PATENTS, LLC,
Petitioner,

v.

AUTHWALLET LLC,
Patent Owner.

IPR2021-01260
Patent 9,292,852 B2

Before LYNNE H. BROWNE, KEVIN W. CHERRY, and
ARTHUR M. PESLAK, *Administrative Patent Judges*.

CHERRY, *Administrative Patent Judge*.

DECISION
Granting Institution of *Inter Partes* Review
35 U.S.C. § 314, 37 C.F.R. § 42.4

I. INTRODUCTION

Unified Patents, LLC (“Petitioner”) filed a Petition (Paper 1, “Pet.”) requesting institution of *inter partes* review of claims 1–9, 11–22, 24–35, and 37–40 of U.S. Patent No. 9,292,852 B2 (Ex. 1001, “the ’852 patent”). Authwallet, LLC (“Patent Owner”) filed a Preliminary Response. Paper 7 (“Prelim. Resp.”).

Pursuant to 35 U.S.C. § 314(a), an *inter partes* review may be instituted only if “the information presented in the petition . . . and any [preliminary] response . . . shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.”

For the reasons given below, on this record, Petitioner has established a reasonable likelihood that it would prevail in showing the unpatentability of at least one of claims 1–9, 11–22, 24–35, and 37–40 of the ’852 patent. Accordingly, we institute an *inter partes* review of the ’852 patent.

II. BACKGROUND

A. *Real Parties-in-Interest*

Petitioner identifies itself, Unified Patents, LLC, as the sole real party-in-interest. Pet. 80. Patent Owner indicates Authwallet LLC is the real party-in-interest. Paper 4, 2.

B. *Related Proceedings*

The parties identify the following pending litigation involving the patent at issue: *AuthWallet, LLC v. Square, Inc.*, Case No. 1-21-cv-05463 (S.D.N.Y.). Pet. 80; Paper 4, 2.

C. The '852 Patent (Ex. 1001)

The '852 patent is titled “System and Method for Applying Stored Value to a Financial Transaction.” Ex. 1001, (54). The '852 patent, issued from Application Serial No. 12/859,213, filed on August 18, 2010, is a continuation-in-part of Application Serial No. 12/557,457, filed on September 10, 2009, and claims priority to Provisional application No. 61/112,749, filed on November 8, 2008. *Id.* at (21), (22), (60), and (63).

The '852 patent explains that the “average consumer may pay for purchases using multiple payment instruments, such as credit cards, debit cards, and gift cards,” but that managing multiple payment instruments can be complicated and cumbersome, because each instrument has a separate “token” or set of identifying information. *Id.* at 1:62–2:3. To address this, the patent describes a transaction processing service which operates as an intermediary, between acquirers of financial transaction requests and issuing institutions that process the financial transaction requests. *Id.* at 2:47–51.

The claimed service operates as follows: To initiate a transaction, a customer presents a card or token containing unique identifying information to a merchant in order to pay for a purchase. *Id.* at 2:64–66. The merchant transmits the unique identifying information to an acquirer in an initial authorization request. *Id.* at 3:2–6. The acquirer recognizes the request as associated with an “intermediary service,” and transmits it to that service. The “intermediary service authenticates the request and retrieves stored customer information from a database based on the identifying information,” where the “stored customer information includes an address of the customer’s mobile device, a reference to one or more payment instruments associated with the customer, and a verification code.” *Id.* at 3:6–16.

The “intermediary service” transmits a transaction notification message to the customer’s mobile device, using the retrieved address of the device. “If the customer authorizes the transaction by confirming the transaction, or confirming the transaction and providing a correct verification code, the intermediary service transmits an information request to the issuing institution of a payment instrument that is to be used to complete the transaction.” *Id.* at 3:51–55. In addition, the “intermediary service allows a customer to easily select among multiple payment instruments while using a single token or identifier at the time of payment,” because the “intermediary service may maintain a record of a set of payment instruments that are available to each customer.” *Id.* at 3:62–4:5.

The “intermediary service” also provides for the use of a “stored value” for the customer to pay for transactions, where a “stored value item has an associated value, which may be stored as a currency amount . . . or as a percentage of a transaction amount (e.g., a 10% off coupon)),” or “points.” *Id.* at 4:38–50.

D. Illustrative Claim

Claims 1, 15, and 28 are independent claims. Claim 1, reproduced below with Petitioner’s labels added, is representative of the subject matter before us:

1. [1(p)] A computer-implemented method for processing financial transaction data in a computing system including a processor and a storage area, the method comprising:

[1(a)] receiving an authorization request generated as a result of a transaction by a purchaser at a point of purchase via an acquirer configured to receive authorization requests from a plurality of points of purchase, wherein the authorization request includes a purchaser identifier and transaction information, the transaction information

- including a transaction amount, and wherein the purchaser identifier identifies the purchaser that initiated the transaction;
- [1(b)(i)] based on the authorization request, determining one or more stored value items to apply to the transaction, wherein each stored value item includes an associated value,
- [1(b)(ii)] wherein the one or more stored value items are selected from a plurality of stored value items stored in the storage area, and
- [1(b)(iii)] wherein the plurality of stored value items includes stored value items provided by a plurality of different third parties;
- [1(c)] transmitting a transaction indication message to a mobile device associated with the purchaser identifier, wherein the transaction indication message includes information about the determined one or more stored value items;
- [1(d)] receiving an indication from a user of the mobile device that at least one stored value item should be applied against the transaction;
- [1(e)] applying the indicated at least one stored value item to pay a first portion of the transaction amount; and
- [1(f)] initiating a payment process to pay a remaining portion of the transaction amount by providing a modified transaction amount to the acquirer for submission to a payment association.

Ex. 1001, 32:46–33:13; Pet. 16–44.

E. The Asserted Grounds of Unpatentability

Petitioner asserts that claims 1–9, 11–22, 24–35, and 37–40 would have been unpatentable on the following grounds:

Claim(s) Challenged	35 U.S.C. §	Reference(s)/Basis
1–4, 7–9, 11–17, 20–22, 24–30, 33–35, 37–40	103(a)	Nobrega ¹ , Keith ² , Hansen ³
5, 6, 18, 19, 31, 32	103(a)	Nobrega, Keith, Hansen, Churchill ⁴

Pet. 1. Petitioner supports its Petition with a Declaration by Dr. Clifford Neuman. Ex. 1003.

F. Level of Ordinary Skill

Petitioner asserts that a person having ordinary skill in the art would have had “(1) an undergraduate degree in computer science, computer engineering, or similar technical field; and (2) one to two years of experience in the analysis, design, or development of electronic payment systems, with additional education substituting for less experience and vice versa.” Pet. 5 (citing Ex. 1003 ¶¶ 68–71).

Patent Owner contends:

A person of ordinary skill in the art is defined as having a bachelor’s degree in Computer Science, electrical engineering, or highly related field, and would have had at least two years’ experience in cyber-security systems, especially in electronic payment and ecommerce systems. Alternatively, a non-degreed practitioner with eight years of experience in cyber-security systems would also be considered one of ordinary skill in the art.

Prelim. Resp. 5 (citing Ex. 2001, ¶ 20).

For purposes of this Decision, we adopt Petitioner’s proposed level of ordinary skill, as it appears to be consistent with the level of skill, and choice

¹ US 7,292,996 B2, issued Nov. 6, 2007 (Ex. 1004).

² US 2007/0174116 A1, published July 26, 2007 (Ex. 1005).

³ US 2007/0011044 A1, published Jan. 11, 2007 (Ex. 1006).

⁴ US 7,461,022 B1, issued Dec. 2, 2008 (Ex. 1007).

of language, reflected by the specification and in the asserted prior art references. *See Okajima v. Bourdeau*, 261 F.3d 1350, 1355 (Fed. Cir. 2001) (the prior art itself can reflect the appropriate level of ordinary skill in the art).

G. Claim Construction

Next, we turn to claim construction. In interpreting the claims of the '852 patent, we “us[e] the same claim construction standard that would be used to construe the claim[s] in a civil action under 35 U.S.C. [§] 282(b).” *See* 37 C.F.R. § 42.100(b) (2020). The claim construction standard includes construing claims in accordance with the ordinary and customary meaning of such claims as would have been understood by one of ordinary skill in the art and the prosecution history pertaining to the patent. *See id.*; *Phillips v. AWH Corp.*, 415 F.3d 1303, 1312–14 (Fed. Cir. 2005) (*en banc*).

Petitioner proposes construction for the term “stored value item.” Pet. 6. Patent Owner proposes construction for two claim limitations and one term. Prelim. Resp. 6–15.

1. “stored value item”

Petitioner contends the '852 patent defines this term to mean “a particular unit of stored value that may be applied to a transaction.” Pet. 6 (citing Ex. 1001 at 4:38–50). Petitioner further contends we should construe the term to mean “a particular unit of stored value that may be applied to pay a portion of a transaction,” and that the term “should expressly include a coupon.” Pet. 6. Patent Owner does not appear to dispute this construction.

On this record, we agree with Petitioner’s proposed construction. We note that the '852 patent states that “[a] ‘stored value item’ is a particular

unit of stored value that may be applied to a transaction.” Ex. 1001, 4:38–39. We also note that the specification provides examples of a “stored value item,” which include a coupon. *See id.* at 4:53–56, 5:4–7, 18:17–19.

Accordingly, we determine that “stored value item” should be construed to mean “a particular unit of stored value that may be applied to pay a portion of a transaction” and should expressly include a coupon.

2. *“based on the authorization request, determining one or more stored value items to apply to the transaction”*

Patent Owner contends that “[a]ccording to the specification and the claims of the ’852 Patent, the term . . . means that determining one or more stored value items to apply to the transaction is based not only on the transaction information, but also on the identity of the purchaser.” Prelim. Resp. 6 (citing Ex. 2001 ¶ 24). Patent Owner also contends that “[i]n one aspect, the ‘authorization request’ is used to reduce[] the occurrence of fraud. In another aspect, the ‘authorization request’ is used to determine one or more stored value items to apply to the transaction.” Prelim. Resp. 7 (citing Ex. 2001 ¶ 25). “Therefore, the ‘authorization request’ serves a *dual function*.” *Id.* (emphasis added).

On this record, we disagree with Patent Owner that any construction is necessary. Here, the claim language is clear and Patent Owner’s construction appears to be simply an attempt to rewrite the claims. The claim merely requires that the determining be “based on” the authorization request. The claim language does not specify any particular information in the request that must be used. The specification explains that the authorization request can contain many different types of information. Ex. 1001, 7:32–36. In fact, the specification indicates that the “determining” can be done based on the “identifying information in the authorization

request,” “transaction information, such as merchant information and/or identity of transaction items,” or a combination of the identifying information and transaction information (e.g., “the customer’s purchase history with an individual merchant”). Ex. 1001, 18:10–35. Thus, Patent Owner’s construction that limits the “determining” to the combination of the “transaction information” and the identity of the purchaser is inconsistent with the preferred embodiment, which is not so limited.

To the extent that Patent Owner is seeking to read particular functions into the “authorization request,” on this record, we decline to do so. Fraud prevention may be a potential benefit to using an authorization request, but we decline to import it into the claim. *See Ecolab v. Envirochem*, 264 F.3d 1358, 1367 (Fed. Cir. 2001) (“Where the function is not recited in the claim itself by the patentee, we do not import such a limitation.”). This is particularly true here where the claim already recites what the authentication request is to be used for. Accordingly, we decline to adopt Patent Owner’s construction, on this record, and determine that no further construction is necessary for purposes of this Decision.

3. *“transmitting a transaction indication message to a mobile device associated with the purchaser identifier”*

Patent Owner contends:

The term “a mobile device associated with the purchaser identifier” means that the address of the mobile device associated with the purchaser identifier is stored prior to the transaction and the address of the mobile device can be retrieved by the service during the transaction. [] Therefore, the term “transmitting a transaction indication message to a mobile device associated with the purchaser identifier” should be construed as “retrieving the address of the mobile device associated with the purchaser identifier and then transmitting a transaction indication message to a mobile device associated with the purchaser identifier”.

Prelim. Resp. 9 (citing Ex. 2001 ¶ 27).

We decline Patent Owner’s invitation to read an additional step of “retrieving the address of the mobile device associated with the purchaser identifier” into this step of the method. Patent Owner’s only basis for reading this step into the claim is that the preferred embodiment performs this step. *Id.* at 8–9. But the fact that the method of the preferred embodiment may perform additional steps not recited in this claim does not form a basis for reading those steps into the claim. “A claim is not defective when it states fewer than all of the steps that may be performed in practice of an invention.” *Smith & Nephew, Inc. v. Ethicon, Inc.*, 276 F.3d 1304, 1311 (Fed. Cir. 2001). Accordingly, on this record, we decline to adopt Patent Owner’s proposed construction and find that no construction of this limitation is necessary at this time.

4. “*purchaser identifier*”

Patent Owner contends the term “purchaser identifier refers to a code contained in a token or a customer’s mobile device which is used to identify the purchaser that initiated the transaction.” Prelim. Resp. 11 (citing Ex. 2001 ¶ 28). Patent Owner also contends “the purchaser identifier cannot be the address of the customer’s mobile device, otherwise, the address of the customer’s mobile device need not be stored in a database based on the identifying information and need not to be retrieved by the intermediary service.” Prelim. Resp. 12 (citing Ex. 2001 ¶ 30). Patent Owner further contends:

the term “a mobile device associated with the purchaser identifier” means that the address of the mobile device associated with the purchaser identifier is stored prior to the transaction and the address of the mobile device can be retrieved by the service during the transaction. [] From the context of the claims, the

purchaser identifier would not be the address of the customer's mobile device.

Prelim. Resp. 12–13 (citing Ex. 2001 ¶ 31).

We decline to adopt Patent Owner's construction. We begin with the language of the claims. *See Phillips*, 415 F.3d at 1312. Claim 1 states that the “purchaser identifier” is part of “authorization request” that is “generated as a result of a transaction.” Ex. 1001, 32:49–53. The claim also recites that the “purchaser identifier identifies the purchaser that initiated the transaction.” *Id.* at 32:55–57. Claim 1 also provides “transmitting a transaction indication message to a mobile device associated with the purchaser identifier.” *Id.* at 33:1–2. The claim does not specify where this identifier is from or where it is stored.

With respect to Patent Owner's contention that the purchaser identifier would not be “the address of the customer's mobile device,” we fail to see any requirement in the claim language that ““a mobile device associated with the purchaser identifier” means that the address of the mobile device associated with the purchaser identifier is stored prior to the transaction and the address of the mobile device can be retrieved by the service during the transaction,” as Patent Owner contends. Prelim. Resp. 12–13. The claim is silent as to storing or retrieving an address for the mobile device. Thus, we fail to see any support for this interpretation in the language of the claims.

We turn next to the specification. *See Phillips*, 415 F.3d at 1315 (noting “the specification ‘is always highly relevant to the claim construction analysis. Usually, it is dispositive; it is the single best guide to the meaning of a disputed term.’”). Here, contrary to Patent Owner's arguments, the specification supports a broad construction. To begin with,

we note that the term “purchaser identifier” is only used in the claims. When discussing information identifying the purchaser, the specification is very broad. In the portion of the specification quoted by Patent Owner on pages 10 to 11 of the Preliminary Response, the ’852 patent states “‘token’ is a *generic term* that refers to *various means for providing the unique identifying information* to the merchant 106.” Ex. 1001, 7:66–8:2 (emphasis added). Having established the breadth of the term, “token,” the ’852 patent then goes on to provide a number of examples:

For example, a token may be a magnetic strip on a credit or debit card, a radio frequency identification (RFID) tag embedded in a card or mobile device, an optical pattern that is scanned by a scanner (e.g., a bar code) or similar or different technologies for conveying identifying information to the merchant.

Id. at 8:2–7.

The ’852 patent further explains that

The token 202 may be issued by the intermediary service 204 and is generally not associated with the customer’s credit or debit cards. The unique identifying information may be an alphanumeric code, a sixteen digit number similar to a credit card number, *or one or more pieces of data that uniquely identifies the customer.*

Ex. 1001, 8:16–21 (emphasis added). Thus, the specification describes that these types of codes are just examples, and goes on to explain that the “unique identifying information may be . . . one or more pieces of data that uniquely identify the customer.” *Id.* at 8:20–21. Given this broad disclosure, we find that, contrary to Patent Owner’s arguments, the specification does not support Patent Owner’s contention that “the purchaser identifier cannot be the address of the customer’s mobile device.”

Finally, Patent Owner argues that “[c]onstruing the instant claims to encompass that the address of mobile device can be used as purchaser identifier would likely render the claims invalid for lack of written description.” Prelim. Resp. 13. Patent Owner also argues that “[c]onstruing the instant claims to encompass that the address of mobile device can be used as purchaser identifier would likely render the claims invalid for not meeting the enablement requirement.” *Id.* at 14. At this stage, we find Patent Owner’s evidence and arguments insufficient because the specification contains broad disclosure about the identifying information, we find this suggests that Patent Owner is not correct that the claims would necessarily lack written description or enablement without the limitation that “the purchaser identifier cannot be the address of the customer’s mobile device.” As for enablement, without a full analysis under the *Wands* factors⁵, we decline to speculate whether the claims would not be enabled if they encompass the address of the mobile device, as Patent Owner contends.

Accordingly, we decline to adopt Patent Owner’s construction and the additional limitation that “the purchaser identifier cannot be the address of the customer’s mobile device.” Beyond this clarification, we find that no other express construction of the term “purchaser identifier” is warranted at this stage of the proceedings.

⁵ *In re Wands*, 858 F.2d 731, 736–37 (Fed. Cir. 1988); *see also Amgen Inc. v. Sanofi Aventisub LLC*, 987 F.3d 1080, 1084–85 (Fed. Cir. 2021) (explaining the *Wands* factors).

III. DISCUSSION

A. Overview of the Prior Art

1. Nobrega (Ex. 1004)

Nobrega is entitled “Method and Apparatus for Performing a Credit Based Transaction Between a User of a Wireless Communications Device and a Provider of a Product or Service.” Ex. 1004, code (54). Nobrega “relates to using wireless communication devices in executing credit card transactions in a manner which reduces the risk of fraudulent transactions.” *Id.* at 1:17–20.

Nobrega describes techniques that “enable a wireless telecommunications network operator (‘wireless carrier’) to validate the identities of credit card users who use wireless devices such as cellular telephones . . . and to ensure that the credit card users approve the transactions and receive receipts for the transactions.” *Id.* at 1:47–53.

Nobrega proposes that a wireless carrier or other entity operates a “commerce platform within a ‘trusted domain,’” which stores credit card account and personal information, used to verify the consumer, such as by stored personal identification number or the “legitimacy of the wireless device.” *Id.* at 4:11–35.

In Nobrega’s method, the consumer who is at a merchant’s point-of-sale device communicates a “unique ID” to the merchant to initiate a purchase transaction. *Id.* at 12:32–34. The point-of-sale device sends the transaction information to an acquirer, which recognizes the transaction type based on the unique ID, and forwards it, along with the transaction amount, to the commerce platform. *Id.* at 12:43–49. The commerce platform identifies the user account associated with the unique ID, and “sends the

transaction details and a prompt to accept or decline the transaction to the phone associated with the identified user account, where the message is displayed to the user.” *Id.* at 12:58–13:4. If the consumer accepts the transaction, they are prompted to enter a PIN, which the commerce platform uses to verify the user identity, and then the commerce platform prompts the consumer to select a method of payment. *Id.* at 13:4–16. The selection is then used to complete the transaction through the clearing network. *Id.* at 10:3–10, 13:17–22.

An example of the screen presented to a consumer to select a payment method is shown in Figure 6C, reproduced below.

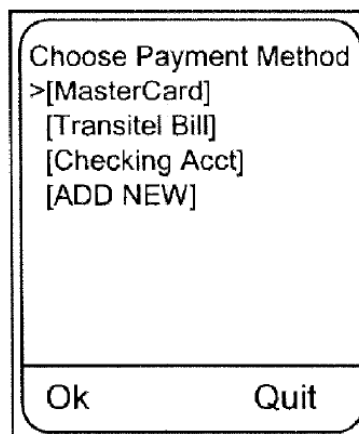


Figure 6C shows a screen which may be displayed on a cellular telephone during a credit card based transaction, in this case prompting a consumer to select a method of payment. *Id.* at 13:13–17.

2. *Keith (Ex. 1005)*

Keith is titled “Electronic Coupon Systems and Methods to Operate the Same.” Ex. 1005, (54). Keith discloses a

coupon management system [that] includes a processor to determine an applicable coupon for an item to be purchased, and a network interface to receive a coupon selection from a remotely located user device, and to send the coupon to a remotely located point-of-sale terminal, wherein the point-of-sale terminal is to

identify the item to be purchased and to apply the identified coupon to the item to be purchased.

Id. ¶ 13. Keith describes storing coupons in an electronic database. *Id.*

¶¶ 17, 19. Keith's web server queries the database, allows the user to review the coupons, allows the user to select coupons, and then provides the coupons to the point-of-sale terminal for use with the transaction. *Id.* ¶¶ 24–26.

3. *Hansen (Ex. 1006)*

Hansen is titled “Discount Applications with Registered Payment Instruments.” Ex. 1006, (54). Hansen describes “providing a discount to a transaction executed between a customer and a merchant for a purchase of goods and/or services.” *Id.* ¶ 6. Specifically, Hansen provides “multiple different discount arrangements available for a single transaction.” *Id.* ¶ 16. The “the customer 104 is provided with the ability to select among the plurality of possible discounts.” *Id.* ¶ 31. In addition, multiple discounts may be applied simultaneously. *Id.* ¶ 34.

4. *Churchill (Ex. 1007)*

Churchill is titled “Auction Redemption System and Method.” Ex. 1007, (54). Churchill “relates to online auctions via user accounts, having one or more different types of payment units (e.g., incentive points, money and associated point or cash credit), from which payment transactions are conducted.” *Id.* at 1:12–17. Churchill describes “an electronic auction system that allows merchants and buyers to participate in auctions using any form of payment unit that is permitted by the seller,” where “[o]ne form of payment unit is incentive points that can be earned in many ways, such as purchasing a product/service, clicking through an advertisement, or registering with a merchant.” *Id.* at 11:28–38. Churchill

explains one type of points, “Yahoo! Points,” can be used to purchase a product or service, and can be converted to cash. *Id.* at 19:35–36, 21:10.

B. Unpatentability Grounds

1. Alleged Obviousness of Claim 1 over Nobrega Keith, and Hansen

- a) [1(p)] “A computer-implemented method for processing financial transaction data in a computing system including a processor and a storage area, the method comprising”*

Petitioner contends that Nobrega discloses “commerce platform 2,” “processor,” and “database 25” that correspond to the preamble. Pet. 16–17.

Patent Owner argues that the ’852 patent discloses an “intermediary service” that operates between “acquirers of financial transaction requests” and “issuing institutions that process the financial transaction requests.” Prelim. Resp. 27 (citing Ex. 1001, 2:47–54). Patent Owner asserts that the “the intermediary service [of the ’852 patent] can implement the authorization process and can operate independently of the issuing institution by a third party.” *Id.* at 29 (citing Ex. 2001 ¶ 51). Patent Owner argues that Nobrega’s commerce platform stores the consumer’s credit card account information, and therefore is “subordinate to the issuing institution,” and thus does not disclose that the intermediary service can operate “independently” of the issuing institution by a third party. *Id.* at 29 (citing Ex. 2001 ¶ 57).

Patent Owner’s arguments are not commensurate with the scope of the claim. First, “[g]enerally, a preamble is not limiting.” *Summit 6, LLC v. Samsung Elecs. Co.*, 802 F.3d 1283, 1292 (Fed. Cir. 2015). Patent Owner presents no explanation why the preamble should be considered limiting in this case. Second, even if we consider the preamble a limitation, Patent Owner’s arguments are inconsistent with the plain language of the claim.

There is no recitation of “independently” in the preamble. And the specification does not support Patent Owner’s arguments for importing such a limitation into the claims. Patent Owner’s arguments hinge on the specification’s statement that “[t]he token 202 may be issued by the intermediary service 204 and is generally not associated with the customer’s credit or debit cards.” Prelim. Resp. 29 (citing Ex. 1001, 8:16–18). But this statement, if anything evidences that there is no independence requirement. The statement is entirely permissive—“token 202 *may be* issued by the intermediary service 204” and is “*generally* not associated with the customer’s credit or debit cards.” Ex. 1001, 8:16–18 (emphasis added). Thus, the specification suggests that the intermediary service does not have to be independent of the issuing institution as Patent Owner contends.

Instead, we find that, on this record, Petitioner has shown sufficiently that Nobrega discloses this recitation. *See* Pet. 16–18 (citing Ex. 1004, 3:24–27, 4:15–18, 7:44–46, 8:58–61, Fig. 2; Ex. 1003 ¶¶ 93, 94).

- b) *[1(a)] “receiving an authorization request generated as a result of a transaction by a purchaser at a point of purchase via an acquirer configured to receive authorization requests from a plurality of points of purchase, wherein the authorization request includes a purchaser identifier and transaction information, the transaction information including a transaction amount, and wherein the purchaser identifier identifies the purchaser that initiated the transaction”*

Petitioner contends Nobrega discloses this limitation, at column 4, lines 65–67 and column 12, lines 34–62, as well as within the ordinary artisan’s knowledge of “conventional credit card transactions.” Pet. 18–22.

Based on its claim construction for “purchaser identifier,” Patent Owner argues “the purchaser identifier cannot be the address of the customer’s mobile device in the ’852 Patent.” Prelim. Resp. 30–31. Patent

Owner argues in the '852 patent, “customer information” retrieved from the database by the intermediary service includes the address of the mobile device. *Id.* at 31–32 (citing Ex. 2001 ¶ 26; Ex. 1001, 3:6–16). According to Patent Owner, Nobrega does not retrieve the address of the mobile device from the database, because instead it is part of the “unique ID.” *Id.* at 32. Therefore, Patent Owner concludes that Nobrega cannot teach this limitation under its proposed construction because the purchaser identifier cannot be the address of the user’s mobile device.

We declined, on this record, to adopt Patent Owner’s construction for “purchaser identifier.” Therefore, on this record, we do not agree with Patent Owner that the “purchaser identifier” cannot be the address of the customer’s mobile device. Instead, on this record, we find that Petitioner has sufficiently shown that Nobrega accounts for this limitation. *See* Pet. 18–22 (citing Ex. 1004, Fig. 3A, Fig. 5A (blocks 301, 304A), 4:10–16, 4:24–26, 4:31–35, 6:37–38, 6:48–51, 7:4–6, 9:23–28, 12:32–34, 12:43–49, 12:54–62; Ex. 1003 ¶¶ 95–97).

- c) [1(b)(i)] “based on the authorization request, determining one or more stored value items to apply to the transaction, wherein each stored value item includes an associated value”*

Petitioner argues that Nobrega in view of Keith teaches, or at least renders obvious, based on the authorization request (e.g., order information of Keith included in the authorization request of Nobrega), determining one or more stored value items (e.g., coupons) to apply to the transaction, wherein each stored value item includes an associated value (e.g., coupon amount). Pet. 22. Petitioner contends Keith discloses storing coupons in one of coupon databases 104 or 108, accessed by users from their cell phones through web server 120, which determines coupons to apply to the

transaction using “subscriber identifier 805.” Pet. 22–25 (citing Ex. 1005 ¶¶ 17, 19, 20, 22, 26, 42, 54–56, 61, 64, 65, 79, 89, 95; Ex. 1003 ¶¶ 98–101). Petitioner asserts that a person of ordinary skill would have been motivated to include Keith’s coupon functionality in Nobrega’s system. *Id.* at 26.

Patent Owner argues Keith’s “subscriber identifier and the items to be purchased are not used to reduce the occurrence of fraud,” which “conflicts with the ‘authorization request’ in the ’852 Patent,” because, according to Patent Owner, “the ‘authorization request’ in the ’852 Patent serves a dual function.” Prelim. Resp. 37 (citing Ex. 2001 ¶ 72).

As we explained above, we declined to read unrecited functions into the construction of this limitation. *See supra* II.G.2. Moreover, Patent Owner’s contentions about the purpose of the request in *Keith* fails to address the combination, which incorporates this functionality into the Nobrega’s system.

We find, based on the current record, that Petitioner has shown sufficiently that the combination of Nobrega and Keith accounts for this limitation. Pet. 22–25 (citing Ex. 1005 ¶¶ 17, 19, 20, 22, 26, 42, 54–56, 61, 64, 65, 79, 89, 95; Ex. 1003 ¶¶ 98–101).

d) [1(b)(ii)] wherein the one or more stored value items are selected from a plurality of stored value items stored in the storage area

Petitioner contends that the combination of Nobrega and Keith teaches or suggests this limitation. Pet. 26–28. Petitioner submits that Keith’s database 104 specifies “individualized list(s) of coupons available to each user to apply to purchases.” *Id.* at 26 (citing Ex. 1005 ¶ 17). And Keith teaches that “‘available coupons’ refers to the coupons currently

associated with a user (e.g., present in a user's coupon account) and, thus, available to be applied to a purchase made by the user.” *Id.* (citing Ex. 1005 ¶ 17). Petitioner notes that Keith discloses the applicable coupons determined by web server 120 “include coupons from the user's list of available coupons stored in the user coupon database 104.” *Id.* at 27 (citing Ex. 1005 ¶¶ 61, 65, 78). Petitioner further contends that Keith teaches web server 120 “queries the user coupon database 104 to determine if one or more coupons in the identified user's coupon account may be applied to the identified items to be purchased.” *Id.* (citing Ex. 1005 ¶¶ 24, 56, Fig. 5). Thus, Petitioner submits that Keith teaches one or more coupons are selected from a plurality of stored value items stored in database 104. *Id.* Petitioner further argues that it would have been obvious to incorporate this functionality into the system of Nobrega. *See infra* III.B.1.j.

At this time, Patent Owner does not dispute that the combination of Nobrega and Keith accounts for this limitation. *See* Prelim. Resp. We find that Petitioner has shown sufficiently that the combination of Nobrega and Keith accounts for this limitation.

e) [1(b)(iii)] wherein the plurality of stored value items includes stored value items provided by a plurality of different third parties;

Petitioner contends that Nobrega in view of Keith teaches, or at least renders obvious, the plurality of stored value items (e.g., coupons) includes stored value items provided by a plurality of different third parties (e.g., manufacturers, retailers, store owners, and advertisers). Pet. 28–32. In particular, Petitioner contends that Keith teaches that coupons stored in database 104 are provided by manufacturers and merchants (e.g., retailers), as well as other third parties. *Id.* at 33 (citing Ex. 1005 ¶¶ 18, 28, 29, 75, 76,

93, Figs. 7, 10B). Petitioner further argues that it would have been obvious to incorporate this functionality into the combined system of Nobrega and Keith.

At this time, Patent Owner does not dispute that the combination accounts for this limitation. *See* Prelim. Resp. We find, on this record, that Petitioner has sufficiently accounted for this limitation in the combination of Nobrega and Keith.

f) [1(c)] *“transmitting a transaction indication message to a mobile device associated with the purchaser identifier, wherein the transaction indication message includes information about the determined one or more stored value items”*

Petitioner contends Nobrega discloses transmitting transaction details to a user’s phone for transaction verification, then in response to the verification, sending prompts to select a method of payment. Pet. 32–36. Petitioner further contends Keith discloses sending a message with coupon information to a user. *Id.* at 36.

Patent Owner argues that neither Nobrega nor Keith need to retrieve stored customer information from a database to get a mobile device associated with the purchaser identifier. Prelim. Resp. 38–39. However, this argument is based on Patent Owner’s proposed construction that adds a “retrieving” step to the claim. We declined to adopt that construction, so this argument is not commensurate with the scope of claim 1, which does not include such a step.

Patent Owner also argues that while Nobrega reduces fraud and Keith determines coupons, they only perform one function each. Prelim. Resp. 40. Patent Owner contends that the “authorization request” of the ’852 patent performs two functions—“reducing the occurrence of fraud in a transaction”

and “determin[ing] one or more stored value items to apply to the transaction.” Prelim. Resp. 40–42. Patent Owner argues that

Claim 1 of the ’852 Patent omits the “user identifier” in Keith and omits the step “the commerce platform sends the transaction details and a prompt to accept or decline the transaction to the phone associated with the identified user account” in Nobrega and still retain the functions of reducing the occurrence of fraud in a transaction and determining one or more stored value items to apply to the transaction.

Prelim. Resp. 44. As we explained above, at this stage, we decline to read these functions into the claim. Moreover, at this stage, we find Patent Owner’s arguments about the functions of the “unique ID” of Nobrega and the “user identifier” in Keith unconvincing, because Petitioner relies on the combination of Nobrega and Keith where the coupon functionality of Keith is incorporated into Nobrega’s payment system. *See In re Keller*, 642 F.2d 413, 425 (CCPA 1981) (“The test for obviousness is not whether the features of a secondary reference may be bodily incorporated into the structure of the primary reference; nor is it that the claimed invention must be expressly suggested in any one or all of the references. Rather, the test is what the combined teachings of the references would have suggested to those of ordinary skill in the art.”). Thus, the combined system would have both Nobrega’s fraud prevention functionality and Keith’s coupon capability, which are the two functions Patent Owner identifies. *See* Pet. 32–38. Moreover, Patent Owner’s contention that its claimed system omits Keith’s “user identifier” and Nobrega’s “the commerce platform sends the transaction details and a prompt to accept or decline the transaction to the phone associated with the identified user account to finish the process of reducing the occurrence of fraud required by Nobrega” by combining these

functionalities also ignores the combination. *See* Prelim Resp. 44. In the combination, Nobrega’s system incorporates Keith’s coupon functionality and Petitioner does not propose incorporating an extra identifier or sending extra messages. *See* Pet. 32–38 (explaining in detail how Keith’s functionality would be incorporated into Nobrega’s system and why a person of ordinary skill would be motivated to do so with a reasonable expectation of success). Thus, we find, on this record, that Petitioner has adequately shown that the combined teachings of Nobrega and Keith account for this limitation.

g) [1(d)] receiving an indication from a user of the mobile device that at least one stored value item should be applied against the transaction

Petitioner submits that Nobrega in view of Keith teaches, or at least renders obvious, receiving an indication (e.g., selection/approval) from a user of the mobile device that at least one stored value item (e.g., coupon) should be applied against the transaction. Pet. 38. Petitioner contends that Nobrega discloses that following receipt of the prompt (e.g., transaction indication message), the consumer selects the method of payment (block 510 of Fig. 5B of Nobrega), which is transmitted to commerce platform 2 (block 511 of Fig. 5B of Nobrega). *Id.* (citing Ex. 1004, 13:17–19). Petitioner argues that Keith discloses user device 115, which can be a “web-enabled cellular phone,” provides a display of coupon recommendations and coupon selection, selection by the user, and sending of the approval or selection information to the web server. *Id.* at 39–40 (citing Ex. 1005 ¶¶ 20, 25, 57, Fig. 5). Petitioner contends that a person of ordinary skill would have modified Nobrega’s commerce platform to receive an indication of a user’s coupon selection, as taught by Keith, in the same way the system of Nobrega

already receives an indication of a payment method. *Id.* at 40–41 (citing Ex. 1003 ¶¶ 116–119; Ex. 1005 ¶¶ 25, 57).

At this time, Patent Owner does not dispute that the combination of Nobrega and Keith accounts for this limitation. We find that Petitioner has shown sufficiently that the combination of Nobrega and Keith accounts for this limitation.

h) [1(e)] applying the indicated at least one stored value item to pay a first portion of the transaction amount

Petitioner contends that Nobrega in view of Keith, teaches or at least renders obvious, applying the indicated at least one stored value item (e.g., coupon selected/approved by the user) to pay a first portion of the transaction amount (e.g., a percentage or discount). Pet. 42–44. Petitioner argues that Keith teaches coupons are applied to a transaction amount. Keith discloses the user-selected coupons are sent to web server 120; afterward, web server 120 provides the coupons to a POS terminal and POS terminal 140 applies the user selected coupon(s) to the items being purchased, and following the coupon application the purchase is completed. *Id.* at 42 (citing Ex. 1005 ¶¶ 26, 58, 95, Fig. 5 (block 560), Fig. 11 (block 1122)).

Petitioner submits a person of ordinary skill in the art “would have recognized Keith’s coupons paid a portion of a transaction amount because Keith teaches that coupons may be for a ‘discount and/or percentage savings,’ which would pay a first portion of the transaction amount.” *Id.* at 43 (citing Ex. 1005 ¶ 67; Ex. 1003 ¶ 120).

At this time, Patent Owner does not dispute that the combination of Nobrega and Keith accounts for this limitation. We find that Petitioner has shown sufficiently that the combination of Nobrega and Keith accounts for this limitation.

- i) *[1(f)] initiating a payment process to pay a remaining portion of the transaction amount by providing a modified transaction amount to the acquirer for submission to a payment association.*

Petitioner submits that Nobrega in view of Keith and Hansen teaches, or at least renders obvious, initiating a payment process to pay a remaining portion of the transaction amount (e.g., complete a transaction) by providing a modified transaction amount (e.g., transaction request of Nobrega, including the modified transaction amount of Hansen) to the acquirer (e.g., acquirer 4) for submission to a payment association (e.g., clearing network). Pet. 44. Petitioner notes that Keith teaches coupons apply a discount or percentage savings to a transaction. *See id.* (citing analysis for limitations [1(e)], [1(b)(i)] discussed *supra* II.B.1.c, II.B.1.h). Petitioner contends that Keith teaches that its coupons are used in the same fashion as paper coupons, and that following the application of coupons to a transaction (i.e., pay a first portion of the transaction amount), the transaction is then “completed.” *Id.* at 45 (citing Ex. 1005 ¶¶ 26, 58, Fig. 11 (block 1122), Fig. 5 (block 560); Ex. 1003 ¶ 124).

Petitioner argues that in the Nobrega-Keith system, the transaction completion step (taught by Keith) would take place according to the payment processing steps disclosed by Nobrega. *Id.* at 46–48 (citing Ex. 1003 ¶ 125; Ex. 1004, 9:43–60, 10:3–5, 13:19–25, Fig. 3A (blocks 306, 307)). Petitioner also points to Hansen as further disclosing processing a transaction using multiple forms of payment methods (including both credit cards and coupons) via a discount coordinator host system. *Id.* at 48 (citing Ex. 1006 ¶¶ 16, 2). Petitioner notes that Hansen teaches following the application of a discount (such as a coupon), the discount coordinator

determines a modified transaction amount by determining the total discount to be applied and reducing the total transaction amount by the applied discount and then transmitting the modified transaction amount to a credit provider. *Id.* at 48–49 (citing Ex. 1006 ¶¶ 6, 23, 34, Fig. 2B (block 236)).

Petitioner argues that in the combined system a person of ordinary skill in the art would have modified Nobrega’s commerce platform (as modified with Keith’s web server 120 functionality) to perform the modified transaction amount determination functions of Hansen’s discount coordinator. *Id.* at 50 (citing Ex. 1003 ¶¶ 124–130).

At this time, Patent Owner does not dispute that Nobrega as modified by Keith and Hansen would account for limitation [1(f)]. We find that Petitioner has shown sufficiently that the combination of Nobrega, Keith, and Hansen would account for this limitation.

j) Motivation to Combine

Petitioner provides detailed reasoning why a person of ordinary skill would have been motivated to combine the teachings of Nobrega, Keith, and Hansen in the manner suggested in the Petition. Pet. 12–16. Petitioner supports this reasoning with the testimony of Dr. Neuman. *See id.* (citing Ex. 1003 ¶¶ 84–92). At this point, Patent Owner does not dispute the motivation to combine. We find that Petitioner has shown sufficiently that there would have been a motivation to combine Nobrega, Keith, and Hansen in the manner suggested.

k) Summary as to Claim 1

We have reviewed Petitioner’s evidence and arguments and considered the arguments and evidence raised by Patent Owner in its Preliminary Response. As we explain above, we find that Petitioner has

shown sufficiently that the combination of Nobrega, Keith, and Hansen accounts for the limitations of claim 1 and that a person of ordinary skill would have been motivated to combine the references in the manner suggested with a reasonable expectation of success. Accordingly, we find that Petitioner has shown a reasonable likelihood of prevailing in showing that claim 1 is unpatentable as obvious under 35 U.S.C. § 103(a) over the combination of Nobrega, Keith, and Hansen.

2. Remaining Claims and Grounds

We have reviewed Petitioner's cited evidence and explanation regarding why Nobrega, Keith, and Hansen render claims 2–4, 7–9, 11–17, 20–22, 24–30, 33–35, and 37–40 obvious, and why Nobrega, Keith, Hansen, and Churchill render claims 5, 6, 18–19, 31, and 32 obvious, and find them sufficient at this stage. At this stage, Patent Owner raises no other arguments regarding these claims other than those considered above with respect to claim 1. *See* Prelim. Resp. 44–49 (referring back to the arguments considered above with respect to claim 1). On this record, we determine that Petitioner has shown a reasonable likelihood of prevailing in showing that Nobrega, Keith, and Hansen render claims 2–4, 7–9, 11–17, 20–22, 24–30, 33–35, and 37–40, and Nobrega, Keith, Hansen, and Churchill render claims 5, 6, 18–19, 31, and 32 obvious.

IV. CONCLUSION

For the reasons discussed above, we conclude Petitioner has shown a reasonable likelihood of prevailing with respect to at least one claim. We have evaluated all of the parties' submissions and determine that the record

supports institution. Accordingly, we institute an *inter partes* review of all challenged claims under all grounds set forth in the Petition.

Our determination at this stage of the proceeding is based on the evidentiary record currently before us. This decision to institute trial is not a final decision as to patentability of any claim for which *inter partes* review has been instituted. Our final decision will be based on the full record developed during trial.

V. ORDER

For the reasons given, it is:

ORDERED that an *inter partes* review is instituted on all challenged claims under all challenged grounds; and

FURTHER ORDERED that pursuant to 35 U.S.C. § 314(a), *inter partes* review of the '852 patent is hereby instituted commencing on the entry date of this Decision, and pursuant to 35 U.S.C. § 314(c) and 37 C.F.R. § 42.4, notice is hereby given of the institution of a trial.

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