

**IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TEXAS
WACO DIVISION**

FINTIV, INC.,

Plaintiff,

v.

PAYPAL HOLDINGS, INC.

Defendant.

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Civil Action No.: 6:22-cv-00288-ADA

JURY TRIAL DEMANDED

**PLAINTIFF FINTIV, INC.'S OPPOSITION TO PAYPAL HOLDINGS, INC.'S
RULE 12(C) MOTION FOR JUDGMENT ON THE PLEADINGS FOR
LACK OF PATENT ELIGIBILITY UNDER 35 U.S.C. § 101**

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Plaintiff Fintiv, Inc. (“Plaintiff” or “Fintiv”) submits this brief in opposition to PayPal Holdings, Inc.’s (“PayPal”) Rule 12(c) motion for judgment on the pleadings for lack of patent eligibility under 35 U.S.C. § 101 (“Motion”) for U.S. Patent No. 8,528,845 (the “’845 Patent”).¹

I. INTRODUCTION

PayPal falls short of meeting its burden to show, accepting all allegations in the Amended Complaint as true with all reasonable inferences drawn in Fintiv’s favor, that Fintiv’s patent claims are ineligible. PayPal does not—because it cannot—do so.² To the contrary, as shown below, the ’845 Patent claims are clearly patentable under both governing Section 101 steps as set forth in *Alice Corp. Pty. v. CLS Bank Int’l*, 573 U.S. 208 (2014) (“*Alice*”). In this case, PayPal has proposed an abstract idea of “facilitating a financial transaction,” Mot. at 1, but PayPal does not even limit the proposed abstract idea to the field of mobile wallets, which is claimed. Moreover, PayPal does not address any of the numerous limitations that are required such as checks to data that ensures that the mobile wallet account is authorized to make the particular transaction, limit and velocity check requirements, ensuring that the subscriber or recipient has a valid mobile wallet application—all without having to have direct access to a bank account.

The ’845 Patent claims are not abstract; they are directed to a novel and inventive technology to efficiently and safely conduct monetary transactions on mobile devices and web interfaces in conformity with industry standards—for example in one embodiment, regulations governing Know Your Customer (“KYC”) information along with limit and velocity check requirements and other checks that allow mobile wallet transactions to be made without having ready access to a bank account (unbanked subscriber) and regardless of whether accounts involved

¹ Submitted herewith and relied upon in opposition to PayPal’s Motion is the Declaration of Jonathan K. Waldrop (“Waldrop Declaration”). “Ex.” refers to exhibits attached to the Waldrop Declaration.

² PayPal also waived its rights to file a motion for judgment on the pleadings under § 101 by failing to raise it at the claim construction stage.

in the monetary transactions are of the same type. Prior to the invention of the '845 Patent, no method exists for individuals without access to bank accounts to make deposits using a mobile device. Nor was it possible to freely conduct monetary transactions among accounts of different types—such as from a credit card account to a bank account. Claims 1 to 3 of the '845 Patent claim new and inventive methods to improve monetary transaction systems by enabling an unbanked subscriber to make a deposit through a mobile wallet into a mobile wallet account. Claims 5 to 7 discloses similar claims and include enumerated specific steps to conduct monetary transactions regardless of whether accounts involved in the monetary transactions are of the same type. The '845 Patent made technical improvements to the monetary transaction system with functionalities that were not previously available, which satisfies *Alice* Step 1.

Second, assuming that the asserted claims fail under *Alice* Step 1 (and they do not), the claims nevertheless demonstrate an “inventive concept” under *Alice* Step 2. While PayPal would have the Court hold that the mere fact that the claim limitations are purportedly “generic components” means that there cannot be any inventive concept. However, the claims, read in light of the specification, make clear that the claimed invention provides “something more.” In particular, the claimed inventions include an improvement to monetary transaction functionality itself—it allowed individuals without ready access to a bank account (unbanked subscribers) to make deposits through a mobile wallet into a mobile wallet account and conduct monetary transactions regardless of whether accounts involved in the monetary transactions are of the same type, which are functionalities and monetary transaction architectures that were not previously available. *Finjan, Inc. v. Blue Coat Sys., Inc.*, 879 F.3d 1299, 1305 (Fed. Cir. 2018). Even if the individual structures and components themselves are not new (and they are), they and their specific

new functions are arranged in an unconventional manner to achieve a technologically superior result. Thus, the '845 Patent claims pass *Alice* Step 2.

II. FACTUAL BACKGROUND

The inventors of the '845 Patent created novel technology to enable individuals to efficiently and securely conduct monetary transactions, regardless of whether accounts involved in the monetary transactions are of the same type, regardless of whether or not that the mobile device had ready access to a bank account, and allowed additional checks on the transactions, mobile device, and user profile to ensure that the user was able to complete safe and reliable transactions that were in compliance with money transaction regulations. SAC at ¶ 16. Independent Claims 1 and 5 of the '845 Patent demonstrates that this patent is not drawn to merely “facilitating long-known financial transactions.” Mot. at 1. The specific limitations marked in bold are examples that shows that the '845 Patent discloses concrete ways to achieve the claimed invention through use of a mobile wallet. Ex. B (Claims 1 and 5 reproduced with emphases). As alleged the Amended Complaint, the '845 Patent's non-traditional, not well-known, and unconventional technical solutions to prior art problems in banking and financial transactions provides at least four benefits:

First, the invention enables participants to send and receive money using a mobile device without having ready access to a bank account. See Ex. A ('845 Patent) at 12:45-50 (“An ‘unbanked subscriber’ is a subscriber that does not have (or does not have access to) a bank account or a credit union account.”). SAC at ¶ 17. Traditional financial services prior to the '845 Patent required participants to have conventional bank accounts. *Id.* Checks are drawn against conventional accounts held by banks. Automated Clearing House (“ACH”) transfers are sent from and received by conventional accounts held by banks. *Id.* Credit cards rely on revolving loan accounts issued by banks. *Id.* Debit card transactions are settled using conventional accounts held

by banks. ATM transactions make deposits or withdrawals using conventional accounts held by banks. In cases where consumers are unable or unwilling to use conventional banking services, they are often excluded from making transactions other than using cash. *Id.* This in turn prevents some of the poorest and most vulnerable from having access to the banking system. *Id.*

By employing a new and specific monetary transaction scheme including, among other things, a mobile wallet, which the Court construed as “[a] stored value account or prepaid access account (PPA) that allows the owner (or ‘subscriber’) to pay for goods and services of the mFS platform from his or her mobile wallet account,” that maintains a balance of “eMoney” that can be used without the need of a bank account. SAC at ¶ 18. The novel monetary transaction scheme also leverages a monetary transaction system processor, which, as claimed, communicates with the monetary transaction database to perform the directed transactions in a specific way including checks and authentication steps to allow the mobile wallet to function outside of the traditional banking system. *Id.*; Ex. A Claims 1–3, 5–7. The ’845 Patent thereby provides an alternative banking method to traditional bank accounts and a technical solution to meet the financial needs of individuals without ready access to a bank account. SAC at ¶ 18; Dkt. No. 60 at 1; *see e.g.*, Ex. A at Figs. 3–5, 11:36–39. For example, the ’845 discloses that subscribers may make deposits into their mobile wallet accounts:

As subscribers conduct business with mFS agents, they deposit or withdraw cash from their mobile wallet accounts. Virtual or eMoney credits are transferred between the subscriber’s mobile wallet account and the agent branch’s account as a form of currency to support the transaction. As agents accept cash into their cash register by mFS Subscribers, they transfer the equivalent amount of eMoney credits.

Id.; Ex. A at 7:6–18:1. Similarly, subscribers may send money from their mobile wallets to recipients, *id.* at 17:9–27, or make international money transfers using their eMoney accounts, *id.* at 18:16–44; *see also* SAC at ¶ 19.

Second, by implementing the same specific limitations, the new and specific monetary transaction scheme claimed in the '845 Patent provides a technical solution to the layered and segregated banking system and enables financial transactions among systems that are not directly interoperable. SAC at ¶ 20. Traditional financial entities processed financial transactions in closed ecosystems where both participants use a common payment system. *Id.* For example, a consumer could make a purchase with a Discover card if the merchant accepts Discover cards. *Id.* However, the consumer could not make the purchase if the merchant accepted only Visa and Mastercard cards. *Id.* This was also true for debit cards (where consumer and merchant need to be on the same network), ACH and similar bank transfers (which are available only for domestic transactions), checks (for which there are additional fees and delays if the check is drawn on an international bank), and other types of transactions. *Id.*

By contrast, the '845 Patent discloses that the monetary transaction platform connects to many different types of payment processors (*see id.* at 12:67-13:5) and the claimed invention can be used to:

add[] a stored value account (either hosted by a mobile wallet platform or a third party), add[] a bank or credit union account to a mobile wallet, add[] a debit or credit card account to a mobile wallet, deposit[] funds in a mobile wallet, withdraw[] funds from a mobile wallet, paying bills from a mobile wallet, top[] up a prepaid mobile account through a mobile wallet, transfer[] funds through a mobile wallet (nationally or internationally), mak[e] in-store purchases using a mobile wallet.

Id.; '845 Patent, Ex. A at 1:58-66, *see also id.* at 23:8-34 (making deposits to bank accounts at non-bank locations), 26:9-40 (making transfers using funds from a debit card where the funds are credited to the recipient's eMoney balance; Claim 7, Figs. 6 & 18, 17:55–18:60 (making transfers domestic or international). In other words, the '845 Patent teaches a novel banking system where the claimed mobile wallet can have multiple accounts, including a “mobile wallet balance,” or

accounts connected to credit cards, debit cards, or bank accounts. The claimed monetary transaction architecture enables transfers regardless of whether these accounts are of the same type and where conventional means of making transfers may not exist. SAC at ¶ 20.

Third, the specific technical solutions disclosed in the '845 Patent enables subscribers to perform transactions using mobile phones in situations where conventional banking and financial services are inconvenient or not readily available. SAC at ¶ 21; *see* '845 Patent, Ex. A at 23:56–24:13 (making deposits to their bank accounts at retail locations using mobile phones), 25:19–41 (transferring money using mobile phones), 26:55–65 (making international money transfers using mobile phones), and 6:21–24 (conducting monetary transactions with web interfaces). The '845 Patent further discloses that the mobile wallet application may be implemented as a “subscriber identity module (SIM) application, an Unstructured Supplementary Service Data (USSD) application, a Smartphone application, a web application, a mobile web application, a Wireless Application Protocol (WAP) application, a Java 2 Platform, Micro Edition (J2ME) application, a tablet application” or other type of application. *Id.* at 6:24-30; *see also* SAC at ¶ 21. This range of application types allows the mobile wallet application to be adapted to a variety of different mobile phones, which is necessary to allow the mobile wallet application to function in countries where mobile phone technologies may differ.

Finally, by employing the monetary transaction scheme that utilizes the specific steps enumerated in the claims, the '845 Patent enables direct person-to-person transactions that are more convenient, safer, faster, and less expensive. SAC at ¶ 22. Prior to the '845 Patent, person-to-person transactions were cash, personal checks, or wire transfers. *Id.* These methods can be slow, risky, untraceable, difficult to arrange, or potentially associated with significant bank fees. The claimed invention utilizing, among other things, the mobile wallet account and the direct

connections with payment processors, makes it technically possible to conduct direct person-to-person transactions through the mobile wallet or other funding sources such as debit cards and bank accounts, resulting in safer, more efficient, more cost-effective transactions. *See* Ex. A at 17:9–27 (person-to-person transfers using eMoney accounts); 25:19–41 (person-to-person transfers using funds from debit cards); and 17:55–18:15(international person-to-person transfers); *see also* SAC at ¶ 22. The claims themselves include limitations that require the system to look at data in the user’s profile to determine if transaction is permissible, requires velocity and limit checks, as well as validating the subscriber and recipient’s mobile wallet account. *See e.g.* Ex. A Claims 1 and 5; *see also* SAC at ¶ 22.

III. LEGAL STANDARD

Motion for Judgment on the Pleadings. Courts review a Federal Rule 12(c) motion for judgment on the pleadings under the same standards as a Federal Rule 12(b)(6) motion to dismiss for failure to state a claim. *Terry Black’s Barbecue, L.L.C. v. State Auto. Mut. Ins. Co.*, 22 F.4th 450, 454 (5th Cir. 2022). When deciding Rule 12(b)(6) motions, courts “accept all well-pleaded facts as true and draw all reasonable inferences in favor of the nonmoving party.” *Jim S. Adler, P.C. v. McNeil Consultants, L.L.C.*, 10 F.4th 422, 426 (5th Cir. 2021). To survive a motion to dismiss, the complaint must contain sufficient factual matter, accepted as true, to state a claim to relief that is plausible on its face. *Id.* “Generally, overcoming the presumption of validity in a district court requires clear and convincing evidence.” *Slyce Acquisition Inc. v. Syte-Visual Conception Ltd.*, No. W-19-CV-00257-ADA, 2020 WL 278481, at *4 (W.D. Tex. Jan. 10, 2020) (Albright, J.) (denying motion for reconsideration of denial of Section 101 motion to dismiss, noting that the “clear and convincing” standard is a “high bar” and that “resolving § 101 eligibility of all asserted claims almost certainly requires fact discovery”).

Patentable Subject Matter Under 35 U.S.C. § 101. Patent eligibility under § 101 is a question of law, based on underlying facts. *See Berkheimer v. HP*, 881 F.3d 1360, 1368 (Fed. Cir. 2018). Courts analyze whether a patent is directed to an “abstract idea” under 35 U.S.C. § 101 under a two-step process (*Alice* Step 1 and *Alice* Step 2). *Alice*, 134 S. Ct. at 2355. Claims are presumed valid unless Defendant can prove by clear and convincing evidence that they fail both steps. In *Alice* Step 1, the inquiry focuses on the characterization of the claims—i.e., what the claims, considered as a whole and in light of the specification, are “directed to.” *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1335 (Fed. Cir. 2016).

In asking this threshold question, courts focus on the specific claimed solution, rather than high-level simplification, because “[a]t some level, ‘all inventions ... embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas.’” *Alice*, 134 S. Ct. at 2354 (emphasis added). Indeed, the Federal Circuit has cautioned against oversimplification when attempting to articulate the abstract idea. *McRO, Inc. v. Bandai Namco Games Am. Inc.*, 837 F.3d 1299, 1313 (Fed. Cir. 2016) (“[C]ourts ‘must be careful to avoid oversimplifying the claims’ by looking at them generally and failing to account for the specific requirements of the claims.”). And a patent’s description of technological shortcomings in the prior art supports the conclusion that the claims are directed to a specific, patent-eligible invention, rather than to an abstract idea. *Id.*

Under *Alice* Step 2, claims directed to abstract ideas under *Alice* Step 1 are still valid if they recite “an ‘inventive concept’ sufficient to ‘transform’ the claimed abstract idea into a patent-eligible application.” *Alice*, 134 S. Ct. at 2357. The focus of Step 2 of *Alice* is a search for “something more,” something that ensures the claims are “more than a drafting effort designed to monopolize the abstract idea.” *Id.* at 2354–2357 (internal brackets omitted). For example, claims

that specify *how* interactions between computers may be manipulated in a way that overrides routine, conventional computer activity recite an invention concept. *See DDR Holdings, LLC v. Hotels.com, LP*, 773 F.3d 1245, 1257 (Fed. Cir. 2014). The claims as a whole must be considered as an ordered combination rather than simply isolating elements or focusing on whether only certain elements recite a patentable invention. *See BASCOM Global Internet Services, Inc. v. AT&T Mobility LLC*, 827 F.3d 1341, 1350 (Fed. Cir. 2016). “[A]n inventive concept can be found in the non-conventional and non-generic arrangement of known, conventional pieces.” *Id.* Additionally, an inventive concept may be evidenced by specific benefits that the invention provides not present in the prior art. *See, e.g., Amdocs (Isr.) Ltd. v. Openet Telecom, Inc.*, 841 F.3d 1288, 1302 (Fed. Cir. 2016).

IV. ARGUMENT

A. ALICE STEP 1: The Asserted Claims Are Not Directed to an Abstract Idea.

1. PayPal’s Mischaracterizations of the ’845 Patent Are Grounds for Denial of Its Motion

PayPal contends that the ’845 Patent claims “are directed to the patent-ineligible abstract idea of **facilitating a financial transaction.**” Mot. at 9. That proposed abstract idea “decrib[es] the claims at such a high level of abstraction” and “is untethered from the language of the claims.” *Enfish*, 822 F.3d at 1337. For this reason alone, PayPal fails to meet its burden that Fintiv’s patent claims are ineligible, and its Motion should be denied. *See, e.g., TecSec, Inc. v. Adobe Inc.*, 978 F.3d 1278, 1293 (Fed. Cir. 2020) (“And we have reiterated the Supreme Court’s caution against ‘overgeneralizing claims’ in the § 101 analysis, explaining that characterizing the claims at ‘a high level of abstraction’ that is ‘untethered from the language of the claims all but ensures that the exceptions to § 101 swallow the rule.’”) (citations omitted); *Shopify Inc. v. Express Mobile, Inc.*, No. CV 19-439-RGA, 2021 WL 4288113, at *22 (D. Del. Sept. 21, 2021) (same). Other

courts have found that when the defendant presents the Court with a proposed abstract idea framework that, in the initial stage one filter, boils the asserted claims down to nothing more than generic actions and which are not constrained to specified communications, the defendant's burden is not met. *See Luminati Networks Ltd. v. Code200*, UAB, No. 2:19-CV-00396-JRG, 2021 WL 467591, at *5 (E.D. Tex. Feb. 9, 2021) (“Defendants present the Court with a proposed abstract idea framework that, in the initial stage-one filter, boils the asserted claims down to nothing more than the actions of “requesting,” “sending,” and “identifying.” Defendants even fail to point out that these actions are constrained to internet communications.”) In this case, PayPal has proposed an abstract idea of facilitating a financial transaction, but does not even limit the proposed abstract idea to mobile devices/mobile wallets, which is a claim requirement. This is intentional and allows PayPal to compare the asserted claims outside of the claims to general banking concepts. Moreover, PayPal does not address any of the numerous limitations such as checks to data in the user profile that ensures that the mobile wallet account is authorized to make the particular transaction, limit and velocity check requirements, ensuring that the subscriber or recipient has a valid mobile wallet application, — all without having to have direct access to a bank account. *See e.g.* Claims 1 and 5.

It is indeed telling that PayPal color-coded claims with completely different language and asks the Court to find them similar. By inappropriately oversimplifying certain claim limitations and conveniently ignoring others, not only does PayPal fail to consider the claims “as a whole and in light of the specification,” *Enfish*, 822 F.3d at 1335, it also fails to account for the limitations that requires the use of mobile wallet or the monetary transaction system processor, among other things. Indeed, quite opposite to PayPal's assertion that the asserted claims of the '845 Patent “are all directed to the abstract idea of facilitating long-known financial transactions,” limitations

involving mobile wallets, eMoney, and monetary transaction system processor are directly connected to the improvements of the '845 Patent claims over the prior art and provide functionalities that are not previously available. *See supra* §II at 6–9. For example, PayPal claims that “depositing funds in a ‘stored value’ account by ‘unbanked’ subscribers” is “age-old.” Mot. at 14-15. But this is a factual dispute that PayPal does not support. None of PayPal’s examples of deposits by unbanked subscribers of are actually methods of making deposits: Money orders and travelers’ checks are merely types of checks; Pre-paid gift cards are not reloadable and are intentionally not personalized to the holder; and Western Union transfers funds but does not hold deposits.

2. The Patent Claims Provide Technical Solutions to Problems Associated with Prior Art Monetary Transaction Systems

The '845 Patent claims are directed to a novel and inventive technology with enumerated specific steps that allow the user to efficiently and safely conduct monetary transactions on mobile devices in conformity with industry standards—such as regulations governing KYC information, checking to ensure that data in the user profile stored in the database allows the transaction, limit and velocity check requirements, and checks to ensure that the subscriber or recipient has a valid mobile wallet account—without having to use a bank account, regardless of whether the transactions were conducted among systems that are not directly interoperable. SAC at ¶ 16. The '845 Patent inventions solved technological shortcomings in the prior art with functionalities that was not previously available. *See, e.g., supra* §II at 6–9. It is exactly the type of inventions that “employ [] a new kind of file . . . to do things it could not do before” and is not an abstract idea. *See, e.g., supra* §II at 6–9; *Finjan*, 879 F.3d at 1305 (stating a method for virus scanning was directed to patent eligible subject matter because they “employ[] a new kind of file that enables a

computer security system to do things it could not do before,” including “accumulat[ing] and utiliz[ing] newly available, behavior-based information about potential threats”).

In *Finjan*, the Federal Circuit found claims directed to specific methods of virus detecting to be non-abstract. While the court recognizes that “by itself, virus screening is well-known and constitutes an abstract idea,” the claimed “operation [w]as distinguished from traditional . . . virus scans” and provided an improvement in computer functionality by “employ[ing] a new kind of file that enables a computer security system to do things it could not do before.” *Id.* at 1305. The court further found that the patent claims were not “drawn to the idea itself,” but instead “recite[d] specific steps . . . that accomplish the desired result.” *Id.*

In *SRI Int’l, Inc. v. Cisco Systems, Inc.*, the Federal Circuit held claims drawn to a method of hierarchical computer network monitoring to be patent-eligible. 930 F.3d 1295, 1301 (Fed. Cir. 2019). The *SRI* claims recited a series of steps, including “deploying” network monitors, which detect “suspicious network activity based on analysis of network traffic data,” and generating and integrating “reports of ... suspicious activity.” *Id.* The Federal Circuit held that the claims were not directed to an abstract idea because they were “necessarily rooted in computer technology in order to solve a specific problem in the realm of computer networks.” *Id.* at 1303. The Federal Circuit recognized that the claims were not using a computer as a tool but, instead, recited a specific technique for improving computer network security. *Id.*

In *Packet Intelligence LLC v. NetScout Systems, Inc.*, 965 F.3d 1299, 1309 (Fed. Cir. 2020), *cert. denied*, 141 S. Ct. 2521 (2021), the Federal Circuit considered an invention that monitored data flows through a network to determine which packets were associated with which “conversation flow,” and to thereby determine the amount or type of information being transmitted by a particular application or protocol. *Id.* at 1307. Packet Intelligence argued, and the Federal

Circuit agreed, that the claims were directed to a technical problem and provided a solution that could associate data with specific applications or protocols, functionality that was lacking in prior art systems. *Id.* at 1308.

In *Uniloc*, the Federal Circuit held that claims directed to an improvement in computer functionality, “namely the reduction of latency experienced by parked secondary stations in communication systems,” were patent-eligible. *Uniloc USA, Inc. v. LG Elecs. USA, Inc.*, 957 F.3d 1303, 1307 (Fed. Cir. 2020). And importantly, the defendant did not argue that this improvement was not patent-eligible—instead it attempted to argue that the claims were not sufficiently directed to the improvement, pointing, much like PayPal does in its motion here, to the use of “generic Bluetooth components” and “result-based functional language” in the claims. *Id.* at 1308. The Court rejected this argument, pointing to the “change in the manner of transmitting data” that was part of the claimed system and resulted in reduced response time. *Id.* at 1308.

The '845 Patent claims are similar to claims in *Finjan*, *Packet Intelligence*, and *Uniloc* by teaching very specific technical solutions to the technical problems in monetary transaction systems and provides functionalities that were not previously available. More specifically, the '845 Patent claims teach a novel and inventive technology with enumerated specific steps that utilizes, among other things, mobile wallet, monetary transaction system processor, and user profiles to conduct efficient, secure, and traceable monetary transactions on mobile devices and web interfaces that are in conformity with industry standards and regulations but without having to use a bank account or the traditional banking systems, regardless of whether the transactions were conducted among systems that are not directly interoperable. *See supra* §II at 6–9; SAC at ¶ 18. These improvements to the monetary transaction systems architecture are analogous to those techniques or new data structure that were previously found to be non-abstract in *Finjan*, *SRI*,

Enfish, and *Packet Intelligence*, among others, and the '845 Patent provides functionality that was not previously available. *See Packet Intel.*, 965 F.3d at 1309 (comparing collected information with database entry); *Finjan*, 879 F.3d at 1305 (the fact that the security provide identifies certain code allows the system to use new information to protect against threats). *See supra* §II at 6–9.

PayPal alleges the '845 Patent claims fail step one of the Alice analysis because the claims are similar to those found ineligible and relies heavily on *Universal Secure Registry LLC v. Apple Inc.*, 10 F.4th 1342, 1345 (Fed. Cir. 2021), *cert. denied*, 212 L. Ed. 2d 778, 142 S. Ct. 2707 (2022) and *cxLoyalty, Inc. v. Maritz Holdings Inc.*, 986 F.3d 1367, 1376 (Fed. Cir. 2021). *See Mot.* at 10–12; 14–16. Both cases are distinguishable.

In *Universal*, the claimed invention was described as “an identification system that will enable a person to be identified or verified . . . and/or authenticated without necessitating the provision of any personal information.” 10 F.4th at 1348. The claims at-issue also enabled the person to access certain resources (e.g., secure information) or perform certain activities (e.g., paying for goods and services) following the completion of the identification, verification, or authentication. *Id.* at 1348–1349. After analyzing the claims-at-issue in detail, the Federal Circuit concluded that “the claims simply recite conventional actions in a generic way” (e.g., receiving a transaction request, verifying the identity of a customer and merchant, allowing a transaction, generating authentication or encrypted information, transmitting the information, and receiving the information) and “do not purport to improve any underlying technology.” *Id.* at 1349; *see also id* at 1352, 1354. For this reason, the Federal Circuit held that the claims were directed to abstract idea. This case is similar to *IOENGINE, LLC v. PayPal Holdings, Inc.*, where the Court distinguished *Universal* and found that when the claims provide for a specific improvement in the operation of a computer, such as a new memory system, a new type of virus scan, or a new type

of interface that makes a computer function more accessible, the Federal Circuit has found the claims patent-eligible. 607 F. Supp. 3d 464, 483 (D. Del. 2022). This case is the latter, with a new way to conduct transactions on a mobile device without needing access to a traditional bank account while claiming checks to the transactions that allow the system to effectively operate.

Likewise, in *cxLoyalty*, the asserted claims set forth limitations aimed at facilitating a commercial transaction “via transfers of information between the participant, vendor system, and the intermediary” using a graphical user interface (“GUI”) and an application programming interface (“API”). 986 F.3d at 1377. The Federal Circuit, based on its analysis, determined that the claims in this case were directed to the abstract idea of “facilitating, or brokering, a commercial transaction (i.e., the sale and purchase of goods and services) between a purchaser using a first form of value (i.e., a rewards program participant using points in whole or in part) and a seller transacting in a second form of value (i.e., a vendor system which transacts purchases in currency).” *Id.* at 1376–77. The reasoning for this holding was that “[h]umans have long intermediated these very transactions by collecting and relaying the very same information,” and that the use of a GUI and an API merely took “the place of human[s].” *cxLoyalty*, 986 F.3d at 1377. In contrast to the invention in *cxLoyalty*, the ’845 Patent claims do not pertain to long-standing human activities, such as intermediating commercial transactions by collecting and relaying “a first form of value (i.e., a rewards program participant using points in whole or in part) and a seller transacting in a second form of value (i.e., a vendor system which transacts purchases in currency).” *cxLoyalty*, 986 F.3d at 1377.

Distinct from both *Universal* and *cxLoyalty*, the asserted claims of the ’845 Patent not only avoid reciting conventional actions generically, but also improve the underlying technology and do not claim long-standing human activities, such as intermediating commercial transactions by

collecting and relaying different forms of value between transaction parties. For instance, the '845 Patent claims recite enumerated specific steps that employ, among other things, a mobile wallet, eMoney, and a monetary transaction system processor. SAC at ¶ 22. These components, among others, facilitate efficient, secure, and traceable monetary transactions on mobile devices and web interfaces without relying on a **bank account or the traditional banking systems**, and they adhere to industry standards. This is true even when the transactions occur between systems that are not directly interoperable. *Id.* at ¶ 20. The distinct combination and non-conventional operation of the mobile wallet, eMoney, and monetary transaction system processor demonstrate non-conventional elements in a novel arrangement, performing atypical actions to enable efficient, secure, and traceable monetary transactions on mobile devices and web interfaces, independent of bank accounts or traditional banking systems. *Id.*

B. ALICE STEP 2: The '845 Patent Claims Have an Inventive Concept That Transforms Them Into a Patentable Invention.

Under *Alice* Step 2, a claim that is found to be ineligible under Step 1 may nevertheless be patentable if it contains unconventional steps that “transform” the invention “into a patent eligible application.” *BASCOM*, 827 F.3d at 1347; *CosmoKey Sols. GmbH & Co. KG v. Duo Sec. LLC*, 15 F.4th 1091 (Fed. Cir. 2021). “[A] claim directed to an ineligible concept may become patent-eligible when it includes unconventional steps that ‘confine[] the claims to a particular application of the principle.’” *T-Rex Prop. AB v. Regal Entm’t Grp.*, No. 6:16-cv-927-RWS- KNM, 2017 WL 4229372, at *4 (E.D. Tex. Aug. 31, 2017) (citations omitted); *see also BASCOM*, 827 F.3d at 1348 (“some inventions’ basic thrust might more easily be understood as directed to an abstract idea, but under step two of the *Alice* analysis, it might become clear that the specific improvements in the recited computer technology go beyond ‘well-understood, routine, conventional activit[ies]’ and render the invention patent-eligible.”).

For example, the patent in *CosmoKey* disclosed a method for authenticating the identity of a user performing a transaction at a computer, including activating the authentication function on the user’s mobile phone. *Id.* at 1093. The Federal Circuit found that the patent specification recognized that “when a user communicates with a remote transaction partner (*e.g.*, a bank, a store, or a secure database) via a communication channel like the Internet, ‘it is important to assure that an individual that identifies itself as an authorized user is actually the person it alleges to be.’” *Id.* The Federal Circuit found that the focus of the claimed invention is the “activation of the authentication function, communication of the activation within a predetermined time, and automatic deactivation of the authentication function.” *Id.* at 1097. The Federal Circuit concluded that the patent specification describes the particular authentication technique as a technical improvement over the conventional prior-art authentication methods that prevents unauthorized access by third parties, and therefore is an inventive concept. *Id.* at 1099. The court also held that “claims and specification recite a specific improvement to authentication that increases security, prevents unauthorized access by a third party, is easily implemented, and can advantageously be carried out with mobile devices of low complexity.” *Id.* at 1098; *see also Cellspin Soft, Inc. v. Fitbit, Inc.*, 927 F.3d 1306, 1317-1319 (Fed. Cir. 2019) (concluding that the complaint sufficiently alleged that the claims taught inventive concepts because they required “establishing a paired connection between the mobile device and the data capture device *before* data is transmitted”).

So too, the ’845 Patent claims cover specific techniques to efficiently and safely conduct monetary transactions on mobile devices and web interfaces in conformity with industry standards—such as regulations governing KYC information, limit and velocity check requirements, and ensuring that the subscriber or recipient has a valid mobile wallet application—without having to use a bank account or the traditional banking systems and regardless of whether

the transactions were conducted among systems that are not directly interoperable. *See supra* §II at 6–9. *See also* SAC at ¶ 16. The specification and the Amended Complaint make clear that the patent is focused on a specific application of monetary transaction systems and that this specific application provides clear benefits over the prior art. *Id.*; *McRO, Inc.*, 837 F.3d at 1316 (“By incorporating the specific features of the rules as claim limitations, claim 1 is limited to a specific process for automatically animating characters using particular information and techniques and does not preempt approaches that use rules of a different structure or different techniques.”).

And, as in *CosmoKey*, the invention claimed in the ’845 Patent improves the actual functionality of the monetary transaction systems by enabling subscribers to conduct monetary transactions: 1) on mobile devices and web interfaces, 2) without having to use a bank account, 3) among systems that are not directly interoperable, and 4) in a way that is safer, faster, more convenient, and less expensive. *See supra* §II at 6–9; SAC at ¶ 22. And as in *BASCOM*, even if the components (such as “mobile device,” “software application,” “monetary transaction system processor,” or “user profile”) were known, the particular arrangement of these components was non-conventional and resulted in a technical improvement for managing network frequency band allocation.³ *See supra* §II at 6–9; *Cellspin Soft*, 927 F.3d at 1317-1319.

PayPal contends that the ’845 Patent claims do not teach an inventive concept because they recite only “generic,” “routine,” or “conventional” computing devices and functionality. Mot. at

³ While § 101 inquiry is different from § 102 and § 103 analyses and should not be subsumed by these other inquiries, *Alice* Step 2 analysis can overlap with the novelty inquiries. *Berkheimer*, 881 F.3d at 1368. It is worth noting that during the prosecution of the ’845 Patent, the patentee overcame § 102 and § 103 rejections based on prior art references *on mobile wallets*. *See* Ex. C (Non-Final Office Action dated December 26, 2012) at 2–29; *see also* Ex. D (Amendment “A” and Response After Non-Final dated April 26, 2013) at 1–11, Ex. E (Notice of Allowability) at 2–6. Among other things, the Examiner ultimately agreed with the patentee that the cited references did not disclose the “velocity check” or the “limit check” set forth in the amended claims. *See* Ex. C at 2–29; Ex. D at 1–11; and Ex. E at 2–6.

14-19. As a preliminary matter, “[w]hether something is well-understood, routine, and conventional to a skilled artisan at the time of the patent is a factual determination.” *Berkheimer*, 881 F.3d at 1369. As alleged in the Amended Complaint, which the Court must take as true, at the very least, the arrangement of the components and the patented claims as a whole were non-conventional. SAC at ¶ 22; *Jim S. Adler, P.C.*, 10 F.4th at 426 (when deciding 12(c) motions, courts “accept all well-pleaded facts as true and draw all reasonable inferences in favor of the nonmoving party”). PayPal thereby raises factual disputes that are improper for a 12(c) motion, which warrant the denial of its Motion. Even if PayPal’s factual assertions were true (which they are not) the fact that claims recite some generic components or functions does not render the claims ineligible. *See Enfish*, 822 F.3d at 1336 (finding software-based claims containing “data storage,” “memory,” and “data” valid under *Alice*); *see also Amdocs*, 841 F.3d at 1300 (explaining that a “solution [that] requires arguably generic components” is still patent eligible when “these generic components operate in a nonconventional manner to achieve an improvement in computer functionality” that is “a critical advancement over the prior art”); *BASCOM*, 827 F.3d at 1350 (“The inventive concept inquiry requires more than recognizing that each claim element, by itself, was known in the art.”).

Indeed, as discussed, PayPal’s repeated assertion that the claims merely recite the use of “routine and conventional computing functionality” is an oversimplification of the claims, which courts have regularly warned against. *See, e.g., Verint Sys. Inc. v. Red Box Recorders Ltd.*, 226 F. Supp. 3d. 190, 192-93 (S.D.N.Y. 2016) (“Many recent motions seeking determinations of patent ineligibility suffer from such reductionist simplicity – from characterizing as simply a mousetrap that which is in fact a better mousetrap.”). To this end, PayPal ignores the ’845 Patent limitations and also fails to establish that the use of the enumerate limitations are well-known and

conventional in the banking industry, much less arguing that using these technologies was well-known with respect to mobile wallets. *See Berkheimer*, 881 F.3d at 1367 (stating that *Alice* step 2 analysis considers whether “the claim limitations involve more than performance of ‘well-understood, routine, [and] conventional activities previously known to the industry.’”); *see also Uni. Servs. Automobile Asso. v. Wells Fargo Bank, N.A.*, No. 2-18-cv-00366, Dkt No. 182 at 21 (E.D. Tex. Aug 17, 2018), *aff’d* Dkt No. 239 (E.D. Tex. Jan. 6, 2020) (finding that *Wells Fargo* failed to establish that the use of OCR technology for check deposits “was well-understood, routine, and conventional **in the banking industry**”) (emphasis added). For at least these reasons, PayPal fails woefully short of meeting its burden at Step 2 of the *Alice* analysis and the ’845 Patent claims teach an inventive concept more than sufficient to pass Step 2.

V. CONCLUSION

Fintiv respectfully requests that this Court deny PayPal’s Motion.

Dated: March 29, 2023

RESPECTFULLY SUBMITTED,

By: /s/ Jonathan K. Waldrop

Jonathan K. Waldrop (CA Bar No. 297903)

(Admitted in this District)

jwaldrop@kasowitz.com

Darcy L. Jones (CA Bar No. 309474)

(Admitted in this District)

djones@kasowitz.com

Marcus A. Barber (CA Bar No. 307361)

(Admitted in this District)

mbarber@kasowitz.com

John W. Downing (CA Bar No. 252850)

(Admitted in this District)

jdowning@kasowitz.com

Heather S. Kim (CA Bar No. 277686)

(Admitted in this District)

hkim@kasowitz.com

ThucMinh Nguyen (CA Bar No. 304382)
(Admitted in this District)
tnguyen@kasowitz.com
KASOWITZ BENSON TORRES LLP
333 Twin Dolphin Drive, Suite 200
Redwood Shores, California 94065
Telephone: (650) 453-5170
Facsimile: (650) 453-5171

Paul G. Williams (GA Bar No. 764925)
(Admitted in this District)
pwilliams@kasowitz.com
KASOWITZ BENSON TORRES LLP
1230 Peachtree Street N.E., Suite 2445
Atlanta, Georgia 30309
Telephone: (404) 260-6080
Facsimile: (404) 260-6081

Jeceaca An (NY Bar No. 5849898)
(Admitted *pro hac vice*)
jan@kasowitz.com
KASOWITZ BENSON TORRES LLP
1633 Broadway
New York, NY 10019
Telephone: (212) 506-1700
Facsimile: (212) 506-1800

Raymond W Mort, III (TX Bar No. 00791308)
raymort@austinlaw.com
THE MORT LAW FIRM, PLLC
100 Congress Ave, Suite 2000
Austin, TX 78701
Telephone: (512) 865-7950
Facsimile: (512) 865-7950

**Attorneys for Plaintiff
FINTIV, INC.**

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing instrument was served or delivered electronically to all counsel of record on this 29th day of March, 2023, via the Court's CM/ECF System.

/s/ Jonathan K. Waldrop
Jonathan K. Waldrop