

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

ASKELADDEN, L.L.C.
Petitioner

v.

OHVA, INC.
Patent Owner

IPR2023-00921
U.S. Patent 9,679,286

PETITIONER'S REQUEST FOR REHEARING

The Board denied institution based on an unreasonably narrow understanding of the term “transaction data” in the challenged claims. *See* Decision Denying Institution (“Decision”) (Paper 11) at 28-30. The Board improperly imported limitations from one embodiment of the specification in interpreting the scope of “transaction data,” despite the fact that none of the claims require that embodiment. The Board should grant rehearing and institute trial because the Decision constitutes legal error by incorrectly importing limitations not required by the claims and is therefore an abuse of discretion.

I. STANDARD OF REVIEW

When rehearing a decision on whether to institute a trial, the Board reviews the decision for an abuse of discretion. 37 C.F.R. § 42.71(c). “**An abuse of discretion occurs where the decision is based on an erroneous interpretation of the law**, on factual findings that are not supported by substantial evidence, or represents an unreasonable judgment in weighing relevant factors.” *Star Fruits S.N.C. v. United States*, 393 F.3d 1277, 1281 (Fed. Cir. 2005) (citing *Arnold P’Ship v. Dudas*, 362 F.3d 1338, 1340 (Fed. Cir. 2004)) (emphasis added). The party requesting rehearing “must specifically identify all matters [it] believes the Board misapprehended or overlooked, and the place where each matter was previously addressed.” 37 C.F.R. § 42.71(d).

II. THE DECISION IS AN ABUSE OF DISCRETION

The Decision is an abuse of discretion because it improperly imported limitations from the specification of the '286 patent that are not required by the claims. The Decision therefore constitutes legal error, which is an abuse of discretion. “An abuse of discretion occurs where the decision is based on an erroneous interpretation of the law.” *Star Fruits*, 393 F.3d at 1281; *see also AdjustaCam, LLC v. Newegg, Inc.*, 861 F.3d 1353, 1358 (Fed. Cir. 2017) (a court “abuses its discretion when its ruling rests on an erroneous legal conclusion or on a clearly erroneous assessment of the evidence.”).

A. Independent Claims 1 and 3 Do Not Require “Transaction Data” to be Distinguished from “Account Information.”

Citing the embodiment of Fig. 11 of the '286 patent (discussed *infra*), the Decision indicates that “[t]he '286 patent distinguishes between account information and transaction data.” Decision, 28; *see also id.*, 29 (“[T]he '286 patent differentiates between account information...and transaction data.”). The Decision’s interpretation of the scope of the term “transaction data” in claim 1 is based on this finding that Fig. 11 of the '286 patent distinguishes between account information and transaction data. *Id.* at 28-29. In doing so, the Decision commits legal error by importing limitations from the specification that are not required by independent claims 1 and 3.

Independent claim 1 of the '286 patent recites the term “transaction data”

several times without defining or further limiting the scope of the term. See

limitations [1.1.1], [1.1.3], [1.3.1], and [1.3.2] below.¹

[1.1.1] a card reader having an input interface configured to

accept *transaction data* from an output interface of a transaction card,

[1.1.3] the card reader providing the *transaction data* accepted from the

output interface of the transaction card to the output pin, and hence to the

microphone port, as an analog variable voltage audio signal; and

[1.3.1] wherein the coded instructions, when executed on a processor in the smart telephone, convert the analog variable voltage audio signal received at the microphone port to the *transaction data* as digital data,

[1.3.2] establish direct data exchange between the smart telephone and a second Internet-connected server and facilitate transactions by a financial institution, or purchases from an online-merchant, using the *transaction data*.

At most, limitations [1.1.1] and [1.1.3] require “transaction data” to be accepted from an output interface of a transaction card to the output pin. There is

¹ The Decision notes that “[i]ndependent claim 3’s steps are substantially similar to the functions recited in independent claim 1.” Decision, 32; *see also* Petition, 64-65.

no description in limitation [1.1.1] or [1.1.3] that even remotely implies that the “transaction data” is distinguished from account information. Limitations [1.3.1] and [1.3.2] require that the “transaction data” is converted to digital data and then used for purchases. Again, there is no description in limitation [1.3.1] or [1.3.2] that even remotely implies that the “transaction data” is distinguished from account information. Independent claims 1 and 3 do not have any feature relating to the “account information” that is distinguished from the “transaction data” in the embodiment of Fig. 11.

The Decision therefore improperly imported limitations from the embodiment of Figure 11 into the claims, even though those limitations of Fig. 11 are **not required** by the claims. It is well-settled that limitations from disclosed embodiments should not be imported into the claims when the claims are broader than the disclosed embodiments. “Though understanding the claim language may be aided by explanations contained in the written description, **it is important not to import into a claim limitations that are not part of the claim.** For example, a particular embodiment appearing in the written description may not be read into a claim when the claim language is broader than the embodiment.” *Superguide Corp. v. DirecTV Enterprises, Inc.*, 358 F.3d 870, 875 (Fed. Cir. 2004). “[I]t is improper to read limitations from a preferred embodiment described in the specification—even if it is the only embodiment—into the claims absent a clear indication in the

intrinsic record that the patentee intended the claims to be so limited.” *EPOS*

Techs. Ltd. v. Pegasus Techs. Ltd., 766 F.3d 1338, 1341 (Fed. Cir. 2014).

Despite this well-settled prohibition against importing limitations from embodiments that are not required by the claims, the Decision did just that. Accordingly, the Decision's interpretation that the claimed “transaction data” is distinguished from “account information” is legal error and therefore an abuse of discretion. Consequently, the Decision overlooked or misapprehended the scope of the term “transaction data” in the challenged claims.

B. Independent Claims 1 and 3 are not Limited to the Embodiment of Fig. 11.

The Decision cited the embodiment of Fig. 11, reproduced below, to explain that “[t]he ’286 patent distinguishes between account information and transaction data.” Decision, 28, 10-11 (discussing Fig. 11 embodiment), 28-29 (same). For example, the Decision references the account information 1102 in Fig. 11 to explain that Fig. 11:

illustrat[es] user authentication using a CVV code whereby financial institutions deploy smart cards having an embedded token that includes token parameters of N (ID number that “includes the ID of the card issuing entity and enables the bank to route the transaction along with the CVV number (3-digit number) using existing bank protocols”), S (secret seed), Ci (current session key), and Ci+1 (new session key).

Decision, 28 (citing EX1001, 10:14-28, 12:14-24); *see also id.*, 11 (similar

discussion of account information 1102).

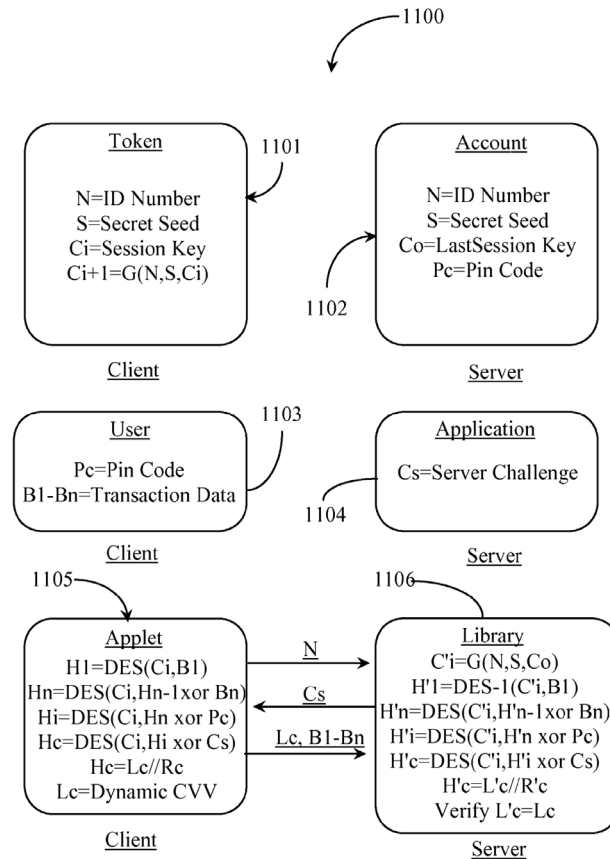


Fig. 11

EX1001, Fig. 11

Claims 1 and 3 do not require any aspect of “user authentication.” Instead, as noted in Section II.A above, limitations [1.1.1] and [1.1.3] require “transaction data” to be accepted from an output interface of a transaction card to the output pin, and limitations [1.3.1] and [1.3.2] require the “transaction data” to be converted to digital data and then used for purchases. The Decision acknowledges that “Figure 11 ‘is a block diagram illustrating user authentication using a card

verification value (CVV) code.” Decision 11 (quoting EX1001, 3:36-37). Because claims 1 and 3 do not recite any aspect of “user authentication” or “user authentication using a card verification value (CVV) code,” claims 1 and 3 are not limited to the embodiment of Fig. 11. It is therefore legal error to interpret the scope of the claim term “transaction data” based on the embodiment of Fig. 11 when claims 1 and 3 do not require this embodiment.

The '286 patent describes other embodiments of “transaction data” that are not limited to Fig. 11. For example, the '286 patent explains the following embodiments of “transaction data,” none of which are distinguished from the “account information” in Fig. 11:

- “In one embodiment of the invention an apparatus is provided, comprising **a transaction card bearing data** and having an output interface capable of **transmitting the data, a card reader having an input interface enabled to accept the data from the output interface of the transaction card....**” EX1001, 1:65-2:2.
- “In another aspect of the invention a method is provided, comprising coupling a **transaction card bearing data** and having an output interface capable to **transmit the data to a card reader having an input interface enabled to accept the data** from the output interface of the transaction card....” EX1001, 2:33-37.

Thus, it was legal error in the Decision to interpret the claimed “transaction data” as being distinguished from the “account information” of Fig. 11 when claims 1 and 2 are broader than the embodiment of Fig. 11. *See Superguide*, 358 F.3d at 875 (“[A] particular embodiment appearing in the written description may not be read into a claim when the claim language is broader than the embodiment.”).

Furthermore, Fig. 11 is directed to a specific example of a “secure smart card[...]having the sound pass token chip embedded thereon,” which is not recited in claims 1 and 3. On the contrary, claims 1 and 3 recite the “variation” of the Fig. 11 embodiment in which the apparatus includes a “card reader having an input interface configured to accept transaction data from an output interface of a transaction card,” and “and an output pin, as a part of the card reader, configured to directly connect the card reader to a microphone port of a smart telephone.” Limitations [1.1.1]-[1.1.2]; *see also* limitations [3.1.1]-[3.1.2]. The '286 patent explains that the Fig. 11 embodiment is a “variation” of the configuration actually recited in claims 1 and 3:

“[i]n this example [of Fig. 11], banks or other financial institutions deploy secure smart cards in the form of bank cards having the sound pass token chip embedded thereon. The cards are **adapted as a variation of the smart card used with a card reader plugged into a microphone jack on the user PC as described further above.**”

EX1001, 12:15-21 (emphasis added).

Thus, it is legal error and therefore an abuse of discretion to interpret the claimed “transaction data” in claims 1 and 3 as being distinguished from the “account information” of the Fig. 11 embodiment when claims 1 and 3 are directed to a distinct “variation” from the embodiment in Fig. 11.

In addition, it was legal error to interpret the scope of the “transaction data” in claims 1 and 3 based on Fig. 11 when dependent claims 2 and 4 recite features that are closer to the embodiment of Figure 11 than anything recited in claims 1 and 3. *See* EX1001, 3:36-38 (“FIG. 11 is a block diagram illustrating user authentication using a card verification value (CVV) code according to yet another embodiment of the invention.”), claim 2 (“...wherein the coded instructions, when executed on a processor in the smart telephone, retrieve a card verification code (CVV), and use the CVV in purchases or transactions.”), claim 4 (similar to claim 2).² Under the principle of claim differentiation, claims 1 and 3 should not be interpreted as requiring anything relating to a CVV code, when the features of a CVV code are recited in dependent claims 2 and 4. “[T]he presence of a dependent claim that adds a particular limitation raises a presumption that the limitation in

² The Petition cites to *de Geer* (EX1007) to teach the CVV features recited in claims 2 and 4. Pet., 62-64 (claim 2), 74-77 (claim 4).

question is not found in the independent claim.” *Liebel-Flarsheim Co. v. Medrad, Inc.*, 358 F.3d 898 (Fed. Cir. 2004). But contrary to this well-settled principle, the Decision relied on the embodiment of Fig. 11 to interpret the scope of “transaction data” in claims 1 and 3, even though the Decision notes that Fig. 11 “illustrat[es] user authentication using a CVV code,” despite the fact that dependent claims 2 and 4, not claims 1 and 3, recite features requiring use of a CVV code.

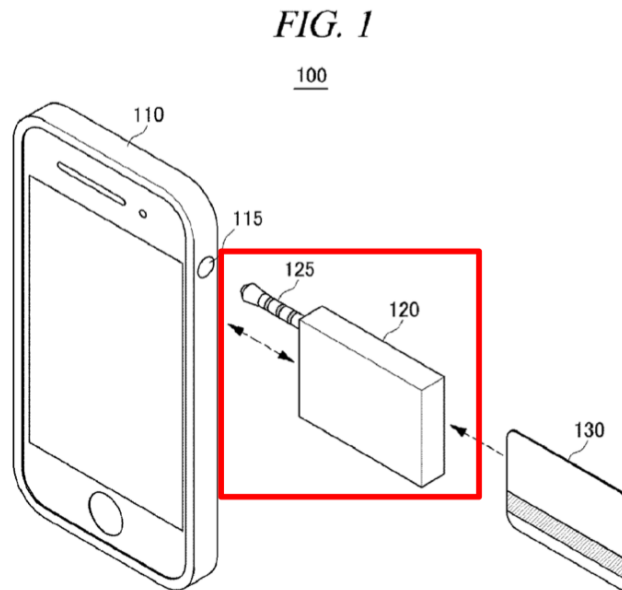
For each of the above reasons, it was legal error and therefore an abuse of discretion for the Decision to rely on the embodiment of Fig. 11 to interpret the scope of the term “transaction data” in claims 1 and 3 as being distinguished from the “account information” in Fig. 11.

C. Cho Teaches the “Transaction Data” Recited in Claims 1 and 3.

The Decision misapprehended or overlooked the evidence in the Petition showing that Cho teaches the claimed “transaction data” when the scope of this term is not incorrectly interpreted based on the embodiment of Fig. 11. As noted in Section II.A above, limitations [1.1.1] and [1.1.3] require “transaction data” to be accepted from an output interface of a transaction card to the output pin. Cho teaches these features because, as shown in the Petition, Cho’s card reader (“card payment apparatus 120”) accepts account information (“transaction data”) from an output interface of the transaction card 130, as shown in Cho’s annotated Fig. 1 below. Pet., 40-43 (limitation [1.1.1]) (citing EX1005, Figs. 1-2, 4:42-44, 3:3-27,

4:23-32, 5:58-60, 10:10-14; EX1003, ¶¶117-121). Further, as shown in the

Petition, Cho's card reader ("card payment apparatus 120") transmits an analog signal from the audio jack 125 ("output pin") of the card reader to the audio jack socket 115 of the client device 110 ("smart telephone"), where the transmitted analog signal includes account information ("transaction data") read from the card 130. Pet., 46-47 (limitation [1.1.3]) (citing EX1005, 3:22-31, 4:60-67; EX1003, ¶¶128-132).



EX1005, Fig. 1 (Annotated); EX1003, ¶118.

Pet., 41.

The Decision indicates that “[o]utside of stating that Cho describes account information and equating that with the claimed transaction information, Petitioner provides no further explanation how Cho’s account information meets the claimed

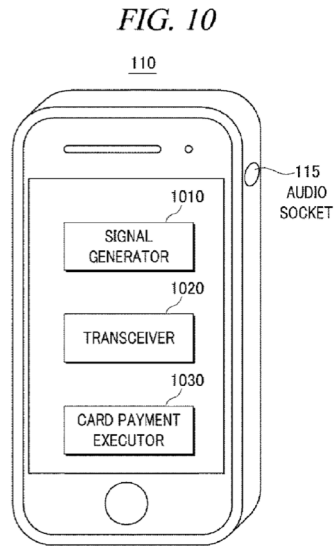
transaction data.” Decision, 28. This statement is premised on the Decision’s legal error asserting that the “transaction data” in claims 1 and 3 is distinguished from the “account information” in Fig. 11 of the ’286 patent. Decision, 28-29. Contrary to the above statement in the Decision that the Petition did not explain “how Cho’s account information meets the claimed transaction data” (Decision, 28), the Petition showed that Cho’s account information is transaction data because it is information used in a transaction.

- Petition, 42: “Cho’s card payment apparatus 120 utilizes ‘a magnetic strip reader that is configured to read information from a magnetic strip of card 130 or an integrated circuit chip reader that is configured to read information from an integrated circuit chip of card 130.’ EX1005, 4:28-32, 5:58-60, 10:10-14; *see also* EX1005, 3:20-27 (‘account information may be read from a card 130 by card payment apparatus 120’).”
- Petition, 46: “‘The first digital signal may include account information which may be read from a card 130 by card payment apparatus 120. By way of example, but not limitation, **the account information may include at least one of an account number, a card expiration date, etc.**.’” (quoting EX1005, 3:22-27) (emphasis added).

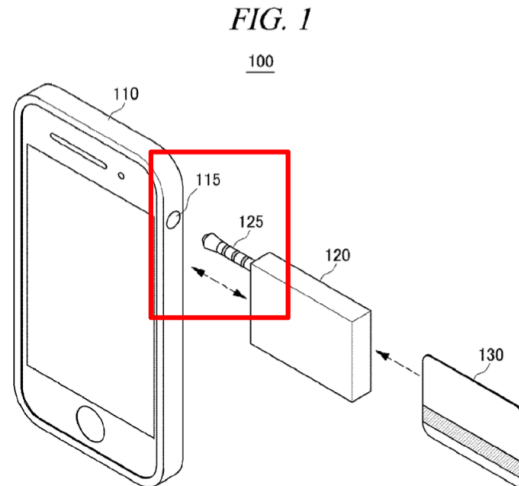
Thus, the Decision misapprehended or overlooked the evidence in the

Petition showing how Cho's account information teaches the "transaction data" in claims 1 and 3 when the scope of that term is not improperly interpreted to be distinguished from the "account information" in the Fig. 11 embodiment of the '286 patent.

Further, the Petition showed that Cho teaches the "transaction data" as recited in limitations [1.3.1] and [1.3.2]. As noted in Section II.A above, limitations [1.3.1] and [1.3.2] require the "transaction data" to be converted to digital data and then used for purchases. First, the Petition showed that Cho's transceiver 1020 in the client device 110 ("smart telephone") (*see* Fig. 10 below) receives the analog signal containing the account information from card payment apparatus 120 "via a microphone contact of audio jack 125," and the card payment executor 1030 of the client device 110 converts this "analog signal into the first digital signal that includes the account information by using any well-known analog-digital converting scheme." Pet., 55 (citing EX1005, 11:27-29, 11:35-38; EX1003, ¶146).



EX1005, Fig. 10; EX1003, ¶134.
Pet., 48



EX1005, Fig. 1 (Annotated); EX1003, ¶145.
Pet., 55

Further, the Petition showed that Cho teaches that the card payment executor 1030 executes a card payment using the retrieved account information (“transaction data.”). Pet., 56-57 (citing EX1005, 11:40-44, 3:56-4:2; EX1003, ¶150). Alternatively, the Petition showed it would have been obvious to modify Cho to conduct a transaction with a wireless payment system, as taught by Aaron. Pet., 57-58. The Decision, however, misapprehended and overlooked this evidence due to the legal error in interpreting that the “transaction data” is distinguished from the “account information” in the Fig. 11 embodiment of the ’286 patent, even though claims 1 and 3 are not limited to this embodiment, as shown in Sections II.A and II.B above.

III. CONCLUSION

For the above reasons, the Board should grant rehearing and institute a trial, because the Decision constitutes legal error and is therefore an abuse of discretion.

Dated: January 3, 2024

HAYNES AND BOONE, LLP
2801 N. Harwood St., Suite 2300
Dallas, TX 75201
Customer No. 27683

Respectfully submitted,

/Jonathan R. Bowser/
Jonathan R. Bowser
Counsel for Petitioner
Reg. No. 54,574

PETITIONER'S EXHIBIT LIST

EX1001	U.S. Patent No. 9,679,286 to Colnot et al. ("286 Patent")
EX1002	Prosecution History of U.S. Patent No. 9,679,286 (U.S. Application No. 14/636,674) ("674 Application")
EX1003	Declaration of Bruce McNair
EX1004	<i>Curriculum Vitae</i> of Bruce McNair
EX1005	U.S. Patent No. 9,330,385 to Cho et al. ("Cho")
EX1006	U.S. Patent Publication No. 2013/0185208 to Aaron et al. ("Aaron")
EX1007	U.S. Patent Publication No. 2014/0008432 to de Geer et al. ("de Geer")
EX1008	U.S. Patent Publication No. 2013/0124606 to Carpenter et al. ("Carpenter")
EX1009	Declaration of Glenn J. Perry
EX1010	Letter Agreement Between Glenn J. Perry and Askeladden L.L.C dated May 20, 2020
EX1011	U.S. Application No. 14/524,842 ("842 Application")
EX1012	U.S. Application No. 11/533,030 ("030 Application")
EX1013	U.S. Provisional Application No. 60/719,273 ("273 Provisional")
EX1014	Comparison of the as-filed specification of the '674 Application (filed 2015) with the as-filed specification of the '842 Application (filed 2014)
EX1015	Comparison of the as-filed specification of the '674 Application (filed 2015) with the as-filed specification of the '030 Application (filed 2006)
EX1016	Comparison of the as-filed specification of the '842 Application (filed 2014) with the as-filed specification of the '030 Application (filed 2006)
EX1017	U.S. Patent No. 9,436,855 to Marcus et al. ("Marcus")
EX1018	U.S. Patent No. 8,302,860 to McKelvey ("McKelvey")
EX1019	KR 2003 0076045 ("Bluetooth")
EX1020	U.S. Patent No. 6,607,136 to Atsmon et al. ("Atsmon")
EX1021	U.S. Patent No. 7,761,374 to Sahota et al. ("Sahota")
EX1022	U.S. Application No. 2004/0093436 to Colnot ("Colnot")
EX1023	U.S. Patent Application No. 2005/0075134 to Steenstra et al. ("Steenstra")
EX1024	"Turning your mobile into a magnetic stripe reader," Deepquest ("Deepquest")

EX1025	U.S. Patent Application No. 2004/0230489 to Goldthwaite et al. (“Goldthwaite”)
EX1026	U.S. Patent Application No. 2004/039919 to Takayama et al. (“Takayama”)
EX1027	U.S. Patent No. 9,016,572 to Babu et al. (“Babu”)
EX1028	U.S. Patent No. 7,490,777 to Walsh (“Walsh”)
EX1029	U.S. Patent No. 7,240,836 to Vrotsos et al. (“Vrotsos”)
EX1030	“Application Programmer’s Guide, IBM, 2011
EX1031	U.S. Patent No. 9,003,508 to Colnot et al. (“’508 Patent”)
EX1032	U.S. Patent Publication No. 2007/0064833 to Colnot et al. (“’833 Publication”)
EX1033	Memorandum of Director Katherine K. Vidal, “Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation,” June 21, 2022 (“ <i>Fintiv</i> Guidance”)
EX1034	United States District Court – National Judicial Caseload Profile (March 2023)
EX1035	Apple Store, (September 14, 2005, Internet Archive Capture), available at https://web.archive.org/web/20050914225016/http://store.apple.com:80/1-800-MY-APPLE/WebObjects/AppleStore.woa
EX1036	<i>Identify your iPod Model</i> , Apple, available at https://support.apple.com/en-us/HT204217
EX1037	<i>Apple Announces iPhone 2.0 Software Beta</i> , Apple Press Release, March 6, 2008, available at https://www.apple.com/newsroom/2008/03/06Apple-Announces-iPhone-2-0-Software-Beta/
EX1038	<i>iPhone App Store Downloads Top 10 Million in First Weekend</i> , Apple Press Release, July 14, 2008, available at https://www.apple.com/newsroom/2008/07/14iPhone-App-Store-Downloads-Top-10-Million-in-First-Weekend/
EX1039	<i>Identify your iPhone model</i> , Apple, available at https://support.apple.com/en-us/HT201296

CERTIFICATE OF SERVICE

The undersigned certifies, under 37 C.F.R. § 42.6, that service was made on the Patent Owner as detailed below.

Date of service January 3, 2024

Manner of service Electronic Email: isaac@rabilaw.com

Documents served **Petitioner's Request for Rehearing**

Persons served Isaac Rabicoff
Rabicoff Law LLC
600 Mamaroneck Ave, Suite 400
Harrison, NY 10528

/Jonathan R. Bowser/

Jonathan R. Bowser
Counsel for Petitioner
Reg. No. 54,574