

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

CSC SERVICEWORKS, INC.,
Petitioner,

v.

PAYRANGE INC.,
Patent Owner.

Case No. IPR2023-01186
Patent No. 8,856,045

**PATENT OWNER'S PRELIMINARY RESPONSE
PURSUANT TO 37 C.F.R. §42.107**

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I. Introduction

The Board should deny institution of *inter partes* review (IPR) of claims 1-26 of U.S. Patent No. 8,856,045 (“the ’045 patent”) because Petitioner CSC ServiceWorks, Inc. (“CSC” or “Petitioner”), fails to demonstrate a reasonable likelihood of prevailing.

As a preliminary matter, the petition fails to identify all real parties in interest (RPI) as required by statute. 35 U.S.C. §312. The petition identifies only a single RPI, CSC, while omitting at least two other parties with whom CSC has a significant relationship, both of whom benefit from this IPR. Under Federal Circuit precedent, the petition is deficient for failing to name them as RPI.

The petition also exceeds the word limit in violation of 37 CFR §42.24. The petition certifies a word count just shy of the maximum allowance, yet omits from that word count a large block of text that was inserted as an image. The Board should not countenance this attempt to circumvent its rules. *See* 2019 Consolidated Trial Practice Guide, 39-40 (“Excessive words in figures, drawings, or images ... in order to circumvent the rules on word count, may lead to a party’s brief not being considered.”).

Beyond these problems, the substantive prior art challenge is also deficient. Ground 1 challenges independent claims 1 and 18 as allegedly anticipated by or obvious over Low. Pet., 17. The subsequent grounds build upon Ground 1 to

challenge other claims but rely on the previous analysis of claims 1 and 18.

However, Ground 1 has multiple fatal flaws, each of which is fatal to all grounds.

First, the petition fails to show that Low teaches the recited “adapter module.” Petitioner alleges that Low’s built-in “electronic payment module” corresponds to the claimed adapter module, but Petitioner never explains how this electronic payment module is an “adapter” module as required by the claims’ plain language.

Second, the petition fails to show that Low teaches “an authorization request for funds,” as recited. The petition points to Low’s “purchase request” as supposedly satisfying this limitation, but it never explains how this request to authorize a transaction is an “authorization request for funds” as recited in the claims and described in the specification.

Third, the petition fails to show that Low teaches “a server” satisfying the recited requirements. Ignoring the plain language of the claims, the petition points to two separate, distinct servers operated by different entities as supposedly being “a” server. The petition cites to the ’045 patent’s specification in an attempt to justify its failure to address the plain language of the claims, but it misreads the specification.

Fourth, the petition fails to show that Low teaches dispensing a product or service “in response to receiving user input to the payment accepting unit input

mechanism if said adapter module has received said authorization grant.” The petition offers only a cursory discussion of this limitation that purports to map certain individual terms—“payment accept unit,” “input mechanism,” and “adapter module”—to aspects of Low. But the petition never addresses the limitation as a whole. In particular, it fails to explain how Low teaches dispensing the product or service **in response to receiving user input** to the input mechanism **if said adapter module has received** the authorization grant. The petition cannot demonstrate obviousness with a facially incomplete discussion of the claims.

The petition thus fails to show that the applied art satisfies independent claim 1 or independent claim 18 as a whole. Grounds 2-7 rely on the flawed analysis of Ground 1, and therefore fail for the same reasons.

Accordingly, institution of *inter partes* review should be *denied*.

II. Factual Background

Founded in 2013, PayRange Inc. invented its own mobile payment technology for non-networked, unattended retail machines such as legacy vending machines. PayRange’s innovations allow vending-machine operators to insert a pocket-sized device into such legacy machines so that these non-networked machines can communicate with customers’ smartphones. Customers could then buy goods or services from the machines in seconds through a specially coded

application on their phone. The Office awarded PayRange the '045 patent in October 2014 for this breakthrough.

On March 15, 2023, PayRange sued Petitioner in United States District Court for infringing the '045 patent and U.S. Patent Nos. 10,438,208, 10,891,608, and 11,481,772, and filed an amended complaint for infringement of the same patents on May 19, 2023. EX2001, ¶25. The court's case schedule calls for opening claim construction briefs to be submitted on March 21, 2024 and fact discovery to be completed by July 25, 2024. EX2002, 14-15.

III. Overview of the '045 Patent

The petition ignores the plain language of the claims. Claim 1 is reproduced below (emphases added):

A mobile-device-to-machine payment system for facilitating a cashless transaction for purchase of at least one product or service by a user from a payment accepting unit having input mechanisms, the user having a mobile device having both short-range communication technology and long-range communication technology, the payment accepting unit capable of dispensing at least one product or service, said system comprising:

- (a) an *adapter module* associated with the payment accepting unit, said adapter having short-range communication technology for communicating with the short-range communication technology of the mobile device;

- (b) a **server** having long-range communication technology for communicating with the long-range communication technology of the mobile device;
- (c) said adapter module for sending an ***authorization request for funds*** to the mobile device using short-range communication technology, the mobile device forwarding said authorization request for funds to said server using long-range communication technology; and
- (d) said server for sending an authorization grant for funds to the mobile device using long-range communication technology, the mobile device forwarding said authority grant for funds to said adapter module using short-range communication technology;
- (e) wherein the payment accepting unit dispenses the at least one product or service ***in response to receiving user input to the payment accepting unit mechanism if said adapter module has received said authorization grant.***

Independent claim 10 is likewise directed to a mobile-device-to-machine payment system, and independent claim 18 is directed to a method for using a mobile-device-to-machine payment system.

As discussed below, the petition's analysis systematically ignores the plain language of the claims, including many of the limitations discussed above.

IV. Claim Construction

In an IPR, a claim is given its ordinary and customary meaning in light of the specification. 37 C.F.R. §42.100(b). The petition purports to apply the plain and ordinary meaning of terms of the challenged claims, and declines to provide any specific constructions. Pet., 11. Despite this, and as discussed below, the petition fails to account for all of the limitations at issue. As such, no constructions are necessary to deny institution because the petition facially fails to show that the references satisfy the plain language of the claims.

V. The Petition Fails to Name All Real Parties in Interest

By statute, petitions may be considered “only if” all real parties in interest (RPIs) are identified. 35 U.S.C. §312. Here, the petition fails to identify at least two RPIs: KioSoft Technologies, LLC (“KioSoft”) and TechTrex, Inc. (“TechTrex”). See Pet., 84 (identifying only CSC as the RPI).

KioSoft and TechTrex fall squarely within the “expansive” meaning of a real party in interest. *Applications in Internet Time, LLC v. RPX Corp.*, 897 F.3d 1336, 1351 (Fed. Cir. 2018) (“*AIT*”) (RPI must be given its “expansive common-law meaning”). The Federal Circuit has explained that one purpose of the RPI inquiry is to “ensure that third parties who have sufficiently close relationships with IPR petitioners would be bound by the outcome of instituted IPRs under § 315(e).” *Id.*, 1350. To achieve that purpose, the RPI inquiry “demands a flexible approach”

considering both equitable and practical considerations to determine whether the party “is a clear beneficiary that has a preexisting, established relationship with the petitioner.” *Id.*, 1351. As explained below, KioSoft and TechTrex easily meet this standard.

The evidence shows that CSC has a significant relationship with KioSoft and TechTrex, both of whom directly benefit from this IPR. In response to the copying of PayRange’s electronic payment devices—which allow smartphone users to make mobile purchases from unnetworked, legacy vending machines—PayRange brought one infringement action against KioSoft and TechTrex, and a second against their customer, CSC. The customer-supplier relationship was noted in PayRange’s infringement complaints, and counsel for KioSoft and TechTrex represented to the district court that CSC was in fact a customer. *See, e.g.*, EX2003, ¶31 (CSCPay Mobile powered by KioSoft and TechTrex); EX2001, ¶¶5, 20, 73-76 (accused systems include CSCPay Mobile); *see also* EX2001, ¶21 (KioSoft was CSC’s technology supplier); EX2004, 83:21-84:4. The president of KioSoft and TechTrex confirmed that CSC—one of the largest laundry route operators in the U.S., with a 55% market share—was a customer and that a CSC

system was developed by KioSoft/TechTrex.¹ *E.g.*, EX2004, 39:14-20 (testifying that CSC is a customer), 43:22-44:12 (same), 45:6-16 (“[T]he whole solution that [CSC was] carrying was fully developed by us.”); EX2005 (listing of “KioSoft CSC” payment terminal). The existence of CSC’s KioSoft-based products can also be seen in online marketplaces. *E.g.*, EX2005 (showing CSC/KioSoft product). In fact, in 2021 CSC was deposed in the lawsuit brought by PayRange against KioSoft and TechTrex. EX2001, ¶21. The public record is thus replete with evidence that CSC products used technology supplied by KioSoft and TechTrex.

In addition to the undisclosed customer-supplier relationship, CSC also fails to disclose that its supplier indemnified CSC against PayRange’s infringement claims. The president of KioSoft and TechTrex confirmed the existence of this indemnification agreement:

Q. Now, I believe in your direct examination you mentioned that both CS[C] and Wash had requested indemnification from KioSoft; is that correct?

A. Yes.

Q. **Did KioSoft provide indemnification to CS[C]** and Wash?

¹ Charles Lee is the president and head of both the US company (KioSoft) and the Canadian company (TechTrex), and during his testimony he agreed that the use of “KioSoft” would refer to both companies. EX2004, 21:19-22:9.

A. We did provide -- my understanding -- again, this is a lot of legalese here, but **I believe we provided indemnification to CS[C],** but [not] for Wash -- because they developed their own app. So, **CS[C] was -- the whole solution that they were carrying was fully developed by us.**

EX2004, 45:6-16 (emphasis added); *see also id.*, 39:21-40:6 (CSC contacted Mr. Lee requesting indemnification against PayRange's infringement claims). Given the direct customer-supplier relationship and the indemnification agreement, KioSoft and TechTrex directly benefit from this proceeding.

Beyond the customer-supplier and indemnification relationships, KioSoft and TechTrex stand to benefit from this IPR simply by virtue of being engaged in their own infringement litigation with PayRange. Over the past three months, CSC, KioSoft and TechTrex have engaged in a tightly-spaced series of attacks on PayRange's patent portfolio, filing a combined seven petitions against seven different patents.² Regardless of which party filed each specific petition, taken collectively the challenges can only be viewed as a coordinated effort to undermine PayRange's intellectual property and divert PayRange's attention and resources

² *See* IPR2023-01187 (July 17, 2023), IPR2023-01188 (July 17, 2023), PGR2023-00042 (July 25, 2023), PGR2023-00045 (August 1, 2023), PGR2023-00050 (August 15, 2023), IPR2023-01449 (October 9, 2023).

from the infringement cases. Thus, KioSoft and TechTrex stand to benefit from this IPR regardless of whether the '045 patent is asserted in the litigation against those parties.

Accordingly, KioSoft and TechTrex are clear beneficiaries of this proceeding and have a preexisting, established relationship with the petitioner. They are therefore RPIs under the expansive test set forth by the Federal Circuit. *AIT*, 1350-51.

VI. The Petition Exceeds the Statutory Word Count

The petition should also be denied for its attempt to circumvent the statutory word count limit. A word count for petitions requesting *inter partes* review is limited to 14,000 words by 37 CFR §42.24. Circumventing the word limit by presenting excessive words in images “may lead to a party’s brief not being considered.” 2019 Consolidated Trial Practice Guide, 39-40 (citing *Pi-Net Int’l, Inc. v. JPMorgan Chase & Co.*, 600 F. App’x 774 (Fed. Cir. 2015)).

Yet that is precisely what Petitioner has done here. Already near the word limit, Petitioner used an image to present a block quotation containing numerous words at the top of page 73 of the petition. Pet., 73. Petitioner then certified that the petition contains only 13,997 words by excluding the words in this block quotation that take the petition beyond the 14,000-word limit. Petitioner thus

violates 37 CFR §42.24, and the petition should not be considered as detailed in the Trial Practice Guide.

VII. Ground 1 Fails

A showing of obviousness requires: (1) that the prior art teaches or suggests each claim limitation; (2) that there is a motivation to combine or modify the prior art in the way Petitioner proposes; and (3) that a POSITA would have a reasonable expectation of success in the proposed combination or modification. *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 418-19 (2007); *Pfizer, Inc. v. Apotex, Inc.*, 480 F.3d 1348, 1361 (Fed. Cir. 2007); *Regents of Univ. of California v. Broad Institute, Inc.*, 903 F.3d 1286, 1291 (Fed. Cir. 2018).

Similarly, a showing of anticipation requires that each and every element of the claimed invention be present in a prior art reference, and arranged in the same manner that they are in the claim. *Therasense, Inc. v. Becton, Dickinson & Co.*, 593 F.3d 1325, 1332 (Fed. Cir. 2010) (“The way in which the elements are arranged or combined in the claim must itself be disclosed, either expressly or inherently, in an anticipatory reference. ‘Anticipation requires the presence in a single prior art disclosure of all elements of a claimed invention arranged as in the claim.’”) (quoting *Connell v. Sears, Roebuck & Co.*, 722 F.2d 1542, 1548 (Fed. Cir. 1983)).

Petitioner has failed to meet its burden of showing a reasonable likelihood that it would prevail on ground 1 at least because the petition does not show that Low teaches each and every element claimed in the '045 patent. Accordingly, institution should be denied.

A. Claims 1 and 18: “an adapter module ”

Petitioner ignores a core aspect of the '045 patent claims in proposing that Low teaches an “adapter module” and, in doing so, fails to show that Low discloses this claim element. It is well established that patent challengers must prove that the claim “as a whole” was obvious. 35 U.S.C. §103 (obviousness considers claim “as a whole”); *see also Application of Boe*, 505 F.2d 1297, 1299 (C.C.P.A. 1974) (“[A]ll limitations must be considered and ... it is error to ignore specific limitations distinguishing over the references.”). Petitioner contends that Low’s electronic payment module 130 is the recited adapter module (Pet., 22), but Petitioner’s conclusory argument never shows that Low’s payment module 130 is an “adapter module” as required by the claims.

Petitioner’s contention ignores the plain language of the claims as well as a fundamental teaching of the '045 patent: an adapter module *adapts* a function of a machine. It uses the internet via mobile devices to connect a machine and it simulates physical forms of payment—such as coins and cash—in order to enable the machine to operate. The '045 patent is explicit in its teaching that “the adapter

module 100 *simulates* establishing payment on payment accepting unit 120 in much the same manner as *other alternative forms of payment (e.g. cash).*”

EX1001, 19:64-67 (emphasis added). By mimicking cash-in signals, the adapter enables “the machine 120...to perform *new features* with the assistance of the adapter module 100.” *Id.*, 11:59-12:14 (emphasis added).

But the petition never shows that Low’s electronic payment module is an “adapter module” as required by the plain language of the claims. Petitioner argues that “Low describes an ‘*adapter module*’ in the form of ‘an electronic payment module 130 having storage and [a] communication interface’” (Pet., 21 (citing EX1004, 4:64-67)), but this conclusory assertion does not explain why Low’s payment module serves as an adapter module. Petitioner then argues that its mapping is consistent with the ’045 specification because Low’s electronic payment module “may be implemented as one or more ‘hardware’ components within the vending machine” and the ’045 patent states that the adapter module may be a “a physical device” installed in a machine. Pet. 22. However, this treatment of the recited adapter module as merely requiring “a physical device” only confirms that Petitioner is effectively erasing the term “adapter” from the claims.

Petitioner’s failure to show that Low satisfies this requirement is not a trivial oversight. Insofar as Low describes alternative payments via coins or cash, it is

solely to note that the machine can include a separate payment mechanism.

EX1004, 5:24-30 (dispensing module 122 “may include payment means, such as coin or bill accepting device”). Petitioner does not allege, let alone prove, that Low’s electronic payment module 130 simulates payment in the same manner as a coin or bill accepting device or otherwise serves as an adapter module.

Petitioner’s analysis of the additional requirements of the recited adapter module does not salvage the facially deficient analysis of the adapter module itself. Petitioner argues that the alleged adapter module is “associated with” the payment accepting unit because it is part of the vending machine (Pet., 23-24) and has “short range communication technology” for communicating with the short-range communication technology of the mobile device (*id.*, 24). Still missing from the discussion is any explanation as to why the electronic payment module of Low should be considered to be an adapter module in the first place. *Id.*, 23-24.

Thus, for a core aspect of the claims, Petitioner merely presents a single conclusory sentence baldly asserting this alleged correlation as an unexplained fact and then moves on to the subsequent claim requirements. *Id.*, 23 (“First, Low describes an ‘adapter module’ in the form of ‘an electronic payment module 130 having storage and [a] communication interface.’”). At best, Petitioner’s position appears to be that **any** component(s) associated with a vending machine and having short-range communication technology for communicating with a mobile device

would be an adapter module as claimed, but no discussion is provided in either the ground or claim construction section to justify such a view.

Accordingly, Petitioner has not shown Low to teach each and every element of the claims at least because it fails to disclose an “adapter module” as described in the ’045 patent.

B. Claims 1 and 18: “an authorization request for funds”

As an additional basis for denial, Petitioner fails to show that Low discloses “an authorization request for funds.” While Petitioner equates the claimed authorization request to Low’s purchase request, as with the “adapter module” element discussed above this mapping is at odds with the language of the independent claims as a whole as well as with the description of the invention in the specification. Moreover, Petitioner’s citations to Low undermine its contentions in the petition.

Petitioner asserts that in Low, a “payment verification application may transmit a ‘purchase request’ (‘authorization request for funds’) to the user device.” Pet., 24; *see also id.*, 28-29 (element [18(a)] analysis referring back to element [1(c)]). Thus, the theory presented in the petition is that the purchase request originating from Low’s payment verification application discloses the claimed authorization request.

However, Petitioner never explains why a purchase request should be considered as the claimed authorization request for funds. As seen in the subsequent claim language, the funds authorization request results in an authorization grant for funds provided by the claimed server, which is passed to the mobile device and ultimately back to the adapter module in the payment accepting unit. As recited in step 1(e), a product or service is dispensed in response to receiving user input to the payment accepting unit input mechanism if the adapter module has received the authorization grant. That is, the funds authorization grant is received by the adapter module before, or at the same time as, the claimed user input—which Petitioner maps to the user selecting a product. Pet., 27-28 (“Once the user has used the product selection means ‘*input mechanism*’ to select a product...”). A purchase request cannot serve as the authorization request for funds when the funds grant must be received no later than the product selection Petitioner relies on as user input.

Consistent with the claims, the ’045 patent specification is explicit that, “[s]ignificantly, the AuthRequest is a request for authorization of funds, not a request for authorization of a transaction. The purpose of the funds is irrelevant to the server 30.” EX1001, 14:53-65. Thus, the claimed authorization request *for funds* is distinguishable from an authorization request *for a transaction*.

In contrast, the petition asserts that this claim element corresponds to Low’s “purchase request” and that this purchase request “includ[es] ‘a product name, product price, product code, a machine identifier, and/or a transaction number to user device 110.’” Pet., 24 (quoting EX1004, 5:66-6:3). Even insofar as Low discloses a product price that could potentially correspond with a request for funds, such funds are directly tied with the request for authorization of *the transaction as a whole*. Petitioner has not shown Low to provide an “authorization request for funds” that would be applicable in the same manner as that claimed by independent claims 1 and 18.

The claim element of “an authorization request for funds” is present in both independent claims 1 and 18. Because Petitioner has failed to show that Low discloses “an authorization request *for funds*” as claimed in the ’045 patent, Petitioner has not shown that Low discloses each and every element of the claims.

C. Claims 1 and 18: “a server”

The petition ignores the plain language of the claims, pointing to two distinct servers in Low as supposedly satisfying the requirement of “a server” recited in independent claims 1 and 18.

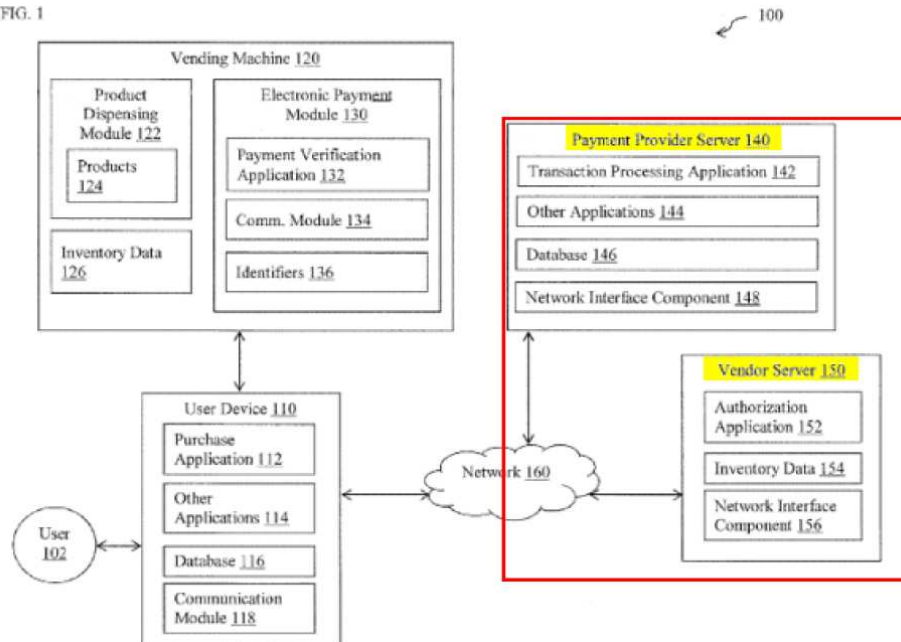
Claim 1 recites “a server” and multiple requirements of that server. Element 1(b) recites “a server having long-range communication technology for communicating with the long-range communication technology of the mobile

device.” In element 1(c), the mobile device forwards an “authorization request for funds to **said** server using long-range communication technology.” Element 1(d) further requires the *same server* to send “an authorization grant for funds to the mobile device using long-range communication technology,” with the mobile device then forwarding this grant to an adapter module using short-range communication technology. Independent claim 18 recites similar requirements of a server. As explained below, the petition fails to explain how Low teaches “a server” satisfying all recited requirements.

The petition’s failure to identify “a server” with the cited requirements is apparent in its initial discussion of the recited server. Discussing element 18(c), the petition argues that “Low discloses **a payment provider server and vendor server (collectively, a ‘server’)**....” Pet., 23 (citing EX1004, 7:40-50, Fig. 4).

The petition then illustrates its attempt to sidestep the plain language of the claims with an annotated version of Figure 4 in which it places both servers shown on the figure into a single box:

FIG. 1



Pet., 23 (annotating EX1004, Fig. 4). The petition similarly cites both (1) the payment provider server 140 and (2) the vendor server 150 when mapping to the claimed server in subsequent claim elements. *See, e.g.*, Pet., 26 (citing EX1004, 4:45-56, 9:24-62); EX1004 4:45-56 (describing communication between user device 110, vending machine 120, payment provider server 140, and/or vendor server 150), 9:24-62 (describing the payment provider server 140 and the vendor server 150 as both involved in transaction approval).³

³ While Petitioner's discussion at p. 26 of the petition addresses the payment provider server, Petitioner later relies exclusively on the vendor server for elements of other claims. *See, e.g.*, Pet., 41 (discussing claim element [2.ii]).

This attempt to recast separate, independent components as “a server” defies credulity. Far from being part of “a server,” the payment provider server 140 and the vendor server 150 are facially distinct servers operated by distinct entities to perform distinct functions. *See* EX1004, 6:32-35 (“Payment provider server 140 may be maintained, for example, by an online payment service provider, which may provide processing for online financial and information transactions on behalf of a user with a NICM.”), 7:51-53 (“Vendor server 150 may be maintained, for example, by a consumer product provider, which may provide a NICM, such as vending machine 120, for use by user 102.”), Fig. 4. Drawing a red box around two distinct servers does not transform them into “a server” as recited in claims 1 and 18.

The petition’s attempt to justify its departure from the plain language of the claims does not withstand scrutiny. In its discussion of element [1(b)], the petition includes a footnote arguing that “the ‘045 patent discloses that its ‘server’ may be comprised of multiple servers,” quoting the ’045 patent’s statement that “[t]he shown components have been simplified in that, for example, only one mobile device 150 (or machine 120, adapter module 100, or server 130) is shown where many may be included.” Pet., 23 n.2 (quoting EX1001, 19:51-54). But Petitioner offers no explanation of why the potential existence of multiple mobile devices,

adapter modules, and servers within a given system excuses its failure to show that the art teaches “a server” satisfying all recited requirements of that server.

The testimony of Dr. Neuman does nothing to further Petitioner’s arguments. With regard to the server, the petition cites to paragraphs 90-92 of the Neuman Declaration, but Dr. Neuman’s declaration is merely a verbatim copy of the petition’s conclusory assertions. *Compare* Pet., 23 n.2 with EX1003, ¶91. Dr. Neuman’s declaration does not provide any additional evidence or reasoning. An expert witness cannot be used to “fill in missing limitations” by baldly alleging that a POSITA would have envisioned them. *Nidec Motor Corp. v. Zhongshan Broad Ocean Motor Co.*, 851 F.3d 1270, 1274-75 (Fed. Cir. 2017).

Director Vidal recognized in a precedential opinion (affirming a decision denying institution of an IPR) that when an expert witness “declaration copies, word-for-word, Petitioner’s conclusory assertions” and the “declaration sets forth Petitioner’s conclusory assertions as though they are facts, rather than setting forth facts and evidence in support of petitioner’s assertions,” then ““the cited declaration testimony is conclusory and unsupported, adds little to the conclusory assertion for which it is offered to support, and is entitled to little weight’ under 37 C.F.R. § 42.65(a).” *Xerox Corp. v. Bytemark, Inc.*, IPR2022-00624 Paper 12 at 5 (Feb 10, 2023) (Vidal, Dir.) (quoting *Xerox Corp. v. Bytemark, Inc.*, IPR2022-00624 Paper 9 (PTAB Aug. 24, 2022)). Where, as here, a Petitioner’s only

evidence in support of its assertions is the conclusory declaration of its expert, which in turn is unsupported by evidence or reasoning, that expert declaration is entitled to little weight. *Xerox*, IPR2022-00624 Paper 12 at 4.

Accordingly, the petition fails to demonstrate that Low teaches the server recited in claims 1 and 18.

D. Claims 1 and 18: “in response to receiving user input...if said adapter module has received said authorization grant”

The petition offers only a cursory discussion of elements 1(e) and 18(i) that fails to address significant portions of the claim language. Element 1(e) requires that “the payment accepting unit dispenses the at least one product or service in response to receiving user input to the payment accepting unit input mechanism if said adapter module has received said authorization grant.” Element 18(i) similarly recites “dispensing the at least one product or service from the payment accepting unit in response to receiving user input to the payment accepting unit input mechanism if said adapter module has received said authorization grant.”⁴ Both claims thus require dispensing the product or service “**in response to**

⁴ For element 18(i) the petition merely cites back to its discussion of element 1(e), so the following analysis focuses on the petition’s discussion of element 1(e). Pet., 32.

receiving user input to the payment accepting unit input mechanism **if said adapter module has received said authorization grant.**” (emphasis added). The petition simply ignores and fails to address this requirement, and as a result fails to show that Low teaches it.

First, the petition’s cursory analysis never addresses the claim language as a whole. The petition states that Low’s vending machine includes a dispensing module that (1) allows users to select products and (2) interacts with a payment module to accept payment for those products. Pet., 27 (citing EX1004, 5:19-24, 5:26-30). The petition then offers a single sentence purporting to describe Low’s dispensing process:

Once the user has used the product selection means “input mechanism” to select a product, and once the purchase request has been sent to the server via the user device and a payment authorization has been forwarded back to the electronic payment module (“adapter module”) of the vending machine via the user device, the “vending machine 120 may dispense the purchased item of products 124.”

Pet., 28 (citing EX1004, 9:39-62, 10:55-61, 12:9-25; EX1003, ¶¶103-05). But aside from a few parentheticals purportedly mapping certain components in Low to a certain claim terms in isolation, the petition does not discuss the actual claim language. In particular, it offers no discussion of the recited triggering condition (dispensing “in response to” receiving user input to the payment accepting unit

input mechanism) or condition precedent (“if” the adapter module “has received” the authorization grant). The petition cannot demonstrate that claims 1 and 18 as a whole were obvious when it never even addresses significant portions of elements 1(e) and 18(i).

Having failed to address elements 1(e) and 18(i) as a whole, the petition fails even to attempt to show that Low satisfies these elements. The petition’s purported mapping of a few claim terms in isolation—i.e., “payment accept unit,” “input mechanism,” and “adapter module”—does nothing to show that dispensing occurs “in response to” the recited triggering condition “if” the adapter module “has received” the authorization grant. *See* Pet., 27-28.

The petition’s analysis-free discussion of Low’s dispensing process fares no better. As noted above, the petition merely alleges that the user selects a product, a purchase request is sent to the server, a payment authorization is forwarded back to the payment module, and the vending machine dispenses the purchased item. *Id.*, 28. This general description of Low’s purported dispensing process does not show that Low teaches dispensing “in response to” the recited triggering condition “if” the adapter module “has received” the authorization grant. The petition’s brief discussion of these limitations is thus devoid of any explanation of how Low might satisfy the claim language as a whole.

Accordingly, the petition fails to show that Low teaches all limitations of independent claims 1 and 18. The petition therefore fails to demonstrate that claims 1 and 18 were obvious over Low. Grounds 2-7 are built upon this defective foundation, which undermines those grounds as well. *Infra*, §VIII.

VIII. Grounds 2-7 Fail

Grounds 2-7 rely on the petition's deficient analysis of independent claims 1 and 18 in Ground 1 and therefore fail for the same reasons. *Supra*, §VII. Grounds 2-3 and 5-6 add additional references for several claims that depend from claims 1 and 18, but these grounds offer no additional analysis that might remedy the deficiencies of Ground 1 with respect to the claim elements discussed above. *See* Pet., 16, 32-60, 67-80. Ground 4 challenges independent claim 10—which includes a limitation (element 10(e)) that is identical to element 1(e)—as well as dependent claims 11-14 (*id.*, 16), but the discussion of element 10(e) merely refers back to the previous discussion of element 1(e). Pet., 64. Ground 7 challenges additional claims that depend from claim 10 but again offers no additional analysis that might remedy the deficiencies of Ground 1 with respect to element 10(e) or the other elements previously discussed above.

Accordingly, Grounds 2-7 fail to demonstrate that any of the challenged claims were obvious.

IX. Conclusion

Accordingly, for at least the reasons set forth above, institution of *inter partes* review should be *denied*.

Respectfully submitted,

Dated: October 26, 2023

/Matthew A. Argenti/
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Reg. No. 61,836

CERTIFICATE OF COMPLIANCE

Pursuant to 37 C.F.R. §42.24(d), the undersigned certifies that this paper contains no more than 14,000 words, not including the portions of the paper exempted by §42.24(b). According to the word-processing system used to prepare this paper, the paper contains 5,159 words.

Respectfully submitted,

Dated: October 26, 2023

/Matthew A. Argenti/
Matthew A. Argenti, Lead Counsel
Reg. No. 61,836

X. Appendix

EXHIBIT NO.	DESCRIPTION
2001	Amended CSC Complaint, <i>PayRange Inc. v. CSC Serviceworks, Inc.</i> , No. 1:23-cv-00278-MN (D. Del. May 19, 2023), Doc. No. 12.
2002	Scheduling Order, <i>PayRange Inc. v. CSC Serviceworks, Inc.</i> , No. 1:23-cv-00278 (D. Del. Jul. 27, 2023), Doc. No. 24.
2003	Amended KioSoft Complaint, <i>PayRange Inc. v. KioSoft Techs., LLC</i> , No. 1:20-cv-24342 (S.D. Fla. Jan. 15, 2021), Doc. No. 17.
2004	Transcript of Rule 11 Hearing, <i>PayRange, Inc. v. Kiosoft Techs., LLC</i> , No. 1:20-cv-20970 (S.D. Fla. July 27, 2021), Doc. No. 250.
2005	eBay Listing of KioSoft CSC Ultra One V2 POS Payment Terminal, EBAY, https://www.ebay.com/itm/185234504103 [https://we.archive.org/web/20231010224416/https://www.ebay.com/itm/185234504103].

CERTIFICATE OF SERVICE

I certify that the foregoing Patent Owner's Preliminary Response Pursuant to 37 C.F.R. §42.107 and accompanying Exhibits 2001-2005 were served October 26, 2023, on the Petitioner at the electronic correspondence addresses of the Petitioner as follows:

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