

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

GOOGLE LLC,

Petitioner,

v.

PROXENSE, LLC,

Patent Owner.

Case No. IPR2024-00232

U.S. Patent No. 8,352,730

PETITIONER'S REPLY TO PATENT OWNER'S RESPONSE

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LIST OF EXHIBITS

Exhibit	Description
Ex. 1026	U.S. Patent No. 8,886,954 (“the ’954 patent”)
Ex. 1027	Reply Declaration of Stephen Gray (“Reply Decl.”)

I. INTRODUCTION

The only issues in dispute are whether Ludtke alone or in combination with the knowledge of a skilled artisan teaches (1) an “agent that is a third-party trusted authority,” and (2) “receiving an access message from the agent allowing the user access to an application,” wherein the application is selected from a group consisting of a casino machine, a keyless lock, a garage door opener, an ATM machine, a hard drive, computer software, a web site and a file. POR¹ at 1; Ex. 1001, claim 1.

Patent Owner agrees that a third party trusted authority is “a trusted authority that is an entity separate from the parties to a transaction.” POR at 6; DI² at 12. But, despite *agreeing* with this construction, and *declining to refute* the now-undisputed fact that Ludtke’s transaction processing clearing house (TPCH) is *distinct from* the user and vendor parties to its transactions, Patent Owner argues that Ludtke’s TPCH is not a third party. POR at 14. Patent Owner bases its argument on the TPCH being “the application being accessed by the user to make the payment.” POR at 9, 14. That is, Patent Owner maintains that an entity that

¹ POR refers to Patent Owner’s Response (Paper 14) in this proceeding.

² DI refers to the Decision on Institution (Paper 13) in this proceeding.

merely facilitates a transaction is a principal party to the transaction. POR at 14. Its peripheral arguments are premised on the same logic.

Patent Owner's argument was already rejected. As the Board correctly found at institution, Patent Owner's reading of the claims "would transform any entity that is accessed for any reason in a transaction into a party to that transaction, thus excluding it from the scope of a 'third-party trusted authority'" but there is "no persuasive support for such a narrow reading of the claims." DI at 11-12 (rejecting Patent Owner's interpretation of Ludtke's TPCCH as a principal party to the transaction). Nothing has changed since institution because none of the arguments or alleged evidence presented in Patent Owner's Response, including the declaration of non-POSITA witness Mr. Carrothers, support an alternate finding.

II. MR. CARROTHERS'S DECLARATION IS NOT ENTITLED TO ANY WEIGHT BECAUSE HE IS NOT A PERSON OF SKILL IN THE ART.

Mr. Carrothers's declaration should be given no weight because he fails to meet the education or experience required of a person of skill in the art (POSITA). *Kyocera Senco Indus. Tools Inc. v. Int'l Trade Comm'n*, 22 F.4th 1369, 1376-77 (Fed. Cir. 2022); *see also Nespresso USA, Inc. v. K-fee Sys. GmbH*, IPR2023-00485, Paper 26 at 9-14 (Sept. 10, 2024) (agreeing "Patent Owner's witness, Dr. Howle, lacks the minimum qualification of the ordinarily skilled artisan," and

“determin[ing] that Dr. Howle is not qualified to offer expert testimony from the perspective of a person having ordinary skill in the art in this proceeding.”).

There is no dispute on the POSITA definition. As set forth in the Petition, a POSITA “at the time of the purported invention would have had at least a bachelor’s degree in Computer or Electrical Engineering or an equivalent engineering discipline, and at least three years of experience in the field of encryption and security, or the equivalent Additional education could substitute for professional experience, and significant work experience could substitute for formal education.” Pet. at 5. Patent Owner does not challenge this definition in its response. And the Board adopted it at institution because it “is consistent with the technology described in the Specification and the cited prior art.” DI at 13.

Mr. Carrothers is not a POSITA because he neither claims to have nor provides any evidence demonstrating that he has (1) “at least a bachelor’s degree in Computer or Electrical Engineering or an equivalent engineering discipline, and at least three years of experience in the field of encryption and security, or the equivalent,” (2) “additional education” that “could substitute for professional experience,” or (3) “significant work experience” that “could substitute for formal education.” *See generally* Ex. 2018. Tellingly, Patent Owner does not indicate that Mr. Carrothers is testifying from the perspective of a POSITA, and Mr. Carrothers does not presume to do so. *See generally* POR; Ex. 2018.

Accordingly, Mr. Carrothers’s declaration is “neither relevant nor reliable.” *Kyocera* at 1376-77 (“To offer expert testimony from the perspective of a skilled artisan in a patent case—like for claim construction, validity, or infringement—a witness must at least have ordinary skill in the art. Without that skill, the witness’ opinions are neither relevant nor reliable.”). Furthermore, it is “too late” for Patent Owner to introduce any evidence to the contrary. *Nespresso*, IPR2023-00485, Paper 26 at 12 (“Patent Owner’s attempt to establish Dr. Howle’s qualifications in the Sur-reply ... is too little too late.”); *see also In re NuVasive*, 842 F.3d 1376, 1380-81 (Fed. Cir. 2016) (finding patent owner waived arguments omitted in its Patent Owner’s Response).

III. CLAIM CONSTRUCTION

A. Previously Construed Terms

Patent Owner “requests the Board to consider and adopt the relevant constructions previously given to the following terms in *Proxense v. Samsung*, *Proxense v. Google*, and *Proxense v. Microsoft*” but does not indicate which, if any, of the previous constructions are “relevant” to the instant proceeding. POR at 6. Petitioner maintains that no claim terms need to be construed to resolve unpatentability in this proceeding. *Realtime Data, LLC v. Iancu*, 912 F.3d 1368, 1375 (Fed. Cir. 2019).

B. Third Party Trusted Authority

Patent Owner “agrees” with the Board’s construction of the term “third party trusted authority” as “a trusted authority that is an entity separate from the parties to a transaction.” POR at 6 (also noting that this construction is “consistent with its plain and ordinary meaning.”). Petitioner likewise agrees with the Board’s construction, and submits that no further interpretation of third party trusted authority is warranted.

Patent Owner separately “challenges [the construction’s] application in the Petition, in particular the finding that the ‘parties to a transaction’ of the Patent (relative to the claimed third party trusted authority) can be a user and a vendor or merchant.” POR at 6; *see also* POR at 7 (“the specification and claim language at issue requires that at least one of the parties to the claimed transaction must be the application.”). To the extent Patent Owner is advocating for an alternate construction of third party trusted authority—the Board’s construction is the correct one. Patent Owner’s argument that “at least one of the parties to the claimed transaction *must* be the application” fails because the ’730 Patent (as the Board correctly noted at institution) describes at least one embodiment where an application is not a principal party to the transaction. Reply Decl., ¶11; *see also* DI at 11 (The trusted key authority “verif[ies] to a grocery store that a biometric key presented by a customer is legitimate, thereby allowing the transaction to

proceed [T]he parties to such a transaction are the customer and the grocery store.”) (citing Ex. 1001, 5:42-56, Figs. 3-4). For example, the ’730 Patent indicates that application 330 may be an “ATM machine” but a POSITA would have understood that an ATM is not a party to a transaction—the parties are the user and the bank, and the ATM is the mechanism through which the bank’s accounts are accessed. Reply Decl., ¶13. Similarly, a “file” (another type of application) is not a principal party to a transaction—rather the user and the provider of the file (e.g., a vendor) are the parties. Reply Decl., ¶13. This is also consistent with the term’s use in related U.S. Patent No. 8,886,954, which indicates that an “application” includes a “financial account” such as a “savings account” and a “file” such as a “medical record, insurance information or other healthcare information”—none of which are a principal party to a transaction. Ex. 1026, 6:18-26; Reply Decl., ¶14 In other words, although the application (resource to be accessed) *may* be a party to the transaction, *it is not* required by the claims, as Patent Owner argues. Reply Decl., ¶¶11-14.

C. Access Message

Patent Owner further “agree[s]” that the proper construction of the term “access message” is “a signal or notification enabling or announcing access” and separately indicates that “[t]he plain and ordinary meaning of ‘access message’ is a

message enabling entry to, communication with, or use of an object wherein the object is the claimed application.” POR at 8.

Petitioner maintains that the Board need not construe the term “access message,” particularly in view of Patent Owner’s agreement, and that Ludtke discloses enabling access to an application, both as explained in the Petition and discussed below. Pet. at 32-36.

IV. LUDTKE’S TPCCH SATISFIES EACH OF THE CLAIMED “THIRD PARTY” ELEMENTS.

A. Ludtke’s TPCCH Is an Agent Acting as a Third Party Trusted Authority.

As explained in the Petition, Ludtke’s TPCCH is an agent acting as a third party because it is an entity separate from the parties to the transaction, including the user/transaction device performing the transaction, and the “external retailers and vendors” that complete the transaction. Pet. at 28-29 (citing Ludtke, 9:35-39, FIG. 6). Patent Owner does not dispute that Ludtke’s TPCCH is not the user or transaction device performing the transaction, and it does not dispute that Ludtke’s TPCCH is not the external retailer or vendor that completes the transaction. *See generally* POR. Those concessions alone confirm that Ludtke’s TPCCH is a third party.

Nonetheless, Patent Owner argues that Ludtke’s TPCCH is a party to the transaction—this time, because the TPCCH is an application. POR at 13-14. This argument fails for several reasons.

First, Ludtke’s TPCCH is not an application as defined by the patent. The patent defines application as “a resource that can be accessed by a *verified and authenticated* user.” Ex. 1001, 5:27-31 (emphasis added). And Patent Owner acknowledges this definition. POR at 10. The TPCCH is not an application because it is not accessed by a *verified and authenticated user of the transaction device*—it “functions ‘as the middleman of the distribution channel.’” Pet. at 31 (quoting Ludtke, 7:44-48).

Second, Mr. Carrothers’s testimony (POR at 13-14) in support of Patent Owner’s characterization of Ludtke’s TPCCH does not change this analysis. Not only is Mr. Carrothers’s testimony not entitled to weight (as explained in Section I, above), Mr. Carrothers does not indicate, as Patent Owner wrongly suggests, that Ludtke’s TPCCH is an application. Indeed, Mr. Carrothers does not offer any testimony characterizing Ludtke’s TPCCH as an application, let alone concluding that Ludtke “fails to separate the application being accessed from the TPCCH.” *Compare* Ex. 2018 (Carrothers’s Declaration), ¶¶20, 30-31 *with* POR at 14 (citing Ex. 2018, ¶¶20, 30-31). Even if Mr. Carrothers had opined on this issue, such testimony would plainly contradict the express language of Ludtke that clearly

indicates that its TPOCH (third party) is separate from the “physical (or electronic) content” to be accessed (the application). Ludtke explains:

If the product purchased is electronic in nature (e.g., software, content such as digital images, stock purchases, etc.) electronic distribution may be used. In one embodiment of electronic distribution, *the TPOCH 110 functions as the middleman of the distribution channel.*

Ludtke, 7:42-46 (emphasis added). And Ludtke further confirms:

After validating that the transaction device is in good standing and that the selected account has sufficient funds for the transaction, the TPOCH issues a transaction confirmation back to the personal POS terminal *Secure distribution of physical (or electronic) content to the user is performed once the transaction is authorized.*

Ludtke, 29:15-30 (emphasis added).

Third, Patent Owner’s argument that “the ability to pay the vendor with the user’s account (the private information) is the application” (POR at 14) underscores the absurdity of its position, suggesting that anything enabling the user to pay a vendor is an application (and therefore cannot be a third party). Not only is such a reading unsupported by evidence, it implies that the ’730 Patent’s trusted key authority is also an application, and by Patent Owner’s logic, not a third party. Indeed, the Board rejected a similar argument at institution:

Patent Owner further argues that “the TPCCH is what is being accessed by the user and vendor to gain access to a registered account, thereby making it a party to the transaction.” Prelim. Resp. 11. We disagree. In the context presented here where, as noted above for claim limitation 1f, *the user accesses computer software, a website, or a file of the vendor, the user and the vendor are the parties to the transaction.*

DI at 23 (citing Ex. 1005, 29:29-30, 31:41-52) (emphasis added); *see also* DI at 2 (“even if providing access to a financial institution could make the financial institution a party to the transaction, Ludtke’s TPCCH is still a third party.”).

Finally, even if Ludtke’s TPCCH performs as Patent Owner alleges, nothing in the ’730 Patent or claims precludes a third party from being an accessed resource, so long as that third party is not a party to the transaction. *See also* DI at 12 (rejecting “Patent Owner’s view would [which] transform any entity that is accessed for any reason in a transaction into a party to that transaction”).

B. Ludtke’s TPCCH Issues a “Transaction Confirmation” that Allows the User to Access Various Types of “Content” or “Services.”

As explained in the Petition, Ludtke discloses or renders obvious “receiving an access message from the agent allowing the user access to an application” because Ludtke’s TPCCH “issues,” and the transaction device receives, “a

transaction confirmation” that allows the user to access various types of “content” or “services” (an application). Pet. at 32-33.

Patent Owner argues that Ludtke’s “transaction confirmation” is not an access message “because [Ludtke] only discloses confirming a transaction.” POR at 18. It then concludes that “the transaction confirmation to the transaction device is an independent step from the delivery of goods (whether physical or digital) to the user.” POR at 23-24. These arguments are unsupported by evidence and plainly contradicted by Ludtke’s express disclosure that the TPCCH “indicates to the vendor 125 and the user 120 approval of the transaction *to be performed*” (Ludtke, 6:41-44) and “[s]ecure distribution of physical (or electronic) content to ... is performed *once the transaction is authorized*.” Pet. at 32-35, 41-44 (quoting Ludtke, 29:29-30); POR at 18. Said another way, the transaction confirmation indicates to the user that the desired transaction has been approved and that the desired content *will be* distributed. None of Patent Owner’s other arguments, which fail to address the express mappings in the Petition (*see* POR at 19-20), negate the fact that distribution of—that is, access to—the content (electronic or physical) does not and cannot happen until after the user is authorized and approval is received (Ludtke, 29:29-30).

C. Ludtke’s Transaction Confirmation Allows the User to Access Digital Content and Services (Applications).

Patent Owner does not dispute that the content and services disclosed in Ludtke are applications (i.e., a resource that can be accessed by a verified and authenticated user), nor does it dispute that the access message allows the user to access the content or services. *See generally* POR at 15-25. Instead, Patent Owner manufactures a series of arguments predicated on its own mapping of Ludtke’s POS terminal or vendor to the claimed application. *See, e.g.*, POR at 18 (“the transaction confirmation of Ludtke does not allow access to the POS terminal; the user already has access to the POS terminal and all of its software when they are triggering the transaction in the first place.”), 22-24 (arguing that “the vendor of digital content” cannot “properly be considered the application being accesse[d]”), *see also* POR at 14 (relying on the testimony of Mr. Carrothers to argue that none of Ludtke’s four alleged “settlement paradigms” satisfy the claimed application). None of these arguments address or refute the mapping raised in the Petition.

As explained in the Petition, Ludtke expressly envisions using its transaction device to access, among other things, “digital” content (an application such as a file or software). Pet. at 33 (“[s]ecure distribution of physical (or electronic) content ... is performed once the transaction is authorized”—that is, once the access message is sent “back to the web browser” webpage) (quoting Ludtke,

29:10-23, 29:29-30). The digital (electronic) content includes “software, content such as digital images, stock purchases, etc.” and “the TPCCH 110 *functions as the middleman* of the distribution channel” through which “physical” or “electronic” products are distributed. Ludtke, 7:42-45 (emphasis added). Thus, Ludtke discloses distributing (allowing the user to access) electronic content, such as computer software or digital file (one of the claimed applications). Ludtke, 29:10-23, 29:29-30; Decl., ¶113; *see also* POR at 22 (“admitting Ludtke [] discloses the delivery of that digital content to the user following the completion of a transaction.”).

Ludtke also expressly envisions using its transaction device to access financial accounts and therefore at least suggests or renders obvious accessing an application such as an ATM. First, Ludtke’s “Art Background” establishes that “[v]oice mail, bank balances, dialing cards, credit reports, paying for purchases, depositing money, accessing stored messages, logging onto computers, etc.” are the types of services users seek to securely access. Ludtke, 1:21-30; Pet. at 33. Then, consistent with this background, Ludtke discloses using its transaction device to access “account balances” or other “services.” Ludtke, 13:33-38, 18:50-56 (“Additional data that the user must provide might include existing financial accounts that will be accessed via this device (credit/debit accounts, savings/checking, loyalty cards, etc.”), 19:45-50, 31:11-13; Pet. at 33-35. Thus,

Ludtke’s disclosures relating to financial account services and other new services to be accessed are not “completely unmoored from one another” as Patent Owner claims. POR at 21. To the contrary, a POSITA would have understood that a transaction device configured to access “bank balances” and “debit accounts” upon approval, “at least suggests allowing the user access to an ATM machine ... because ATMs allow users to access bank balances and debit accounts.” Pet. at 33-34; Decl., ¶115.

Patent Owner’s argument that it is unclear from the Petition “how one of ordinary skill might make a clearing house that is configured to complete transactions give access to an ATM” is misplaced. POR at 21. First, the TPOCH does not “complete” the transaction as Patent Owner suggests—the parties to the transaction, such as the “external retailers and vendors” do. Pet. at 28-29 (citing Ludtke, 9:35-39, 11:8-12). The TPOCH is merely the middleman for preserving security and facilitating a transaction between parties. Ludtke, 4:48-52, 9:52-59, 10:19-22. Second, as explained in the Petition, Ludtke expressly discloses configuring the transaction device to “adapt” to various “services” including “financial transactions” and the TPOCH is configured to facilitate such transactions. Ludtke, 7:44-48, 8:41-46, 9:26-30, 18:32-39, 19:45-50, 31:11-13. Furthermore, Ludtke’s TPOCH already “maintains a secure database of transaction device information and user information” and “interfaces to at least one financial

processing system 140 to perform associated financial transactions.” Ludtke, 6:49-55. Thus, when the transaction device is configured to access an ATM, as explained in the Petition, a POSITA would have understood that the TPOCH is likewise configured to facilitate the transaction device with such access, including by providing the appropriate confirmation enabling the user to access the ATM. *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 421 (2007) (“A person of ordinary skill is also a person of ordinary creativity, not an automaton.”)

Patent Owner does not dispute that a POSITA would have understood that “when the transaction device is configured to access ‘stored messages’ upon receiving an indication of ‘approval,’ ... the transaction device accesses a file, as recited in [1f].” Pet. at 34 (citing Decl., ¶115). Patent Owner also does not dispute that a POSITA would have understood that “when the transaction device is configured for ‘logging into [a] computer[]’ upon approval, the approval allows the user access to computer software on that computer and the computer itself (hardware), as recited in [1f].” Pet. at 34 (citing Decl., ¶115). Any rebuttal is now waived. *In re NuVasive* at 1380-81.

Patent Owner’s other arguments that Ludtke does not render obvious an access message allowing access to at least one of the particular applications (web, ATM, file, etc.) are unsubstantiated and conclusory. *See, e.g.*, POR at 23-25.

First, Patent Owner concludes that “the Gray declaration does not provide adequate extrinsic evidence that receiving an access message allowing access to an application would have been obvious.” POR at 24. But this conclusion is based on Patent Owner’s mapping of various claim terms, not the ones articulated in the Petition. *Compare* Pet. at 32-33 (explaining the TPCCH sends the claimed access message) *with* POR at 22 (arguing that the *vendor* does not issue a “signal enabling or announcing access” (emphasis added)); *see* POR at 23 (arguing that Petitioner “incorrectly claims that the disclosed ‘signal’ occurs after the transaction confirmation,” though no such mapping appears in the Petition).

Second, Patent Owner argues that Mr. Grey relies on “hindsight” because “none of the cites provided by petitioner have anything to do with pairing the transaction device to a computer or an ATM.” POR at 24. This argument fails because, as explained above and fully articulated in the petition and declaration, Ludtke expressly envisions using its transaction device to access financial accounts. Pet. at 32-36 (citing Decl., ¶¶110-117).

Finally, Patent Owner argues that “no valid reason” exists for the obviousness rationale set forth in the declaration, but does not presume to explain why. POR at 25. This conclusory statement is against the weight of the evidence. Pet. at 32-36 (citing Decl., ¶¶110-117).

V. CONCLUSION

Based on the evidence and analysis set forth in the Petition and provided above, Petitioner respectfully submits that all challenged claims are unpatentable based the asserted grounds, and urges the Board to determine the same.

Date: January 7, 2025

Respectfully submitted,

/Erika H. Arner/
Erika H. Arner, Lead Counsel (57,540)

CERTIFICATE OF SERVICE

The undersigned hereby certifies a copy of the foregoing **PETITIONER'S
REPLY TO PATENT OWNER'S RESPONSE** was served on January 7, 2025,
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