

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

ASKELADDEN L.L.C.,
Petitioner,

v.

CALABRESE STEMER LLC,
Patent Owner.

IPR2024-00367
Patent 7,357,310 B2

Before SHARON FENICK, SCOTT B. HOWARD, and
ANDREAS BALTATZIS, *Administrative Patent Judges*.

HOWARD, *Administrative Patent Judge*.

DECISION
Granting Institution of *Inter Partes* Review
35 U.S.C. § 314

I. INTRODUCTION

A. *Background and Summary*

Askeladden L.L.C. (“Petitioner”) filed a Petition (Paper 1, “Pet.”) requesting *inter partes* review of claims 1–4 (“the challenged claims”) of U.S. Patent No 7,357,310 B2 (Ex. 1001, “the ’310 patent”). Calabrese Stemer LLC (“Patent Owner”) did not file a preliminary response.

We have authority, acting on the designation of the Director, to determine whether to institute an *inter partes* review under 35 U.S.C. § 314 and 37 C.F.R. § 42.4(a). *Inter partes* review may not be instituted unless “the information presented in the petition filed under section 311 and any response filed under section 313 shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.” 35 U.S.C. § 314(a) (2024). “When instituting *inter partes* review, the Board will authorize the review to proceed on all of the challenged claims and on all grounds of unpatentability asserted for each claim.” 37 C.F.R. § 42.108(a) (2023).

For the reasons set forth below, upon considering the briefing and the evidence of record, we determine that the information presented in the Petition establishes a reasonable likelihood that Petitioner will prevail with respect to at least one of the challenged claims. Accordingly, we institute *inter partes* review on all of the challenged claims based on all of the grounds identified in the Petition.

B. *Real Parties in Interest*

Petitioner identifies itself as the real party in interest. Pet. 1 (citing Ex. 1004 ¶¶ 22–28; Ex. 1005).

Patent Owner identifies itself as the real party in interest. Paper 4, 1 (Patent Owner's Mandatory Notices).

C. Related Matters

Petitioner indicates that the '310 patent was asserted in *Calabrese Stemer LLC v. Visa, Inc.*, No. 09-cv-60269-Hurley/Hopkins (S.D. Fla.) (filed February 19, 2009) (terminated June 16, 2009). Pet. 1.

Petitioner further indicates that, concurrently with the filing of the Petition, it submits petitions for *inter partes* review of two related patents, U.S. Patent Nos. 7,954,706 and 8,783,564. Pet. 1.

D. The '310 Patent

The '310 patent is titled "Mobile Phone Charge Card Notification and Authorization Method," and "relates to credit and debit transactions and to related charge notification and charge authorization." Ex. 1001, code (54), 1:10–12.

Figure 1 of the '310 patent is reproduced below.

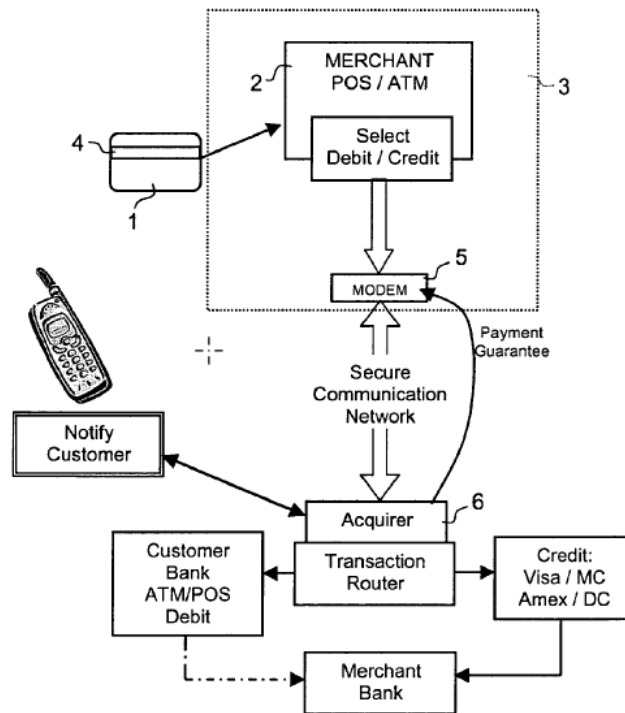


FIG. 1

Figure 1 of the '310 patent is a schematic diagram illustrating a cashless sales transaction in which a customer is notified during the transaction. Ex. 1001, 2:33–35, 2:42–44. As described by the '310 patent, charge card 1 is swiped at magnetic card reader 2 at merchant terminal 3 (e.g., a store, ATM, or virtual terminal), or the card number is manually entered at merchant terminal 3. *Id.* at 2:44–49. Before the customer signs for the purchase, merchant terminal 3 connects, through modem 5, to acquirer 6, which obtains information from modem 5 and “checks against its data sources whether or not the transaction should be authorized.” *Id.* at 2:59–60. At the same time, a corresponding customer profile is checked as to the customer’s set preferences concerning notification/authorization options. *Id.* at 2:60–63. When the customer’s profile is set to simple “notification,” the

system notifies the customer by sending a message (e.g., amount charged and merchant name) to the customer's wireless device (e.g., a cell phone).
Id. at 2:64–3:3.

E. Illustrative Claim

Claims 1 and 3 are independent claims and claim 1, reproduced below, is illustrative of the subject matter of the challenged claims.

1. [1pre] A payment authorization method, which comprises:

[1a] gathering, at a merchant's, account information for payment of a customer's purchase;

[1b] transmitting an authorization request to a financial authorization system requesting payment authorization for the customer's purchase via a first transmission channel;

[1c] notifying the customer that the authorization request has been received by transmitting, via a second transmission channel independent of and separate from the first transmission channel between the merchant's and the financial institution, a notification to a communications device associated with the customer; and

[1d] processing the transaction for payment authorization substantially without requiring a direct communications link between the communications device associated with the customer and the merchant's and substantially without requiring a response to the notification from the communications device associated with the customer.

Ex. 1001, 5:14–6:4; *see also* Pet. iv (adding limitation designations).

F. Prior Art and Asserted Grounds

Petitioner asserts that claims 1–4 would have been unpatentable on the following grounds:

Claim(s) Challenged	35 U.S.C. §¹	Reference(s)/Basis
1–4	102(b)	Horie ²
1–4	103(a)	Horie

Petitioner also relies on the testimony of Dr. Robert Akl, D.Sc. (Ex. 1003).

II. ANALYSIS

A. Legal Standards

A patent claim is unpatentable under 35 U.S.C. § 102 if “the four corners of a single, prior art document describe every element of the claimed invention, either expressly or inherently, such that a person of ordinary skill in the art could practice the invention without undue experimentation.”

Advanced Display Sys., Inc. v. Kent State Univ., 212 F.3d 1272, 1282 (Fed. Cir. 2000). “A single prior art reference may anticipate without disclosing a feature of the claimed invention if such feature is necessarily present, or inherent, in that reference.” *Allergan, Inc. v. Apotex Inc.*, 754 F.3d 952, 958 (Fed. Cir. 2014). Moreover, the reference must also “disclose[] within the four corners of the document not only all of the limitations claimed but also all of the limitations arranged or combined in the same way as recited in the

¹ The Leahy-Smith America Invents Act (“AIA”) included revisions to 35 U.S.C. §§ 102 and 103 that became effective on March 16, 2013. Because the ’310 patent has an application filing date of March 11, 2005, we apply the pre-AIA version of the statutory basis for unpatentability. *See* Ex. 1001, code (22).

² Japanese Patent Application 2002-133100, published May 10, 2002 (Ex. 1009). All citations are to the Petitioner-provided English translation. Ex. 1006.

claim.” *Net MoneyIN, Inc. v. Verisign, Inc.*, 545 F.3d 1359, 1371 (Fed. Cir. 2008). However, “the reference need not satisfy an *ipsissimis verbis* test.” *In re Gleave*, 560 F.3d 1331, 1334 (Fed. Cir. 2009).

In *Graham v. John Deere Co. of Kansas City*, 383 U.S. 1 (1966), the Supreme Court set out a framework for assessing obviousness under 35 U.S.C. § 103 that requires consideration of four factors: (1) the “level of ordinary skill in the pertinent art,” (2) the “scope and content of the prior art,” (3) the “differences between the prior art and the claims at issue,” and (4) if in evidence, “secondary considerations” of non-obviousness such as “commercial success, long-felt but unsolved needs, failure of others, etc.” *Id.* at 17–18. “While the sequence of these questions might be reordered in any particular case,” *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 407 (2007), the U.S. Court of Appeals for the Federal Circuit has repeatedly emphasized that “it is error to reach a conclusion of obviousness until all those factors are considered,” *WBIP, LLC v. Kohler Co.*, 829 F.3d 1317, 1328 (Fed. Cir. 2016). Because Patent Owner does not address objective evidence of non-obviousness, we focus solely on the first three *Graham* factors.

B. Level of Ordinary Skill in the Art

The level of ordinary skill in the pertinent art at the time of the invention is a factor in how we construe patent claims. *See Phillips v. AWH Corp.*, 415 F.3d 1303, 1312–13 (Fed. Cir. 2005) (en banc). It is also one of the factors we consider when determining whether a patent claim is obvious over the prior art. *See Graham*, 383 U.S. at 17–18.

Factors pertinent to a determination of the level of ordinary skill in the art include “(1) the educational level of the inventor; (2) type of problems

encountered in the art; (3) prior art solutions to those problems; (4) rapidity with which innovations are made; (5) sophistication of the technology; and (6) educational level of active workers in the field.” *Envtl. Designs, Ltd. v. Union Oil Co. of Cal.*, 713 F.2d 693, 696–697 (Fed. Cir. 1983) (citing *Orthopedic Equip. Co. v. All Orthopedic Appliances, Inc.*, 707 F.2d 1376, 1381–82 (Fed. Cir. 1983)). “Not all such factors may be present in every case, and one or more of these or other factors may predominate in a particular case.” *Id.*

Petitioner argues that a person having ordinary skill in the art would have had “experience in the hardware and software used in the field of securely transmitting and processing authorization requests over wired and wireless networks, such as requests for the processing of financial transactions,” and “a bachelor’s degree in computer science, computer engineering, electrical engineering, or a related study, and would have at least one or two years of experience with wired and wireless networks used to securely process requests for authorization of activity such as financial transactions.” Pet. 9 (citing Ex. 1003 ¶ 22). Petitioner further argues that “[l]ess experience is necessary with additional education (e.g., a Master’s degree), and likewise, less education is necessary with additional work experience (e.g., 5–6 years).” *Id.*

Because Petitioner’s proposed level of ordinary skill in the art is consistent with the field of the invention of the ’310 patent and not disputed by Patent Owner, for purposes of this Decision, we adopt Petitioner’s

formulation of the person having ordinary skill in the art, with the exception of the open-ended phrase “at least.”³

C. Claim Construction

We apply the same claim construction standard used in the federal courts, in other words, the claim construction standard that would be used to construe the claim in a civil action under 35 U.S.C. § 282(b), which is articulated in *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005) (en banc). *See* 37 C.F.R. § 42.100(b). Under the *Phillips* standard, the “words of a claim ‘are generally given their ordinary and customary meaning,’” which is “the meaning that the term would have to a person of ordinary skill in the art in question at the time of the invention, i.e., as of the effective filing date of the patent application.” *Phillips*, 415 F.3d at 1312–13.

Petitioner argues that “no claim terms require an express construction.” Pet. 9 (citing Ex. 1003 ¶ 62).

³ If Patent Owner disagrees with this formulation of the level of skill in the art, it must raise that disagreement in its Response. If a different level of skill would affect the outcome in this case, the parties must brief that issue as well. The failure of Patent Owner to describe how a different level of skill in the art is determinative will be a forfeiture of that argument. If there is a dispute regarding the level of ordinary skill in the art, then the parties are also encouraged to submit evidence, other than conclusory expert testimony, that supports their position. *See* 37 C.F.R. § 42.65(a) (“Expert testimony that does not disclose the underlying facts or data on which the opinion is based is entitled to little or no weight.”).

For the purposes of this Decision, we need not expressly construe any claim terms.^{4,5} *See Nidec Motor Corp. v. Zhongshan Broad Ocean Motor Co.*, 868 F.3d 1013, 1017 (Fed. Cir. 2017) (noting that “we need only construe terms ‘that are in controversy, and only to the extent necessary to resolve the controversy’” (quoting *Vivid Techs., Inc. v. Am. Sci. & Eng’g, Inc.*, 200 F.3d 795, 803 (Fed. Cir. 1999))).

D. Anticipation by Horie

Petitioner argues that claims 1–4 were anticipated by Horie. *See* Pet. 14–31. Based on the current record, we are sufficiently persuaded that Petitioner has established a reasonable likelihood of prevailing on this asserted anticipation ground with respect to at least claim 1.

⁴ If either party intends to argue a claim construction at trial, including what is the plain and ordinary meaning of a term, they should do so in a clearly designated section of their briefing. *See* Patent Trial and Appeal Board Consolidated Trial Practice Guide, 84 Fed. Reg. 64,280, at 46, 49 (Nov. 2019) (available at <https://www.uspto.gov/TrialPracticeGuideConsolidated>). Claim construction arguments should not be relegated to patentability arguments on the facts. Failure to do so will result in forfeiture of all implicit claim construction arguments.

⁵ Petitioner points out a potential typographical error in the claims regarding the word “merchants.” *See* Pet. 9–10. The parties shall address Petitioner’s argument that this is a typographical error in the Response and Reply, including (1) whether there is an obvious typographical error and (2) whether we should correct it. *See Novo Indus., L.P. v. Micro Molds Corp.*, 350 F.3d 1348 (Fed. Cir. 2003); *Pavo Solutions LLC v. Kingston Tech. Co.*, 35 F.4th 1367 (Fed. Cir. 2022); *Beable Education, Inc. v. Achieve3000, Inc.*, IPR2021-01169, Paper 34, 10–11 (PTAB Jan. 3, 2023) (Final Written Decision).

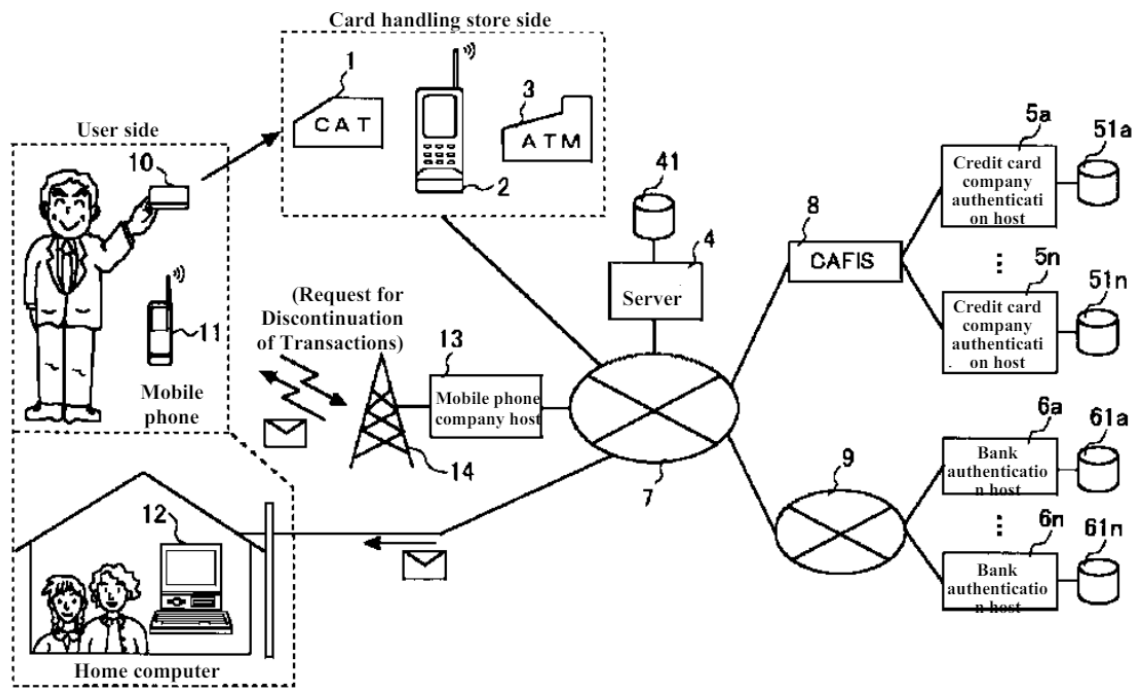
1. Overview of Horie

Horie is titled “Card Usage Status Notification Method,” and discloses “a card payment transaction system that enables online card payment transactions through data communication between a card transaction terminal device and a card authentication host,” in which the “card authentication host is provided with a means to create an email to notify the user of a card payment transaction, and a means to send the above created email to a pre-specified address for each card.” Ex. 1006, code (57).

Horie describes providing a notification via, *e.g.*, a mobile phone or personal computer, that a card payment transaction has been made. Ex. 1006, code (57), ¶ 1. Horie describes that the conventional card payment transaction system provides information regarding such transactions via receipts provided during the transaction and in periodic invoices and usage status inquiry services. *Id.* ¶¶ 3–4. Horie notes that a fraudulent transaction may not be discovered for some time, and that there may be situations in which one party wishes to track legitimate transactions of others using the credit card account. *Id.* ¶ 4. Thus, Horie proposes a system by which a card usage status notification is made via email or mobile phone notification. *Id.* ¶¶ 5, 6, 8, 12–18, 20–22. The notification may include “transaction content information such as card usage date and time and card usage location information.” *Id.* ¶¶ 16, 17, 23.

Horie’s Figure 1, reproduced below, “is a diagram showing a schematic configuration of a card payment transaction system.” *Id.*, “Brief Description of the Drawings”.

[FIG. 1]



In Figure 1, card 10 is used for a payment and authenticated using card transaction terminal devices 1, 2, and 3. *Id.* ¶¶ 39, 44. Credit card company authentication hosts 5a–5n perform card authentication processing for credit cards in conjunction with CAFIS⁶ 8 and bank authentication hosts 6a–6n perform authentication for debit cards in conjunction with an interbank network 9. *Id.* ¶¶ 39–40. Network 7 connects the card transaction terminal devices 1, 2, and 3, with CAFIS 8 and interbank network 9. *Id.* ¶¶ 39, 42. In addition, user’s mobile phone 11 and home computer 21 are connected to the network 7. *Id.* ¶ 41. Information processing server 4 is also connected to network 7. *Id.* ¶¶ 39, 44.

⁶ CAFIS refers to “one of the largest payment infrastructures in Japan.” See www.nttdata-gps.com/about-us (accessed May 31, 2024)

Horie describes that, based on an authentication processing request from the card transaction terminal, information is transmitted to the card authentication host. *Id.* ¶ 53, Fig. 3. The authentication process is then performed, and, if successful, a signal indicating success and any necessary data is transmitted back to the card transaction terminal. *Id.* ¶¶ 54, 56, Fig. 3. A predetermined file is then called to determine whether a notification should be sent via email. *Id.* ¶¶ 57, 58, Fig. 3. If the email notification is requested, the email is sent via the information processing server, and an email transmission processing request is made. *Id.* ¶¶ 59–60, Fig. 3. Horie also describes that, in addition to the embodiment, “although an e-mail is sent to notify the user after the card authentication process in the card payment transaction, the email can also be sent, for example, during the card authentication process.” *Id.* ¶ 73. Horie continues, “[i]n such a case, for example, it would be possible to prevent fraudulent card use by making it possible to issue a transaction cancellation request to the authentication hosts 5 to 6 via the mobile phone 11.” *Id.*

2. *Analysis*

a) *The Preamble*

The preamble of claim 1 recites “[a] payment authorization method.” Ex. 1001, 5:14. Petitioner argues that Horie discloses the preamble. *See* Pet. 14–15. For the reasons set forth below, we are sufficiently persuaded by Petitioner’s argument and evidence that Horie discloses the preamble.⁷

⁷ Because Petitioner has sufficiently shown that the prior art discloses the preamble, we need not determine at this time whether the preamble is limiting. *See Nidec*, 868 F.3d at 1017.

Horie states that it “relates to a card usage status notification method that automatically notifies a card user, etc. that a card payment transaction has occurred via a network, and a card payment transaction system using the same method.” Ex. 1006 ¶ 1; *see also* Ex. 1003 ¶ 81. Horie Figure 1 shows a schematic for that system which provides a payment authorization method. Ex. 1006, Fig. 1; Ex. 1003 ¶ 81.⁸

b) Limitation 1a: The Gathering Step

Claim 1 further recites “[1a] gathering, at a merchants, account information for payment of a customer’s purchase.” Ex. 1001, 5:15–16. Petitioner argues Horie discloses that limitation. *See* Pet. 15–17. For the reasons set forth below, we are sufficiently persuaded by Petitioner’s argument and evidence that Horie discloses limitation 1a.

Horie discloses a card transaction terminal device at a merchant’s store which reads “transaction details information, and other necessary information.” Ex. 1006 ¶ 46; *see also id.* at Fig. 1 (showing a terminal in a store); Ex. 1003 ¶ 83. That information includes “card number information” and may also include “the transaction type . . . , transaction amount . . . , transaction product classification . . . , payment method, . . . transaction

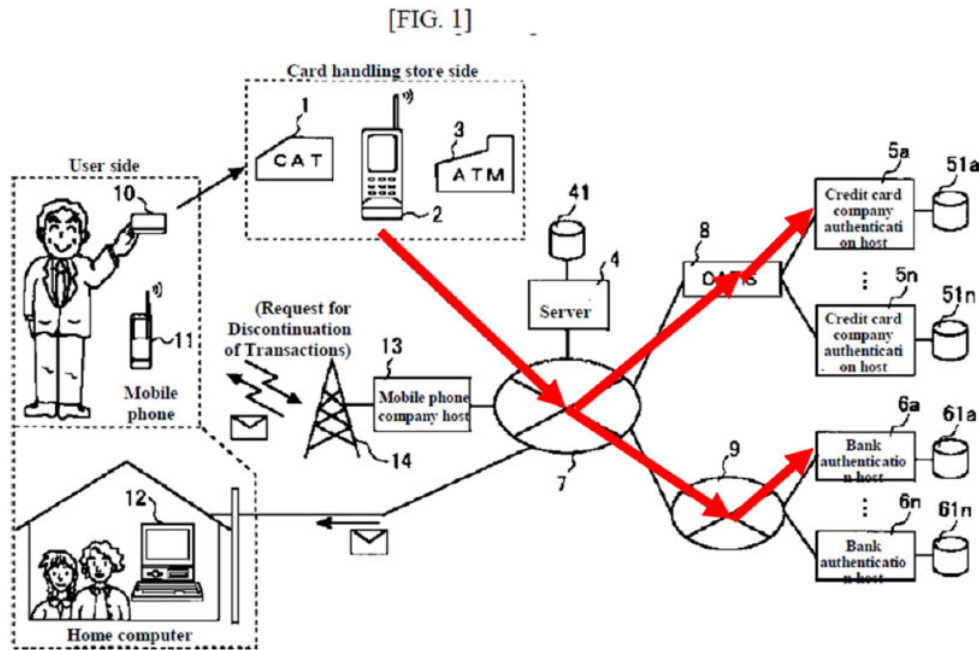
⁸ We note the Petitioner and Dr. Akl refer to both the Figure 1 and Figure 9. *See, e.g.*, Pet. 15 (Figure 9), 18 (Figure 1); Ex. 1003 ¶ 81 (relying on both Figure 1 and Figure 9). For purposes of this Decision, we focus exclusively on Figure 1. The parties should brief whether it is appropriate in an anticipation analysis to consider features of both Figures 1 and 9. *See Net MoneyIN, Inc. v. Verisign, Inc.*, 545 F.3d 1359, 1371 (Fed. Cir. 2008) (“[U]nless a reference discloses within the four corners of the document not only all of the limitations claimed but also all of the limitations arranged or combined in the same way as recited in the claim, it cannot be said to prove prior invention of the thing claimed and, thus, cannot anticipate under 35 U.S.C. § 102.”).

settlement . . . , transaction product classification, . . . ID information for each card transaction terminal, card password information input by the user, and the like.” Ex. 1006 ¶ 47; *see also* Ex. 1003 ¶ 83. A person having ordinary skill in the art would have considered the “card information number” to be an example of “account information.” Ex. 1003 ¶ 83.

c) Limitation 1b: The Transmitting Step

Claim 1 further recites “[1b] transmitting an authorization request to a financial authorization system requesting payment authorization for the customer’s purchase via a first transmission channel.” Ex. 1001, 5:17–20. Petitioner argues that Horie discloses that limitation. *See* Pet. 17–19. For the reasons set forth below, we are sufficiently persuaded by Petitioner’s argument and evidence that Horie discloses limitation 1b.

Horie discloses that “when [a] card 10 owned by a card user is used for payment transactions via card transaction terminal devices 1 to 3, card authentication processing is performed between card transaction terminal devices 1 to 3 and each authentication host via CAFIS 8.” Ex. 1006 ¶ 44; *see also* Ex. 1003 ¶ 86. This is can be done by transmitting the data using a first transmission channel from the transaction terminal to either a credit card authorization host (vias CAFIS) or bank authentication host. Ex. 1006, Figs. 1, 2 (step 204); *see also* Ex. 1003 ¶¶ 86–87. An annotated version of Figure 1 showing that first transmission channel is reproduced below.



Ex. 1003 ¶ 86 (citing Ex. 1006, Fig. 1). Horie Figure 1 is “[a] schematic configuration of the entire card payment transaction system.” Ex. 1006 ¶ 39. Petitioner has added red arrows showing the transmission channels from the store to the various authentication hosts. Ex. 1003 ¶¶ 86–87.

d) Limitation 1c: The Notifying Step

Claim 1 further recites “[1c] notifying the customer that the authorization request has been received by transmitting, via a second transmission channel independent of and separate from the first transmission channel between the merchants and the financial institution, a notification to a communications device associated with the customer.” Ex. 1001, 5:21–26. Petitioner argues that Horie discloses limitation 1c. *See* Pet. 19–23. For the reasons set forth below, we are sufficiently persuaded by Petitioner’s argument and evidence that Horie discloses limitation 1c.

Horie discloses notifying a customer via email when a card transaction has been received for authorization:

Specifically, *when card 10 owned by a card user is used for payment transactions via card transaction terminal devices 1 to 3, card authentication processing is performed between card transaction terminal devices 1 to 3 and each authentication host via CAFIS8, and an e-mail is sent from the side of server 4 to the mobile phone 11 owned by the card user and the PC 12 owned by the card user at home to notify the user that there was a card payment transaction.*

Ex. 1006 ¶ 44 (emphases added); *see also* Ex. 1006, Fig. 1; Ex. 1003 ¶ 90.

This email can be sent either after the transaction has been approved or during the transaction authentication process:

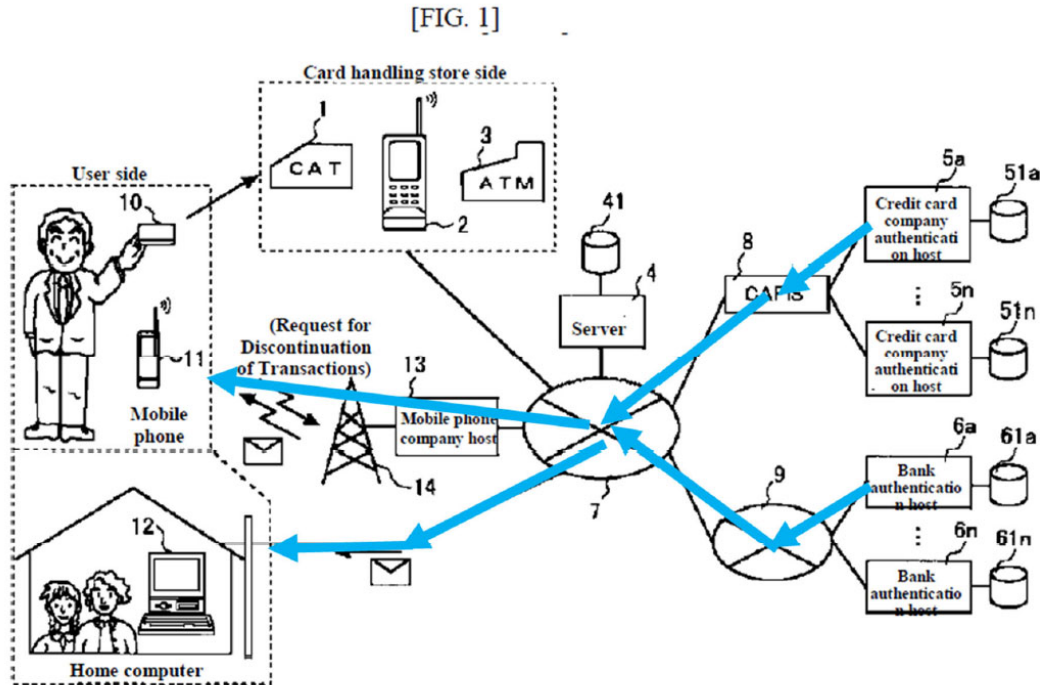
As explained above, according to the present embodiment, *when a payment transaction is made using a card owned by the card user or a family member, the card user can be informed of the fact via e-mail, and can also receive notification of the transaction.* Since the content of the e-mail can be known in detail, the e-mail can be used as a card transaction history.

....

In addition, in the embodiment described above, although an e-mail is sent to notify the user after the card authentication process in the card payment transaction, *the email can also be sent, for example, during the card authentication process.* In such a case, for example, it would be possible to prevent fraudulent card use by making it possible to issue a transaction cancellation request to the authentication hosts 5 to 6 via the mobile phone 11.

Ex. 1006 ¶¶ 71, 73 (emphases added); *see also* Ex. 1003 ¶ 102. Although the email can be sent either before or after the transaction has been authenticated, we note that the only requirement recited in claim 1 is that the notification is sent after the transaction request has been received; nothing in claim 1 requires that the notification be sent before or substantially around the time of the transaction is approved. *See* Ex. 1001, 5:21–26.

An version of Horie Figure 1, as annotated by Dr. Akl, is reproduced below.



Ex. 1003 ¶ 91 (citing Ex. 1006, Figure 1). Horie Figure 1 is “[a] schematic configuration of the entire card payment transaction system.” Ex. 1006 ¶ 39. Petitioner has added blue arrows showing the second transmission channel from the various authentication hosts to the user’s mobile phone and home computer. Ex. 1003 ¶¶ 91–92.

Although there is some overlap between the first transmission channel and the second transmission channel, there are some elements of each channel that is not repeated:

Each of those channels uses different hardware and network connections. For example, the first transmission channel uses CAT / wireless CAT / ATM, and the wired/wireless connection between those devices and the network 7, and does not include the wired/wireless connections between network 7 and the customer’s home computer 12 or the mobile phone company host 13, relay base station 14, or the customer’s mobile phone 11.

Meanwhile, the second transmission channel uses the wired/wireless connections between network 7 and the customer's home computer 12 or the mobile phone company host 13, relay base station 14, or the customer's mobile phone 11, and excludes the CAT / wireless CAT / ATM, and the wired/wireless connection between those devices and the network 7.

Ex. 1003 ¶ 94; *see also* Ex. 1006, Fig. 1. Additionally, each of the transmission channels have some different hardware elements. For example, the first transmission channel includes CATs (a type of terminal) or ATMs (automated transaction machines) while the second transmission channel uses a mobile phone or home computer. Ex. 1006, Fig. 1; Ex. 1003 ¶ 96. Each of those different devices would have “its own processor(s), memory, and network/cellular connections.” Ex. 1003 ¶ 96. Accordingly, based on the current record, a person having ordinary skill in the art would have considered the first and second transmission channels to be “independent of and separate from” each other.⁹ *See id.* at ¶¶ 94–96.

e) Limitation 1d: The Processing Step

Claim 1 further recites “[1d] processing the transaction for payment authorization substantially without requiring a direct communications link between the communications device associated with the customer and the merchants and substantially without requiring a response to the notification from the communications device associated with the customer.” Ex. 1001, 5:27–6:4. Petitioner argues that Horie discloses limitation 1d. *See*

⁹ If Patent Owner argues in its Response that Horie does not disclose this limitation because of a construction-related distinction between what is disclosed in Horie and what is claimed, it must offer an explicit construction of the phrase “independent of and separate from.” The failure to provide an explicit construction will be deemed a forfeiture of arguments relating to the claim interpretation of this limitation. *See supra* n.4.

Pet. 23–25. For the reasons set forth below, we are sufficiently persuaded by Petitioner’s argument and evidence that Horie discloses limitation 1d.

Horie describes two situations in which this limitation is disclosed. First, Horie discloses sending an email *after* the transaction has been authenticated. Ex. 1006 ¶¶ 71 (“As explained above, according to the present embodiment, when a payment transaction is made using a card owned by the card user or a family member, the card user can be informed of the fact via e-mail, and can also receive notification of the transaction.”), 73 (“[I]n the embodiment described above, although an e-mail is sent to notify the user after the card authentication process in the card payment transaction.”). Because the email is being sent after the transaction is authorized, it was authorized without waiting for a response to the email.

Second, Horie describes sending an email during the authentications process. Ex. 1006 ¶ 73. Although Horie describes how a user can cancel a transaction, based on the current record, there is no discussion of the need to approve the transaction. *Id.*; Ex. 1003 ¶ 103.

Accordingly, based on the current record, “[n]either of these embodiments require any affirmative action on the part of the customer to process a transaction in response to the notification.” Ex. 1003 ¶ 103.

f) Conclusion Regarding Claim 1

Based on the current record, there is a reasonable likelihood that Petitioner will prevail in demonstrating that claim 1 is unpatentable as anticipated by Horie.

3. Analysis of Claims 2–4

Because Petitioner demonstrates a reasonable likelihood of success in proving that at least one claim of the ’310 patent is unpatentable, we institute

on all grounds and all claims raised in the Petition. *See* 37 C.F.R. § 42.108(a). Therefore, at this stage of the proceeding, it is not necessary for us to provide an assessment of every challenge raised by Petitioner, especially, as in this case, when Patent Owner does not separately argue those claims. Those challenges, in our view, are best left for trial after full development of the record.

E. Obviousness Over Horie

Because Petitioner demonstrates a reasonable likelihood of success in proving that at least one claim of the '310 patent is unpatentable, we institute on all grounds and all claims raised in the Petition. *See* 37 C.F.R. § 42.108(a). Therefore, at this stage of the proceeding, it is not necessary for us to provide an assessment of every challenge raised by Petitioner, especially, as in this case, when Patent Owner does not separately argue this ground. Those challenges, in our view, are best left for trial after full development of the record.¹⁰

¹⁰ As guidance to the parties, we note that it is unclear that the Petition, unlike Dr. Akl's testimony, argues how a person having ordinary skill in the art would have modified Horie. *Compare* Ex. 1003 ¶ 98 (arguing that the differences between the first and second transmission channels in Horie "would have suggested to a person of ordinary skill in the art that separate and independent lines of communication could be employed in Horie's system for the sending/receiving of requests and notifications."), *with* Pet. 32–33 (not making the argument in Dr. Akl's testimony). The parties should address in the Response and Reply (1) whether the Petition argues how and why a person having ordinary skill in the art would have modified Horie and (2), if not, whether we can rely on the argument in Dr. Akl's testimony that is not made in the Petition.

III. CONCLUSION

Following § 314, we have determined that the totality of the information presented at this stage shows there is a reasonable likelihood that Petitioner would prevail with respect to at least one of the claims challenged in the Petition, and we institute on all grounds raised and all claims challenged in the Petition.

Our factual findings, conclusions of law, and determinations at this stage of the proceeding are preliminary, and based on the evidentiary record developed thus far. This is not a final decision as to the patentability of claims for which *inter partes* review is instituted. Our final decision will be based on the record as fully developed during trial.

IV. ORDER

In consideration of the foregoing, it is hereby:

ORDERED that, pursuant to 35 U.S.C. § 314(a), an *inter partes* review is instituted for claims 1–4 of the '310 patent on the unpatentability grounds asserted in the Petition; and

FURTHER ORDERED that pursuant to 35 U.S.C. § 314(c) and 37 C.F.R. § 42.4, notice is hereby given of the institution of a trial, which commences on the entry date of this decision.

IPR2024-00367
Patent 7,357,310 B2

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