

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

ASKELADDEN L.L.C.,
Petitioner,

v.

CALABRESE STEMER LLC,
Patent Owner.

IPR2024-00368
Patent 8,783,564 B2

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

FENICK, *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 for *inter partes* review challenging claims 1–19 of U.S. Patent 8,783,564 B2 (Ex. 1001 (“the ’564 patent”)). Paper 1 (“Pet.” or “Petition”). Calabrese Stemer LLC (“Patent Owner”) timely filed a Preliminary Response. Paper 6 (“Prelim. Resp.”). Patent Owner disclaimed claims 10–19. Prelim. Resp. 1–2; Paper 7 (Disclaimer in a Patent Under 37 C.F.R. § 1.321(a)).

The Board has authority to determine whether to institute an *inter partes* review. *See* 35 U.S.C. § 314(b); 37 C.F.R. § 42.4(a). Under 35 U.S.C. § 314(a), we may not authorize an *inter partes* review unless the information in the Petition “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.”

For the reasons that follow, we institute an *inter partes* review as to claims 1–9 (the “challenged claims”) of the ’564 patent on all grounds of unpatentability presented.

B. *Real Parties in Interest*

Petitioner identifies only itself as a real party in interest (RPI) and submits a supporting declaration from Glenn J. Perry and a supporting exhibit. Pet. 1; Ex. 1004; Ex. 1005.

Patent Owner identifies only itself as a RPI. Paper 4 (Patent Owner’s Mandatory Notices), 1.

C. *Related Matters*

Each party asserts that there are no pending related matters that would affect or be affected by a decision in this proceeding. Pet. 1–2 (noting two terminated district court matters); Paper 4, 1. Petitioner notes that it

concurrently filed two petitions for *inter partes* review of related patents.
Pet. 2.

D. The '564 Patent

The '564 patent is directed to providing “[a]n added level of security . . . for charge transactions.” Ex. 1001, code (57). “Upon presenting a charge card number for a purchase” a cardholder receives, via a cell phone or personal digital assistant “a message . . . that a charge authorization request has been received. The message may include the merchant, a charge amount, and a time and date.” *Id.*; *see also id.* at 1:56–2:14. The specification of the '564 patent describes that correcting mistakes in transactions may not be simple and may be time consuming, and that fraud and innocent mistakes are costly. *Id.* at 1:28–43. It adds that “[e]xtraneous authorization security” may be “too intrusive” and may “have a negative effect on the transaction.” *Id.* at 1:44–46.

The '564 patent describes the system with reference to its Figure 1, “a schematic diagram illustrating a transaction according to the invention,” which is reproduced immediately below. *Id.* at 3:29–31.

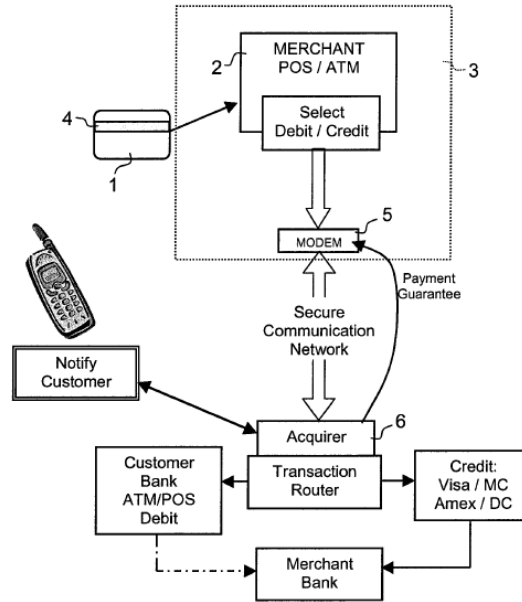


FIG. 1

Figure 1 depicts a simplified process stream in a cashless sales transaction, including a charge card 1, merchant terminal 3, acquirer 6, and customer wireless device (depicted but not labeled with an element number). *Id.* at 3:40–61. Charge card 1 is presented at merchant terminal 3. *Id.* at 3:40–45, 4:31–38. “[M]erchant terminal 3 connects, through a modem 5, to an acquirer 6” that “checks against its data sources whether or not the transaction should be authorized.” *Id.* at 3:51–55. “At the same time, a corresponding customer profile is checked as to the customer’s set preferences concerning the notification/authorization options.” *Id.* at 3:55–57. If the customer’s profile is set to “notification,” the system notifies the cardholder by sending a message to the cardholder’s wireless device, such as a cell phone. *Id.* at 3:59–61, 4:38–44. The message may be an audible message or an SMS message sent to the customer’s phone. *Id.* at 3:62–65, 5:39–41. “The simple notification, of course, does not add any time to the transaction.” *Id.* at 4:10–11.

The '564 patent additionally includes a flow diagram illustrating a method for charge request processing in Figure 2, reproduced immediately below. *Id.* at 3:32–33.

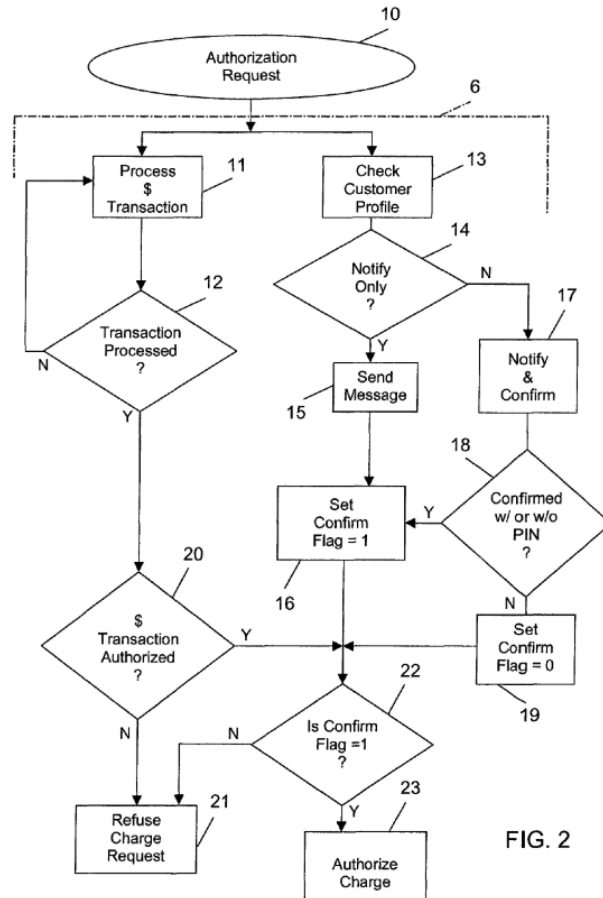


FIG. 2

Figure 2 shows a flow diagram that begins with an authorization request gathering the required information (element 10) and includes conventional processing of a charge authorization in elements 11, 12, and 20. *Id.* at 5:27–32, 5:61–62. At the same time, a customer profile associated with the account number is checked (element 13). *Id.* at 5:32–33. If the profile is set to “Notify Only” (element 14) then a message is sent and a flag is set (elements 15, 16). *Id.* at 5:37–39, 5:41–42. If the financial transaction has been authorized after conventional processing (element 20) and the flag has

been set indicating that the customer has been notified of the transaction, the charge is authorized. *Id.* at 5:64–6:3.

The '564 patent contemplates that the notification may be set to notify a third party, such as an employer or relative, rather than the person presenting the card. *Id.* at 5:17–26.

E. Illustrative Claim

Of claims 1–9, claim 1 is independent and claims 2–9 depend from claim 1. As discussed previously, claims 10–19 have been disclaimed. Prelim. Resp. 1–2; Paper 7.

Claim 1, reproduced below with bracketed identifiers added (corresponding to those in the Petition) is illustrative:

1. A method for processing a transaction, comprising the steps of:

[1a] receiving a request for authorizing a transaction for an account, said request received via a first transmission channel, said request including at least an identification of the customer's account;

[1b] determining whether or not the account includes a request for notification to the customer of any transactions;

[1c] notifying the customer via a second transmission channel only if the account includes a request for notification of any transactions;

[1d] the second transmission channel being distinct from the first transmission channel; and

[1e] authorizing the transaction without requiring a response from the customer.

Ex. 1001, 6:5–19.

F. Evidence

Petitioner relies on the following patent evidence.

Name	Patent Document	Exhibit
Horie et al. ("Horie")	JP 2002-133100	Ex. 1009 (Translation: Ex. 1006)

Petitioner additionally relies on a declaration of Dr. Robert Akl, Ex. 1003.

G. Prior Art and Asserted Grounds

Petitioner asserts that claims 1–9 would have been unpatentable on the following grounds¹:

Claim(s) Challenged	35 U.S.C. § ²	Reference(s)/Basis
1–9	102	Horie
1–9	103	Horie

Pet. 9.

II. ANALYSIS

A. Legal Standards

“In an [*inter partes* review], the petitioner has the burden from the onset to show with particularity why the patent it challenges is unpatentable.” *Harmonic Inc. v. Avid Tech., Inc.*, 815 F.3d 1356, 1363 (Fed. Cir. 2016) (citing 35 U.S.C. § 312(a)(3) (requiring *inter partes* review petitions to identify “with particularity . . . the evidence that supports the

¹ A ground asserting claims 10–19 unpatentable was also included in the Petition, as these claims have been disclaimed we do not list this ground here. *See* Prelim. Resp. 1–2; Paper 7.

² 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 ’564 patent claims priority to an application filed before this effective date, we apply the pre-AIA version of the statutory basis for unpatentability. *See* Ex. 1001, code (60), 1:4–13.

grounds for the challenge to each claim’’)). This burden never shifts to Patent Owner. *See Dynamic Drinkware, LLC v. Nat’l Graphics, Inc.*, 800 F.3d 1375, 1378 (Fed. Cir. 2015) (citing *Tech. Licensing Corp. v. Videotek, Inc.*, 545 F.3d 1316, 1326–27 (Fed. Cir. 2008)) (discussing the burden of proof in *inter partes* review).

To show anticipation under 35 U.S.C. § 102, each and every claim element, arranged as in the claim, must be found in a single prior art reference. *Net MoneyIN, Inc. v. VeriSign, Inc.*, 545 F.3d 1359 (Fed. Cir. 2008). The prior art need not, however, use the same words as the claims. *In re Gleave*, 560 F.3d 1331, 1334 (Fed. Cir. 2009). The anticipation inquiry takes into account the literal teachings of the prior art reference and inferences the ordinarily skilled person would draw from it. *Eli Lilly and Co. v. Los Angeles Biomedical Res. Inst. at Harbor-UCLA Med. Ctr.*, 849 F.3d 1073, 1074–75 (Fed. Cir. 2017).

A claim is unpatentable as obvious if “the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.” *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 406 (2007) (quoting 35 U.S.C. § 103(a)). We resolve the question of obviousness based on underlying factual determinations, including: (1) the scope and content of the prior art; (2) any differences between the prior art and the claims; (3) the level of skill in the art; and (4) when in evidence, objective indicia of

nonobviousness.³ *See Graham v. John Deere Co. of Kan. City*, 383 U.S. 1, 17–18 (1966).

B. Level of Ordinary Skill in the Art

Petitioner asserts that one of ordinary skill in the art “would generally have 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 “would have 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,” with less experience necessary given additional education and less education necessary with additional work experience.” Pet. 7–8 (citing Ex. 1003 ¶ 22). Patent Owner does not dispute or comment on this level of skill or address a level of skill to be applied.

For purposes of this Decision, we adopt Petitioner’s definition of the level of ordinary skill in the art, with the exception of removing the open-ended term “at least” from description of the years of experience. On the present record, we are satisfied that this definition comports with the level of skill necessary to understand and implement the teachings of the ’564 patent and the asserted prior art.

C. Claim Construction

In *inter partes* review, we construe a claim using the same claim construction standard that would be used to construe the claim in a civil

³ Neither party has adduced any evidence regarding objective indicia of nonobviousness.

action under 35 U.S.C. § 282(b), including construing the claim in accordance with the ordinary and customary meaning of such claim as understood by one of ordinary skill in the art and the prosecution history pertaining to the patent. 37 C.F.R. § 42.100(b).

Neither Petitioner nor Patent Owner propose any claim constructions. *See* Pet. 8; Prelim. Resp. 15.

We do not discern any constructions necessary to determine whether a Petitioner has shown a reasonable likelihood that that it will prevail with respect to at least 1 of the claims challenged in the Petition. Accordingly, we determine that no claim terms require construction at this time. *See Realtime Data, LLC v. Iancu*, 912 F.3d 1368 (Fed. Cir. 2019) (“The Board is required to construe ‘only those 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))).

We note, however, that certain arguments of the parties may bring into question whether limitation 1d of claim 1 should be construed. *See infra* § II.D.2.c. As we institute, this or other claim construction arguments may be raised by the parties during this review. Failure to expressly construe a claim limitation shall be deemed a forfeiture of claim construction arguments.

D. Anticipation by Horie

Petitioner contends that Horie anticipates claims 1–9. Pet. 20–38. Patent Owner presents arguments countering certain of Petitioner’s contentions with respect to this ground. Prelim. Resp. 2–15.

1. Horie

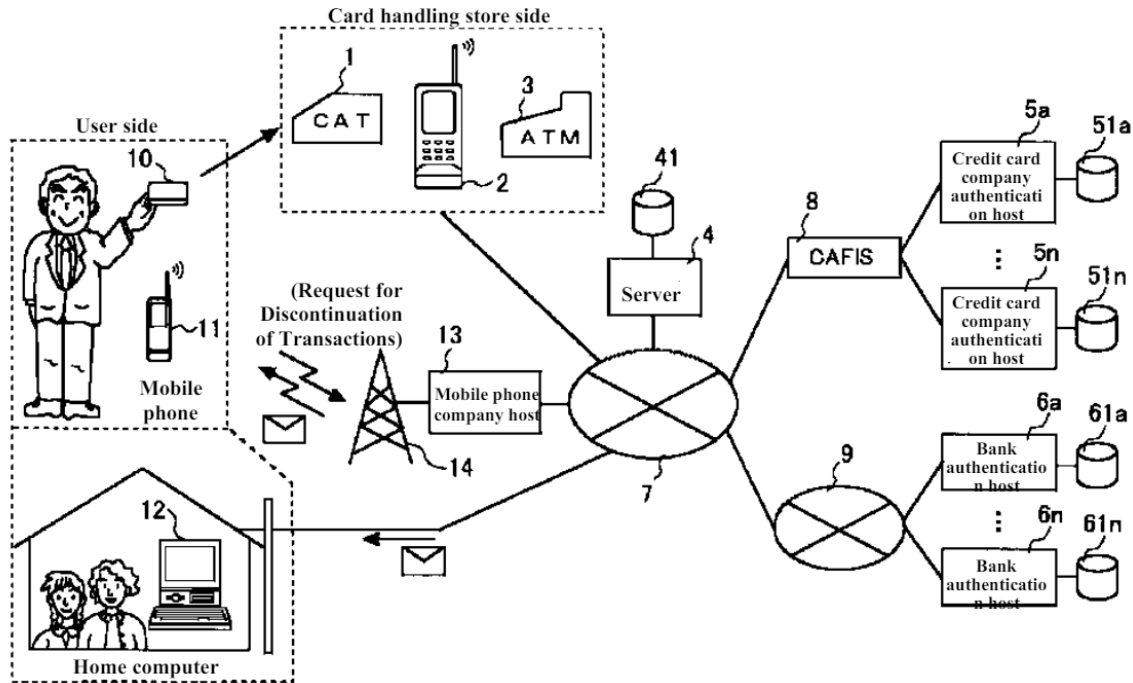
Horie describes providing a notification via, *e.g.*, a mobile phone or personal computer, that a card payment transaction has been made.

Ex. 1006, code (57), ¶ 1.⁴ 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”.

⁴ Our citations to Horie (Ex. 1009) are to the Petitioner’s provided translation, Ex. 1006.

[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 CAFIS⁵ 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.

Horie describes that, based on an authentication processing request from the card transaction terminal, information is transmitted to the card

⁵ We understand CAFIS to refer to a card payment processing network in Japan. See www.nttdata-gps.com/about-us (accessed May 31, 2024)

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 e-mail. *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 of Claim 1*

a) *Petitioner’s Contentions*

Petitioner argues that, to the extent the preamble is limiting, the “method for processing a transaction” of the preamble (Ex. 1001, 6:5–6) is disclosed by Horie’s method for a card payment transaction system using a “card usage status notification method that automatically notifies a card user . . . that a card payment transaction has occurred.” Pet. 21 (citing Ex. 1006 ¶ 1; Ex. 1003 ¶¶ 210–211).

For “receiving a request for authorizing a transaction for an account . . . said request including at least an identification of the customer’s account,” of limitation 1a of claim 1 (Ex. 1001, 6:7–10), Petitioner cites Horie’s “card authorization processing request” and argues that one of ordinary skill in the art would have understood that the “card information”

and “necessary information” that is read at the transaction terminal and sent to the card authentication host in Horie would have included identification of the customer’s account. *Id.* at 21–22⁶ (citing Ex. 1006 ¶¶ 46–48; Ex. 1003 ¶ 213). Petitioner argues that the receipt of a request “via a first transmission channel” as recited in limitation 1a (Ex. 1001, 6:8–9) is disclosed by Horie’s “network” connecting the card transaction terminal device to the host, by the specific communications described with respect to the transmissions (e.g. in Figure 1), and (in part) by the “interbank network” connecting the network with the bank authentication and credit card authentication hosts. *Id.* at 22–23 (citing Ex. 1006 ¶¶ 39, 40, 44, 54, 76, Fig. 1; Ex. 1003 ¶¶ 213–215).

With respect to limitation 1b, “determining whether or not the account includes a request for notification to the customer of any transactions” (Ex. 1001, 6:11–12), Petitioner cites Horie’s disclosure that information regarding whether a user should be notified of a card payment transaction is stored in a predetermined file and consulted during the transaction. *Id.* at 24 (citing Ex. 1006 ¶ 57; Ex. 1003 ¶ 217).

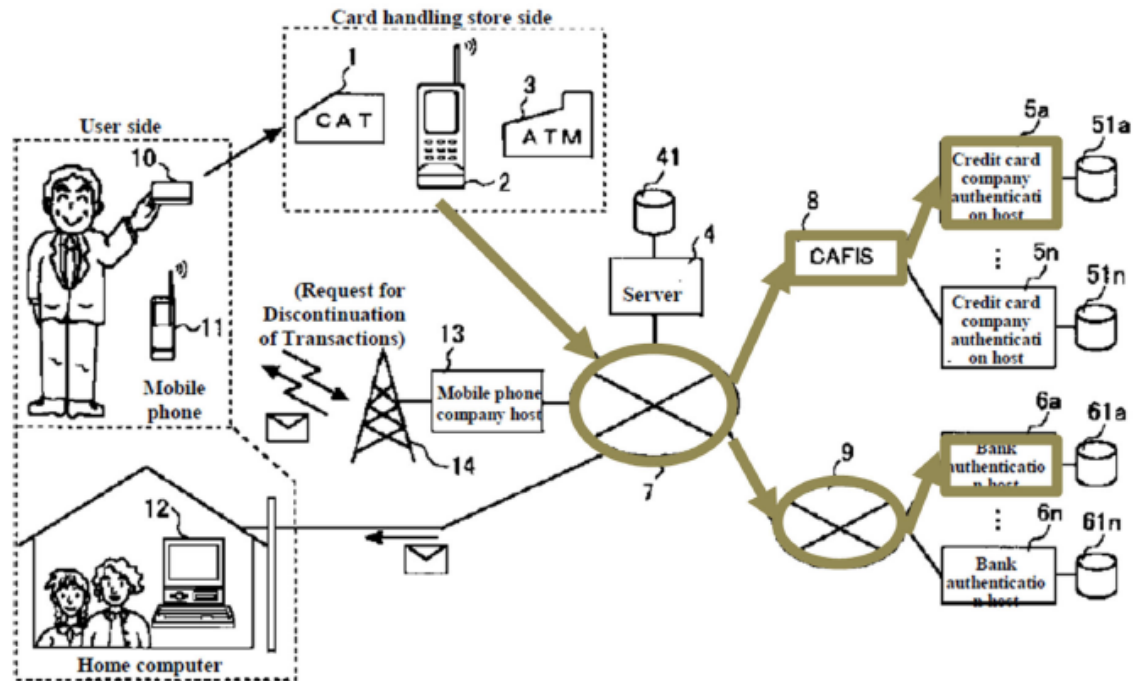
For limitation 1c’s notification of a customer, Petitioner cites Horie’s disclosure that an email is sent to notify a user of a card payment transaction. Pet. 24–25 (citing Ex. 1006 ¶ 44, Fig. 1; Ex. 1003 ¶ 219). Petitioner argues that Horie makes such a notification “only if the account includes a request for notification of any transactions” because Horie discloses that a normal card payment transaction is performed if notification has not been requested, but that a notification by email or phone is made if notification was

⁶ In certain cases, the Petition uses different colored text; in our quotations from the Petition we remove this emphasis.

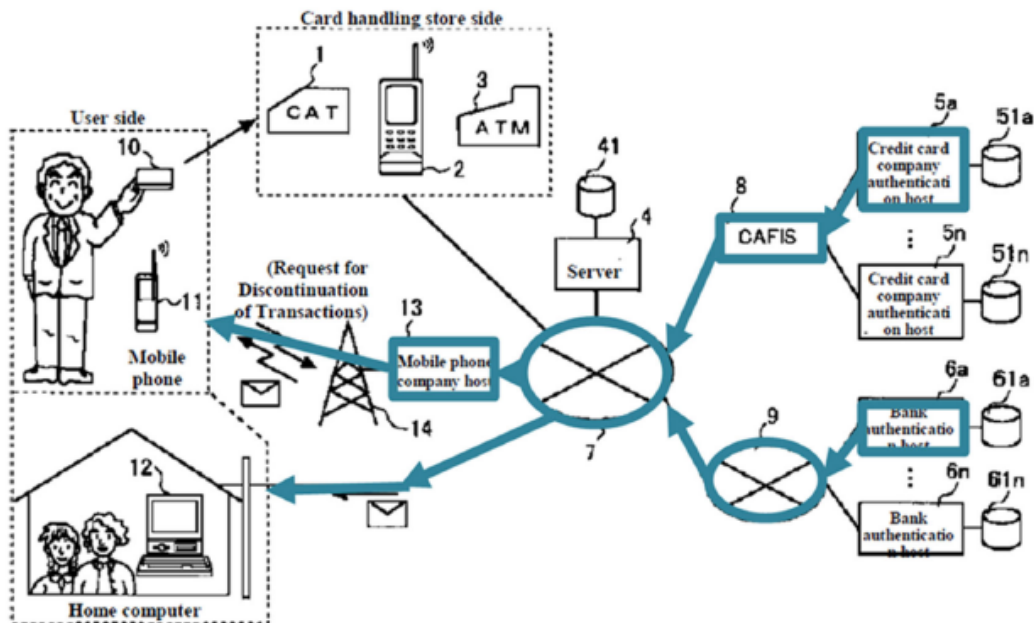
requested. *Id.* at 25–26 (citing Ex. 1006 ¶¶ 59, 78; Ex. 1003 ¶¶ 221, 223). With respect to the second transmission channel, Petitioner cites Horie’s disclosure of user notification via a mobile phone company host and base station (if to the customer’s mobile phone) and via a connection of a personal computer to a network (if to that personal computer). *Id.* at 25 (citing Ex. 1006 ¶¶ 41, 76, Fig. 1; Ex. 1003 ¶¶ 221, 223).

For limitation 1d’s requirement that “the second transmission channel [must be] distinct from the first transmission channel” (Ex. 1001, 6:16–17), Petitioner argues that the transmission channel from the card transaction terminal devices (for the first transmission channel) and to the user (for the notification to a customer) are distinct because they include different connections, different hardware elements, and operate independently of one another in the data transmission. *Id.* at 26–29 (citing Ex. 1006 ¶¶ 44, Fig. 1; Ex. 1003 ¶¶ 224–227). Petitioner provides two annotated versions of Horie’s Figure 1, reproduced below, to illustrate the difference in transmission channels, with a first communication channel highlighted in khaki in the first and in blue in the second.

[FIG. 1]



[FIG. 1]



Id. at 27. As seen in the two annotated versions of Horie's Figure 1, Petitioner contends that the two channels are different because only the first includes a path from the card handling store to network 7, and only the

second includes connections between network 7 and mobile phone 11 or home computer 12 of a user. *Id.* at 27–28. Petitioner additionally argues that the Horie’s disclosure of a dedicated line between mobile phone company host 13 and server 4 would have been understood by one of ordinary skill in the art to mean a line “distinct from other lines of communication.” *Id.* at 28 (citing Ex. 1003 ¶ 226; *see* Ex. 1006 ¶¶ 76, 78, Fig. 9).

For limitation 1e’s requirement that the method of claim 1 include the step of “authorizing the transaction without requiring a response from the customer” (Ex. 1001, 6:18–19), Petitioner argues that Horie discloses sending an email notification to a user during the card authentication process (to allow for a cancellation request) as an alternative to sending such a notification after the card authentication process. *Id.* at 29–30 (citing Ex. 1006 ¶¶ 57, 58, 73; Ex. 1003 ¶¶ 232–233). Thus, Petitioner contends, Horie discloses an embodiment in which “the card is authorized for use regardless of any response from the customer.” *Id.* at 29–30.

b) Patent Owner’s Arguments

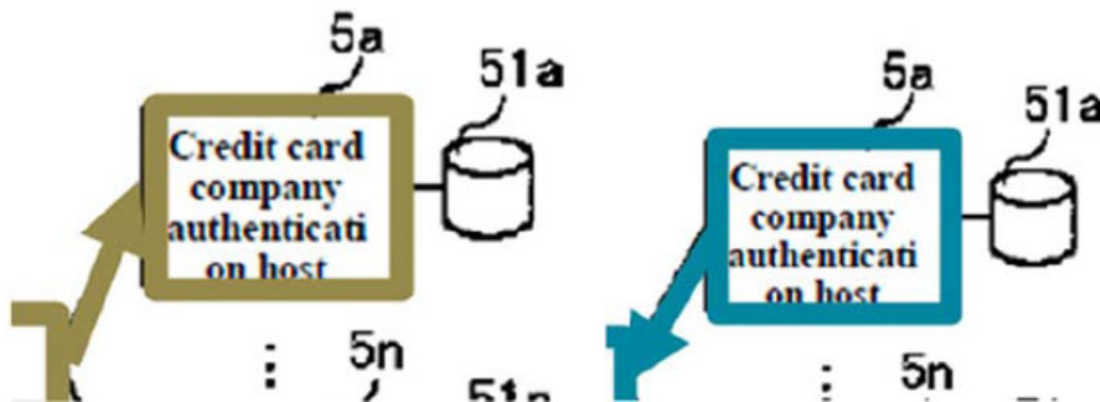
Patent Owner presents several arguments relating to Petitioner’s argument that claim 1 is disclosed by Horie.

Patent Owner generally argues that a core inventive concept underlying the challenged claims is that authentication and notification are independent and separate processes, so notification to the customer does not delay the authorization process and the two processes do not encumber each other. Prelim. Resp. 2–4. Thus, Patent Owner argues, Petitioner has “missed the inventive concept and the point of novelty” of the challenged claims. *Id.* at 3. Patent Owner argues that, while there is “an overlap between the objects of the ’564 Patent and Horie,” the distinction is that

Horie's system "either delays the notification to report the finished authorization or requires a confirmation response from the customer before proceeding with the charge authorization." *Id.* at 5–6 (citing Ex. 1006, Fig. 3).

Patent Owner argues that Horie discloses only three possibilities for notification: (1) if notification has not been requested, performing "a normal card payment transaction" with no notification; (2) if notification has been requested, sending a notification after the card authentication process has been completed; or (3) if notification has been requested, "offer[ing] the consumer a chance to 'intercept' a fraudulent transaction and to prevent the transaction from being authenticated." *Id.* at 6–7 (citing Pet. 29 (referring to Ex. 1006 ¶¶ 57, 73)). Thus, Patent Owner argues that Petitioner is incorrect in concluding that Horie discloses notification "without requiring a response from the customer." *Id.* at 7. Rather, Patent Owner contends that "[t]he . . . alternative Horie process, in which the notification is sent during the authorization process, is introduced for only one reason: to allow the customer to intercept a fraudulent transaction" and that "Horie's alternative process requires that the system wait for a response from the customer before proceeding with the authorization." *Id.* Patent Owner argues that "[i]f Horie does notify a customer without requiring a response, it only does so after the system authorizes a transaction as shown in Horie Fig. 3. If Horie notifies a customer prior to authorization, the system requires a response." *Id.* at 8. Otherwise, Patent Owner argues, "a response by the customer will not be immediate, but [will occur] at a later time (i.e. hours or days later)" and could not prevent fraudulent card usage. *Id.* Therefore, Patent Owner argues, Horie does not disclose a concurrent authorization or "fast, timely notification, as described and claimed in the '564 patent." *Id.*

Patent Owner additionally contends that in Horie, the first and second transmission channels each include overlapping elements. *Id.* at 9–10. For example, server 4 in Horie is involved in the authorization request and the notification, but there is only one connection from server 4 to other elements of the system. *Id.* at 9 (citing Ex. 1006, Fig. 1; also discussing Ex. 1006, Fig. 9). Additionally, Patent Owner argues, the same connection is used by credit card authentication host 5a of Figure 1 for each of the receipt of the request for authorizing a transaction (limitation 1a) and the notification of the customer (limitation 1c). *Id.* at 10. Patent Owner provides two excerpts from Petitioner’s annotated Horie Figure 1, reproduced immediately below, to show this. *Id.*



Id. at 10. As seen in these excerpts from Petitioner’s annotations of Figure 1 of Horie, each transmission channel identified includes the same channel from credit card company authentication host 5a as part of the identified transmission channel. Patent Owner argues that, for these reasons, no “separate and distinct” transmission channels are disclosed in Horie. *Id.* at 10–12, 14–15.

Patent Owner additionally argues that Horie is not enabling prior art. *Id.* at 8–9 n.2 (citing Pet. 18; Ex. 1003 ¶ 72), 14.

c) Our Preliminary Determination

On the present record, and for the purpose of institution, we determine that Petitioner has sufficiently shown that Horie discloses the subject matter of claim 1.

We agree with Petitioner that Horie discloses a method for processing a transaction that includes both the receipt of a request for authorizing a transaction and, upon a determination that a request for notification exists, the notification to the customer of the transaction. *See* Ex. 1006 ¶¶ 1 (card usage status notification method), 44 (card authentication processing), 46–48 (process of transaction authorization), 57 (determining if notification has been requested), 59 (sending a notification), 78; Ex. 1003⁷ ¶¶ 210–211, 213, 217, 219, 221, 223).

Additionally, we find sufficient for institution Petitioner’s argument and evidence that the receipt of the request and the notification of the customer each occurs via a “distinct” transmission channel. *See* Ex. 1006 ¶¶ 39–41 (details of communication), 44, 54, 76, 78 (sending notification), Fig. 1, Fig. 9; Ex. 1003 ¶¶ 213–215, 221, 223–227. Although Patent Owner shows that Petitioner relies on certain duplicate elements in Petitioner’s identified first and second transmission channels, the transmission channels identified include different elements as well, and thus, on the current record

⁷ Although Patent Owner argues that “Petitioner incorporates hundreds of paragraphs from a 139-page expert declaration in the Petition, including extensive use of block cites and diagrams,” on this record and without more specific references we do not discern improper incorporation by reference in the Petition. Prelim. Resp. 15–16 (citing 37 C.F.R. § 42.6(a)(1)(i) and (a)(3)); *see also* Consolidated Trial Practice Guide 40 (“The Board expects that most petitions and motions will rely upon affidavits of experts.”) (The Consolidated Trial Practice Guide is available at <https://www.uspto.gov/TrialPracticeGuideConsolidated>).

and preliminarily, we determine that they are “distinct” as required in limitation 1d. Pet. 27. With respect to Patent Owner’s argument that that Petitioner does not show that the channels are completely separate and that Figure 1 of the ’564 patent and/or other disclosed embodiments in the ’564 patent include completely separate channels (*see* Prelim. Resp. 4, 10–12), these arguments by Patent Owner are not commensurate with the scope of the claim, which requires that “the second transmission channel [be] distinct from the first transmission channel.” To the extent that Patent Owner argues that a specific claim construction should be accorded to limitation 1d of claim 1 that excludes Horie’s partially overlapping channels, on the present record we discern no evidence or argument regarding such a claim construction. And, to the extent that Patent Owner argues a distinction between Horie and the ’564 patent disclosure (rather than the claim), such arguments are inapposite.

With respect to the requirement of limitation 1e that authorization occur without requiring of a response from the customer, on the present record and for the purpose of institution, Petitioner sufficiently shows that Horie discloses this in its disclosure of a pre-authorization notification. *See* Pet. 29–30⁸; Ex. 1006 ¶ 73 (sending notification during the card authentication process as opposed to after that process is complete); Ex.

⁸ While Patent Owner argues that Petitioner only argues that Horie “suggests” this embodiment (as opposed to disclosing it, as required for an anticipation ground) (*see* Prelim. Resp. 7 n.1 (quoting Pet. 29)), even given the appearance of the verb “suggests” in one instance in the Petition, we understand Petitioner’s argument is that Horie discloses a pre-authorization notification. *See* Pet. 29 (“Horie . . . discloses . . . the [notification] e-mail can also be sent . . . during the card authorization process”), 20 (“Horie discloses each element of claims 1 through 9”).

1003 ¶¶ 232–233. Having considered Patent Owner’s argument that “if Horie notifies a customer prior to authorization, the system requires a response” (Prelim. Resp. 8), for institution, we credit Dr. Akl’s uncontroverted testimony that the embodiment of Horie’s paragraph 73 does not require any affirmative action on the part of the customer to process a transaction but merely discloses the possibility of canceling a transaction rather than disclosing a requirement for a positive response from a recipient to authorize the transaction. Ex. 1006 ¶ 73 (“[T]he e-mail can also be sent . . . during the card authentication process . . . [to make] it possible to issue a transaction cancellation request to the authentication hosts.”); Ex. 1003 ¶ 233.

We additionally do not agree with Patent Owner’s allegation that Horie does not enable the disclosure of paragraph 73. Prelim. Resp. 8–9 n.2. While Petitioner asserts that Horie does not disclose the details regarding a transaction cancellation request (Pet. 18), we note that the issuance of a transaction cancellation request is not part of the claimed invention, and determine that on this record, Petitioner’s argument (or admission) in the Petition regarding the disclosure of Horie is not sufficient to cast doubt on the likelihood of Petitioner’s success before us by removing the presumption of enablement. *See Impax Labs., Inc. v. Aventis Pharm., Inc.*, 545 F.3d 1312, 1316 (Fed. Cir. 2008) (establishing a presumption that an anticipating disclosure in a prior art patent is enabling); *Apple Inc. v. Corephotonics, Ltd.*, 861 Fed. Appx. 443, 449 (Fed. Cir. 2021) (adopting this for AIA trial proceedings).

For these reasons, upon consideration of the preliminary record, we determine that Petitioner has sufficiently shown a likelihood of success in showing claim 1 to be anticipated by Horie.

3. *Analysis of Claims 2–8*

Petitioner argues that claims 2–8 are anticipated by Horie. Pet. 30–38. Patent Owner does not present any additional arguments with respect to these claims.

Claim 2 depends from claim 1 and further specifies that “the notifying step comprises sending an SMS message to the customer.” Ex. 1001, 6:20–21. Petitioner argues that this is disclosed in Horie’s disclosure of notifying a user via a mobile phone, which one of ordinary skill in the art would have understood would have been in the form of an SMS message. Pet. 30 (citing Ex. 1006 ¶¶ 18, 20, 79; Ex. 1003 ¶¶ 235, 237, 238).

With respect to claim 3, dependent from claim 1 and further specifying that “the request is from the group consisting of a customer, an account holder, an authorized person, and an unauthorized person” (Ex. 1001, 6:22–24), Petitioner argues that Horie discloses a request from a customer, account holder, or unauthorized person. Pet. 30–32 (citing Ex. 1006 ¶¶ 4, 6, 81; Ex. 1003 ¶¶ 243–245).

Claim 4 depends from claim 1, and adds an additional requirement that “the request is provided from the group consisting of an ATM, a POS terminal, a telephone and a device for virtual communication.” Ex. 1001, 6:25–27. Petitioner argues that Horie discloses an ATM as a card transaction terminal device. Pet. 32–33 (citing Ex. 1006 ¶¶ 25, 46–48; Ex. 1003 ¶¶ 247, 249, 250).

Claim 5 adds to claim 1 the requirement that “the request is a virtual request provided via the Internet” (Ex. 1001, 6:28–29) and Petitioner argues that this is disclosed in Horie’s request provided via a network that includes a server and sends email, and one of ordinary skill would have understood

this to refer to the Internet. Pet. 33–34 (citing Ex. 1006 ¶ 29; Ex. 1003 ¶ 252).

Claim 6 depends from claim 1 and adds an additional requirement that “the transaction is selected from the group consisting of credit card, debit card, charge card, and ATM.” Ex. 1001, 6:30–32. Petitioner again argues that Horie discloses an ATM as a card transaction terminal device. Pet. 34 (citing Ex. 1006 ¶ 25; Ex. 1003 ¶ 256).

Claim 7 depends from claim 1 and requires that the first transmission channel “is selected from the group consisting of wireless and landline channels.” Ex. 1001, 6:33–35. Petitioner argues that Horie discloses each of these. Pet. 35–36 (citing Ex. 1006 ¶¶ 25, 39, 46–48; Ex. 1003 ¶¶ 260, 262, 263).

Claim 8 depends from claim 1 and further requires that the request be received “at a remote processing facility.” Ex. 1001, 6:36–37. Petitioner argues that Horie discloses several examples of a request received at a remote processing facility located in a different location than the card transaction terminals. Pet. 36–38 (citing Ex. 1006 ¶ 39; Ex. 1003 ¶ 267).

With respect to anticipation of each of claims 2–8, we find Petitioner’s uncontroverted showing of evidence from Horie and expert testimony sufficient for institution.

4. Analysis of Claim 9

With respect to the additional requirement added by claim 9 to claim 1, that the claim 1 steps of notifying and authorizing are performed “substantially concurrently” (Ex. 1001, 6:38–40), Petitioner relies on its arguments with respect to claim 1 and additionally on paragraph 43 of Horie, which notes that “normal card processing and card usage status notification

via email are performed simultaneously.” Pet. 38 (citing Ex. 1006 ¶ 43; Ex. 1003 ¶ 270).

Patent Owner argues that this recitation of Horie relates to Figure 2, which Petitioner argues shows “conventional card payment transaction[s].” Prelim. Resp. 12. Patent Owner contrasts this with “an updated system that can include an e-mail notification” that Patent Owner argues describes Horie’s Figure 3. *Id.* Patent Owner argues that Figure 3 requires that authentication be completed before the notification process begins. *Id.* at 13.

We determine that, on the present record, Petitioner sufficiently shows a likelihood of succeeding in showing claim 9 is anticipated by Horie. As Petitioner argues, Horie describes simultaneous performance of card processing and notification. Ex. 1006 ¶ 43; Ex. 1003 ¶ 270. Additionally, as discussed with respect to claim 1, Petitioner’s citation of Horie’s embodiment that sends notification during the authentication process (described as an alternative to the Figure 3 embodiment) is, on the present record and for the purposes of institution, sufficient to show Horie discloses an embodiment in which authentication is not completed before notification. *See* Pet. 29 (citing Ex. 1006 ¶ 73; Ex. 1003 ¶ 233); *see supra* § II.D.2.c.

E. Obviousness Over Horie

Petitioner additionally argues that each of claims 1–9 are obvious over Horie. Pet. 38–43. Petitioner presents specific arguments only with respect to claim limitation 1d of claim 1 and with respect to claim 2. *Id.* Patent Owner does not present any additional arguments with respect to this ground.

While Petitioner’s argument with respect to claim 1d is presented as an obviousness argument, we do not discern that Petitioner presents any argument distinct from its analysis for anticipation. *Id.* at 39–42. While

Petitioner cites Dr. Akl's testimony to support its arguments regarding what Horie discloses, Petitioner does not discuss Dr. Akl's testimony regarding obviousness or provide any suggestion of what a modification of Horie would be or discuss, e.g., motivation or expectation of success for a modification. *Compare* Pet. 39–42 with Ex. 1003 ¶ 229 (“[The] differences between the channels described in Horie would have suggested to a person of ordinary skill in the art that separate lines of communication could be employed in Horie's system.”). Similarly, Petitioner's arguments with respect to claim 2 do not appear to address obviousness.

III. CONCLUSION

On the present record, and for the purpose of institution, we determine that Petitioner has shown a reasonable likelihood of prevailing in its challenge with respect to at least one of the challenged claims. Therefore, we institute on all ground raised and all challenges in the Petition.

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 1–9 of U.S. Patent 8,783,564 B2 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.

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Patent 8,783,564 B2

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