

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

GOOGLE LLC,
Petitioner

v.

TELCOM VENTURES LLC,
Patent Owner

Patent No. 11,924,743

**PETITION FOR *INTER PARTES* REVIEW
OF U.S. PATENT NO. 11,924,743**

TABLE OF CONTENTS

I.	INTRODUCTION	1
II.	MANDATORY NOTICES	1
III.	PAYMENT OF FEES UNDER 37 C.F.R. §§ 42.15 AND 42.103	3
IV.	GROUND FOR STANDING.....	3
V.	PRECISE RELIEF REQUESTED AND GROUNDS RAISED.....	3
VI.	LEVEL OF ORDINARY SKILL	5
VII.	OVERVIEW OF THE '743 PATENT	5
VIII.	CLAIM CONSTRUCTION	8
IX.	DETAILED EXPLANATION OF GROUNDS.....	9
A.	Ground 1: Barnett, Waters, and White Render Obvious Claims 1-14.....	9
1.	Claim 1	9
2.	Claim 2	36
3.	Claim 3	44
4.	Claim 4: “The method of claim 3, wherein said paying for a product further comprises deducting/withdrawing an amount of money from an account.”	49
5.	Claim 5	49
6.	Claim 6: “The method of claim 4, wherein said using unlicensed frequencies comprises using unlicensed frequencies over a short-range link in a Time Division Duplex operation.”	51
7.	Claim 7	53
8.	Claim 8	55
9.	Claim 9	57
10.	Claim 10	58
11.	Claim 11: “The smartphone of claim 10, wherein said paying for a product further comprises	

	deducting/withdrawing an amount of money from an account.”	60
12.	Claim 12	61
13.	Claim 13: “The smartphone of claim 10, wherein said using unlicensed frequencies comprises using unlicensed frequencies over a short-range link in Time Division Duplex operation.”	61
14.	Claim 14	62
B.	Ground 2: Barnett, Waters, White, and Smith Render Obvious Claims 5 and 12	63
1.	Claim 5	63
2.	Claim 12	70
X.	DISCRETIONARY DENIAL IS NOT APPROPRIATE	70
XI.	CONCLUSION.....	71

LIST OF EXHIBITS

EX1001	U.S. Patent No. 11,924,723 to Karabinis et al. (“the ’743 patent”)
EX1002	Declaration of Sandeep Chatterjee, Ph.D.
EX1003	Curriculum Vitae of Sandeep Chatterjee, Ph.D.
EX1004	Prosecution History of U.S. Patent App. No. 18/489,517
EX1005	U.S. Patent Application Publication No. 2009/0170483 A1 to Barnett et al. (“Barnett”)
EX1006	International Patent Publication No. WO 2006/087503 A1 to Waters et al. (“Waters”)
EX1007	U.S. Patent No. 7,434,723 to White et al. (“White”)
EX1008	International Patent Publication No. WO 2006/094048 A2 to Morrison (“Morrison”)
EX1009	U.S. Patent Application Publication No. 2002/0116345 A1 to Harrison (“Harrison”)
EX1010	U.S. Patent Application Publication No. 2003/0061111 A1 to Dutta et al. (“Dutta”)
EX1011	U.S. Patent Application Publication No. 2008/0140569 A1 to Handel (“Handel”)
EX1012	U.S. Patent Application Publication No. 2009/0070263 A1 to Davis et al. (“Davis”)
EX1013	U.S. Patent Application Publication No. 2010/0145850 A1 to Nagai et al. (“Nagai”)
EX1014- EX1017	RESERVED
EX1018	International Patent Publication No. WO 02/09005 A1 to Smith et al. (“Smith”)

I. INTRODUCTION

Google LLC (“Petitioner”) respectfully requests *inter partes* review of claims 1-14 (“the challenged claims”) of U.S. Patent No. 11,924,743 (“the ’743 patent”) (EX1001) assigned to Telcom Ventures LLC (“Patent Owner”).

II. MANDATORY NOTICES

Real Parties-in-Interest: Pursuant to 37 C.F.R. § 42.8(b)(1), Petitioner identifies Google LLC as the real party-in-interest.¹

Related Matters: The ’743 patent is asserted in *Telcom Ventures LLC v. Samsung Electronics Co., Ltd.*, Case No. 2:24-cv-00691 (E.D. Tex.) and *Telcom Ventures LLC v. Apple Inc.*, Case No. 3:25-cv-05041 (N.D. Cal.).

The ’743 patent is also at issue in *Samsung Electronics America, Inc. v. Telcom Ventures LLC*, IPR2025-00976 (PTAB). Petitioner has had no involvement in any way with this earlier IPR.

The ’743 patent originates from U.S. Patent Application No. 18/489,517, filed on October 18, 2023, which is a continuation of application No. 18/450,517, filed on August 16, 2023, which is a continuation of application No. 17/653,748, filed on

¹ Google LLC is a subsidiary of XXVI Holdings Inc., which is a subsidiary of Alphabet Inc. XXVI Holdings Inc. and Alphabet Inc. are not real parties-in-interest to this proceeding.

March 7, 2022, now Patent No. 11,770,756 (“the ’756 patent”), which is a continuation of application No. 15/929,609, filed on May 12, 2020, now Patent No. 11,304,118, which is a continuation of application No. 16/012,513, filed on June 19, 2018, now Patent No. 10,660,015, which is a division of application No. 15/800,855, filed on November 1, 2017, now Patent No. 10,219,199 (“the ’199 patent”), which is a continuation of application No. 15/251,882, filed on August 30, 2016, now Patent No. 9,832,708 (“the ’708 patent”), which is a continuation of application No. 12/264,711, filed on November 4, 2008, now Patent No. 9,462,411. (EX1001, Cover.)

The ’756, ’199, and ’708 patents, as well as related U.S. Patent Nos. 10,674,432 (“the ’432 patent”), 11,937,172 (“the ’172 patent”), and 12,028,793 (“the ’793 patent”), are all also at issue in *Telcom Ventures LLC v. Samsung Electronics Co., Ltd.*, Case No. 2:24-cv-00691 (E.D. Tex.) and *Telcom Ventures LLC v. Apple Inc.*, Case No. 3:25-cv-05041 (N.D. Cal.).

Additionally, the ’756, ’199, ’708, ’432, ’172, and ’793 patents are at issue in *Samsung Electronics America, Inc. v. Telcom Ventures LLC*, IPR2025-00977 (PTAB); *Samsung Electronics America, Inc. v. Telcom Ventures LLC*, IPR2025-00972 (PTAB); *Samsung Electronics America, Inc. v. Telcom Ventures LLC*, IPR2025-00975 (PTAB); *Samsung Electronics America, Inc. v. Telcom Ventures LLC*, IPR2025-00974 (PTAB); *Samsung Electronics America, Inc. v. Telcom*

Ventures LLC, IPR2025-00957 (PTAB); and *Samsung Electronics America, Inc. v. Telcom Ventures LLC*, IPR2025-00978 (PTAB). Petitioner has had no involvement in any way with those earlier IPRs.

Counsel and Service Information: Lead counsel is Naveen Modi (Reg. No. 46,224). Backup counsel are Daniel Zeilberger (Reg. No. 65,349), Quadeer Ahmed (Reg. No. 60,835), and Alexa Lowman (*pro hac vice* to be filed). Service information is Paul Hastings LLP, 2050 M Street NW, Washington, D.C. 20036, Tel.: 202.551.1700, Fax: 202.551.1705, email: PH-Google-Telcom-IPR@paulhastings.com. Petitioner consents to electronic service.

III. PAYMENT OF FEES UNDER 37 C.F.R. §§ 42.15 AND 42.103

The PTO is authorized to charge any fees due during this proceeding to Deposit Account No. 50-2613.

IV. GROUNDS FOR STANDING

Petitioner certifies under 37 C.F.R. § 42.104(a) that the '743 patent is available for review and Petitioner is not barred or estopped from requesting review on the grounds identified herein.

V. PRECISE RELIEF REQUESTED AND GROUNDS RAISED

Petitioner respectfully requests review of claims 1-14 of the '743 patent and cancellation of these claims as unpatentable. The challenged claims should be found unpatentable on the following grounds:

Ground 1: Claims 1-14 are unpatentable under pre-AIA 35 U.S.C. § 103 as being obvious in view of U.S. Patent Application Publication No. 2009/0170483 A1 to Barnett et al. (“Barnett”) (EX1005), International Patent Publication No. WO 2006/087503 A1 to Waters et al. (“Waters”) (EX1006), and U.S. Patent No. 7,434,723 to White et al. (“White”) (EX1007).

Ground 2: Claims 5 and 12 are unpatentable under pre-AIA 35 U.S.C. § 103 as being obvious in view of Barnett, Waters, White, and International Patent Publication No. WO 02/09005 A1 to Smith et al. (“Smith”) (EX1018).

The earliest possible priority date of the ’743 patent is November 4, 2008.² Barnett published from an application filed December 28, 2007 (EX1005, Cover), and thus qualifies as prior art under at least § 102(e). Waters published on August 24, 2006 from an application filed February 15, 2005, and thus qualifies as prior art under at least §§ 102(a), (b), and (e). White issued on October 14, 2008 from an application filed May 26, 2005, and thus qualifies as prior art under at least §§ 102(a) and (e). Smith published on January 31, 2002 from an application filed on July 23, 2001, and thus qualifies as prior art under at least §§ 102(a), (b), and (e).

² Petitioner does not concede that the ’743 patent is entitled to a November 4, 2008, priority date.

Barnett, Waters, White, and Smith were not considered by the Office during prosecution. (EX1001, Cover; *see also generally* EX1004.)

VI. LEVEL OF ORDINARY SKILL

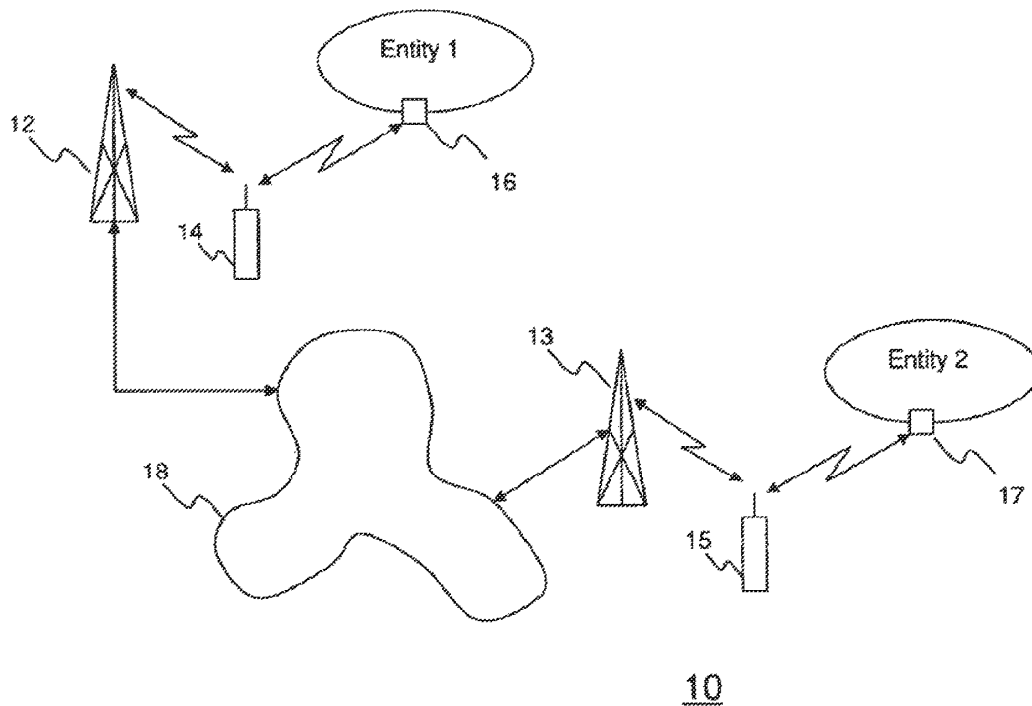
A person of ordinary skill in the art at the time of the alleged invention of the '743 patent ("POSITA") would have had an undergraduate degree in electrical engineering, computer engineering, computer science or a related field along with two years of work experience in the field of mobile communication applications. (EX1002, ¶¶20-21.)³ More education can supplement practical experience and vice versa. (*Id.*)

VII. OVERVIEW OF THE '743 PATENT

The '743 patent describes "[s]ystems/methods of establishing and using a capability at a smartphone to conduct financial transactions." (EX1001, Abstract; EX1002, ¶22.) The '743 patent describes a system containing what it refers to as a first device 14, a second device 15, an entity 1 and entity 2, and a communications system 18, among other components. (EX1001, 8:66-10:35.) The '743 patent explains that the devices 14 and 15 may be mobile devices such as a mobile phone. (*Id.*, 3:16-25.) Entity 1 and entity 2 may be "a person, an animal, a vehicle..., a

³ Petitioner submits the declaration of Dr. Sandeep Chatterjee (EX1002), an expert in the field of the '743 patent. (EX1002, ¶¶1-21; EX1003.)

building..., a product that is for sale, a store that sells one or more products, a check-out counter in a store, a shopping cart that may be used by a customer to carry one or more products selected by the customer for purchase, one or more locations in time and/or space, a geographic area and/or a multi-dimensional region in time and/or space.” (*Id.*, 3:54-62.) The communications system 18 may be, for example, a wireless communications system that wirelessly communicates with the first and second devices. (*Id.*, 12:10-14.)



(*Id.*, FIG. 10.)

The '743 patent broadly describes communication features between these devices and entities. For example, “a method in a system 10 is provided comprising: detecting that a proximity criterion is satisfied between a first device 14, such as a

mobile subscriber device, and Entity 1; and enabling a mode of the first device and/or a mode of a second device 15 responsive to the detecting.” (*Id.*, 9:1-7.) “In one particular embodiment, a mobile subscriber device 14 linked to a communications system 18 via base station 12 can enable a function when the device 14 comes within a proximity of Entity 1.” (*Id.*, 9:11-14; EX1002, ¶23.)

The claims of the ’743 patent focus on one embodiment in which “[t]he function enabled...[is] a financial transaction.” (EX1001, 9:18-19; *see also id.*, claims 1-14.) The ’743 patent explains with respect to a mobile phone used in this financial transaction embodiment that “responsive to sensing a value of a parameter and responsive to determining that the value of the parameter sensed satisfies a criterion, a master-slave relationship is selectively established with a device and an authorization to establish said capability is selectively requested from the device.” (*Id.*) Then, “[r]esponsive to receiving the authorization, the capability to conduct financial transactions by the smartphone is established.” (*Id.*) “[P]rovided the smartphone is proximate to an access point maintained by a vendor and provided that the value of the parameter is sensed and satisfies the criterion, said capability that has been established may be used to conduct a financial transaction and pay for a product.” (*Id.*; EX1002, ¶24)

VIII. CLAIM CONSTRUCTION

For IPR proceedings, the Board applies the claim construction standard set forth in *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005) (*en banc*). See 83 Fed. Reg. 51,340-59 (Oct. 11, 2018). Under *Phillips*, claim terms are typically given their ordinary and customary meanings, as would have been understood by a POSITA, at the time of the invention, having taken into consideration the language of the claims, the specification, and the prosecution history of record. *Phillips*, 415 F.3d at 1313; *see also id.* at 1312-16.

The Board, however, only construes the claims when necessary to resolve the underlying controversy. *Toyota Motor Corp. v. Cellport Sys., Inc.*, IPR2015-00633, Paper No. 11 at 16 (P.T.A.B. Aug. 14, 2015) (citing *Vivid Techs., Inc. v. Am. Sci. & Eng'g, Inc.*, 200 F.3d 795, 803 (Fed. Cir. 1999)). Here, given the correlation between the prior art references and the challenged claims of the '743 patent, the Board need not construe any terms of the challenged claims to resolve the underlying controversy, as any reasonable construction reads on the prior art. (EX1002, ¶46.)⁴

⁴ Petitioner reserves all rights to raise claim construction and other arguments in other venues.

IX. DETAILED EXPLANATION OF GROUNDS

As detailed below, each of the challenged claims are unpatentable. (EX1002, ¶¶47-137.)

A. Ground 1: Barnett, Waters, and White Render Obvious Claims 1-14

1. Claim 1

- i) [1.pre] “A method of establishing a capability at a smartphone to conduct a financial transaction; the method comprising:”

To the extent the preamble is limiting, Barnett discloses the limitations therein. (EX1002, ¶¶48-55; *see also id.*, ¶¶25-30.)

Barnett discloses a “system and method of communicating shopping information between a consumer and a retailer,” including a “system for enabling a consumer to obtain shopping information from a retailer, and the retailer to obtain information from the consumer, using a communication device, such as a mobile phone.” (EX1005, ¶[0001].) Barnett explains that “a consumer may utilize...a portable communications device 14, such as a mobile phone” (“smartphone”) (*id.*, ¶[0011]), which is “adapted to communicate with a Near Field Communication (NFC) device, a wireless network, such as a Wi-Fi system, and a Bluetooth system, as well as a cellular phone system” (*id.*, ¶[0012]). Barnett describes that the “mobile phone 14 combines the functions of a Wi-Fi device, a contact-less credit card, and a cell phone” (*id.*, ¶[0012]), and thus a POSITA would have understood that a

consumer's mobile phone operates as a "smartphone" because it has advanced features beyond the standard calling and texting features of a cellular phone. (EX1002, ¶49.)

Barnett explains that a store may have "stand-alone NFC-enabled devices 34 [which] are used to identify products to NFC-enabled devices." (EX1005, ¶[0023].) As shown in Figure 1 below, a consumer may place their "NFC-enabled mobile phone 14" (in red below) "proximate to the product identifier 34" (in yellow below) so that "information is extracted from the product identifier 34 and transmitted to, and stored within, the NFC-enabled mobile phone 14 in a manner similar to a bar code reader." (*Id.*, ¶[0023].) For example, the consumer may "retrieve and store information" such as "the identity of the product" (*id.*, ¶[0033]), which may further include "the name of the produce and the price of the product, as well as technical information about the product, such as the specifications" (*id.*, ¶[0023]).

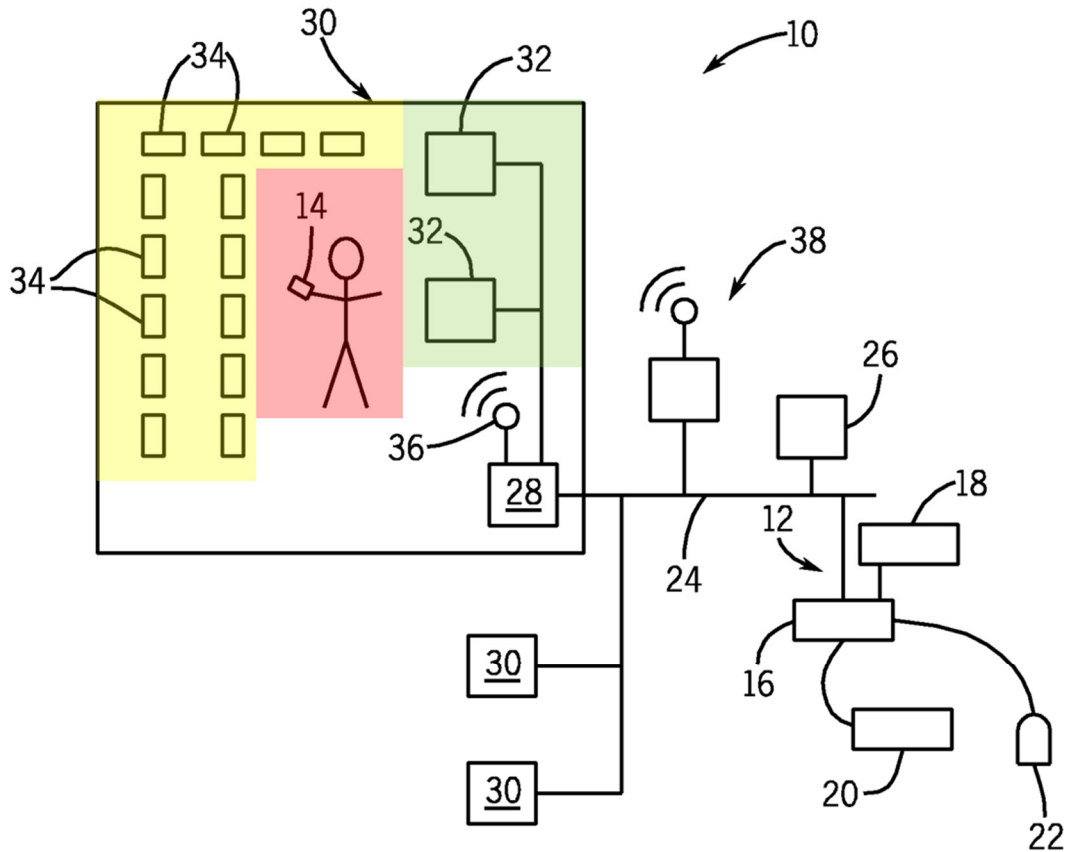


FIG. 1

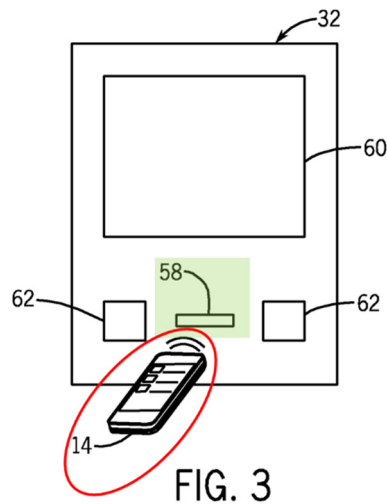
(*Id.*, FIG. 1 (annotated); EX1002, ¶50.)

Barnett also explains that “[w]ithin the store 30 are a series of displays 32 that are connected to the store computing system 28.” (EX1005, ¶[0021].) These “displays 32” (in green above) may be “NFC-enabled displays that can interact with a NFC-enabled mobile phone 14 using device-to-device communication.” (*Id.*) “Alternatively, the displays 32 may be Bluetooth-enabled communications devices”

to communicate with Bluetooth-enabled mobile phones. (*Id.*, ¶[0022]; EX1002, ¶51.)

Barnett explains that the NFC displays 32 have multiple purposes. (EX1002, ¶52.) First, Barnett discloses that after retrieving product identity information from devices 34, a “consumer may then place the mobile phone 14 proximate to a NFC-display 32 which reads the product identity information from the mobile phone 14 and retrieves additional information regarding the product to the consumer.” (EX1005, ¶[0033].) The NFC display 32 may also be used to enable Wi-Fi communication in a consumer’s mobile phone so that the consumer can obtain additional information from the retailer. (*Id.*, ¶¶[0016], [0026], [0035].)

Barnett explains that a display 32, as shown in Figure 3 below, may also “us[e] the NFC interface...to complete the transaction using the cell phone as a credit card, debit card, or electronic purse.” (*Id.*, ¶[0040]; *see also id.*, ¶[0037].) As shown in Figure 3 below, “[t]he NFC-enabled display 32 has an NFC interface 58” (in green) “that is adapted to transmit data between the mobile phone 14 and the display 32.” (*Id.*, ¶[0038].)



(*Id.*, FIG. 3 (annotated); EX1002, ¶53.) Barnett discloses that transmission of data between the consumer’s phone (in red above) and the NFC display 32 via NFC interface 58 (in green above) may occur when devices are within “a short distance, such as a decimeter.” (EX1005, ¶[0013].) The NFC-enabled mobile phone must be brought within a short distance of the NFC-enabled display 32’s NFC interface in order for the phone to enable transmission of data between the phone and NFC display 32, thus establishing the capability at the phone to complete a purchase/transaction at the NFC display 32. (EX1002, ¶54.)

For all of these reasons, and additionally for the reasons discussed below with respect to limitations [1.a]-[1.d], Barnett discloses “[a] method of establishing a capability at a smartphone to conduct a financial transaction.” (EX1002, ¶55.)

- ii) **[1.a] “responsive to sensing a value of a parameter and responsive to determining that the value of the parameter sensed satisfies a criterion, selectively establishing a master-slave relationship, and selectively requesting an authorization to establish said capability; then”**

Barnett in view of Waters and White discloses and/or suggests this limitation.

(EX1002, ¶¶56-83; *see also id.*, ¶¶31-43.)

While Barnett does not expressly disclose “responsive to sensing a value of a parameter and responsive to determining that the value of the parameter sensed satisfies a criterion, selectively establishing a master-slave relationship, and selectively requesting an authorization to establish said capability,” a POSITA would have been motivated and found it obvious to implement such features in the Barnett system/method in view of Waters and White. (EX1002, ¶57.) In particular, as discussed below in Section IX.A.1.ii.(1), a POSITA would have been motivated and found it obvious to modify the Barnett system/method in view of Waters such that the combined system performs “sensing a value of a parameter and...determining that the value of the parameter sensed satisfies a criterion.” (EX1002, ¶57.) And as discussed below in Section IX.A.1.ii.(2), a POSITA would have been motivated and found it obvious to further modify the Barnett-Waters system/method in view of White such that the combined system performs the following bolded/italicized features: “***responsive to*** sensing a value of a parameter and ***responsive to*** determining that the value of the parameter sensed satisfies a

criterion, *selectively establishing a master-slave relationship, and selectively requesting an authorization to establish said capability.*” (EX1002, ¶57.)

(1) **Barnett-Waters Combination**

First, a POSITA would have been motivated to modify the Barnett system/method in view of Waters such that it performs “sensing a value of a parameter and...determining that the value of the parameter sensed satisfies a criterion” in order to enable the NFC capabilities in the user’s phone. (*Id.*, ¶¶58-68.)

Like Barnett, Waters discloses a system/method of performing a financial transaction using an NFC-enabled mobile device. (*Id.*, ¶59.) For example, Waters discloses a “mobile terminal 1” such as a “handheld mobile telephone” (EX1006, 4), which includes a “near field or RFID tag 41” (*id.*, 8). Waters discloses that the near field tag of the mobile terminal may be used to conduct various transactions, such as paying for public transport, making a toll fee payment, or paying for a school lunch. (*Id.*, 1 (“Near field or RFID tags are known. Such tags may be incorporated into smart cards or other devices for use in obtaining entry to buildings or as **electronic tickets for use of public transport or toll fee payment.**”), 11 (“In the second example, a user wishes to use the near field tag 41 of the mobile terminal 1 to **pay for travel by public transport** (for example on the London Underground), where entry barriers are equipped with a suitable near field tag reader.”), 11 (“A similar arrangement could be used, for example, to **enable a school child to pay for their**

lunch using the near field tag 41.”.) Waters discloses that the near field tag is able to “exchange information with a tag reader when the two are brought into close proximity.” (*Id.*, 9.) Thus, Waters is similar to Barnett, which discloses a system/method of purchasing products in a store at an NFC-enabled display/register using an NFC-enabled mobile device. (*See* Section IX.A.1.i.) A POSITA would have therefore been motivated to consider the teachings of Waters when implementing Barnett’s system/method. (EX1002, ¶59.)

Waters additionally discloses that “the mobile telecommunication device is operable to selectively enable the near field communication device.” (EX1006, 4.) Waters explains that “[t]he near field tag 41 may be selectively enabled and disabled in order to reduce the opportunity to obtain information from the near field tag 41 by an unauthorised reader.” (*Id.*, 13.) For example, Waters discloses various types of sensors that can be used to activate the near field/RF tag, such as a light sensor, pressure sensor (in combination with a fingerprint or skin resistance sensor), or heat sensor. (*Id.*, 15-16; EX1002, ¶60.)

Regarding a light sensor, Waters explains that “a photodiode (a sensor that modifies an electric current when exposed to a light source) could be built into the casing of the mobile terminal 1 and act as a switch to activate or deactivate the RF tag 41.” (EX1006, 15.) “The RF tag 41 is controlled by the photo diode so that the RF tag 41 is ***only enabled*** when the mobile terminal 1 is exposed to light,” and is

otherwise disabled (e.g., if the mobile terminal is an opaque case or user's pocket). (*Id.*) Waters discloses that the "photodiode may be sensitive to a particular frequency range—for example visible light, infra red or ultra violet," and "[t]he tag reader may be provided with a light emitter that emits light at this frequency, in order to activate the tag." (*Id.*; EX1002, ¶61.)

Waters discloses that a "pressure sensor on the casing of mobile terminal 1" may "act[] as a switch" instead of the light sensor, where the near field/"RF tag 41 is ***only enabled*** when the user physically presses the pressure sensor," and is otherwise disabled (e.g., when in a case or user's pocket). (EX1006, 15.) Such a "pressure sensor may be combined with [a] fingerprint scanner 45" so that "[t]he combined sensor detects, not only that pressure is applied, but also that an authorized person is pressing the sensor." (*Id.*; *see also id.*, 14; EX1002, ¶62.)

"Alternatively, the pressure sensor could be combined with an electrical resistance meter and used to detect that it is a human hand pressing the pressure sensor, rather than some other object." (EX1006, 15.) For example, Waters explains that "a skin resistance sensor may be provided on the casing of the mobile terminal 1 in dependence of the presence of the pressure sensor described above." (*Id.*, 16.) "The near field tag 41 will ***only be operated*** when an appropriate resistance, capacitance or inductance is detected, indicating that the user's hand is touching the sensor." (*Id.*; EX1002, ¶63.)

“Heat sensors” can similarly be “incorporated in an appropriate position on the casing of the mobile terminal 1” and “configured to detect that the mobile terminal is in a user’s hand by detecting the heat from the hand, and ***only enabling*** the near field tag 41 when heat from the hand is so detected.” (EX1006, 15-16; EX1002, ¶64.)

Accordingly, Waters discloses repeatedly “sensing a value of a parameter” (e.g., the type/frequency of light, a fingerprint/pressure combination, a skin resistance/pressure combination, or heat) and “determining that the value of the parameter sensed satisfies a criterion” (e.g., the light is sustained and of a certain type/frequency, a fingerprint matches a certain user and the pressure is actively being applied, a resistance sensor and pressure sensor combination detects that a human hand is actively pressing the sensor, or heat is actively being applied) and only enabling the near field tag while that value is satisfied. (EX1002, ¶65.)

A POSITA would have been motivated to incorporate such a sensing mechanism, similar to that disclosed by Waters, to selectively enable/disable the NFC tag in Barnett’s device. (*Id.*, ¶66.) Waters explains that the selective enablement/disablement of the near field tag is intended to improve the security of the tag to prevent unauthorized access (e.g., by an unauthorized reader). (EX1006, 9 (“**In order to improve the security of the near field tag**, in the present embodiment, it is proposed to use the SIM 15 of mobile terminal 1 to **control to**

some extent the operation of the near field tag 41....In this embodiment, the authentication of the SIM 15 is used to **protect data held by the memory of the near field tag 41 from unauthorised access.**”), 13 (“**The near field tag 41 may be selectively enabled and disabled in order to reduce the opportunity to obtain information from the near field tag 41 by an unauthorised reader.**”).) A POSITA would have understood the benefit of such a security measure in the context of Barnett’s system/method which involves a user interacting with many NFC readers/displays in the same store. (EX1002, ¶66.) Barnett explains that these NFC readers are largely unmonitored by retail workers, since the goal of the invention is to reduce the number of higher cost human employees in the store. (EX1005, ¶[0043].) A POSITA would have understood that the presence of employees provides a security benefit to a store by deterring theft or other unauthorized access to merchandise and store technology. (EX1002, ¶66.) For example, in a store with more employees, a bad actor may be less likely to install a card skimming device or similar unauthorized NFC reader to gain access to customer credit/debit card information. (*Id.*) A POSITA would have thus recognized the importance of implementing security features at each user’s mobile phone in an environment with fewer employees, so as to reduce the risk of unauthorized access by an unauthorized NFC reader. (*Id.*) Barnett also emphasizes that security is an important feature of mobile phone communication technologies by explaining, for example, the benefits

of authentication mechanisms for accessing wireless internet (EX1005 ¶¶[0005], [0012]) and “secure” Bluetooth technologies (*id.*, ¶[0017]).

A POSITA would have thus recognized that communication security is important to the mobile phone and would have been motivated to implement security improvements to the mobile phone’s NFC technology, e.g., by selectively enabling/disabling the NFC tag to prevent access by an unauthorized reader. (EX1002, ¶67.) Selectively enabling and disabling the NFC tag of a mobile phone would have numerous user experience benefits as well, such as preventing unintended financial transactions or other unintended use of the NFC tag, and helping preserve mobile phone battery by disabling the NFC tag when it is not needed. (*Id.*)

A POSITA would have also had a reasonable expectation of success combining the teachings of Barnett and Waters. (EX1002, ¶68.) As discussed above, both references are in the same field of art. Moreover, Barnett suggests that its system/method is flexible and modifications to the NFC-enabled mobile phone are contemplated. (EX1005, ¶[0044].) A POSITA would have had the skill to implement and reasonable expectation of success in achieving such a modification because it would have involved a combination of known technologies (e.g., known system/method for performing financial transactions using an NFC-enabled mobile phone (Barnett)) according to known methods (e.g., known methods of selectively

enabling and disabling NFC tags in mobile phones for use in financial transactions (Waters)) to yield the predictable result of a modified Barnett-Waters system/method that implements a sensing mechanism in each user's phone to selectively enable and disable the phone's NFC tag such that sensing a value of the parameter and determining that it meets some criterion is required in order to activate the NFC tag used to conduct financial transactions in the store. (EX1002, ¶68.) *KSR Int'l. Co. Teleflex Inc.*, 550 U.S. 398, 416 (2007).

(2) Barnett-Waters-White Combination

Second, a POSITA would have been motivated to further modify the Barnett-Waters system/method in view of White such that it performs the following bolded/italicized features: “*responsive to sensing a value of a parameter and responsive to determining that the value of the parameter sensed satisfies a criterion, selectively establishing a master-slave relationship, and selectively requesting an authorization to establish said capability.*” (EX1002, ¶¶69-83.)

Like Barnett and Waters, White discloses a system/method of using a mobile device to perform a financial transaction at a point-of-sale device. (*Id.*, ¶70.) White describes a “system and method of completing a pending purchase.” (EX1007, Abstract.) “The system and method include one or more communication devices, wherein a first communication device participates in a transaction with a point-of-sale [device].” (*Id.*, 3:21-23.) White discloses that the consumer's device (the first

communications device) may be a mobile phone. (*Id.*, 3:35-36 (“The **first communications device may be a mobile device** such as a wireless handset.”), 4:15-17 (“In the preferred embodiment, the **first communication device 120 is a mobile communication device, such as a mobile telephone** or mobile device.”).) The “point-of-sale (POS) device...records sales and mediates payments for products or services.” (*Id.*, 3:46-56.) For example, “[i]n credit card transactions, the POS device 102 may communicate with a credit card payment system to obtain payment or payment authorization.” (*Id.*, 3:56-58.) “The POS device 102 may mediate payment from an electronic purse, a debit card, or other payment methods.” (*Id.*, 3:58-60.) White explains that “[t]he POS device 102 communicates with the first communication device 120 to provide purchase information and to receive...payment information, such as credit card numbers.” (*Id.*, 3:60-65.) The user’s mobile device (the first communication device) “may include one or more adapters for communicating with the POS device 102,” such as a “contactless chip operable to provide a communication link with a compatible device using contactless communication.” (*Id.*, 5:6-10.) Thus, White is similar to both Barnett and Waters, which both disclose systems/methods of purchasing products in a store at a point-of-sale terminal using a chip-enabled mobile phone (i.e., NFC implemented via a chip/tag in the mobile phone). (*See* Sections IX.A.1.i, IX.A.1.ii.(1); EX1002, ¶70.)

A POSITA would have therefore been motivated to consider the teachings of White when implementing the Barnett-Waters system/method. (EX1002, ¶70.)

White additionally discloses that its system/method may be used for “mobile payment approval.” (EX1007, 1:23-25.) White discloses that the “system 100 for subscriber payment approval” is shown in Figure 1 below and “includes a point-of-sale (POS) device 102” (in green below), “a network 110, a first communication device 120” (in red below), “a second communication device 130” (in blue below), “and a proxy subscriber approval server 140.” (*Id.*, 3:46-50.) Like the first communication device (in red below), the second communication device (in blue below) may be a computer-based entity such as a mobile phone. (*Id.*, 4:11-15 (“The first communication device 120 and **the second communication device 130 may be computer-based entities, such as** personal digital assistants (PDAs), **mobile phones**, personal computers (PC), laptop computers, or traditional wireless or wire-line telephones.”).) Communication between the first and second communication devices occurs “through the network 110” (*id.*, 4:17-19), which may include “the Internet, a telecommunication wired/wireless network, and/or other computer-based networked systems” (*id.*, 4:5-7).

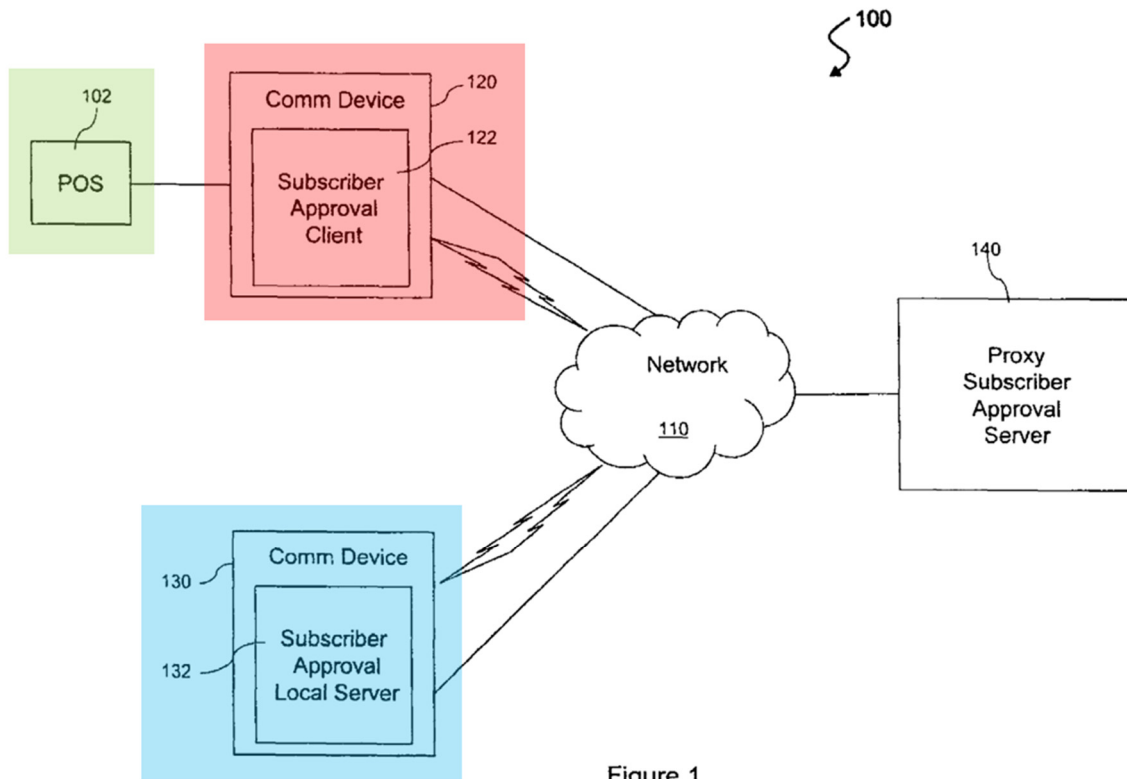


Figure 1

(*Id.*, FIG. 1 (annotated); EX1002, ¶71.)

White discloses that when initiating a transaction, a consumer's first communication device 120 is first "presented to the POS device 102." (EX1007, 4:43-44.) "The POS device 102 communicates purchasing information to the first communication device 120 that may include purchase price, identity of the purchased item, identity of the vendor and/or location of the POS device 102." (*Id.*, 4:44-48.) Upon receiving the purchasing information from the POS terminal/device, the first communication device then initiates a subscriber payment approval process

in which the first device transmits a subscriber approval request (containing the purchasing information) to the second communication device, which is responsible for approving the pending purchase. (*Id.*, 1:41-44, 4:48-52.) The second communication device 130 communicates approval of the transaction via a subscriber approval response sent to the first communication device 120. (*Id.*, 1:45-48, 4:52-54; EX1002, ¶72.)

If the second communication device 130 does not acknowledge the communication of the first communication device 120, the first communication device 120 may either interpret the lack of response as a rejection or may direct the approval request to the proxy subscriber approval server 140, a computer-based entity (e.g., a general purpose computer) which can decide whether to approve the transaction based on certain rules. (EX1007, 3:26-31, 4:59-5:5, 7:4-7; EX1002, ¶73.)

If, however, the transaction is approved (e.g., by the second communication device or the proxy subscriber approval server), the consumer's "first communication device 102 then provides credit card information, debit card information, or electronic purse information to the POS device 102 to complete the payment transaction." (EX1007, 4:55-58.) The POS device then sends that payment information to an authorization entity, such as a financial institution, which returns

a response upon authorization, thereby completing the payment approval process.
(*Id.*, 3:31-39, 3:56-58, 7:40-44; EX1002, ¶74.)

White discloses that the above steps performed by the first communication device 120 may be performed by the first device's "subscriber approval client 122...enabled as a software program, an application, or a function" which "operate[s] to collect pending purchase information from the POS device 102," "includes information for completing the pending purchase," and "may also operate to communicate with the second communication device 130 and/or the proxy subscriber approval server 140 through the network 110." (EX1007, 5:30-44.) Similarly, White discloses that the above steps performed by the second communication device 130 may be performed by the second device's "subscriber approval local server" which "include[s] one or more payment information associated with a credit card number, a debit card number, and/or other monetary account information," as well as "rules established within the subscriber local approval server" which may be "appl[ied]...to approve payment via the subscriber approval client 122." (*Id.*, 6:9-39; EX1002, ¶75.)

White discloses that the above payment approval process is applicable to a variety of different scenarios, such that the second communication device to approve the transaction is selected based on the context. (EX1002, ¶76.) For example, an owner of a credit card or debit card may be required to remotely authorize (e.g., from

a second, remotely located device) transactions performed by an authorized user of the credit card (e.g., using a first device). (EX1007, 3:7-21, 4:38-42, 4:43-58.) In other remote authorization scenarios, “the operation of the system 100 for subscriber payment approval may be employed for parental control of child spending at the POS device 102,” where the parent’s “second communication device 130 may be alerted through voice, video, and/or text messaging” and the “parent may have the option of approving or rejecting the pending purchase.” (*Id.*, 6:9-64.) Alternatively, “a user of the second communication device 130 may include an employer (i.e., a boss or manager of a business) while, the first communication device 120 may be operated by an employee,” where “[t]he employer may in real-time control the pending purchase(s) made on behalf of the employee.” (*Id.*, 6:65-7:3.) Accordingly, White discloses that the second communication device that is sent a subscriber approval request by the first communication device may be selectively chosen based on the card used and the relationship between users (i.e., the request is sent to a remotely located device operated by the owner of a specific card used by the authorized user, or by the parent or boss of that authorized user). (EX1002, ¶76.)

Accordingly, White discloses that the consumer’s phone (first communication device) performs “selectively establishing a master-slave relationship” between the first communication device (“slave”) and the second communication device (“master”), depending on the relationship or card used for the transaction, as

discussed above, and then “selectively requesting an authorization to establish said capability” to conduct a financial transaction by sending a subscriber approval request from the first communication device to the second communication device. (*Id.*, ¶77.) White’s disclosure of a “master-slave relationship” is consistent with that described in the ’743 patent, which describes a “slave” communications device that sends an authorization request to a “master” communications device, which may then authorize the “slave” device to perform the transaction. (EX1001, 5:43-67.)

A POSITA would have been motivated to further modify the Barnett-Waters system/method to incorporate such an authorization feature, similar to that disclosed by White, to send an authorization request to a second communications device in response to the presentation of the consumer’s mobile device in proximity to an NFC-enabled payment terminal. (EX1002, ¶78.) It was well known at the time of the alleged invention that authorization rules could be established such that one individual (or their device) could remotely authorize transactions performed by another individual using a mobile phone. (*Id.*) For example, Waters discloses a parent may set times during which their child is able to use a near field/RF tag enabled device to make payments, e.g., for school lunch. (EX1006, 6; *see also* EX1009, ¶¶[0004], [0022], [0028] (describing transaction approval by the device of an “authorizer”); EX1010, FIG. 1, ¶[0016] (authorizing party may approve e-transactions of a proposing party); EX1011, FIG. 2, Abstract, ¶¶[0011]-[0012] (a

third party authorizer/approver (e.g., parent or legal guardian of a child) may approve the purchaser's e-commerce transactions according to certain authorization rules); EX1012, ¶¶[0027], [0050]-[0059] (describing approval of a transaction/funds transfer by a third party, such as a parent); EX1013, Abstract, ¶¶[0174]-[0200] (parent may use their own mobile phone to authorize charges requested by a child's mobile phone).) Thus, a POSITA would have been motivated to consider various authorization methods in order to allow for purchase approval in the Barnett-Waters system/method. (EX1002, ¶78.)

White discloses that its authorization method is beneficial because unlike other prior art authorization methods, it allows for an owner of a card/payment method to remotely approve transactions on a purchase-by-purchase basis. (EX1007, 3:7-21, 6:9-64, 6:65-7:30.) Thus, White's authorization method would have allowed for enhanced flexibility, while still offering the security benefits of an authorization process that allows a card owner to approve transactions performed by authorized users. (EX1002, ¶79.) White's authorization method would have also improved security by increasing oversight of transactions and reducing the risk of unauthorized or inappropriate transactions, consistent with both Barnett's and Waters' security goals. (*Id.*; EX1005, ¶¶[0005], [0012], [0017]; EX1006, 9, 13.)

A POSITA would have also had a reasonable expectation of success combining the teachings of Barnett, Waters, and White. (EX1002, ¶80.) As

discussed above, all three references are in the same field of art. Moreover, Barnett suggests that its system/method is flexible and modifications to the NFC-enabled mobile phone are contemplated. (EX1005, ¶[0044].) A POSITA would have understood that White's authorization method would have been easily implemented in the Barnett-Waters system/method because Barnett and White use similar technologies. (EX1002, ¶80.) For example, White discloses that the first mobile device may communicate with a second mobile devices via the Internet or similar wireless network communication (EX1007, 4:3-19), and Barnett discloses that the consumer's mobile phone can communicate over a Wi-Fi system (EX1005, ¶¶[0016], [0026], [0035]). In addition, Barnett already discloses configuring Wi-Fi communication in response to a user presenting their mobile phone in proximity to an NFC-enabled display/payment terminal. (*Id.*, ¶[0035].) Thus, a POSITA would have recognized that it would have been straightforward to modify the Barnett-Waters system/method to include a feature similar to that disclosed by White, in which the first mobile device uses the store's Wi-Fi network to communicate with a remote second mobile device in response to the first device being presented in proximity to an NFC-enabled display/payment terminal. (EX1002, ¶80.)

A POSITA would have had the skill to implement and reasonable expectation of success in achieving such a modification because it would have involved a combination of known technologies (e.g., known systems/methods for performing

financial transactions using an NFC-enabled mobile phone (Barnett, Waters)) according to known methods (e.g., known approval mechanisms for authorizing purchases in mobile phone payment systems (White)) to yield the predictable result of a modified Barnett-Waters-White system/method that further implements a process in which, in response to a user presenting their mobile device in proximity to a POS terminal and receiving purchase information in return, an authorization request is sent via Wi-Fi from the mobile device to a second communication device responsible for approving the transaction. (EX1002, ¶81.) *KSR*, 550 U.S. at 416.

Consistent with the above and in such a combined system, for example, a consumer shopping in a store and using an NFC-enabled mobile phone as a credit/debit card to perform a financial transaction (as taught by Barnett) would have first enabled the NFC tag in the phone by providing a sustained input via, e.g., a light sensor, fingerprint/pressure sensor, skin resistance/pressure sensor, or heat sensor (as taught by Waters). (EX1002, ¶82.) For example, if the mobile device had a light sensor, a user would present the device to a light source (e.g., implemented at a NFC-enabled POS terminal); if the device had a combination fingerprint/pressure sensor, the user would hold their fingerprint on a sensor included in the device; if the device had a combination skin resistance/pressure sensor, the user would press a sensor using their hand; and if the device had a heat sensor, the user would hold the device to provide heat to the sensor. (*Id.*) Consistent with Waters' disclosure, the NFC tag

of the mobile phone would only be enabled while the mobile device detects that a value of the sensor parameter satisfies some criterion (e.g., the light is sustained and of a certain type/frequency, a fingerprint matches a certain user and the pressure is actively being applied, a resistance sensor and pressure sensor combination detects that a human hand is actively pressing the sensor, or heat is actively being applied) (“sensing a value of a parameter and...determining that the value of the parameter satisfies a criterion”). (*Id.*) Thus, in the combined system/method, a user would simultaneously (i.e., while providing sensor input) bring the mobile device in proximity of one of the store’s NFC-enabled displays/payment terminals to perform the transaction. (*Id.*) Consistent with White’s disclosure, the POS terminal would return purchase information (e.g., price) to the consumer’s mobile device if both the sensed value of the parameter satisfies some criterion (“responsive to sensing a value of a parameter and responsive to determining that the value of the parameter sensed satisfies a criterion”) and if the consumer’s mobile device is in close enough proximity to the NFC-enabled POS terminal (i.e., if both conditions for NFC activation and transmission are satisfied) (*see infra* Section IX.A.3.i). (EX1002, ¶82.) This would trigger the consumer’s mobile device to begin an authorization/approval process by sending a subscriber approval request to a specific approver’s device (e.g., the owner of the specific card for which the consumer is an authorized user), upon which the approver’s device is able to authorize the

transaction by returning to the consumer's mobile device a subscriber approval response ("selectively establishing a master-slave relationship, and selectively requesting an authorization to establish said capability"). (*Id.*) Upon approval, the consumer's mobile phone may transmit payment information to the NFC-enabled POS terminal to complete the transaction. (*Id.*) Consistent with White's disclosure, the POS terminal sends that payment information to an authorization entity (e.g., financial institution), which returns a response upon authorization, thereby completing the purchasing/approval process. (*Id.*)

Accordingly, the Barnett-Waters-White combination discloses and/or suggests limitation [1.a]. (Ex. 1002, ¶83.)

- iii) **[1.b] "receiving the authorization to establish the capability, responsive to said selectively requesting an authorization, and establishing the capability at the smartphone responsive to said receiving the authorization;"**

The Barnett-Waters-White combination discloses and/or suggests this limitation. (EX1002, ¶84.) As discussed for limitation [1.a], in the Barnett-Waters-White system/method, a consumer's mobile device selectively requests authorization for a transaction based on the card used (e.g., requests authorization from the card owner's device) and sends a subscriber approval request ("selectively requesting an authorization") to that second device. (*See* Section IX.A.1.ii.) As further discussed for limitation [1.a], the approving device may authorize the

transaction by returning a subscriber approval response to the consumer's mobile device ("receiving the authorization to establish the capability, responsive to said selectively requesting an authorization"). (*Id.*) As discussed, this approval provides the consumer's phone with the capability to conduct the financial transaction ("establishing the capability at the smartphone responsive to said receiving the authorization"). (*Id.*)

- iv) **[1.c] "wherein said selectively establishing a master-slave relationship, said selectively requesting an authorization and said receiving the authorization comprises wirelessly transmitting/receiving using a WiFi air interface protocol, an Orthogonal Frequency Division Multiplexing air interface protocol and/or an Orthogonal Frequency Division Multiple Access air interface protocol; and"**

The Barnett-Waters-White combination discloses and/or suggests this limitation. (EX1002, ¶85.) As discussed for limitation [1.a], in the Barnett-Waters-White system/method, a consumer's mobile device is Wi-Fi enabled and establishes an approver-consumer relationship ("wherein said selectively establishing a master-slave relationship"), sends a subscriber approval request to the approver's device (e.g., the card owner's device ("said selectively requesting an authorization"), and receives approval via a subscriber approval response ("said receiving the authorization") by wirelessly transmitting and receiving information over the store's

Wi-Fi network (“comprises wirelessly transmitting/receiving using a WiFi air interface protocol”).⁵ (See Section IX.A.1.ii.)

- v) [1.d] **“wherein the value of the parameter that is sensed comprises a signal, a number, a word, a code, a velocity, an acceleration, a time-of-day, a position, a humidity, a temperature, a height, a level of brightness, a level of darkness, a blood pressure, a heart rate, a blood content, a physiological state and/or a psychological state.”**

The Barnett-Waters-White combination discloses and/or suggests this limitation. (EX1002, ¶86.) As discussed for limitation [1.a], the parameter sensed to activate the NFC tag (“wherein the value of the parameter that is sensed comprises”) may be a light sensor which senses either exposure to light or the presence of a certain frequency of light (“a level of brightness”), a combination fingerprint/pressure sensor which senses that a certain authorized person is pressing the sensor (“a physiological state”), a combination skin resistance/pressure sensor which senses that a human hand is pressing the sensor (“a physiological state”), or a

⁵ This claim limitation recites several options in the alternative. By teaching “wirelessly transmitting/receiving using a WiFi air interface protocol,” the remaining options are not required.

heat sensor that senses heat being applied to the device sensor (e.g., from a hand holding the device) (“a temperature”).⁶ (See Section IX.A.1.ii; EX1002, ¶86.)

2. Claim 2

i) [2.pre] “The method of claim 1, further comprising:”

[2.a] “repeatedly sensing said value of the parameter and repeatedly deciding, based on comparing the value of the parameter to the criterion, whether or not to maintain enabled a first function of the smartphone while maintaining disabled a second function of the smartphone; and”

[2.b] “maintaining enabled said first function while maintaining disabled said second function responsive to deciding that said value of the parameter continues to satisfy the criterion; or”

[2.c] “disabling said first function and enabling said second function responsive to deciding that the value of the parameter no longer satisfies the criterion.”

The Barnett-Waters-White combination discloses and/or suggests these limitations. (EX1002, ¶¶87-96.)

As discussed for limitation [1.a], in the Barnett-Waters-White system/method, a value of a parameter (e.g., the type/frequency of light, a fingerprint/pressure combination, a skin resistance/pressure combination, or heat) is continuously/repeatedly sensed (“repeatedly sensing said value of the parameter”)

⁶ While Petitioner identifies three of the optional parameters as being disclosed in the Barnett-Waters-White combination, only one is required by the claim.

and the NFC capability of the mobile device is ***only enabled*** so long as the value continues to satisfy some criterion (e.g., the light is sustained and of a certain type/frequency, a fingerprint matches a certain user and the pressure is actively being applied, a resistance sensor and pressure sensor combination detects that a human hand is actively pressing the sensor, or heat is actively being applied) (“comparing the value of the parameter to the criterion”). (See Section IX.A.1.ii.(1); see EX1006, 15-16.) Indeed, because Waters explains that the NFC capability is ***only enabled/operated*** when a sensor is actively detecting the light, fingerprint/pressure, skin resistance/pressure, or heat (depending on the sensor implementation), a POSITA would have understood that the phone must continuously/repeatedly sense a value of the parameter (“repeatedly sensing said value of the parameter”) and determine whether the value of the parameter satisfies the criterion (“comparing the value of the parameter to the criterion”) in order to allow the NFC capability to be enabled ***only*** when the sensed value of the parameter actively meets the appropriate criterion. (See, e.g., EX1006, 15 (“the RF tag 41 is ***only enabled*** when the mobile terminal 1 is exposed to light”), 15 (“RF tag 41 is ***only enabled*** when the user physically presses the pressure sensor”), 15 (“[t]he combined sensor detects, not only that pressure is applied, but also that an authorized person is pressing the sensor”), 15 (“configured to detect that the mobile terminal is in a user’s hand by detecting the heat from the hand, and ***only enabling*** the near field tag 41 when heat

from the hand is so detected”), 16 (“The near field tag 41 will ***only be operated*** when an appropriate resistance, capacitance or inductance is detected, indicating that the user’s hand is touching the sensor.”); EX1002, ¶88.)

As discussed, while providing sensor input, a consumer simultaneously brings the mobile phone within proximity of the NFC-enabled POS terminal. (*Id.*) If both the proximity criterion is satisfied (i.e., close enough to the POS terminal) and the sensed value of the device parameter satisfies the parameter criterion, then the consumer’s mobile device activates a transaction approval function (“first function of the smartphone”) (i.e., to get approval for the transaction from a second device). (*Id.*) The sensed parameter value is repeatedly sensed and compared to the parameter criterion (“comparing the value of the parameter to the criterion” (limitation [2.a]) and “deciding that said value of the parameter continues to satisfy the criterion” (limitation [2.b])), and provided the criterion continues to be met (and the mobile device is within proximity of the NFC-enabled POS terminal), the mobile device’s transaction approval function continues to be enabled until the transaction is complete (“repeatedly deciding, based on comparing the value of the parameter to the criterion, whether or not to maintain enabled a first function of the smartphone” (limitation [2.a]) and “maintaining enabled said first function...responsive to deciding that said value of the parameter continues to satisfy the criterion” (limitation [2.b])). (*Id.*; EX1002, ¶89)

As further discussed for limitation [1.a], the NFC capability is maintained so long as the value of the sensor parameter continues to meet the criterion, but the NFC capability is disabled (and thus the connection between the mobile phone and NFC-enabled POS terminal breaks, disabling the phone's ongoing transaction approval function/process ("first function")) if the criterion is no longer satisfied ("disabling said first function...responsive to deciding that the value of the parameter no longer satisfies the criterion"). (*Id.*; EX1002, ¶90)

A POSITA would have further been motivated to implement the Barnett-Waters-White combination in view of Barnett such that while the transaction approval process ("first function") is enabled, some "second function" of the mobile phone stays disabled, and such that the second function is enabled again when the sensed parameter no longer satisfies the criterion (i.e., when the NFC capability, and thus the transaction approval process, is disabled). (EX1002, ¶91.)

Barnett discloses that "the mobile phone 14 may be programmed with a plurality of different credit card numbers" and "to provide a specific credit card number when the mobile phone 14 is used in making purchases in a specific store." (EX1005, ¶[0032].) In particular, "the mobile phone 14 may be programmed to provide a first credit card number when the consumer is in a first store and provide a second credit card number when the consumer is in a second store." (*Id.*) Barnett discloses that "once this information is initially programmed into the mobile phone

14, the configuration of the mobile phone 14 as a credit card is done automatically simply by placing the mobile phone 14 proximate to the NFC-enabled display 32 so that the desired information may be exchanged between the two.” (*Id.*) In other words, the credit card used for a particular transaction is selected at the time of the transaction so that the “consumer does not have to scroll through menus or follow any other time consuming process simply to configure the mobile phone 14 each time they make a purchase.” (*Id.*; EX1002, ¶92.)

It would have been beneficial to implement the Barnett-Waters-White system/method such that when the transaction approval process (“first function of the smartphone”) is enabled, the phone’s function allowing for the selection of one of several credit cards (“second function of the smartphone”) would have been disabled.⁷ (EX1002, ¶93.) Consistent with Barnett’s disclosure, a POSITA would

⁷ These communication and payment “function[s] of the smartphone” (i.e., the transaction approval function (a communication function) and the credit card selection function (a payment function)) are consistent with those described in the ’743 patent, which describes “functions” broadly as encompassing an “ever-increasing suite” of features/tasks, including various communication and payment functions. (EX1001, 1:38-42, 4:38-56:16, 6:17-8:12, 8:13-65 (enabling a “pay” function), 9:14-24.)

have also found it obvious to implement the combined system/method such that the ability to select other credit cards (“second function”) remains disabled for the entire time the mobile phone is engaged in the transaction approval process for a first credit card (“first function”), and similarly, so that the ability to select other credit cards (“second function”) is enabled again when the mobile phone’s transaction approval process associated with a first credit card (“first function”) is disabled (i.e., so that another transaction can be performed, potentially with a different credit card). (*Id.*) Such an implementation would have provided increased security by limiting the potential exposure of credit card information. (*Id.*) Limiting exposure of the other credit cards not currently being used for a transaction would have been beneficial in order to reduce the risk of unauthorized access to that credit card information. (*Id.*) Disabling the ability to select other credit cards when the mobile phone’s NFC capability associated with a first credit card is enabled would have also reduced the risk of accidental charges to a different credit card, and would have streamlined the implementation of the approval process at the consumer’s mobile phone. (*Id.*)

A POSITA would have had the skill to implement and reasonable expectation of success in achieving such a modification because it would have involved a combination of known technologies (e.g., known systems/methods for performing financial transactions using an NFC- or chip-enabled mobile phone (Barnett, Waters, White)) according to known methods (e.g., known methods for selecting certain

credit cards for a transaction (Barnett)) to yield the predictable result of a modified Barnett-Waters-White system/method that disables the credit card selection capability when the mobile phone's transaction approval process associated with a first card is enabled, and enables the credit card selection capability again when the transaction approval process associated with the first card is disabled. (EX1002, ¶94.) *KSR*, 550 U.S. at 416.

Consistent with the above and in such a combined system, for example, a consumer would provide a sensor input to activate the NFC capability and would simultaneously bring the phone in proximity of the NFC-enabled POS terminal to initiate the transaction, thus triggering the transaction approval function of the phone (“first function of the smartphone”). (EX1002, ¶95.) The value of a parameter (e.g., the type/frequency of light, a fingerprint/pressure combination, a skin resistance/pressure combination, or heat) would be repeatedly sensed (“repeatedly sensing said value of the parameter”) and the NFC capability of the mobile device would only be enabled so long as the value continues to satisfy some criterion (e.g., the light is sustained and of a certain type/frequency, a fingerprint matches a certain user and the pressure is actively being applied, a resistance sensor and pressure sensor combination detects that a human hand is actively pressing the sensor, or heat is actively being applied) (“comparing the value of the parameter to the criterion”). (*Id.*) The sensed parameter would be repeatedly sensed and compared to the

parameter criterion, and provided the criterion continues to be met (and the mobile device remains within proximity of the NFC-enabled POS terminal), the mobile device's transaction approval function would remain enabled until the transaction is complete ("repeatedly deciding, based on comparing the value of the parameter to the criterion, whether or not to maintain enabled a first function of the smartphone").

(*Id.*) While the transaction approval function is still enabled (i.e., while the value of the parameter still satisfies the criterion and while the proximity criterion is met), the ability to select another credit card for a transaction would be disabled (i.e., because the transaction approval is in progress) ("while maintaining disabled a second function of the smartphone"). (*Id.*) The transaction approval capability would remain enabled so long as the sensed parameter continues to satisfy the parameter criterion and the mobile device satisfies the proximity criterion, and similarly the ability to select a different credit card would also remain disabled during that time ("maintaining enabled said first function while maintaining disabled said second function responsive to deciding that said value of the parameter continues to satisfy the criterion"). (*Id.*) However, if the sensed parameter no longer satisfies the criterion (i.e., indicating that the transaction approval is no longer taking place), the transaction approval function would end (i.e., be disabled) and the ability to select a different credit card would be enabled again (e.g., so that another transaction may take place) ("disabling said first function and enabling said second

function responsive to deciding that the value of the parameter no longer satisfies the criterion”). (*Id.*)

Accordingly, the Barnett-Waters-White combination discloses and/or suggests the limitations of claim 2. (EX1001, ¶96.)

3. Claim 3

- i) [3.pre] “The method of claim 1, wherein following said establishing the capability at the smartphone, the method further comprises:”

[3.a] “responsive to satisfying a proximity condition and responsive to sensing the value of the parameter and determining that the value of the parameter sensed satisfies the criterion, using the capability to conduct the financial transaction that has been established at the smartphone and conducting the financial transaction by paying for a product;”

The Barnett-Waters-White combination discloses and/or suggests these limitations. (EX1002, ¶97.) As discussed for limitation [1.a], in the Barnett-Waters-White combination, the consumer initiates a transaction by bringing their mobile device within proximity of the NFC-enabled POS terminal (“satisfying a proximity condition”) and providing some sensor input to the phone (that satisfies a specified criterion for a light sensor, fingerprint/pressure sensor, a skin resistance/pressure sensor, or heat sensor) to simultaneously activate the phone’s NFC tag (“sensing the value of the parameter and determining that the value of the parameter sensed satisfies the criterion”). (*See* Section IX.A.1.ii.) If both of these conditions are met

(“responsive to satisfying a proximity condition and responsive to sensing the value of the parameter and determining that the value of the parameter sensed satisfies the criterion”), then the consumer’s mobile phone will request/receive approval from a second device to perform the transaction, and then subsequently use that approval to actually conduct the transaction and complete the purchase (“using the capability to conduct the financial transaction that has been established at the smartphone and conducting the financial transaction by paying for a product”). (*Id.*; EX1002, ¶97)

- ii) **[3.b] “wherein said paying for a product comprises sensing that the proximity condition is satisfied relative to an access point maintained by a vendor at a point of purchase counter, by detecting a short-range signal that is transmitted by the access point, determining that the value of the parameter that is sensed satisfies the criterion and then, responsive to having sensed that the proximity condition is satisfied relative to the access point and having determined that the value of the parameter sensed satisfies the criterion, paying for the product by selectively sending information to at least one device;”**

The Barnett-Waters-White combination discloses and/or suggests this limitation. (EX1002, ¶¶98-100.)

As discussed for limitation [1.a], in the Barnett-Waters-White system/method, paying for a product (“wherein said paying for a product comprises”) requires that the consumer’s NFC-enabled mobile phone be brought within proximity (“sensing that the proximity condition is satisfied”) of the NFC-enabled POS terminal maintained by a retailer in a store (“relative to an access point maintained by a

vendor at a point of purchase counter”). (See Section IX.A.1.ii.) Indeed, as discussed for limitation [1.pre], Barnett discloses that transmission of data between the phone and the NFC-enabled POS terminal occurs only when the two devices are within a short distance (e.g., a decimeter). (EX1005, ¶[0013].) A POSITA would have understood that in the payment context, where the mobile phone sends information via NFC to the NFC-enabled POS terminal (“access the point”), the phone would establish NFC communication by sensing that the POS terminal (“access point”) is emitting a short-range RF signal (“by detecting a short-range signal that is transmitted by the access point”). (See, e.g., EX1005, ¶[0014] (explaining that the mobile phone’s NFC tag may act as a “passive tag, allowing a NFC terminal to read the information stored in the mobile phone 14”); EX1006, 9 (“The [near field tag] reader may emit an RF signal to supply power to the [near field] tag to communicate with it if the tag is ‘passive.’”); EX1002, ¶99.)

In the Barnett-Waters-White system/method, paying for a product also requires that the NFC capability of the mobile phone be enabled, which occurs by sensing a value of a mobile device parameter (e.g., the type/frequency of light, a fingerprint/pressure combination, skin resistance/pressure combination or heat) and determining whether it satisfies a criterion (e.g., the light is sustained and of a certain type/frequency, a fingerprint matches a certain user and the pressure is actively being applied, a resistance sensor and pressure sensor combination detects that a human

hand is actively pressing the sensor, or heat is actively being applied) (“determining that the value of the parameter that is sensed satisfies the criterion”). (See Section IX.A.1.ii.) As further discussed, if both conditions are satisfied (“responsive to having sensed that the proximity condition is satisfied relative to the access point and having determined that the value of the parameter sensed satisfies the criterion”), the consumer’s mobile phone may request/receive approval from a second device to conduct the transaction, and then ultimately conduct the transaction by sending payment information to the POS terminal via NFC (“paying for the product by selectively sending information to at least one device”). (*Id.*; EX1002, ¶100.)

- iii) **[3.c] “wherein said paying for the product by selectively sending information to at least one device comprises selectively and wirelessly transmitting information to the at least one device using unlicensed frequencies; and”**

The Barnett-Waters-White combination discloses and/or suggests this limitation. (EX1002, ¶101.) As an initial matter, the term “unlicensed frequencies” should not be given patentable weight because it is directed to non-functional descriptive material. See, e.g., *Praxair Distribution v. Mallinckrodt Hosp. Prods. IP*, 890 F.3d 1024, 1032 (Fed. Cir. 2018). In any event, transmitting payment information to at least the POS terminal (“wherein said paying for the product by selectively sending information to at least one device”) via NFC would have been wireless and would have used unlicensed frequencies (“comprises selectively and

wirelessly transmitting information to the at least one device using unlicensed frequencies”), as those were standard features of near field communication. (*See, e.g.,* EX1006, 8-9.)

- iv) **[3.d] “wherein said paying for the product by selectively sending information to at least one device is further responsive to said selectively requesting an authorization, said receiving the authorization and said establishing the capability at the smartphone.”**

The Barnett-Waters-White combination discloses and/or suggests this limitation. (EX1002, ¶102.) As discussed for limitation [1.a], the consumer’s mobile phone completes the purchase by sending payment information to at least the NFC-enabled payment terminal (“wherein said paying for the product by selectively sending information to at least one device”) in response to selectively requesting authorization (via a subscriber approval request) from a second device associated with the owner of the credit card, and then receiving authorization via a subscriber approval response, thereby establishing the capability to conduct the transaction at the mobile phone (“further responsive to said selectively requesting an authorization, said receiving the authorization and said establishing the capability at the smartphone”). (*See* Section IX.A.1.ii.)

4. Claim 4: “The method of claim 3, wherein said paying for a product further comprises deducting/withdrawing an amount of money from an account.”

The Barnett-Waters-White combination discloses and/or suggests this limitation. (EX1002, ¶103.) In particular, Barnett explains that the consumer may complete a transaction by using the mobile phone as a debit card, which a POSITA would have understood is used to pay for products by withdrawing money from an account (“wherein said paying for a product further comprises deducting/withdrawing an amount of money from an account”). (EX1005, ¶¶[0013]; EX1002, ¶103.)

5. Claim 5

i) [5.pre] “The method of claim 4,”

[5.a] “wherein said selectively sending information to at least one device comprises selectively sending information to the access point maintained by the vendor at the point of purchase counter and to at least one other device that is predetermined; and”

The Barnett-Waters-White combination discloses and/or suggests these limitations. (EX1002, ¶104.) As discussed for limitation [1.a], a mobile phone sending payment information to the POS terminal (“wherein said selectively sending information to at least one device comprises selectively sending information to the access point maintained by the vendor at the point of purchase counter”) also involves sending that information to a financial institution’s device (“selectively

sending information...to at least one other device that is predetermined”), since the POS terminal forwards the payment information to an authorization entity such as a financial institution. (See Section IX.A.1.ii.) This financial institution device would have corresponded to the issuer of the card used for the transaction, and thus would have been a “predetermined” device. (EX1002, ¶104.)

- ii) **[5.b] “wherein the method further comprises selectively receiving information from the access point maintained by the vendor at the point of purchase counter and from at least one other device that is predetermined.”**

The Barnett-Waters-White combination discloses and/or suggests this limitation. (EX1002, ¶105.) As discussed for limitation [1.a], a consumer’s mobile phone receives information from various devices throughout the purchasing/approval process, including receiving purchase information from the POS terminal (“selectively receiving information from the access point maintained by the vendor at the point of purchase counter”) before the authorization process occurs, as well as receiving a subscriber approval response from a predetermined second device (corresponding to the owner of the chosen credit card) authorizing the transaction (“selectively receiving information...from at least one other device that is predetermined”). (See Section IX.A.1.ii.)

6. Claim 6: “The method of claim 4, wherein said using unlicensed frequencies comprises using unlicensed frequencies over a short-range link in a Time Division Duplex operation.”

The Barnett-Waters-White combination discloses and/or suggests these limitations. (EX1002, ¶¶106-109.)

A POSITA would have further been motivated to implement the Barnett-Waters-White combination in view of Barnett such that the communication between a consumer’s mobile phone and the POS terminal occurs via Bluetooth instead of NFC. (EX1002, ¶107.) Bluetooth “us[es] unlicensed frequencies over a short-range link in a Time Division Duplex operation” as these were standard features of Bluetooth communication. (EX1005, ¶[0017] (“Bluetooth provides a way to connect and exchange information between devices...over a secure, **globally unlicensed short-range radio frequency**.”); EX1008, 48:5-6 (“Bluetooth technology provides the effect of full duplex transmission through the use of a **Time-Division Duplex (TDD) scheme**.”).)⁸

In particular, Barnett explains that a consumer’s mobile phone may also be “adapted to communicate with...a Bluetooth system” in addition to NFC. (EX1005, ¶[0012].) Barnett discloses that instead of the displays 32 (used as POS terminals)

⁸ As noted above for claim limitation [3.c], the term “unlicensed frequencies” should also not receive patentable weight.

being NFC-enabled displays, “[a]lternatively, the displays 32 may be Bluetooth-enabled communications devices” such that “when a Bluetooth-enabled mobile phone is located near the display 32, information is transmitted between the Bluetooth-enabled mobile phone 14 and the display 32.” (*Id.*, ¶[0022]; EX1002, ¶108.) Barnett discloses that Bluetooth is beneficial because it “provide[s] low-rate mesh networking, allowing low-cost devices to form networks within the retail environment.” (EX1005, ¶[0017].) A POSITA would have thus been motivated to consider Bluetooth instead of or in addition to NFC when implementing the communication features between a mobile phone and POS terminal in the Barnett-Waters-White system/method. (EX1002, ¶108.) Bluetooth would have also been beneficial in stores where a longer communication range is desired (e.g., up to 10 meters), or where faster data transfer speeds are desired. (*Id.*)

A POSITA would have also had a reasonable expectation of success in implementing the Barnett-Waters-White system/method in view of Barnett in this manner because it would have involved an implementation that Barnett already suggests is feasible—using Bluetooth instead of NFC to perform transactions using mobile phones at POS terminals. (*Id.*, ¶109.) A POSITA would have had the skill to implement and reasonable expectation of success in achieving such a modification because it would have involved a combination of known technologies (e.g., known systems/methods for performing financial transactions using an NFC- or chip-

enabled mobile phone (Barnett, Waters, White)) according to known methods (e.g., known methods of using Bluetooth instead of NFC for mobile phone transactions at POS terminals (Barnett)) to yield the predictable result of a modified Barnett-Waters-White system/method that further uses Bluetooth (which “us[e]s unlicensed frequencies over a short-range link in a Time Division Duplex operation,” as discussed above) communication instead of NFC. (EX1002, ¶109.) *KSR*, 550 U.S. at 416.

7. Claim 7

- i) [7.pre] “The method of claim 1, wherein prior to said selectively requesting an authorization the method comprises:”

[7.a] “enabling a first function of the smartphone while disabling a second function of the smartphone responsive to sensing the parameter and responsive to determining that the parameter sensed satisfies the criterion; then”

The Barnett-Waters-White combination discloses and/or suggests these limitations. (EX1002, ¶110.) As discussed for limitations [2.pre]-[2.c], in the Barnett-Waters-White system/method, the mobile phone’s transaction approval capability for a given credit card used in a transaction is enabled (“enabling a first function of the smartphone”) and the mobile phone’s capability to select other credit cards is disabled (“while disabling a second function of the smartphone”) in response to the mobile device being in proximity to the NFC-enabled POS terminal and in

response to sensing that a value of a parameter (e.g., the type/frequency of light, a fingerprint/pressure combination, a skin resistance/pressure combination, or heat) satisfies some criterion (e.g., the light is sustained and of a certain type/frequency, a fingerprint matches a certain user and the pressure is actively being applied, a resistance sensor and pressure sensor combination detects that a human hand is actively pressing the sensor, or heat is actively being applied) (“responsive to sensing the parameter and responsive to determining that the parameter sensed satisfies the criterion”). (See Sections IX.A.2.i-iv; EX1002, ¶110.)

- ii) **[7.b] “selectively communicating with a device by using a communications capability of the first function, selectively establishing the master-slave relationship with the device and selectively requesting from the device the authorization to establish the capability for conducting the financial transaction.”**

The Barnett-Waters-White combination discloses and/or suggests these limitations. (EX1002, ¶111.) As discussed for limitation [1.a], in the Barnett-Waters-White system/method, the transaction approval process of the consumer’s mobile device (“first function”) must be enabled in order for a consumer’s mobile phone to selectively communicate with a specific second device (i.e., the credit card owner’s device) (“selectively communicating with a device”) over a Wi-Fi network (“by using a communications capability of the first function”) to seek transaction approval/authorization from that second device. (See Section IX.A.1.ii.) As further discussed for limitation [1.a], the mobile phone’s transaction approval

communication process with the second device also involves selectively establishing an approver-consumer relationship based on the specific credit card used for the transaction (e.g., the approver is the owner of the card) (“selectively establishing the master-slave relationship with the device”), as well as sending a subscriber approval request to the second device in order to seek authorization to conduct the transaction (“selectively requesting from the device the authorization to establish the capability for conducting the financial transaction”). (*Id.*)

8. Claim 8

- i) [8.pre] **“A smartphone that is configured to perform operations in order to establish a capability to conduct a financial transaction; the operations comprising:”**

To the extent the preamble is limiting, Barnett discloses the limitations therein. (EX1002, ¶112.) As discussed for limitation [1.pre], Barnett discloses a mobile phone (“smartphone”) with “smart” features to perform the functions of a Wi-Fi device, a contact-less credit/debt card, and a cell phone. (*See* Section IX.A.1.i.) As further discussed for limitation [1.pre], the phone (“smartphone”) is configured such that, in response to a consumer bringing the phone within a short distance of the NFC interface of the NFC-enabled display 32 (serving as an NFC-enabled payment register), the phone performs operations to enable NFC transmission between the phone and display 32, thus establishing the capability at the phone to complete a purchase/transaction at the NFC display 32 (“configured to

perform operations in order to establish a capability to conduct a financial transaction”). (See Section IX.A.1.i.; EX1002, ¶112.)

ii) [8.a] “responsive to sensing a value of a parameter and responsive to determining that the value of the parameter sensed satisfies a criterion, selectively establishing a master-slave relationship, and selectively requesting an authorization to establish said capability; then”

[8.b] “receiving the authorization to establish the capability, responsive to said selectively requesting an authorization, and establishing the capability at the smartphone responsive to said receiving the authorization;”

[8.c] “wherein said selectively establishing a master-slave relationship, said selectively requesting an authorization and said receiving the authorization comprises wirelessly transmitting/receiving using a WiFi air interface protocol, an Orthogonal Frequency Division Multiplexing air interface protocol and/or an Orthogonal Frequency Division Multiple Access air interface protocol; and”

[8.d] “wherein the value of the parameter that is sensed comprises a signal, a number, a word, a code, a velocity, an acceleration, a time-of-day, a position, a humidity, a temperature, a height, a level of brightness, a level of darkness, a blood pressure, a heart rate, a blood content, a physiological state and/or a psychological state.”

The Barnett-Waters-White combination discloses and/or suggests these limitation for the same reasons as discussed for limitations [1.a]-[1.d]. (EX1002, ¶113; see Sections IX.A.1.ii-v.)

9. Claim 9

- i) **[9.pre] “The smartphone of claim 8, wherein the operations further comprise:”**

[9.a] “repeatedly sensing said value of the parameter and repeatedly deciding, based on comparing the value of the parameter to the criterion, whether or not to maintain enabled a first function of the smartphone while maintaining disabled a second function of the smartphone; and”

[9.b] “maintaining enabled said first function while maintaining disabled said second function responsive to deciding that said value of the parameter continues to satisfy the criterion; or”

[9.c] “disabling said first function and enabling said second function responsive to deciding that the value of the parameter no longer satisfies the criterion.”

The Barnett-Waters-White combination discloses and/or suggests these limitations for the same reasons as discussed for limitations [2.pre]-[2.c]. (EX1002, ¶114; *see* Sections IX.A.2.i.)

10. Claim 10

- i) [10.pre] “The smartphone of claim 8, wherein following said establishing the capability at the smartphone, the operations further comprise:”

[10.a] “responsive to satisfying a proximity condition and responsive to sensing the value of the parameter and determining that the value of the parameter sensed satisfies the criterion, using the capability that has been established at the smartphone to conduct the financial transaction and conducting the financial transaction by paying for a product;”

[10.b] “wherein said paying for a product comprises sensing that the proximity condition is satisfied relative to an access point maintained by a vendor at a point of purchase counter, by detecting a short-range signal that is transmitted by the access point, determining that the value of the parameter that is sensed satisfies the criterion and then, responsive to having sensed that the proximity condition is satisfied relative to the access point and having determined that the value of the parameter sensed satisfies the criterion, paying for said product by selectively sending information to at least one device;”

The Barnett-Waters-White combination discloses and/or suggests these limitations for the same reasons as discussed for limitations [3.pre]-[3.b]. (EX1002, ¶115; *see* Sections IX.A.3.i-ii.)

ii) [10.c] “wherein said selectively sending information to at least one device comprises selectively and wirelessly transmitting the information to the at least one device using unlicensed frequencies;”

[10.d] “wherein said paying for the product by selectively sending information to at least one device comprises selectively and wirelessly transmitting information to the at least one device using unlicensed frequencies; and”

The Barnett-Waters-White combination discloses and/or suggests this limitation. (EX1002, ¶116.) As discussed for limitation [3.c], a POSITA would have understood that transmitting payment information to at least the POS terminal (“wherein said selectively sending information to at least one device”) via NFC would have been wireless and would have used unlicensed frequencies (“comprises selectively and wirelessly transmitting the information to the at least one device using unlicensed frequencies”). (See Section IX.A.3.iii; EX1006, 8-9.) As further discussed for limitation [3.c], this payment information is transmitted to the POS terminal as part of paying for the product, and thus the Barnett-Waters-White combination also discloses and/or suggests “wherein said paying for the product by selectively sending information to at least one device comprises selectively and wirelessly transmitting information to the at least one device using unlicensed frequencies.” (See Section IX.A.3.iii; EX1002, ¶116.)

- iii) **[10.e] “wherein said paying for the product by selectively sending information to at least one device is further responsive to said selectively requesting an authorization, said receiving the authorization and said establishing the capability at the smartphone.”**

The Barnett-Waters-White combination discloses and/or suggests this limitation for the same reasons as discussed for limitation [3.d]. (EX1002, ¶117; *see* Section IX.A.3.iv.)

- 11. Claim 11: “The smartphone of claim 10, wherein said paying for a product further comprises deducting/withdrawing an amount of money from an account.”**

The Barnett-Waters-White combination discloses and/or suggests this limitation for the same reasons as discussed for claim 4. (EX1002, ¶118; Section IX.A.4.)

12. Claim 12

i) [12.pre] “The smartphone of claim 11,”

[12.a] “wherein said selectively sending information to at least one device comprises selectively sending information to the access point maintained by the vendor at the point of purchase counter and to at least one other device that is predetermined; and”

[12.b] “wherein the operations further comprise selectively receiving information from the access point maintained by the vendor at the point of purchase counter and from at least one other device that is predetermined.”

The Barnett-Waters-White combination discloses and/or suggests these limitations for the same reasons as discussed for limitations [5.pre]-[5.b]. (EX1002, ¶119; *see* Sections IX.A.5.i-ii.)

13. Claim 13: “The smartphone of claim 10, wherein said using unlicensed frequencies comprises using unlicensed frequencies over a short-range link in Time Division Duplex operation.”

The Barnett-Waters-White combination discloses and/or suggests this limitation for the same reasons as discussed for claim 6. (EX1002, ¶120; Section IX.A.6.)

14. Claim 14

- i) [14.pre] “The smartphone of claim 8, wherein prior to said selectively requesting an authorization the operations comprise:”

[14.a] “enabling a first function of the smartphone while disabling a second function of the smartphone responsive to sensing the parameter and responsive to determining that the parameter sensed satisfies the criterion; then”

[14.b] “selectively communicating with a device by using a communications capability of the first function, selectively establishing the master-slave relationship with the device and selectively requesting from the device the authorization to establish the capability for conducting the financial transaction.”

The Barnett-Waters-White combination discloses and/or suggests these limitations for the same reasons as discussed for limitations [7.pre]-[7.b]. (EX1002, ¶121; *see* Sections IX.A.7.i-ii.)

B. Ground 2: Barnett, Waters, White, and Smith Render Obvious Claims 5 and 12

1. Claim 5

i) [5.pre] “The method of claim 4,”

[5.a] “wherein said selectively sending information to at least one device comprises selectively sending information to the access point maintained by the vendor at the point of purchase counter and to at least one other device that is predetermined; and”

The Barnett-Waters-White combination discloses and/or suggests this limitation for the same reasons as discussed for Ground 1, limitations [5.pre]-[5.a]. (EX1002, ¶122; *see* Section IX.A.5.i.)

ii) [5.b] “wherein the method further comprises selectively receiving information from the access point maintained by the vendor at the point of purchase counter and from at least one other device that is predetermined.”

Barnett in view of Waters, White, and Smith discloses and/or suggests this limitation. (EX1002, ¶¶123-135; *see also id.*, ¶¶44-45.)

As discussed for Ground 1, limitation [5.b], the Barnett-Waters-White combination discloses and/or suggests this limitation because the consumer’s phone receives purchase information from the POS terminal (“selectively receiving information from the access point maintained by the vendor at the point of purchase counter”) before the authorization process occurs, and receives a subscriber approval response from a predetermined second device (corresponding to the owner of the

chosen credit card) authorizing the transaction (“selectively receiving information...from at least one other device that is predetermined”). (See Section IX.A.5.ii; EX1002, ¶124.)

To the extent this limitation is found to require that the “selectively receiving information from the access point maintained by the vendor at the point of purchase counter and from at least one other device that is predetermined” occurs after payment is complete, the Barnett-Waters-White combination further in view of Smith discloses and/or suggests this limitation. (EX1002, ¶125.)

As discussed for limitation [1.a], White discloses that after the consumer’s mobile phone sends payment information to the POS device, the POS device sends the payment information to an authorization entity (e.g., a device of a predetermined financial institution), which returns a response upon authorization to complete the payment approval process. (Section IX.A.1.ii.(2); EX1007, 3:31-39, 3:56-58, 7:40-44.) However, White does not disclose what the authorization response is used for, or which devices receive the response. A POSITA would have thus had good reason to consider Smith’s implementation, which as discussed below, discloses that the response returned by the authorization entity is used by the point-of-sale terminal to generate and transmit a receipt to the consumer’s phone. (EX1002, ¶126.)

Like Barnett, Waters, and White, Smith discloses a system/method of using a mobile device to perform a financial transaction at a point-of-sale device. (*Id.*,

¶127.) Smith relates to “[e]lectronic transactions involving the transfer of money,” including those involving “[g]oods and services...purchased...using credit or debit accounts with electronic authorization.” (EX1018, 1:17-20.) Smith describes electronic transactions occurring between a “purchaser device” (e.g., a “wireless purchasing device (WPD)”) and a “vendor device at a point-of-sale.” (*Id.*, 4:5-21.) The wireless purchaser device “may take the form of a personal digital assistant (PDA), a wireless phone or some other wireless communication device.” (*Id.*, 4:19-21.) Smith explains that the wireless purchaser device and the vendor point-of-sale device may operate in a wireless system, where communication between the two devices may occur through various short-range wireless networking technologies. (*Id.*, 4:22-26 (“Alternate scenarios include purchasing an item using a **wireless point-of-sale system**. With this transaction, receipt is transferred from the vendor to the wireless point-of-sale device over a **wireless system** such as Bluetooth® or IrDA connection. Under this scenario no direct Internet connection is required as the **information is transferred directly over a wireless connection over the WPD and the vendor.**”), 6:12-20, 6:30-7:6.) Thus, Smith is similar to Barnett, Waters, and White, which also disclose systems/methods of purchasing products at a point-of-sale terminal using short-range wireless communication technologies (e.g., NFC). (See Sections IX.A.1.i, IX.A.1.ii.(1)-(2); EX1002, ¶127.) A POSITA would have

therefore been motivated to consider the teachings of Smith when implementing the Barnett-Waters-White system/method. (EX1002, ¶127.)

Smith additionally discloses that its system/method allows for the vendor point-of-sale device to transmit electronic receipts to the purchaser device after a transaction is authorized and completed. (*Id.*, ¶128.) Smith explains that “[t]ransactions involving a credit or debit account require authorization from the organization who issues the card,” where “authorization is generally obtained at the point-of-sale by a vendor through electronic communications channels.” (EX1018, 1:26-28.) Smith discloses that purchase/account information is transmitted to a card issuer or authorization provider, and the vendor may in return receive an authorization code if the transaction is successful (i.e., if the account has sufficient credit/funds to cover the transaction). (*Id.*, 1:28-34, 2:2-5, 9:4-30.)

Following authorization by the card issuer or authorization processor, Smith discloses that “an electronic receipt will be generated by a vendor device at a point-of-sale.” (*Id.*, 4:5-6.) “When a transaction takes place, an electronic receipt may be transmitted from the vendor device to a purchaser device where the receipt may be stored for further processing within the device or for further transmission to other devices and systems.” (*Id.*, 4:6-8; *see also id.*, 4:15-17.) Smith explains that the receipt is transmitted from the point-of-sale device to the purchaser device using the short-range wireless connection. (*Id.*, 4:23-24, 6:16-17, 7:6-8; EX1002, ¶129.)

Smith discloses that the receipt generated at the point-of-sale device may include “authorization information,” as well as other “purchase transaction information including, but not limited to, total purchase price, vendor ID, purchaser ID, item descriptions, itemized pricing, purchase date, purchase time, discount information, creditor information, ..., receipt management information and other transaction information.” (*Id.*, 7:34-8:3; *see also id.*, 3:33-4:2.) Smith also discloses that the purchaser device may “transfer...receipt information...to [a] secondary computing device 30 for further processing, storage, archiving and other functions.” (*Id.*, 8:12-14.) The secondary computing device 30 may be a “web server 42” that can “compile[] receipt information including itemized and categorized purchase and budget information” and later “transmit compiled information 48 back to purchaser device 2 for display and reference.” (*Id.*, 8:15-23; *see also id.*, 7:10-23; EX1002, ¶130.)

Thus, Smith discloses that after a purchase is completed, a consumer’s phone may receive a receipt from the vendor point-of-sale device used in the transaction (“selectively receiving information from the access point maintained by the vendor at the point of purchase counter”), where the receipt received by the consumer’s phone may also include authorization information from an authorization entity/device (“selectively receiving information...from at least one other device that is predetermined”). (EX1002, ¶131.) In addition, the consumer’s phone may

also receive compiled receipt information from a secondary computing device (“selectively receiving information...from at least one other device that is predetermined”). (*Id.*)

A POSITA would have been motivated to modify the Barnett-Waters-White combination to use the response returned by the authorization entity to provide a receipt, similar to that disclosed by Smith, so that after completing a transaction, a consumer’s phone may receive the receipt for the transaction, as well as compiled information relating to multiple transactions. (*Id.*, ¶132.) Providing a receipt to a consumer would have offered numerous benefits, including providing proof of purchase, the amount of the purchase, and a record of the transaction for tracking purposes, as well as providing a means for consumers to later make a return or exchange of the purchased goods. (*Id.*)

In addition, allowing a consumer to later retrieve compiled receipt information from a secondary computing device (e.g., web server), similar to that disclosed by Smith, would have had organizational and efficiency benefits as well, as it would have allowed a user to more effectively track purchases and manage/budget their finances. (*Id.*, ¶133.) Indeed, Smith discloses that “[w]eb server 42 may further provide banking, automated bill payment, tax preparation and other financial services in connection with receipt information management.” (EX1018, 8:18-20.) These financial planning and management tasks would have been enhanced by the

ability for a consumer's phone to receive receipt information, including individual receipts from a point-of-sale terminal and compiled receipts from a secondary computing device/server. (EX1002, ¶133.)

A POSITA would have also had a reasonable expectation of success combining the teachings of Barnett, Waters, White, and Smith. (EX1002, ¶134.) As discussed above, both references are in the same field of art. Moreover, Barnett suggests that its system/method is flexible and modifications to the NFC-enabled mobile phone are contemplated. (EX1005, ¶[0044].) Smith similarly discloses that its receipt feature can be adapted to a variety of short-range wireless communication methods. (EX1018, 4:22-26, 6:12-20, 6:30-7:6.) Thus, it would have been straightforward to modify the NFC-based system of the Barnett-Waters-White combination to include a receipt feature similar to that disclosed by Smith. (EX1002, ¶134.)

A POSITA would have had the skill to implement and reasonable expectation of success in achieving such a modification because it would have involved a combination of known technologies (e.g., known system/method for performing financial transactions using an NFC-enabled mobile phone (Barnett, Waters, and White)) according to known methods (e.g., known methods of transmitting receipt information from a POS terminal and secondary computing device (Smith)) to yield the predictable result of a modified Barnett-Waters-White-Smith system/method

that implements a receipt feature in which a user's phone may receive receipt information (including authorization information from an authorization entity) from a POS terminal, as well as compiled receipt information from a secondary computing device/server. (EX1002, ¶135.) *KSR*, 550 U.S. at 416.

2. Claim 12

i) [12.pre] “The smartphone of claim 11,”

[12.a] “wherein said selectively sending information to at least one device comprises selectively sending information to the access point maintained by the vendor at the point of purchase counter and to at least one other device that is predetermined; and”

The Barnett-Waters-White combination discloses and/or suggests this limitation for the same reasons as discussed for Ground 1, limitations [5.pre]-[5.a]. (EX1002, ¶136; *see* Section IX.A.5.i.)

ii) [12.b] “wherein the operations further comprise selectively receiving information from the access point maintained by the vendor at the point of purchase counter and from at least one other device that is predetermined.”

The Barnett-Waters-White-Smith combination discloses and/or suggests this limitation for the same reasons as discussed for Ground 2, limitation [5.b]. (EX1002, ¶137; *see* Section IX.B.1.ii.)

X. DISCRETIONARY DENIAL IS NOT APPROPRIATE

In view of the Patent Office's interim process regarding discretionary denial, Petitioner will substantively address this issue during discretionary denial briefing.

XI. CONCLUSION

Petitioner requests institution of IPR for claims 1-14 of the '743 patent based on the grounds specified in this petition.

Respectfully submitted,

Dated: July 25, 2025

By: /Naveen Modi/
Naveen Modi (Reg. No. 46,224)
Counsel for Petitioner

CERTIFICATE OF COMPLIANCE

Pursuant to 37 C.F.R. § 42.24(d), the undersigned certifies that the foregoing
Petition for *Inter Partes* Review of U.S. Patent No. 11,924,743 contains, as
measured by the word-processing system used to prepare this paper, 13,958 words.
This word count does not include the items excluded by 37 C.F.R. § 42.24 as not
counting towards the word limit.

Respectfully submitted,

Dated: July 25, 2025

By: /Naveen Modi/
Naveen Modi (Reg. No. 46,224)
Counsel for Petitioner

CERTIFICATE OF SERVICE

I hereby certify that on July 25, 2025, I caused a true and correct copy of the foregoing Petition for *Inter Partes* Review of U.S. Patent No. 11,924,743 and supporting exhibits to be served via express mail on the Patent Owner at the following correspondence address of record as listed on Patent Center:

Carlson, Caspers, Vandenburg & Lindquist, P.A.
225 S. Sixth St.
Ste. 4200
Minneapolis, MN 55402
United States

By: /Naveen Modi/
Naveen Modi (Reg. No. 46,224)