

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

ASKELADDEN LLC,
Petitioner,

v.

PURPLE LEAF, LLC,
Patent Owner.

Case IPR2016-01722
Patent 8,744,963 B1

Before NEIL T. POWELL, BART A. GERSTENBLITH, and
JAMES A. TARTAL, *Administrative Patent Judges*.

GERSTENBLITH, *Administrative Patent Judge*.

FINAL WRITTEN DECISION
35 U.S.C. § 318(a); 37 C.F.R. § 42.73

I. INTRODUCTION

A. Background

Askeladden LLC (“Petitioner”) filed a Petition (Paper 1, “Pet.”) requesting institution of *inter partes* review of claims 1–17 of U.S. Patent No. 8,744,963 B1 (Ex. 1001, “the ’963 patent”). Purple Leaf, LLC (“Patent Owner”) did not file a Preliminary Response. We instituted this trial pursuant to 35 U.S.C. § 314, finding that Petitioner established a reasonable likelihood that it would prevail in showing the unpatentability of claims 1–17 of the ’963 patent. Paper 8 (“Inst. Dec.”).

The Scheduling Order issued in this case set the due date for Patent Owner’s Response as June 7, 2017. Paper 9, 6. Patent Owner repeatedly sought and received extensions of time in which to file the Response, the last extension resulting in a due date of July 21, 2017. *See* Papers 15, 18, 24. Patent Owner did not file a Response; rather, on Saturday, July 22, 2017, we received an email requesting authorization to file a motion to stay. Paper 24, 2. We denied said request in a responsive email and explained our reasoning in a Decision issued on September 11, 2017. *Id.* Additionally, we vacated the oral argument scheduled for December 14, 2017, because neither party requested oral argument by the November 21, 2017, deadline. Paper 25. Accordingly, any argument for patentability is deemed waived because Patent Owner did not file a Patent Owner Response. Paper 9, 3 (“Patent Owner is cautioned that any arguments for patentability not raised in the response will be deemed waived.”).

We have jurisdiction under 35 U.S.C. § 6(c). This Decision is a final written decision under 35 U.S.C. § 318(a) as to the patentability of the challenged claims. After considering the full record before us, we determine

that Petitioner has demonstrated, by a preponderance of the evidence, that claims 1–17 of the '963 patent are unpatentable.

B. Related Proceedings

Petitioner indicates that the '963 patent was challenged previously in CBM2015-00052, which was terminated prior to any final written decision. Pet. 1. Additionally, Petitioner challenges the patentability of claims 1–11 of U.S. Patent No. 8,527,407 B1 (“the '407 patent”) in IPR2016-01720 and IPR2016-01721. *Id.* The '963 patent issued from a continuation of the application issuing as the '407 patent. *Id.*

Patent Owner represents that the '963 patent has not been the subject of any litigation. Paper 6, 2.

C. Real Parties in Interest

Petitioner identifies “Askeladden LLC” and “The Clearing House Payments Company LLC” as the sole real party in interest. Paper 26, 2. Patent Owner identifies itself, “Purple Leaf LLC,” as the sole real party in interest. Paper 6, 2.

D. The References

Petitioner relies on the following references:

U.S. Patent No. 7,848,980 B2, issued December 7, 2010 (Ex. 1003, “Carlson”);

U.S. Patent No. 5,754,655, issued May 19, 1998 (Ex. 1004, “Hughes”);

U.S. Patent No. 5,327,144, issued July 5, 1994 (Ex. 1005, “Stilp”);
International Application Publication No. WO 98/09260, published March 5, 1998 (Ex. 1006, “Adcock”); and

Specification of the Bluetooth System, Version 2.0 + EDR (2004)
(Ex. 1007, “Bluetooth 2.0”).

E. The Instituted Grounds of Unpatentability

We instituted this proceeding based on the following grounds of unpatentability:

Reference(s)	Basis	Claims challenged
Carlson and Stilp	§ 103(a)	1–11
Carlson and Bluetooth 2.0	§ 103(a)	1–11
Hughes	§ 102(b)	12–17
Hughes and Stilp	§ 103(a)	1–11
Hughes and Adcock	§ 103(a)	1–11

Petitioner supports its challenge with a Declaration by Peter Alexander, Ph.D., dated September 1, 2016 (Ex. 1002).

F. The '963 Patent

The '963 patent is directed to a “method for transferring an amount to be paid,” including “searching for available wireless devices and selecting a payee via input provided through one of the available wireless devices.” Ex. 1001, Abst.; *see id.* at 5:38–46. In particular, the '963 patent explains that the processes for paying, *inter alia*, citations, tickets, and utility bills are “very cumbersome.” *See, e.g., id.* at 1:60, 2:6, 2:24–25, 2:38–39, 2:53. Thus, the '963 patent teaches a “simpler and more efficient way to pay” a citation, for example, “using the Internet.” *Id.* at 2:61–63.

G. Illustrative Claims

Claims 1 and 12 are the only independent claims challenged in this proceeding. Claims 2–11 depend, directly or indirectly, from claim 1, and

claims 13–17 depend directly from claim 12. Claim 1 is illustrative of the claimed subject matter and is reproduced below:

1. A method for transferring an amount to be paid, comprising:
 - searching for available wireless computing devices;
 - selecting a payee via input provided through one of the available wireless computing devices;
 - selecting a payment option for transferring a payment amount to the payee;
 - entering the payment amount via the wireless computing device;
 - authorizing payment instructions to the payee through direct communication with an entity maintaining an account of a payor, the authorizing comprising associating the payment amount with payment remittance information arranged within a computer readable data structure, the payment remittance information further comprises a structured remittance data, wherein at least part of the payment remittance information is kept hidden from the payee; and
 - receiving confirmation that the payment amount was received by the payee, wherein each method operation is executed through a processor.

Ex. 1001, 18:36–56.

II. CLAIM CONSTRUCTION

Neither party proposes that we expressly construe any claim terms, and we determine that none of the claims terms require an express construction to resolve the issues before us. *See Vivid Techs., Inc. v. Am. Sci. & Eng'g, Inc.*, 200 F.3d 795, 803 (Fed. Cir. 1999).

III. ANALYSIS

A. *Level of Ordinary Skill in the Art*

Petitioner contends that a person of ordinary skill in the art would have had either: “(i) a Bachelor-of-Science degree in Electrical Engineering,

Computer Science, or Computer Engineering, or equivalent, and two (2) years of prior experience in e-commerce, or (ii) a post-graduate degree in Electrical Engineering, Computer Science, or Computer Engineering, or equivalent.” Pet. 6 (citing Ex. 2002 ¶¶ 21–25).

Because it is consistent with the level of ordinary skill in the art reflected by the prior art of record, *see Okajima v. Bourdeau*, 261 F.3d 1350, 1355 (Fed. Cir. 2001); *In re GPAC Inc.*, 57 F.3d 1573, 1579 (Fed. Cir. 1995); *In re Oelrich*, 579 F.2d 86, 91 (CCPA 1978), we adopt Petitioner’s unopposed position as to the level of ordinary skill in the art.

B. Obviousness over Carlson and Stilp

The U.S. Supreme Court set forth the framework for applying the statutory language of 35 U.S.C. § 103 in *Graham v. John Deere Co. of Kansas City*, 383 U.S. 1, 17–18 (1966):

Under § 103, the scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved. Against this background, the obviousness or nonobviousness of the subject matter is determined. Such secondary considerations as commercial success, long felt but unsolved needs, failure of others, etc., might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented.

As explained by the Supreme Court in *KSR Int’l Co. v. Teleflex Inc.*:

Often, it will be necessary for a court to look to interrelated teachings of multiple patents; the effects of demands known to the design community or present in the marketplace; and the background knowledge possessed by a person having ordinary skill in the art, all in order to determine whether there was an apparent reason to combine the known elements in the fashion claimed by the patent at issue. To facilitate review, this analysis should be made explicit.

550 U.S. 398, 418 (2007) (citing *In re Kahn*, 441 F.3d 977, 988 (Fed. Cir. 2006) (“[R]ejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with rational underpinning to support the legal conclusion of obviousness.”)).

Petitioner contends that the combination of Carlson and Stilp would have rendered the subject matter of claims 1–11 obvious to one of ordinary skill in the art at the time of the invention. Pet. 8–20.

1. *Carlson*

Carlson is directed to methods and systems “for allowing financial transactions to be conducted using mobile phones.” Ex. 1003, Abst.; *see id.* at 1:36–38. “Embodiments of the invention are directed to making person-to-person (P2P) and/or person-to-business (P2B) payments, using mobile phones.” *Id.* at 2:31–33. Additionally, Carlson teaches that payees “are identified by unique aliases, which are maintained in a database.” *Id.* at Abst. Further, Carlson discloses that “Bluetooth™ . . . can be used to exchange data between the phone 304 and a payment processing network 26 or it can be used to exchange data between the phone 304 and an access device (e.g., a POS [(point of sale)] terminal).” *Id.* at 4:56–62.

2. *Stilp*

Stilp is directed to “the field of mobile cellular telephone systems . . . and more particularly . . . to a system for automatically locating mobile cellular telephones operating within a prescribed geographic area.” Ex. 1005, 1:5–10. Stilp explains, as part of registering a cellular telephone with a cellular system, that when a cellular telephone is first turned on, “it

scans all forward^[1] control channels, listening for the channel with the strongest signal. The telephone then selects the forward control channel with the strongest signal” *Id.* at 2:44–47.

3. Discussion

In support of its challenge, Petitioner provides an analysis of each reference, including a claim chart and detailed discussion explaining how the references meet each limitation of the challenged claims. Pet. 8–20.

Petitioner relies upon Carlson as teaching most of the claim limitations, but relies upon Stilp as teaching the “searching for available wireless computing devices,” limitation of claim 1. *Id.* at 11–12; *see id.* at 8–20.

Additionally, Petitioner asserts:

It would have been obvious to a person of ordinary skill in the art to combine the disclosures of Carlson and Stilp because Carlson discloses “transferring data . . . via [a] cellular network.” (Ex. 1003, 4:62–64.) As such, Carlson expressly discloses the combination of its payment system with conventional cellular systems, which are described by Stilp. Moreover, Stilp discloses a registration procedure that allows cellular devices to discover each other’s presence. (Ex. 1005, 2:46–64.) It would have been obvious for one skilled in the art to modify the payment processing network (310) or access device (e.g., a POS terminal) (Ex. 1003, 4:61–61^[2]) of Carlson to include the process of searching for available wireless devices in a manner similar to the cellular telephone discovery and registration process disclosed by Stilp to enable the Carlson payment processing network or access device to discover mobile phone devices (such as mobile phone 304) to participate in a mobile payment system, as disclosed in Carlson. A person of ordinary skill in the art therefore would have combined Carlson and Stilp to make the

¹ Stilp refers to “forward” control channels as “[t]he control channel from a cell site to a mobile unit.” Ex. 1005, 2:15–17.

² It appears that Petitioner intended to cite to column 4, lines 61 through 62.

remote payment system in Carlson more efficient by enabling the payment processing network 310 to locate and communicate with wireless computing devices with reduced human intervention.

Pet. 10–11 (first and second alterations added by Petitioner) (citing Ex. 1002 ¶ 50).

We have reviewed Petitioner’s arguments and evidence, and we find that a preponderance of the evidence supports Petitioner’s arguments. We hereby adopt Petitioner’s position on the facts as our own, including Petitioner’s citations to the evidence of record as reflected in pages 8–20 of the Petition. Accordingly, Petitioner has demonstrated by a preponderance of the evidence that the combination of Carlson and Stilp would have rendered the subject matter of claims 1–11 of the ’963 patent obvious to one of ordinary skill in the art at the time of the invention.

C. Obviousness over Carlson and Bluetooth 2.0

Petitioner contends that the combination of Carlson and Bluetooth 2.0 would have rendered the subject matter of claims 1–11 obvious to one of ordinary skill in the art at the time of the invention. Pet. 20–23.

1. Bluetooth 2.0

Bluetooth 2.0 is directed to describing Bluetooth technology. Ex. 1007. Bluetooth 2.0 teaches that devices must first establish a connection in order to communicate using Bluetooth. *Id.* at 127–29. Bluetooth 2.0 discloses how a connection is established using an inquiry (discovering) procedure and a paging (connecting) procedure. *Id.* For example, in the inquiry procedure, a Bluetooth device “that tries to find other nearby devices is known as an inquiring device and actively sends inquiry requests” whereas “Bluetooth devices that are available to be found

are known as discoverable devices and listen for these inquiry requests and send responses.” *Id.* at 127.

2. Discussion

In support of its challenge, Petitioner provides an analysis of each reference, including a claim chart and detailed discussion explaining how the references meet each limitation of the challenged claims. Pet. 20–23. In particular, Petitioner relies upon Bluetooth 2.0 to the same extent as Petitioner relied upon Stilp in the previous ground—as teaching the “searching for available wireless computer devices” limitation of claim 1. *Id.* at 20, 22.

Additionally, Petitioner asserts:

It would have been obvious to a person of ordinary skill in the art to combine the disclosures of Carlson and Bluetooth 2.0 because Carlson discloses “exchang[ing] data” using “short-range communications capability, such as . . . Bluetooth™ . . .” (Ex. 1003, 4:56–62.) As such, Carlson expressly discloses the combination of its payment system with the Bluetooth protocol, which is set forth in Bluetooth 2.0. Moreover, Bluetooth 2.0 describes an inquiry procedure that allows devices to discover each other’s presence. It would have been obvious for one skilled in the art to modify the payment processing network (310) or access device (e.g., a POS terminal) (Ex. 1003, 4:61–62) of Carlson to include the process of searching for available wireless devices in a manner similar to the inquiry procedure disclosed by Bluetooth 2.0 to enable the Carlson payment processing network or access device to discover mobile phone devices (such as mobile phone 304) to participate in a mobile payment system, as disclosed in Carlson. A person of ordinary skill in the art therefore would have combined Carlson and Bluetooth 2.0 to make the remote payment system in Carlson more efficient by enabling the payment processing network 310 to locate and communicate

with wireless computing devices with reduced human intervention.

Pet. 21–22 (alterations added by Petitioner) (citing Ex. 1002 ¶¶ 60–63).

We have reviewed Petitioner’s arguments and evidence, and we find that a preponderance of the evidence supports Petitioner’s arguments. We hereby adopt Petitioner’s position on the facts as our own, including Petitioner’s citations to the evidence of record as reflected in pages 20–23 of the Petition. Accordingly, Petitioner has demonstrated by a preponderance of the evidence that the combination of Carlson and Bluetooth 2.0 would have rendered the subject matter of claims 1–11 of the ’963 patent obvious to one of ordinary skill in the art at the time of the invention.

D. Anticipation by Hughes

A prior art reference anticipates a patent claim if it “discloses each and every element of the claimed invention arranged or combined in the same way as in the claim.” *Monsanto Tech. LLC v. E.I. DuPont de Nemours & Co.*, 878 F.3d 1336, 1342–43 (Fed. Cir. 2018) (internal quotation and citation omitted). Petitioner contends that Hughes discloses each and every element of claims 12–17. Pet. 23–31.

1. Hughes

Hughes is directed to a system for remote purchase payment and remote bill payment transactions. Ex. 1004, at [54]. Hughes discloses a “terminal which can perform purchase payment and bill payment transactions” and “allow debit and credit card holders the ability to conveniently and remotely perform these financial transactions.” *Id.* at 2:15–20. Hughes teaches that its terminal provides for “wireless or cellular telephone communication with a remote host computer.” *Id.* at 2:25–27.

2. *Discussion*

In support of its challenge, Petitioner provides an analysis of Hughes's disclosure, including a claim chart and detailed discussion explaining how each limitation of the challenged claims is allegedly disclosed by Hughes. Pet. 23–31. We have reviewed Petitioner's arguments and evidence, and we find that a preponderance of the evidence supports Petitioner's arguments. We hereby adopt Petitioner's position on the facts as our own, including Petitioner's citations to the evidence of record as reflected in pages 23–31 of the Petition. Accordingly, Petitioner has demonstrated by a preponderance of the evidence that Hughes anticipates claims 12–17 of the '963 patent.

E. Obviousness over Hughes and Stilp

Petitioner contends that the combination of Hughes and Stilp would have rendered the subject matter of claims 1–11 obvious to one of ordinary skill in the art at the time of the invention. Pet. 31–42. In support of its challenge, Petitioner provides an analysis of each reference, including a claim chart and detailed discussion explaining how the references meet each limitation of the challenged claim. *Id.* In particular, Petitioner relies upon Hughes as teaching most of the claim limitations, but relies upon Stilp as teaching the “searching for available wireless computing devices,” limitation of claim 1. *Id.*; *see id.* at 31, 33–34.

Additionally, Petitioner asserts:

It would have been obvious to a person of ordinary skill in the art to combine the disclosures of Hughes and Stilp because Hughes discloses a terminal with “cellular telephone or a wireless communication capability . . . for conducting purchase payment . . . transactions.” (Ex. 1004, 9:64–66, 11:1–4.) As such, Hughes expressly discloses the combination of its payment

system with conventional cellular systems, which are described by Stilp. Moreover, Stilp discloses a registration procedure that allows devices to discover each other's presence. (Ex. 1005, 2:46-64.) It would have been obvious for one skilled in the art to modify the remote host system (80) of Hughes to include the process of searching for available wireless devices in a manner similar to the cellular telephone discovery and registration process disclosed by Stilp to enable the Hughes remote host system to discover wireless computing devices (such as terminal 300 or 400) to participate in a mobile payment process, as disclosed in Hughes. A person of ordinary skill in the art therefore would have combined Hughes and Stilp to make the remote payment system in Hughes more efficient by enabling the remote host system to locate and communicate with wireless computing devices with reduced human intervention.

Pet. 32 (alterations added by Petitioner (citing Ex. 1002 ¶ 124)).

We have reviewed Petitioner's arguments and evidence, and we find that a preponderance of the evidence supports Petitioner's arguments. We hereby adopt Petitioner's position on the facts as our own, including Petitioner's citations to the evidence of record as reflected in pages 31–42 of the Petition. Accordingly, Petitioner has demonstrated by a preponderance of the evidence that the combination of Hughes and Stilp would have rendered the subject matter of claims 1–11 of the '963 patent obvious to one of ordinary skill in the art at the time of the invention.

F. Obviousness over Hughes and Adcock

Petitioner contends that the combination of Hughes and Adcock would have rendered the subject matter of claims 1–11 obvious to one of ordinary skill in the art at the time of the invention. Pet. 42–46.

1. Adcock

Adcock is directed to “a system and method for automatically transferring funds from a user's account to a trader's account in a transaction

that may include, but is not limited to, delivery of the goods or services purchased by the user.” Ex. 1006, 1:3–5.³ Adcock teaches that user terminal 100 may incorporate data acquisition system 190, such that the user terminal can communicate remotely with trader terminal 170 via local link 300. *Id.* at 10:18–21, 22–25. Adcock explains that local link 300 is “duplex in that it allows two-way communication on different channels” between the user terminal and trader terminal. *Id.* at 11:9–13.

2. Discussion

In support of its challenge, Petitioner provides an analysis of each reference, including a claim chart and detailed discussion explaining how the references meet each limitation of the challenged claim. Pet. 42–46. In particular, Petitioner relies upon Hughes as teaching most of the claim limitations, but relies upon Adcock to the same extent as Petitioner relied upon Stilp in the previous ground—as teaching the “searching for available wireless computer devices” limitation of claim 1. *Id.* at 42–43, 45.

Additionally, Petitioner asserts:

It would have been obvious to a person of ordinary skill in the art to combine the disclosures of Hughes and Adcock because Adcock summarizes Australian Patent Application No. 33658/95, which also published as International Patent Publication No. WO/96/04618 (Ex. 1017) and has the same disclosure as Hughes (except for one paragraph (Ex. 1002, ¶ 132; *compare* Ex. 1004 *with* Ex. 1018)), and Adcock identifies a need for reducing human intervention in the payment system disclosed by Hughes. (Ex. 1006, 2:1–9, 17–25.) Accordingly, a person of ordinary skill in the art would have been motivated to combine Adcock and Hughes based on the express disclosure of Adcock, which instructs the person of ordinary skill to automate the transfer of funds to make the payment system in Hughes more

³ Citations are to the page and line of the reference.

efficient. In particular, it would have been obvious for one skilled in the art to modify the remote host system (80) of Hughes to include the process of searching for available wireless devices in a manner similar to the handshaking protocol disclosed by Adcock to enable the Hughes remote host system to discover wireless computing devices (such as terminal 300 or 400) to participate in a mobile payment process, as disclosed in Hughes. Pet. 44 (citing Ex. 1002 ¶¶ 131–132).

We have reviewed Petitioner’s arguments and evidence, and we find that a preponderance of the evidence supports Petitioner’s arguments. We hereby adopt Petitioner’s position on the facts as our own, including Petitioner’s citations to the evidence of record as reflected in pages 42–46 of the Petition. Accordingly, Petitioner has demonstrated by a preponderance of the evidence that the combination of Hughes and Adcock would have rendered the subject matter of claims 1–11 of the ’963 patent obvious to one of ordinary skill in the art at the time of the invention.

IV. CONCLUSION

Petitioner has demonstrated by a preponderance of the evidence that: (1) claims 1–11 of the ’963 patent would have been obvious over Carlson and Stilp; (2) claims 1–11 would have been obvious over Carlson and Bluetooth 2.0; (3) claims 12–17 are anticipated by Hughes; (4) claims 1–11 would have been obvious over Hughes and Stilp; and (5) claims 1–11 would have been obvious over Hughes and Adcock.

V. PATENT OWNER’S MANDATORY NOTICE

On September 28, 2016, Patent Owner filed its mandatory notice (Paper 6) under seal, designating the document for “Parties and Board Only” in our PTAB E2E filing system. Patent Owner has not filed a motion to seal. Additionally, based on our review, none of the information appears to be

confidential. Accordingly, we consider this confidentiality designation to be in error and will remove the confidentiality designation, making the document publicly available, seven (7) business days after entry of this Final Written Decision unless Patent Owner contacts the Board before then to request reconsideration of the changed designation.

VI. ORDER

Accordingly, it is:

ORDERED that, the confidentiality designation of Paper 6, Patent Owner's Mandatory Notice, shall be removed, making the document publicly available, unless Patent Owner contacts the Board to request reconsideration of the changed designation within seven (7) business days of the entry of this Order;

FURTHER ORDERED that, based on a preponderance of the evidence, claims 1–17 of U.S. Patent No. 8,744,963 B1 are unpatentable; and

FURTHER ORDERED that, because this is a Final Written Decision, the parties to this proceeding seeking judicial review of this Decision must comply with the notice and service requirements of 37 C.F.R. § 90.2.

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