

RECORD OF ORAL HEARING  
UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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MASTERCARD INTERNATIONAL INC.,

Petitioner,

vs.

LEON STAMBLER,

Patent Owner.

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Case CBM2015-00044  
Patent 5,793,302  
Technology Center 2600

Oral Hearing Held: Friday, March 18, 2016

Before: BRYAN F. MOORE; TRENTON A. WARD (via video link); and PETER P. CHEN (via video link), Administrative Patent Judges.

The above-entitled matter came on for hearing on Friday, March 18, 2016, at 1:30 p.m., Hearing Room A, taken at the U.S. Patent and Trademark Office, 600 Dulany Street, Alexandria, Virginia.

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P R O C E E D I N G S

(1:30 p.m.)

JUDGE MOORE: On the record. Good afternoon.

This is a hearing in CBM2015-00044.

Before we begin, why don't we have the parties make appearances, starting with Petitioner?

MR. SCHEINFELD: Good afternoon, Your Honor, and good morning, Judge Chen. Robert Scheinfeld, Baker Botts, representing Petitioners.

And with me today is my partner, Eliot Williams. And if it is okay with the Board, Mr. Williams will be presenting Petitioner's argument today.

JUDGE MOORE: Thank you. Patent Owner?

MR. GREENSPOON: Good afternoon, Your Honor. Robert Greenspoon for Patent Owner, Mr. Leon Stambler, who is with us here. He traveled from Florida to be here today. It is very important. And Brent Bumgardner is with me.

And with Your Honor's permission, I got consent from MasterCard, I would love to have Mr. Bumgardner help with the slides. He is trial counsel for Mr. Stambler but he is not counsel of record in this proceeding.

JUDGE MOORE: Yes, that's going to be fine if he is not going to be on the record.

MR. GREENSPOON: Correct.

JUDGE MOORE: All right. That's fine.

1 MR. GREENSPOON: Thank you, Judge.

2 JUDGE MOORE: Also, before we get started I  
3 would like to mention, as you can see there is Judge Chen and  
4 Judge Ward appearing remotely. It appears that the camera  
5 there is above the screen, so when you look over at the screen  
6 you will be looking at them from their perspective.

7 Each party will have 60 minutes to argue. We will  
8 begin with Petitioner, who has the ultimate burden of proof to  
9 show that the claims, challenged claims are unpatentable.  
10 Petitioner may reserve time for rebuttal. And then Patent  
11 Owner will have its time.

12 I remind the parties that since we have remote  
13 judges, and for the record, you need to identify the  
14 demonstratives that you are speaking about, and especially if  
15 you are going to use the ELMO or put up evidence that's not  
16 on a demonstrative, if you can identify that for the record and  
17 where you are in the record, and be aware that it may take a  
18 few moments for the remote judges to catch up because they  
19 cannot simply look at the screen.

20 With that, we did note that there was an objection  
21 to a demonstrative that came in. I will just ask for the record  
22 whether that has been resolved?

23 MR. WILLIAMS: Your Honor, my understanding  
24 is that -- we did meet and confer on many objections. That  
25 was the one that did not get resolved.

1 JUDGE MOORE: All right. Thank you. All right.  
2 We have looked at the objection and we have determined that  
3 we will consider the objection without argument and, if  
4 necessary, we will make some sort of ruling in the final  
5 decision, and we will likely simply give it the weight  
6 necessary based on the argument.

7 Okay. With that, Petitioner, how much time would  
8 you like to reserve?

9 MR. WILLIAMS: I would like to reserve 20  
10 minutes for rebuttal. And I did bring hard copies of the  
11 demonstratives for the Board. I recognize that two of the  
12 judges are not present.

13 JUDGE MOORE: Sure, if you would like to  
14 approach. Thank you.

15 MR. WILLIAMS: Thank you. Your Honor, may it  
16 please the Board. So I think it makes the most sense today to  
17 just start with the claim construction issues that have been  
18 raised. And, incidentally, we do have a motion to exclude  
19 pending.

20 I didn't intend to present arguments about that  
21 today. Instead I am relying on the briefing, but, of course,  
22 I'm happy to address questions that the Board has at any time  
23 about that issue.

24 The focus of my comments today were essentially  
25 going to be more on the merits of the invalidity argument

1 starting with what I think is kind of the most significant claim  
2 construction issue, and then walking through the prior art  
3 references to show how they invalidate the claims.

4 So just as a reminder, and this is demonstrative  
5 number 5, which identifies the grounds the Board instituted  
6 on, there were a few different grounds that the Board  
7 instituted this proceeding on.

8 First, claims 51 and 53 as anticipated by Davies.  
9 Claim 55 as obvious over Davies and Nechvatal. Claim 56 is  
10 obvious over Davies, Fischer and Piosenka. And then  
11 separately all four of those claims are obvious over Davies  
12 and Meyer. And that's likely the order that I am going to be  
13 presenting the arguments in today.

14 So the Board previously construed two terms in its  
15 Institution Decision, VAN, and the sequence of the method  
16 steps. I don't intend to address that. I don't think there  
17 remains a significant dispute about those two terms.

18 But there are two other terms where claim  
19 construction issues were raised in the briefing, and I do want  
20 to address at least the first two of these.

21 And the first one will be whether the steps of  
22 claim 51 are limited to a single entity and then, second, I do  
23 want to address an issue relating to the claim term,  
24 information for identifying the account of the second party.

1           There were three other claim terms that appeared  
2 to be addressed in Patent Owner's response, and our reply  
3 brief does address those, I think, sufficiently, so I don't intend  
4 to address those three in my comments today unless the Board  
5 has questions about them.

6           So let's just begin with what I think is the heart  
7 here of the dispute which is whether the steps of the claim 51  
8 must be performed by a single entity. Patent Owner has  
9 contended that they must be performed by a single entity, that  
10 that is somehow a requirement of the claims. And based on  
11 that, then they try to distinguish the prior art.

12           Our contention as the Petitioner is that that is not  
13 -- and demonstrative slide 8 does show a few places where  
14 this argument is raised in the Patent Owner response -- the  
15 argument seems to be one that is driven by the specification.

16           So Patent Owner has argued that in their view they  
17 say all of the claim steps are illustrated as performed by one  
18 entity, in particular the originator's bank, in figure 8B, and,  
19 again, they say that in a few places. They say it cannot be  
20 stated too strongly that the originator's bank, figure 8B,  
21 performs all of the steps of claim 51.

22           So the problem I think for Patent Owner is that it  
23 is just factually incorrect and they essentially concede that.  
24 On page 5 of their brief where they say the originator's bank  
25 in figure 8B has not generated a VAN. And then so for that

1 they rely on the written description portion of the  
2 specification, you know, and the language they use to fill the  
3 gap.

4 So essentially they are conceding here and their  
5 expert eventually concedes in his deposition that it is true, 8B  
6 doesn't describe -- doesn't depict the generation step. The  
7 VAN is not being generated in figure 8B. Instead, in that  
8 embodiment it is generated elsewhere.

9 And to us that essentially shows the defect in  
10 Patent Owner's argument because even the preferred  
11 embodiment that's illustrated in the figure, the one that they  
12 want to say somehow limits the claims, doesn't limit the  
13 claims in the way they are now suggesting. Instead, it shows  
14 that the VAN is generated by some other entity.

15 Slide 10 is the slide that there is an objection to,  
16 so I'm just going to skip it to avoid any issue in the record. I  
17 don't think it is relevant, because the key step is the  
18 generating step which there is no objection to. That's shown  
19 in slide 11.

20 JUDGE CHEN: Counsel?

21 MR. WILLIAMS: Yes.

22 JUDGE CHEN: Going back to what you were just  
23 referencing, the portion of the specification cited by the  
24 Patent Owner, does that relate, nonetheless, to figure 8B?



1           MR. WILLIAMS: So I believe it does relate in the  
2 sense that that portion of the specification that describes an  
3 alternative embodiment appears in the portion of the  
4 specification that is talking about 8B. And it says, you know,  
5 alternatively you could do this a different way and it explains  
6 what that alternative way is.

7           So in that sense, yes, it does relate to 8B. There is  
8 no dispute, however, that it doesn't describe what is depicted  
9 in 8B. And both experts -- and we can talk about that in a  
10 minute -- but both experts have agreed that figure 8B doesn't  
11 disclose that.

12           Figure 8B teaches a different way of doing it  
13 where the VAN is generated at the originator's machine when  
14 the check is created. And that's what is shown in slide 11.  
15 This is figure 7. I think it is important to note that in the  
16 specification of the patent itself, figures 6 through 8 are  
17 described together as illustrating a single embodiment.

18           That appears at column 3, around line 1. Column  
19 3, figures 6 to 8 are described as a functional block diagram  
20 illustrating a check transaction system in accordance with a  
21 first embodiment of the present invention, with figure 6  
22 illustrating user enrollment, figure 7 illustrating how an  
23 originator generates a check, and figures 8A and B illustrating  
24 the authentication process when the check is presented.

1           So these figures are all described as related to a  
2     single embodiment. And as shown in our slide 11, figure 7  
3     shows you where the VAN is first generated. And it is  
4     generated in the coder that, as the specification makes clear,  
5     takes place at the originator's computer, not at their bank.

6           Just walking through the remaining part of that  
7     embodiment, so figure 8B shows what happens when that  
8     check is presented at a terminal. So we have skipped over  
9     figure 8A for a moment, which we might come back to,  
10    although I'm not sure it will be necessary.

11          Figure 8B is really showing what happens once the  
12    recipient's bank has decided to forward this check along to the  
13    originator's bank to sort of, you know, get the payment. And  
14    this is the point where that VAN is actually checked.

15          And as seen here, what happens is both the VAN  
16    and the transaction information are read from the check. And  
17    you will see in box 58 there is an uncoder there which acts on  
18    the VAN to extract from the VAN the transaction information  
19    which is then compared to the transaction information on the  
20    check.

21          So here we have the determining step being  
22    performed by a different entity, by the originator's bank, than  
23    the entity that generated the VAN in the first place.

24               JUDGE CHEN: Counsel?

25               MR. WILLIAMS: Yes.

1 JUDGE CHEN: Can you describe the distinction  
2 between, on the one hand, the originator's bank, and on the  
3 other the originator's terminal or computer?

4 MR. WILLIAMS: Yeah, so the idea is the  
5 originator could create this check at home on their own  
6 computer, for instance, and then pass that check either  
7 physically as a check, so literally the specification describes  
8 that you can print a check, and then, you know, take that and  
9 use it to make payment for some service to a recipient.

10 The recipient's bank, and this is where the  
11 description from figure 8 probably makes more sense to talk  
12 about. In figure 8 you will hear about how the recipient's  
13 bank then takes that check, extracts the data from it and  
14 begins the processing of the check.

15 And it is then eventually forwarded along to the  
16 originator's bank. And it is the originator's bank that then  
17 makes sure that that check was written by the person who it  
18 purports to be written by. In other words, it was written by  
19 their customer, the originator.

20 Did that address your question?

21 JUDGE CHEN: Thank you. Please proceed.

22 MR. WILLIAMS: Yes. And then subsequently,  
23 you know, the final step of the claim, transferring, again,  
24 that's a step that occurs basically at the originator's bank  
25 where, you know, once the checking, you know, the

1 originator's account has been checked, then payment is made,  
2 and that's described in the specification clearly.

3 So Patent Owner's claim construction argument,  
4 just to come back to the main point here, is that all of these  
5 steps must be performed by a single entity, even though their  
6 expert has admitted that, you know, that would mean that the  
7 figures, the embodiment that is actually shown in figure 8B  
8 would not be covered by the claims.

9 So instead, according to the Patent Owner, only  
10 that alternative embodiment that's described in that single  
11 sentence is the one covered by the claims, which we think is  
12 just a plainly incorrect reading of the claims.

13 And instead the much more logical way to read the  
14 claims is as written, which is to say that there is no limit on  
15 what entity performs those four steps, and that it can be  
16 multiple entities that do so, just as the inventor described in  
17 the figures of the patent.

18 Now, it could also cover the case where a single  
19 entity does it, to be sure, I mean, our construction would  
20 certainly cover that alternative embodiment, but it also covers  
21 the one that's actually depicted, whereas Patent Owner would  
22 exclude that and instead would cover only the alternative  
23 embodiment.

24 And so obviously we cite the case law in our brief  
25 that shows why we think that would be a legal error for the

1 Board to adopt such a construction, you know. It is, of  
2 course, legal error to exclude a preferred embodiment from  
3 the claim unless there is a very good reason why you would  
4 want to do that, and certainly no very good reason has been  
5 presented.

6 We can talk more about that as the hearing goes  
7 on, I suspect, but the only argument that has really been made  
8 is that there is no support for such a reading in the  
9 specification. But my point is that there is such support. It is  
10 the figures that are actually shown. So to exclude those  
11 figures we think would just be plainly erroneous.

12 Even if the figures actually disclose the alternative  
13 embodiment instead, I still think the Patent Owner's argument  
14 would be wrong because they are trying to narrow the claim.  
15 In that case it would be narrowing it to a preferred  
16 embodiment, if you assume that the patent had been rewritten  
17 in that way.

18 But even that I think would be too narrow in view  
19 of the case law from the Federal Circuit that prohibits you  
20 from importing limitations from the specification when the  
21 claims don't suggest such a limitation.

22 And, again, there is nothing, if you look at the  
23 claim text itself, there is nothing there that suggests these  
24 have to be performed by any particular entity. If anything the  
25 claim suggests the opposite because the preamble does have a

1 limitation about what entity is doing something. In particular  
2 it says that the credential is issued by a trusted party. So the  
3 inventor knew how to restrict his claims to performance by a  
4 particular entity when he wanted to.

5 The fact that he didn't in these four steps is strong  
6 evidence that there is no such a limitation and that it can be  
7 performed by any entity or any collection of entities.

8 Let me just say I will -- I may get to this in the  
9 rebuttal, I suspect, but I just want to address Patent Owner  
10 has, I think, mischaracterized Mr. Diffie's testimony, and  
11 that's Petitioner's expert.

12 During his deposition he was asked several  
13 questions about the figures and the specification and he  
14 repeatedly pointed out what I have just said, which is that  
15 figure 8B doesn't show the VAN being generated by the  
16 originator's bank. And it is only the alternative embodiment  
17 that teaches that.

18 So I think to the extent that Patent Owner tries to  
19 suggest that Mr. Diffie has said something different, that  
20 would be a mischaracterization of his testimony.

21 JUDGE CHEN: Counsel?

22 MR. WILLIAMS: Yes.

23 JUDGE CHEN: So along those lines, in the  
24 beginning pages of Dr. Diffie's deposition there is certainly  
25 questioning along those lines. For instance, at page 13:

1                   "Question: Figure 8B, going back to that, can you  
2 confirm now that 8B is the set of activities that happens at the  
3 originator's bank in connection with the possible payment of  
4 the check?

5                   "Answer: Yes, I can." And it goes from there for  
6 a few pages.

7                   So is it your argument that your witness, Dr.  
8 Diffie, was ultimately not testifying that figure 8B showed the  
9 entirety of the activities?

10                  MR. WILLIAMS: So our argument, I mean, so Mr.  
11 Diffie's testimony is what it is. By the way, though he does  
12 have an honorary doctorate, I don't want to overstate his  
13 qualifications in any way. But, yeah, I refer to him as Mr.  
14 Diffie.

15                  He testified, if you look, I think, a little bit further  
16 on in the transcript at page 15, that is when you get the  
17 question that really, I think, is the heart of this dispute.

18                  And the question was: "Do you accept in the  
19 disclosure of the Stambler patent one way the patent  
20 describes" -- this is at page 15, line 7, sorry -- "one way the  
21 patent describes the authentication process happening is for  
22 the originator's bank at that stage, namely blocks 58 and 60,  
23 to recreate or regenerate the VAN from the check  
24 information?"

1                   His answer is: "That was not my conclusion about  
2 what was happening here."

3                   And then immediately counsel for Patent Owner  
4 referred him to the alternative embodiment that's described in  
5 the specification, reading that embodiment to him, to which  
6 his answer was: "Yes, that seems clear."

7                   Then the question was: "Well, let me get back to  
8 my question then. Would you agree now that one way the  
9 patent describes for making the authentication decision is for  
10 the originator's bank to recreate or generate the VAN from the  
11 check info?"

12                  His answer was: "Well, that may be. I don't see  
13 that clearly in the diagram."

14                  So twice he said, no, that's not what is being  
15 shown in the diagram. Only when he was force-fed the  
16 alternative embodiment did he then say on the next answer he  
17 gave: "However, if you're asking me if I see it in the  
18 diagram, it was described in what you just read to me from  
19 column 7."

20                  JUDGE CHEN: Thank you.

21                  MR. WILLIAMS: So I think his testimony was  
22 clear.

23                  JUDGE CHEN: Okay. I appreciate that. I'm  
24 looking at page 18 of his transcript, beginning at line 12, and  
25 the question is put to him:



1                   "Question: So in what we've just seen at figure  
2 8B, would you agree that the originator bank in the described  
3 embodiment performed all four of those steps?"

4                   And then at line 20, the witness answers: "It  
5 appears to me that all four of those steps are performed in  
6 figure 8B that we have just been looking at in Stambler's  
7 embodiment."

8                   MR. WILLIAMS: Yes, and he says that, but that  
9 is exactly right after the text I just read to you where he twice  
10 said it is not there, and then was told to look at the  
11 specification description of the alternative embodiment, that's  
12 when he said, yes, you know, I see it, you know, if you are  
13 asking me if I see it in the diagram, it was described in what  
14 you just read to me from the column 7.

15                  So I think the problem is that he was maybe  
16 confused about what the question meant because twice he had  
17 already said it is not in the figure, and only after being read  
18 the alternative embodiment.

19                  And then I should point out he went a little bit  
20 further because after the second time Mr. Diffie said, I don't  
21 see that in the diagram, he got the question: "You do accept,  
22 of course, that we read the diagram in light of the --" and then  
23 he began to answer: "I understand. I presume that the  
24 diagram exists to illustrate the text."

1                   So he understood that the text was describing  
2 something about how you could do this. But he twice said the  
3 thing that is shown in the diagram is not this alternative  
4 embodiment.

5                   JUDGE CHEN: Okay. Please proceed.

6                   MR. WILLIAMS: That was really all I had for this  
7 claim construction issue, but I can come back to that in  
8 rebuttal after Patent Owner has addressed it.

9                   In terms of the second issue of claim construction,  
10 the issue there is whether the information for identifying the  
11 account of the second party can be a mere name.

12                  I think that dispute is actually moot. We have  
13 never relied on a name. The Davies reference uses the  
14 identity of the customer or the recipient, which is almost  
15 identical to the language that is used in Mr. Stambler's patent  
16 in terms of identification. So we're not relying on name.

17                  But even if we were relying on a name, again,  
18 there is no reason to believe that the claim doesn't cover that.  
19 In fact, the District Court opinions on this point that are, you  
20 know, shown on slide 18 are highly relevant.

21                  There in the JPMorgan case the court noted that,  
22 you know, there is nothing about this claim element that  
23 requires to identify an account, merely that you use it for  
24 identifying.

1           And a name could certainly be used for identifying  
2     account. I use my name to identify my account all of the time  
3     when I forget my account number. So there is no reason to  
4     think that the claim should be limited in the way Patent Owner  
5     is proposing.

6           So let me just address some of the relevant  
7     disclosures of Davies, and this starts at slide 20 of our  
8     demonstratives.

9           So in terms of the preamble, Davies, and here I've  
10    shown the ATM embodiment in figure 10.23. Clearly there is  
11    a payment that's happening as shown in the annotated  
12    diagram. So there is definitely a funds transfer going on.

13          There is a credential that's previously issued to  
14    one of the parties. That's the digital certificate that we show  
15    on slide 21, and in particular it includes at least the  
16    customer's identity and their public key signed by the bank.

17          There is receiving a funds transfer information.  
18    That occurs when that token is presented to a terminal in  
19    order to generate a check. So when there is a transaction that  
20    is going to take place, you put the token into that terminal,  
21    and what happens is the terminal then forms this request into  
22    a message and presents it to the token.

23          So at that point the token is receiving the funds  
24    transfer information. The token then generates the VAN and  
25    in particular it does that by signing the variable information

1 in that message. You will see that on slide 23, that the  
2 elements 9 through 15 are signed by that token and that  
3 signature becomes the VAN.

4 There is then a determining step that occurs at the  
5 issuer's bank then, once that message gets over the network to  
6 the issuer. And in particular the issuer is going to check the  
7 signature on that check and make sure that it was signed by  
8 their customer.

9 And that, of course, involves using the funds  
10 transfer information, the VAN, and that customer's credential  
11 or, you know, in that case their public key to verify that the  
12 signature checks.

13 And then lastly, as I already mentioned, there is a  
14 transfer of funds that occurs if everything checks out.

15 So Patent Owner has made various arguments in  
16 their response about Davies. First they argue that we conflate  
17 unrelated disclosures. Then they argue that the steps are  
18 performed by a single entity. Then they argue that it doesn't  
19 disclose the steps of receiving funds transfer information  
20 when the credential was previously issued.

21 Then they argue that it doesn't disclose a  
22 credential at all and, finally, that it doesn't disclose the  
23 information for identifying the account of the second party.

24 So I will do my best to address those here. As to  
25 the question of relatedness, I think the Institution Decision

1 already captured the relevant point. There is really not much  
2 more to say other than the way Davies describes this check is  
3 that it is a single check that can be used for lots of different  
4 things, including an ATM transaction.

5 You could use it to also do a point of sale payment  
6 at a merchant or to just make a payment between individuals.  
7 All of those things would use the same check and the check is  
8 always described in the same way. So in our view these  
9 embodiments are not unrelated.

10 JUDGE CHEN: Counsel?

11 MR. WILLIAMS: Yes.

12 JUDGE CHEN: So apart from the sentence that  
13 was quoted in the Institution Decision, is there any other text  
14 or figures or description in Davies that would connect the  
15 check to the ATM disclosure on pages 330 and 331 of Davies  
16 and figure 10.23?

17 MR. WILLIAMS: Well, I think, I mean, you  
18 know, in terms of a single sentence, I think that the entirety  
19 of the disclosures on page 330 and 331 are relevant. So I  
20 wouldn't necessarily say that it is captured by a single  
21 sentence.

22 But, you know, we do note, for instance, on slide  
23 27 we have a few different excerpts identified that I think are  
24 relevant. You know, first just the general point that Davies

1 introduces this entire idea as being a paper check changed into  
2 modern form which can be regarded as an electronic check.

3 So that's the idea Davies is really describing here  
4 that we're focusing on, is just this idea of an electronic check.  
5 And then what can you use it for? And he gives an example  
6 of using that at an ATM. So that's one example.

7 But, you know, on page 328 he also says in  
8 describing that check concept that the check should contain  
9 all of the items listed in figure 10.22, suggesting that that's  
10 the format of the check you would use regardless of what the  
11 payment mechanism actually is, what type of a payment it is.

12 Is it a payment being done because you are making  
13 an ATM withdrawal or is it a payment being done at a point of  
14 sale or is a payment being done by a check between two  
15 private parties? Whatever it is, you use the same check.

16 So I think there is no reason to think that there is  
17 any difference when you are at the ATM embodiment.

18 JUDGE CHEN: All right. Thank you. Please  
19 proceed.

20 MR. WILLIAMS: Okay. As to the issue of  
21 whether it is limited to a single entity, we've already  
22 addressed that that is not a claim limitation. But even if I  
23 were wrong about that and it actually was a limitation that all  
24 of the steps are performed by a single entity, that's still done  
25 in Davies because the steps that are being done, you know, the

1 steps that we're looking at outside the originator's bank are  
2 being done at the token, and the token is clearly something  
3 that is working under the control of the originator's bank.

4 It is the originator's bank that issues the token to  
5 the customer in the first place. And Davies describes that  
6 token sends a message to its master, which is the, you know,  
7 the card issuer. This is on slide 29 of our demonstratives that  
8 I'm reading from now.

9 And he says, Davies also says, at pages 325 and  
10 327, he talks about how the token has intelligence that's used  
11 on behalf of both the customer and the card issuer, so  
12 suggesting that, you know, the issuer is definitely involved in  
13 the things that are being done on that token.

14 JUDGE CHEN: So, counsel?

15 MR. WILLIAMS: Yes.

16 JUDGE CHEN: Am I hearing you correctly then  
17 that your argument is that the token and the originator's bank  
18 are one and the same for purposes of the single entity  
19 argument?

20 MR. WILLIAMS: Well, I think the way I would  
21 say it is that the token, the functionality of the token is under  
22 the direction and control of the issuer.

23 I mean, it is certainly the case that in the typical  
24 usage case the token is going to be at a physical location that  
25 is apart from the originator's bank.

1           But the two pieces are certainly related to each  
2 other. They are both under the control of the issuer when that  
3 transaction is taking place.

4           JUDGE CHEN: So your point being that, under  
5 control suffices for purposes of being the same entity?

6           MR. WILLIAMS: Correct, yeah, right. That's the  
7 argument.

8           JUDGE CHEN: Okay. Please continue.

9           JUDGE WARD: Counsel, let me just try and  
10 understand the two differing arguments you've made here. I  
11 just want to make sure I understand how this comports with  
12 your previous argument that it is not a single entity.

13          MR. WILLIAMS: Okay.

14          JUDGE WARD: You tell me that the specification  
15 discloses that the VAN is generated at the originator's  
16 computer, correct?

17          MR. WILLIAMS: So, okay, we're talking about  
18 now the specification of the '302 patent?

19          JUDGE WARD: Yes, your first argument.

20          MR. WILLIAMS: Yeah, yeah, yeah, okay, yeah.

21          JUDGE WARD: Okay. But now you are telling  
22 me that let's assume it is a single entity --

23          MR. WILLIAMS: Okay.



1 JUDGE WARD: -- but it is also disclosed at the  
2 originator's bank and generates the payment. Is that what  
3 you're telling me here?

4 MR. WILLIAMS: So it's two different things. On  
5 the claim -- oh, I'm sorry, I didn't mean to cut you off.

6 On the claim construction side we have looked at  
7 what Mr. Stambler disclosed in his patent. What he discloses  
8 in his patent is that the check is generated by the originator  
9 and it is processed by the originator's bank.

10 He doesn't tie the two together in the same way  
11 that Davies does. So the Davies reference instead teaches that  
12 the check is generated by a token, and makes clear that the  
13 token is in that sense under the control of the originator's  
14 bank.

15 So I don't see any tension in the argument. My  
16 only point is that if I were wrong about the first argument and  
17 you were to conclude that for some reason the claim is limited  
18 to steps being performed by a single entity, that that is still  
19 disclosed in the Davies reference where the thing that is doing  
20 the generating step is the token which is under the control of  
21 the issuer.

22 JUDGE WARD: Proceed, counsel.

23 MR. WILLIAMS: All right. Let me go on to slide  
24 30 which addresses this issue of Davies disclosing both a  
25 previously-issued credential and receiving funds transfer

1 information. There is actually a couple arguments going on in  
2 the Patent Owner's response.

3 First they argue that our reading of Davies makes  
4 no sense because the customer is receiving funds transfer  
5 information from himself in some sense. So I don't think that  
6 is a crazy reading of Davies at all, even if it were true,  
7 because, again, that seems to be exactly what is shown in the  
8 Stambler patent itself for the reasons I mentioned earlier when  
9 we talked about claim interpretation.

10 But putting that aside, that's actually not what is  
11 going on in Davies anyway because what is happening in  
12 Davies is the token is receiving funds transfer information  
13 from the terminal, and, you know, there is nothing illogical  
14 about that. So I think the argument just kind of misses the  
15 mark.

16 Then Patent Owner makes a second argument,  
17 although related, that, as I understand the argument and  
18 maybe I've misinterpreted it, but I think the argument is that  
19 we're relying on Davies on the credential as being, you know,  
20 the credential as being this customer certificate which  
21 includes their identity. That is previously stored for purposes  
22 of satisfying the preamble.

23 Then they say, well, then when it comes time for  
24 the funds transfer information to be received, which also  
25 includes the customer identity, that we are some way

1 double-dipping by using the same information. I think that's  
2 their argument. Maybe they will phrase it a little bit better  
3 than that.

4 So we have two responses to that. The first  
5 response is that that assumes a particular claim construction  
6 that has never been made before in their briefs, which would  
7 require that the previously issued in the preamble mean that  
8 the credentials issued before any step of the body of the claim  
9 takes place. And it is not so clear that that is necessarily true.

10 The word credential is not used until the  
11 determining step. And there is no dispute in Davies that the  
12 credential would be received before the determining step.

13 So I think this is just kind of a buried claim  
14 construction argument that was never really properly made in  
15 the Patent Owner's response that seems to be behind this  
16 argument, which we don't necessarily accept. It is not clear  
17 why it has to be the case that the credentials receive before  
18 any other step takes place.

19 But even if that is the right construction, again,  
20 still Davies would disclose it because the only thing that we  
21 have to show is that in the receiving step that Davies gets the  
22 customer's identity, which it certainly does.

23 As an initial matter, you know, Patent Owner has  
24 conceded, we agree, that the token does store the customer

1 identity. I mean, that's previously stored on the token. That's  
2 built into the token when the customer gets it.

3 So then what happens when that token is used to  
4 sign a check at a time of a transaction? Well, what happens is  
5 the data is assembled by the terminal. So the terminal needs  
6 to get the customer's identity. That's one of the pieces of  
7 information it is going to need when it is processing this  
8 transaction, as Davies tells us.

9 So it assembles that information, that check, and  
10 then sends it into the token. When it does that the token  
11 receives that information. So that's how the step of receiving  
12 is disclosed in Davies.

13 Okay. There is another argument that was made in  
14 the response from Patent Owner that Davies doesn't disclose a  
15 credential. I'm not entirely sure what their argument is about  
16 this, maybe I will be able to understand it better after hearing  
17 Patent Owner's presentation today, but the certificate on that  
18 check is certainly a credential.

19 It is the thing that identifies the customer. It is  
20 the thing that the bank -- that the customer's bank uses to  
21 verify that it is the customer who signed the check. That's the  
22 whole point of having the credential here. You want to make  
23 sure that when you see someone's signature on a check that it  
24 is the signature of the person who it purports to be.

1           That's exactly what the certificate in Davies is  
2       used for, and that certificate is not secret. It is a public  
3       credential. So in our view all of the elements are satisfied.

4           The last point relating to the information for  
5       identifying the account of the second party, Patent Owner  
6       argues that in the ATM embodiment that that information is  
7       somehow not needed, it is not necessary.

8           Certainly, you know, nothing in Davies suggests it  
9       is not necessary. In fact, Davies teaches that you would  
10      always have the same check format that would include that  
11      information. So the argument seems to be some sort of  
12      speculative reading of Davies that really doesn't find support  
13      in the record.

14          And it ignores, of course, the fact that Davies  
15      describes using this check not just for ATM embodiments but  
16      for other types of payments, which would equally invalidate  
17      the claims. So they don't really address it.

18          JUDGE WARD: I understand Patent Owner to be  
19      making the argument that the payee identity might be missing  
20      from a cash withdrawal. So do you agree that there is no  
21      second party in a cash withdrawal situation?

22          MR. WILLIAMS: No, we don't agree. If you look  
23      at slide 37, for instance, I think you will see where we address  
24      that. This is describing an embodiment where you are walking  
25      up to a bank that is not your own to make an ATM withdrawal.

1 That bank is going to need to get paid somehow to give you  
2 cash. If you bank at Citibank and you go to a Wells Fargo  
3 ATM and get money, Wells Fargo is going to want to get paid,  
4 right, they are not just wanting to give you their money  
5 because they are nice to Citibank customers.

6 So that is where we think payee identity would be  
7 used. It would be used to identify the bank who is actually  
8 being paid. The figure shows explicitly that you need to make  
9 a payment to Bank A. It's circled on slide 37.

10 So that's, we believe, where you would identify  
11 that information. And there is no evidence in the record to  
12 the contrary.

13 Mr. Diffie in his deposition said, yes, that is what  
14 we would put here. And Mr. Nielson, the best he could do is  
15 say he doesn't know where you would put that information.  
16 And I asked him, well, wouldn't it be logical to put it in that  
17 field? And he just said he didn't know. So there is certainly  
18 nothing in the record to strongly suggest that that is not what  
19 you would use it for.

20 JUDGE CHEN: Counsel?

21 MR. WILLIAMS: Yes.

22 JUDGE CHEN: So just to clarify, this ATM  
23 embodiment in Davies that we have been talking about, is  
24 there any further disclosure anywhere in the Davies text aside  
25 from pages 330 and 331 about this particular embodiment?

1           MR. WILLIAMS: You know, so I want to say it is  
2     hinted at in other places, but certainly I think the meat of it is  
3     on those two pages. Let me just verify that.

4           Yeah, so the way I would characterize it is this  
5     way: The idea, the detailed discussion of payments by signed  
6     messages begins at 328. That's where Davies begins to  
7     explain what this check format looks like, the data you would  
8     put in it, how the certificates work and what not.

9           He then describes how you could use that  
10    embodiment to make point of sale payments. That begins at  
11    page 330. And then at the end of that he says how you could  
12    use that to do an ATM transaction. That's the bottom of 330  
13    over to 331.

14           So, yeah, that's the section that I think is the most  
15    relevant to the ATM embodiment.

16           JUDGE CHEN: Thank you.

17           MR. WILLIAMS: All right. So I don't believe  
18    there is an argument as to claim 53, so I'm not going to  
19    address claim 53, but I do want to talk about 55.

20           So claim 55 adds the additional limitation that the  
21    VAN be generated by using an error detection code. And our  
22    argument is actually pretty straightforward. It is that when  
23    you do in Davies that digital signature you have used an error  
24    detection code to generate a VAN.

1           And we get to that result in two ways. First we  
2 say that Davies teaches that when you do digital signatures  
3 you would do that by first hashing the message to put it --  
4 essentially take a compressed version of the message and then  
5 encrypt that using the private key of the signer, therefore  
6 creating the signature.

7           And Nechvatal is the reference we rely on that  
8 teaches that by doing that, when you hash, you have used an  
9 error detection code. That's on page 40 of our slides where  
10 we have the relevant excerpt from Nechvatal, which just  
11 makes clear all we are using it for really is the teaching that a  
12 hash function is an error detection code. So that's one way  
13 that Davies gets you there.

14           But there is also really no dispute about this.  
15 Even Patent Owner's expert has admitted that a digital  
16 signature itself is an error detection code because he says that  
17 if someone changes a message that has a digital signature, you  
18 would be able to tell that when you aren't able to recover what  
19 the original message was.

20           In other words, when the signature doesn't check  
21 out, you know that there is something hinkey going on in the  
22 transmission. And so in that sense, in both ways Davies is  
23 already teaching you to use an error detection code.

24           He just doesn't -- in our petition we just didn't  
25 point any place where he says that expressly. In the reply we



1 actually did cite to a section in Davies that makes clear that a  
2 signature is error checking. But Nechvatal is sufficient to get  
3 you there because it teaches you that the hash that Davies  
4 teaches is also an error detection code.

5 JUDGE WARD: How does Petitioner propose we  
6 construe error detection code?

7 MR. WILLIAMS: So -- good question. So we had  
8 proposed a construction in Mr. Diffie's declaration actually  
9 that was taken from one of the earlier Stambler cases. And I  
10 will just find that construction for you. I thought I had it but  
11 I do not.

12 Yeah, this is at paragraph 18 of Mr. Diffie's  
13 declaration. He says it is the result of applying an algorithm  
14 for coding information that, when applied to original  
15 information, creates coded information, wherein changes to  
16 the coded information can be detected without complete  
17 recovery of the original information.

18 So that was the construction he proposed in his  
19 declaration, which we think is fine. And as I read Patent  
20 Owner's response, I don't believe they have a significant  
21 disagreement with that construction, actually.

22 Their response changes, I think, one word of that  
23 construction. And Mr. Diffie was asked about this difference  
24 at his deposition. And we pointed out in the reply he  
25 essentially says it doesn't matter which one you pick. Either

1 way it is going to be satisfied by Davies, and Davies and  
2 Nechvatal, however you want to look at it, whether you are  
3 trying to recover the original information or recover the coded  
4 information, in both cases Davies is teaching that that's an  
5 error detection code.

6 So the construction in Mr. Diffie's declaration  
7 would be the one we propose.

8 JUDGE MOORE: Counsel, just so you are aware,  
9 you are running about a minute left in what you asked to be  
10 reserved.

11 MR. WILLIAMS: Great. So I have one more  
12 claim and then I will sit down.

13 So claim 56 introduces this idea of a second VAN  
14 that is being used to secure the credential information to the  
15 party. We rely on Davies on section 8 of the check, which is  
16 basically the place where the bank is signing the customer  
17 certificate saying, in effect, the bank is telling the world, yes,  
18 I can confirm to you that the customer identified in field 5 has  
19 the public key, you know, identified in field 6, and that that  
20 VAN then can be used during the authentication process to  
21 verify that the signature is accurate.

22 Now, we sort of concede that Davies doesn't teach  
23 that last piece directly, that you would actually check the  
24 certificate. And for that we rely on Fischer. This is our slide  
25 46 where you see the relevant excerpt.

1           Fischer basically teaches, well, you know, the  
2 whole point of the certificate chain is to permit you to verify  
3 the signatures in the chain, and, if they don't match, then to  
4 conclude that something weird is going on.

5           And then Piosenka teaches you that if you  
6 determine something weird is going on, then you, you know,  
7 deny the transaction. So collectively those references teach  
8 claim 56.

9           So with that I will reserve any remaining time for  
10 rebuttal.

11           JUDGE CHEN: Counsel?

12           MR. WILLIAMS: Yes.

13           JUDGE CHEN: Counsel, before you conclude, I  
14 just wanted to ask you, regarding the combinations at hand,  
15 including especially Davies plus Meyer, which I believe you  
16 are asserting and upon which we instituted for all four of the  
17 challenged claims, is there any specific rationale from the  
18 KSR decision upon which Petitioner is relying among the  
19 several that were enunciated by the court in that decision?

20           MR. WILLIAMS: Yeah, I didn't address Meyer  
21 and the Davies combination in my comments just now, which  
22 should show you that you don't actually have to get to that  
23 combination to decide the case.

24           So for that particular combination what we're  
25 pointing to really is the idea -- what Meyer teaches is how to

1 do a MAC, a Message Authentication Code. He teaches some  
2 data being -- performing a cryptographic operation on some  
3 transaction data, and which, of course, Davies teaches  
4 something quite similar in the context of the check in figure  
5 10.22.

6 So our suggestion is that, you know, those  
7 teachings are so similar, so well known in the art and so  
8 easily combined and would work in exactly the same way they  
9 are described as working in individual references that it would  
10 be a predictable variation to use those two references. That's  
11 essentially the basis for the combination.

12 JUDGE CHEN: Okay. Thank you.

13 MR. WILLIAMS: Judge Moore, could I just ask  
14 how much time is remaining?

15 JUDGE MOORE: 18 minutes.

16 MR. GREENSPOON: Good afternoon, Your  
17 Honors. Robert Greenspoon for Mr. Leon Stambler. As I  
18 mentioned, Mr. Stambler has flown in here from Florida,  
19 which is kind of significant at least in my mind. He is  
20 87-years-old. This is one of his babies. This is a very  
21 important proceeding for him so he wanted to be sure to  
22 attend.

23 And, of course, also with me is Brent Bumgardner  
24 who is not counsel of record but everyone seems to have

1     agreed he could help with the slides, and I appreciate that.  
2     Thank you very much.

3             We obviously disagree with the anticipation and  
4     obviousness conclusions that you just heard. And before I  
5     begin on the substance, before I get to any slides, I wanted to  
6     just walk through a little bit of the procedural history of this  
7     case, how we got here from where we started.

8             And that was, if Your Honors recall, I believe all  
9     of you were the panel who decided not to institute trial in a  
10    case called Visa versus Leon Stambler.

11            And the claim construction which led to the  
12    non-institution had to do with a particular sequencing required  
13    by the claims as between the different steps. And obviously  
14    we think that was a correct determination.

15            It just so happens that in the Visa petition, Visa  
16    did one thing right in our mind, which is they read the claim,  
17    claim 51, onto a single entity. So when they came to this  
18    Board and they tried to petition for IPR, they were actually  
19    seeing things the same way we did, at least to the extent that  
20    claim 51 has to be read on a single entity.

21            In the Visa instance, by the way, using the Davies  
22    reference, the same prior art, they read it on, I believe it was  
23    the card issuer bank or the token issuer bank doing all four of  
24    those steps.

1                   And then the next thing that happened in the  
2                   procedural history just prior to the institution denial was that  
3                   MasterCard came in with their first CBM petition. And the  
4                   first CBM petition, to the extent it dealt with prior art, it was  
5                   a carbon copy of Visa's Institution Decision. Clearly  
6                   MasterCard didn't yet have the benefit of the denial decision.

7                   Then the denial decision came based on the claim  
8                   construction that I just mentioned, and MasterCard in short  
9                   order came out with the present petition that this proceeding  
10                  is built on. And the present petition shifts.

11                  It doesn't read the Stambler patent onto the  
12                  Davies, Nechvatal, Fischer, Piosenka suite of prior art the  
13                  same way that the Visa petition did, and it also added another  
14                  reference which we established in this proceeding in the  
15                  record they had had all along but for some reason didn't  
16                  provide in their first petition.

17                  So the reason I walked through this procedural  
18                  history is because it goes to the correctness of some of the  
19                  claim construction arguments that we're going to walk through  
20                  in my presentation.

21                  And I would say one thing very quickly and then  
22                  move off of it. I would urge this panel, this Board, that it  
23                  still has the discretion to dismiss this proceeding as being the  
24                  type of second bite at the apple that other panels have

1 dismissed under similar circumstances. And I won't linger on  
2 that.

3 So what we believe is that the Petitioner has  
4 supplied incorrect information on the patent, on the prior art,  
5 and, in fact, on some of the legal principles that should apply  
6 here. And let me go back to the source to begin.

7 So what we see here, of course, on the title slide,  
8 it is a picture of the cover page of the patent. And I would  
9 assert to Your Honors that this patent is not a public key  
10 cryptography patent. It is not an asymmetric cryptography  
11 patent in its claimed inventions. And we will get to  
12 explaining why in just a few moments.

13 I will also let you know, I think Mr. Diffie is a  
14 great guy. That's Petitioner's expert. I think he is, in some  
15 fields, he is quite a luminary, I acknowledge that, particularly  
16 in public key cryptography, but he might just well have been  
17 the wrong guy for this job.

18 And there is an old, I guess, old chestnut where  
19 they say to someone with a hammer everything is a nail. So  
20 to someone like Mr. Diffie, who is so skilled in public key  
21 cryptography, perhaps someone like him is motivated to see  
22 public key principles everywhere.

23 So as we walk through you will see that there are  
24 two ways described in Mr. Stambler's patent for generating a

1 VAN as far as that goes. One of which we say is not the  
2 claimed VAN. One of which we say is the claimed VAN.

3 But in both of those cases, Mr. Stambler was  
4 working with what is known as symmetrical cryptography  
5 where each side has the same key or the same algorithm, not  
6 asymmetrical cryptography, public key cryptography, which,  
7 certainly from the review of this record, all of Your Honors  
8 know involves a public key that could be in the hands of the  
9 general public and a private key that never leaves the hands of  
10 its owner. So that remains secret and nobody knows about it.

11 So I assert that, and we'll walk through this, but  
12 the claims were drafted around symmetrical ideas, not  
13 asymmetrical. And this explains a lot. To our mind it is the  
14 big picture reason why there are so many things different from  
15 the prior art, even if there might seem surface similarities at  
16 first.

17 So let's go to Mr. Stambler's patent now,  
18 demonstrative number 2. Let's talk about the generation of a  
19 check. So what we've put on the screen here is simply figure  
20 7, and in figure 7 a person enters his own originator's TIN,  
21 which is a Social Security number.

22 As a quick aside, Mr. Diffie and I had our  
23 exchange where he acknowledged that at the time  
24 Mr. Stambler wrote his patent, a very different age in this  
25 sense: A Social Security number was considered public



1 information. It is just a piece of trivia for why the TIN ends  
2 up being what the patent considers the public non-secret  
3 information. Today we might have different attitudes about  
4 that. Back then that's what happened. You may even recall  
5 they were on our driver's licenses for a long time.

6 So the originator will enter the OTIN, which is  
7 Originator TIN; RTIN, which is the receiver's or recipient's  
8 TIN, again, Social Security number. The originator enters his  
9 PIN, just a PIN code, and the PIN code goes into the coder 10.  
10 It becomes a coded PIN, and then the transformation that you  
11 see on the figure happened where eventually a VAN gets  
12 created and placed onto a check. That's number 4.

13 It will become very important for the Board to  
14 appreciate that when the originator is writing his check, he is  
15 working at the so-called originator's terminal or computer, the  
16 originator's.

17 So let's stop right there. I'm going to do  
18 something that is a little bit unusual and I'm going to  
19 demonstrate that Mr. Stambler's claim does not read, claim 51  
20 does not read on the figure 7 process that we walked through  
21 with my counterpart and in my own presentation.

22 The next demonstrative, please. So we're now  
23 looking at page 4, demonstrative or slide 4. This is from  
24 column 5 of the patent. This is a quote: "The data input to  
25 coder 28 is the recipient's TIN (RTIN) which has been read

1 from the check, or accessed from the computer memory, or  
2 entered by the originator."

3 Now, I will pause right there because it doesn't say  
4 that the computer has "received" anything. It was data that  
5 was input into the computer, not received. That's a clue.  
6 That's a clue when we get to the claim language.

7 Another thing I will pause to observe is that by  
8 this point in the process we have the recipient's Social  
9 Security number working in the process, but with that RTIN,  
10 at this stage, there is no way to identify the recipient's bank  
11 account, no way, not just with the RTIN.

12 You can't do it with just a Social Security number  
13 before any further processing has happened. And there is a  
14 later stage when the RTIN sort of transforms itself into  
15 something from which one can derive or identify the account  
16 number of the recipient.

17 JUDGE CHEN: Excuse me, counsel?

18 MR. GREENSPOON: Yes.

19 JUDGE CHEN: Just to clarify, did I hear you  
20 correctly in that you said, I believe I heard you say that claim  
21 51 does not read on figure 7 of the patent?

22 MR. GREENSPOON: That is our contention, yes,  
23 Your Honor.

1 JUDGE CHEN: Okay. So some entity operating in  
2 the manner depicted in figure 7 would not be practicing that  
3 claim?

4 MR. GREENSPOON: Well, in this sense: The  
5 figure 7 actions do not map onto the receiving and generating  
6 step of the claim, unlike the contentions we heard from  
7 Mr. Eliot.

8 So another fact becomes apparent if you consider  
9 what has happened so far. The originator has put what is  
10 called funds transfer information, input that into a computer.  
11 In doing that the originator has not taken -- has not given  
12 something to someone else.

13 One can't comfortably say that the originator has  
14 received something from himself, because that's just a  
15 nonsensical way of understanding the English language.

16 So this is the concept that we note in our brief.  
17 You simply can't receive a chunk of information from  
18 yourself. It is like putting a pencil from one hand into the  
19 other. It just doesn't map onto our common notions of what  
20 received is.

21 Let's go to the next demonstrative, number 6.  
22 Let's go one more. So building up another clue about figure  
23 7, I would like Your Honors to observe that figure 7 is  
24 self-consciously described as illustrating how an originator  
25 generates the check. Let's go to number 7.

1                   Meanwhile, figures 8A and 8B are self-consciously  
2 described as the authentication process when the check is  
3 presented to be cashed.

4                   So the figure 7 descriptor does not say here is a  
5 figure with a method for authenticating the transfer of funds.  
6 So let's go to demonstrative 8.

7                   And that's not a coincidence when you end up  
8 looking at the claim as it is written. The claim as it is written  
9 in its preamble says: "A method for authenticating the  
10 transfer of funds."

11                  So, Your Honors, yet another clue that what we're  
12 doing here in figure 7 is not going to be mapping on, even  
13 partially onto the claim steps that we will read about in claim  
14 51.

15                  And that's not a coincidence. So let's go to the  
16 next demonstrative, so back to demonstrative number 9.  
17 These are the admissions from Mr. Diffie. These are the  
18 crucial admissions. And I think some of them were already  
19 discussed on the record today.

20                  And when you read through these admissions from  
21 the deposition transcript you will appreciate that Mr. Diffie  
22 was referring to the claim steps. He wasn't simply referring  
23 to what is inside figure 8B as its own thing or figure 8B as  
24 further explicated by the text.

1           He was talking about figure 8B, as I walked him  
2 through it, explaining or pointing him to the alternative  
3 embodiment possibly reading on the claims.

4           "Question: You mentioned earlier that you're well  
5 familiar with claim 51, yes?

6           "Answer: Yes.

7           "Question: So can I communicate with you today  
8 by talking about four steps, receiving, generating, determining  
9 and transferring?

10          "Answer: Please.

11          "Question: Okay. So in what we've just seen at  
12 figure 8B, would you agree that the originator bank in the  
13 described embodiment performed all four of those steps?"

14          And he acknowledged: "It appears to me that all  
15 four of those steps are performed in figure 8B that we've just  
16 been looking at in Stambler's embodiment."

17          JUDGE CHEN: Counsel?

18          MR. GREENSPOON: Yes.

19          JUDGE CHEN: We did go over this with the  
20 Petitioner's counsel. How do you respond to the argument  
21 that you heard him make earlier in this proceeding when he  
22 was being questioned by the Panel regarding Mr. Diffie's  
23 testimony?

24          MR. GREENSPOON: Well, let's go forward. I  
25 think it is two more slides and I think that's the response. The

1 key point about Mr. Diffie's testimony is that not only did he  
2 include the altered figure 8B as what the claim reads on, but  
3 he excluded, at least so far as he had studied as an expert, he  
4 excluded any other place in the patent.

5 And here is the important Q and A from his  
6 deposition:

7 "Question: Is there any disclosure in the detailed  
8 description of the '302 patent of those four steps being  
9 divided up among more than one entity?

10 "The Witness: I have not detected it, but I would  
11 need to read -- I think I probably need to read through the  
12 whole embodiment to be confident."

13 So here certainly he left a little wiggle room but,  
14 again, he is the expert. He is the expert presented by the  
15 Petitioner. The Petitioner and his expert had no position that  
16 figure 7 or any of its text description read onto, for example,  
17 the generating or the receiving steps.

18 JUDGE CHEN: By the way, counsel, is it your  
19 position that claim 51 does not read on the generation of a  
20 check by an originator?

21 MR. GREENSPOON: That's correct. That's  
22 correct. And we can go through some detailed explanations  
23 why. Let me take a side trip into sort of a big picture  
24 explanation why.

1           In claim 51 we have a receiving step, a receiving  
2     the funds transfer information. Let's pretend for a moment  
3     hypothetically that that did read on the data entry step we just  
4     saw that the originator does at his own terminal.

5           So he is giving this information to himself. Let's  
6     call that hypothetically the receiving step. Now let's go  
7     forward a couple places in the claim and you have a  
8     determining step where you are determining authenticity of  
9     the received information essentially. There is no need to  
10    determine authenticity of something that you have taken from  
11    one hand and put into the other.

12           That's another nonsensical application of the  
13    claim. It leads to a contradiction.

14           The reason why you need to determine authenticity  
15    of information is because it has traveled over a  
16    communication network, because it left somebody's control.  
17    So that is a big picture explanation of why it is nonsensical to  
18    read the generating, or receiving and generating steps onto the  
19    generation of a check.

20           JUDGE WARD: Do you agree that disclosure with  
21    respect to figure 7 in the specification does require that the  
22    originator's computer validates the VAN? Do you agree with  
23    that contention?

24           MR. GREENSPOON: It is the originator's  
25    computer, that is exactly the text in the patent, that's correct.

1 The originator makes the input into his or her own computer  
2 and so we're talking about direction and control. And this  
3 gets forward to another issue we will go into.

4 That's a classic example where if one were to  
5 hypothesize that the originator's computer were some  
6 additional entity in this entire work flow, you really can't  
7 because the person who owns his own computer is certainly  
8 directly and controlling his own computer.

9 So I will move off of this in just a moment but I  
10 just want to observe that we gave Mr. Diffie an opportunity to  
11 explain where there might be some place else in  
12 Mr. Stambler's patent that provides written description  
13 support for claim 51 other than figure 8B and the modification  
14 made in the text. And he couldn't find it at his deposition.

15 So here is why that's important, and let's see the  
16 next one, demonstrative 12. This is Petitioner's reply at page  
17 3. And as Your Honors know, they say the receiving and  
18 generating step could happen at figure 3, where we make the  
19 check, but that's not really correct. That's not where it  
20 happens. That's not even the preferred embodiment when you  
21 are talking about the claim scope. That's an unclaimed  
22 embodiment.

23 Slide 13, please.

24 JUDGE CHEN: Counsel?

25 MR. GREENSPOON: Yes, Your Honor.



1 JUDGE CHEN: My apologies. I know that we  
2 have looked at the Diffie testimony, but before we go on here,  
3 I wanted to get your reaction.

4 I know one of the preceding slides highlighted  
5 excerpts from pages 19 and 20 of his deposition. There is a  
6 portion of page 19, with your question beginning at line 7 and  
7 the witness' answer at line 14, where he states "it appears to  
8 me that claim 51 could be satisfied that way," in response to  
9 your question about the patent dividing up steps so that  
10 different actors played a role of the method steps.

11 And Mr. Diffie then says, "but that there is no  
12 requirement to claim 51 that the steps all be performed by the  
13 same entity."

14 What is your reaction to that testimony from Mr.  
15 Diffie?

16 MR. GREENSPOON: I think Mr. Diffie was  
17 bearing a legal conclusion in the middle of the technological  
18 testimony I was getting from him. And, of course, Your  
19 Honors can give that legal conclusion whatever weight you  
20 decide to.

21 I believe that what happened later in the questions  
22 and answers that we have walked through amounts to an  
23 impeachment of that legal conclusion.

24 Now, this is not an easy legal analysis either. I  
25 concede that. This is a difficult exploration and analysis of

1 the patent in light of legal principles that are handed down to  
2 us from the case law.

3 So I'm not surprised that Mr. Diffie would sort of  
4 reach that outcome in one of his answers before he gives the  
5 impeaching answers later that are actually more geared and  
6 directed to the technological information.

7 JUDGE CHEN: Do you think, counsel, you heard  
8 Petitioner's counsel say something to the effect that Mr. Diffie  
9 might have been confused at points in his testimony.

10 Do you agree with that assessment? Do you think  
11 questioning confused him as to what you were asking?

12 MR. GREENSPOON: Your Honor, I can only say  
13 the record speaks for itself. I was surprised to hear  
14 Mr. Williams describe his own expert as confused. That was  
15 surprising to me. He did not appear confused to me.

16 He appeared to be providing certain broad answers  
17 at some points in time and then, when I focused him on the  
18 portions of the record that didn't really mesh with those broad  
19 answers, I think he honestly gave, you know, the correct  
20 technological testimony that he had to, that effectively  
21 impeached his prior broad answers. I don't think he was  
22 confused.

23 I put up figure 8B. And what we've shown in our  
24 papers and throughout the evidence is that all of the written  
25 description support for claim 51 happens there at the

1 originator's bank. And there is only one deviation from that  
2 figure but that's supported by the text, and that is describing  
3 the alternative embodiment.

4           So let's go to the next slide. And actually before  
5 we get there, I will just pause here to note that even the  
6 Petitioner, even MasterCard in its reply, and when  
7 Mr. Williams was standing up here today, acknowledged that  
8 the alternative embodiment is, in fact, covered by the claim.  
9 So everything I'm saying up to this point is not provoking any  
10 disagreement that there is a description in the Stambler  
11 detailed specification of the originator bank doing all of the  
12 steps of claim 51 and only the originator bank. There is no  
13 debate there.

14           The debate is whether there is simultaneous  
15 nonreading, if you will, of claim 51 on other embodiments.

16           So quoting from their own reply, their own paper:  
17 "And the alternative embodiment where the claim steps may  
18 be performed by a single entity." Meaning that that, too, can  
19 be read or should be read to be covered by the claim, claim  
20 51.

21           So this, of course, goes to our legal argument that  
22 the method of claim 51 can only apply to a single entity doing  
23 all of the steps. And this is to say, you know, we're not  
24 running away from the general canon of claim construction,

1 we know it as well as anyone, that limitations from the  
2 claimed embodiment should not be read into the claims.

3 But there is an important qualifier to that canon,  
4 and we briefed this. And that is where only a single  
5 embodiment is described that actually reads on the claim. The  
6 claims should not be read to cover other ways where the other  
7 ways would raise a question of enablement. And that's the  
8 Digital Biometrics case, and even before that the Athletic  
9 Alternatives case. So the record certainly shows that there are  
10 at least questions of enablement that go beyond.

11 So here the only evidence on enablement of ways  
12 that go beyond the modified figure 8, that comes from Dr.  
13 Nielson. And here is his testimony on the next slide, 15.  
14 This is Dr. Nielson and his evidence: "Must be performed by  
15 a single entity. Otherwise, there would be insufficient written  
16 description to enable the claim."

17 Next slide, please. "If multiple entities perform  
18 these steps, there is information deficient about how to  
19 implement." And then he goes on with more detail, and of  
20 course I'm skipping a lot, but "cryptographic protocols,  
21 including authentication protocols, are notoriously difficult to  
22 get correct."

23 Next slide. And then at his deposition, which if I  
24 recall correctly I think this was used by the Petitioner to try

1 to undercut this evidence but, in fact, it doesn't undercut the  
2 evidence.

3 Here is the question from Mr. Williams, I believe:

4 "Question: So in that hypothetical, do you still  
5 think that there's a lack of written description in the  
6 specification to enable that?

7 "Answer: So if we have steps 1 and 2 done by a  
8 different entity than steps 3 and 4, I think I've already  
9 identified one of my concerns with is, which is that I don't  
10 think that reads correctly.

11 "But if you're going to have -- so where you have  
12 the -- so I don't think there is written description to describe  
13 how you split that up between those two entities."

14 JUDGE CHEN: Counsel?

15 MR. GREENSPOON: Yes, Your Honor.

16 JUDGE CHEN: How about, I would like to hear  
17 your reaction to the argument made at page 7 of the reply  
18 where they cite to pages 66 and 67 of Dr. Nielson's testimony,  
19 in particular his answer at page 67, lines 18 through 22, in  
20 part reading: "I think there are ways that the language of the  
21 claim doesn't necessarily prohibit dividing it up."

22 MR. GREENSPOON: Your Honor, I believe that I  
23 have that quoted in a future slide.

24 So the question is -- I apologize, Your Honor.

1 JUDGE CHEN: Yes, I just wanted to get your  
2 response to the argument made at page 7 of the reply where  
3 the Petitioner cites that excerpt from Dr. Nielson's testimony  
4 in support of its argument that Dr. Nielson himself probably  
5 conceded that -- and, again, to quote his testimony -- "there  
6 are ways that the language of the claim doesn't necessarily  
7 prohibit dividing it up amongst multiple entities."

8 MR. GREENSPOON: Oh, I see. I believe they  
9 were confronting him with the plain words of the claim. We,  
10 of course, perhaps differ from Dr. Nielson on this point  
11 ourselves. We have an explanation in our briefing why, as a  
12 legal matter, just the words of the claim before you even go to  
13 the specification call out a single entity requirement.

14 But this was where he was asked just about the  
15 words of the claim, and he didn't see the words, plain words  
16 saying that. So what he was saying was, effectively what he  
17 was doing for his answer, he was assuming that the words of  
18 the claim perhaps didn't jump out to him as requiring a single  
19 entity construction but, nonetheless, he gave the testimony  
20 that he did give on the different embodiments and what is  
21 enabled versus what is not enabled.

22 JUDGE CHEN: Thank you. Please proceed.

23 MR. GREENSPOON: Sure, so let's go back to  
24 figure 8B on slide 13.

1                   So let's walk through this for a second and see how  
2 it reads when we're using the recipient's TIN, I want to focus  
3 on that, because that will be important for an argument down  
4 the road as well.

5                   By the time you get to figure 8B the recipient's  
6 TIN has been augmented, with something very important, a  
7 communications session between the originator bank and the  
8 recipient's own bank.

9                   So, in other words, the guy who is supposed to get  
10 the money dropped into his checking account has his own  
11 bank talk to the originator bank. His own bank is up in figure  
12 8A which I haven't created a slide for that. But by the time  
13 you get to figure 8B, that recipient's ID number, the RTIN, is  
14 information sufficient for identifying the account of the  
15 second party.

16                  So that's yet another -- it is a nuance. It is a very  
17 important nuance, though. In figure 7 when you full stop at  
18 the generation of a check and that's all you've done so far in  
19 the work flow, RTIN is not information for identifying the  
20 account of the second party.

21                  Once you get to figure 8B, and especially since  
22 you are in the alternative embodiment that we've been talking  
23 about, RTIN is absolutely information sufficient for  
24 identifying the account of the second party.

1           Let's go to 18. All right. So this is where we're  
2 pointing out in the text that by this point the recipient's bank  
3 is communicating with the originator's bank -- this is in  
4 column 6 -- and conveys information about the transaction.  
5 So that amplifies what I just pointed to with description to the  
6 figure.

7           Let's go to 19. So this is the alternative  
8 embodiment we've all been talking about. We probably don't  
9 need to linger on it very long since we have admissions even  
10 today from MasterCard that this alternative embodiment is  
11 covered by claim 51. So let's go to the next demonstrative,  
12 20.

13           And then, of course, there is the determining step.  
14 And if everything checks out the funds are transferred at the  
15 determining step.

16           All of this is a single method for authentication  
17 that we've been talking about where one entity does every  
18 step. And, again, there is no dispute that everything I just  
19 mentioned does support claim 51. And so I will go back to  
20 something that I started with.

21           Everything I just showed you about generating a  
22 new VAN -- that was the column 7 excerpt about line 12 --  
23 generating the new VAN alternative embodiment shows that  
24 the authenticating party has the ability to do the same  
25 encryption as the originating party did.



1           This is what I was referring to at the outset when I  
2 talked about Mr. Stambler talking about symmetric  
3 encryption. The exact same one. And even if you go to sort  
4 of the, let's say, the primary text description of figure 8B  
5 where there is an uncoding operation, an uncoding operation  
6 of the VAN that has come in, even that is a situation where  
7 the incoming VAN is decrypted for comparison, and that  
8 means that both sides have the same encryption keys. This is  
9 just a technological fact.

10           And that goes to show that nothing that  
11 Mr. Stambler did in these figures involves public key or  
12 asymmetric cryptography. And that's important. We believe  
13 that is sort of the big picture reason why we have a proverbial  
14 square peg in a round hole with the prior art.

15           So with this fresh understanding let's take a look  
16 at the prior art. And as Your Honors know, the test for  
17 anticipation is very strict. The prior art has to disclose the  
18 claimed invention exactly as arranged in the claim and mixing  
19 and matching unrelated parts of a disclosure are not allowed.

20           And for obviousness, with rare exceptions, if you  
21 can stitch a combination together with the reasons to combine  
22 such as they are, and when stitched together they still miss or  
23 omit a claim limitation, that's another case where there is no  
24 obviousness. Those are the fundamentals.

1           Another fundamental, going back to what we heard  
2 about embodiments, and reading out the preferred embodiment  
3 is rarely, if ever, correct -- we heard that early on in  
4 Mr. Williams' presentation -- that, too, is subject to its own  
5 limiting principle.

6           And there are cases, there are many cases, I have  
7 one I could cite to Your Honors, that say it is not necessary  
8 that every claim reads on every embodiment. The general  
9 principle is a claim need not cover all embodiments. So that's  
10 why we can have figure 8B in one form which isn't covered  
11 and then in another form which is.

12           So let's go to slide 21. So, Your Honors, I've put  
13 up the now familiar fields 1 through 16 of Davies on the  
14 screen. This is from the check embodiment, figure 10.22.  
15 This is certainly the part of Davies that both sides discuss the  
16 most.

17           And you've heard from Petitioner how they claim  
18 that all of the steps of claim 51 are contained in this check  
19 embodiment, and they use a lot of information that we see in  
20 the fields up here, 1 through 16.

21           Let's go to the next, so now on demonstrative 22.  
22 Let me start by correcting one piece of incorrect information  
23 we've heard today, or at least we've heard in the reply brief,  
24 about the disclosure of Davies. There is a technological  
25 description within Davies that they claim is there but is not.

1           And that's this notion that in the work flow of  
2     Davies, supposedly the originator sits at the terminal, plugs  
3     his token in, enters his check information, that goes into the  
4     token, and somehow it all comes right back out of the token  
5     into the terminal and then ping-pongs right back into the  
6     token.

7           I know that might have been hard to follow. This  
8     is, I believe this is a contention of MasterCard, that all of the  
9     fields 1 through 8, essentially, plus some other things, go up  
10    into the terminal and then back down into the token. That's  
11    their contention.

12           I commend Your Honors' attention to Davies itself,  
13    pages 325 through 331. There is zero disclosure of anything  
14    like that happening. And it is a very important absence,  
15    which is why MasterCard I believe tries to make it a presence,  
16    tries to invent on top of Davies to make it as if it is there.

17           In particular, on slide 22, I've highlighted from the  
18    reply brief at page 15 where they allege that the electronic  
19    message is "sent back" to the token for signing.

20           Next page, please, slide 23. "Presented back" is  
21    the language used in the next page of the reply brief by  
22    MasterCard.

23           And so have patience with me while I walk  
24    through why this is a controlling and important fact that  
25    Davies does not disclose sending back or presenting back.

1           If Your Honors simply think about it, the most,  
2   you know, Davies is a thin disclosure as far as it goes, but  
3   consistent with the Davies disclosure, the work flow actually  
4   is the token goes in, the owner of the token starts inputting  
5   information to fill out some of the variable fields, and those  
6   could be 11, 12, you know, payee identity, amount, maybe 13  
7   and 14.

8           It is up for grabs which fields have to be entered  
9   at the terminal by the owner of the token. And those are sent  
10   into the token. The token already knows fields 1 through 8.

11          There is no reason for Davies to do this thing that  
12   MasterCard has apparently invented on top of Davies because  
13   it is almost like an Occam's Razor mental exercise. Why  
14   would you do it if it is not necessary? But, more importantly,  
15   for the legal effect it is not disclosed.

16          Here is why it is key: We have pointed out in our  
17   papers and in the evidence that the receiving step was  
18   impossible to find in Davies, and we had many reasons. One  
19   of those reasons had to do with the relationship between the  
20   credential and the funds transfer information.

21          There is a claim time sequence. It's not that  
22   different from the time sequence the Board found in the Visa  
23   institution denial. The preamble indicates that the receiving  
24   happens after the credential has been issued. That's the plain  
25   language of the claim.

1           Just as an aside, we heard a contention that  
2 perhaps we didn't supply a claim construction to make this  
3 contention. Well, that claim construction, if that's what you  
4 call it, is certainly baked into the argument we made on the  
5 technology and how to distinguish Davies. And more to the  
6 point, the party with the burden, who is Petitioner here, never  
7 supplied a claim construction to the contrary.

8           I will move on from that. We could point fingers  
9 at each other. But the main point is, let's turn to slide 24,  
10 there is a prior court claim construction in the record that says  
11 "previously issued" means issued before the execution of the  
12 steps recited in the claim, before the steps are cited in the  
13 claim. That means all of the steps.

14           So the next, page 25, please. So back to a few  
15 comments about the reply from a few slides before. We can  
16 go ahead and keep this on the screen. We, that is, Patent  
17 Owner, have pointed out that the Petitioner, MasterCard,  
18 contends that fields 1 through 8 of the check constituted the  
19 credential. Actually that has been a moving target, but they  
20 finally landed on fields 1 through 8 of the check are what they  
21 contend to be the credential in Davies.

22           And we also pointed out that as such these fields 1  
23 through 8 exist in the token before anything starts. They were  
24 received in the token, if you want to call it that, before the

1 fields are completed, before the rest of the check is  
2 fabricated, such as payee identity and check amount.

3 So where did that leave Davies? You know, it left  
4 Davies with a token that already has received customer  
5 identity, already has received customer identity, part of the  
6 funds transfer information, before and not after the supposed  
7 credential came into existence.

8 The best they could possibly say if they made an  
9 argument on this is to say, well, it was simultaneous. But in  
10 any case Davies fails the required time sequence in the  
11 previously-issued claim application.

12 So Petitioner, MasterCard, didn't actually  
13 challenge such a scenario violates the time sequencing  
14 condition of claim 51. Instead, in the reply pages we saw a  
15 moment ago they stated that: The terminal reads information  
16 from the token, and then has a message sent back to the token.  
17 We saw that highlighted in yellow. And, again, they say:  
18 Presented back to the token.

19 And there are mighty big page ranges that they  
20 cite for that. Sometimes they just cite page 328, sometimes  
21 330, sometimes 331. The biggest range they cite for that is  
22 325 to 331. I commend Your Honors' attention to that page  
23 range, and it is just not there.

1                   So what we said stands despite the incorrect  
2 information or understanding we have from the papers filed by  
3 MasterCard.

4                   And there is more incorrect understanding that we  
5 have from MasterCard. We just showed that there is a single  
6 entity requirement in claim 51. And you've just heard the  
7 banks -- you've heard MasterCard say that even if that is true  
8 Davies shows single entity. This is where we get to who owns  
9 the token, who directs and controls the token. We heard some  
10 things about that this morning.

11                  So let's look at the next slide. This is from Davies  
12 itself. It is unambiguous, unambiguous. It is the customer  
13 who owns the token. It is not the bank. This is truly a  
14 different entity.

15                  So from page 329 of Davies, "private customer's  
16 token," quoting, "having personalized the token for its  
17 customer."

18                  The next slide, please. The token "can be tracked  
19 if lost by its owner," which, of course, has to be referring to  
20 the consumer who writes checks losing it.

21                  And then the next slide, please, slide 28: "Each  
22 owner can give the token a password." So there really cannot  
23 be any reasonable dispute that when you are looking at Davies  
24 on its own terms, the token belongs to the check writer, to the  
25 customer.

1 JUDGE CHEN: Is the token, counsel, issued,  
2 though, by the bank?

3 MR. GREENSPOON: It is. That's right. The  
4 token is issued by the bank. There is some information  
5 preprogrammed into the token which we just went over. I  
6 believe 1 through 8 is preprogrammed into the token before it  
7 is sent to the customer.

8 So we contend then that Petitioner cannot get over  
9 two of the most important hurdles to show anticipation by  
10 Davies. It can't show the proper time sequencing for  
11 receiving versus issuance of the credential, and it cannot show  
12 the single entity practicing the claim. And there are more  
13 reasons why this is going to be clear.

14 There has been a lot of discussion so far about the  
15 check being used for point of sale purchases from a merchant,  
16 on the one hand, and ATM cash withdrawals on the other.  
17 These are both disclosed in Davies.

18 And we pointed out in either disclosure there is no  
19 receipt of information identifying the account -- for  
20 identifying the account of the second party. Let's go to the  
21 next, number 29, please.

22 So let's start where that is easiest to show. And in  
23 the ATM embodiment here is Mr. Diffie's acknowledgment,  
24 that the fields of the Davies token, we saw that as 1 through  
25 16, the fields change depending on the environment.



1                   "Question: So is it fair, then, to read that field 10,  
2 the transaction type, is going to control whether the customer  
3 check is to be utilized as a person-to-person check versus an  
4 ATM request?

5                   "Answer: I think so."

6                   Go to the next one, slide 30.

7                   "Question: So an ATM request could be a code  
8 that goes into field 10 that indicates that some of the other  
9 fields might be optional for this usage, right?

10                  "Answer: Yes."

11                  Next one, 31:

12                  "Question: So the population of usable fields in  
13 the format of 10.22 can differ as between a customer check  
14 transaction type and ATM transaction type, correct?

15                  "Answer: Well, since he specifies that the  
16 transaction type field could include ATM request, I think the  
17 answer is yes."

18                  32, please:

19                  "Question: So you say at the bottom of 76" -- that  
20 must be referring to his declaration -- "that if the transaction  
21 type is an ATM, there would be no need to write payee  
22 identity into the check. And that's field 13, right?

23                  "Answer: Field 13, yes."

24                  And then the final one in this sequence, 33:

1                   "Question: Wouldn't it be logical to put that  
2 identity into the check field for payee identity?

3                   "Answer: Well, I don't know that that's  
4 necessarily true."

5                   Oh, I'm sorry. Let's go backwards just a moment.  
6 I think I've gotten a little bit ahead of myself. I mistakenly  
7 put up some Seth Nielson slides. So let's go back one more.  
8 Okay. Ahead one to 32, please. I apologize, Your Honors.

9                   What I got ahead of myself with was that there was  
10 some discussion where perhaps Dr. Nielson had himself  
11 admitted, contrary to Mr. Diffie, that a payee identity field  
12 might be required in the ATM embodiment. So this is  
13 doctor -- the next one, 32, is Dr. Nielson being polled about  
14 this, being probed about this:

15                  "Question: So you say at the bottom of 76" -- of  
16 Dr. Nielson, our expert's declaration paragraph -- "that if the  
17 transaction type is an ATM, there would be no need to write  
18 payee identity into the check. And that's field 13, right?

19                  "Answer: Field 13, yes."

20                  Again, I apologize for the confusion, but the  
21 significance of this slide is that Dr. Nielson was emphatically  
22 reaffirming his original opinion that you don't need payee  
23 identity in an ATM embodiment. And then the next slide --

1 JUDGE WARD: How do you respond to  
2 Petitioner's argument, the hypothetical presented about the  
3 Citibank customer going to a Wells Fargo ATM?

4 MR. GREENSPOON: Well, the Citibank -- we  
5 have to understand that hypothetical in the context of how  
6 they are mapping claim 51 onto Davies.

7 So they would -- MasterCard, I think -- this is one  
8 of their most confusing contentions -- I think they would  
9 contend or they are contending now that somebody's bank  
10 name has to go into field 13 in order to complete the circle  
11 and make sure that this all works.

12 If that were true, how can the owner of the token  
13 know what bank stands behind a particular ATM? It just  
14 doesn't hang together.

15 Does that answer your question, Your Honor?

16 JUDGE WARD: Yes. Thank you.

17 MR. GREENSPOON: Okay. Finally, slide 33,  
18 back to what it really means, slide 33 is the testimony which  
19 we heard referred to earlier where Dr. Nielson supposedly  
20 disclaimed understanding and knowledge of really what is  
21 going on.

22 That's really, in context, not what he was saying.  
23 He did have the words "I don't know" in the middle of his  
24 testimony, but he didn't repudiate his actual opinion.

1                   So after saying "I don't know" he is asked to say --  
2 he is asked by counsel in cross-examination, essentially:  
3 Wouldn't it be one way of doing things by putting a payee  
4 identity into field 13 as part of this ATM work flow?

5                   And then he confirms: "Well, the reason why that  
6 seems odd to me is that this has to work for when you're at  
7 your own ATMs as well. So what goes into the payee field  
8 then? I don't see that that makes sense."

9                   So Dr. Nielson was actually saying your questions  
10 are confusing me because the premise within them simply  
11 doesn't make sense.

12                  Let's go to 34, please. Back to the reply we saw  
13 from MasterCard -- this is on page 18 -- they contend that  
14 while we did certainly handle the ATM discussion, they  
15 contend that we didn't handle the discussion in Davies that  
16 preceded that of the customer to merchant's check EFT point  
17 of sale transaction.

18                  On page 18 of their reply they claim: "Fails to  
19 address Davies disclosure of an electronic check at a  
20 non-ATM point of sale." Well, that's not correct so let's go to  
21 the next slide, and there is no such failure.

22                  You will see in our Patent Owner's response on  
23 page 46 we -- actually where the first full paragraph begins on  
24 that page -- we explicitly say, about the EFT point of sale  
25 transaction embodiment they point to, a person's name is not

1 the same thing as information for identifying that person's  
2 account. So there is no waiver of the argument.

3 Let's go forward one slide. So this is Dr. Nielson  
4 again. This is just to reiterate. Here is his testimony on  
5 point:

6 "Question: Okay. So the Davies check doesn't  
7 identify an account of the person being paid? That's your  
8 point?

9 "Answer: Yes.

10 "Question: I got it. Okay. The payee, however,  
11 is identified in the Davies check?

12 "Answer: It has an identity field for the payee,  
13 yes."

14 I will pause right there. That's all correct. But  
15 that's all going to the fact that there could be a name or an  
16 identity, it could be a number standing for an identity, on a  
17 Davies check in field 13.

18 But that only gets you as far as you've gotten in  
19 figure 7 of Mr. Stambler's patent before any of the claim has  
20 begun. And you don't have that standing for information for  
21 identifying the account of the receiving party. It can't do  
22 that.

23 So there's nothing, in Davies, there is nothing like  
24 the context that we bring in Mr. Stambler's patent once we get  
25 to figure 8B. So that was a context where a recipient's TIN

1 comes into the originator bank during a communication  
2 session where the originator bank unequivocally knows who  
3 the recipient's bank is, because that's who the communication  
4 session is with.

5 There is nothing remotely similar in Davies to do,  
6 you know, to transform or transmogrify a mere payee identity  
7 into something that would identify the payee's account.

8 Let's go to the next one, number 37. So this leads  
9 me to the final missing piece in Davies that I would like to  
10 talk about today. And that's credential. And, believe me, like  
11 I said, Petitioner has been a moving target.

12 I could show you in Mr. Diffie's declaration, in  
13 one place when he is reading credential onto Davies he says it  
14 is the full check in its full glory, the Davies check fields 1  
15 through 16. In another place he says it is the public key of  
16 the customer within the check. That's his contention in  
17 another place. And then in yet a third place he says it is the  
18 unfilled out check. So basically fields 1 through 8.

19 But I don't believe that that is a kind of petition  
20 that this Board has held satisfies a burden of proof, a kind of  
21 declaration that satisfies a burden of proof to prove a patent  
22 obvious, but let's see where they finally landed.

23 So this is the reply again. I'm quoting from their  
24 reply: "Petitioner relies on the 'blank check' of Davies, i.e.,  
25 the nonvariable items 1-8 of the electronic check of figure

1 10.22, of which items 5-8 can also be referred to as the  
2 customer's certificate." Well, that's helpful because we now  
3 know exactly where they are coming from.

4 So let's pause for a moment and think about what  
5 that means. What are the implications of thinking of the  
6 blank check as a credential? It first means that they believe  
7 that the bank who issues the blank check, that would be the  
8 card issuer bank, the customer's own bank, is the so-called  
9 trusted party that issues the credential. But throughout  
10 Mr. Stambler's patent which has banks mentioned on almost  
11 every page, we never have a bank described or implied as  
12 being a trusted party, certainly not for issuing credentials. I  
13 mean, it is not like the State Department that issues passports,  
14 or the DMV that issues driver's licenses.

15 The true trusted parties do not participate in the  
16 transaction. So the Davies banks should not be read as being  
17 the trusted party that has previously issued a credential. And  
18 then there is a second point. Let's go to the next slide, 38.

19 This was astonishing when I read this. This is  
20 from MasterCard's own reply. This is an admission in their  
21 own papers to this Board that the customer certificate is not  
22 used to determine the identity of the entity presenting the  
23 check.

24 I mean, we should be denying the anticipation  
25 ground just based on this one sentence from their brief

1 because this is an admission that the customer certificate,  
2 fields 1 through 8 that they have just identified as what they  
3 call a credential, is not meeting the claim construction of, you  
4 know, a collection of information presented for the purpose of  
5 determining or establishing the identity of a party.

6 But on the merits, what they are saying is that,  
7 well, the technological information within Davies that they  
8 are relying on is the fact that ultimately there is going to be a  
9 signature. That's field 16. Ultimately the bank, the card  
10 issuer bank, maybe otherwise known as the originator bank, is  
11 going to look at that signature and is going to take the public  
12 key that it got from that certificate and uncode or decode the  
13 signature to get what it needs.

14 And we've heard even today Mr. Williams talk  
15 about that as identifying the person or identifying the party,  
16 but that's not correct. That is not what a signature does in  
17 that context. That is not what the public key for the signature  
18 is doing in that context. There is something in this art known  
19 as data origin authentication, data origin authentication.

20 So when you use a public key to uncode a  
21 signature and everything checks out, you've done data origin  
22 authentication, you've confirmed that a particular chunk of  
23 data that you have as proposed to you as a candidate coming  
24 from a person actually has come from a person.



1           There is another thing that happens that is well  
2 recognized but beyond the scope here that's called  
3 nonrepudiation, but that's also a different issue, but that's  
4 what the signature check is. It is data origin authentication.

5           For example, if I were to try to get into this very  
6 building, and I handed Mr. Eliot Williams my passport, I  
7 handed him my passport, and he performed data off -- and, by  
8 the way, he had a chunk of information and he wanted to  
9 verify it was my handwriting and my signature on a  
10 handwritten note -- he could look at my passport and look at  
11 the handwritten information and verify the data origin of that  
12 information.

13           He could do that with, you know, a plain  
14 signature, not even the signature on my passport. But what I  
15 cannot do at that point is get into this building when  
16 Mr. Williams swears on a stack of bibles that this handwritten  
17 note is actually signed by me. Mr. Williams can't get into this  
18 building by swearing on a stack of bibles that I handed him an  
19 authentic note.

20           So that's why we have a huge disconnect on  
21 credential. A credential is something presented for the  
22 purposes of establishing the identity of a party. The context  
23 from the patent specification is passports, motor vehicle  
24 issued driver's licenses and the like.

1           To put that into the context of, you know, an  
2 asymmetric cryptography public key/signature pair, it really  
3 goes wildly beyond the original intent of the word credential  
4 and how it's used in the patent.

5           So without a doubt Davies does not anticipate. We  
6 don't see that there has been any solid quantum of proof that  
7 would meet MasterCard's burden to prove that Davies is  
8 anticipated.

9           So what about obviousness? So let recap what  
10 obviousness is all about. And, of course, the Board knows  
11 very well that a Petitioner would have to show that there are  
12 reasons in the art to modify a single or multiple references to  
13 arrive at the claimed invention. I'm going to emphasize those  
14 final words.

15           I see a blinking light.

16           JUDGE MOORE: You have about two minutes.

17           MR. GREENSPOON: Two minutes. Okay. So  
18 arrive at the claimed invention is really the key in the case  
19 law. You can have a collection of prior art that moves in a  
20 particular direction but perhaps doesn't move toward the  
21 claimed invention.

22           So if the end result of combining things or the  
23 motivation in the art is to create, let's say, a Frankenstein  
24 monster of a system that is not the claimed invention, the test  
25 is not met.

1           So, first off, there is not a single secondary  
2 reference offered to fill the gaps, just identified in my  
3 presentation, of what we saw missing in Davies. Let's go to  
4 the next slide.

5           Secondly, very quickly, I will point out that the  
6 Institution Decision rejected, did not allow this proceeding to  
7 go forward on Meyer by itself. So there is no Section 103  
8 argument on Meyer allowed in this proceeding.

9           Next slide, or one more, finally. I apologize. I  
10 will just tell you, I will point to Your Honors, I will commend  
11 your attention to pages 20 to 21 of the reply where there is an  
12 attempt to put back in a Meyer's alone Section 103 argument,  
13 and I contend that is not proper.

14           But drilling to the merits, the only things left to  
15 talk about are claims 55 and 56, and I will talk as long as I  
16 can and make myself available for questions on those. And  
17 that's because for claim 51 there is nothing in Meyer used to  
18 fill the gaps in Davies. And that holds true for claim 53 as  
19 well.

20           So 55 and 56 should be held patentable based on  
21 everything we just went through. We don't even need to get to  
22 the proposed combination. But if we get to claim 55 we  
23 showed the evidence that the hash function would not be used  
24 for a short message like funds transfer. We had that on the  
25 last slide from Mr. Diffie's testimony.

1                   And, finally, we've heard an argument for claim 55  
2                   that the signature of itself can be an error detection code.

3                   That only gets them so far. The claim language talks about  
4                   using the error detection code. There is no evidence in the  
5                   record that a signature is actually used for error detection.

6                   And, of course, I'm available for questions, Your  
7                   Honors.

8                   JUDGE CHEN: Counsel?

9                   MR. GREENSPOON: Yes.

10                  JUDGE CHEN: I do have one follow-up. In your  
11                  opposition you argued citing the case of Kinetic Concepts as  
12                  one reason why Davies and Meyer were not necessarily  
13                  combinable.

14                  And what is your response to the argument in the  
15                  reply at pages 21 and 22 to that effect and, in addition, the  
16                  content of the Diffie declaration? I'm looking at, I believe,  
17                  paragraphs 112 through 118 there.

18                  MR. GREENSPOON: Right. I will start with the  
19                  last part, the Diffie declaration. I think we did a very good  
20                  job briefing why what we saw in his declaration, insofar as a  
21                  motivation to combine contention, was conclusory.

22                  It was the ipse dixit of an expert, and it really  
23                  didn't give any substance other than to say, well, these things  
24                  exist and so they were combinable.

1           In essence that's what they were doing. That's  
2           what Mr. Diffie's declaration paragraph stood for to us. And  
3           we've briefed that.

4           As far as the response to pages 21 and 22 trying to  
5           distinguish Kinetic, and there is another case we cited,  
6           Broadcom, to our mind they didn't succeed. What they did is  
7           they cited Boston Scientific, which is a decision of this  
8           Board. I believe it might have been in an ex parte or an  
9           original application appeal, but I may be wrong, but in any  
10          case it's a PTAB decision which did delineate an exception to  
11          the principles cited in Kinetic, and on its own facts it did  
12          distinguish Kinetic.

13          But what you saw there was a list of chemical,  
14          chemistry genuses in the primary reference. And then the  
15          secondary reference was brought in to exemplify one of the  
16          species within the genuses, and that as a combination  
17          happened to read on the claim, as I understand that decision.

18          So the distinction made in Boston Scientific just  
19          doesn't apply here. We don't have anything like a list of  
20          chemical genuses where the similarity of the references brings  
21          them closer together as far as a motive or a reason to combine  
22          because, you know, it's like it fits like a glove.

23          And instead we have a situation where we have  
24          Meyer, which is its own sort of teaching reference, not an  
25          engineering specification. Davies, its own teaching reference,

1 not an engineering specification. They are both very well  
2 satisfied with how much detail each respectively puts into  
3 their textbooks.

4 And we also made the point in our briefing that  
5 Davies in several places actually quotes or recites back to  
6 Meyer, which was the earlier reference. And so our position  
7 was, of course, whatever was interesting within Meyer that  
8 Davies might have been motivated to combine, he already sort  
9 of, you know, quoted it.

10 Does that answer your question, Your Honor?

11 JUDGE CHEN: One last question. Does the  
12 citation that you just mentioned of Meyer and Davies, does  
13 that have any relevance to the old teaching, suggestion,  
14 motivation to combine theme?

15 MR. GREENSPOON: Only the sort of negative  
16 implication that I just mentioned. I don't think we are so  
17 much relying on rebutting a teaching suggestion or  
18 motivation. We're more in tune and harmonized with how  
19 KSR expresses the obviousness law.

20 So what we were plumbing the references for was  
21 a reason to combine or a reason to modify, notwithstanding  
22 whether that's in the form of a teaching, suggestion or  
23 motivation.

24 JUDGE CHEN: Okay. Thank you very much.

1                   MR. GREENSPOON: If there are no further  
2 questions, Your Honors, I will give the podium back to  
3 Mr. Williams.

4                   (Pause)

5                   MR. WILLIAMS: So I did want to address a few  
6 of the points made.

7                   JUDGE MOORE: All right. And before you  
8 begin, I think we gave Patent Owner about four extra minutes  
9 for questions there at the end.

10                  MR. WILLIAMS: Okay.

11                  JUDGE MOORE: So we will certainly give you  
12 that time as well, so you have 22 minutes.

13                  MR. WILLIAMS: Thank you, Your Honor.

14                  Let me begin where he did, which was to start at  
15 the 50,000 foot level. He began his presentation by saying  
16 that in Mr. Diffie we have a great witness but he is the wrong  
17 guy for this technology.

18                  And then he began to argue that the claims, or the  
19 Stambler patent in particular doesn't relate to public key  
20 cryptography which Mr. Diffie invented. So I did want to  
21 comment on that actually.

22                  I will point out that Mr. Diffie is an inductee to  
23 the National Inventors Hall of Fame, which is here in the  
24 Patent Office. I visited this morning when we were waiting  
25 for the hearing room to open.

1                   And I noticed that he is credited there for  
2     inventing the technology used in SSL, which is Secure Socket  
3     Layer encryption for the Internet.

4                   I don't think it will surprise you, if you look at  
5     Exhibit 1002 in the record, which is the complaint in the  
6     District Court case, to see that the Patent Owner has asserted  
7     the patent against SSL, which is public/private key  
8     cryptography of course. And that's at paragraph 9 of Exhibit  
9     1002.

10                  So I think it is just wrong for them to come to the  
11     Board and now suggest that they have never taken the view  
12     that these claims cover public key cryptography or that with  
13     Diffie is the wrong expert. In fact, it is exactly the opposite.  
14     That's exactly what they're saying the claims covered, which  
15     is how we wound up in the Patent Office in the first place.

16                  So let me return to, I think, the big dispute that  
17     has generated most of the questions today, which is whether  
18     these claims require a single entity or not. And, you know,  
19     Mr. Greenspoon described this as a difficult question. I think  
20     it is actually quite easy.

21                  There are two embodiments disclosed in the  
22     specification for how you performed these steps. One of those  
23     embodiments, the one that is actually depicted in the figures,  
24     has multiple entities performing the claim steps, and



1 another embodiment has one entity performing the claim  
2 steps.

3 So what is the most logical way to read the claim?  
4 We say, Mr. Diffie has said, the most logical way is you read  
5 the claims to cover both embodiments. Even their own expert  
6 has admitted -- Judge Chen, I think you found and pointed out  
7 this testimony in your questioning earlier -- their expert has  
8 admitted that the language of the claim itself doesn't seem to  
9 require that this be done with a single entity, and that it is  
10 only because the claim, the specification that doesn't describe  
11 or enable such a thing.

12 But the obvious response to that which is never  
13 answered and which I spent a fair amount of time in Mr.  
14 Nielson's deposition trying to get him to answer, is how he  
15 can say that in view of the clear teachings of the figures  
16 where the steps are performed by multiple entities.

17 And he never answers that question, which is why,  
18 as we point out in the reply brief, if you read his testimony, it  
19 is inconsistent. He goes back and forth about whether the  
20 claims language requires this or not, whether it is based on  
21 written description or not. I almost wish I had taken a  
22 videotape of his deposition. I think it would be revealing.

23 But suffice it to say, there is never a clear answer  
24 given from him at any point as to what it is in the

1 specification that has convinced him that the claims cannot  
2 cover the embodiment that's described in the figures.

3           So I think it is a very easy case. The case law is  
4 overwhelmingly clear that you don't read the claims to  
5 exclude a preferred embodiment. You certainly don't read the  
6 claims to exclude the preferred embodiment in favor of an  
7 alternative embodiment without some really good reason in  
8 the claim language for doing so. And, again, there has been  
9 no reason provided in the claim language that I think would  
10 justify such a radical departure from the traditional law of  
11 claim construction.

12           Let me talk for a moment, unless there are further  
13 questions about the claim construction issue, I want to talk  
14 about this issue of the token and how it is used in the Davies  
15 disclosure, which I think is our slide 33 from the  
16 demonstratives.

17           So we had an exchange about this earlier in my  
18 presentation, and Patent Owner's counsel has now suggested  
19 that we are somehow misreading Davies or reading into  
20 Davies something that is not there in the transaction flow.

21           And the issue is this: Does Davies describe that  
22 the token, when it is being used to make this transaction  
23 happen, is it getting information from the terminal and does  
24 the terminal get information from the token? And the answer  
25 is clearly yes. Slide 33 has those disclosures.

1           So first I will note the second one on the slide,  
2       which is that the check enters the card -- remember, the card  
3       here is the token -- enters the card from the terminal. And  
4       then I will skip to the last bullet there, which is that the  
5       customer's request is formed into a message and presented to  
6       the token. Again, this is describing what is happening at the  
7       terminal. So clearly in Davies we know that the token is  
8       receiving the check from the terminal.

9           Now, it is also the case that the terminal as it is  
10      generating this check message to get sent to the token for  
11      signing needs some data from the token. That's clear.

12          So if the critique is that Davies doesn't spell out in  
13      exquisite detail the exact sequence of information flow, which  
14      data is copied out of the card into the terminal, which data  
15      goes into the terminal for signing, then, you know, that's fine.  
16      They can make that argument all they want.

17          But the overwhelming evidence in the record is  
18      that the token does get the entire message from the terminal.  
19      So we know it receives that check data, even if we know  
20      nothing else about this card, we know that it receives the  
21      check data from the terminal. That's sufficient to perform  
22      that receiving step. And that essentially makes clear that the  
23      receiving step is performed in Davies.

24          Patent Owner then said, getting back into the  
25      Davies disclosure, so in response -- so we argued, as I said,

1 that even if you were to assume that the claim required a  
2 single entity to perform all the steps, Davies discloses that.  
3 And I showed you that earlier. Their attack to that response is  
4 that Davies teaches that the token is owned by the bank.

5 So, first of all, I disagree that any of the excerpts  
6 of Davies that he pointed to earlier show that the token is  
7 owned by the bank. They say things about the token owner  
8 but they never say who that person actually is. You can, I  
9 guess, infer that the owner is the customer. It is his  
10 argument.

11 Even if that were true, you know, so what? It  
12 doesn't change my argument. The point is it is not like the  
13 owner of that token can reprogram it to do whatever they  
14 want. Davies make that clear. The token is programmed by  
15 the issuer. And it specifically talks about the issuer as the  
16 token's master. So there is no doubt at all that the token is  
17 under the control of the issuer bank in Davies.

18 There was an argument made, a couple arguments  
19 made about the credential that I want to talk about. First let's  
20 talk about the sequence of steps in the credential.

21 So I already explained to you from the slide 33  
22 how it is that the receiving step is performed in Davies, and in  
23 particular how the token receives the information on the  
24 check, including the owner's identity at the time the  
25 transaction is occurring. That necessarily means that that is

1 occurring after the credential is issued. Remember, the  
2 credential is issued when you get the token in the first place.

3 So you've got the token from the bank. That's  
4 your previously-received credential. You then take, your  
5 previously-issued credential, you then take the token to a bank  
6 to do a transaction or to a merchant to do a transaction.

7 At the time you do that transaction then the  
8 terminal is going to assemble that data for you, put it into the  
9 token, the token signs it, and then the terminal sends that  
10 signed message off into the network. That's the receiving  
11 step.

12 So the sequence is clearly described in Davies,  
13 exactly the way that Patent Owner suggested it must be to  
14 satisfy the claim.

15 The other thing that Patent Owner argues about  
16 credential, and he tries to make much of an admission in our  
17 reply brief, that in Davies you don't present this check to  
18 authenticate the person who is presenting the check, which is  
19 true. It doesn't make any difference, however, for this case.

20 The whole point of Davies is you've got a  
21 credential on the check that authenticates the identity of the  
22 person who wrote the check. That's the identity of the person  
23 that you're trying to verify. You want to make sure, if I have  
24 a check signed by Eliot Williams, that it was actually signed  
25 by Eliot Williams.

1           That's what the claim is requiring and that's  
2 exactly what Davies does. It doesn't matter if I write a check  
3 to a friend of mine, Rob Scheinfeld, he takes the check in. He  
4 is presenting the check not to identify himself. He is  
5 presenting the check to identify me saying this is a check  
6 written by Eliot Williams, you can verify his signature and,  
7 once you do, give me the money.

8           That's what he is trying to do when he presents  
9 that check. That's what Davies is all about. And that's what  
10 the claim is all about.

11          So I want to talk about the ATM embodiment in  
12 respect to the claim element relating to the identity of the  
13 second party just very briefly again, not to beat a dead horse  
14 here, but there was an argument made about Dr. Nielson's  
15 testimony at his deposition that somehow he says that our  
16 reading of the claim in Davies doesn't make sense because the  
17 process has to work if you were to present the card at your  
18 own ATM.

19          So if I as a Citibank customer go to Citibank and  
20 present the card, in that situation you wouldn't need to know  
21 the identity, the payee identity. You wouldn't need to know  
22 Citibank.

23          Okay. Maybe that's true but that's not the example  
24 we rely on. That's not the example that's given in Davies.  
25 Davies gives an example of going to a Bank A to receive

1 money when your account is at Bank B. And in that situation  
2 everyone admits you have got to know who Bank A is.

3 He then critiques Davies, Mr. Greenspoon  
4 critiques Davies with I think a new argument that had never  
5 been made in the record, but that somehow the example  
6 wouldn't make sense because how would you know when you  
7 go to the ATM who the recipient is? And the answer is  
8 obvious. It is the recipient -- it's the terminal that knows  
9 where it is. Right?

10 When you go to Wells Fargo's ATM, that's the  
11 terminal. That terminal knows you are at a Wells Fargo ATM.  
12 It will know that it's the recipient of the money if there is  
13 going to be a transaction here.

14 So that's how the information gets populated.  
15 There is no mystery to it at all. And I think that is clear just  
16 from a common sense understanding of how banking works.  
17 So I think that answers the question as to the ATM  
18 embodiment.

19 I will just mention the claim 55 issue briefly. I  
20 think Mr. Greenspoon argued that somehow there was  
21 evidence in the record that you wouldn't use a hash with  
22 Davies. There is some evidence that there are occasions in  
23 doing digital signatures where you might not hash or there  
24 might be reasons not to hash.

1           I don't disagree or quibble with any of that. Our  
2 point is it is irrelevant because Davies expressly teaches you  
3 to do the hash. Even if that is a bad idea -- which, you know,  
4 we don't think it is -- but even if you assume that there was  
5 evidence that hashing in some cases was a bad idea, Davies  
6 teaches you to do it. So the only question is when you do  
7 that, are you doing error detection code?

8           And, you know, Nechvatal as prior art clearly  
9 supplies that teaching, the experts don't seem to disagree, that  
10 the hash is an error detection code. So that's the combination.

11           It's not like we're saying that you would change  
12 the way Davies is operating in any way. We're saying you use  
13 Davies exactly as Davies says to be used. You do the hash  
14 and, when you do that, you practice claim 55.

15           JUDGE CHEN: Counsel?

16           MR. WILLIAMS: Yes.

17           JUDGE CHEN: So I heard Patent Owner's counsel  
18 argue to the effect that nothing in Meyer fills in the gaps that  
19 they are arguing are present in Davies.

20           What's your response to that regarding Meyer?

21           MR. WILLIAMS: Yeah, well, again, we believe  
22 there are no gaps in Davies. So to that extent I guess it  
23 doesn't really matter. There is no gaps we've identified in  
24 Davies that would need to be filled by Meyer.



1           We do rely on Meyer for claim 56. And I didn't  
2 take his comment about that to reference claim 56, but, I  
3 mean, I can talk about claim 56 in just a moment. But with  
4 respect to claims 51 through 55 at least, we don't need Meyer.  
5 It is an alternative ground that we have in the petition  
6 obviously that you could combine Davies with Meyer.

7           And when you do that you would get -- there is  
8 really no disclosures in Meyer that are significantly different  
9 than Davies. The primary difference is that Meyer goes into a  
10 little more detail regarding the non-public key cryptography  
11 approach to funds transfer.

12           So Meyer talks about what he calls a message  
13 authentication code, which is very similar to a digital  
14 signature. It is a cryptographic operation performed using a  
15 key, and you do that operation on the transaction data,  
16 including in that case.

17           So the one difference you might see in Meyer there  
18 is when he talks about the MAC one of the things -- the  
19 Message Authentication Code -- one of the things he suggests  
20 that you specifically use as an input into the Message  
21 Authentication Code is the identity of the signer, of the  
22 person who is, you know, who is essentially writing the check  
23 or who is initiating the funds transfer.

24           That's a little bit different from Davies where,  
25 when you go back and look at the check data, that's not one of

1 the pieces of information that gets signed at the time of  
2 writing the check.

3 So we would say it would be obvious to include  
4 that in the variable information, either instead of or as well as  
5 the blank check. But essentially there is no significant  
6 deviation in the teachings between Meyer and Davies with  
7 respect to how funds transfer would work either in a  
8 public/private key cryptography system or in a symmetric key  
9 cryptography system.

10 JUDGE CHEN: Does Petitioner advocate any one  
11 or more of its grounds as being stronger than the others?

12 MR. WILLIAMS: No, I don't think that any are  
13 stronger, but obviously, as you saw today, I was able to show  
14 that all of the claims are invalid without ever talking about  
15 Meyer.

16 So I would say the anticipation ground over Davies  
17 is certainly the strongest, and the ground where claim 55 is  
18 shown by Davies, plus the teachings that one of ordinary skill  
19 in the art would know from reading Nechvatal, as well as, for  
20 claim 56, the teaching of Davies and the knowledge that one  
21 of ordinary skill in the art would get from Fischer and  
22 Piosenka, are very easy to understand, use Davies exactly as  
23 Davies is written, except supply some additional background  
24 information that would be known to someone of skill in the art  
25 that isn't necessarily explicit in Davies.

1 JUDGE CHEN: Okay. Thank you.

2 MR. WILLIAMS: So that essentially is it. I didn't  
3 have anything further in response to Patent Owner's  
4 presentation today.

5 I would just want to suggest, with respect to Mr.  
6 Diffie's testimony regarding a single entity, I would  
7 encourage the Board to read that entire colloquy between  
8 counsel and Mr. Diffie that begins around page 15, line 7, and  
9 I think you will see very clearly that, you know, the confusion  
10 I was referring to is just that Mr. Diffie was confused about  
11 what Mr. Greenspoon was asking him, what it is he was trying  
12 to find out.

13 Was he trying to find out what's disclosed in  
14 figure 8B or is he trying to find out what's disclosed in figure  
15 8B as modified by what is in column 7?

16 Mr. Diffie made explicit his understanding was he  
17 was asking about what is in figure 8B as modified by what is  
18 in column 7. And that obviously is the alternative  
19 embodiment that is much different than what's shown as figure  
20 8B.

21 When asked about figure 8B by itself, Mr. Diffie  
22 twice said that it didn't disclose all of the steps being  
23 performed by the originating bank.

24 So unless the Board has any further questions, I  
25 would yield back the remainder of my time.

1                   JUDGE MOORE: Okay. Hearing none from the  
2 remote judges, I want to thank the parties for coming here  
3 today. We appreciate your presentations. We certainly will  
4 take them under advisement.

5                   And with that, this hearing is adjourned.

6                   (Whereupon, at 3:41 p.m., the hearing was  
7 adjourned.)