Paper No. 31

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

MASTERCARD INTERNATIONAL INCORPORATED
Petitioner

v.

LEON STAMBLER
Patent Owner

Case CBM2015-00044
Patent No. 5,793,302

PATENT OWNER'S RESPONSE REGARDING THE PREAMBLE OF CLAIM 51

The Board should construe claim 51's preamble as did all prior courts. (Ex. 1013, at 24-26; Ex. 1014, at 20; Ex. 1015, at 37-39, 55-57; Ex. 1016, at 23; Ex. 1017, at 2, 4). The preamble is limiting and the claimed "credential" must be issued before execution of any of the four method steps. (Id.).

MasterCard's Petition treated the preamble as limiting, applying its terms against the prior art. (Paper No. 7, at 24-27). MasterCard presented no alternative argument requesting a nonlimiting preamble construction. And it applied prior art to the "credential" term, not just to "credential information." (Id.). With all courts and MasterCard in agreement, Stambler's Response applied this agreed, court-endorsed preamble construction. (Paper No. 16, at 36-38). Stambler set out why the Davies reference does not show such a credential. The "credential" is not issued before field 5 ("first party" identity) is "received" into the token. (Id.). This was not a "new" Stambler claim construction made "for the first time at the oral hearing," as MasterCard now complains. (*See* id. at 37-38, "[T]he claim requires the 'credential' to be issued prior to the 'receiving' step."). This was timely claim-application rebutting MasterCard's anticipation theory under MasterCard's own claim construction. It is MasterCard who now greatly alters its prior theories.

MasterCard's new arguments lack merit. Claim 51's preamble is limiting because the preamble gives antecedent basis for later terms: authenticating, transfer of funds, account of the first party, account of the second party, and credential

information. (*See e.g.*, Ex. 1015, at 56, *quoting Bicon, Inc. v. Straumann Co.*, 441 F.3d 945, 952 (Fed. Cir. 2006)). The claim uses *both* the preamble and the body to define the scope of "credential information" (*i.e.*, "a credential being previously issued to at least one of the parties by a trusted party, the information stored in the credential being non-secret."). *See Bell Commc'ns Research, Inc. v. Vitalink Commc'ns Corp.*, 55 F.3d 615, 620 (Fed. Cir. 1995). Also, since authenticating the transfer of funds between accounts (the preamble's opening language) is the "essence or fundamental characteristic of the claimed invention," that supports the preamble's limiting nature. *Vizio, Inc. v. Int'l Trade Comm'n*, 605 F.3d 1330, 1340 (Fed. Cir. 2010). Finally, MasterCard's citation of *Advanced Software Design Corp. v. Fiserv, Inc.*, 641 F.3d 1368, 1373-74 (Fed. Cir. 2011), supports Stambler. There, the preamble ***was*** limiting so as to ***require*** prior encrypting and printing, though not necessarily as acts by the accused infringer. (*Accord* Ex. 1014, at 20).

MasterCard claims that Stambler once argued the preamble was nonlimiting, citing Exhibit 1015, at 15 (*Amazon* Order). But the actual Stambler *Amazon* briefing proves MasterCard wrong. (Ex. 1021, at 25-27, Stambler arguing for limiting preamble). MasterCard next urges a finding that the ***term*** "credential" does not "breathe life" into the claim, but that is the wrong question to ask. Courts ask whether the ***preamble*** (and not merely an individual term) is "necessary to give life, meaning and vitality" to the claim. *Vizio*, 605 F.3d at 1340. MasterCard also

argues that "credential information" might exist prior to a "credential" in some embodiments, so "credential information" can come from just anywhere. But any attempt to divorce the "determining step" "credential information" from the preamble's "credential" contradicts the claim, which clearly links the two (*e.g.*, preamble requiring "the information stored in the credential being non-secret").

Prior courts correctly found that the preamble requires the credential to be issued before execution of all four steps. Grammatically, the phrase "credential being previously issued" modifies "[a] method for authenticating the transfer of funds." The claimed "method for authenticating" comprises four steps, including the first of "receiving funds transfer information." MasterCard seeks to set the third step of "determining" as the deadline for issuing a credential. But this is contrary to the preamble's plain meaning, and the intrinsic record lacks a basis for this awkward construction. Indeed, when the third step of "determining" commences, the overall "method for authenticating" is well underway, and "receiving" and "generating" have already happened. (*See* Ex. 1015, at 37-39, rejecting contention that "'previously' only requires that 'the action of previously issuing a credential must occur prior to at least one other requirement of the claim'").

The Board should therefore construe the preamble as all prior courts did.

Dated: June 28, 2016

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on this 28th day of June 2016, a true and correct copy of the foregoing Patent Owner's Response Regarding the Preamble of Claim 51 was served, in accordance with the parties' electronic service agreement, by electronic mail upon the following lead and backup counsels of record for Petitioner MasterCard International, Inc.:

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