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Paper No. 40
Date: November 16, 2016

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

MASTERCARD INTERNATIONAL INC.,
Petitioner,

v.

LEON STAMBLER,
Patent Owner.

Case CBM2015-00044
Patent 5,793,302

Before BRYAN F. MOORE, TRENTON A. WARD, and
PETER P. CHEN, *Administrative Patent Judges.*

CHEN, *Administrative Patent Judge*.

DECISION
On Request for Rehearing After Final Written Decision
37 C.F.R. § 42.71

I. INTRODUCTION

After the oral hearing in this covered business method review, we authorized Petitioner and Patent Owner to file supplemental briefs regarding the preamble of independent claim 51 of U.S. Patent No. 5,793,302 (Ex. 1001, the "'302 patent.") *See* Paper 30 ("Pet. Br. On Claim 51 Preamble") and Paper 31 ("PO Resp. on Claim 51 Preamble").

Our Final Written Decision (Paper 32, "Final Dec.") concluded that claims 51, 53, 55, and 56 of the '302 patent were unpatentable. Patent Owner, Leon Stambler, filed a Request for Rehearing (Paper 33, "Req. Reh'g") of the Final Written Decision.

In its Request for Rehearing, Patent Owner argues that the Final Written Decision misconstrued the phrase, "credential being previously issued," misapprehended or overlooked the evidence regarding alleged disclosure by Davies of the recited "information for identifying the account of the second party," and misapprehended or overlooked evidence and arguments that all steps of independent claim 51 must be performed by a single entity. Req. Reh'g 1.

Pursuant to our authorization (Paper 34), Petitioner filed a response (Paper 35; "Pet. Resp.") to Patent Owner's rehearing request. Based on the parties' arguments, including Patent Owner's assertions that the Final Written Decision's claim construction of "credential being previously issued" was incorrect (Req. Reh'g 1–5), we issued an order (Paper 36) indicating that we would revise our construction of "a credential being previously issued" and authorized supplemental briefing by Petitioner (Paper 37, "Pet. Supp. Br.") and Patent Owner (Paper 39, "PO Supp. Br.") in order to give the parties the opportunity to present arguments

under the revised claim construction.

We have reviewed Patent Owner's request for rehearing and the parties' supplemental briefs, and have considered the arguments presented, on the revised claim construction and other issues.

II. STANDARD OF REVIEW

The request for rehearing "must specifically identify all matters the party believes the Board misapprehended or overlooked." *See* 37 C.F.R. § 42.71(d). Section 42.71(d) further provides that the request must identify where each matter was previously addressed.

III. ANALYSIS

In the order requesting supplemental briefing (Paper 36), we stated that our construction of "a credential being previously issued" would be revised to mean, "a credential is issued before the completion of the step of determining whether at least a portion of the funds transfer information used to generate a VAN is authentic." Paper 36, 2. We noted, "[t]his construction clarifies the distinction between claim 51 and the term "being previously issued a credential" in claim 56. *Id*.; *cf*. Pet. Resp., 1. Accordingly, Patent Owner's request for rehearing is granted to the limited extent we have revised the construction of "a credential being previously issued" from the construction set forth in the Final Written Decision.

Petitioner contends our "revised construction fully supports the Board's proper conclusion in the Final Written Decision that Davies discloses 'a credential being previously issued' as recited in the preamble of claim 51." Pet. Supp. Br., 1. Petitioner contends the information of the customer certificate in the blank check of Davies is stored on the token by the card issuing bank, and the certificate is read by the terminal to form an electronic check message that is presented to the token

before the terminal determines the authenticity of the funds transfer information. *Id.* at 2–3(citing Ex. 1004, Fig. 10.22; Pet. Reply 15).

Patent Owner argues the credential must be issued before the receiving step of claim 51 commences. PO Supp. Br. 2. Petitioner disagrees. In particular, Petitioner contends, "'previously issued' means: issued before the determining step is completed. . . . nothing in the patent requires the credential to issue before the steps in the claim body occur. At most, the claim language suggests the credential exists before the determining step (which uses credential information) is complete." Pet. Br. On Claim 51 Preamble, 3. *See also* Pet. Supp. Br. 1–3. We agree with Petitioner, as, the language of claim 51 recites a "method for *authenticating* the transfer of funds," with "a credential being previously issued," and including the specific step of "determining whether the at least a portion of the received funds transfer information is *authentic*." Ex. 1001, 33:15–32 (emphasis added). Our revised construction is consistent with the credential being issued before the determination of authenticity, and thus being "previously issued" with respect to the act of authenticating.

We conclude that the language of claim 51 supports the construction of "a credential being previously issued" in which the credential is issued before the completion of the authentication (i.e., the determining step), namely, "a credential is issued before the completion of the step of determining whether at least a portion of the funds transfer information used to generate a VAN is authentic."

Patent Owner further argues Petitioner misreads the disclosure of Davies. *Id.* at 3–7. As described above, Petitioner contends Davies discloses issuance of a credential before the authentication of the funds transfer information. Pet. Supp. Br. 1–3; *See* Pet. 24–32. We agree with and adopt as our own the Petitioner's

arguments, of which Patent Owner has been aware since the filing of the Petition. Under our revised construction, on which both parties were given notice and opportunity to present argument, the credential in Davies is issued before the terminal determines the authenticity of the funds transfer information.[1]

Patent Owner's second basis for seeking rehearing is that we overlooked or misapprehended Davies' alleged failure to disclose claim 51's recited receipt of "information for identifying the account of the second party." Req. Reh'g 5–11. Patent Owner argues, "Davies simply does not disclose the limitation." *Id.* at 6. Petitioner asserts Patent Owner "repeats its facially flawed argument that Davies' disclosure of 'payee identity' is not 'information for identifying the account' . . . The Board properly applied the relevant evidence of record" (citing Final Dec. 26). Pet. Resp. 3-4. We agree with Petitioner. Patent Owner's disagreement with the conclusion in our Final Written Decision is not a proper basis for rehearing.

Lastly, Patent Owner disagrees with our finding that the recited method of claim 51 need not be performed by a single entity. Req. Reh'g 11–15. In particular, Patent Owner argues that the Final Written Decision overlooked the alleged non-enablement of the '302 claims of "any scope broader than this single entity technique," which Patent Owner characterizes as "a centerpiece of the single-entity argument." *Id.* at 12, 14. Petitioner asserts:

> Patent Owner's second argument merely rehashes the issue whether all claimed steps must be performed by a single entity. Patent Owner asserts the Board ignored its "enablement"

[1] Petitioner also argues that even under Patent Owner's proposed construction, Davies, alone or in combination with Meyer, describes the credential being "previously issued" before the step of "receiving funds transfer information." Pet. Supp. Br. 3–5.

> argument, purportedly supported by its expert witness. But Patent Owner's expert admitted that he did not rely on lack of enablement in interpreting the claims, only on lack of written description. (Ex. 1023 at 46:18-47:8, 62:6-63:10, 66:21-67:22, 69:20-70:14). Contrary to Dr. Nielson's written testimony, the specification does describe the steps being performed by different entities. (Paper 19 (Pet.'s Reply) at 3-6; Ex. 1023 at 86:8- 87:10, 78:2-79:4). Indeed, Dr. Nielson eventually admitted that multi-entity performance is the only embodiment shown in the patent figures. (Ex. 1023 at 37:24-39:9, 44:12-45:18, 51:18-53:3). Patent Owner's argument is therefore without merit.

Pet. Resp. 4-5. We agree with Petitioner. Patent Owner's disagreement with the Final Written Decision is not a proper basis for rehearing.

IV. CONCLUSION

For the foregoing reasons, we grant Patent Owner's request for rehearing but only to the limited extent of revising our construction for "a credential being previously issued," and we are not persuaded Patent Owner has shown that we otherwise misapprehended or overlooked evidence or arguments in our Final Written Decision.

V. ORDER

Accordingly, it is hereby ORDERED that Patent Owner's Request for Rehearing is granted only as to the revised construction of "a credential being previously issued," and is otherwise denied.

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