

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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PAY-PLUS SOLUTIONS, INC.,  
Petitioner,

v.

STONEEAGLE SERVICES, INC.,  
Patent Owner.

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Case IPR2014-01414  
Patent RE43,904 E

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Before MEREDITH C. PETRAVICK, JAMES P. CALVE, and  
JAMES B. ARPIN, *Administrative Patent Judges*.

ARPIN, *Administrative Patent Judge*.

DECISION  
Denying Institution of *Inter Partes* Review  
37 C.F.R. § 42.108

## I. INTRODUCTION

### A. Background

Pay-Plus Solutions, Inc. (“Petitioner”) filed a Corrected Petition (Paper 4; “Corr. Pet.”) to institute an *inter partes* review of claims 1–26 of Patent No. US RE43,904 E (Ex. 1002; “the ’904 patent”) pursuant to 35 U.S.C. §§ 311–319. Corr. Pet. 2–3. StoneEagle Services, Inc. (“Patent Owner”) filed a Preliminary Response (Paper 8; “Prelim. Resp.”). We have jurisdiction under 35 U.S.C. § 314,<sup>1</sup> which provides that an *inter partes* review may not be instituted “unless . . . there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.” 35 U.S.C. § 314(a).

Petitioner relies upon the following references, document, and declaration in support of its grounds for challenging the identified claims of the ’904 patent:

Exhibit Nos.	References, Document, and Declaration
1001	Declaration of Thomas N. Turi (“Turi Declaration”)
1005	Patent Application Publication No. US 2007/0005403 A1 to Kennedy <i>et al.</i> , filed on June 30, 2006 (“Kennedy”)
1006	Patent No. US 5,991,750 to Watson, filed on October 24, 1997, issued on November 23, 1999 (“Watson”)
1007	LeRoy H. Graw, Purchasing Credit Cards Introduction, <a href="http://www.ipscmi.org/tipsandsolutions/purchasingcredit.php">www.ipscmi.org/tipsandsolutions/purchasingcredit.php</a> (retrieved from August 19, 2006 archive at <a href="https://web.archive.org/web/20060819120418/www.ipscmi.org/tipsandsolutions/purchasingcredit.php">https://web.archive.org/web/20060819120418/www.ipscmi.org/tipsandsolutions/purchasingcredit.php</a> ) (“vPayment Interview”)
1010	Viewpointe and Payformance Collaborate To Provide Image

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<sup>1</sup> See Section 6(a) of the Leahy-Smith America Invents Act (“AIA”), Pub. L. No. 112-29, 116 Stat. 284, 300 (2011).

	Statement Products, <a href="http://www.payformance.com/contactus/press/ViewpointePayformanceIS.pdf">http://www.payformance.com/contactus/press/ViewpointePayformanceIS.pdf</a> (dated September 30, 2002; retrieved from March 22, 2006 archive at <a href="https://web.archive.org/web/20060322175410/http://www.payformance.com/contactus/press/ViewpointePayformanceIS.pdf">https://web.archive.org/web/20060322175410/http://www.payformance.com/contactus/press/ViewpointePayformanceIS.pdf</a> ) (“Image Statement Products”)
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Petitioner asserts that the challenged claims are unpatentable on the following grounds (Corr. Pet. 2–3, 13–59):

Ground	References	Challenged Claims
35 U.S.C. § 103(a)	Kennedy, Watson, vPayment Interview, and Image Statement Products	1–5, 7, 8, 10–13, 15–18, 20–23, 25, and 26
35 U.S.C. § 103(a)	Kennedy, Watson, vPayment Interview, Image Statement Products, and knowledge of one of ordinary skill in the art (“Knowledge”)	6, 9, 14, 19, and 24

For the reasons set forth below, we determine that, on this record, Petitioner fails to demonstrate a reasonable likelihood of prevailing in showing the unpatentability of any of the challenged claims. Accordingly, we *deny* institution of *inter partes* review as to claims 1–26 of the ’904 patent.

#### *B. Related Proceedings*

The parties indicate that the ’904 patent is the subject of *StoneEagle Services, Inc. v. Pay-Plus Solutions, Inc., et. al.*, Civil Action No. 8:13-cv-2240-T-33MAP (M.D. Fla.), and *StoneEagle Services, Inc. v. David Gillman et al.*, Civil Case No. 3:14-cv-03120-M (N.D. Tex.). Corr. Pet. 1; *see* Paper

6, 2. In addition, the '904 patent previously was the subject of petition for covered business method (CBM) patent review, for which institution was denied. *See David W. Gillman v. StoneEagle Services, Inc.*, Case CBM2013-00047, slip op. at 13–22 (PTAB Feb. 18, 2014) (Paper 11) (Ex. 1004).

*C. The '904 Patent*

The '904 patent relates to “[a] method of facilitating payment of health care benefits [on] behalf of a payer comprising the step of electronically transmitting a stored-value card account payment of the authorized benefit amount concurrently with an explanation of benefits.” Ex. 1002, Abstract. The '904 patent purports to solve problems of cost and delay associated with “Payers” (e.g., third party administrators (TPAs), insurance companies) having to print checks and explanation of benefit (EOB) forms to be mailed to health care providers. *Id.* at col. 1, ll. 26–44. The claimed systems and methods streamline the process of submitting payments from an insurance company (or another third party payer) to healthcare providers.

For health care claims “adjudicated” to be payable,<sup>2</sup> the '904 patent discloses loading a stored-value card account with funds or money equal to the amount of the payable benefit, merging a payment explanation of benefits (“EOB”) with the stored-value card account information to generate an image file, and then electronically transmitting the image file to a provider. *Id.* at col. 3, ll. 36–46. The '904 patent states that, “[f]or the

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<sup>2</sup> The preambles of each of independent claims 1, 2, 6, 7, 12, 17, and 22 describe systems and methods “for payment of *adjudicated* health care benefits” (emphasis added).

purposes of this patent specification, stored-value cards and stored-value card accounts shall also include financial instruments known as credit cards, debit cards and EFT cards.” *Id.* at col. 1, ll. 54–57.

The systems and methods of the ’904 patent make a benefits payment to a health care provider by sending to the health care provider an image file that includes at least a stored-value card account number, payment amount, card verification code, and an expiration date and EOB information. *Id.* at claims 1, 2, 6, 7, 12, 17, and 22 (each of the challenged independent claims); *see id.* at col. 3, ll. 58–61. The ’904 patent further discloses an embodiment in which the “stored-value card account is chargeable only on a medical services terminal and it cannot be charged over the amount loaded onto it.” *Id.* at col. 3, ll. 56–58; *see id.* at Fig. 4 (reproduced below). The health care provider enters the stored-value card account number into a point of sale/services (“POS”) terminal, e.g., a medical services terminal, to receive the adjudicated payment via known financial networks. *See id.* at Claims 1, 5, 6, 11, 16, 21, and 26. Thus, the healthcare provider immediately can reconcile its financial records because the EOB contemporaneously provided with the payment instrument facilitates associating that payment instrument with the corresponding rendered services.

Another feature of the recited invention is that the file transmitted to the health care provider may include a computer-generated image of a physical card displaying the information necessary to process the payment using the stored-value card account. Annotated Figure 4 is reproduced below:


Fig. 4

ABC Company  
123 MAIN ST.  
DALLAS TX 75000

Attention:  
**ROBERT ALLEN**

To the Order of  
**ALLEN MEDICAL**  
7136 S. VALE AVE  
TULSA OK, 74137

Tomfile: EBS 700000025  
Date: 10/18/06  
Amount: \$1000.74



This is a one-time use stored value card. It cannot be overcharged and will not allow additional charges. All transactions will be tracked and audited.

If you have any questions or require assistance, please contact the administrator.

If you are not the intended recipient noted on the left side of this form, please contact us immediately at (989) 555-1211.

ABC COMPANY  
123 MAIN ST.  
DALLAS, TX 75000  
(989) 555-1211 (989) 555-1212 (FAX)

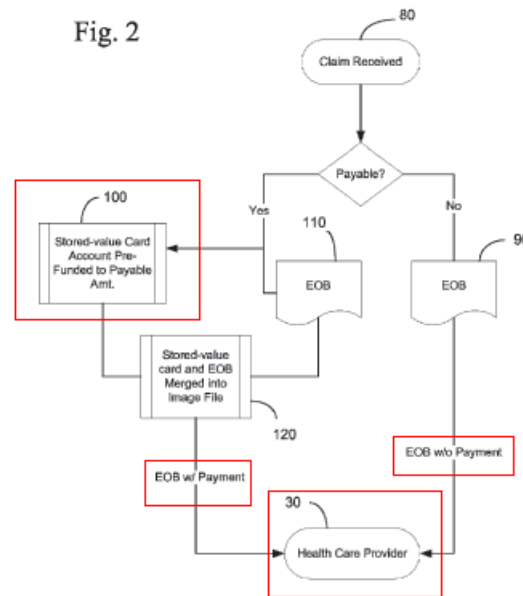
EXPLANATION OF BENEFITS  
FOR  
**ALLEN MEDICAL**  
12-3456789-000  
PROVIDER SUMMARY

Group Name: TEST  
Date: 1  
Date Paid: 10/18/06  
Group #: TEST  
Plan #: TEST  
PPO: Total Remittance 1.74  
Participating: CO-INS %

DATES OF SERVICE	CPT CODE	TYPE OF SERVICE	TOTAL SUBMITTED CHARGES	Less UNELIGIBLE AMOUNT	CP	PROVIDER DISCOUNT	DEDUCT	COPAY	CO-INS %	TOTAL BENEFIT PAY.
PATIENT ACCOUNT #:										
PATIENT: JAMES TEST CLAIM#: 123456789000000001										
1 06/02 - 06/02/01	99212	OFFICE VISIT PHYSI	0.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2 10/12 - 10/12/06	99212	OFFICE VISIT PHYSI	0.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00
INSURED: JAMES TEST 123-45-6789										
PATIENT RESPONSIBILITY: 0.25										
PATIENT ACCOUNT #:										
PATIENT: JAMES TEST CLAIM#: 123456789000000002										
1 10/12 - 10/12/06	99212	OFFICE VISIT PHYSI	0.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2 10/12 - 10/12/06	99212	OFFICE VISIT PHYSI	0.26	0.00	0.00	0.00	0.00	0.00	0.00	0.00
P.P.O. DISCOUNT MAY NOT BE BALANCE BILLED										
3 10/12 - 10/12/06	99212	OFFICE VISIT PHYSI	0.27	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4 10/12 - 10/12/06	99212	OFFICE VISIT PHYSI	0.28	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5 10/12 - 10/12/06	99212	OFFICE VISIT PHYSI	0.28	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6 10/12 - 10/12/06	99212	OFFICE VISIT PHYSI	0.28	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7 10/12 - 10/12/06	99212	OFFICE VISIT PHYSI	0.28	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8 10/12 - 10/12/06	99212	OFFICE VISIT PHYSI	0.28	0.00	0.00	0.00	0.00	0.00	0.00	0.00
9 10/12 - 10/12/06	99212	OFFICE VISIT PHYSI	0.28	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10 06/01 - 06/01/01	99212	OFFICE VISIT PHYSI	0.29	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11 06/01 - 06/01/01	99212	OFFICE VISIT PHYSI	0.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12 06/01 - 06/01/01	99212	OFFICE VISIT PHYSI	0.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00
13 06/01 - 06/01/01	99212	OFFICE VISIT PHYSI	0.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00
14 06/01 - 06/01/01	99212	OFFICE VISIT PHYSI	0.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00
15 06/01 - 06/01/01	99212	OFFICE VISIT PHYSI	0.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00
16 06/01 - 06/01/01	99212	OFFICE VISIT PHYSI	0.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00
17 06/01 - 06/01/01	99212	OFFICE VISIT PHYSI	0.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00
18 06/01 - 06/01/01	99212	OFFICE VISIT PHYSI	0.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00
19 06/01 - 06/01/01	99212	OFFICE VISIT PHYSI	0.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00
20 06/01 - 06/01/01	99212	OFFICE VISIT PHYSI	0.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00

A sample image file containing the EOB and a computer-generated image of a stored-value card is provided in annotated Figure 4. The highlight text states that “[t]his is a one-time use stored value card. It cannot be overcharged and will not allow additional charges. All transactions will be tracked and audited.” Ex. 1002, Fig. 4.

Further, annotated Figure 2, reproduced below, illustrates a method of deploying the medical benefits payment system:



With respect to the annotated flow chart of Figure 2, the '904 patent discloses the following:

claim 80 is received. Claim 80 is then evaluated to determine whether it is payable under the terms of an applicable policy. If claim 80 is not even partially payable, then non-payment EOB 90 is generated and transmitted to health care provider 30 without payment. However, if claim 80 is at least partially payable, then *stored-value card account 100 is loaded with funds equal to the amount of the payable benefit. Payment EOB 110 is merged with stored-value card account 100 to generate image file 120.* Image file 120 includes payment EOB 110 and a computer-generated facsimile of a physical stored-value card complete with the card number, expiration date and security verification code. Image file 120 is transmitted to health care provider 30 by a suitable transmission medium including, but not limited to, fax, SMTP, SMS, MMS, HTTP, HTTPS, and FTP.

Ex. 1002, col. 3, ll. 32–46 (emphasis added).

*D. Illustrative Claims*

Petitioner challenges claims 1–26 of the '904 patent. Corr. Pet. 2–3. Claims 1, 2, 6, 7, 12, 17, and 22 are independent. Each of claims 3–5 depend directly from independent claim 2; each of claims 8–11 depend directly from claim 7; each of claims 13–16 depends directly from claim 12; each of claims 18–21 depends directly from claim 17; and each of claims 23–26 depends directly from claim 22. Claim 1 is illustrative and is reproduced below:

1. A method of facilitating payment of adjudicated health care benefits to a health care provider on behalf of a payer comprising the steps of:

*loading a unique, single-use, stored-value card account with an amount equal to a single, authorized benefit payment, the card account only chargeable through a medical services terminal;*

generating an explanation of benefits associated with the payment;

*creating a computer-generated image file containing the stored-value card account number, the amount, a card verification value code, an expiration date, and the explanation of benefits;*

transmitting the image file by fax to the health care provider;  
and

reconciling the charged card account to confirm that the health care provider has received payment.

Ex. 1002, col. 4, ll. 11–27 (emphasis added). Disputed limitations are emphasized.



*E. Claim Construction*

Consistent with the statute and the legislative history of the Leahy-Smith America Invents Act,<sup>3</sup> we interpret claims of an unexpired patent using the broadest reasonable construction in light of the specification of the patent. *See* Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,766 (Aug. 14, 2012); 37 C.F.R. § 42.100(b). There is a presumption that claim terms are given their ordinary and customary meaning, as would be understood by one of ordinary skill in the art in the context of the specification. *See In re Translogic Tech. Inc.*, 504 F.3d 1249, 1257 (Fed. Cir. 2007). An applicant may rebut that presumption by providing a definition of the term in the specification with reasonable clarity, deliberateness, and precision. *In re Paulsen*, 30 F.3d 1475, 1480 (Fed. Cir. 1994). In the absence of such a definition, limitations are not to be read from the specification into the claims. *In re Van Geuns*, 988 F.2d 1181, 1184 (Fed. Cir. 1993).

At least one of the parties proposes a specific construction for each of the following terms. Corr. Pet. 6–13; Prelim. Resp. 6–12.

*1. “medical services terminal” (Claims 1, 5, 6, 11, 16, 21, and 26)*

The panel that denied institution in the previous CBM (“the CBM panel”) construed this term. Ex. 1004, 11–12. The parties agree that the term “medical services terminal” should be construed here, as it was construed by the CBM panel, to mean “a machine for charging medical services.” Corr. Pet. 8; Prelim. Resp. 6–7. We are persuaded that, for purposes of this decision, the CBM panel’s construction is the broadest reasonable construction consistent with the ordinary and customary meaning

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<sup>3</sup> Pub. L. No. 112-29 (2011).

of the term and with the Specification of the '904 patent (*see, e.g.*, Ex. 1002, col. 2, ll. 25–27).

2. “*stored-value card*” or “*stored-value account card*” (*Claims 1, 2, 6, 7, 12, 17, and 22*)

The CBM panel construed this term in connection with the previous CBM patent review proceeding. Ex. 1004, 12. The parties agree that this term should be construed here, as it was construed by the CBM panel, such that “stored value card” means “credit card, debit card, or EFT card” and the term “stored-value card account” means “credit card account, debit card account, or EFT card account.” Corr. Pet. 8; Prelim. Resp. 7. We are persuaded that, for purposes of this decision, the CBM panel’s construction is the broadest reasonable construction consistent with the Specification of the '904 patent. *Id.* at 12 (citing Ex. 1002, col. 1, ll. 54–57).

3. “*image file*” (*Claim 1, 2, and 6*)

The CBM panel construed this term in connection with the previous CBM patent review proceeding. Ex. 1004, 12. The parties agree that this term should be construed here, as it was construed by the CBM panel, such that “image file” means “an electronic file that contains an image.” Corr. Pet. 8; Prelim. Resp. 7. We are persuaded that, for purposes of this decision, the CBM panel’s construction is the broadest reasonable construction consistent with the Specification of the '904 patent. *Id.* at 12 (citing Ex. 1003, col. 3, l. 50–col. 5, l. 10).

4. “*single-use*” (*Claims 1, 2, 6, 7, 12, 17, and 22*)

Although the CBM panel construed this term in the decision denying institution, only Patent Owner proposes that we adopt the CBM panel’s construction. Corr. Pet. 8–9; Prelim. Resp. 7. The CBM panel construed the term “single-use” to mean “associated with a *single* type of card to be used

with a *single* type of services terminal and no other type of payment terminal.” Ex. 1004, 13; *see* Prelim. Resp. 7. Petitioner contends that the ordinary and customary meaning of the term “single-use” means “used only once, not that something can be used for only one purpose.” Corr. Pet. 9. Petitioner further contends that construction which limits the terms meaning temporally, rather than functionally, is consistent with the Specification of the ’904 patent, which states that a “unique card number [is] generated and assigned to a single payment.” *Id.* (quoting Ex. 1002, col. 2, ll. 20–21). Thus, Petitioner asserts that a single-use stored-value card or card account “is one that can be used to make *a single payment*, i.e., may be used *only once*.” *Id.* (emphases added). Despite the CBM panel’s construction, we are persuaded that, for purposes of this decision, the broadest reasonable construction of the term “single-use,” consistent with the Specification of the ’904 patent, is “associated with a single type of card to be used with a single type of services terminal and no other type of payment terminal *for a single payment*.” *See* Ex. 1002, col. 2, ll. 20–21; Fig. 4.

5. “merging” or “merge” (Claims 2, 12, 17, and 22)

Patent Owner contends that the term “merging” or “merge” means “combining together.” Prelim. Resp. 8–9. Petitioner does not propose a construction for this term. A relevant definition of the term “merge” is “[t]o combine two or more items, such as lists, *in an ordered way and without changing the basic structure of either*.” MICROSOFT COMPUTER DICTIONARY 335 (5<sup>th</sup> ed. 2002) (emphasis added; Ex. 3001). This definition is consistent with the Specification (e.g., the depiction in Fig. 4) of the ’904 patent, and we are persuaded that, for purposes of this decision, a construction incorporating this definition is the broadest reasonable construction

consistent with the Specification of the '904 patent. *E.g.*, Ex. 1002, Fig. 4 (merging EOB and stored value card).

6. “loading . . . with funds,” “loading . . . with an amount,” “prefunded with an amount,” “funding . . . with an amount,” and “fund . . . with an amount” (Claims 1, 2, 6, 7, 12, 17, and 22)

Petitioner contends that, because stored value cards or accounts may include credit cards, these terms should encompass associating either *credit* or money with card or account. Corr. Pet. 11; *see* Ex. 1002, col. 1, ll. 54–57. Therefore, Petitioner argues rather than “funds” or an “amount” of a payment should be construed to mean “an amount of value.” *Id.* at 12.

Patent Owner does not believe that an express construction of this term is necessary and notes that the CBM panel found that no such construction was necessary. Prelim. Resp. 10–11; *see* Ex. 1004, 10–11. If, however, we deem construction necessary, Patent Owner proposes we construe “funds” to mean “funds for payment” and “amount” to mean “amount of money.” Prelim. Resp. 11.

Initially, we note that Petitioner proposes introducing a new term, “amount of value” in order to construe these terms. Petitioner does not indicate where this new term appears in the Specification of the '904 patent. Corr. Pet. 11–13. Consequently, we decline to introduce and then construe a new term in order to construe the existing terms. Further, Patent Owner’s construction appears to be consistent with the Specification. *See* Ex. 1002, col. 2, ll. 3–4 (“A stored-value card *represents money on deposit* with issuer, and is similar to a debit card.”; emphasis added); Fig. 3 (“*Funds Loaded onto Credit Card*”; emphasis added). A relevant definition of “money” is “any circulating medium of exchange, including coins, paper money, and demand deposits” and of “funds” is “a supply of money or monetary

resources, as for some purpose.” RANDOM HOUSE WEBSTER’S COLLEGE DICTIONARY 530 and 854 (2d. Random House ed. 1999) (Ex. 3002). Based on this record, Patent Owner’s proposed construction appears more consistent with both the ordinary and customary meaning of these terms and the Specification of the ’904 patent. Therefore, we are persuaded that, for purposes of this decision, Patent Owner’s construction of “funds” to mean “funds for payment” and of “amount” to mean “amount of money” represent the broadest reasonable constructions of these terms.

For purposes of this decision and on this record, no other claim terms require express construction.<sup>4</sup>

## II. ANALYSIS

### A. Overview

Petitioner argues that claims 1–26 of the ’904 patent are rendered obvious by the combinations of references described above. *See supra* Sec. I.A. A patent claim is unpatentable under 35 U.S.C. § 103(a) if the differences between the claimed subject matter and the prior art are “such that the subject matter[,], as a whole[,], would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.” *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 406 (2007). The question of obviousness is resolved on the basis of underlying factual determinations, including: (1) the scope and content of the prior art; (2) any differences between the claimed subject matter and the

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<sup>4</sup> In particular, for purposes of this decision, we do not construe expressly the term “image of a physical card,” recited in claims 6, 9, 14, 19, and 24 (Prelim. Resp. 10), or “intercepting,” recited in claims 2–5 (Corr. Pet. 10–11).

prior art; (3) the level of skill in the art;<sup>5</sup> and (4) objective evidence of nonobviousness, i.e., secondary considerations.<sup>6</sup> *Graham v. John Deere Co.*, 383 U.S. 1, 17–18 (1966). On this record and for the reasons set forth below, we are persuaded that Petitioner fails to demonstrate a reasonable likelihood of prevailing in the challenges to claims 1–26 of the ’904 patent.

*B. Asserted Grounds*

*1. Obviousness of Claims 1–5, 7, 8, 10–13, 15–18, 20–23, 25, and 26 over Kennedy, Watson, vPayment Interview, and Image Statement Products*

*a. Kennedy*

Kennedy teaches entering information into a POS terminal, using the entered information to generate an electronic claim, and submitting the claim to a third party payer, with EOB data generated and returned in real-time fashion by the insurer for display at the POS terminal. Ex. 1005 ¶ 31; *see* Ex. 1001 ¶¶ 50–54. A third party payer processes the claim information by querying a database to determine (1) whether the patient is covered/eligible, (2) the features of the patient's coverage, such as co-pays and deductibles, and (3) the permitted charge for the treatment rendered by the provider under the claim. *Id.* ¶ 54. Kennedy further teaches that the EOB data sent to the provider may be in electronic remittance advice (“ERA”) format.<sup>7</sup> *Id.* ¶

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<sup>5</sup> Petitioner proposes a definition for a person of ordinary skill in the art. Corr. Pet. 13 (citing Ex. 1001 ¶ 10). Patent Owner does not challenge Petitioner’s proposed definition and does not propose an alternative. Prelim. Resp. 8. For purposes of this decision, we adopt Petitioner’s definition.

<sup>6</sup> Patent Owner does not contend that secondary considerations are present, which would render the challenged claims patentable over the applied references.

<sup>7</sup> Electronic Remittance Advice (ERA) provides instructions by which

57. The EOB statement displayed at a POS terminal includes the patient's credit card information, debit card information, or other payment information and that the patient may authorize that the amount owed *by the patient* may be paid using the included information. *Id.* ¶ 62; Fig. 7. Subsequently, payment of the non-patient (e.g., insurance company payment) portion of the bill may be completed by an electronic, automatic clearing house (ACH) transaction. *Id.* ¶ 64.

Annotated Figure 7 of Kennedy is reproduced below:

**Explanation of Benefits Statement**

ABC Insurance Co.

Insured Name: Joe Insured  
Insured ID/SSN: 123-45-6789  
Policy: 24563245 Cert: AB-13279135-001-2-03-40-0005  
Claim Number: 987654321  
Control Number: 04052005  
Date:

Patient Name: Pat I Insured  
Provider Name: Phyllis A Provider, MD  
Patient ID/SSN: 246-50-2456  
Patient Account#: YZ1357024500

Service Code	Service Description	Service Dates	Provider Charge	Allowed Amount	Discount Amount	Not Covered	Deductible	Co-pay	Pay %	Reasons	Amount Paid
1034	Physician	01/07/2006	\$104.80	\$108.06	\$45.00		\$138.00			0054	\$0.00
1078	Lab Expense	01/07/2006	\$18.80	\$9.37	\$9.03		\$9.37			0054	\$0.00
1057	Lab Expense	01/07/2006	\$13.80	\$4.00	\$9.07		\$4.03			0054	\$0.00
1024	Lab Expense	01/07/2006	\$18.80	\$4.44	\$9.56		\$4.44			0054	\$0.00
<b>TOTALS</b>			\$255.80	\$137.24	\$67.26		\$157.74				\$0.00

Remarks:  
0054 Network Benefits applied. Your provider has agreed to the negotiated rate in accordance with the Managed Care provider agreement. You should not be billed for this service.

622

Plan Accumulations - Deductible and Out Of Pocket	
This Year	2006
Family Deductible	\$157.74
Family Out of Pocket	\$4,642.25

630

MHA Account	
This Year Contributions	\$2,200.00
This Year Available	\$1,895.00

632

Patient Portion	
Send to MHA	Y/N
Pay To	Provider <input type="checkbox"/> Patient <input type="checkbox"/>
Any Remaining Balance	
<input type="checkbox"/> Pay From Credit Card No. 4000000000000000 <input type="checkbox"/> Pay From Other Credit Card <input type="checkbox"/> Pay From Checking Account No. 4000000000000000 <input type="checkbox"/> Pay From Other Account No. 4000000000000000	

620

Payment Summary	
Payment Sent To	Physician Office
Payment Amount	\$9.00
Payment Date	04/05/2006
Patient's Portion	\$157.74

Total Payment Summary

Payment(s) Sent To:

Payment Amount: \$9.00  
Payment Date: 04/05/2006

**\*TOTAL PATIENT PORTION: \$157.74**

\*Send patient portion directly to provider

Print and Retain This Statement for Patient

FIG. 7

The annotated figure shows the EOB information and the patient's credit card and other payment information combined on a single EOB statement. *See id.* ¶¶ 61–70.

electronic payments may be processed. *See* Ex. 1005 ¶ 57, Fig. 6.

*b. Watson*

Watson teaches payment accounts using pre-authorized payment parameters associated with the payment accounts and the application of payment accounts to the insurance industry, such that an account manager may play the role of a claims adjuster disclosing an account number to a merchant for payment of services rendered for an insurance claim. Ex. 1006, col. 9, ll. 27–31. Watson further teaches permitting an account manager to define a specific transaction identifier, such as an insurance claim number, that is authorized to be paid from an account. *Id.* at col. 4, ll. 19–24. In addition, Watson teaches that payment from such accounts may be performed by presenting a transaction card or other credit card-like credentials and that authorization may be routed through credit card companies (e.g., Visa<sup>®</sup>, American Express<sup>®</sup>, and MasterCard<sup>®</sup>). *Id.* at col. 9, ll. 14–16; col. 2, ll. 24–29; Fig. 2. Finally, Watson teaches that the transaction identifier (e.g., insurance claim number) is included with general billing information to permit reconciliation. *Id.* at col. 4, ll. 18–34.

*c. vPayment Interview*

vPayment Interview teaches the vPayment service which “runs on the MasterCard railroad track” and allows authorization of specific payment amounts. Ex. 1007, 2. vPayment Interview further teaches providing a website that permits users to configure payments including caps on transaction amounts and provides card numbers and related card information—expiration date and credit card verification code—that users then may provide to merchants or service providers to effect payment. *Id.* at 3. vPayment Interview also teaches faxing the card number and other card information to merchants or service providers. *Id.* In addition, vPayment



Interview teaches aspects of vPayment that assist with reconciliation such as the card transaction record including exact payment numbers or account codes. *Id.*

*d. Image Statement Products*

Image Statement Products is a joint press release regarding a collaborative effort between Viewpointe Archive Services, LLC, and Payformance Corporation *to generate statements with check images inserted* therein for Viewpointe’s financial institution customers. Ex. 1010, 1–2.

Image Statement Products teaches deploying Payformance’s Data Transformation Engine to receive statement data from the financial institutions, to *retrieve check images from Viewpointe’s archive*, and to “insert the check images electronically into individual statements.” *Id.* at 2. Image Statement Products further teaches either (a) transmitting the combined statements to the financial institution customer or (b) storing and rendering the statements on behalf of the financial institution. *Id.*

*e. Reasons for Combining These References*

Petitioner argues that “the only difference between Kennedy and the claimed method [of claim 1] is the form of payment (ACH versus the claimed stored-value card) and the type of file containing the payment information and EOB (EOB/ERA data file versus an image file).” Corr. Pet. 20. Petitioner argues that Kennedy teaches

a system for healthcare claims adjudication and payment for healthcare services including the generation of an electronic claim, processing of the claim by a third party payer, generation of an EOB/ERA data file in an industry standard format known as ANSI 835, transmission of the EOB/ERA data file to the healthcare provider, and expediting payment from health insurance companies through ACH transactions.

*Id.* In Kennedy’s system, an EOB/ERA data file is transmitted electronically to the POS terminal where it may be viewed by the patient. *Id.* (citing Ex. 1005 ¶¶ 57, 62; Fig. 7).

Petitioner argues that both Watson and vPayment Interview teach details of GE’s vPayment service. *Id.* at 20. In particular, Petitioner notes that “[t]he vPayment service ‘assigns end users a unique credit card number for a specific purchase.’” *Id.* (quoting Ex. 1007, 3). Petitioner cites the references filed as Exhibits 1008 and 1009, which provide additional description of the vPayment system, but does not include either reference in the combination of references asserted in its challenge to the claims of the ’904 patent. *Id.* at 20 n.10. vPayment Interview teaches that the vPayment service “assigns end users a unique credit card number for a specific purchase.” *Id.* (quoting Ex. 1007, 3). Watson further describes the vPayment service and teaches that “vPayment account is pre-authorized for a single authorized payment of a specific amount.” *Id.* (citing Ex. 1006, col. 1, ll. 45–60). Thus, Petitioner argues that “[i]n other words, *an amount of credit* equal to the amount of the specific payment is assigned or allocated to, or associated with, the underlying account” and that, by using standard industrial codes (SIC), the use of the credit card number may be limited to POS terminals associated with a particular business. *Id.* (emphasis added; citing Ex. 1006, col. 1, ll. 48–56).

Although Kennedy describes a system that enables *a patient* to arrange for payment of his or her portion of an amount due for health care provider services from a POS terminal in the provider’s office (*see* Ex. 1005 ¶¶ 54–55), Petitioner argues that it would have been obvious to one of

ordinary skill in the art to “incorporate” the vPayment method taught by Watson and vPayment Interview into Kennedy to effect payment *from the insurance company* to the health care provider (Corr. Pet. 21 (citing Ex. 1001 ¶¶ 65–68, 74–80)). Petitioner argues that “[i]t would have been a *trivial matter* to combine the electronic EOB/ERA data file with basic data such as the vPayment credit card account number and its associated card verification value code and expiration date (described at [Ex. 1007, 3]).” Corr. Pet. 21–22 (emphasis added; citing Ex. 1001 ¶ 74).

Finally, Petitioner argues that Image Statement Products teaches that an image of a payment instrument, i.e., a check, may be inserted into a statement of charges, such as the EOB statement taught by Kennedy. *Id.* at 23 (citing Ex. 1001 ¶¶ 74–76; Ex. 1007, 3; Ex. 1010, 2; *but see* Ex. 1001 ¶ 122 (“While modifying the 835 format to include information for other payment types would have been technically trivial, practically it may have been difficult because the 835 format is a national standard, requiring committee approval for changes.”)). Thus, Petitioner argues that the combined teachings of Kennedy, Watson, vPayment Interview, and Image Statement Products disclose each and every element, as recited in claim 1. Corr. Pet. 19.

*f. Analysis of Combined Teachings of Applied References*

Initially, we note that Petitioner’s application of the combined teachings of Kennedy, Watson, vPayment Interview, and Image Statement Products relies upon Petitioner’s proposed construction of various terms of the challenged claims. In particular, Petitioner relies on “loading” or “funding” an amount of value on a credit card. Pet. 21 (“In other words, an amount of credit equal to the amount of the specific payment is assigned or

allocated to, or associated with, the underlying account.”). However, we did not adopt Petitioner’s proposed construction of the terms “single-use” or “loading . . . with funds,” “loading . . . with an amount,” “prefunded with an amount,” “funding . . . with an amount,” and “fund . . . with an amount.” *See supra* Sec. II.E.4. and II.E.6.

Petitioner shows that the combined teachings of these references may teach or suggest that credit card information may be included with an EOB in a statement sent to a health care provider (*see* Corr. Pet. 19–22), but this merely describes the transmission of a means to obtain payment from a third party, rather than the receipt, with the EOB, of payment in the form of a single-use, stored-value card, loaded or funded with money or the amount of the payment. *See* Prelim. Resp. 17–23. Thus, as Patent Owner contends, Petitioner’s proposed combination of the teachings of these references requires a separate and second transaction before the health care provider may receive payment. *Id.* at 21–23. Therefore, given our claim construction of the limitation “single-use, stored-value card account” to mean “a credit card account, debit card account, or EFT card account” “associated with a single type of card to be used with a single type of services terminal and no other type of payment terminal *for a single payment*,” we are not persuaded on this record that Petitioner has shown that the proposed combination of the teachings of these references teaches or suggests all of the limitations of at least independent claims 1, 2, 6, 7, 12, 17, and 22.

In addition, with respect to claims 2, 12, 17, and 22, Patent Owner contends that the combination of references does not teach “*merging*” an EOB and the payment instrument. Prelim. Resp. 17–18; Ex. 1005, Fig. 7; *see supra* Sec. I.E.5. Kennedy’s Fig. 7 depicts the combination of an EOB

and a patient's credit card information. *See* Ex. 1005 ¶¶ 60–62. Petitioner does not rely on Kennedy alone to teach the merging of an EOB with a stored value card; instead, Petitioner relies, in part, on Image Statement Products teaching that an image of a check may be submitted with a statement of account. *See* Corr. Pet. 43 (incorporating the evidence provided at Corr. Pet. 27–29 (claim chart for claim 1(c)) to teach the “merging” step of claim 2). Nevertheless, as noted above, we are not persuaded that Petitioner has shown that the combined teachings of Kennedy, Watson, vPayment Interview, and Image Statement Products teach or suggest a single-use stored-value card or card account, as recited in independent claims 2, 12, 17, and 22. Therefore, we also are not persuaded that Petitioner demonstrates that the proposed combination of references teaches or suggests all of the limitations of claims 2, 12, 17, and 22. *See* Prelim. Resp. 28 (chart of missing elements of challenged claims).

On the record before us, however, we are persuaded that Petitioner has not shown at least the “single-use stored-value card” or “single-use stored-value card account,” as recited in at least the independent claims of the '904 patent, and the “merging” of such a card with an EOB are taught or suggested by these combined references. Therefore, on the record before us, we persuaded that Petitioner has failed to demonstrate a reasonable likelihood of prevailing in showing claims 1–5, 7, 8, 10–13, 15–18, 20–23, 25, and 26 of the '904 patent are unpatentable over Kennedy, Watson, vPayment Interview, and Image Statement Products.

2. *Obviousness of Claims 6, 9, 14, 19, and 24 under 35 U.S.C. § 103(a) over Kennedy, Watson, vPayment Interview, Image Statement Products, and Knowledge*

Petitioner further asserts that claims 6, 9, 14, 19, and 24 are unpatentable under 35 U.S.C. § 103(a) over Kennedy, Watson, vPayment Interview, Image Statement Products, *and knowledge of one of ordinary skill in the art*. Corr. Pet. 2–3, 44–47, 58–59. Patent Owner disagrees and contends that Petitioner reliance on knowledge of one of ordinary skill in the art is improper. Prelim. Resp. 31.

Petitioner does not argue that, if properly combined with the teachings of Kennedy, Watson, vPayment Interview, and Image Statement Products; the knowledge of one of ordinary skill in the art would supply the deficiencies in the combination of Kennedy, Watson, vPayment Interview, and Image Statement Products noted above. *See supra* Sec. II.B.1.a–e. Therefore, in view of the foregoing discussion, we are not persuaded that Petitioner has demonstrated a reasonable likelihood of prevailing in showing that claims 6, 9, 14, 19, and 24 are rendered unpatentable under 35 U.S.C. § 103(a) over Kennedy, Watson, vPayment Interview, Image Statement Products, and knowledge of one of ordinary skill in the art.

### III. CONCLUSION

Petitioner fails to demonstrate that there is a reasonable likelihood of prevailing in its challenge to the patentability of claims 1–26 of the '904 patent. Consequently, the petition is *denied* as to both of the asserted grounds. *See supra* Sec. I.A.

#### IV. ORDER

For the reasons given, it is

ORDERED that the petition is *denied* as to claims 1–26 of the '904 patent on each of the following grounds:

1. Claims 1–5, 7, 8, 10–13, 15–18, 20–23, 25, and 26 under 35 U.S.C. § 103(a) as unpatentable over Kennedy, Watson, vPayment Interview, and Image Statement Products; and
2. Claims 6, 9, 14, 19, and 24 under 35 U.S.C. § 103(a) over Kennedy, Watson, vPayment Interview, Image Statement Products, and knowledge of one of ordinary skill in the art; and

FURTHER ORDERED that no *inter partes* review is instituted.

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Patent RE43,904 E

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