

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

AMERICAN EXPRESS COMPANY, AMERICAN EXPRESS TRAVEL
RELATED SERVICES COMPANY, INC., COMPASS BANK,
DISCOVER FINANCIAL SERVICES, DISCOVER BANK,
DISCOVER PRODUCTS INC., and
STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY,
Petitioner,

v.

MAXIM INTEGRATED PRODUCTS, INC.,
Patent Owner.

Case CBM2015-00098
Patent 5,940,510

Before TREVOR M. JEFFERSON, MITCHELL G. WEATHERLY, and
KERRY BEGLEY, *Administrative Patent Judges*.

BEGLEY, *Administrative Patent Judge*.

DECISION

Institution of Covered Business Method Patent Review
37 C.F.R. § 42.208

American Express Company, American Express Travel Related
Services Company, Inc., Compass Bank, Discover Financial Services,
Discover Bank, Discover Products Inc., and State Farm Mutual Automobile

Insurance Company (collectively, “Petitioner” or “Petitioners”)¹ filed a Corrected Petition requesting covered business method patent review of claims 1–6 of U.S. Patent No. 5,904,510 (Ex. 1001, “the ’510 patent”). Pet. 1, 22. Maxim Integrated Products, Inc. (“Patent Owner”) filed a Preliminary Response. Paper 11 (“Prelim. Resp.”).

With its Preliminary Response, Patent Owner provided evidence that it filed with the Office a statutory disclaimer of claim 2 of the ’510 patent, pursuant to 37 C.F.R. § 1.321(a). *See id.* at 2, 7; Ex. 2003. Accordingly, “[n]o post grant review will be instituted based on disclaimed claim[2].” 37 C.F.R. § 42.207(e).

For remaining claims 1 and 3–6 of the ’510 patent, we determine whether to institute a covered business method patent review under 35 U.S.C. § 324. *See* Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,764–65 (Aug. 14, 2012) (“Trial Practice Guide”). Pursuant to 35 U.S.C. § 324(a), covered business method patent review may not be instituted unless “the information presented in the petition . . . , if such information is not rebutted, would demonstrate that it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable.” For the reasons that follow, we determine that the Petition, taking into account the Preliminary Response, demonstrates that it is more likely than not that claims 1 and 3–6 of the ’510 patent are unpatentable. We institute covered business method patent review of these claims.

¹ The Corrected Petition also lists Navy Federal Credit Union (“NFCU”) as a petitioner. Paper 4 (“Pet.”), 1. NFCU and Patent Owner subsequently filed a joint motion to terminate NFCU’s participation in the case, and we granted the motion. Paper 12.

I. BACKGROUND

A. RELATED PROCEEDINGS

Patent Owner has asserted the '510 patent against all Petitioners except Discover Products Inc. (“DPI”) in the U.S. District Court for the Western District of Texas. Pet. 1, 11; *see* Paper 5, 2. In addition, Patent Owner has asserted the patent against numerous other defendants in more than thirty cases filed in various district courts. *See* Paper 5, 1–7; Pet. 1–4.

Moreover, the '510 patent has been involved in several proceedings before the Office. The patent currently is the subject of a pending *ex parte* reexamination proceeding, Control No. 90/013,063. Pet. 4; Paper 5, 2. The patent also was the subject of two previous petitions for covered business method patent review filed by different sets of petitioners. Paper 5, 3. First, in CBM2014-00038, the Board determined that 35 U.S.C. § 325(a)(1) precluded institution of review, because one of the petitioners had filed a civil action challenging the validity of claims of the '510 patent before filing the petition. *PNC Bank, N.A. v. Maxim Integrated Prods., Inc.*, Case CBM2014-00038 (PTAB June 3, 2014) (Paper 19). Second, in CBM2014-00179, the Board instituted review of claims 1–3 and 5–6 of the '510 patent based on obviousness grounds asserted in the petition. Ex. 1007. After institution, the case was terminated pursuant to settlement. *JP Morgan Chase & Co. v. Maxim Integrated Prods., Inc.*, Case CBM2014-00179 (PTAB Feb. 27, 2015) (Paper 15).

B. THE '510 PATENT

The '510 patent is directed to a “system, apparatus, and method for communicating valuable data” to and from a “portable module.” Ex. 1001, [57], 1:59–61. A consumer can carry the portable module, fill it with a

“cash equivalent” at an “add-money station,” and spend the stored cash equivalent “when buying products and services in the market place.” *Id.* at [57], 1:61–2:2. For example, a consumer can “take cash out of an ATM,” “put the cash value into the portable module,” and use monetary value on the portable module to “pay for a train fare.” *Id.* at 7:13–35, 8:30–37.

In a preferred embodiment, portable module 102 communicates to microprocessor based device 104, which is connected to secure microprocessor based module 108. *Id.* at 1:64–66, 2:32–34, 2:59–61. Portable module 102 is a “rugged read/write data carrier,” comprising memory 202, memory controller 204, counter 206 “for keeping track of the number of transactions the module has performed,” timer 208 “to time stamp transactions performed by the module,” unique identification number 210, and input/output control circuit 212. *Id.* at 3:39–4:24. Microprocessor based device 104, in turn, “can be any of an unlimited number of devices,” for example, “a personal computer, an add-a-fare machine at a train or bus station (similar to those in today’s District of Columbia metro stations), a turn style, a toll booth, a bank’s terminal, . . . or any device that controls access, or meters a monetary equivalent.” *Id.* at 2:36–45. Finally, secure microprocessor based module 108 comprises “microprocessor 12, a real time clock 14, control circuitry 16, a math coprocessor 18, memory circuitry 20, input/output circuitry 26, and an energy circuit 34.” *Id.* at 4:24–32. In particular, math coprocessor 18 “handle[s] the complex mathematics of [Rivest-Shamir-Adleman (“RSA”)] encryption and decryption or other types of math intensive encryption or decryption techniques.” *Id.* at 4:60–65.

C. ILLUSTRATIVE CLAIM

Claim 1, the sole independent claim of the '510 patent, is illustrative of the claimed subject matter:

1. A system for communicating data securely, comprising:
 - a first portable module comprising:
 - a nonvolatile memory for storing a first data;
 - a first real time clock circuit for time stamping data transactions;
 - a counter for counting a transaction count;
 - an input/output circuit;
 - a substantially unique electronically readable identification number readable by said input/output circuit; and
 - a memory control circuit in electrical communication with said nonvolatile memory, said real time clock, said counter, and said input/output circuit;
 - a portable module reader that can be placed in communication with said first portable module, said portable module reader can be connected to a plurality of other devices;
 - a secure microcontroller based module in electronic communication with said portable module reader, said secure microcontroller comprising:
 - a microcontroller core;
 - a math coprocessor, in communication with said microcontroller core, for processing encryption calculations;
 - an energy circuit for storing energy;
 - a memory circuit connected to said microcontroller core;
 - a memory circuit in communication with said microcontroller core; and
 - a second real time clock circuit in communication with said microcontroller,
- said combination of said portable module reader and said secure microcontroller performing secure data transfers with said first portable module.

Ex. 1001, 24:1–36.

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