

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

UNITED SERVICES AUTOMOBILE ASSOCIATION,
Petitioner,

v.

NADER ASGHARI-KAMRANI and KAMRAN ASGHARI-KAMRANI,
Patent Owner.

Case CBM2016-00063
Patent 8,266,432 B2

Before JONI Y. CHANG, JUSTIN T. ARBES, and
FRANCES L. IPPOLITO, *Administrative Patent Judges*.

CHANG, *Administrative Patent Judge*.

DECISION

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

I. INTRODUCTION

United Services Automobile Association (“Petitioner”) filed a Petition requesting a review of claims 1–55 of U.S. Patent No. 8,266,432 B2 (Ex. 1001, “the ’432 patent”) under the transitional program for covered business method patents.¹ Paper 2, “Pet.” Nader Asghari-Kamrani and Kamran Asghari-Kamrani (collectively, “Patent Owner”) filed a Preliminary Response to the Petition. Paper 11, “Prelim. Resp.” Pursuant to our prior authorization (Paper 10, 9), Petitioner filed a Reply to the Preliminary Response. Paper 13, “Reply.”

Under 35 U.S.C. § 324(a), a covered business method patent review may not be instituted unless the information presented in the petition, if unrebutted, “would demonstrate that it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable.” Because Patent Owner filed a statutory disclaimer of claims 4 and 29, pursuant to 37 C.F.R. § 1.321(a) (Prelim. Resp. 14; Ex. 2001), we decline to institute a review based on disclaimed claims 4 and 29. *See* 37 C.F.R. § 42.207(e) (“No post-grant review will be instituted based on disclaimed claims.”).

For the reasons that follow, we institute a covered business method patent review as to claims 1–3, 5–28, and 30–55 (the “challenged claims”) of the ’432 patent.

¹ *See* § 18(a) of the Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284, 329 (2011) (“AIA”).

A. Related Matters

The parties indicate that the '432 patent is involved in *Asghari-Kamrani et al. v. United Services Auto. Ass'n*, Case No. 2:15-cv-00478-RGD-LRL (E.D. Va.), and IPR2015-01842, which has been denied institution. Pet. 2; Paper 5, 2. Petitioner also filed another Petition challenging the '432 patent in CBM2016-00064, in which we concurrently enter a Decision on Institution. CBM2016-00064, Paper 14.

B. The '432 Patent

The '432 patent relates to “a system and method provided by a Central-Entity for centralized identification and authentication of users and their transactions to increase security in e-commerce.” Ex. 1001, 2:52–55. A central-entity is said to allow a user to purchase goods and services from an external-entity (e.g., a merchant) using the user’s digital identity without revealing confidential personal or financial information, by generating a dynamic, non-predictable and time-dependable secure code for the user per the user’s request. *Id.* at 3:35–40. Examples of central-entities include banks and credit card issuing companies. *Id.* at 2:16–18. In a transaction between the user and the external-entity, the user presents his user name and secure code as a digital identity to the external-entity for identification. *Id.* at Abs., 2:19–21, 3:19–21, 4:55–58. The external-entity depends on the central-entity to identify and authenticate the user and transaction. *Id.*

C. Illustrative Claim

Of the challenged claims, claims 1, 25, 48, and 52 are independent. Claims 2, 3, and 5–24 depend ultimately from claim 1; claims 26–28 and 30–47 depend either directly or indirectly from claim 25; claims 49 and 50 depend directly from claim 48; and claims 53–55 depend directly from claim 52. Claim 1, reproduced below, is illustrative:

1. A method for authenticating a user during an electronic transaction between the user and an external-entity, the method comprising:

receiving electronically a request for a dynamic code for the user by a computer associated with a *central-entity during the transaction between the user and the external-entity*;

generating by the central-entity during the transaction a dynamic code for the user in response to the request, wherein the dynamic code is valid for a predefined time and becomes invalid after being used;

providing by the computer associated with the central-entity said generated dynamic code to the user during the transaction;

receiving electronically by the central-entity a request for authenticating the user from a computer associated with the external-entity based on a user-specific information and the dynamic code as a digital identity included in the request which said dynamic code was received by the user during the transaction and was provided to the external-entity by the user during the transaction; and

authenticating by the central-entity the user and providing a result of the authenticating to the external-entity during the transaction if the digital identity is valid.

Ex. 1001, 6:24–47 (emphasis added).

D. Standing to Seek a Covered Business Method Patent Review

Section 18 of the AIA governs covered business method patent reviews. Section 18(a)(1)(B) of the AIA limits such reviews to persons or their privies that have been sued or charged with infringement of a covered business method patent. Here, Petitioner certifies that it has been sued for infringement of the '432 patent in *Asghari-Kamrani et al. v. United Services Auto. Ass'n*, Case No. 2:15-cv-00478-RGD-LRL (E.D. Va.). Pet. 2. On this record, we are persuaded that Petitioner has been sued for infringement for purposes of AIA § 18(a)(1)(B).

1. Financial Product or Service

A “covered business method patent” is a patent that “claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, except that the term does not include patents for technological inventions.” AIA § 18(d)(1). The legislative history of the AIA “explains that the definition of covered business method patent was drafted to encompass patents ‘claiming activities that are financial in nature, incidental to a financial activity or complementary to a financial activity.’” *Transitional Program for Covered Business Method Patents—Definitions of Covered Business Method Patent and Technological Invention*, 77 Fed. Reg. 48,734, 48,735 (Aug. 14, 2012) (Final Rule) (quoting 157 CONG. REC. S5432 (daily ed. Sept. 8, 2011) (statement of Sen. Schumer)). The legislative history indicates that “financial product or service” should be

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