

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

EBAY INC. and PAYPAL, INC.,
Petitioner,

v.

XPRT VENTURES, LLC,
Patent Owner.

Case CBM2017-00024
Patent 7,610,244 B2

Before JAMESON LEE, KEVIN F. TURNER, and
MICHAEL R. ZECHER, *Administrative Patent Judges*.

TURNER, *Administrative Patent Judge*.

FINAL WRITTEN DECISION
Covered Business Method Patent Review
35 U.S.C. § 328(a) and 37 C.F.R. § 42.73

I. INTRODUCTION

eBay Inc. and PayPal, Inc. (collectively, “Petitioner”), filed a Petition requesting a review under the transitional program for covered business method patents of claims 1, 2, 15, 19, 20, 34, 40, 47, 48, 52, and 53 (“challenged claims”) of U.S. Patent No. 7,610,244 B2 (Ex. 1001, “’244 Patent”). Paper 1 (“Pet.”). Patent Owner, XPRT Ventures, LLC (“Patent Owner”), did not file a Preliminary Response.

We preliminarily determined that the information presented in the Petition established that the ’244 Patent qualifies as a covered business method patent that is eligible for review, and that it was more likely than not that the challenged claims are unpatentable under 35 U.S.C. § 101. Paper 8. Pursuant to 35 U.S.C. § 324 and § 18(a) of the Leahy-Smith America Invents Act (“AIA”), Pub. L. No. 112-29, 125 Stat. 284, 329–31 (2011), we instituted a covered business method patent review as to all of the challenged claims. *Id.*

Patent Owner filed a corrected Response to the Petition (Paper 13 (“PO Resp.”)), and Petitioner filed a Reply (Paper 14 (“Pet. Reply”)). Neither Petitioner nor Patent Owner requested oral argument, and no oral argument was held. Papers 15, 16.

We have jurisdiction under 35 U.S.C. § 6(c). This decision is a Final Written Decision under 35 U.S.C. § 328(a). For the reasons discussed below, we hold that (1) the ’244 Patent qualifies as a covered business method patent that is eligible for review, as defined by § 18(d)(1) of the AIA; and (2) Petitioner has demonstrated by a preponderance of the evidence that all of the challenged claims are unpatentable under 35 U.S.C. § 101.

A. Related Matters

The parties indicate that Patent Owner asserted the '244 Patent against Petitioner in a U.S. district court case captioned *XPRT Ventures, LLC v. eBay Inc.*, No. 1:10-cv-595-SLR (D. Del.) (“U.S. district court case”). Pet. 2–3; Paper 4, 2. Petitioner further indicates that, in the U.S. district court case, Patent Owner also asserted five other patents against Petitioner, specifically U.S. Patent Nos. 7,483,856 (“’856 patent”), 7,627,528 (“’528 patent”), 7,567,937 (“’937 patent”), 7,599,881 (“’881 patent”), and 7,512,563 (“’563 patent”). Pet. 2–3.

One Petitioner entity, eBay Inc., requested *inter partes* reexaminations of the ’937 patent, ’563 patent, ’528 patent, ’856 patent, ’881 patent, and ’244 Patent, which were instituted in Reexamination Control Nos. 95/001,588, 95/001,589, 95/001,590, 95/001,594 (“’594 Reexamination”), 95/001,596, and 95/001,597, respectively. Pet. 3. With the exception of the ’594 Reexamination, decisions in each of those reexamination proceedings are currently on appeal to the U.S. Court of Appeals for the Federal Circuit. Pet. 3; Paper 4, 2.

The parties further indicate that Petitioner has requested covered business method patent reviews for the ’528 patent, ’563 patent, ’856 patent, ’881 patent, and ’937 patent, in Cases CBM2017-00025, CBM2017-00026, CBM2017-00027, CBM2017-00028, and CBM2017-00029, respectively. Paper 4, 2. Also, Patent Owner identifies U.S. Patent Application Nos. 12/547,201 and 12/603,063 as related matters. Paper 4, 2.

B. Standing

Section 18 of the AIA governs the transitional program for covered business method patent reviews. Under § 18(a)(1)(B) of the AIA, a person

may not file a petition for such a review, unless that person, or the person's real-party-in-interest or privy, has been sued or charged with infringement of a covered business method patent. Petitioner contends that Patent Owner asserted the '244 Patent against Petitioner in the U.S. district court case. Pet. 2–3, 10. Petitioner also argues that it is not estopped from challenging the claims on the ground identified in the Petition. *Id.* at 10 (citing 37 C.F.R. § 42.302(b)). Patent Owner has not disputed either of those statements. Accordingly, based on the record before us, we determine that Petitioner satisfies the standing requirement.

C. Asserted Ground of Unpatentability

Petitioner asserts that the challenged claims are unpatentable under 35 U.S.C. § 101. Pet. 11, 21–76. Petitioner relies on the Declaration of Clifford Neuman (Ex. 1005) in support of the Petition. Petitioner also cites to Edward Preston Moxey, Jr., *Practical Banking* (1910) (Ex. 1006), and Robert C. Zimmer & Theresa A. Einhorn, *The Law of Electronic Funds Transfer* (1978) (Exs. 1007, 1008).

D. The '244 Patent

The '244 Patent generally relates to a computerized electronic auction payment system and method for effecting a real-time payment for an item won in an electronic auction. Ex. 1001, 1:20–26. The '244 Patent describes electronic auctions as typically involving a website, such as EBAY™ or YAHOO!™ Auctions, where a prospective seller lists an item for sale and specifies the date and time for the auction to end. *Id.* at 1:35–49. Prospective bidders using a remote terminal access the electronic auction website via an electronic network, such as the Internet, and may submit a bid on the item for sale. *Id.* at 1:60–65. At the conclusion of the auction, the

bidder who has the highest bid is deemed the winning bidder, and to effect payment for the item, an e-mail is sent to the seller and winning bidder informing them to contact each other to proceed with a payment transaction. *Id.* at 2:29–34.

The '244 Patent describes several drawbacks of the known methods for effecting payment. Ex. 1001, 2:65–3:36. According to the '244 Patent, one drawback is that a winning bidder is apt to wait prior to effecting payment as the winning bidder must perform several tasks, including drafting a check and mailing the check to the seller. *Id.* at 2:65–3:6. Also, the seller must wait at least two business days to several weeks before being paid. *Id.* at 3:7–8. Additionally, the '244 Patent states that it is cumbersome for the winning bidder to enter credit card information every time an item is won, and the winning bidder may feel uneasy transferring credit card information or may wait until the start of a new credit card billing cycle before transferring the credit card information. *Id.* at 3:16–27. There is a further delay until the operator of the electronic auction website gets paid a commission by the seller, which usually involves the operator e-mailing the seller and receiving the seller's authorization. *Id.* at 3:28–36.

The '244 Patent seeks to address these drawbacks by setting up and maintaining electronic auction payment accounts—which the '244 Patent describes as similar to bank accounts—for prospective bidders and sellers. *Id.* at 3:66–4:3, 7:63–64. The prospective bidders provide funds to their electronic auction payment accounts maintained by the electronic auction payment system, before being deemed as winning bidders, by direct deposit, using a credit card, or sending a check, money order, or other financial document to an operator of the electronic auction payment system. *Id.*

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