

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

MASTERCARD INTERNATIONAL INC.,
Petitioner,

v.

JOHN D'AGOSTINO,
Patent Owner.

Case IPR2014-00543 (Patent 8,036,988 C1)
Case IPR2014-00544 (Patent 7,840,486 B2)

Before SALLY C. MEDLEY, KARL D. EASTHOM, and
KALYAN K. DESHPANDE, *Administrative Patent Judges*.

DESHPANDE, *Administrative Patent Judge*.

DECISION ON REMAND
35 U.S.C. § 144 and 37 C.F.R. § 42.5

IPR2014-00543 (Patent 8,036,988 C1)

IPR2014-00544 (Patent 7,840,486 B2)

I. INTRODUCTION

A. Background

MasterCard International Inc. (“Petitioner”) filed Petitions requesting *inter partes* review of claims 1–38 of U.S. Patent No. 8,036,988 C1¹ (543 Ex. 1001;² “the ’988 patent”) and claims 1–30 of U.S. Patent No. 7,840,486 B2 (544 Ex. 1001; “the ’486 patent”). 543 Paper 1 (“543 Pet.”); 544 Paper 1 (“544 Pet.”). John D’Agostino (“Patent Owner”) filed Preliminary Responses. 543 Paper 7 (“543 Prelim. Resp.”); 544 Paper 6 (“544 Prelim. Resp.”). Pursuant to 35 U.S.C. § 314, we instituted *inter partes* review of the ’988 patent, on September 4, 2014, as to claims 1–10, 15–25, 27–33, and 35–38 of the ’988 patent and as to claims 1–15 and 22–30 of the ’486 patent under 35 U.S.C. § 102(e) as anticipated by Cohen,³ and as to claims 11–14, 26, and 34 of the ’988 patent and as to claims 16–21 of the ’486 patent under 35 U.S.C. § 103(a) as obvious over Cohen and Musmanno.⁴ 543 Paper 8 (“543 Inst. Dec.”); 544 Paper 7 (“544 Inst. Dec.”).

Patent Owner filed a Response (543 Paper 16, “543 PO Resp.”; 544 Paper 11, “544 PO Resp.”), and Petitioner filed a Reply (543 Paper 17, “543 Pet. Reply”; 544 Paper 12, “544 Pet. Reply”) in each proceeding. Petitioner filed a Motion to Exclude evidence (543 Paper 20, “543 Mot.”; 544 Paper

¹ A Reexamination Certificate was issued on October 15, 2014.

² Papers and Exhibits that are preceded by “543” are from IPR2014-00543, and papers and exhibits that are preceded by “544” are from IPR2014-00544. IPR2014-00543 and IPR2014-00544 include papers and exhibits that are substantially similar; therefore, unless otherwise indicated, citations to papers and exhibits are made to IPR2014-00543.

³ U.S. Patent No. 6,422,462 B1 (543 Ex. 1004, “Cohen”).

⁴ U.S. Patent No. 5,826,243 (543 Ex. 1006, “Musmanno”).

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14, “544 Mot.”), Patent Owner filed an Opposition to Petitioner’s Motion to Exclude evidence (543 Paper 23, “543 Opp. to Mot.”; 544 Paper 17, “544 Opp. to Mot.”), and Petitioner filed a Reply in support of its Motion to Exclude (543 Paper 24, “543 Reply to Opp. to Mot.”; 544 Paper 18, “544 Reply to Opp. to Mot.”) in each proceeding. Oral hearing was held on May 12, 2015, and the hearing transcript has been entered in the record. 543 Paper 27 (“Tr.”).

We issued Final Written Decisions in IPR2014-00543 and IPR2014-00544 pursuant to 35 U.S.C. § 318(a) and 37 C.F.R. § 42.73, and we determined that Petitioner had demonstrated by a preponderance of the evidence that claims 1–38 of the ’988 patent were unpatentable and claims 1–30 of the ’486 patent were unpatentable. 543 Paper 28 (“543 Final Dec.”); 544 Paper 22 (“544 Final Dec.”). We also denied Petitioner’s Motion to Exclude. *Id.* Patent Owner requested a rehearing (543 Paper 29; 544 Paper 23), and we denied Patent Owner’s request. 543 Paper 30; 544 Paper 24.

Patent Owner filed a Notice of Appeal (*see* 543 Paper 31; 544 Paper 25) and the United States Court of Appeals for the Federal Circuit issued a consolidated decision for both proceedings in *D’Agostino v. Mastercard Int’l Inc.*, 844 F.3d 945 (Fed. Cir. 2016), vacating our determination of unpatentability for claims 1–38 of the ’988 patent and 1–30 of the ’486 patent, and remanding for further proceedings consistent with the Federal Circuit’s decision. *D’Agostino*, 844 F.3d at 951; *see* Paper 32.

Subsequent to the Federal Circuit’s decision, we authorized briefing from Petitioner (Paper 35, “Pet. Remand Br.”), a Response from Patent Owner (Paper 36, “PO Remand Resp.”), and a Reply from Petitioner (Paper

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37, “Pet. Remand Reply”). We authorized Petitioner and Patent Owner to file the same briefing in IPR2014-00544 in order to proceed to a consolidated Final Decision on Remand for both IPR2014-00543 and IPR2014-00544. *See* Paper 34.

The Board has jurisdiction under 35 U.S.C. § 6. This Final Written Decision is issued pursuant to 35 U.S.C. § 318(a) and 37 C.F.R. § 42.73. For the reasons discussed below, we determine that Petitioner has shown by a preponderance of the evidence that claims 1–38 of the ’988 patent and claims 1–30 of the ’486 patent are unpatentable.

B. Related Proceedings

Petitioner identifies the following related district court proceeding involving the ’988 patent and the ’486 patent, and in which Petitioner is a party: *D’Agostino v. MasterCard, Inc.*, No. 1:13-cv-00738 (D. Del. filed Apr. 26, 2013). 543 Pet. 59; 544 Pet. 58.

Petitioner also identifies that the ’988 patent was the subject of *Ex Parte* Reexamination proceeding No. 90/012,517. 543 Pet. 1, 59.

Petitioner previously sought a covered business method patent review of the ’988 patent in proceeding CBM2013-00057 and of the ’486 patent in proceeding CBM2013-00058, but we denied institution of review. 543 Pet. 11–13; 544 Pet. 13–14; *Mastercard Int’l Inc. v. D’Agostino*, Case CBM2013-00057 (PTAB Mar. 7, 2014) (Paper 9); *Mastercard Int’l Inc. v. D’Agostino*, Case CBM2013-00058 (PTAB Mar. 7, 2014) (Paper 10). Specifically, we denied institution of review because Petitioner had not demonstrated that its asserted prior art references, Cohen and Flitcroft,

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qualified as prior art under Section 18(a)(1)(C) of the AIA,⁵ because neither Cohen nor Flitcroft was published prior to the effective filing date of the '988 patent. *Mastercard Int'l Inc. v. D'Agostino*, Case CBM2013–00057, slip op. at 13–14 (PTAB Mar. 7, 2014); *Mastercard Int'l Inc. v. D'Agostino*, Case CBM2013–00058, slip op. at 8–9 (PTAB Mar. 7, 2014).

C. The '988 Patent and the '486 Patent

The '988 patent is a continuation of '486 patent, and, therefore, the '988 patent specification is the same as the '486 patent specification.

⁵ Under section 18(a)(1)(C) of AIA, a petitioner in a transitional proceeding who challenges the validity of one or more claims in a covered business methods patent on grounds of unpatentability under §§ 102 and 103 may only support such grounds on the following basis:

- (i) prior art that is described by section 102(a) of such title (as in effect on the day before such effective date); or
- (ii) prior art that—
 - (I) discloses the invention more than 1 year before the date of the application for patent in the United States; and
 - (II) would be described by section 102(a) of such title (as in effect on the day before the effective date set forth in section 3(n)(1)) if the disclosure has been made by another before the invention thereof by the applicant for patent.

AIA Section 18(a)(1)(C). This section does not apply to an *inter partes* review. 35 U.S.C. § 311(b) allows for a challenge in an *inter partes* review to be raised “on the basis of prior art consisting of patents or printed publications.” Accordingly, Cohen and Flitcroft qualify as prior art in an *inter partes* review.

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