UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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MASTERCARD INTERNATIONAL INCORPORATED
Petitioner

v.

JOHN D'AGOSTINO
Patent Owner

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Case CBM2013-00057
Patent 8,036,988

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

DESHPANDE, *Administrative Patent Judge*.

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

I. INTRODUCTION

MasterCard International Incorporated ("Petitioner") filed a petition ("Pet.") requesting a review under the transitional program for covered business method patents of U.S. Patent No. 8,036,988 B2 (Ex. 1001, "the '988 patent"). Paper 5. John D'Agostino ("Patent Owner") filed a preliminary response ("Prelim. Resp."). Paper 8. The Board has jurisdiction under 35 U.S.C. § 324.[1]

The standard for instituting a covered business method patent review is set forth in 35 U.S.C. § 324(a), which provides as follows:

> THRESHOLD—The Director may not authorize a post-grant review to be instituted unless the Director determines that the information presented in the petition filed under section 321, 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.

Petitioner challenges the patentability of claims 1-38 of the '988 patent under 35 U.S.C. §§ 102, 103, and 112, second paragraph. Taking into account Patent Owner's preliminary response, we determine that the information presented in the petition does not demonstrate that it is more likely than not that the challenged claims are unpatentable. Pursuant to 35 U.S.C. § 324(a), we deny the institution of a covered business method patent review as to claims 1-38 of the '988 patent.

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

A.   The '988 Patent

The '988 patent discloses a method and system of performing secure credit card purchases. Ex. 1001, Abstract. The method and system increase overall security by minimizing access to credit card numbers, without having to substantially deviate from existing credit card transaction practices. *Id.* at col. 1, ll. 19-29.
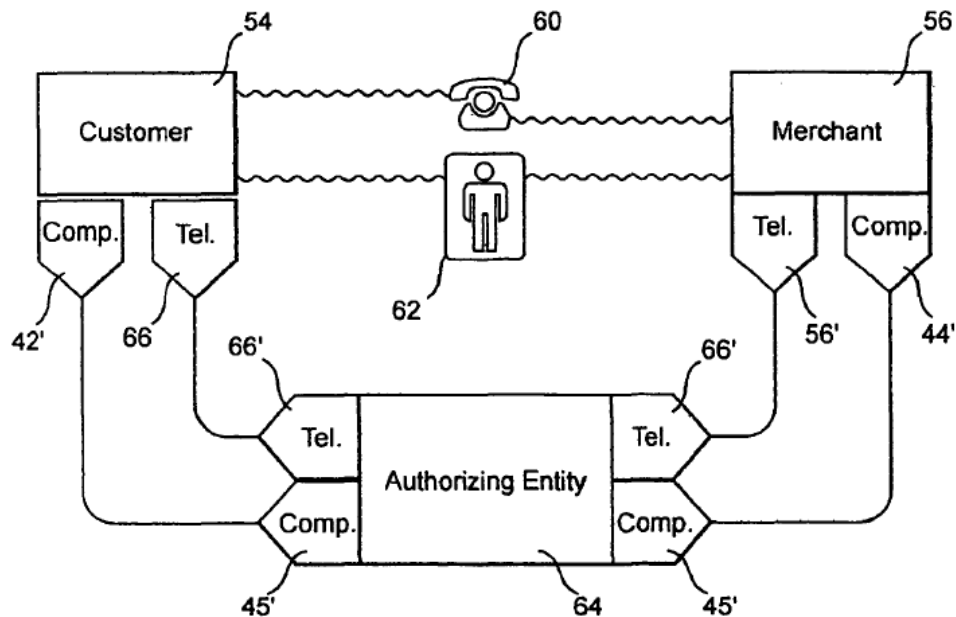
Figure 3 of the '988 patent follows:

FIG. 3

Figure 3 schematically represents a secure credit card transaction system, where the customer-to-merchant contact is by phone or in person. As shown above in Figure 3, customer 54 receives promotional information from merchant 56, either by telephone 60 or in person 62. *Id.* at col. 7, ll. 30-35. Customer 54 then contacts custodial authorizing entity 64, by either telephone 66' or computer 45', for authorization. *Id.* at col. 7, ll. 35-43.

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After confirming authorization, authorizing entity 64 establishes details of the anticipated transaction to determine a payment category, and then issues a transaction code to the customer. *Id.* at col. 7, ll. 43-46. The customer can utilize the transaction code to consummate a transaction within the defined parameters of the payment category, and the merchant can obtain verification and subsequent payment utilizing the transaction code only. *Id.* at col 7, ll. 46-55.

B. Related Matters

Petitioner and Patent Owner identify the following related district court proceeding involving the '988 Patent and in which Petitioner is a party: *John D'Agostino v. MasterCard, Inc. et al.*, Case No. 1:13-cv-00738 (D. Del., filed April 26, 2013). Pet. 5; Prelim. Resp. 4; Ex. 1007 ("Complaint for Patent Infringement").

Petitioner and Patent Owner also identify the '988 patent as the subject of Ex Parte Reexamination proceeding No. 90/012,517. Pet 5-6; Prelim. Resp.18; Ex. 1003 ("Ex Parte Reexamination Office Action").

In related proceeding CBM2013-00058, Petitioner also seeks review of U.S. Patent No. 7,840,486 B2, to which the '988 patent claims priority. Pet. 6.

C. Illustrative Claim

Petitioner challenges claims 1-38 of the '988 patent. Claims 1, 17, 19, 21, and 22 are independent claims. Claim 1 is illustrative of the claims at issue and follows:

1.   A method of performing secure credit card purchases, said method comprising:

a) contacting a custodial authorizing entity having custodial responsibility of account parameters of a customer's account that is used to make credit card purchases;

b) supplying said custodial authorizing entity with at least account identification data of said customer's account;

c) defining at least one payment category to include at least limiting a number of transactions to one or more merchants, said one or more merchants limitation being included in said payment category prior to any particular merchant being identified as one of said one or more merchants;

d) designating said payment category;

e) generating a transaction code by a processing computer of said custodial authorizing entity, said transaction code reflecting at least the limits of said designated payment category to make a purchase within said designated payment category;

f) communicating said transaction code to a merchant to consummate a purchase with defined purchase parameters;

g) verifying that said defined purchase parameters are within said designated payment category; and

h) providing authorization for said purchase so as to confirm at least that said defined purchase parameters are within said designated payment category and to authorize payment required to complete the purchase.

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