

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

MASTERCARD INTERNATIONAL INCORPORATED,
Petitioner,

v.

JOHN D'AGOSTINO,
Patent Owner.

Case IPR2014-00544
Patent 7,840,486

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

DESHPANDE, *Administrative Patent Judge*.

DECISION
Institution of *Inter Partes* Review
37 C.F.R. § 42.108

I. INTRODUCTION

MasterCard International Incorporated (“Petitioner”) filed a corrected Petition requesting an *inter partes* review of claims 1–30 of U.S. Patent No. 7,840,486 (Ex. 1001, “the ’486 patent”). Paper 1 (“Pet.”). John D’Agostino (“Patent Owner”) timely filed a Preliminary Response. Paper 6 (“Prelim. Resp.”). We have jurisdiction under 35 U.S.C. § 314, which provides that an *inter partes* review may not be instituted “unless . . . there is a reasonable likelihood that petitioner would prevail with respect to at least 1 of the claims challenged in the petition.” 35 U.S.C. § 314.

Upon consideration of the Petition and the Preliminary Response, we determine that Petitioner has established that there is a reasonable likelihood that Petitioner would prevail in showing the unpatentability of claims 1–30 of the ’486 patent. Accordingly, we institute an *inter partes* review of these claims.

A. Related Proceedings

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

In related proceeding IPR2014–00543, Petitioner seeks review of U.S. Patent No. 8,036,988 (“the ’988 patent”), which claims priority to the ’486 patent. Pet. 58. Petitioner also identify the ’988 patent as the subject of Ex Parte Reexamination proceeding No. 90/012,517. *Id.* at 6–13.

Petitioner previously sought a covered business method patent review of the ’486 patent in proceeding CBM2013–00058, but we had denied institution of review. *Id.* at 13–14; *Mastercard Int’l Inc. v. D’Agostino*, case CBM2013–00058 (PTAB Mar. 7, 2014)(Paper 10). Specifically, we had denied institution of review because Petitioner had not demonstrated that Cohen or Flitcroft qualifies as prior

art under Section 18(a)(1)(C) of the AIA, because neither Cohen nor Flitcroft was published prior to the effective filing date of the '486 patent. *Mastercard Int'l Inc. v. D'Agostino*, case CBM2013-00058, slip op. at 8-9 (PTAB Mar. 7, 2014).

B. The '486 Patent

The '486 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 1:13-23.

Figure 3 of the '486 patent follows:

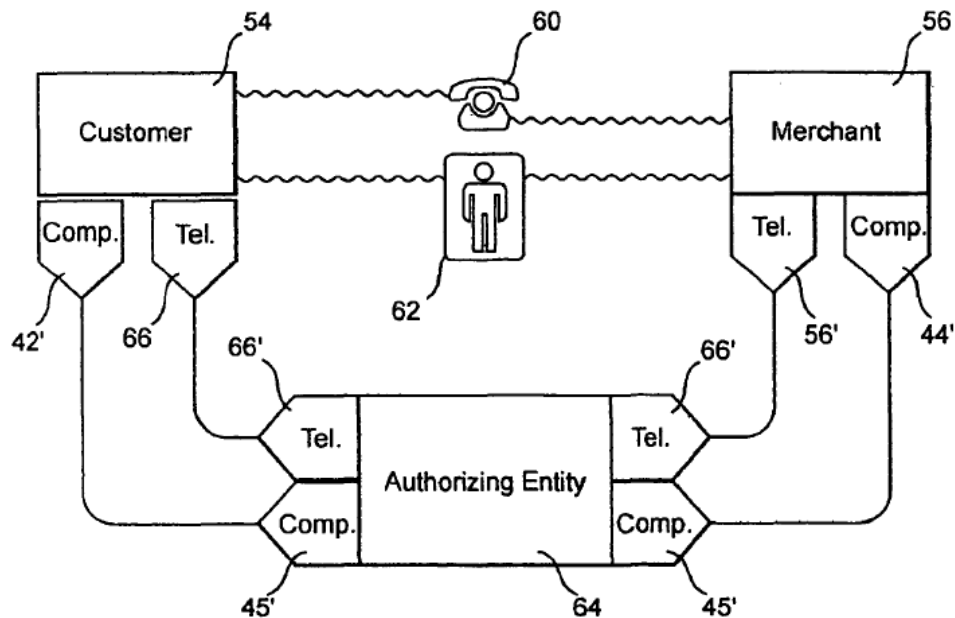


FIG. 3

Figure 3, depicted above, 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. Ex. 1001, 7:25-30. Customer 54 then contacts custodial authorizing entity 64, by either telephone 66' or computer 45', for authorization. *Id.* at 7:30-38. 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 7:38–41. 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 7:41–50.

C. Illustrative Claim

Petitioner challenges claims 1–30 of the '486 patent. Pet. 17–58. Claim 1 is illustrative of the claims at issue and is reproduced below:

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 a payment category including at least limiting purchases to a single merchant for at least one transaction, said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant;
 - d) designating said payment category thereby designating at least that transaction code generated in accordance with said payment category can be used by only one merchant;
 - 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.

D. The Alleged Grounds of Unpatentability

The information presented in the Petition sets forth proposed grounds of unpatentability of claims 1–30 of the '486 patent under 35 U.S.C. §§ 102, 103 as follows (*see* Pet. 17–58):

Reference(s)	Basis	Challenged Claims
Cohen ¹	§ 102(e)	1–15 and 22–30
Cohen and Musmanno ²	§ 103	16–21
Flitcroft ³	§ 102(e)	1–15 and 22–30
Flitcroft and Musmanno	§ 103	16–21
Cohen	§ 103	1–15 and 22–30
Flitcroft	§ 103	1–15 and 22–30

II. ANALYSIS

A. Claim Construction

In an *inter partes* review, claim terms in an unexpired patent are interpreted according to their broadest reasonable construction in light of the specification of the patent in which they appear. 37 C.F.R. § 42.100(b); Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,764-66 (Aug. 14, 2012). Claim terms are given their ordinary and customary meaning, as would be understood by one of ordinary skill in the art in the context of the entire disclosure. *In re Translogic Tech., Inc.*, 504 F.3d 1249, 1257 (Fed. Cir. 2007). A claim term will not be given

¹ US Patent No. 6,422,462 B1 (Ex. 1004) (“Cohen”).

² US Patent No. 5,826,243 (Ex. 1006) (“Musmanno”).

³ US Patent No. 6,636,833 B1 (Ex. 1005) (“Flitcroft”).

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