

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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PAYPAL, INC.,  
Petitioner,

v.

MONEYCAT LTD.,  
Patent Owner.

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Case IPR2017-00541  
Patent 8,712,918 B2

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Before SALLY C. MEDLEY, WILLIAM V. SAINDON, and  
BRYAN F. MOORE, *Administrative Patent Judges*.

MEDLEY, *Administrative Patent Judge*.

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

I. INTRODUCTION

PayPal, Inc. (“Petitioner”) filed a Petition for *inter partes* review of claims 1–23 of U.S. Patent No. 8,712,918 B2 (Ex. 1001, “the ’918 patent”).

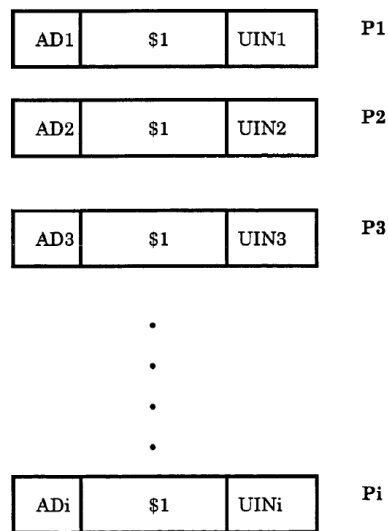
Paper 1 (“Pet.”). MoneyCat Ltd. (“Patent Owner”) did not file a Preliminary Response. Institution of an *inter partes* review is authorized by statute when “the information presented in the petition . . . and any response . . . shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.” 35 U.S.C. § 314(a); *see* 37 C.F.R. § 42.108. Upon consideration of the Petition, we conclude the information presented shows there is a reasonable likelihood that Petitioner would prevail in establishing the unpatentability of claims 1–23 of the ’918 patent.

#### *A. Related Matters*

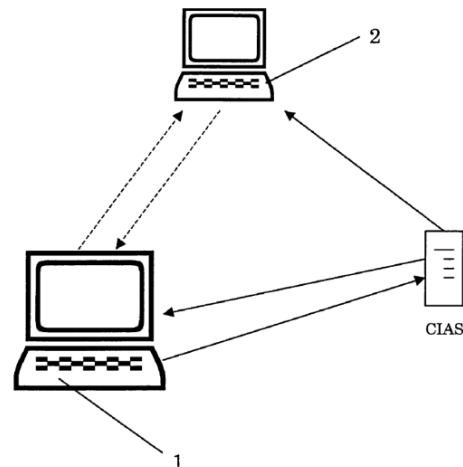
The parties identify several matters related to this proceeding. Pet. 7; Paper 5 (Patent Owner’s Mandatory Notices), 1–2.

#### *B. The ’918 Patent*

The ’918 patent is directed to a method and system for electronic currency transactions. Ex. 1001, Abstract. The ’918 patent relates to electronic currency transactions that utilize a server to mediate transactions between a buyer and seller over a network. *See id.* at Abstract, 15:63–16:40, Figure 7. The claimed invention purports to “eliminat[e] the problem of electronic theft of electronic currency, in systems employing an isolation server to effect currency transactions.” *Id.* at 6:1–4. Figures 6 and 7 of the ’918 patent are reproduced below.



**Fig. 6**



**Fig. 7**

Figure 6 illustrates a sum of electronic money, and Figure 7 represents an electronic currency transaction. *Id.* at 12:63–67.

As shown in Figure 6, each data packet P1, P2, . . . Pi corresponds to an amount of electronic money. *Id.* at 14:36–42. Each packet Pi contains three components: a unique identifier UINi, which identifies packet Pi among all such data packets issued by a Currency Issuing Authority (“CIA”); the monetary value associated with packet Pi; and authentication data ADi to confirm that packet Pi was generated by the CIA. *Id.* at 13:20–25, 14:52–57, Fig. 6.

As shown in Figure 7, user 1 interacts with provider 2 via the Internet (broken arrows) to effect a payment of electronic currency to provider 2. *Id.* at 15:63–16:4. User 1 has data packets Pi stored in an active data packet area of a data storage area accessible by a CIA server (“CIAS”). *Id.* at 14:59–15:29. When user 1 and provider 2 decide upon a transaction, user 1 instructs the CIAS to effect payment to provider 2 of the required sum on behalf of user 1. *Id.* at 15:65–16:4. In response, the CIAS accesses the

active data packet area of user 1 to copy to local memory of the CIA one or more data packets  $P_i$  corresponding to the indicated sum, and delete or deactivate the packets  $P_i$  from the active data packet area. *Id.* at 16:13–18. The CIAS verifies the authentication data  $AD_i$  of the packets  $P_i$ , and checks the identifiers  $UIN_i$  of the packets  $P_i$  against a database of previous transactions, to verify the packets  $P_i$  have not previously been used to effect payment. *Id.* at 16:26–31. If the CIAS verification is successful, the CIAS invalidates the packets  $P_i$  provided by user 1, and issues a new set of packets  $P_i$  for the same value to provider 2. *Id.* at 16:31–40.

### *C. Illustrative Claim*

Petitioner challenges claims 1–23 of the '918 patent. Claims 1 and 9 are independent claims. Claim 1, reproduced below, is illustrative of the claimed subject matter:

1. A method for effecting currency transactions between a first user and a second user over a network, the method comprising the following steps:

A) a Currency Issuing Authority trusted server (CIAS) receives payment instructions from said first user to transfer a first monetary sum to said second user, wherein the CIAS is programmed to receive payment instructions from said first user only over a network connection between said first user and a Currency Issuing Authority (CIA);

B) the CIAS accesses electronic currency in a first active electronic currency area located in a first data storage area, said electronic currency having been provided by said CIA;

C) the CIAS manipulates the electronic currency located in said first active electronic currency area to withdraw a second monetary sum therefrom by

(i) deleting electronic currency that equals the second monetary sum and/or

(ii) generating a record containing information on the amount withdrawn that equals the second monetary sum and/or

(iii) generating a record containing information on the amount of electronic currency remaining in said first active electronic currency area after withdrawing the second monetary sum; and

D) the CIAS creates new electronic currency corresponding to a third monetary sum.

*Id.* at 22:58–23:18.

#### *D. Asserted Grounds of Unpatentability*

Petitioner asserts that claims 1–23 are unpatentable based on the following grounds (Pet. 8–11):

| <b>References</b>                              | <b>Basis</b> | <b>Challenged Claim(s)</b>  |
|--|--------------|-----------------------------|
| Bernstein <sup>1</sup> and Peirce <sup>2</sup> | § 103(a)     | 1–3, 7–11, 15–17, and 19–23 |
| Bernstein, Peirce, and Haynes <sup>3</sup>     | § 103(a)     | 4 and 12                    |
| Bernstein, Peirce, and Popolo <sup>4</sup>     | § 102(e)     | 5, 6, 13, 14, and 18        |

## II. DISCUSSION

### *A. Prior Board Decision of Related Patent*

The application that matured into the '918 patent claims, under 35 U.S.C. § 120, the benefit of application 12/539,141, which matured into U.S.

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<sup>1</sup> U.S. Patent No. 5,915,023, issued June 22, 1999 (Ex. 1004) (“Bernstein”).

<sup>2</sup> Michael Peirce and Donal O’Mahony, *Scalable, Secure Cash Payment for WWW Resources with the PayMe Protocol Set*, WORLD WIDE WEB JOURNAL at 587–601 (Nov. 1995) (Ex. 1005) (“Peirce”).

<sup>3</sup> PCT W0 97/19414, published May 29, 1997 (Ex. 1006) (“Haynes”).

<sup>4</sup> U.S. Patent No. 5,715,402, issued Feb. 3, 1998 (Ex. 1007) (“Popolo”).

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