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Paper 7
Entered: June 13, 2017

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

PAYPAL, INC.,
Petitioner,

v.

MONEYCAT LTD.,
Patent Owner.

Case IPR2017-00542
Patent 8,712,918 B2

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. 5; Paper 4 (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 utilizes 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.

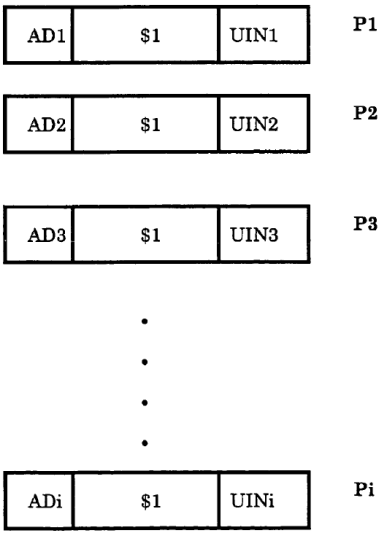

Fig. 6

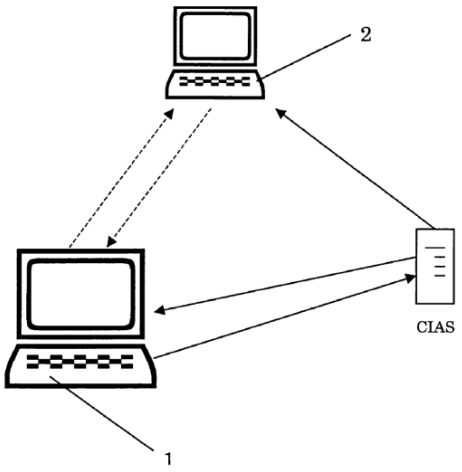

Fig. 7

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 provide 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 provide 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 Pi corresponding to the indicated sum, and delete or deactivate the packets Pi from the active data packet area. *Id*. at 16:13–18. The CIAS verifies the authentication data ADi of the packets Pi, and checks the identifiers UINi of the packets Pi against a database of previous transactions, to verify the packets Pi have not previously been used to effect payment. *Id*. at 16:26–31. If the CIAS verification is successful, the CIAS invalidates the packets Pi provided by user 1, and issues a new set of packets Pi 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. 6–8):

References	**Basis**	**Challenged Claim(s)**
Teramura[1] and Peirce[2]	§ 103(a)	1–3, 7–11, 15–17, and 19–23
Teramura, Peirce, and Haynes[3]	§ 103(a)	4 and 12
Teramura, Peirce, and Popolo[4]	§ 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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[1] CA 2,221,399, issued June 11, 2002 (Ex. 1005) ("Teramura").
[2] 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").
[3] PCT W0 97/19414, published May 29, 1997 (Ex. 1006) ("Haynes").
[4] U.S. Patent No. 5,715,402, issued Feb. 3, 1998 (Ex. 1007) ("Popolo").

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