UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC.,

Petitioner,

v.

UNIVERSAL SECURE REGISTRY, LLC,

Patent Owner.

Case IPR2018-00812

U.S. Patent No. 8,856,539

PETITIONER APPLE INC.'S SUR-REPLY TO PATENT OWNER'S REPLY TO THE OPPOSITION TO THE CONDITIONAL MOTION TO AMEND

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I. INTRODUCTION

Patent Owner's ("PO") Reply fails to rebut Petitioner's showing that the substitute claims are obvious over the prior art of record, are not drawn to patent eligible subject matter, and are indefinite. Nor does PO plausibly explain its lack of candor in offering amendments that reintroduce financial elements that PO previously disclaimed to avoid CBM Review. The Board should deny PO's CMTA.

II. ARGUMENT

A. Reber And Franklin Render Obvious A "Transaction Request" Received "From The Provider" (Substitute Claims 39[b], 44[a], 47[b]).

In its reply brief, PO concedes that Reber transmits a transaction request from computer 20 [**provider**] to computer 64 [**secure registry**]. CMTA Reply at 5 (discussing "Reber's first message *transmitted from computer 20 to computer 64*…" (emphasis added)); *see also* Ex-1131, Reber, 5:17-19, 5:45-59. Reber teaches that the transaction data includes a first data element comprising information about the merchant/provider [**indication of the provider]** and a second data element containing a time-varying code [**time-varying multicharacter code**] that can be used to authenticate the entity's identity before directing a third party to transfer funds. Ex-1131, Reber, 5:48-55, 6:25-29. Accordingly, there is no dispute that PO's proposed amendment — requiring the "transaction request" be sent "from the provider" — is expressly taught by Reber.

Unable to deny that Reber contains this disclosure, PO instead repeats its argument that Reber does not disclose a single embodiment in which the transaction request includes an indication of the provider and a time-varying code. CMTA Reply at 5-6; *see also* POPR at 40-42; POR at 61-62. But the Board already considered and rejected that argument in the Institution Decision in finding that Reber disclosed two alternative versions of the same transaction method that did not need to be explicitly "combined." DI at 12-13; *see also* Ex-1131, Reber, 5:45-48. Petitioner, too, has addressed this argument in its Petition and Reply to the POR, and cited to those portions of the record in its CMTA Opposition.[1]

[1] PO's contention that the citations in Petitioner's CMTA Opposition are "incorporations by reference" (CMTA Reply at 3-4) is incorrect. Petitioner's CMTA Opposition, although focused on the specific limitations at issue, explained that a POSITA would have been motivated to combine the cited portions of Reber to arrive at the '539 claims and referenced other portions of the record where the issue is treated in more detail. CMTA Opp. at 4-6. Merely citing to other documents does not violate 37 C.F.R. §42.6(a)(3). Unlike *Cisco Systems* and *DeSilva* cited by PO, in which the parties cited dozens of pages of declarations and charts in place of substantive argument, Apple merely cited to pages of its Petition and Reply brief describing the motivation to combine Reber and Franklin, on

Specifically, Petitioner has explained that a POSITA would have found it obvious to combine Reber's "alternative" transaction methods in view of (1) Franklin's express disclosure of merchant validation prior to a transaction (Ex-1132, Franklin, 11:33-49), and (2) Reber's own teachings about preventing unauthorized interception of data (*e.g.,* by an unauthorized merchant). Ex-1131, Reber, 2:29-31, 6:17-28; *see also* Ex-1135, Shoup-Decl., ¶47; POR Reply at 21-24.

PO's remaining argument – that it would not have been obvious to conduct merchant validation at the secure registry (CMTA Reply at 5-6) – is premised on the unrealistic notion that a POSITA would only have thought to perform merchant validation at the acquiring bank, not at the secure registry. But Franklin's teachings about the importance of working with a valid merchant (Ex-1132, Franklin, 11:33-49), as well as its broad view of what entities can perform the functions of the "bank" (*id.* at 4:3-9, 4:19-21), would have motivated a POSITA to conduct merchant validation at the secure registry before involving a bank. *See* Ex-1102, Shoup-Decl., ¶¶113-114; Ex-1135, Shoup-Decl., ¶¶21, 23. Indeed, because the secure registry and the banks all have a common interest in preventing fraud, it would have been obvious for any of or all those parties to take steps to

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which the Board will rule in its Final Written Decision. *Cisco Systems, Inc. v. C-Cation Techs., LLC*, IPR2014-00454, Paper 12 at 8-9 (PTAB, Aug. 29, 2014).

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