

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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DAVID W. GILLMAN, TALON TRANSACTION  
TECHNOLOGIES, INC., and NEXPAY, INC

Petitioner

v.

STONEEAGLE SERVICES, INC.

Patent Owner

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Case CBM2013-00047

Patent RE43,904

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Before KEVIN F. TURNER, JUSTIN T. ARBES, and  
MIRIAM L. QUINN, *Administrative Patent Judges*.

TURNER, *Administrative Patent Judge*.

DECISION

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

## I. BACKGROUND

Petitioners David W. Gillman, Talon Transaction Technologies Inc., and Nexpay, Inc. (“Petitioner”) filed a Petition (Paper 1; “Pet.”) to institute a covered business method patent review of claims 1-7, 9, 10, 12, 17, and 22 of U.S. Patent No. RE43,904 (the “’904 Patent”) pursuant to 35 U.S.C. §§ 321-329. Patent Owner StoneEagle Services, Inc. (“Patent Owner”) filed a preliminary response (Paper 10; “Prelim. Resp.”).<sup>1</sup> We have jurisdiction under 35 U.S.C. § 324.

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

**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 claims 1-7, 9, 10, 12, 17, and 22 as unpatentable under 35 U.S.C. §§ 102 and 103. For the reasons that follow, the Petition is *denied*.

### *A. The ’904 Patent (Ex. 1001)*

The ’904 Patent, titled “Medical Benefits Payment System,” issued on January 1, 2013, and is a reissue of U.S. Patent No. 7,792,686 (“the ’686 Patent”), issued September 7, 2010. The latter patent, in turn, was based on

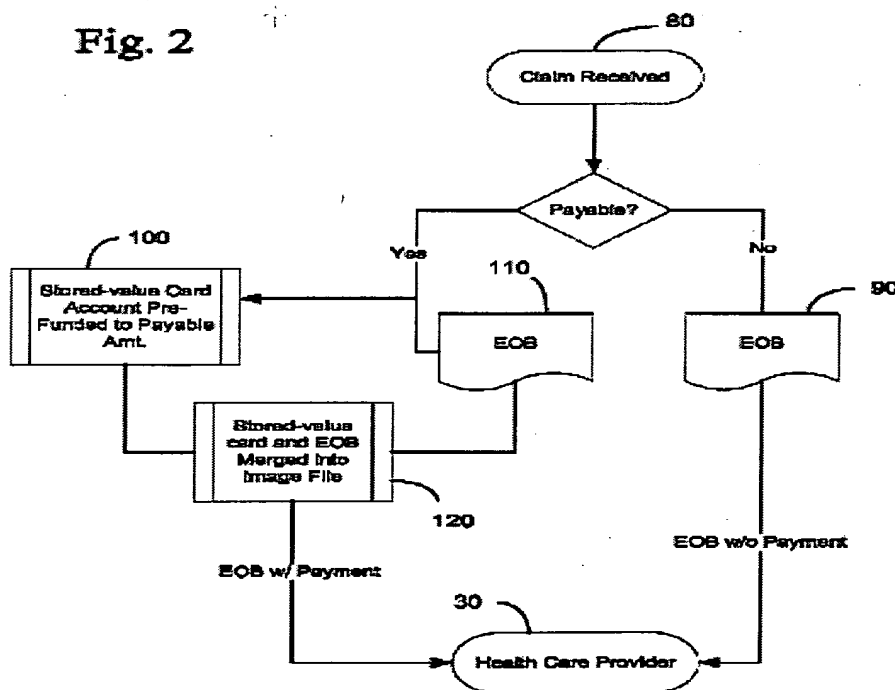
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<sup>1</sup> Patent Owner is reminded that all papers filed in this proceeding must comply with the Board’s rules regarding font size. *See* 37 C.F.R. § 42.6(a)(2)(ii).

U.S. Patent Application No. 11/566,930, filed December 5, 2006. The reissued '904 Patent issued with claims 1-26, claims 1, 2, 6, 7, 12, 17, and 22 being independent.

The '904 Patent relates to facilitating payments for medical benefits, and to streamlining payment of health care providers by administrators and insurance carriers that handle claims adjudication and payment to these providers. Ex. 1001 at 1:18-22. An embodiment of the invention includes the step of electronically transmitting a stored-value card account payment of an authorized benefit amount concurrently with an explanation of benefits. *Id.* at 1:48-57. Stored-value card accounts also include finance cards, debit cards, and electronic funds transfer (EFT) cards. *Id.*

Figure 2, reproduced below, shows a flowchart depicting the method of deploying the paid benefits system:



The '904 Patent discloses:

In FIG. 2, claim 80 is received. Claim 80 is then evaluated to determine whether it is payable under the terms of an applicable policy. If claim 80 is not even partially payable, then non-payment EOB [explanation of benefits] 90 is generated and transmitted to health care provider 30 without payment. However, if claim 80 is at least partially payable, then stored-value card account 100 is loaded with funds equal to the amount of the payable benefit. Payment EOB 110 is merged with stored-value card account 100 to generate image file 120. Image file 120 includes payment EOB 110 and a computer-generated facsimile of a physical stored-value card complete with the card number, expiration date and security verification code. Image file 120 is transmitted to health care provider 30 by a suitable transmission medium including, but not limited to, fax, SMTP, SMS, MMS, HTTP, HTTPS, and FTP.

*Id.* at 3:32-46.

#### *B. Related Matters*

The '904 Patent previously was asserted in the following proceedings: *StoneEagle Services, Inc. v. Pay-Plus Solutions, Inc.*, Civil Case No. 8:2013cv02240 (M.D. Florida); *StoneEagle Services, Inc. v. Valentine*, Civil Case No. 3:12-CV-01687-P (N.D. Texas); and *Valentine v. Allen*, Civil Case No. 4:13-CV-00104-RAS (E.D. Texas). Paper 9 at 2. The '904 Patent currently is being asserted in *StoneEagle Services, Inc. v. David Gillman*, Civil Case No. 3:11-CV-02408-P (N.D. Texas). Paper 9 at 2.

#### *C. Exemplary Claim*

Claim 1 of the '904 Patent is exemplary of the claims at issue:

1. A method of facilitating payment of adjudicated health care benefits to a health care provider on behalf of a payer comprising the steps of:

loading a unique, single-use, stored-value card account with an amount equal to a single, authorized benefit payment, the card account only chargeable through a medical services terminal;

generating an explanation of benefits associated with the payment;

creating a computer-generated image file containing the stored-value card account number, the amount, a card verification value code, an expiration date, and the explanation of benefits;

transmitting the image file by fax to the health care provider; and

reconciling the charged card account to confirm that the health care provider has received payment.

#### *D. Asserted References*

In its Petition, Petitioner asserts the following references:

Moreau	US 5,590,196	December 31, 1996	Ex. 1012
Doggett	US 5,677,955	October 14, 1997	Ex. 1014
Bednar	US 5,832,460	November 3, 1998	Ex. 1023
Spurgeon	US 5,890,129	March 30, 1999	Ex. 1020
DiRienzo	US 6,003,007	December 14, 1999	Ex. 1019
Ganesan	EP 1 049 056 A2	November 2, 2000	Ex. 1013
Kessler	US 2001/0034618 A1	October 25, 2001	Ex. 1011
Smith	US 2002/0194027 A1	December 19, 2002	Ex. 1024
Baaren	US 2004/0249745 A1	December 9, 2004	Ex. 1009
Hogan	US 2005/0033604 A1	February 10, 2005	Ex. 1006
Allen	US 2005/0209964 A1	September 22, 2005	Ex. 1021
Rosenberger	US 2005/0261944 A1	November 24, 2005	Ex. 1025
Kossol	US 2006/0010016 A1	January 12, 2006	Ex. 1022
Bush	US 2006/0106650 A1	May 18, 2006	Ex. 1008

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