

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

BANK OF AMERICA, N.A.,
PNC FINANCIAL SERVICES GROUP, INC., and PNC BANK, N.A.,
Petitioners,

v.

INTELLECTUAL VENTURES II LLC,
Patent Owner.

Case CBM2014-00031
Patent 6,182,894 B1

Before THOMAS L. GIANNETTI, HYUN J. JUNG, and
GREGG I. ANDERSON, *Administrative Patent Judges*.

JUNG, *Administrative Patent Judge*.

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

Bank of America, N.A., PNC Financial Services Group, Inc., and PNC Bank, N.A. (collectively, “Petitioners”) filed a Petition (Paper 1, “Pet.”) on November 12, 2013, to institute a covered business method review of claims 1-18 of U.S. Patent No. 6,182,894 B1 (“the ’894 patent”) pursuant to 35 U.S.C. §§ 321-328. Patent Owner, Intellectual Ventures II LLC, filed a preliminary response (Paper 13, “Prelim. Resp.”) on February 26, 2014. We have jurisdiction under 35 U.S.C. § 324. For the reasons that follow, we institute a covered business method review of claims 10-18 of the ’894 patent.

I. INTRODUCTION

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

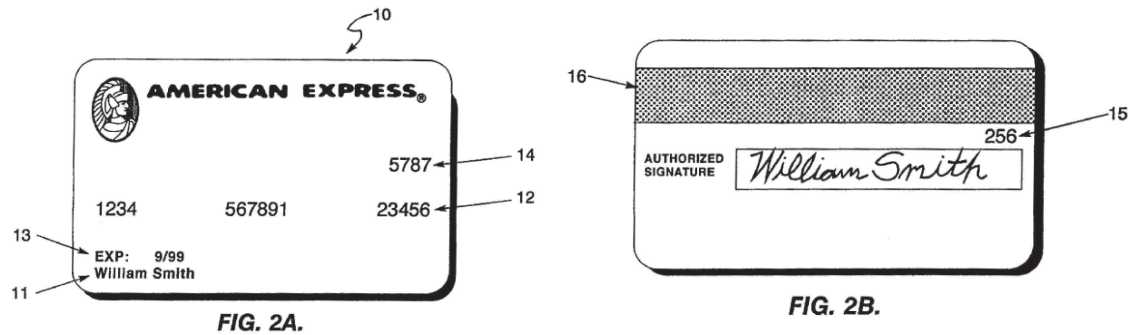
THRESHOLD—The Director may not authorize a post-grant review to be instituted unless the Director determines that the information presented in the petition filed under section 321, if such information is not rebutted, would demonstrate that it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable.

Upon consideration of the Petition and Preliminary Response, we determine it is more likely than not that Petitioners would prevail with respect to claims 10-18 of the ’894 patent, but not with respect to claims 1-9 of the ’894 patent. Accordingly, we grant the Petition as to claims 10-18 for the reasons discussed below.

A. The ’894 Patent (Ex. 1001)

The ’894 patent, titled “Systems and Methods for Authorizing a Transaction Card,” issued on February 6, 2001, based on Application 09/181,734, filed October 28, 1998.

The '894 patent relates to reducing fraud when conducting commercial transactions using transaction card 10. Ex. 1001, 3:52-54. Reproduced below are Figures 2A and 2B of the '894 patent.



Figures 2A and 2B are front and rear views respectively of an exemplary transaction card. *Id.* at 3:36-39. Card identification codes 14, 15, and 16 are preferably printed on or encoded in transaction card 10. *Id.* at 3:59-61. In a preferred embodiment, card identification codes 14 or 15 are logically related to card identification code 16. *Id.* at 4:45-47. Identification code 16 is suitably calculated from account code 12, identification codes 14 or 15, and an expiration date based upon a predetermined algorithm. *Id.* at 4:59-62. The algorithm is optimally a robust and secure algorithm which conforms to a Data Encryption Standard. *Id.* at 6:64-66.

Reproduced below is Figure 3 of the '894 patent.

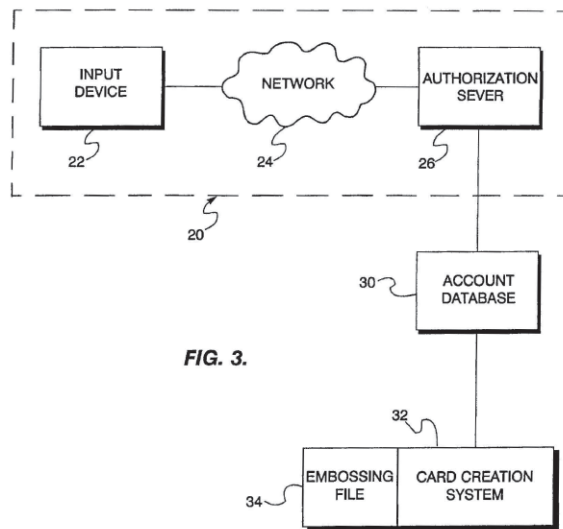


FIG. 3.

Figure 3 is an exemplary schematic diagram of a simplified transaction card authorization system. *Id.* at 3:41-42. In a preferred embodiment, authorization system 20 includes input device 22, network 24, and authorization server 26. *Id.* at 5:46-48. Authorization system 20 is any authorization system suitably configured to authorize a transaction card and notify input device 22 of the authorization status. *Id.* at 5:38-40. Input device 22 is any device suitably configured to accept transaction information and transmit the information for approval. *Id.* at 5:48-50. Authorization server 26 is any device suitably configured to authorize a transaction card and notify input device 22 of the authorization status. *Id.* at 5:60-63.

When a consumer uses transaction card 10, a person inputs account code 12 and card identification codes 14, 15, or 16, along with any other transaction information into input device 22. *Id.* at 6:16-21. In one embodiment, card identification code 14 or 15 is manually keyed into input device 22. *Id.* at 6:21-23. After authorization server 26 determines that the information was manually keyed, authorization server 26 interrogates

account database 30 to determine if the keyed identification code 14 or 15 matches the respective identification number on file for that transaction card. *Id.* at 6:32-36. When the transaction card is swiped through input device 22, identification code 16 previously entered into the magnetic stripe of transaction card 10, along with other information, is transmitted to authorization server 26. *Id.* at 4:63-67 and 6:48-51. Authorization server 26 determines that the data originated from a magnetic stripe and preferably decomposes identification code 16 into a four-digit number using a predetermined mathematical algorithm, which is the inverse of the algorithm used to create identification code 16. *Id.* at 6:51-59. The authorization server 26 then interrogates account database 30 to determine if the derived four-digit number matches the number on file for that transaction card. *Id.* at 6:66-7:3.

B. Related Matters

Petitioners have been charged with infringement of the '894 patent in the following cases: *Intellectual Ventures I LLC and Intellectual Ventures II LLC v. PNC Financial Services, Inc. and PNC Bank NA*, No. 2:13-cv-00740 (W.D. Pa. filed May 29, 2013) and *Intellectual Ventures I LLC and Intellectual Ventures II LLC v. Bank of America Corp. and Bank of America, National Association*, No. 3:13-cv-00358 (W.D.N.C. filed June 12, 2013). Pet. 5 (citing Exs. 1006 and 1007).

In addition, Petitioners advise us four additional lawsuits where Patent Owner alleges the '894 patent is infringed. *Id.* at 51-52.

C. Illustrative Claims

Of the challenged claims, claims 1, 10, 15, and 18 are independent and are reproduced below:

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