

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

NAUTILUS HYOSUNG INC.,
Petitioner,

v.

DIEBOLD NIXDORF, INC.,
Patent Owner.

Case CBM2016-00034
Patent 7,314,163 B1

Before BARBARA A. BENOIT, GEORGIANNA W. BRADEN, and
KERRY BEGLEY, *Administrative Patent Judges*.

BENOIT, *Administrative Patent Judge*.

FINAL WRITTEN DECISION
35 U.S.C. § 328(a) and 37 C.F.R. § 42.73

I. INTRODUCTION

This is a covered business method (“CBM”) patent review, under § 18 of the Leahy-Smith America Invents Act (“AIA”), Pub. L. No. 112–29, 125 Stat. 284, 331 (2011).¹ We have jurisdiction to hear this review under 35 U.S.C. § 6. This Final Written Decision is issued pursuant to 35 U.S.C. § 328(a) and 37 C.F.R. § 42.73. For the reasons that follow, we determine that Petitioner has shown by a preponderance of the evidence that claims 1–24 of U.S. Patent No. 7,314,163 B1 (Ex. 1001, “the ’163 patent” or “the challenged patent”) are unpatentable.

A. Procedural History

Nautilus Hyosung Inc. (“Petitioner”) filed a Petition (Paper 2, “Pet.”) requesting a covered business method patent review of claims 1–24 (the “challenged claims”) of the ’163 patent, owned by Diebold Nixdorf, Inc.² (“Patent Owner”). We instituted a covered business method patent review for the challenged claims of the ’163 patent. Paper 9 (“Inst. Dec.”), 44.

¹ See *GTNX, Inc. v. INTTRA, Inc.*, 789 F.3d 1309, 1310 (Fed. Cir. 2015) (describing transitional program for review of covered business method patent under 35 U.S.C. §§ 321–29, pursuant to the AIA).

² Patent Owner informed the Board of a name change from Diebold, Inc. to Diebold Nixdorf, Inc. and that real party-in-interest Diebold Self-Service Systems Division of Diebold, Inc. would be referred to as Diebold Self-Service Systems Division of Diebold Nixdorf, Inc. Paper 18 (Updated Patent Owner Mandatory Notice). Patent Owner indicated that the renaming “does not at this time reflect any change in corporate structure and does not presently involve the addition or removal of any real party-in-interest.” *Id.*

Subsequent to institution, Patent Owner filed a Patent Owner Response (Paper 16, “PO Resp.”), to which Petitioner filed a Reply (Paper 19), which was corrected on the same day (Paper 21, “Reply”). An oral hearing was held and a transcript of the hearing has been entered into the record. Paper 32 (“Tr.”).

B. Related Matters

As required by 37 C.F.R. § 42.8(b)(2), each party identifies various judicial or administrative matters that would affect or be affected by a decision in this proceeding. Pet. 2; Paper 5 (Patent Owner’s Mandatory Notices). Petitioner and Patent Owner represent that the challenged patent is being asserted against Petitioner in an United States district court proceeding—*Diebold, Inc. v. Nautilus Hyosung Inc.*, No. 1:15-cv-2153 (N.D. Ohio)—and an United States International Trade Commission (“ITC”) investigation—*In the Matter of Certain Automated Teller Machines, ATM Modules, Components Thereof, and Products Containing Same*, No. 337-TA-972.³ Pet. 2, Paper 5.

³ In the ITC investigation, the Administrative Law Judge made a determination regarding whether claims 20–24 of the ’163 patent were directed to ineligible subject matter under 35 U.S.C. § 101. Ex. 1026, 27. An issue arose during the oral hearing for this covered business method patent review regarding what effect, if any, the ruling in the ITC investigation should have on this proceeding. Tr. 36:8–20, 37:19–38:2, 41:10–42:4. Subsequently, we gave the parties an opportunity to brief the issue. Paper 28 (“Order”); Paper 29 (“Petitioner’s Br.”); Paper 30 (“Patent

C. The Challenged Patent

The '163 patent is titled “Check Accepting and Cash Dispensing Automated Bank Machine System and Method.” Ex. 1001, [54]. The patent issued from an application filed on April 16, 2007, which claimed through a series of various applications the benefit of the filing date of November 27, 2000. *Id.* at [45], 1:8–32.

1. The Written Description

The challenged patent describes techniques for an automated banking machine that accepts check deposits. Ex. 1001, Abstract. A check imaging device of the automated banking machine generates a digital image of a check deposited by a customer. *Id.* The automated banking machine modifies the check image data to produce a modified check image that excludes sensitive check information, such as the customer’s account number in the check’s magnetic link character recognition (or micr) line. *Id.*; *see also* Ex. 1009, 4:14–15 (describing a micr line as typically including a code identifying the issuing bank, the account number, and the check number). Figure 1 is reproduced below.

Owner’s Br.”). Both parties agree, as do we, that the ITC ruling does not have a preclusive effect on this proceeding. *Texas Instruments Inc. v. United States Int’l Trade Comm’n*, 851 F.2d 342 (Fed. Cir. 1988) (holding “decisions of the ITC involving patent issues have no preclusive effect in other forums”); *see Tandon Corp. v. United States Int’l Trade Comm’n*, 831 F.2d 1017, 1019 (Fed. Cir. 1987) (holding ITC’s determinations regarding patent issues should be given no res judicata or collateral estoppel effect); Patent Owner Br. 2; Petitioner’s Br. 2.

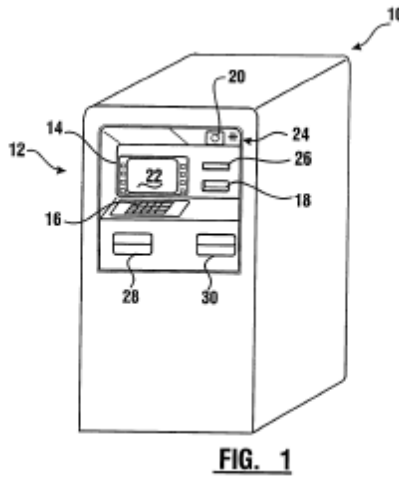


Figure 1 shows exemplary automated banking machine 10 that accepts deposits. *Id.* at 10:8–10, 13:15–19. Automated banking machine 10 includes function buttons 14 through which a customer provides inputs to the machine. *Id.* at 13:23–28. In an exemplary embodiment, automated banking machine 10 includes a cash dispensing mechanism that dispenses cash to a customer through cash outlet 28. *Id.* at 14:4–9. The exemplary embodiment further includes deposit accepting opening 30 “to accept deposits in the form of sheets, envelopes, and other items.” *Id.* at 14:9–14. Automated banking machine 10 also includes a printer to provide receipts. *Id.* at 13:54–57. As shown in Figure 1, automated banking machine 10 includes printer outlet 26. Figure 72 is reproduced below.

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