

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

EBAY INC. and PAYPAL, INC.,
Petitioner,

v.

XPRT VENTURES, LLC,
Patent Owner.

Case CBM2017-00025
Patent 7,627,528 B2

Before JAMESON LEE, KEVIN F. TURNER, and
MICHAEL R. ZECHER, *Administrative Patent Judges*.

TURNER, *Administrative Patent Judge*.

DECISION

Granting Institution of Covered Business Method Patent Review
35 U.S.C. § 324(a) and 37 C.F.R. § 42.208

I. INTRODUCTION

A. *Background*

eBay Inc. and PayPal, Inc. (collectively, “Petitioner”), filed a Petition requesting a review under the transitional program for covered business method patents of claims 13, 14, and 15 (“challenged claims”) of U.S. Patent No. 7,627,528 B2 (Ex. 1001, “’528 Patent”). Paper 1 (“Pet.”). Patent Owner, XPRT Ventures, LLC (“Patent Owner”), did not file a Preliminary Response.

We have jurisdiction under 35 U.S.C. § 324,¹ which provides that a covered business method patent review may not be instituted unless the information presented in the Petition demonstrates “that it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable.” We determine that the information presented in the Petition establishes that the ’528 Patent qualifies as a covered business method patent that is eligible for review, and that it is more likely than not that the challenged claims are unpatentable under 35 U.S.C. § 101. Pursuant to 35 U.S.C. § 324 and § 18(a) of the AIA, we institute a covered business method patent review as to all the challenged claims.

B. *Related Matters*

The parties indicate that Patent Owner asserted the ’528 Patent against Petitioner in a U.S. district court case captioned *XPRT Ventures, LLC v.*

¹ See Section 18(a)(1) of the Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284, 329–30 (2011) (“AIA”), which provides that the transitional program for covered business method patents will be regarded as a post-grant review under chapter 32 of title 35 of the U.S. Code, and will employ the standards and procedures of a post-grant review, subject to certain exceptions.

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eBay Inc., No. 1:10-cv-00595-SLR (D. Del.) (“U.S. district court case”).

Pet. 2–3; Paper 4, 2. Petitioner further indicates that in the U.S. district court case, Patent Owner also asserted five other patents against Petitioner, specifically U.S. Patent Nos. 7,483,856 (“’856 patent”), 7,610,244 (“’244 patent”), 7,567,937 (“’937 patent”), 7,599,881 (“’881 patent”), and 7,512,563 (“’563 patent”). Pet. 2–3.

The parties also indicate that one Petitioner entity, eBay Inc., requested *inter partes* reexaminations of the ’937 patent, ’563 patent, ’528 Patent, ’856 patent, ’881 patent, and ’244 patent, which were instituted in Reexamination Control Nos. 95/001,588, 95/001,589, 95/001,590, 95/001,594 (“’594 Reexamination”), 95/001,596, and 95/001,597, respectively. Pet. 3; Paper 4, 2. With the exception of the ’594 Reexamination, decisions in each of those reexamination proceedings are currently on appeal to the U.S. Court of Appeals for the Federal Circuit. Pet. 3; Paper 4, 2. Meanwhile, in the ’594 Reexamination, a decision on a request for rehearing is pending. Pet. 3.

The parties further indicate that Petitioner has requested covered business method patent reviews for the ’244 patent, ’563 patent, ’856 patent, ’881 patent, and ’937 patent, in Cases CBM2017-00024, CBM2017-00026, CBM2017-00027, CBM2017-00028, and CBM2017-00029, respectively. Pet. 3; Paper 4, 2. Also, Patent Owner identifies U.S. Patent Application Nos. 12/547,201 and 12/603,063 as related matters. Paper 4, 2.

C. Standing

Section 18 of the AIA governs the transitional program for covered business method patent reviews. Section 18(a)(1)(B) of the AIA limits such reviews to persons, or their privies, that have been sued or charged with

infringement of a covered business method patent. In asserting that it has standing to file the Petition, Petitioner states that it has been charged with infringement of the '528 Patent in the U.S. district court case. Pet. 10. Petitioner further states that it is not estopped from challenging the claims on the ground identified in the Petition and demonstrates that the '528 Patent is a covered business method patent. *Id.* at 5–10; *infra* § I.F.

D. The '528 Patent

The '528 Patent generally relates to a computerized electronic auction payment system and method for effecting a real-time payment for an item won in an electronic auction. Ex. 1001, 1:17–23. The '528 Patent describes electronic auctions as typically involving a website, such as EBAY™ or YAHOO!™ Auctions, where a prospective seller lists an item for sale and specifies the date and time for the auction to end. *Id.* at 1:33–47.

Prospective bidders using a remote terminal access the electronic auction website via an electronic network, such as the Internet, and may submit a bid on the item for sale. *Id.* at 1:58–63. At the conclusion of the auction, the bidder who has the highest bid is deemed the winning bidder, and to effect payment for the item, an e-mail is sent to the seller and winning bidder informing them to contact each other to proceed with a payment transaction. *Id.* at 2:27–32.

The '528 Patent describes several drawbacks of the known methods for effecting payment. Ex. 1001, 2:63–3:34. According to the '528 Patent, one drawback is that a winning bidder is apt to wait prior to effecting payment as the winning bidder must perform several tasks, including drafting a check and mailing the check to the seller. *Id.* at 2:63–3:4. Also, the seller must wait at least two business days to several weeks before being

paid. *Id.* at 3:5–6. Additionally, the '528 Patent states that it is cumbersome for the winning bidder to enter credit card information every time an item is won, and the winning bidder may feel uneasy transferring credit card information or may wait until the start of a new credit card billing cycle before transferring the credit card information. *Id.* at 3:14–25. There is a further delay until the operator of the electronic auction website gets paid a commission by the seller, which usually involves the operator e-mailing the seller and receiving the seller's authorization. *Id.* at 3:26–34.

The '528 Patent seeks to address these drawbacks by setting up and maintaining electronic auction payment accounts—which the '528 Patent describes as similar to bank accounts—for prospective bidders and sellers. *Id.* at 3:64–4:1, 7:55–59. The prospective bidders provide funds to their electronic auction payment accounts maintained by the electronic auction payment system, before being deemed as winning bidders, by direct deposit, using a credit card, or sending a check, money order, or other financial document to an operator of the electronic auction payment system. *Id.* at 4:1–7. In one embodiment, the bidder can authorize the system to automatically pay the seller upon winning the auction. *Id.* at 9:56–67. After the winning bidder wins an auction item, the winning bidder can pay in real-time, e.g., by clicking an icon on the electronic auction web site or by clicking a hyperlink provided on an email transmitted by the electronic auction system to the winning bidder and seller for accessing a payment segment. *Id.* at 15:58–64.

Figure 1 of the '528 Patent is reproduced below.

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