

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 CBM2017-00026
Patent 7,512,563 B2

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

LEE, *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*

On December 23, 2016, Petitioner filed a Petition (Paper 1, “Pet.”) under Section 18 of the Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284, 329 (2011) (“AIA”), requesting a covered business method patent review of claims 1, 6, and 7 of U.S. Patent No. 7,512,563 B2 (Ex. 1001, “the ’563 patent”). Pet. 12. Patent Owner did not file a preliminary response. We have jurisdiction under 35 U.S.C. § 324(a).

Section 18(a)(1) of the AIA provides that a covered business method patent review “shall be regarded as, and shall employ the standards and procedures of, a post-grant review” with certain exceptions not relevant here. The standard for instituting a covered business method review is set forth in 35 U.S.C. § 324(a), which provides as follows:

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 its supporting evidence, we determine that the ’563 patent is a covered business method patent and that Petitioner has established it is more likely than not it would prevail in showing the unpatentability of each of claims 1, 6, and 7 of the ’563 patent, as being drawn to nonstatutory or patent-ineligible subject matter under 35 U.S.C. § 101. Thus, pursuant to 35 U.S.C. § 324(a), we institute a covered business method patent review of claims 1, 6, and 7 of the ’563 patent.

B. Related Proceedings

Petitioner indicates that the '563 patent has been asserted by Patent Owner against Petitioner in *XPRT Ventures, LLC v. eBay Inc.*, Case No. 1:10-cv-00595-SLR (D. Del.). Pet. 3. Petitioner indicates that there are five other patents in the “same family” of patents (i.e., U.S. Patent Nos. 7,483,856; 7,567,937; 7,599,881; 7,610,244; and 7,627,528). *Id.* Petitioner further indicates that patent reexamination proceedings were instituted for the claims of the '563 patent and each related patent. *Id.* Petitioner states that the independent claims of the six patents were rejected by an Examiner in the reexamination proceedings. *Id.* Petitioner further indicates that the Board affirmed the rejections in five of the six proceedings, including that involving the '563 patent, and that those affirmances by the Board have been appealed to the U.S. Court of Appeals for the Federal Circuit. *Id.* Petitioner also indicates that the Examiner’s rejection in the sixth proceeding is still pending before the Board on a request for rehearing. *Id.* Petitioner also has filed petitions seeking a covered business method patent review of the following five related patents: U.S. Patent No. 7,610,244 (Case CBM2017-00024); U.S. Patent No. 7,627,528 (Case CBM2017-00025); U.S. Patent No. 7,483,856 (Case CBM2017-00027); U.S. Patent No. 7,599,881 (Case CBM2017-00028); U.S. Patent No. 7,567,937 (Case CBM2016-00029). *Id.*

C. Asserted Ground of Unpatentability

Petitioner asserts the following ground of unpatentability:

Basis of Unpatentability	Claims Challenged
lack of patent eligibility under 35 U.S.C. § 101	1, 6, and 7

Petitioner relies on the Declaration of Clifford Neuman, Ph.D.
Ex. 1005.

D. The '563 Patent

The '563 patent issued on March 31, 2009, and is titled: "System and Method to Automate Payment for a Commerce Transaction." Ex. 1001, at [45], [54]. More specifically, the '563 patent relates to a method for automatically effecting payment for a user of an electronic auction web site (claim 1) or a method for automatically effecting payment for a user of an electronic commerce web site (claim 7). The '563 patent states: "With the advent of electronic networks, such as the Internet, electronic auctions have become tremendously popular." Ex. 1001, 1:33–34. The '563 patent identifies preexisting electronic auction websites EBAY and YAHOO! Auctions. *Id.* at 1:35–38. The '563 patent describes three preexisting methods for effecting payment at the conclusion of an electronic auction for an item. *Id.* at 2:27–62. The first method is described as follows:

To effect payment for the item, an email is sent to the seller and the winning bidder informing them to contact each other to proceed with a payment transaction. Upon the seller notifying the winning bidder of where to send payment, e.g., a check or money order, the winning bidder sends payment equal to the highest bid plus any other costs, such as shipping and handling, shipping insurance, and taxes, as indicated by the seller. Soon after receiving the payment from the winning bidder, the seller ships the item to the winning bidder.

Id. at 2:29–38. The second method is described as this:

Another prior art method for effecting payment for the item won on the electronic auction entails clicking an icon on the electronic auction web site and accessing a payment web site (or a payment segment of the electronic auction web site). The payment web site typically lists the seller's user-name and the item won. While at the payment web site, the winning bidder

enters credit card information and the amount to be charged to his credit card. Subsequently, a management system overseeing the payment web site charges the credit card for the entered amount to a company or entity affiliated with an operator or owner of the payment web site. Upon payment confirmation, an email is sent to the seller instructing the seller to ship the item to the winning bidder. After two to three business days, the payment web site management system pays the seller by direct deposit an amount equal to the charged amount minus a commission and a transaction fee. The commission typically [is] paid to the operator or owner of the electronic auction web site and the transaction fee is paid to the operator or owner of the payment web site.

Id. at 2:39–57. The third method is a variation of the second method, where the winning bidder directly transfers his credit card information to the seller, and the seller then charges the credit card and waits for a confirmation of payment prior to shipping the item to the winning bidder. *Id.* at 2:58–62.

The '563 patent describes several problems with these three preexisting methods for a user to effect payment. It is described that “the winning bidder is apt to waiting prior to effecting payment, since the winning bidder will need to perform several tasks, such as, for example, draft a check made payable to the seller, and mail the check to the seller.” *Id.* at 2:64–3:1. The '563 patent also describes that “[t]he winning bidder is also apt to [wait] when he is bidding on other items, since the winning bidder usually prefers to draft checks, obtain money orders, etc. and mail them to the various sellers at one time.” *Id.* at 3:1–4. The '563 patent describes that the seller must wait at least two business days to several weeks before being paid, because of the winning bidder’s delay in making payment through a two-step process, i.e., draft a check, obtain a money order or some other payment document, and then mail to the seller. *Id.* at 3:5–13.

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