

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

EBAY INC. and PAYPAL, INC.,
Petitioners,

v.

XPRT VENTURES, LLC,
Patent Owner.

Case CBM2017-00027
Patent 7,483,856 B2

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

ZECHER, *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 1, 5, 6, 8, 34, 35, 45, and 48 (“challenged claims”) of U.S. Patent No. 7,483,856 B2 (Ex. 1001, “’856 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 ’856 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 therefore institute a covered business method patent review as to all the challenged claims.

B. Related Matters

The parties indicate that Patent Owner asserted the ’856 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.

CBM2017-00027
Patent 7,483,856 B2

eBay Inc., No. 1:10-cv-00595-SLR (D. Del.) (“U.S. district court case”). Pet. 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. 7,567,937 (“’937 patent”), 7,627,528 (“’528 patent”), 7,610,244 (“’244 patent”), 7,599,881 (“’881 patent”), and 7,512,563 (“’563 patent”). Pet. 3.

The parties also indicate that one Petitioner entity, eBay Inc., requested *inter partes* reexaminations of the ’856 patent, ’937 patent, ’563 patent, ’528 patent, ’881 patent, and ’244 patent, which were instituted in Reexamination Control Nos. 95/001,594 (“’594 Reexamination”), 95/001,588, 95/001,589, 95/001,590, 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. 4; Paper 4, 2. Meanwhile, in the ’594 Reexamination, a decision on a request for rehearing is pending. Pet. 4.

The parties further indicate that Petitioner has requested covered business method patent reviews for the ’244 patent, ’528 patent, ’563 patent, ’881 patent, and ’937 patent in Cases CBM2017-00024, CBM2017-00025, CBM2017-00026, CBM2017-00028, and CBM2017-00029, respectively. Pet. 4; Paper 4, 2. Also, Patent Owner discloses 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 '856 patent in the U.S. district court case. Pet. 11. Petitioner further states that it is not estopped from challenging the claims on the ground identified in the Petition and demonstrates that the '856 patent is a covered business method patent. *Id.* at 6–11; *infra* § I.F.

D. The '856 Patent

The '856 patent generally relates to an electronic auction payment system and a method for effecting a real-time payment using the electronic auction payment system for an item won in an electronic auction. *E.g.*, Ex. 1001, 1:7–10. The '856 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 1:24–31. 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 1:22–23, 1:47–50. 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 the winning bidder informing them to contact each other to proceed with a payment transaction. *Id.* at 2:16–21.

The '856 patent describes several drawbacks of the known methods for effecting payment. Ex. 1001, 2:52–3:23. According to the '856 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 2:52–57. Also, the seller must wait at least two business days to several weeks before being

paid. *Id.* at 2:61–62. Additionally, the '856 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 3:3–12. 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 3:15–23.

The '856 patent seeks to address those drawbacks by setting up and maintaining electronic auction payment accounts—which the '856 patent describes as similar to bank accounts—for prospective bidders and sellers. Ex. 1001, 3:53–57, 7:18–19. 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 3:57–63. Upon being deemed as a winning bidder, the winning bidder accesses a payment page, enters the amount of funds to be transferred to the seller, and then authorizes the electronic auction payment system to effect a real-time payment by debiting the winning bidder's electronic auction payment account and crediting the seller's electronic auction payment account or another account specified by the seller. *Id.* at 3:63–4:4.

Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

Real-Time Litigation Alerts



Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

Advanced Docket Research



With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

Analytics At Your Fingertips



Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

LAW FIRMS

Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

FINANCIAL INSTITUTIONS

Litigation and bankruptcy checks for companies and debtors.

E-DISCOVERY AND LEGAL VENDORS

Sync your system to PACER to automate legal marketing.