

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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KAPSCH TRAFFICCOM IVHS INC. and  
KAPSCH TRAFFICCOM HOLDING CORP.,  
Petitioner,

v.

NEOLOGY, INC.,  
Patent Owner.

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Case IPR2015-00819  
Patent 8,325,044 B2

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Before JUSTIN T. ARBES, GLENN J. PERRY, and  
TREVOR M. JEFFERSON, *Administrative Patent Judges*.

ARBES, *Administrative Patent Judge*.

FINAL WRITTEN DECISION  
*35 U.S.C. § 318(a) and 37 C.F.R. § 42.73*

## I. BACKGROUND

Petitioners Kapsch TrafficCom IVHS Inc. and Kapsch TrafficCom Holding Corp. (collectively, “Petitioner”)<sup>1</sup> filed a Petition (Paper 1, “Pet.”) seeking *inter partes* review of claims 1–26 of U.S. Patent No. 8,325,044 B2 (Ex. 1004, “the ’044 patent”) pursuant to 35 U.S.C. §§ 311–319. On September 14, 2015, we instituted an *inter partes* review of claims 1–3, 7–12, 16–20, 23, and 24 on three grounds of unpatentability (Paper 13, “Dec. on Inst.”). Patent Owner Neology, Inc. filed a Patent Owner Response (Paper 23, “PO Resp.”), and Petitioner filed a Reply (Paper 31, “Reply”).<sup>2</sup> A combined oral hearing with Case IPR2015-00818<sup>3</sup> was held on May 10, 2016, and a transcript of the hearing is included in the record (Paper 41, “Tr.”). We have jurisdiction under 35 U.S.C. § 6. This final written decision is issued pursuant to 35 U.S.C. § 318(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 1–3, 7–12, 16–20, 23, and 24 are unpatentable.

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<sup>1</sup> The original Petitioners were Kapsch TrafficCom IVHS Inc., Kapsch TrafficCom IVHS Holding Corp., Kapsch TrafficCom IVHS Technologies Holding Corp., Kapsch TrafficCom U.S. Corp., and Kapsch TrafficCom Holding Corp. During trial, Kapsch TrafficCom IVHS Holding Corp., Kapsch TrafficCom IVHS Technologies Holding Corp., and Kapsch TrafficCom U.S. Corp. merged with Kapsch TrafficCom Holding Corp. *See* Papers 1, 34, 35.

<sup>2</sup> Petitioner filed redacted (Paper 33) and unredacted (Paper 31) versions of its Reply and other materials, along with two motions to seal, which were conditionally granted. *See* Papers 29, 34. We do not rely on any sealed material in this Decision.

<sup>3</sup> The ’044 patent and U.S. Patent No. 8,587,436 B2, which was challenged in Case IPR2015-00815, are continuations of U.S. Patent No. 8,237,568 B2 (“the ’568 patent”), which is being challenged in Case IPR2015-00818.

*A. The '044 Patent*

The '044 patent describes a system for “verifying and tracking identification information” using “a radio frequency (RF) identification device, an identification mechanism (e.g., a card, sticker), and an RF reader/writer.” Ex. 1004, col. 1, ll. 32–46. The system facilitates electronic identification by reading data stored on the RF device (without having to contact the device) and verifying the data against known identification information. *Id.* at col. 2, ll. 30–57. The system also provides security by checking and validating security keys stored on the RF device before reading the data. *Id.* The '044 patent explains that the system can be used in a number of different applications, such as for “vehicle identification,” “border crossing solutions,” or “toll booths.” *Id.* at col. 10, ll. 20–62, Fig. 4.

Figure 2 of the '044 patent is reproduced below.

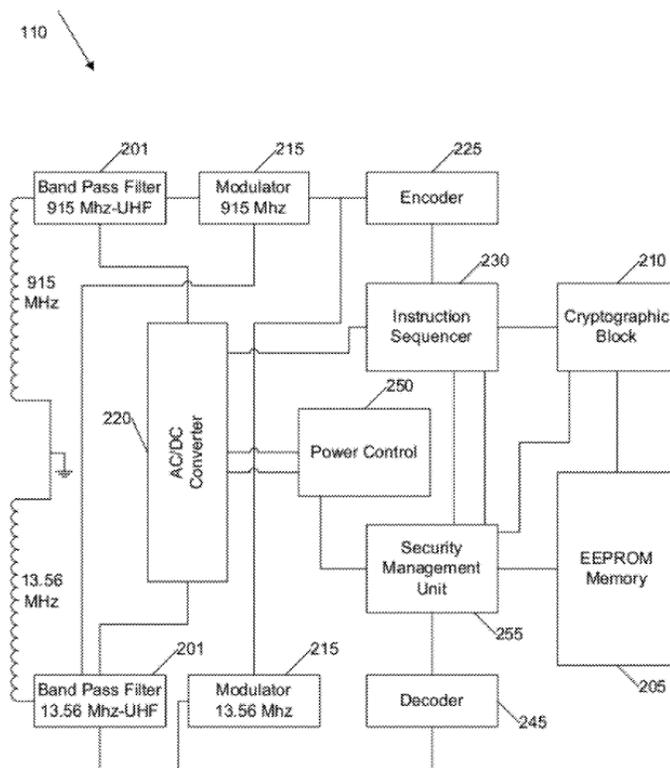


FIG. 2

As shown in Figure 2, dual frequency RF device 110 comprises modulator 215 that receives baseband signals from an antenna, security management unit 255, cryptographic block 210, and electrically erasable programmable read-only memory (EEPROM) memory 205 that stores data. *Id.* at col. 2, ll. 30–57, col. 20, ll. 42–51. RF device 110 receives security keys from an RF reader, and security management unit 255 “checks and validates” the keys to “grant or deny access to the memory chip.” *Id.* at col. 2, ll. 51–55.

### *B. Illustrative Claim*

Challenged claims 1, 10, 19, and 23 are independent. Claims 1 and 10 recite limitations from the perspective of a radio-frequency identification (RFID) reader, whereas claims 19 and 23 recite limitations from the perspective of an RFID transponder. Claims 1 and 19 of the '044 patent recite:

1. A method for granting access to memory contents of an RFID transponder, the memory contents including an identifier, comprising:

    sending a first communication to the RFID transponder;

    sending a second communication to the RFID transponder that includes a security key for validation by the RFID transponder;

    receiving at least the identifier included in the memory contents in response to the second communication and as a result of validation of the security key; and

    comparing the identifier to an identifier stored in a database to determine if the two identifiers are related.

19. A method for granting access to memory contents of an RFID transponder, the memory contents including an identifier, comprising:

    receiving a first communication from a RFID reader;

receiving a second communication from the RFID reader that includes a security key;

granting access to the memory contents based on the security key; and

sending at least the identifier included in the memory contents in response to the second communication.

### *C. Prior Art*

The pending grounds of unpatentability in the instant *inter partes* review are based on the following prior art:

U.S. Patent No. 5,627,544, issued May 6, 1997 (Ex. 1006, “Snodgrass”);

U.S. Patent No. 5,819,234, issued Oct. 6, 1998 (Ex. 1007, “Slavin”); and

European Patent Application Publication No. EP 0762332 A2, published Mar. 12, 1997 (Ex. 1009, “Hurta”).

### *D. Pending Grounds of Unpatentability*

The instant *inter partes* review involves the following grounds of unpatentability:

Reference(s)	Basis	Claims
Snodgrass	35 U.S.C. § 102(b)	19, 20, 23, and 24
Slavin and Snodgrass	35 U.S.C. § 103(a)	1–3, 7–12, 16–20, 23, and 24
Hurta	35 U.S.C. § 102(b)	1–3, 7, 10–12, 16, 19, 20, 23, and 24

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