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Paper 9
Entered: December 8, 2017

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

CPI CARD GROUP INC.,
Petitioner,

v.

GEMALTO S.A.,
Patent Owner.

Case IPR2017-01320
Patent 6,786,418 B1

Before TREVOR M. JEFFERSON, PATRICK M. BOUCHER, and TERRENCE W. McMILLIN, *Administrative Patent Judges.*

JEFFERSON, *Administrative Patent Judge*.

DECISION
Institution of *Inter Partes* Review
37 C.F.R. § 42.108

I. INTRODUCTION

A. Background

CPI Card Group Inc. ("Petitioner" or "CPI") filed a Petition (Paper 2, "Pet.") requesting an *inter partes* review of claims 1–4 and 7–17 of U.S. Patent No. 6,786,418 B1 (Ex. 1001, "the '418 patent") pursuant to 35 U.S.C. §§ 311–319. Patent Owner filed an Amended Patent Owner Preliminary Response (Paper 8, "PO Prelim. Resp."). CPI relies on the Declaration of Dr. Nathaniel Polish (Ex. 1003) in support of its Petition. Concurrent with its Petition, Petitioner filed a motion to seal portions of Exhibit 1006 and the entirety of Exhibit 1013. Paper 3, 1.

We have jurisdiction under 37 C.F.R. § 42.4(a) and 35 U.S.C. § 314, which provides that an *inter partes* review may not be instituted unless the information presented in the Petition "shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition." After considering the Petition, Preliminary Response, and associated evidence, we conclude that Petitioner has demonstrated a reasonable likelihood that it would prevail in showing the unpatentability of claims 1–4 and 7–17 of the '418 patent.

B. Related Proceeding

The parties indicate that the '418 patent and/or related patents are involved in *Gemalto S.A. v. CPI Card Group Inc.*, No. 1:16-cv-01006-RBJ (D. Colo.).

C. The '418 Patent (Ex. 1001)

The '418 patent is directed to "[a] system for customizing smart cards" (microcircuit cards) by "using an architecture for communications between the customizing appliances . . . and the peripheral devices" where

the customizing appliances receive customizing data from data servers via computer links. Ex. 1001, Abstract, 1:53–65. As an improvement over prior art systems where each customizing station acts on a data server in a predetermined fashion, the '418 patent discloses:

> an interface management means, disposed between the customizing machines and the servers, which is informed about and takes account of the availability of a server for responding as quickly as possible to the request from a customizing station.

Id. at 2:12–16. Figure 1, depicted below, shows a functional diagram of a smart card customizing system of the invention. *Id*. at 3:30–31.

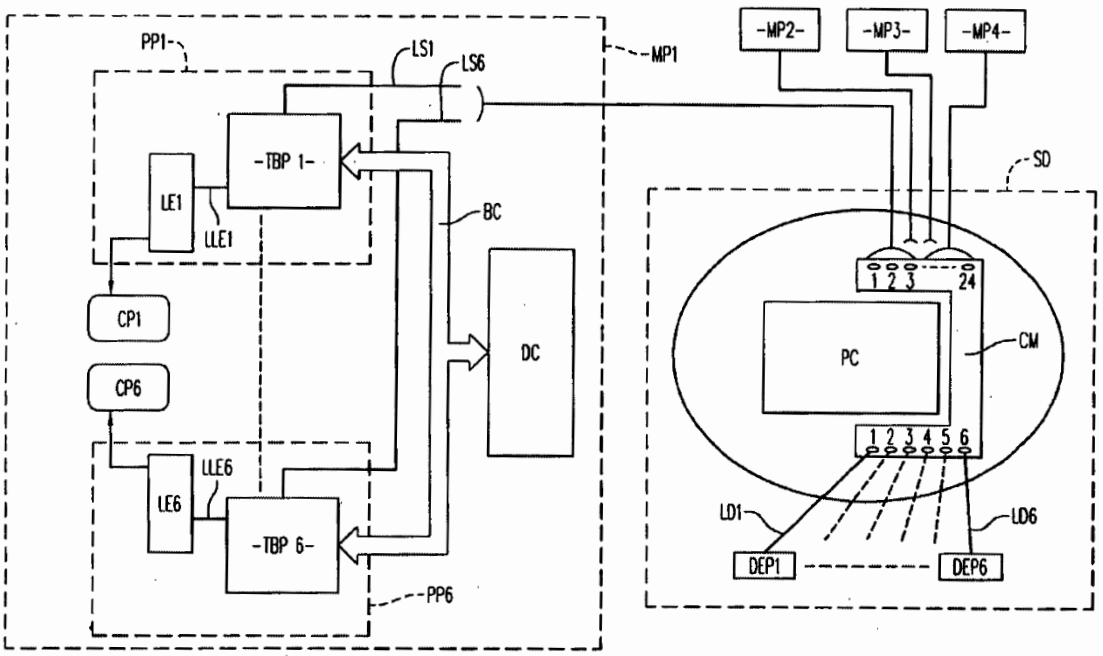

FIG. 1

Figure 1, above, shows a "management interface [that] comprises: a computer [PC] equipped with a multiway card [CM]," and that "each data server [DEP1-DEP6] and each customizing station [PPP1–PPP6] is respectively connected to the computer by a serial link [LS1-LS6, LD1-

LD6] on the multiway card." *Id*. at 2:48–52. The "data server/management interface is based on a real-time PC system which is 'cascadable,' which means that several management interfaces can be connected together in a cascade by a local network." *Id*. at 3:13–16. "The management interface coordinates the execution at the same time or periodically and for each customizing station" of the requests, availability, transmitting and receiving between the data server and the customizing station. *Id*. at 2:38–48.

D. Illustrative Claim

Petitioner challenges claims 1–4 and 7–17 of the '418 patent, with independent claims 1 and 13. Claims 1 and 2 are reproduced below:

> 1. A smart card customizing system comprising:
>
> at least one customizing machine equipped with at least one customizing station that sends customizing data requests;
>
> at least one customizing data server that delivers customizing data and;
>
> at least one management interface connected to said customizing machine and to said data sever by a bi-directional link, said management interface receiving said requests and transmitting them to at least one of said servers as soon as they are received and as soon as said server is available, and receiving the corresponding response and transmitting said response to the requesting customizing station.
>
> 2. The smart card customizing system of claim 1, wherein said management interface coordinates the execution of at least the following types of tasks at the same time for each customizing station:
>
> monitoring the occurrence of a request,
>
> monitoring the availability of each server,
>
> transmitting the request to a server as soon as it is available,

> receiving the data responding to the request, and
>
> transmitting the response data to the requesting customizing station as soon as they are received.

Ex. 1001, 5:2–28.

E. The Alleged Grounds of Unpatentability

The information presented in the Petition sets forth the grounds of unpatentability of claims 1–4 and 7–17 of the '418 patent as follows (*see* Pet. 4–5):

References	Basis	Claim[s] Challenged
Goman[1]	§ 103(a)	1, 2, 7–13, and 15–17
Goman and AAPA[2]	§ 103(a)	4
Mackenthun[3]	§ 103(a)	1, 3, 13, and 14

II. ANALYSIS

A. Level of Skill in the Art

> Petitioner argues that a person of ordinary skill in the art
>
> relevant to the '418 Patent had at least a bachelor's degree in computer science, electrical or computer engineering, or a related field of study, and two or more years of industry experience relating to smart card manufacturing. Additional graduate education could substitute for professional experience, or significant experience in the field could substitute for formal education.

Pet. 15 (citing Ex. 1003 ¶ 28). Patent Owner argues that "Petitioner failed to provide detailed support for the level of ordinary skill in the art," such that the Petition should be denied. PO Prelim. Resp. 12–13.

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[1] U.S. Pat. No. 6,196,459 B1 issued Mar. 6, 2001 (Ex.1004, "Goman").
[2] Applicant Admitted Prior Art, Ex. 1001, 1:10–30 ("AAPA").
[3] U.S. Pat. No. 5,969,318, issued Oct. 19, 1999 (Ex. 1005, "Mackenthun").

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