

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Harland Clarke Corp.
Petitioner

v.

EZShield, Inc.
Patent Owner

Patent No. 8,346,637
Filing Date: October 14, 2003
Issue Date: January 1, 2013

Title: SYSTEM AND METHOD FOR PROVIDING RECOVERY FOR VICTIMS OF CHECK
FRAUD

Covered Business Method Patent Review No.: CBM2013-00016
Petition Filed: April 23, 2013

**PATENT OWNER'S PRELIMINARY RESPONSE
UNDER 37 C.F.R. § 42.207**

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EXHIBIT LIST

EXHIBIT NO.	DESCRIPTION
2001	Definition of "power of attorney" from <i>American Heritage Dictionary</i> 1377 (4th ed. 2002)
2002	Definition of "power of attorney" from <i>Barron's Law Dictionary</i> 363 (3rd ed. 1991)
2003	Definition of "power of attorney" from <i>Webster Third New International Dictionary</i> 1779 (3d. ed. 2002)
2004	Definition of "database" from <i>American Heritage Dictionary</i> 463 (4th ed. 2002)
2005	Definition of "database" from <i>The Computer Desktop Encyclopedia</i> 202-204 (2d. ed. 1999).
2006	Definition of "DBMS" from <i>The Computer Desktop Encyclopedia</i> 217-219 (2d. ed. 1999).
2007	Definition of "record" from <i>The Computer Desktop Encyclopedia</i> 758 (2d. ed. 1999).
2008	Definition of "assignment" from <i>Barron's Law Dictionary</i> 32 (3rd ed. 1991)
2009	Definition of "indicia" from <i>Webster Third New International Dictionary</i> 1150 (3d. ed. 2002)
2010	Definition of "indicia" from <i>American Heritage Dictionary</i> 892 (4th ed. 2002)
2011	Final Written Decision in <i>SAP America, Inc. v. Versata Development Group, Inc.</i> (PTAB 2013) (Case CBM2012-00001) (MPT)
2012	Decision instituting Covered Business Method Review in <i>CRS Advanced Technologies, Inc. v. Frontline Technologies, Inc.</i> (PTAB 2013) (Case CBM2012-00005) (JSB)
2013	MICR Basics Handbook
2014	U.S. Patent No. 5,347,302 to Simonoff
2015	U.S. Patent No. 7,788,175 to Hadfield

I. INTRODUCTION

Pursuant to 37 C.F.R. § 42.207(a), the patent owner, EZShield, Inc. ("Patent Owner"), hereby submits this Preliminary Response to the Petition for Covered Business Method Patent Review of United States Patent No. 8,346,637 ("the '637 patent") ("Petition") filed by Harland Clarke Corp. ("Petitioner") on April 23, 2013. This filing is timely as it is being filed within three months of April 30, 2013, the date of the Notice of Filing Date accorded to the Petition. Patent Owner, by submitting this response, does not waive its rights to add or modify arguments should the Board decide to institute a trial on this matter. Nor should a lack of subject matter addressing or rebutting any arguments, contentions, or other material presented in the Petition be deemed a waiver or admission on the part of Patent Owner.

It is Petitioner's burden to show – by the Petition and its supporting evidence – that it is more likely than not that at least one of the challenged claims is invalid. Petitioner fails to meet its burden of proof. Patent Owner requests that the Board deny all grounds that challenge the claims of the '637 patent, deny the Petition, and thus decline to initiate a trial.

II. PATENT OWNER'S BACKGROUND ON PATENT OWNER, PETITIONER, AND PETITIONER'S COPYING OF PATENTED CHECK FRAUD PROTECTION PROGRAM®

Petitioner begins its Petition by claiming that the '637 patent contributed nothing to the art, and covers "a form of check fraud guarantee and reimbursement that existed more than 90 years before the '637 patent was filed." Petition at 2. What Petitioner withheld from the Board is the fact that Petitioner was a long-time licensee of the '637 patent, and a

reseller of a fraud protection system protected by that patent. Petitioner also held back that Patent Owner recently sued Petitioner for breaching Petitioner's licensing agreement, and for infringing the '637 patent by selling a copycat fraud protection system.

Patent Owner includes this Background because to a small company such as itself, Petitioner's challenge is not just some dry proceeding in the Patent Office. The Petition is an attack on Patent Owner, its fraud protection business, and the intellectual property protections that Patent Owner has worked years to establish. Patent Owner recognizes this Background provides not only information on issues like secondary indicia of non-obviousness, but also expends Patent Owner's page limit on information that may not go directly to the merits of the review. Despite this, Patent Owner believes it is important for the Board to understand the true background story to provide context for the procedural setting of this potential CBM Review.

Patent Owner specializes in creating products that help consumers mitigate the consequences of check fraud and identity theft. More than a decade ago, Patent Owner's founders recognized that check fraud, identity theft, and identity fraud were growing rapidly and were among the crimes consumers most feared. Accordingly, Patent Owner spent considerable time, energy, and money to create its EZShield Check Fraud Protection Program. A goal of the program is to provide advancement of funds on an interim and expedited basis, as well as other services (such as writing letters to creditors, dealing with local authorities, etc.), while the bank works to satisfy its customers or depositors.

Patent Owner does not sell Check Fraud Protection directly to consumers. Instead, Patent Owner partners with check printers and retailers, such as Petitioner, which agree to offer to their customers Check Fraud Protection along with checks. When a customer places an order for checks with Petitioner, the customer is informed of the benefits of Check Fraud Protection during the sale. Should a consumer elect to purchase Check Fraud Protection, she is immediately granted access to a library of fraud prevention resources, and ultimately receives checks emblazoned with the trademarked EZShield logo.

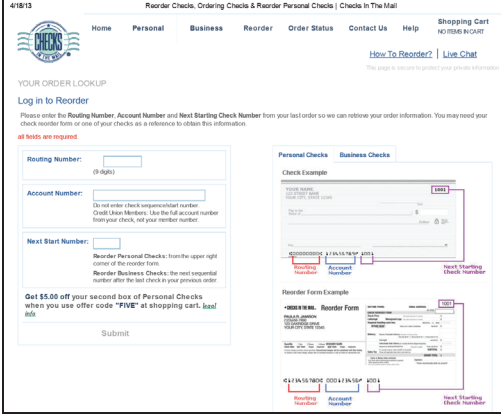
In late 2007, Patent Owner and Petitioner began negotiating a joint marketing license agreement that ultimately culminated in the execution of a December 20, 2007, JMLA. Because the ultimate success of Petitioner's sales of the Check Fraud Protection product was dependent on Patent Owner sharing its most confidential and proprietary information, Patent Owner carefully negotiated, and ultimately contracted for, multiple protections for its intellectual property and sensitive business information.

Petitioner successfully sold Patent Owner's Check Fraud Protection without incident or complaint for more than two years. The sale of Check Fraud Protection through Petitioner's direct-to-consumer channel grew into a substantially larger business. Within 18 months, Petitioner and Patent Owner had partnered to offer Check Fraud Protection through all major sales divisions of Petitioner, including Petitioner's Private Label Clients (such as Intuit, Inc.), and Petitioner's Financial Institution clients. Then things changed.

After this success, in May 2011, Petitioner breached its agreement and introduced to the market "Check Armor Fraud Protection," a competing product virtually identical to Patent Owner's Check Fraud Protection. The similarities between the specific features of Check Fraud Protection and Check Armor (as of 2011) are striking. Petitioner's copycat product is nearly identical to Patent Owner's Check Fraud Protection, as it advances customers the same \$25,000 within 72 hours that Patent Owner's program does. Patent Owner's Check Fraud Protection program advances customers funds in the event of forged signatures. Petitioner's product does that. Patent Owner's program advances funds to customers in the event of forged endorsements. Petitioner's product does that. Patent Owner's Check Fraud Protection program advances funds to customers in the event of altered checks. Petitioner's product does that. Unsurprisingly, Patent Owner has already filed infringement contentions with the Court detailing how Petitioner's product meets each and every limitation of many of the '637 patent claims. An excerpt of these contentions are shown in Table 1, below, which for space reasons contains only limited examples of disclosures:

Table 1

'637 CLAIM TERM	PETITIONER'S CHECK ARMOR PRODUCT
1. A computer implemented method for providing recovery for consumer victims of check fraud, comprising: by a system having a database, receiving from said consumer an	"CheckArmor™ (CA) is a program offered by the manufacturer of printed check products that advances to its customers the reimbursement of debits made to a customer's checking account (up to \$25,000) based upon a fraudulent act that involves a check or checks from an eligible check order." ("Service Description",

'637 CLAIM TERM	PETITIONER'S CHECK ARMOR PRODUCT
<p>order for printing a series of checks for a checking account, wherein the order includes an order for check fraud protection; printing checks according to the order;</p>	<p>http://www.checkarmor.com/service_description.html, last visited April 11, 2013.) “Eligible Check Order: The checks tied to a single checking account which is purchased from your provider and CheckArmor™ was purchased to apply to such order.” (“Common definitions, http://www.checkarmor.com/definitions.html)</p>
<p>recording in a record of the database, a range of numbers of the checks in such order;</p>	 <p>(https://secure.checksinthemail.com/reorder-checks.aspx, last visited 4/16/2013)</p>
<p>receiving from the consumer a notification of an occurrence of check fraud against a check within the range of numbers of the checks in such order; receiving from the consumer a written limited power of attorney authorizing collection of an amount of money fraudulently</p>	<p>“4. Eligibility for Program Benefits: In order to receive the benefits of CheckArmor™ each of the following steps must be followed or apply. a. You purchased checks and at the same time purchased CheckArmor™ to apply to that check purchase (an “eligible check order”). An eligible check order may include one or more boxes / units / packages / or standard multiples offered and ordered of checks.... i. You timely submit to CheckArmor™ Reimbursement</p>

'637 CLAIM TERM	PETITIONER'S CHECK ARMOR PRODUCT
<p>obtained from the checking account because of the check fraud against the check within the range of numbers of the checks in the order; and issuing a reimbursement to the consumer the amount of money fraudulently obtained from the checking account and fees arising from the check fraud.</p>	<p>Agents the required documents made available to you by CheckArmor™ ... in connection with your reimbursement request to include, among other required documents, the fully signed and notarized Limited Durable Power of Attorney and Assignment. You understand that the Limited Durable Power of Attorney and Assignment allows CheckArmor™ to seek a right of recovery from your financial institution in exchange for CheckArmor's reimbursement payment made to you." ("CheckArmor Terms and Conditions," http:// www. checkarmor. com/ forms/ Check_Armor_Terms_and_Conditions_050712 description.html, last visited April 11, 2013.)</p>

Because of this blatant copying of Patent Owner's product by Petitioner, Patent Owner was left with little recourse except to file a patent infringement lawsuit. That suit is pending in the United States District Court for the District of Maryland. Rather than address the underlying issues there, Petitioner has done everything in its power to stay out of court. It has made unfounded allegations of inequitable conduct, unfounded allegations of invalidity, and in a last ditch attempt to avoid judgment day, has sought with its Petition the assistance of the Patent and Trademark Office to eliminate core intellectual property that forms the foundation of Patent Owner's entire line of business.

III. BACKGROUND ON THE '637 PATENT

The '637 patent is entitled "System and Method for Providing Recovery for Victims of Check Fraud," and was filed on October 14, 2003. The Background of the Invention describes check fraud as "among the fastest-growing problems affecting the nation's financial system, producing estimated annual losses of \$10 billion." ('637 patent, Ex. 1001 at 1:51-55.) Despite techniques developed to detect and/or prevent fraud (e.g., "[s]pecial inks, microprinting, encryption of machine-readable code"), "consumers continue to lose significant funds through the ongoing check fraud ailment." (*Id.* at 1:67-2:1.) Accordingly, the '637 patent describes methods to protect consumers **after** a loss.

Specifically, the patented methods provide a fraud recovery program that helps reimburse consumers for losses associated with several specific forms of check fraud. The method conveniently allows consumers to purchase the recovery program at the same time the consumer orders a box of checks. (See, e.g., claim 1 ("an order for printing a series of checks for a checking account, wherein the order includes an order for check fraud protection").) This allows consumers to purchase protection for just those checks for which the consumer is interested in protection. (*Id.* at 3:62-4:8.) It also allows the amount of protection to be limited in proportion to check usage, e.g., a maximum of \$25,000 per box of checks. (*Id.* at 5:4-7.) The per-box protection structure also accommodates the addition of printed indicia on each check within a range of checks. The indicia signifies that checks in a particular range are protected under the fraud protection program. (*Id.* at 3:42-67.)

A key feature of the invention, as well as a stated distinction over the prior art, is that the patented fraud recovery method does not rely on the consumer to "investigate the fraud on their own, report such fraud to their bank or financial institution to seek reimbursement, and initiate criminal and/or civil proceedings." (*Id.* at 2:5-7.) Instead, the consumer "obtains benefits directly from the check printer" and does not have to seek reimbursement for losses themselves. (*Id.* at 4:65-67.) As part of this, the '637 patent explicitly distinguishes insurance (which would place the responsibility to seek reimbursement on the consumer's shoulders), stating that "[t]he check fraud protection program described herein is not an insurance policy." ('637 patent, Ex. 1001 at 4:60-61.)

IV. PROPER CONSTRUCTION OF THE CHALLENGED CLAIMS

A. Terms Requiring Construction

Patent Owner agrees with Petitioner that the claim terms in the instant proceeding are to be given their broadest reasonable interpretation ("BRI") in light of the specification of the '637 patent. 37 C.F.R. § 42.300(b). However, the constructions proposed by Petitioner fail to adhere to the BRI standard, and particularly fail to construe the BRI "in light of the specification." *Id.* Several proposed constructions are far narrower than a BRI in light of the specification. For example, Petitioner would limit "printing" to printing via a "printing press or similar means," using "inked type," despite the fact that the patent was filed well into the 21st century and discusses databases and the "encryption of machine-readable code." ('637 patent, Ex. 1001 at 1:61.) Others are so broad as to entirely read out the claim limitation,

such as Petitioner's proposal to erase most of the term "check within the range of numbers of the checks in such order" to become simply any check that is "covered by the check protection program." Still others take well-understood terms such as "power of attorney" and add to them additional limitations that the specification of the '637 patent indicates are optional. As discussed later, Petitioner's constructions appear purpose-built in an attempt to overcome shortcomings in Petitioner's prior art.

Patent Owner provides in Table 2, below, its claim constructions and the intrinsic and extrinsic evidence for those constructions.

Table 2

CLAIM TERM	BRI IN VIEW OF SPECIFICATION
"a written limited power of attorney authorizing collection of an amount of money fraudulently obtained from the checking account"	"a written authorization for one person to act on behalf of another for the purpose of collecting money fraudulently obtained from a checking account"
"database"	"software that manages data"
"record"	"a group of related fields that store data in a database"
"check(s)"	"blank check(s)"
"printing"	<No construction needed>
"check fraud protection"	"a service that provides recovery of losses associated with unauthorized use of checks without the use of insurance"
"check within the range of numbers of the checks in such order"	<No construction needed>

CLAIM TERM	BRI IN VIEW OF SPECIFICATION
"computer implemented"	"special-purpose computer to facilitate check fraud protection", preamble is limiting
"an assignment of a right of recovery by the consumer" / "an assignment of a right of recovery against a financial institution"	"a transfer of a consumer's right to recover money"
"indicia" (claim 3)	"an indicator"

1. "A written limited power of attorney authorizing collection of an amount of money fraudulently obtained from the checking account"

The BRI of the term "a written limited power of attorney authorizing collection of an amount of money fraudulently obtained from the checking account" is "a written authorization for one person to act on behalf of another for the purpose of collecting money fraudulently obtained from a checking account." This BRI results from applying the ordinary definition of a "power of attorney" to the full claim term.

Dictionaries around the time of the invention unanimously define "power of attorney" as a legal instrument authorizing one person to act on behalf of another:

"power of attorney: A legal instrument authorizing one to act as another's attorney or agent." *American Heritage Dictionary* 1377 (4th ed. 2002). Ex. 2001.

"POWER OF ATTORNEY: an instrument in writing by which one person, as principal, appoints another as his agent, and confers upon him the authority to

perform certain acts or kinds of acts on behalf of the principal." *Barron's Law Dictionary* 363 (3rd ed. 1991). Ex. 2002.

"power of attorney: a legal instrument authorizing one to act as the attorney or agent of the grantor either generally for the management of a specified business or enterprise or more often specifically for the accomplishment of a particular transaction -- called also letter of attorney." *Webster Third New International Dictionary* 1779 (3d. ed. 2002). Ex. 2003.

Nothing in the intrinsic record indicates that Patent Owner meant to redefine this well-known meaning of power of attorney ("POA"). Indeed, the relative lack of discussion of the term reinforces the conclusion that Patent Owner intended for the term to have its ordinary meaning.

In addition, the specification provides an "exemplary" power of attorney in Fig. 4a. ('637 patent, Ex. 1001 at 4:19-20.) The operative section of that example states: "I hereby give and grant unto said attorney-in-fact limited power and authority to do and perform every act and thing necessary, to be done In and about relative to the Fraud as fully as I might or could do if personally present." This echoes the well-known meaning of a POA as an authorization of one person to act on behalf of another.

In contrast, Petitioner's proposal eviscerates this core meaning, proposing a construction that turns a POA into something that merely allows one to "pursue an appropriate action...." This contains no hint of the grant of authority at the heart of the term. Petitioner's reason for attempting this is transparent—its newly-cited art does not disclose a

"power of attorney." Petitioner admits as much. (Petition at 51 ("Although Farnsworth does not use the exact words 'limited power of attorney'....").) To make up for this, Petitioner argues that "'power of attorney' must include an assignment," and that "the patent owners used the term 'power of attorney' synonymously with an "assignment." *Id.* at 21. Petitioner then argues that a reference disclosing an assignment also discloses a power of attorney. This argument actually highlights another problem with Petitioner's construction—the '637 patent makes clear in at least two ways that assignments and powers of attorney are not the same.

First, the doctrine of claim differentiation (*see, e.g., Free Motion Fitness, Inc. v. Cybex Int'l, Inc.*, 423 F.3d 1343, 1351 (Fed. Cir. 2005)) as applied to claims 1 and 9 indicates the POA does not have to include (much less be the same as) an assignment:

1. A computer implemented method for providing recovery for consumer victims of check fraud, comprising:

.... **receiving from the consumer a written limited power of attorney** authorizing collection of an amount of money fraudulently obtained from the checking account because of the check fraud against the check within the range of numbers of the checks in the order;

9. The method of claim 1, **further comprising**: receiving, from the consumer, **an assignment of a right of recovery** against a financial institution upon which the check is drawn.

There would be no reason to include claim 9 if claim 1 already included the assignment. Second, claim 10 also refers to the two terms separately: "The method of claim 9, wherein the written limited power of attorney and the assignment assign rights." Third, the "exemplary" power of attorney in Fig. 4a of the '637 patent includes an assignment in an entirely separate section labeled "SUBROGATION AND ASSIGNMENT."

Finally, the Petition's attempt to narrow a "written" power of attorney to only such powers as exist in a "tangible document" flies in the face of the "broadest reasonable interpretation." There is nothing in the '637 patent that strictly limits the POA to be a "tangible document." E-mail and web sites were well known at the time of the invention, so the reasonable breadth of the term should at least encompass electronic representations of powers of attorney. Moreover, the term "written" is clear on its face as a non-oral form of communication. No further-narrowing definition is warranted.

2. "Database"

The BRI of the term "database" is "software that manages data." This construction is supported by the patent, its prosecution history, and dictionary definitions. The '637 patent indicates that "database" is software-based in at least three ways. First, the specification states that the reason for using a database and database records is for accuracy—a goal that a manual system (such as that implicated by Petitioner's construction) would not reasonably achieve. (See '637 patent, Ex. 1001 at 4:53-55 ("For accuracy, the check printer maintains a database record of all check numbers for which the check fraud protection

program has been purchased.")) This statement would only make sense in an automated, software-based system.

Second, the preamble of all the claims—a "computer implemented method" indicates that the database runs on a computer, and is thus software-based.

Third, the language of the method step "recording in a record of the database, a range of numbers of the checks in such order" also confirms that the database is a software program. Software databases store information in "records," as shown in the dictionary definitions in section IV.A.3, below.

Thus, both of these claim terms are directed at automated (software-based), not manual, processing.

The public notice function served by the prosecution history of the '637 patent also shows that the database is a software system. The patentee noted that the database is tied to a machine:

As amended, the method steps of Claims 1 - 10 are tied to a machine. The method expressly requires a system having a database, that certain records are recorded in the database, and the system implements certain of the claimed steps.

(Ex. 1002 at 110, May 2, 2012 Response to Office Action at 5.) This and similar statements throughout the prosecution history further emphasize the importance of the preamble – "a computer implemented method..."

Finally, common dictionary definitions confirm that the ordinary meaning of the term "database" is related to "computer science." Even the sole definition that Petitioner relies on, when considered in its entirety,¹ confirms this (emphasis in original):

“Database: *Computer Science n.* also data base. A collection of data arranged for ease and speed of search and retrieval. Also called data bank.”
American Heritage Dictionary 463 (4th ed. 2002). Ex. 2004.

Technical dictionaries also confirm that a database is a software construct:

“DATABASE: A set of related files that is created and managed by a database management system (DBMS). Today, DBMSs can manage any form of data including text, images, sound and video. Database and file structures are always determined by the software. *The Computer Desktop Encyclopedia* 202 (2d. ed. 1999). Ex. 2005.

DBMS: (DataBase Management System) Software that controls the organization, storage, retrieval, security and integrity of data in a database.”
The Computer Desktop Encyclopedia 202 (2d. ed. 1999). Ex. 2006.

In contrast, Petitioner's construction contorts the term far beyond the broadest reasonable interpretation in light of the specification. As above, the reason the '637 patent gives for using a database system is "accuracy." Thus, Petitioner's argument that "database" can be

¹ Petition at 16, citing to Ex. 1013 as evidence of the meaning of the term “database,” but omitting the subject label “Computer Science,” which identifies the special area of knowledge to which the definition applies.

“broadly interpreted as [a] traditional filing system such as paper in folders” is not reasonable in light of the specification. (See Petition at 16.)

3. “Record”

The BRI of the term “record” is “a group of related fields that store data in a database.” This is the broadest reasonable interpretation in the context of the patented methods, each of which is a computer-implemented method in which a database is used to track fraud protection on a check-by-check basis. For the same reasons that “database” cannot be reasonably construed to include pen-and-paper filing systems, “record” must also be interpreted in a technical, computer-science context. Technical dictionaries support Patent Owner's proposed BRI construction, e.g.:

“RECORD: (1) A group of related fields that store data about a subject (master record) or activity (transaction record). A collection of records make up a file.” *The Computer Desktop Encyclopedia* 758 (2d. ed. 1999); see also *id.* at 202, 217. Ex. 2007.

4. “Check”

The BRI of the term “check” is a “blank check.” The specification shows that the only types of checks reasonably contemplated by the '637 patent are blank checks. The claims are directed at a consumer ordering boxes of checks. Such checks are obviously blank checks. They are not, for example, the types of checks that payroll companies might issue with pre-printed payee and payment amounts. For example, ('637 patent, Ex. 1001 at 3:53-4:8):

In operation, the system of the present invention operates as follows: a. A consumer orders a box of checks from a check printing source and provides to the check printer the appropriate information to be printed on the check...

In addition, at least one type of fraud covered by the '637 patent would not make sense for anything but a **blank** check, as the patent confirms ('637 patent at 4:29-34; emphasis added):

Check fraud events for which reimbursement may be requested preferably include: Forged Signatures: protection applies to legitimate **blank** checks that are forged with an authorized signature....

Thus, Petitioner's proposed construction for "check"—"a written order to a bank to pay the amount specified"—is too broad because it could be argued to include non-blank checks. A broadest "reasonable" interpretation cannot encompass types of checks for which the claimed invention would not be operative.

5. "Printing"

The term "printing" requires no construction, and certainly no artificially-narrow construction such as that proposed by Petitioner. Petitioner's construction for "printing" limits the claims to checks that are printed using "ink" and a "printing press or similar means." But there is no hint of such a limitation anywhere in the intrinsic evidence and no lack of clarity in the meaning of the term "printing." The Petition cites nothing to the contrary, and also provides no reason to resort to extrinsic dictionary evidence.

The Federal Circuit has warned that “reliance on the dictionary divorced from the intrinsic evidence risks transforming the meaning of the claim term to the artisan into the meaning of the term in the abstract, out of its particular context...” *Phillips v. AWH Corp.*, 415 F.3d 1303, 1321 (Fed. Cir. 2005). This warning is especially relevant here, where “indiscriminate reliance on definitions found in dictionaries can often produce absurd results.” *Id.* at 1322. Petitioner's construction is just such an absurd result, integrating a database-driven fraud protection system with a printing-press that could be at home in the Fifteenth Century.

Moreover, the claims link the printed checks—each of which contains a check number—to a numeric range that is stored in a record of a database. Thus, a broadest reasonable scope of “printing” should include at least printing technology that is likely to be used with such a system. This includes laser printers and other computer-controlled printing mechanisms that use toner instead of ink. These printing devices existed well before the filing of the '637 patent, and would have been much more likely to be used in “computer implemented” methods than a printing press with ink. See the discussion of such a system in section V.B.1.b, below.

6. A “check within the range of numbers of the checks in such order”

The term “check within the range of numbers of the checks in such order” means just that—the check number is between the beginning and ending of a range of check numbers for which a consumer placed an order for fraud protection. No construction is needed.

Petitioner's proposal for this term—"a check that is covered by the check protection program" removes the range requirement entirely, rendering this and other limitations meaningless. Petitioner's construction also directly conflicts with the specification.

First, Petitioner admits that the purpose of "recording" the check number range is for "future use in the transaction." (Petition at 35.) But with Petitioner's redefinition of the term "check within the range of numbers," there is no 'future use' for that range in the claimed transaction. This is because the only recited use of the recorded "range" in the claims is to limit fraud protection claims to those checks within the range of a specific fraud protection order:

1. A computer implemented method for providing recovery for consumer victims of check fraud, comprising:...

recording in a record of the database, a range of numbers of the checks in such order;...

receiving from the consumer a notification of an occurrence of check fraud against a check within the range of numbers of the checks in such order;

Petitioner's redefinition effectively removes this use of the range, thereby rendering the original recording of the range purposeless. This would also make it impossible to implement a fraud protection program that allows incremental protection on a per-box or specific numeric series of checks—a preferred embodiment of the invention. (See '637 patent, Ex. 1001 at 3:42-4:8.) "A claim construction that excludes a preferred embodiment .

. . . is rarely, if ever, correct.” *SanDisk Corp. v. Memorex Prods., Inc.*, 415 F.3d 1278, 1285 (Fed. Cir. 2005) (internal citation omitted).

Second, Petitioner's construction is at odds with the '637 patent specification, which limits fraud protection subscriptions to boxes of checks with specific numeric ranges for which a subscription was purchased, not simply checks that are generally "covered" by a protection program ('637 patent, Ex. 1001 at 5:7-12):

protection does not apply to ... checks not included in a box of checks for which a subscription was purchased, even if such checks were also purchased from the same check printer.

Petitioner's overly-broad redefinition contradicts this limitation in the specification by removing the linkage between specific ranges of checks and the scope of the fraud protection.

7. “Check fraud protection”

The BRI of the term “check fraud protection” is “a service that provides recovery of losses associated with unauthorized use of checks without the use of insurance.” This construction results from a straight-forward combination of the two explicit statements the '637 patent makes about the fraud protection program:

"The fraud protection program **is designed to facilitate the consumer's recovery of losses arising from identified check fraud** events"

"The check fraud protection program described herein **is not an insurance policy** although a commercial insurance provider may insure the organization providing such fraud protection"

('637 patent, Ex. 1001 at 4:60-5:3; emphasis added.)

Petitioner's proposal—"a service that seeks to mitigate harm to the consumer arising from check fraud"—ignores both of these statements in the specification. Petitioner's construction is also incorrect because it could encompass preventing/detecting fraud as well as recovering from it. Both could be argued to help "mitigate harm to the consumer arising from check fraud." But as distinguished in the Background of the Invention, the invention is not directed at **detecting/preventing** fraud (e.g., through "[s]pecial inks, microprinting, encryption of machine-readable code"), but focuses on providing assistance in **dealing with already-completed fraud**. ('637 patent, Ex. 1001 at 1:67-2:2.) Accordingly, the patent describes methods to protect consumers **after** a loss by helping to respond to that loss. (*Id.* at 2:1-2 ("Efforts must be directed to recovery of losses attributed to such check fraud.")) Petitioner's construction is overbroad as including fraud mitigation both before and after a loss.

Here again, Petitioner's construction is directed at overcoming gaps in the prior art. Despite the '637 patent's explicit distinction over prior-art systems for detecting/preventing fraud, Petitioner exploits its erroneous construction to rely on prior art directed at exactly that purpose. For example, U.S. Patent No. 6,181,814 to Carney ("Carney"), on which Petitioner relies, cannot possibly disclose a correctly-construed "check fraud protection" system for **recovery** of losses. As Petitioner concedes, Carney is instead directed at **detection** of fraud through techniques such as encrypted codes on the face of a check.

(Petition at 47.) Such "encryption of machine-readable code" is exactly what the '637 patent distinguishes itself from. ('637 patent, Ex. 1001 at 1:60-2:1.) Similarly, Petitioner points to the "DesignerChecks.com" website as satisfying its construction for this term. But DesignerChecks is directed at fraud **detection** through a national "Fraud Alert" clearinghouse. (Petition at 48.) For these reasons alone, Petitioner's construction should be rejected as encompassing subject matter that the patentee clearly distinguished from his invention.

8. "Computer implemented"

The BRI of the term "computer implemented" is a "special-purpose computer to facilitate check fraud protection." A "preamble may be construed as limiting 'if it recites essential structure or steps, or if it is 'necessary to give life, meaning, and vitality' to the claim.'" *Catalina Mktg. Int'l, Inc. v, Coolsavings.com, Inc.*, 289 F.3d 801, 808 (Fed. Cir. 2002). (internal citations omitted). Here, the preamble of the challenged claims does both.

As discussed above, the storage of check-number ranges in a record of a database is essential for the '637 patent's stated purpose of accuracy—something a pen-and-paper system would not reasonably achieve. (See '637 patent, Ex. 1001 at 4:53-55.) A computer is also essential in order to run a database, and to store records into it.

The '637 patent's (1) recitation and use of a database; and (2) specific steps of storing a check-number range in a record of that database; also show that "computer implemented" is a meaningful claim limitation. Neither of these limitations would have

meaning outside of a computer-implemented environment. The preamble is also limiting based on the portion of the preamble that Petitioner ignores—"providing recovery for consumer victims of check fraud." This portion is limiting at least because it is "essential to understand limitations or terms in the claim body." *Catalina Mktg.*, 289 F.3d at 807–11). This essential nature is demonstrated by Petitioner's attempt to stretch the term "fraud protection" to include fraud **prevention** instead of just fraud **recovery**, as mandated by the rest of the specification. (See, e.g., '637 patent, Ex. 1001 at 1:67-2:1.) Thus, the preamble's recitation of "providing recovery" is essential to understand the following limitations in a way that comports with the specification.

9. "An assignment of a right of recovery by the consumer [against a financial institution]"

The BRI of "an assignment of a right of recovery by the consumer [against a financial institution]" is "a transfer of a consumer's right to recover money [against a financial institution]." Much like "power of attorney," nothing in the intrinsic record indicates that Patent Owner meant to redefine the well-known meaning of an "assignment." Various dictionaries provide definitions in support of Patent Owner's BRI, such as:

"ASSIGNMENT: the transfer of an interest in a right or property from one party to another." *Barron's Law Dictionary* 32 (3rd ed. 1991). Ex. 2008.

In contrast to a "power of attorney," which is an authorization for one person to act on behalf of another that takes nothing from the authorizer, an assignment is a **transfer** of a right, leaving the transferee without that right. The '637 patent specification confirms this

understanding, stating that after the assignment, the consumer can no longer seek reimbursement from the bank themselves ('637 patent, Ex. 1001 at 4:65-5:3)):

the consumer obtains benefits directly from the check printer by assigning any claims against the responsible banking/financial institution to the check printer. Accordingly, the consumer obtaining such fraud protection need not and should not seek any reimbursement from the responsible banking/financial institution.

Thus, Patent Owner's BRI simply substitutes the well known definition of an "assignment" into the corresponding claim terms.

10. "Indicia"

The BRI of the term "indicia" is "an indicator." Although Petitioner did not address this term directly, it is clear from the Petition that Petitioner attempts to completely ignore the meaning of the word as used in the '637 patent. The patent refers to the indicia not simply as any text or mark, but as one with significance—something that indicates something ('637 Patent, Ex. 1001 at Figs. 1, 4a, 4b; 3:35-53):

Pursuant to one feature of a preferred embodiment of the instant invention, additional indicia 50 is provided on the face of the check indicating that the particular check 10 is protected by a check fraud protection program as disclosed herein.

Patent Owner's BRI is also aligned with common dictionary definitions:

"Indicia: a distinctive mark that indicates or that is felt to indicate the nature or quality or existence or reality of something." *Webster Third New International Dictionary* 1150 (3d. ed. 2002). Ex. 2009.

“Indicia: 1. identifying marks; indications. 2. Markings on bulk mailings used as a substitute for stamps or cancellations.” *American Heritage Dictionary* 892 (4th ed. 2002). Ex. 2010.

V. THE PETITION SHOULD BE DENIED FOR FAILING TO SHOW THAT THE CLAIMS ARE MORE LIKELY THAN NOT TO BE INVALIDATED

It is Petitioner's burden to show – by the Petition and its supporting evidence – that it is more likely than not that at least one of the challenged claims is invalid. Petitioner fails to meet its burden of proof for any of the grounds of invalidity that it has asserted, i.e. 35 U.S.C. §§ 101, 112, ¶ 1, 112, ¶ 2, and 103.

A. The Challenged Claims Are Patent Eligible Under 35 U.S.C. § 101 (Petitioner's Ground 1)

1. Legal Standard

A patent may be granted to “[whomever] invents or discovers any new and useful process, machine, manufacture, or composition of matter.” 35 U.S.C. § 101. The Supreme Court has emphasized the breadth of this statutory language. See, e.g., *Bilski v. Kappos*, 130 S. Ct. 3218, 3225 (2010) (“*Bilski*”) (“[i]n choosing such expansive terms . . . modified by the comprehensive ‘any,’ Congress plainly contemplated that the patent laws would be given wide scope,” quoting *Diamond v. Chakrabarty*, 447 U.S. 303, 308 (1980)). The claims of the ‘637 patent clearly fit under the “process” category of § 101, a proposition that Petitioner has not challenged.

The Court has also defined limited judicial exceptions to the broad statutory grant – “[l]aws of nature, natural phenomena, and abstract ideas” are not patent eligible. *Mayo*

Collaborative Servs. v. Prometheus Labs., Inc. 132 S. Ct. 1289, 1293 (2012) (“*Mayo*”) (quoting *Diamond v. Diehr*, 450 U.S. 175, 185 (1981)). The claims of the ‘637 patent do not implicate any laws of nature or natural phenomena, nor do they implicate an “abstract idea.”

The Supreme Court has recognized that “too broad an interpretation of this exclusionary principle could eviscerate patent law,” *Mayo*, 132 S. Ct. at 1293. The Federal Circuit recently affirmed that it “gives substantial weight to the statutory reluctance to list any new, non-obvious, and fully disclosed subject matter as beyond the reach of Title 35.” *Ultramercial, Inc v. Hulu LLC*, No. 2010-1544, 2013 U.S. App. LEXIS 12715, at *19 (Fed. Cir. June 21, 2013) (“*Ultramercial*”).

Even claims that remotely touch an abstract idea are not unpatentable, for “all inventions at some level embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas.” *Mayo*, 132 S. Ct. at 1293. *See also Diehr*, 450 U.S. at 187 (quoting *Parker v. Flook*, 437 U.S. 584, 590 (1978)), “a process is not unpatentable simply because it contains a law of nature or a mathematical algorithm.”) In determining whether a patent claim preempts an abstract idea, “it is important at the outset to identify and define whatever fundamental concept appears wrapped up in the claim so that the subsequent analytical steps can proceed on consistent footing.” *CLS Bank Int’l v. Alice Corp. Pty. Ltd.*, 106 U.S.P.Q.2d 1696, 1703-04 (Fed. Cir. 2013) (Lourie, Dyk, Prost, Reyna and Wallach, JJ., plurality opinion) (“*CLS*”).

Once the abstract idea is identified, the claims must next be evaluated to determine whether they "contain additional substantive limitations that narrow, confine, or otherwise tie down the claim[s] so that, in practical terms, [they do] not cover the full abstract idea itself." *Ultramercial*, 2013 U.S. App. LEXIS, at *18 (concurring opinion of Lourie, J.) (quoting his own plurality opinion in *CLS*, 106 U.S.P.Q.2d at 1704). In determining whether a claim meets the requirements of section 101, the claim must be considered as a whole. *Ultramercial*, 2013 U.S. App. LEXIS, at *21 (citing to *Diehr*, 450 U.S. at 188). Any otherwise patentable invention that is "not so manifestly abstract as to preempt a fundamental concept or idea is patent eligible." *Dealertrack, Inc. v. Huber*, 674 F.3d 1315, 1331 (Fed. Cir. 2012) (emphasis in original).

Both the Supreme Court and the Federal Circuit have focused on preventing a patent owner from preempting others from practicing an abstract idea. In *Gottschalk v. Benson*, 409 U.S. 63, 71 (1972), the Court found the claims to be unpatentable because "[t]he mathematical formula involved here has no substantial practical application except in connection with a digital computer" and that "the patent would wholly pre-empt the mathematical formula and in practical effect would be a patent on the algorithm itself." *Id.* at 72 .

Claim 1 of the patent application in *Bilski* was a "method for managing the consumption risk costs of a commodity sold by a commodity provider at a fixed price," which included steps of:

- (a) initiating a series of transactions ... at a fixed rate ... corresponding to a risk position ...;
- (b) identifying market participants ... having a counter-risk position ...; and
- (c) initiating a series of transaction ... at a second fixed rate such that said series of market participant transactions balances the risk position of said series of consumer transactions

The Court found this claim to “explain the basic concept of hedging, or protecting against risk” and that “[a]llowing petitioners to patent risk hedging would pre-empt use of this approach in all fields, and would effectively grant a monopoly over an abstract idea.” *Bilski*, 130 S. Ct. at 3231. In *CLS*, half of the *en banc* Federal Circuit judges framed the analysis as “[w]hat matters is whether a claim threatens to subsume the full scope of a fundamental concept, and when those concerns arise, we must look for meaningful limitations that prevent the claim as a whole from covering the concept's every practical application.” *CLS*, 106 U.S.P.Q.2d at 1704.

In *Mayo*, method claim 1 of US Patent No. 6,355,623 was directed to “a method of optimizing therapeutic efficacy for treatment of an immune-mediated gastrointestinal disorder” and recited steps of:

- (a) administering a drug providing 6-thioguanine to a subject ...; and
- (b) determining the level of 6-thioguanine in said subject ...,
wherein the level of 6-thioguanine less than ... indicates a need to increase the amount of said drug subsequently administered ... and
wherein the level of 6-thioguanine greater than ... indicates a need to decrease the amount of said drug subsequently administered

The Court identified the law of nature to which the claim is directed to be a “relationships between concentrations of certain metabolites in the blood and the likelihood that a dosage of a thiopurine drug will prove ineffective or cause harm.” *Mayo*, 132 S. Ct. at 1296. The Court then evaluated whether the claim adds enough to the law of nature to qualify as a patent eligible process and concluded that it does not. The Court found the claim to be unpatentable because “[a]nyone who wants to make use of these laws must first administer a thiopurine drug and measure the resulting metabolite concentrations and so the combination amounts to nothing significantly more than an instruction to doctors to apply the applicable laws when treating their patients.” *Id.* at 1298.

The Board itself has focused on the same issue:

Standing alone, an abstract idea does not represent patent-eligible subject matter. Accordingly, ***we must further analyze Versata's claims to determine whether they incorporate sufficient meaningful limitations to ensure that the claims are more than just an abstract idea*** and not just a mere drafting effort designed to monopolize the abstract idea itself.

Final Written Decision in *SAP America, Inc. v. Versata Dev. Group, Inc.*, at 29 (PTAB 2013) (Case CBM2012-00001) (MPT) (emphasis added) (citing *Mayo*, 132 S. Ct. at 1297 (Ex. 2011)).

Applying this analytical construct to the claims of the '637 patent, it is clear that the claims are not directed to an abstract idea, but rather recite patentable subject matter.

2. The '637 Patent Does Not Claim an Abstract Idea

None of the claims of the '637 patent are for an abstract idea. Independent claim 1 recites a method for a particular implementation of providing recovery of losses associated with unauthorized use of checks. The claim includes significant limitations that preclude the patent from preempting the concept itself.

The Federal Circuit's analysis of claim 1 of U.S. Patent No. 7,346,545 in *Ultramercial* is instructive—indeed, on point—for the '637 patent. The court identified the abstract concept covered by claim 1 to be “the idea that advertising can be used as a form of currency.” *Ultramercial* 2013 U.S. App. LEXIS, at *38. The court then considered “whether the claim is meaningfully limited to something less than an abstract idea that pre-empts use of an abstract concept,” by considering the claim's steps, which it summarized as:

- (1) receiving media products from a copyright holder;
- (2) selecting an advertisement to be associated with each media product;
- (3) providing said media products for sale on an Internet website;
- (4) restricting general public access to the media products;
- (5) offering free access to said media products on condition that the consumer views the advertising;
- (6) receiving a request from a consumer to view the advertising
- (7) facilitating the display of advertising and any requested interaction with the advertising;
- (8) allowing the consumer access to the associated media product after such display and interaction;
- (9) recording the transaction in an activity log; and

(10) receiving payment from the advertiser.

Ultramercial, 2013 U.S. App. LEXIS, at *38. The court concluded that “it wrenches meaning away from the word to label the claimed invention as ‘abstract’” and that the claim does not cover the abstract idea without any specific application of the idea. *Id.* The court also noted that the claimed steps “are not inherent in the idea of monetizing advertising” and that “there are myriad ways to accomplish that abstract concept that do not infringe these claims.” *Id.* at *44. By these criteria, and in light of this example, it is clear that the ‘637 patent claims patentable subject matter.

As noted above, to the extent that the claims of the ‘637 patent “at some level embody, use, reflect, rest upon or apply” an abstract idea (as do all claims), it is the idea of providing recovery of losses associated with unauthorized use of checks. Claim 1 does not cover the abstract idea itself, but rather covers one specific application or implementation of the idea. Nor are the claim’s steps are inherent in the idea. Specifically, claim 1 requires:

receiving from said consumer an order for printing a series of checks for a checking account, wherein the order includes an order for check fraud protection;

printing checks according to the order;

recording in a record of the database, a range of numbers of the checks in such order;

receiving from the consumer a notification of an occurrence of check fraud against a check within the range of numbers of the checks in such order;

receiving from the consumer a written limited power of attorney authorizing collection of an amount of money fraudulently obtained from the checking account because of the check fraud against the check within the range of numbers of the checks in the order; and issuing a reimbursement to the consumer the amount of money fraudulently obtained from the checking account and fees arising from the check fraud.

Among other non-abstract concepts, the claim provides for a specific manner of recovery of losses from check fraud without the use of insurance. Thus, insurance is, for example, an implementation of the idea that is not covered by the claim. The claim also couples printing of the checks to the remaining steps—so the claim does not cover implementations of the idea that are performed by entities other than the check printer and its agents.

A further narrowing non-abstract implementation is the claim element reciting that the order for the checks includes an order for the check fraud protection – to be sure, this claim could arguably be avoided by ordering check fraud protection separately and uncoupled from ordering the checks. Yet another non-abstract narrowing non-abstract implementation is that the protection is associated (by recording in a record of the database) with a range of numbers of checks. Further, the check printer has non-abstract and further limiting obligations – namely, they are required to reimburse the consumer for both the amount of money fraudulently obtained and for fees arising from the check fraud. Eliminating one of these non-abstract requirements avoids practicing the claimed invention.

What's more, perhaps the most telling non-abstract implementation is the claim's recitation of "receiving from the consumer a written limited power of attorney authorizing collection of an amount of money fraudulently obtained from the checking account because of the check fraud against the check within the range of numbers of the checks in the order." Indeed, this is the recitation that the Examiner identified as the reason why claim 1 was allowable over the closest prior references. Ex. 1002 at 23-24. As discussed in Section V.C, below, Petitioner fails to establish that any of its proposed combinations of references disclose this recitation – including the very reference (Pine) that Examiner expressly found to be lacking this recitation in the Notice of Allowance. *Id.* Thus, in the absence of any evidence that this recitation is found in the prior art, much less evidence that it would have been routine or conventional as of the filing date of the '637 patent, there is no basis for the Board to find that it is more likely than not that the "power of attorney" recitation was so insignificant, conventional, or routine as to yield a claim that effectively covers the identified abstract idea.

In sum, there are innumerable ways to "provide recovery of losses associated with unauthorized use of checks" without running afoul of claim 1. It does indeed wrench meaning away from the word to label the invention of claim 1 as "abstract."

Thus, claim 1 of the '637 patent (and, by extension, all of the other claims in the patent, which depend from claim 1) is directed to patentable subject matter.

3. Petitioner's Reliance on the Interim Bilski Guidance is Misplaced

Petitioner unfairly attempts to characterize the claims of the '637 patent as a recitation of "how business should be conducted" and of "human behavior" such as "following rules or instructions," and then invokes those characterizations as factors weighing against patent eligibility under the Interim Guidance for Determining Subject Matter Eligibility for Process Claims in View of *Bilski v. Kappos* (July 27, 2010) ("Interim Bilski Guidance") (Ex. 1018). When viewed through the proper lens, the application of the Interim Bilski Guidance is not inconsistent with the test for patentable subject matter defined by the controlling case law and discussed and applied above.

The Interim Bilski Guidance "is for use by USPTO personnel in determining subject matter eligibility under 35 U.S.C. § 101 in view of ... *Bilski v. Kappos*" and "provides factors to considering in determining whether a claim is directed to an abstract idea." Ex. 1018 at 1. On the "101 Method Eligibility Quick Reference Sheet" under "Factors Weighing Against Eligibility" is the factor "The claim is a mere statement of a general concept (see notes below for examples)." *Id.* at 3. The referenced notes include:

"Examples of general concepts include, **but are not limited**, to:"

- Human behavior (e.g. exercising, wearing clothing, following rules or instructions)
- Instructing 'how business should be conducted'"

Id. at 4 (emphasis in original).

Petitioner's attempts to characterize the claims of the '637 patent as falling into two of the examples in the long, and non-limiting, list of examples of "general concepts" miss the point. The "factor weighing against eligibility" on which Petitioner heavily relies is that "the claim is a mere statement of a general concept," i.e. that the claim covers the general concept—or abstract idea—itsself, rather than covering a specific application of the concept or idea. The Interim Bilski Guidance adds color to this factor and provides additional guidance consistent with the controlling case law, including whether the use of the concept, as expressed in the method, would effectively grant a monopoly over the concept. The nature of the abstract idea does not in any way govern the outcome of the eligibility analysis. Indeed, if this is the test (and it is not) no business method would be patent eligible.

The Supreme Court—who has the final word on patent eligibility—explicitly held that business methods are indeed patentable. *Bilski*, 130 S. Ct. at 3222. The Court also highlighted additional statutory support for this proposition:

The argument that business methods are categorically outside of § 101's scope is further undermined by the fact that federal law explicitly contemplates the existence of at least some business method patents. Under 35 U.S.C. § 273(b)(1), if a patent-holder claims infringement based on "a method in [a] patent," the alleged infringer can assert a defense of prior use. For purposes of this defense alone, "method" is defined as "**a method of doing or conducting business.**" § 273(a)(3). In other words, by allowing

this defense the statute itself acknowledges that there may be business method patents.

Id. at 3228 (emphasis added).

Thus, Petitioner's arguments based on the Interim Bilski Guidance are without merit. As a further footnote to this, the Petitioner apparently does not have a prior use defense—it set forth no such defense in the underlying litigation.

B. The Challenged Claims Are Patentable Under 35 U.S. C. § 112

Petitioner fails to provide the evidence required to prove that the challenged claims are more likely than not to be unpatentable under 35 U.S.C. § 112. According to Petitioner, the “computer implemented” language recited in the preamble of claim 1 is not supported by the written description, is not enabled by the written description, and is indefinite. This is a classic “throw spaghetti at the wall and let's see what sticks” approach. Petitioner's support for this flimsy contention centers around the fact that “the written description of the '637 patent fails to mention the terms ‘electronic’, ‘computer,’ ‘processor’, or ‘software’.” Petition at 37, 41, 43. As discussed in more detail below, the mere fact that these terms are not *in haec verba* included in the text of the '637 patent, however, is insufficient to demonstrate that the challenged claims are unpatentable under § 112. Additionally, Petitioner does not provide sufficient evidence on the level of ordinary skill in the art as of the original filing date of the '637 patent. As will be discussed in more detail herein, a person of ordinary skill in

the art at the time the '637 patent was filed would have easily recognized that the "computer implemented" language is supported and enabled by the written description, and is definite.

The Board addressed similar issues in its January 23, 2013 Decision instituting Covered Business Method Review in *CRS Advanced Techs., Inc. v. Frontline Techs., Inc.* (PTAB 2013) (Case CBM2012-00005) (JSB) ("CBM2012-00005 Decision") (Ex. 2012). The petitioner in that case argued that the written description of the patent at issue failed to support the claim language "organization worksite location" because that language was not explicitly included in the written description. CBM2012-00005 Decision at 13-14. The expert testimony on which the petitioner relied for support was simply a conclusory opinion that the specification did not convey to the artisan that the inventors were in possession of the claimed invention. *Id.* at 14.

There, the Board refused to institute review of the claims under § 112, ¶ 1, stating:

To show possession of a claimed invention, the specification of a patent must reasonably convey to those of skill in the art that, as of the filing date, the inventor had possession of the claimed subject matter. *Ariad Pharm., Inc. v. Eli Lilly and Co.*, 598 F.3d 1336, 1351 (Fed. Cir. 2010)(en banc). **Petitioner does not direct us to persuasive evidence regarding the level of ordinary skill in the art at the relevant time period.** For example, Petitioner does not explain (or direct us to evidence that explains) what considerations would have been pondered by one with ordinary skill in the art regarding what stored characteristics would have been "generated and posted" as a list of information. **It is not enough to point out that the specification does not explicitly disclose every claim limitation**

verbatim. *Id.* at 1352 (stating that the description requirement does not demand that “the specification recite the invention *in haec verba*”).

Id.

Although the Board's decision was directed to a written description requirement challenge, the Board's holding with respect to explicit disclosure and the level of ordinary skill in the art should be equally applicable to the enablement and definiteness requirements because each calls on the understanding of the person of ordinary skill in the art. See, e.g., 35 USC § 112, ¶ 1; *Exxon Research and Engineering Co. v. United States*, 265 F.3d 1371, 1375 (Fed. Cir. 2001). The present Petition and the arguments set forth therein share the same deficiencies outlined by the Board in the *CRS* case. For this reason alone, Petitioner's request to institute an *inter partes* review of the challenged claims under 35 U.S.C. § 112 should be denied.

The only evidence the Petitioner provides in support of its arguments on § 112 is the Declaration of Michael K. Harris (“Harris Declaration”) (Ex. 1005) (the Declaration of Michael D. Floyd (“Floyd Declaration”) (Ex. 1004) is silent on § 112 issues). As with the expert testimony in the *CRS* case, the Harris Declaration does not explain (or point to any other evidence that explains) “what considerations would have been pondered by one with ordinary skill in the art” regarding the claim terms with which Petitioner takes issue. Rather, the Harris Declaration provides a conclusory assertion of the level of skill of the artisan. The Harris Declaration also focuses on the absence of various computer-related terms from the

specification of the '637 patent and makes conclusory assertions that the artisan would be incapable of deciding which of the claimed steps to implement on a computer or how to go about implementing any of the steps. This evidence is insufficient to support Petitioner's burden.

1. The '637 Patent Provides an Adequate Written Description (Petitioner's Ground 2)

The challenged claims have written description support in the specification of the '637 patent. Petitioner's arguments to the contrary are based upon a narrow reading of the specification and fail to consider the specification as a whole. Accordingly, Petitioner fails to meet its burden of establishing that it is "more likely than not" that any of the challenged claims of the '637 patent are invalid under 35 U.S.C. § 112, ¶ 1 as lacking written description support. Nevertheless, Patent Owner addresses Petitioner's erroneous arguments; the challenged claims are, in fact, supported by the '637 patent specification.

a. Legal Standard for Written Description

35 U.S.C. § 112, ¶ 1 recites, in part, that "[t]he specification shall contain a written description of the invention." To satisfy the written description requirement, a patent specification must "reasonably convey[] to those skilled in the art that the inventor had possession of the claimed subject matter as of the filing date." *Ariad Pharm. Inc.*, 598 F.3d 1336, 1351 (Fed. Cir. 2010)(*en banc*) ("*Ariad*").

The test for possession "requires an objective inquiry into the four corners of the specification from the perspective of a person of ordinary skill in the art." *Id.* An applicant

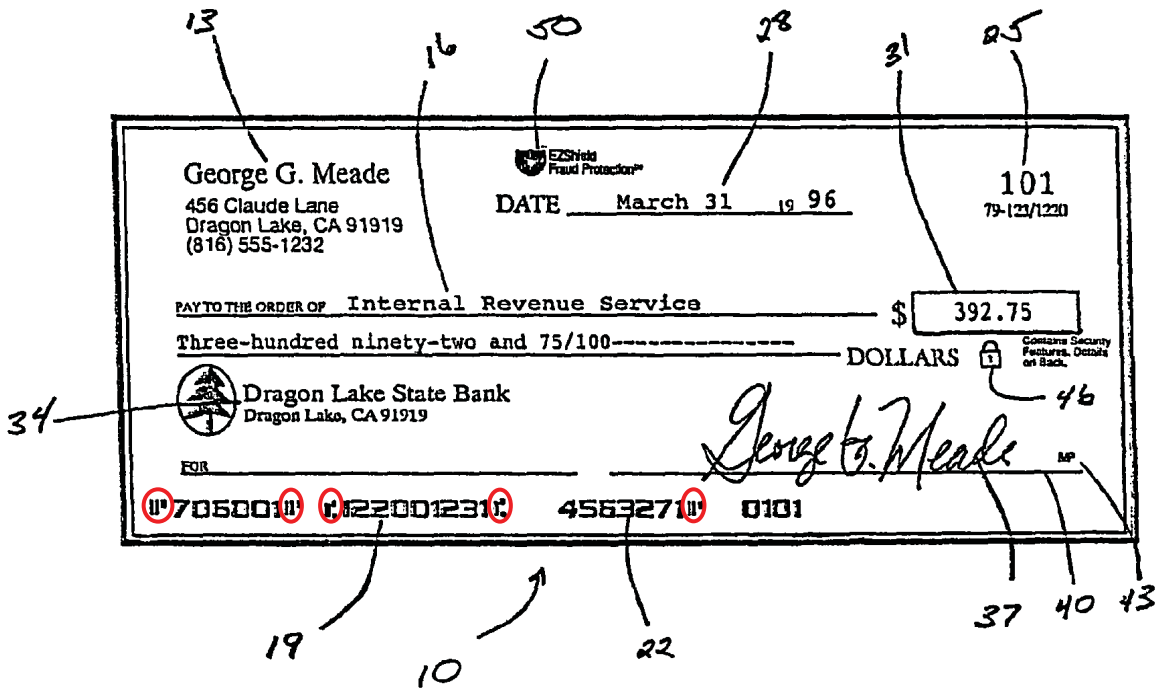
can show possession of the claimed invention using “such descriptive means as words, structures, figures, diagrams, formulas, etc.” contained in the patent specification. *Lockwood v. American Airlines*, 107 F.3d 1565, 1572 (Fed. Cir. 1997). It is not required, however, that the claimed invention be described in *haec verba* in the specification. *In re Wright*, 866 F. 2d 422, 425 (Fed. Cir. 1989) (“*Wright*”). In some instances, drawings alone may be sufficient to provide a written description of the invention. *Vas-Cath Inc. v. Sakharam D. Mahurkar*, 935 F.2d 1555, 1565 (Fed. Cir. 1991).

In determining whether a patent specification satisfies the written description requirement, “the specification as a whole must be considered.” *Wright*, 866 F.2d at 425. The “level of detail required to satisfy the written description requirement varies depending on the nature and scope of the claims and on the complexity and predictability of the relevant technology.” *Ariad*, 589 F.3d at 1351.

b. Evidence in the Written Description for “Computer Implemented” Language

Contrary to Petitioner’s assertions, substantial record evidence confirms that the “computer implemented” language in claim 1 is supported by the specification of the ‘637 patent.

FIG. 1 and its corresponding description in the ‘637 patent provides sufficient written description of the “computer implemented” language recited in claim 1. FIG. 1 is an illustration of a check produced by the system described in the ‘637 patent (with red circles added by Patent Owner to highlight features discussed below):



Ex. 1001 at 3; See, also, *Id.* at 9 (col. 3, ll. 28-29 (“a view of the face of a prepared check”)). The term “computer” may not be explicitly mentioned in the specification of the ‘637 patent but FIG. 1, alone, reasonably conveys to any such person that the inventor had possession of the claimed “computer implemented” language as of the filing date. *Vas-Cath*, 935 F.2d at 1565 (“drawings alone may provide a ‘written description’ of an invention as required by § 112”).

The above check is illustrated and described in the ‘637 patent as including a routing number of the issuing bank 19, a checking account number 22, a signature line 40, and an MP symbol 43. The position and manner in which the routing number 19 and the checking account number 22 appear on the check in FIG. 1 is representative of a magnetic ink

character recognition (MICR) line that is printed on a standard bank check. See MICR Basics Handbook ("MICR Handbook") (Ex. 2013) at 1-2, and Figure 1-1 (reproduced below).

The image shows a check form with the following fields and text:

- Top Left:** TROY Systems, 2331 South Pullman St., Santa Ana, CA. 92705
- Top Right:** 5303, 12-3456/7890
- Amount:** A line with "20" written on it, followed by "DOLLARS".
- Payable:** "PAY TO THE ORDER OF" followed by a blank line and a dollar sign with a rectangular box for the amount.
- MEMO:** A line with "MEMO" followed by a blank line.
- MICR Line:** A line of magnetic ink characters at the bottom: "⑈ ⑆ 234565303 ⑆ ⑆ 7890 ⑆ ⑆ 234567890 ⑆ 23 ⑆ 56 ⑆ ⑆ 234565303 ⑆".

The control characters circled on the reproduction of FIG. 1 of the '637 patent above, bracketing the routing number 19 and the checking account number 22, further indicate the presence of a MICR line, as these characters are printed in the standard MICR font, E-13B. *Id.* at 1-3. Printing a MICR line on a check in the E-13B font, similar to that shown in FIG. 1, has been standard practice since the 1950s and therefore was well known at the time the '637 patent was filed. MICR Handbook at 1-1.

It was also well known before the filing of the '637 patent that such printing could be achieved through use of a computer. For example, U.S. Patent No. 5,347,302 to Simonoff ("Simonoff '302 patent") (Ex. 2014), issued in 1994, identifies the ANSI X9.27 standard that governs MICR printing, notes that "[r]ecent technology has made available computer driven laser printers which are capable of printing special type font characters in magnetic ink using special toners [that] will meet the X9.27 standard," and discloses a "method of

accurately printing and properly positioning specific magnetic ink characters on the face of a blank check with a laser printer.” Simonoff ‘302 patent, 1:46-51, 2:17-20 (emphasis added).

In addition to the MICR line, the signature line 40 and the MP symbol 43 on the above-illustrated check indicate the presence of microprinting. ‘637 patent, Ex. 1001 at col. 3, ll. 38-39 (“The stylized MP symbol 43 indicates the presence of microprinting.”) Microprinting is another printing technique that was well known at the time the ‘637 patent was filed. *Id.* at col. 3, ll. 36-38 (“[I]t is common to use microprinting to create the signature line 40.”); *see, also, Id.* at col. 1, ll. 59-63 (“Many processes and techniques have been developed to thwart the growing problem of check fraud. Special inks, microprinting, [and] encryption of machine-readable code ... are some methods suggested to guard against check fraud.”).

Given that Mr. Harris has “38 years of experience in the fields of banking and financial operations and technologies” (Ex. 1005, Harris Declaration at 3), it is odd that he does not even acknowledge these technical aspects of the disclosure of FIG. 1, much less seek to explain why they do not provide written description (or enablement) support for the claims of the ‘637 patent. Instead, the Harris Declaration is silent on FIG. 1 other than the blanket assertion that none of the figures illustrate computer components or flow charts. *Id.* at 22.

Patent Owner submits that the disclosure in the ‘637 patent related to printing checks necessarily includes disclosure of a computer. First, checks of the type illustrated in FIG. 1

would be printed by a computer. At a minimum, the '637 patent clearly supports the computer implemented step of "printing checks" recited in claim 1.

Second, additional support for the "computer implemented" language of claim 1 can be found in the '637 patent with respect to the disclosure of a "database" and "records". The '637 patent states that "[f]or accuracy, the check printer maintains a database record of all check numbers for which the check fraud protection program has been purchased." (Ex. 1001 at col. 4, ll. 53-55). One of ordinary skill in the art at the time the '637 patent was filed would readily understand that these terms relate to computer software. As evidence, the Board need only look to the common dictionary definitions provided for these terms in Sections IV.A.3 and IV.A.4 above. Indeed, it was well known (and not just to a person of ordinary skill in the art) that a database and its records are implemented using a computer. The disclosure related to maintaining a database record must therefore necessarily include disclosure of a computer—the database and records must be implemented by a computer to function. As such, the '637 patent clearly supports the computer implemented step of "recording in a record of the database, a range of numbers of the checks" recited in claim 1.

Petitioner acknowledges that the remaining claim recitations can be performed using a computer. Petition at 21; Ex. 1005, Harris Declaration ¶ 54. The technology disclosed in the '637 patent is not complex and is very predictable; therefore, the level of detail required to satisfy the written description requirement here is low. *Ariad*, 539 F.3d at 1351. The Petition does not provide any evidence, other than a conclusory assertion in the Harris

Declaration, that one of ordinary skill in the art would not know how to go about implementing any of the recited steps in the claims. Nor does Petitioner identify any requirement in the MPEP or in the case law that specifically states that *each and every* step recited in a computer implemented method must be implemented by a computer. In light of the evidence provided above by Patent Owner with respect to the printing and recording recitations, it is clear that Petitioner fails to establish that the “computer implemented” language of claim 1 is not supported by the specification.

In conclusion, the written description of the ‘637 patent, when considered as a whole, provides support for the “computer implemented” language recited in claim 1. FIG. 1 and its corresponding description reasonably convey to persons of ordinary skill in the art that the inventor had possession of the “computer implemented” claim language as of the filing date of the ‘637 patent. The “database” and “records” disclosure in the ‘637 patent is also an important indicator that the inventor had possession of the “computer implemented” claim language at the time the ‘637 patent was filed.

2. The ‘637 Patent Enables the Challenged Claims (Petitioner’s Ground 3)

The challenged claims are enabled by the specification of the ‘637 patent. Petitioner provides no persuasive evidence to the contrary. Accordingly, Petitioner does not meet its burden of establishing that it is “more likely than not” that any of the challenged claims of the ‘637 patent are invalid under 35 U.S.C. § 112, ¶ 1 as lacking enablement. Nevertheless,

Patent Owner addresses Petitioner's erroneous arguments; the challenged claims are, in fact, enabled by the '637 patent specification.

a. Legal Standard for Enablement

35 U.S.C. § 112, ¶ 1 requires that a specification "contain a written description ... of the manner and process of making and using [the invention], in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same." To satisfy the enablement requirement, the specification "must teach those skilled in the art how to make and use the full scope of the claimed invention without 'undue experimentation.'" *In re Wright*, 999 F.2d 1557, 1561 (Fed. Cir. 1993); *See, also, ALZA Corp. v. Andrx Pharm., LLC*, 603 F.3d 935, 940 (Fed. Cir. 2010) ("Enablement is not precluded where a 'reasonable' amount of routine experimentation is required to practice the claimed invention.") ("*Alza*").

The Federal Circuit in *In re Wands* sets forth factors to be considered in determining whether a disclosure would require undue experimentation. Those factors include:

- (1) the quantity of experimentation necessary,
- (2) the amount of direction of guidance presented,
- (3) the presence or absence of working examples,
- (4) the nature of the invention,
- (5) the state of the prior art,
- (6) the relative skill of those in the art,

(7) the predictability or unpredictability of the art, and

(8) the breadth of the claims.

In re Wands, 858 F.2d 731, 737 (Fed. Cir. 1988) (“*Wands*”). Notably, in arguing that “computer implemented” language is not enabled by the ‘637 patent specification, Petitioner failed to consider even a single one of the factors for undue experimentation.

The specification, for purposes of enablement, does not need to teach what is well known in the art. MPEP 2161.01(III) (citing to *ALZA*, 603 F.3d at 941). That said, “[i]t is the specification, not the knowledge of one skilled in the art, that must supply the **novel** aspects of an invention in order to constitute adequate enablement.” *Auto. Techs. Int’l, Inc. v. BMW of N. Am., Inc.*, 501 F.3d 1274, 1283 (Fed. Cir. 2007)(quoting *Genentech, Inc. v. Novo Nordisk A/S*, 108 F.3d 1361, 1366 (Fed. Cir. 1997))(emphasis added).

b. The “Computer Implemented” Language is Enabling

Petitioner does not provide persuasive evidence to show that it “is more likely than not” that the challenged claims are not enabled by the written description. The Petition merely references optional MPEP guidelines (“no specific universally applicable rule exists ... an examining guideline to generally follow is...”) and alleges that the “computer implemented” language lacks enablement because there are no flow charts outlining the process of the method claim in the ‘637 patent. Petition at 40-41. Petitioner also erroneously asserts that this claim language lacks enablement because the term “computer” is not *in haec verba* disclosed in the ‘637 patent. Petition at 41.

Petitioner fails to support its arguments with application of any of the requisite tests to determine whether or not enablement exists. For example, the Petition fails to address the most basic test of enablement – whether or not the specification teaches “those skilled in the art how to make and use the full scope of the claimed invention without ‘undue experimentation.’” *Wright*, 999 F.2d at 1561. When viewed through the proper lens, the ‘637 patent specification passes this test. As discussed in the previous section, it is clear that the written description of the ‘637 patent discloses computer implementation of at least the “printing checks” and “recording in a record of a database” recitations of claim 1. The ‘637 patent specification enables these recitations for at least the reason these steps of printing and recording using a computer are well known in the art and are therefore not required to be disclosed in detail in the specification. MPEP 2161.01(III)(citing to *ALZA*, 603 F.3d at 941).

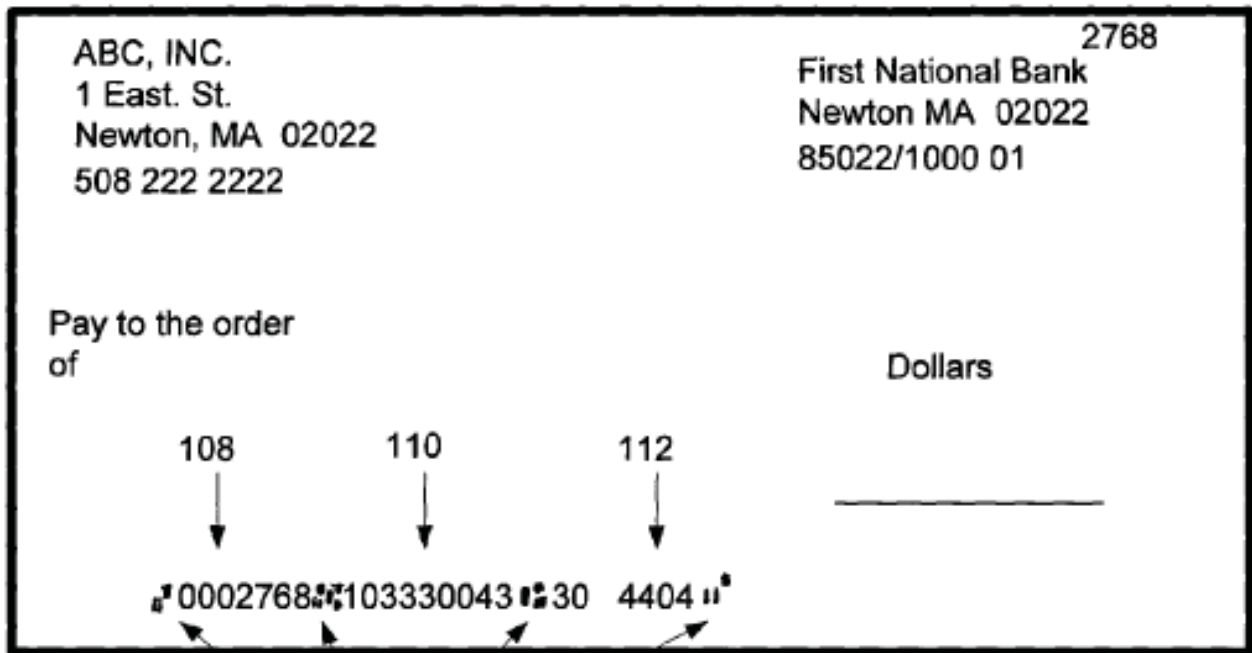
Petitioner acknowledges that the remaining recitations of claim 1 could be implemented by a computer. Petition at 21; Ex. 1005, Harris Declaration ¶ 54. Petitioner does not, however, provided any evidence as to why the artisan would require undue experimentation to implement any of those claim elements by a computer at the time the ‘637 patent was filed. The steps of “receiving from said consumer an order for printing a series of checks,” “receiving from the consumer a notification of an occurrence of check fraud,” “receiving from the consumer a written limited power of attorney,” and “issuing a reimbursement to the consumer,” when assessed individually, are not ground breaking

aspects of the invention; therefore, Patent Owner can reasonably rely on the knowledge of a person skilled in the art for enablement purposes.² *Auto. Techs. Int'l, Inc.*, 501 F.3d at 1283.

A closer look at the *Wands* factors for undue experimentation further reveals that the '637 patent specification adequately teaches a person of ordinary skill in the art to make and use the claimed computer implemented invention without undue experimentation. *Wright*, 999 F.3d at 1561. For example, with respect to the first *Wands* factor—the quantity of experimentation necessary—it would require little or no experimentation to implement the disclosed “receiving” and “issuing” method steps via the computer disclosed in the '637 patent. As previously noted, e-mail and web sites were well known computerized means of receiving and sending documents at the time of the invention. Petitioner does not establish that this knowledge, combined with the disclosed method steps and the disclosed computer in the '637 patent, is insufficient to teach or enable a person of ordinary skill in the art at this time to make the computer implemented invention of claim 1. For example, Internet-based check ordering was known around the time of the filing of the '637 patent. U.S. Patent No. 7,788,175 to Hadfield (“Hadfield '175 patent”)(Ex. 2015) was filed in 2003. The Hadfield

² Petitioner does not dispute that each method step of claim 1, and the language therein, is fully enabled by the '637 patent specification. The issue presented by Petitioner, rather, is whether the “computer implementation” language is enabled for these steps.

'175 patent discloses an Internet-based check ordering system. It included "software for enabling input at the [check order entry user] interface of receiving client data, client check number data, client bank transit number data, client bank accounting data (e.g. checking or savings, etc.) and client bank routing data." *Id.* at 2:33-38. It also discloses that the data can be used by a computerized printing system to print the ordered check, e.g. the check shown in FIG. 2 (reproduced below). *Id.* at 3:1-51.



Thus, it would take little effort for the artisan at that time to build, for example, a system with a computer that receives an order from consumers electronically, e.g. through a web site. The Petition does not even address the degree of experimentation that would be required of the artisan to build such a system, much less provide evidence establishing that it would be unduly difficult.

Patent Owner submits that representations of notifications, written limited power of attorneys, and/or reimbursements could readily be handled electronically, such as by e-mail or a web site. The Petition also fails to address the degree of difficulty of building a system capable of doing so.

With respect to the second and third *Wands* factors—the amount of direction or guidance presented (factor 2) and the presence or absence of working examples (factor 3)—as discussed above, there were many well known techniques (such as e-mail and web sites) for receiving data (e.g., electronic representations of documents) that a person skilled in the art could have used to computerize these method steps. Receiving data was well known. No explicit disclosure regarding these techniques needed to be disclosed in the '637 patent. See, e.g., MPEP 2164.01(a) (“A patent need not teach, and preferably omits, what is well known in the art”) (citing *In re Buchner*, 929 F.2d 660, 661, 18 U.S.P.Q.2d 1331, 1332 (Fed. Cir. 1991)).

With respect to *Wands* factors four and seven—the nature of the invention (factor 4) and the predictability or unpredictability of the art (factor 7)—the nature of the invention relates to methods for providing recovery of losses associated with unauthorized use of checks, and the art in this particular field is very predictable compared to other fields (such as, for example, the biochemical arts). See, MPEP 2164.03. The aforementioned factors, when weighed together, provide an important indicator that the disclosure of the '637 patent is enabling for the “computer implemented” language. *Wands* 858 F.2d at 737 (“Whether

undue experimentation is needed is not a single, simple factual determination, but rather is a conclusion reached by weighing many factual considerations.”). See, also, MPEP 2164.01(a). Petitioner provides no evidence to the contrary.

3. The Challenged Claims are Definite (Petitioner's Ground 4)

Finally, in its “spaghetti against the wall” approach, Petitioner contends the claims are indefinite. The challenged claims of the ‘637 patent are in fact definite. Petitioner does not meet its burden of establishing that it is “more likely than not” that any of the challenged claims of the ‘637 patent are invalid under 35 U.S.C. § 112, ¶ 2 as being indefinite. Nevertheless, Patent Owner addresses Petitioner's erroneous arguments.

a. Legal Standard for Definiteness

Section 112, ¶ 2, requires that a patent specification “conclude with one or more claims particularly pointing out and distinctly claiming subject matter which the applicant regards as his invention.” The definiteness requirement is deeply rooted in public policy – its primary purpose is “to ensure that the scope of the claims is clear so the public is informed of the boundaries of what constitutes infringement of the patent.” MPEP 2173.

The test for whether a claim meets this definiteness requirement is whether a person of ordinary skill in the art would have understood the scope of the claims when read in light of the specification. *Exxon Research and Eng'g Co. v. United States*, 265 F.3d 1371, 1375 (Fed. Cir. 2001); *Personalized Media Commc'ns v. Int'l Trade Comm'n*, 161 F.3d 696, 705 (Fed. Cir. 1998).

b. The '637 Patent Claims are Definite

Petitioner rests its entire indefiniteness grounds on the argument that it is unclear which recitations of claim 1 are “computer implemented”. Petition at 43. As discussed in previous sections, it is clear from a reading of the specification that the step of “recording in a record of a database” recited in claim 1 must be computer implemented. The remaining recitations of claim 1 may also be computer implemented (as also discussed in previous sections); however, this computer implementation is not required and does not result in indefiniteness.

Claim recitations and terms generally encompass more than one embodiment, and the Federal Circuit has “cautioned against limiting the claimed invention to preferred embodiments or specific examples in the specification.” *Teleflex, Inc. v. Focosa No. Am. Corp.*, 299 F.3d 1313, 1327-28 (Fed. Cir. 2002). Nothing in the law of the patent rules and regulations prohibits one or more of the claimed recitations from being computer implemented in one embodiment, and not computer implemented in another embodiment. See MPEP 2173.04 (“Breadth of a claim is not to be equated with indefiniteness.”) (citing *In re Miller*, 441 F.2d 689, 169 U.S.P.Q. 597 (CCPA 1971)). Regardless of whether or not a particular claimed recitation is computer implemented, the '637 patent claims are definite because they adequately perform their function of “provid[ing] clear warning to others as to what constitutes infringement of the patent.” *Solomon v. Kimberly-Clark Corp.*, 216 F.3d 1372, 1379 (Fed. Cir. 2000).

C. The Challenged Claims Are Patentable Under 35 U.S.C. § 103

1. Overview of Petitioner's 35 U.S.C. § 103 Arguments

Petitioner's grounds for obviousness boil down to two combinations of alleged prior art. Neither comes close to meeting the threshold required to institute a review: 'that it is more likely than not that the challenged claims are unpatentable'. See 35 U.S.C. § 324; 37 C.F.R. § 42.208. The two combinations are:

1. A check fraud prevention system, plus an online check-ordering system, plus an article on subject matter that the '637 patent explicitly distinguishes—insurance; and
2. An online check ordering system, plus that same article on insurance.

Each combination has similar shortcomings. **First**, as Petitioner admits, each combination lacks explicit disclosure of "a written limited power of attorney authorizing collection of an amount of money fraudulently obtained from the checking account." This element is required by all of the challenged claims, and both of Petitioner's theories to try to fill the gap fall short of the 'more likely than not' threshold. Petitioner's first theory—a proposed construction that writes "power of attorney" out of the claim entirely—conflicts with both the intrinsic and extrinsic evidence. Petitioner's backup theory—that a fourth reference ("Pine") discloses the "power of attorney"—fares no better. Pine was (1) already before the PTO; (2) already dismissed by the Examiner of the '637 patent as failing to disclose the required "power of attorney;" and (3) is directed to the completely unrelated field of "installing credit card processing for internet merchants."

Second, each of Petitioner's combinations relies exclusively on one reference—"Farnsworth"—for disclosure of the claim element "issuing a reimbursement to the consumer." However, the entire focus of Farnsworth is "Insurance against Check Forgery." In contrast, the '637 patent explicitly states that "[t]he check fraud protection program described herein is not an insurance policy." ('637 patent, Ex. 1001 at 4:60-61.) Thus, Farnsworth neither discloses the type of reimbursement claimed by the '637 patent, nor would there be any reason to combine Farnsworth with other references, given that Farnsworth is from a field of endeavor that the patentee explicitly said is not relevant to the field of the '637 patent.

Third, Grounds 9-12 for obviousness (based on Petitioner's second combination of references) should all be rejected because Petitioner fails to show that any of those references disclose the required "recording in a record of the database, a range of numbers of the checks." It is Petitioner's burden to "demonstrate that it is more likely than not" that the challenged claims are unpatentable. 35 U.S.C. 324(a). But Petitioner's sole argument is that this element is inherent, and the Petition completely fails to meet the requirement for demonstrating inherency and showing why check numbers must necessarily be recorded in the database.

Finally, all of Petitioner's obviousness arguments must be considered in light of secondary considerations of non-obviousness. And here, those considerations include

(1) the commercial success of the fraud protection program covered by the '637 patent; as well as (2) the Petitioner's blatant copying of the program.

2. Summary of References

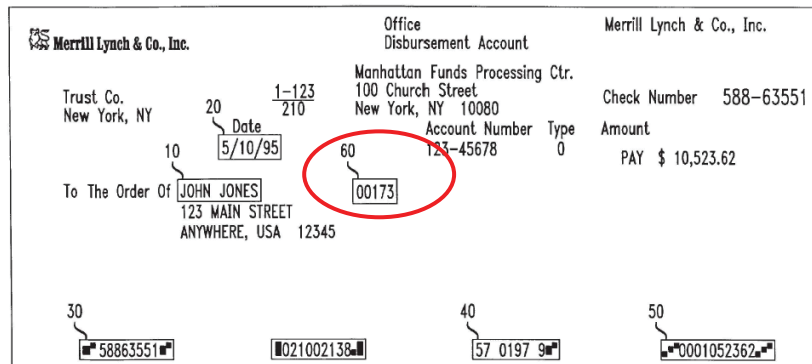
a. Farnsworth

“Insurance Against Check Forgery” by E. Allan Farnsworth (hereinafter “Farnsworth”, Ex. 1003) is a fifty-year-old law review article described by its author as an overview of “the extent of the insurance available against check forgery, the nature of the risk that is insured, and the issues that such insurance has raised in the courts...” (Farnsworth, Ex .1003 at 285.) As such, Farnsworth is directed at the one topic the '637 patent mostly clearly distinguishes itself from—insurance. (See, e.g., '637 patent, Ex. 1001 at 4:60-66 (“The check fraud protection program described herein is not an insurance policy”).) Farnsworth discusses forgery insurance starting with suretyships that the article says “go back almost five thousand years.” (Farnsworth, Ex. 1003 at 286.) The remainder of the article discusses the many problems and outstanding legal questions associated with trying to recover losses through insurance. (*Id.* at 294-325.) Farnsworth focuses almost exclusively on insurance transactions between sophisticated institutions such as banks and other businesses, and makes no mention of consumers. This is unsurprising, given the conclusion in the '637 patent that investigating fraud and seeking reimbursement “are generally unfamiliar to the average consumer, and the apprehension of such tasks can present a barrier to entry.” ('637 patent, Ex. 1001 at 2:7-10.)

b. Carney

U.S. Patent No. 6,181,814 to James F. Carney, is entitled “Check Fraud Detection Techniques Using Encrypted Payee Information” (hereinafter “Carney,” Ex. 1019). As its title indicates, Carney is directed at fraud-detection, not fraud recovery. Carney posits that its system can “ensure checks issued and presented through the banking system contain no material alterations to printed check information, such as the payee name, issue date, check number and check amount.” (*Id.* at 1:14-15.) Specifically, Carney describes a system that coordinates manufacturers of pre-printed checks (those having payment and payee information) with the banks the checks are drawn against. In this system, the printer adds an encrypted code number to the checks using an algorithm shared by the printer and bank. (*Id.* at 3:6-33.) Figure 1 of Carney, shown below, shows an example of such a code (circled in red by Patent Owner to highlight the code):

FIG. 1



(*Id.* at Fig. 1; emphasis added.) The encrypted code corresponds to the check information such as the payee name and amount. (*Id.* at 3:6-33.) The bank can then use this information when it receives the check to ensure that the check has not been altered. If the

payee or payment amount have been changed, the bank's algorithm will generate a different code that will not match the code on the check. (*Id.*)

c. Pine

U.S. Publication No. 2002/0032648 to Pine et al., is entitled "Method For Installing Credit Card Processing For Internet Merchants" (hereinafter "Pine," Ex. 1007). Pine is directed at credit card processing, and has nothing to do with fraud detection, prevention or recovery.³ Pine discusses a method for enrolling Internet merchants in credit card processing programs. In order to quickly and efficiently enroll the Internet merchant, the merchant empowers a third party to handle the enrollment using a limited power of attorney. Pine was discussed at length during prosecution of the '637 patent. During prosecution, the patentee pointed out (and the Examiner agreed) that whatever "power of attorney" Pine disclosed, it was directed solely at allowing a person to act on behalf of a merchant to allow the merchant to accept and process credit cards. Pine does not disclose the "written limited

³ The word "fraud" occurs once in the Pine specification, but only in a peripheral manner as follows: "For reasons related to actuarial statistics related to fraud, standard merchants (entities wishing to sell goods and/or services) have historically been divided into essentially three categories by credit card processing financial institutions: retail store merchants, mail order merchants and telephone order merchants". Pine is otherwise silent as to fraud.

power of attorney authorizing collection of an amount of money fraudulently obtained from the checking account" limitation of the challenged claims.

d. DesignerChecks.com website printout

Despite Petitioner's description of this reference as a "website" system (Petition at 47), the only actual art cited is a document—specifically, four pages from a purportedly-archived website that Petitioner asserts were "published February 3, 2001." Even if that is correct, DesignerChecks discloses little more than a website from which consumers can order checks. One webpage mentions that the DesignerChecks.com is a member of AMOCA, the American Mail Order Check Association. In an effort to reassure potential check purchasers that buying checks from the website is as good as buying them from a bank, DesignerChecks.com notes that AMOCA operates a "clearing house" for suspected unauthorized check order requests. However, that clearing house is strictly for fraud prevention/detection. All the clearing house does is to notify other AMOCA members if one member uncovers a possible unauthorized order so that the suspicious account number can be monitored (Ex. 1023 at 1-2.):

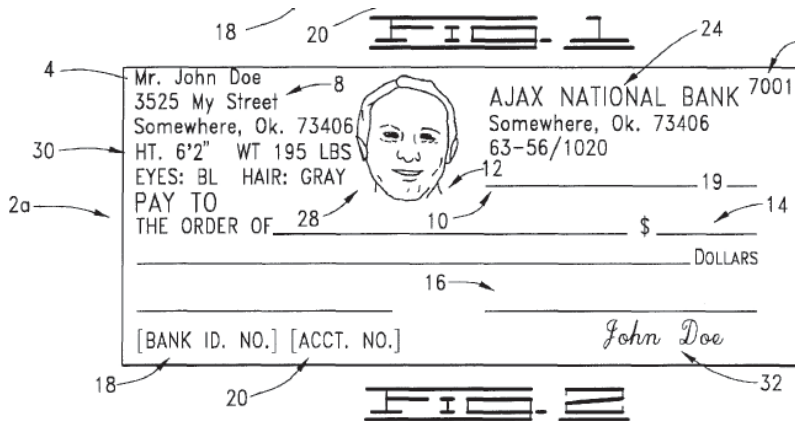
AMOCA goes even one step further than your financial institution with AMOCA Fraud Alert. AMOCA acts as a clearing house for suspected unauthorized check order requests. If one member uncovers a possible unauthorized order, all other members of AMOCA are notified within 24 hours to prevent and halt any orders being printed for the suspect account.

e. DOJ Fraud Bulletin

The article "Identity Theft: The Crime of the New Millennium" by Sean B. Hoar (hereinafter "DOJ Fraud Bulletin") is a bulletin from the U.S. Department of Justice that discusses the growing problem of identity theft. The only mention of "check fraud" is described in the context of identity theft. The bulletin instructs people to close any accounts that are affected by identify theft, stop payment on stolen checks, and notify retailers not to accept the checks. The instructions are solely directed at having the consumer take all of the action to try to deal with the effects of identity theft. Petitioner represents that the Bulletin "describes various actions that should be taken in response to check fraud." (Petition at 49.) That is not true. In sharp contrast to Petitioner's representation, the DOJ Fraud Bulletin describes various actions to be taken by consumers in response to identify theft, not "check fraud." (Ex. 1024 at 25.)

f. Wilkinson

U.S. Patent No. 5,863,074 to Rudolph P. Wilkinson is entitled "Fraud inhibiting personal check and method" (hereinafter "Wilkinson", Ex. 1025). As its title suggests, Wilkinson describes a method for discouraging check fraud. Wilkinson discloses checks that include personal identification information for the check's writer (Wilkinson, Ex. 1025 at Fig. 2):



As the figure above suggests, Wilkinson has nothing to do with recovery from check fraud.

3. The Three- and Four-way Combinations of Carney With Other Art are Missing Key Claim Limitations of the '637 Patent

- a. **Claim 1 is not rendered obvious by Carney in view of Farnsworth and DesignerChecks.com, even in addition to Pine [Grounds 5 and 6]**

Claim elements 1.0 and 1.1⁴

"A computer implemented method for providing recovery for consumer victims of check fraud" and

"by a system having a database, receiving from said consumer an order for printing a series of checks for a checking account, wherein the order includes an order for check fraud protection;"

Farnsworth is directed at consumer insurance, not at the type of "recovery" covered by the '637 patent

Under Patent Owner's correct construction for "check fraud protection"—"a service that provides recovery of losses associated with unauthorized use of checks without the use

⁴ Patent Owner adopts the claim-element numbering that Petitioner uses on pages 55-78 of the Petition.

of insurance," neither Carney nor Farnsworth teach or suggest any "order for check fraud protection." And under either party's construction, neither teach or suggest a method for "providing recovery."

Petitioner does not argue that Carney or DesignerChecks.com discloses these limitations, and instead relies solely on Farnsworth. But Farnsworth is directed at fraud **insurance**—a vehicle for consumers to make **their own** recovery—not at a service for “providing recovery” to the consumer as required by all the challenged claims. Moreover, the '637 patent specifically distinguishes the types of insurance products discussed in Farnsworth (through which consumers can try to protect themselves on their own) from a service that provides recovery to the consumer directly:

“The check fraud protection program described herein is not an insurance policy although a commercial insurance provider may insure the organization providing such fraud protection. The fraud protection program is designed to facilitate the consumer's recovery of losses arising from identified check fraud events, such that the consumer obtains benefits directly from the check printer”

(‘637 patent, Ex. 1001 at 4:60-66.) This makes perfect sense: insurance is a contract as to which the insurer agrees to reimburse the loss in return for a premium, not—as in the '637 patent— act as agent to provide an advance against a recoverable loss coupled with the obligation to recover that loss from a bank. Indeed, a main goal of the methods in the '637 patent is to **avoid** forcing the consumer to have to investigate, report and seek

reimbursement for check fraud on their own from a separate entity ('637 patent, Ex. 1001 at 2:3-14; emphasis added):

Ordinarily, for a consumer to recover losses arising from victimization by check fraud, such consumer must generally investigate the fraud on their own, report such fraud to their bank or financial institution to seek reimbursement, and initiate criminal and/or civil proceedings as appropriate, if necessary. ***Such steps are generally unfamiliar to the average consumer, and the apprehension of such tasks can present a barrier to entry. Accordingly, there has been found to remain a need for a simple method for a consumer victimized by check fraud to recover from losses*** associated with specific forms of check fraud, such as forged signatures, forged endorsements, and alterations to legitimate checks.

('637 patent, Ex. 1001 at 2:3-14.) Thus, the combination of Carney, Farnsworth, and DesignerChecks.com does nothing to disclose "issuing a reimbursement to the consumer," or "providing recovery for consumer victims of check fraud."

The statement in the '637 patent that distinguishes insurance as a solution also means that there is no reason for one of ordinary skill to combine Farnsworth with Carney and DesignerChecks.com. One of ordinary skill would have no motivation to look to art on fraud insurance to combine with other art directed at the problem of *avoiding* the need for have fraud insurance.

Neither Ground 5 nor Ground 6 discloses an "order for check fraud protection" as part of "an order for printing a series of checks"

Even under Petitioner's construction for "check fraud protection" ("a service that seeks to mitigate harm to the consumer arising from check fraud"), neither Carney, Farnsworth, nor DesignerChecks disclose the required connection between an order for check printing where that same order "includes an order for check fraud protection." Petitioner does not even attempt to point to Carney or Farnsworth as disclosing an "order for check fraud protection," nor can it. (Petition at 55.) And while Petitioner's attempt to misleadingly rewrite the claim limitation in order to rely on Designer checks is clever:

The Petition: "an order for printing a series of checks for a checking account, *the order including fraud protection*"

The Actual Claim: "an order for printing a series of checks for a checking account, *wherein the order includes an order for check fraud protection*"

(*id.*), DesignerChecks simply does not disclose "an order for fraud protection." The fact that the Petitioner was willing to rewrite the claim language in this misleading manner is highly suggestive of the weakness of its argument. Instead, to the extent that the "clearinghouse" in DesignerChecks somehow equates to fraud protection under Petitioner's claim construction, there is no "order" for that protection—it is instead a non-optional feature of the American Mail Order Check Association of which DesignerChecks is a member. In addition, DesignerChecks does not disclose the type of protection—fraud recovery—claimed in the patent. DesignerChecks describes only fraud detection.

Claim elements 1.1 and 1.2

Element 1.2: "printing checks according to the order"

Carney does not disclose printing blank checks in response to a consumer order.

Under Patent Owner's correct construction for "checks," Carney is directed at an institutional environment such as a payroll provider, and specifically at generating pre-printed (not blank) checks for payment. The Carney system fully depends on having payment information for the checks in order to establish the information and encoding to prevent alternation of those checks.

It would not be possible, nor make any sense to combine the blank-check system of DesignerChecks.com with the pre-printed check system of Carney

No motivation exists to combine a system that requires shared interaction and common information between the "check issuer and the corresponding drawee bank" with a system for printing blank checks such as DesignerChecks.com. In DesignerChecks, there is no payment information, and no possibility of sharing such information with a drawee bank. Thus, the Carney system could not work with blank checks such as those created by DesignerChecks.com.

Claim element 1.4

"receiving from the consumer a notification of an occurrence of check fraud against a check within the range of numbers of the checks in such order"

Under plain language of the claim element "check within the range of numbers of the checks in such order," Farnsworth does not disclose or suggest tracking ranges of check numbers and partitioning coverage to such ranges. Petitioner does not argue differently. Instead, the insurance plans discussed in Farnsworth are directed to blanket coverage of

total losses—losses which are not linked to any particular range of checks. (Farnsworth, Ex. 1003 at 292, n. 35.)

In addition, there is no “inherent” disclosure of element 1.4 in Farnsworth as Petitioner argues. Instead, Farnsworth is directed at an **alternative** to limiting coverage to particular check ranges – i.e., blanket coverage of an individual insured up to a certain amount regardless of which or how many checks are affected by fraud. (*Id.*)

Even under Petitioner's BRI for “a check that is covered by the check protection program,” requiring only “a check that is covered by the check protection program,” Farnsworth still falls short. Again, Farnsworth discloses only insurance, not a check protection program, and no program where some checks are insured and some are not, as required by Petitioner's BRI.

Under either BRI, Farnsworth also does not “inherently teach[] receiving a notification of check fraud from the consumer,” as Petitioner claims. (Petition at 57.) The '637 patent makes clear that the party who receives notification is the check printer. (See, '637 patent, Ex. 1001 at claim 1, 4:63-5:1 (“The fraud protection program is designed to facilitate the consumer's recovery of losses ... such that the consumer obtains benefits directly from the check printer”).) But in Farnsworth, if any party receives a notification from the consumer, it is a third-party insurer, not the check printer. Farnsworth does not disclose or suggest that the party who is performing the patented steps (e.g., the check-printer or a privy) receives any “notification.”

Claim element 1.5

"receiving from the consumer a written limited power of attorney authorizing collection of an amount of money fraudulently obtained from the checking account because of the check fraud against the check within the range of numbers of the checks in the order"

Petitioner cites only Farnsworth for this limitation. At least under Patent Owner's BRI for "power of attorney," Farnsworth does not disclose a POA explicitly or inherently, let alone a POA "authorizing collection of an amount of money fraudulently obtained from [a] checking account." Farnsworth's focus on insurance actually obviates the need for a POA for collection. Instead, the insured makes a claim directly against the insurance policy. No POA is required to make such a claim. Petitioner concedes that Farnsworth does not recite a "power of attorney," let alone the specific POA required by the '637 claims, and must instead rely solely on its overbroad BRI for the term, a BRI that removes the POA limitation entirely. (Petition at 51.)

But even under Petition's erroneous BRI for a POA—"a tangible document that enables the receiving entity to pursue an appropriate action against the responsible party or parties"—the assignment in Farnsworth is provided to the insurer, not the check printer as required by the claims and specification. (See, '637 patent, Ex. 1001 at claim 1, 4:65-67 ("the consumer obtains benefits directly from the check printer").) Thus, the phrase "receiving from a consumer" is not met even under Petitioner's BRI.

In addition, the Director should deny Petitioner's argument because Farnsworth is cumulative of art previously considered by the office. See 35 U.S.C. § 325(d). Specifically, arguing that Farnsworth discloses a "power of attorney" and then combining the reference with other art is substantially the same argument the Examiner repudiated during original examination of the '637 patent. Farnsworth discloses even less than Pine, which at least mentions a "power of attorney." But as the Examiner stated in his reasons for allowance, Pine does not disclose the **required** power of attorney. The Examiner concluded that Pine (Oct. 9, 2012, Notice of Allowability.):

fail[s] to teach, fairly suggest, or render obvious to one of ordinary skill in the art the step of: '... receiving from the consumer a written limited power of attorney authorizing collection of an amount of money fraudulently obtained from the checking account because of the check fraud against the check within the range of numbers of the checks in the order;

Pine does not disclose the required "limited power of attorney" (GROUND 6)

Farnsworth's failings are highlighted by the fact that Petitioner includes a four-way backup obviousness argument based on Pine instead of Farnsworth. Petitioner's Ground 6 removes Farnsworth as a reference for the "power of attorney" and instead cites Pine as disclosing this element. But as above, Pine was already cited and ultimately rejected by the Examiner for the same proposition. And as above, Petitioner's repetition of Pine and the prior arguments made during prosecution is sufficient to reject Ground 7. See 35 U.S.C. § 325(d).

Petitioner also fails to provide a concrete motivation to combine Pine—a credit card processing reference directed at Internet merchants—with references that discuss check fraud such as Carney and Farnsworth. Petitioner's argument that all these references somehow involve payments (Petition at 62-63) ignores the fact that credit cards and checks are alternatives to one another.

In addition, Petitioner's cite to MPEP § 2143(F) is misleadingly incomplete. The full cite is "work in one field of endeavor may prompt variations in another or the same field **if the variations are predictable to one of ordinary skill in the art.**" (*Id.*; missing text emphasized) Petitioner makes no assertion that applying check fraud detection or insurance techniques would be predictably applied to credit card processing, or even that such variations would be relevant or practical.

b. Claim 3 is not rendered obvious by Carney in view of Farnsworth and DesignerChecks.com, even in addition to Pine [Grounds 5 and 6]

3. *"wherein the printing checks further comprises printing indicia upon each check to signify a check fraud protection program."*

Under a proper construction of "indicia," Carney does not teach or suggest "printing indicia upon each check **to signify a check fraud protection program.**" As above, the BRI of "indicia" is "an indicator." This could include, for example, a symbol or phrase that a consumer would recognize as indicating that the check is part of a protection program. In contrast, there is nothing indicative about a few additional digits in the middle of a check.

Compare, for example, the distinctive 'shield' symbol that the '637 patent discloses as indicia on the left of Table 2, below, to the added number in Carney on the right:

Table 2:

<p>'637 Patent, Fig. 1 (red circles added by Patent Owner for emphasis).</p>	<p>Carney Patent, Fig. 1 (red circle added by Patent Owner for emphasis).</p>

In addition, under any reasonable construction for "indicia," there is no suggestion that the added code number in the pre-printed checks of Carney is meant to signify or "indicate" a check fraud protection program as required by claim 3. The sole stated purpose of the added code in Carney is to accommodate detection of fraud, not to signify that these checks are part of a fraud protection program. (See Carney, Ex. 1019 at 4:39-65; Fig. 1.)

- c. **Claims 4 and 5 are not rendered obvious by Carney in view of Farnsworth and DesignerChecks.com, even in addition to Pine [Ground 7]**
- 4. "...wherein the receiving notification of the occurrence of check fraud further comprises receiving documented proof of the check fraud"
- 5. "... wherein the documented proof of the check fraud comprises a police report"

Petitioner provides no grounds for invalidating claims 4 and 5 using the Pine reference for the “power of attorney” element of claim 1. Instead, the only ground posed is a four-way combination that relies on Farnsworth for this element. As a result, should the Board determine that Farnsworth does not disclose a “power of attorney,” the Board must also find that claims 4 and 5 are not obvious. This same result applies to claims 7 and 8, below.

Should the Board decide that Farnsworth discloses a power of attorney without actually mentioning one, claims 4 and 5 are still not obvious. The passage Petitioner cites in the DOJ Bulletin at most suggests that the consumer notify the financial institution (creditor) on whose account the fraud was perpetrated. See DOJ Bulletin at 25-26 (“If financial information has been obtained, the financial entity (the bank, brokerage firm, credit union, credit card company, etc.) should be contacted.”) This is the opposite of the patented system, which instead provides a system that allows the consumer to notify and work with the fraud recovery system provided by the check printer—not the financial institution or creditor. See ‘637 patent, Ex. 1001 at 2:3-14 (“Ordinarily, for a consumer to recover losses arising from victimization by check fraud, such consumer must generally investigate the fraud on their own, report such fraud to their bank or financial institution to seek reimbursement, and initiate criminal and/or civil proceedings as appropriate”.)

d. Claim 7 is not rendered obvious by Carney in view of Farnsworth and DesignerChecks.com, even in addition to Pine [Ground 7]

7. "further comprising: upon receiving notification of the check fraud, printing a new series of checks for a new checking account that receives the consumer's funds after an original, compromised checking account is closed."

The four-way combination of Carney, Farnsworth, DesignerChecks.com and the DOJ Bulletin does not render claim 7 obvious. Even the addition of the DOJ Bulletin does not disclose or suggest the requirement in claim 7 of "printing a new series of checks for a new checking account that receives the consumer's funds after an original compromised checking account is closed." First, the bulletin simply fails to disclose printing new checks. (Ex. 1024 at 26.) No mention of printing new checks is made in the Bulletin, nor is any identified in the Petition. (See Petition at 64-65.) Second, to the extent that opening a new checking account somehow discloses the limitation, the DOJ Bulletin suggests that the **consumer**—not the fraud recovery system—close the account affected by fraud and open the new accounts. (*Id.*) Again, the '637 patent makes clear that forcing the consumer to perform these steps is part of the prior art that the patent distinguishes itself from. See '637 patent, Ex. 1001 at 2:3-14.

e. Claim 8 is not rendered obvious by Carney in view of Farnsworth and DesignerChecks.com and Wilkinson [Ground 8]

8. *"...wherein the consumer's checking account comprises a personal checking account."*

Claim 8 is not obvious in light of the four-way combination of Carney, Farnsworth, DesignerChecks.com and Wilkinson. Petitioner cites Wilkinson for the element of claim 8: "wherein the consumer's checking account comprises a personal checking account." But one of ordinary skill would have no reason to combine Wilkinson with the other references. Wilkinson involves a method for discouraging check fraud by adding personal identification to checks, and has nothing to do with providing recovery for victims of check fraud.

f. Claim 10 is not rendered obvious by Carney in view of Farnsworth and DesignerChecks.com, even in addition to Pine [Grounds 5 and 6]

10. *"...wherein the written limited power of attorney and the assignment assign rights to a check printer, the method further comprising: using the written limited power of attorney to pursue recovery from the financial institution for the check printer."*

Claim 10 is not obvious under Petitioner's Grounds 5 and 6 for the same shortcomings identified for claim 1. None of the references for these grounds discloses a power of attorney as well as a (separate) assignment of rights as required by claim 10.

4. The Two- and Three-way Combinations of DesignerChecks.com With Other Art are Missing Key Claim Limitations of the '637 Patent

Each of the obviousness combinations underlying Petitioner's Grounds 9 through 12 relies on a combination of DesignerChecks.com and Farnsworth. Thus, each of these

grounds fail as relying on a combination of (1) an online check ordering system; and (2) a fifty-year-old article on subject matter that the '637 patent explicitly distinguishes—insurance. As such, each of the grounds fails to render the patent obvious because there is no motivation to combine a check-ordering system with another system in a field that is explicitly not related to the inventive subject matter of the '637 patent. Moreover, as above, Farnsworth fails to disclose a power of attorney, and the PTO has already agreed that the alternative Pine reference also fails to disclose or suggest the required POA.

- a. **Claim 1 is not rendered obvious by DesignerChecks in view of Farnsworth, even in addition to Pine [Grounds 9 and 10]**

Claim element 1.1

"by a system having a database, receiving from said consumer an order for printing a series of checks for a checking account, wherein the order includes an order for check fraud protection;"

DesignerChecks.com is nothing more than a check-ordering website, and Farnsworth is directed at fraud insurance—a type of fraud mitigation from which the '637 patent is expressly distinguished. Like Petitioner's Grounds 5 and 6, this combination does nothing to disclose "issuing a reimbursement to the consumer," and "providing recovery for consumer victims of check fraud."

Under Patent Owner's correct construction for "check fraud protection"—which properly excludes fraud prevention and insurance—Grounds 9 and 10 fail, as the DesignerChecks and Farnsworth disclose only those excluded subject areas. But even under Petitioner's construction ("a service that seeks to mitigate harm to the consumer

arising from check fraud"), neither DesignerChecks nor Farnsworth disclose the required order for check printing where that same order "includes an order for check fraud protection." Petitioner does not even attempt to point to Farnsworth as disclosing an "order for check fraud protection," nor can it. (Petition at 68.) And just like claim 1.1 for Grounds 5-8, DesignerChecks also does not disclose an order for fraud protection. Although Petitioner claims that the order for checks somehow includes fraud protection, there is nothing to suggest that an actual order for such protection is made by the consumer. Instead, to the extent that the "clearinghouse" in the reference somehow equates to fraud protection under Petitioner's claim construction, there is no "order" for that protection—it is instead simply a non-optional feature of the American Mail Order Check Association of which DesignerChecks is a member.

Claim element 1.2

"printing checks according to the order"

At least under Petitioner's BRI for "printing"—"producing printed material by means of inked type and a printing press or similar means"—Grounds 9 and 10 should be rejected for failing to show that DesignerChecks.com inherently teaches printing of checks by inked type and a printing press. But it was Petitioner's burden to show a basis in fact and/or technical reasoning to reasonably support the determination that the allegedly inherent characteristic necessarily flows from the teachings of the applied prior art." *Ex parte Levy*, 17 U.S.P.Q.2d 1461, 1464 (B.P.A.I. 1990). And Petitioner failed to show that the system of

DesignerChecks.com would *necessarily* have used a printing press or similar means.⁵ In fact, it is more likely than not that an online ordering system of the type disclosed in DesignerChecks.com would have used some type of computerized printing mechanism other than a printing press.

Claim element 1.3

"recording in a record of the database, a range of numbers of the checks"

Neither DesignerChecks nor Farnsworth disclose a "database" in which a "range of numbers of the checks" is recorded

Petitioner does not point to any "database" in either DesignerChecks or Farnsworth under *any* proposed construction for the term. Instead, Petitioner argues only inherency: "It is inherent that such an online ordering system would have recorded ordered checks in a database for the purposes of detecting fraud, as described above, and for keeping track of customers' orders." (Petition at 69-70.)

But it was Petitioner's burden to provide "a basis in fact and/or technical reasoning to reasonably support the determination that the allegedly inherent characteristic necessarily flows from the teachings of the applied prior art." *Ex parte Levy*, 17 U.S.P.Q.2d at 1464.

⁵ Petitioner's cite to the Harris Declaration does not provide any basis for inherency. That declaration simply recites *verbatim* Petitioner's attorney argument on inherency without any addition detail as to why a range of check numbers needs to be recorded, let alone recorded in a database.

The fact that a certain result or characteristic may occur or be present in the prior art is not sufficient to establish the inherency of that result or characteristic. *In re Rijckaert*, 9 F.3d 1531, 1534, 28 U.S.P.Q.2d 1955, 1957 (Fed. Cir. 1993). Here, Petitioner failed to show why a database would necessarily be used, and more importantly, why a "range of numbers of the checks" must necessarily be recorded. Petitioner fails to point to **any** disclosure of check numbers, real or 'inherent', in the DesignerChecks.com reference, let alone any tracking or recording thereof. (See Petition at 69-70.) Petitioner also fails to point to anything that would indicate that check numbers were ever stored, such as an ordering process that did not require the starting check-number. (*Id.*) In fact, the DesignerChecks "reorder" page indicates that reorders are limited for "security reasons" to situations in which the consumer can provide a check reorder form—a form that typically has check number information on it (see Ex. 1021; emphasis added in red):



Do you have other accounts?

You can order online for other accounts and receive our introductory pricing PLUS free matching name and address labels.

ORDER NOW!

Order Accessories [online!](#)

- Leather Checkbook Covers
- Name and Address Stamps
- Checkbook Calculators
- Homeowner's Diary
- Bill Organizer
- Check Storage Box

* **FREE label offer does not apply to University check orders**

With Designer Checks, you have 3 easy options for reordering your checks:

1. Reorder online from [this website](#).
2. Call our toll-free reorder hotline – 1-800-239-4770. Ask about direct debit!
3. Complete and mail the reorder form in your most recent order.

For security reasons, reordering on the internet is limited to the following conditions:

- Your name, address, bank, and account information is the same,
- You want your checks shipped to the address printed on the checks, AND
- You have the reorder form from your most recent order. (You'll need your reorder number.)

There is also no reason that check numbers would be necessary for "detecting fraud," as Petitioner suggests. (Petition at 70.) Common sense dictates that the AMOCA fraud "clearinghouse for suspected unauthorized check-order requests" in DesignerChecks.com would have no reason to track check numbers in orders. The only information shared by AMOCA is apparently the account number of the suspicious account. (Ex. 1023 at 1-2 ("If one member uncovers a possible unauthorized order, all other members of AMOCA are notified within 24 hours to prevent and halt any orders being printed for the suspect account.")) Petitioner's failure to support its inherency claim mandates that Grounds 9-12 should be summarily rejected as failing to show that it is 'more likely than not' that the challenged claims are unpatentable.

Claim elements 1.4 – 1.6

Petitioner relies on the exact same art and arguments for claim elements 1.4 through 1.6 of Grounds 9-12 as it does for Grounds 5-8. As such, Grounds 9-12 fail to render these claims obvious for the same reasons that Grounds 5-8 fail to render them obvious. Accordingly, the respective discussion for Grounds 5-8, above, is incorporated here by reference for claim elements 1.4 through 1.6 of Grounds 9-12.

b. Claims 2, 4, 5, 6, 7, 8, 9, and 10 are not rendered obvious by DesignerChecks.com in view of Farnsworth, even in addition to Pine [Grounds 9 through 12]

Petitioner relies on the exact same art and arguments for claims 2, 4, and 6-10 of Grounds 9-12 as it does for Grounds 5-8. As such, Grounds 9-12 fail to render these claims obvious for the same reasons that Grounds 5-8 fail to render them obvious. Accordingly, the respective discussion for Grounds 5-8, above, is incorporated here by reference for claims 2, 4, and 6-10 of Grounds 9-12.

c. Claim 3 is not rendered obvious by DesignerChecks.com in view of Farnsworth, even in addition to Pine [Grounds 9 and 10]

3. *"wherein the printing checks further comprises printing indicia upon each check to signify a check fraud protection program."*

Petitioner relies entirely on a "microprinted line saying 'authorized signature'" to argue that Grounds 9 and 10 disclose the elements of claim 3. They do not. First, the '637 patent explicitly distinguishes microprinting from anything having to do with the patented invention. ('637 patent, Ex. 1001 at 1:67-2:1 (noting failure of techniques such as "[s]pecial

inks, microprinting, encryption of machine-readable code".) Second, microprinting is well-known a mechanism to detect fraud, not to signify the presence of some protection program. Nothing in DesignerChecks suggests that the microprinting is intended to signify anything at all, let alone "a check fraud protection program." The fact that microprinting is typically too small to be easily read also confirms this.

VI. CONCLUSION

For the foregoing reasons, Patent Owner respectfully submits that Petitioner has failed to establish that it is more likely than not that the '637 patent is invalid under any of 35 U.S.C. §§ 101, 112, ¶ 1, 112, ¶ 2, or 103. Accordingly, the petition should be denied.


DATE: July 30, 2013

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CERTIFICATE OF SERVICE

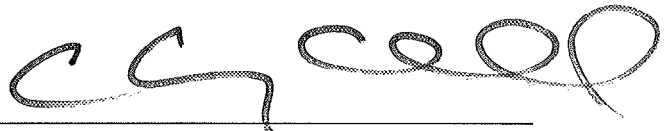
I hereby certify pursuant to 37 C.F.R. §§ 42.6(e) that a complete copy of:

- Patent Owner's Preliminary Response Under 37 C.F.R. § 42.207;
- Exhibits 2001-2015; and
- this Certificate of Service

are being served electronically (as consented to by Petitioner), on the 30th day of July, 2013, the same day as the filing of the above-identified documents in the United States Patent and Trademark Office (USPTO), upon:

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