

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE OFFICE OF THE UNDER SECRETARY OF COMMERCE
FOR INTELLECTUAL PROPERTY AND DIRECTOR OF THE UNITED
STATES PATENT AND TRADEMARK OFFICE

XEROX CORP., ACS TRANSPORT SOLUTIONS, INC.,
XEROX TRANSPORT SOLUTIONS, INC.,
NEW JERSEY TRANSIT CORP., and CONDUENT INC.,
Petitioner,

v.

BYTEMARK, INC.,
Patent Owner.

IPR2022-00624
Patent 10,360,567 B2

Before KATHERINE K. VIDAL, *Under Secretary of Commerce for
Intellectual Property and Director of the United States Patent and
Trademark Office.*

DECISION
Granting *Sua Sponte* Director Review and
Affirming the Patent Trial and Appeal Board Decision Denying Institution

I. INTRODUCTION

On August 24, 2022, the Patent Trial and Appeal Board (Board) issued a Decision Denying Institution of *Inter Partes* Review. Paper 9 (Decision or Dec.). The Board denied institution because it determined that certain of Petitioner’s arguments regarding inherency and obviousness were supported only by its expert’s declaration,¹ which the Board determined was conclusory and added little to the assertions the testimony was offered to support. *Id.* at 15–16. Accordingly, the Board found that the expert testimony was entitled to little weight. *Id.* (citing 37 C.F.R. § 42.65(a)).

On September 23, 2022, Petitioner requested rehearing and Precedential Opinion Panel (POP) review of the Board’s Decision. Paper 10; Ex. 3001. Concurrent with this Decision, the POP has dismissed the request for rehearing and POP review.

I have reviewed the Board’s Decision, the relevant papers, and the exhibits of record in this proceeding. I determine that *sua sponte* Director review of the Board’s Decision is appropriate to address the Board’s consideration of expert testimony. *See Interim process for Director review*² § 10 (setting forth issues that may warrant Director review), § 22 (providing for *sua sponte* Director review of institution decisions in AIA proceedings and explaining that “the parties to the proceeding will be given notice” if Director review is initiated *sua sponte*).

Having determined that this issue is already fully briefed, no additional briefing from the parties is authorized or necessary to resolve the issue raised in Petitioner’s rehearing request. *See Interim process for*

¹ Ex. 1003.

² Available at www.uspto.gov/patents/patent-trial-and-appeal-board/interim-process-director-review.

Director review §§ 13, 22 (explaining that the Director may give the parties to the proceeding an opportunity for briefing if Director review is initiated *sua sponte*). Having reviewed the Board’s Decision, the relevant papers, and the exhibits of record in this proceeding, I *affirm* and designate as precedential the Board’s Decision Denying Institution.

II. DISCUSSION

The claimed invention is directed to an electronic ticketing system that identifies ticket fraud and, accordingly, blocks the user account associated with such fraud by setting a data value in the user account. Ex. 1001, code (57), 13:21–28, 14:5–14. Claim 1 recites, in relevant part, “determine the occurrence of the fraudulent activity associated with the user account . . . and store in a data record associated with the user account a data value indicating the fraudulent activity.” *Id.* at 18:4–9.

In the Petition, Petitioner contends that the prior art reference Terrell teaches this limitation of claim 1. Pet. 28. Petitioner relies on Terrell’s disclosure that after fraudulent activity is detected, “the purchaser of the ticket could be blocked from further use of the system or pursued in respect of their potential fraud.” *Id.* (citing Ex. 1008 (Terrell), 14:15–17). Thus, as explained by the Board, Terrell discloses blocking a *user*, but does not expressly disclose blocking a “user *account*”; nor does Terrell disclose blocking the user account via a “data value indicating the fraudulent activity” stored in the “data record associated with the user account.” Dec. 14–15.

Petitioner argues that a person of ordinary skill in the art (POSITA) would understand that Terrell’s disclosure of blocking a user “would require recording the blocking in a data record associated with that user’s account.” Pet. 28 (citing Ex. 1003 (Declaration of Dr. Mark Jones) ¶ 54). Petitioner

further argues, based on that same disclosure, that a “POSITA would find it obvious that blocking the account of the purchaser from further use of the system would include storing a data value indicating the fraudulent activity in a data record associated with the user account, for example, in Terrell’s registration details database 112 or its database 111.” *Id.* (citing Ex. 1003 ¶ 54). Paragraph 54 of the expert declaration, relied on by Petitioner, is an exact restatement of the Petition’s arguments without any additional supporting evidence or reasoning. *Compare id.* at 28–29, with Ex. 1003 ¶ 54.

The Board’s decision denied institution because Petitioner’s only evidence in support of its assertions was the declaration of its expert, which was unsupported by evidence or reasoning. Dec. 15–16. In particular, the Board explained that the declaration “merely repeats, *verbatim*, the conclusory assertion for which it is offered to support.” *Id.* Accordingly, the Board determined the expert declaration was entitled to little weight. *Id.*

In its rehearing request, Petitioner asserts that “the Board misapprehended or overlooked Petitioner’s evidence.” Req. Reh’g 1. In its argument, Petitioner highlights the shortcomings of its own Petition, asserting for the first time that the claimed account blocking technique for fraud, which was not expressly disclosed in the prior art, is “common sense based on current known fraud detection technologies” (*id.* at 2–3), that “[t]here are only a finite number of predictable, known options for identifying and blocking fraudulent purchasers” (*id.* at 4), that “the most efficient—and perhaps the only way—to block or pursue a purchaser for fraud is by flagging the purchaser’s account with information stored in that data record” (*id.* at 6), and that “recording blocking data in a user account is

particularly straightforward.” (*id.* at 5). These assertions are untimely and again lack support in the testimony of Petitioner’s expert.

I determine that the Board was correct in giving little weight to Petitioner’s expert because the expert declaration merely offered conclusory assertions without underlying factual support and repeated, *verbatim*, Petitioner’s conclusory arguments. *See In re Ethicon, Inc.*, 844 F.3d 1344, 1348, 1352 (Fed. Cir. 2017) (concluding that the Board properly gave “little weight” to conclusory expert testimony of objective indicia); *see also TQ Delta, LLC v. Cisco Sys.*, 942 F.3d 1352, 1359 (Fed. Cir. 2019) (“This court’s opinions have repeatedly recognized that conclusory expert testimony is inadequate to support an obviousness determination on substantial evidence review”). The declaration does not provide any technical detail, explanation, or statements supporting *why* the expert determines that the feature in question was required or would have been obvious based on the prior art disclosure. *See* Ex. 1003 ¶ 54. Instead, the declaration copies, word-for-word, Petitioner’s conclusory assertions. *Compare id.*, with Pet. 28–29. The declaration sets forth Petitioner’s conclusory assertions as though they are facts, rather than setting forth facts and evidence in support of Petitioner’s assertions. Accordingly, I agree with the Board’s explanation that “the cited declaration testimony is conclusory and unsupported, adds little to the conclusory assertion for which it is offered to support, and is entitled to little weight” under 37 C.F.R. § 42.65(a). *Id.* at 15 (citing *Upjohn Co. v. Mova Pharm. Corp.*, 225 F.3d 1306, 1311 (Fed. Cir. 2000); *Ashland Oil, Inc. v. Delta Resins & Refractories, Inc.*, 776 F.2d 281, 294 (Fed. Cir. 1985); *Carella v. Starlight Archery & Pro Line Co.*, 804 F.2d 135, 138 (Fed. Cir. 1986)).

III. CONCLUSION

For the above reasons, I *affirm* and designate as precedential the Board's Decision Denying Institution of *Inter Partes* Review.

IV. ORDER

Accordingly, it is

ORDERED that *sua sponte* Director review of the Board's Decision Denying Institution is initiated;

FURTHER ORDERED that the Decision Denying Institution is *affirmed*.

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For PETITIONER:

Ashley N. Moore
Scott W. Hejny
McKool Smith P.C.
amoore@mckoolsmith.com
shejny@mckoolsmith.com

For PATENT OWNER:

James T. Carmichael
Minghui Yang
Carmichael IP, PLLC
jim@carmichaelip.com
mitch@carmichaelip.com