

D'AGOSTINO v. MASTERCARD INT'L INC., Appeal No. 2016-1592, 1593 (Fed. Cir. December 22, 2016). Before Taranto, Linn and Stoll. Appealed from PTAB.

Background:

D'Agostino sued MasterCard for infringement of patents disclosing computer-implemented methods of effecting secure credit-card purchases. MasterCard petitioned the PTAB for *inter partes* review of the patents, offering evidence of a prior invention that would invalidate D'Agostino's patents that wasn't found by the original examiner or in a prior reexamination.

The technology addresses a credit-card fraud problem by allowing a credit authority to issue a virtual or "disposable" code to a customer that can be used for a limited time and amount. The customer uses the code to purchase goods, usually online, without disclosing actual credit card information. The subject claim limitation recites: "*b) receiving a request from said account holder for a transaction code to make a purchase within a payment category that at least limits transactions to a single merchant, said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant.*"

After conducting the reviews, the Board canceled all of the reviewed claims as unpatentable on obviousness grounds over Cohen because Cohen limited credit-card transactions to a particular chain of stores (*e.g.*, Target). D'Agostino appealed.

Issue/Holding:

Did the district court err in cancelling D'Agostino's patents? Yes, vacated and remanded.

Discussion:

The dispute centers on *when* the merchant is identified. Contrary to the PTAB's decision, D'Agostino insisted that the "receiving a request" limitation meant that the merchant(s) that purchases were to be made from must not be identified when the code is issued. The Federal Circuit agreed with D'Agostino that the claims only require that a customer select a payment category that defines transaction parameters (*e.g.*, maximum limit amount), but not selecting the merchant(s).

The applied reference limited credit-card transaction to a particular chain of stores (*e.g.*, Target). Consequently, the prior art did not disclose the subject limitation because the merchant was identified at the outset. Accordingly, the Federal Circuit vacated and remanded the case to the PTAB for reconsideration.