

FINTIV, INC. v. PAYPAL HOLDINGS, INC., Appeal No. 2023-2312 (Fed. Cir. April 30, 2025). Before Prost, Taranto, and Stark. Appealed from W.D. Texas (Judge Albright).

Background:

Fintiv filed a lawsuit against Paypal alleging patent infringement. At claim construction, the district court ruled that "*payment-handler*" terms in the asserted claims invoke 35 U.S.C. §112(f) and are indefinite under §112(b). In particular, the district court found that the "payment-handler" terms were "drafted in a format consistent with traditional means-plus function limitations," and merely replaced the term means with the functional term, "payment-handler" or "payment-handler service."

The district court also found that the specifications of the asserted patents fail to disclose adequate structure corresponding to the claimed functions of "*using APIs of different payment processors*" and "*exposing common API for interacting with different payment processors*." Particularly, the district court found that the specifications disclose no structure at all, much less an algorithm for performing the recited functions. Accordingly, the district court found the asserted claims to invoke §112(f) and to be indefinite under §112(b). Fintiv appealed the judgment.

Issues/Holdings:

Are the "payment-handler" terms a nonce term that invokes §112(f)? Yes. Affirmed. Is the determination that the specifications fail to disclose sufficient structure for the claimed functions proper, rendering the claims indefinite under §112(b)? Yes. Affirmed.

Discussion:

The relevant claim language in Fintiv's patents recites "a payment handler [service] [operable/configured] to use APIs of different payment processors including one or more APIs of banks"; "a payment handler that exposes a common API for interacting with different payment processors." Fintiv argued that 1) the "handler" terms, as a whole, identify structure and 2) the use of connecting terms like "operable to" is often used with structural terms. The Federal Circuit held that "handler" is similar to the nonce term "module" and merely describes the function of the handler: to perform payment functions. The court also held that the "payment handler" terms are no more than a "black box recitation of structure" that can operate as a substitute for "means" and that a "POSA would not have understood how to implement the recited functions."

Regarding the second issue, Fintiv argued that the asserted patents disclose a two-step algorithm for the "payment handler": (1) "wrap[s] APIs of different payment processors, such as, for example banks . . ." and (2) "exposes a common API to facilitate interactions with many different kinds of payment processors." The Federal Circuit held that this two-step algorithm merely recites the asserted claims' language and the specifications do not provide additional disclosures of details about an algorithm to carry out these functions of using APIs of different payment processors.

Accordingly, the Federal Circuit held that the asserted claims are indefinite.

NON-FEDERAL CIRCUIT HIGHLIGHTS FOR May 21, 2025

I. Decisions

- A. Recentive Analytics, Inc. v. Fox Corp. (D. Del. [April 18, 2025]). Recentive sued Fox for infringing patents related to using machine learning for generating network maps and schedules. The district court dismissed the case and found the asserted claims to be invalid under §101, finding the asserted claims to be directed to abstract ideas. Particularly, the district court held that the claims recite limitations that merely applied generic machine learning techniques to a conventional scheduling problem, without disclosing any technical improvements that would transform the abstract idea into a patent-eligible invention.