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Keywords: anticipation, indefiniteness

General: A claim is anticipated under 35 U.S.C. § 102 if "each and every limitation is found either expressly or inherently in a single prior art reference." In the present case, IPXL's system for executing financial transactions was anticipated by the Coutts reference because it was found to contain the "single screen," "stored transaction information," and "transaction parameters" limitations. Additionally, a claim is indefinite if it contains both an apparatus and a method of using the apparatus.

IPXL Holdings LLC v. Amazon.com Inc.
77 U.S.P.Q.2d 1140 (Fed. Cir. 2005)
Decided November 21, 2005

I.   Facts

Plaintiff-appellant IPXL Holdings, L.L.C. ("IPXL") is appealing the U.S. District Court for the Eastern District of Virginia's decision to grant of summary judgment in favor of Defendant-appellee Amazon.com.

IPXL owns a patent, the '055 patent, which relates to a system for executing electronic financial transactions, such as the system used in an ATM or point of sale terminal. Essentially, the patent claims a system that stores information previously entered by the user and displays this information on a single screen, enabling the user to execute a transaction in fewer steps.

IPXL sued Amazon, alleging their "1-click system" infringes the '055 patent. The 1-click system stores previously entered information, such as credit card numbers and billing or shipping addresses, allowing customers to place on-line orders without reentering the information.

The district court found that the 1-click system did not contain the following claim limitations: "electronic financial transaction," "stored transaction information," and "single screen." Additionally, the district court found that claims 1, 2, 9, and 15 were anticipated by the Coutts patent. Finally, the district court found that claim 25 was indefinite because it claimed both a system and a method for using that system.

IPXL argued on appeal that the district court erred in several respects. First, IPXL challenged the district court's ruling that that the Coutts patent anticipated claims 1, 2, 9, and 15. Specifically, IPXL contended that the Coutts patent does not disclose the so-called "single screen" limitation, which reads as follows:

> the processor causing the display to display on a *single screen stored transaction information*; the input mechanism enabling a user to use the displayed information to execute a *financial transaction* or to enter selections to specify one or more *transaction parameters*.

Second, IPXL argued that claim 25 is not indefinite in that it does not contain a method limitation within an apparatus claim. The limitation in claim 25 that is in question is as follows:

> [t]he system of claim 2 wherein the predicted transaction information comprises both a transaction type and parameters associated with that transaction type, and *the user uses the input means* to either change the predicted transaction information or accept the displayed transaction type and transaction parameters.

Finally, IPXL argued that the finding of non-infringement was incorrect because certain claim limitations were incorrectly construed.

II. Issues

1. Did the district court properly find that the '055 patent was anticipated by the Coutts patent?

2. Did the district court properly find that claim 25 of the '055 patent was indefinite because it claimed both a system and a method for using that system?

3. Did the district court properly find that the 1-click system did not infringe the '055 patent?

III. Discussion

1. Yes. The arguments presented by IPXL concerning the underlined terms above are addressed in the following bullet points.

   - "Single Screen": The Coutts patent teaches that "the processor means causes a particular menu to be displayed on the lead-through display screen." IPXL argues that the navigating through the "lead through display screen" requires multiple screens. However, as noted by the district court, the "lead through display screen" is the physical object upon which the image is being displayed and not the actual information being presented. This conclusion is evident in Figure 2, depicting a schematic diagram of an ATM and grouping the "lead through display" with two other physical objects, an input means and a card reader.

     Further, the description of the Coutts invention contemplates a single screen of displayed information. The specification discloses that no transaction information need be entered before a single screen displays a plurality of predicted transactions based on previously entered transaction information.

   - "Stored Transaction Information": IPXL argued that the Coutts patent does not display stored transactional information. On the contrary, the Coutts patent clearly discloses the display of multiple transactions and parameters including withdrawal of different cash amounts, account balance inquiry via printing or display, or transaction inquiry.

   - "Transaction Parameters": IPXL contended that the Coutts patent does not enable the user to enter one or more transaction parameters. As noted above, the user may enter different cash amounts and has the option of printing or displaying their account balance.

2. Yes. The validity of a claim covering a apparatus and a method of use of that apparatus is an issue of first impression in the Federal Circuit. However, the Board of Patent Appeals and Interferences has made it clear that reciting an apparatus and a method of using that apparatus in the same claim is indefinite under 35 U.S.C. § 112, para. 2. *Ex parte Lyell,* 17 USPQ2d 1548 (BPAI 1990). The manufacturer or seller of the apparatus would not know whether they might also be liable as a contributory infringer when a buyer or user of the apparatus later performs the claimed method of use. *Id.* With respect to claim 25, it is unclear whether infringement occurs when one creates a system allowing the user to change or accept the predicted transaction information or when the user actually uses such a system.

3. Because the claims of the patent were found invalid, the Federal Circuit did not address the non-infringement ruling.