

UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF
CALIFORNIA

Internet Payments Patents Ltd. v. PayPal Inc.

Internet Payments Patents · No. 25-cv-00380-SVK · Decided January 27, 2026

SUMMARY

The United States District Court for the Northern District of California grants PayPal Inc.’s motion to dismiss Internet Payments Patents Ltd.’s remaining patent-infringement claim without leave to amend. The court holds that the asserted claims of U.S. Patent No. 7,483,858, directed to coordinating customer and merchant transaction messages through intermediary servers to facilitate payment while protecting customer information, are ineligible for patent protection under 35 U.S.C. § 101.

CASE DETAILS

COURT	United States District Court for the Northern District of California
WRITING FOR THE COURT	Susan van Keulen
JURISDICTION	United States District Court for the Northern District of California
DECIDED	January 27, 2026
DOCKET	25-cv-00380-SVK
DISPOSITION	dismissed
PROCEDURAL POSTURE	Plaintiff's patent-infringement claim was dismissed on defendant's Rule 12(b)(6) motion for failure to claim patent-eligible subject matter under 35 U.S.C. § 101.
STANDARD OF REVIEW	On a Rule 12(b)(6) motion, the court considers the complaint, materials incorporated by reference, and matters subject to judicial notice; accepts well-pleaded allegations as true and draws reasonable inferences for the plaintiff, but need not accept conclusory allegations or unreasonable inferences. Patent eligibility is a legal question based on underlying facts and may be resolved on a motion to dismiss when the undisputed facts require a finding of ineligibility.
PRECEDENTIAL VALUE	unpublished district court order; persuasive only

TOPICS

- patent eligibility
- patent law
- motions to dismiss
- commercial litigation
- civil procedure

PRACTICE AREAS

patent law

patent eligibility

civil procedure

commercial litigation

intellectual property

QUESTIONS PRESENTED

1. Whether claims 1, 2, 7, and 8 of U.S. Patent No. 7,483,858 are directed to patent-ineligible subject matter under 35 U.S.C. § 101.
2. Whether the asserted claims contain an inventive concept sufficient to transform the abstract idea into a patent-eligible application under the Alice framework.
3. Whether claim 1 could properly be treated as representative of claims 2, 7, and 8.
4. Whether claim construction or amendment could avoid dismissal at the pleading stage.

HOLDINGS

1. The asserted claims are directed to the abstract idea of exchanging and matching customer and merchant messages through an intermediary to authorize payment without disclosing the customer's identifying payment information.
2. The asserted claims do not contain an inventive concept sufficient to transform the abstract idea into a patent-eligible application.
3. Claim 1 is representative of claims 2, 7, and 8 because IPPL did not identify any meaningful distinction in the other asserted claims that would alter the § 101 analysis.
4. Dismissal without leave to amend was proper because amendment would be futile and could not alter what the patent itself discloses.

KEY QUOTATIONS

“The Court GRANTS PayPal’s motion to dismiss WITHOUT LEAVE TO AMEND. As a matter of law, the asserted claims of the ’858 patent are ineligible for patent protection under 35 U.S.C. § 101.”

“Claim 1 “recite[s] the what of the invention, but none of the how that is necessary to turn the abstract ideas into a patent-eligible application.””

“The Court holds that all asserted claims are patent-ineligible because, like claim 1, they are directed to an abstract idea and fail to transform that abstract idea into patent-eligible subject matter.”

FACTUAL BACKGROUND

IPPL owns by assignment U.S. Patent No. 7,483,858, which concerns conducting remote transactions through customer, merchant, and system-services servers. The asserted claims describe exchanging and matching transaction-acceptance messages so that a merchant can obtain payment authorization without receiving identifying payment information such as a credit-card number. IPPL alleged that PayPal's web- and app-based payment platforms practiced claims 1, 2, 7, and 8 of the patent.

PROCEDURAL HISTORY

IPPL filed the action in the Western District of Texas in January 2024 and filed its First Amended Complaint in February 2024, asserting patent-infringement and trade-secret claims. The Texas district court transferred the case to the Northern District of California in January 2025. After transfer, the prior motion to dismiss was denied without prejudice, and PayPal filed the motion addressed in this order. The court granted the motion to dismiss the remaining patent-infringement claim without leave to amend.

DISPOSITION

dismissed

CASES CITED

- Metzler Inv. GmbH v. Corinthian Colls., Inc., 540 F.3d 1049 (9th Cir. 2008)
- Usher v. City of Los Angeles, 828 F.2d 556 (9th Cir. 1987)
- In re Gilead Scis. Sec. Litig., 536 F.3d 1049 (9th Cir. 2008)
- Bell Atl. Corp. v. Twombly, 550 U.S. 544 (2007)
- Ashcroft v. Iqbal, 556 U.S. 662 (2009)
- Eminence Capital, LLC v. Aspeon, Inc., 316 F.3d 1048 (9th Cir. 2003)
- SAP Am., Inc. v. InvestPic, LLC, 898 F.3d 1161 (Fed. Cir. 2018)
- Voip-Pal.com, Inc. v. Apple Inc., 375 F. Supp. 3d 1110 (N.D. Cal. 2019), aff'd sub nom. Voip-Pal.com, Inc. v. Twitter, Inc., 298 F. App'x 644 (Fed. Cir. 2020)
- Bancorp Servs., L.L.C. v. Sun Life Assurance Co. of Can. (U.S.), 687 F.3d 1266 (Fed. Cir. 2012)
- Bilski v. Kappos, 561 U.S. 593 (2010)
- Twilio, Inc. v. Telesign Corp., 249 F. Supp. 3d 1123 (N.D. Cal. 2017)
- Alice Corp. Pty. v. CLS Bank Int'l, 573 U.S. 208 (2014)
- Mayo Collaborative Servs. v. Prometheus Labs., Inc., 566 U.S. 66 (2012)
- Trading Techs. Int'l, Inc. v. IBG LLC, 921 F.3d 1084 (Fed. Cir. 2019)
- LaVoult.com, LLC v. Meta Platforms, Inc., 777 F. Supp. 3d 1072 (N.D. Cal. 2025)
- Thales Visionix Inc. v. United States, 850 F.3d 1343 (Fed. Cir. 2017)
- Enfish, LLC v. Microsoft Corp., 822 F.3d 1327 (Fed. Cir. 2016)
- Adasa Inc. v. Avery Dennison Corp., 55 F.4th 900 (Fed. Cir. 2022)
- Beteiro, LLC v. DraftKings Inc., 104 F.4th 1350 (Fed. Cir. 2024)
- Universal Secure Registry v. Apple Inc., 10 F.4th 1342 (Fed. Cir. 2021)
- Prism Techs. LLC v. T-Mobile USA, Inc., 696 F. App'x 1014 (Fed. Cir. 2017)
- Boom! Payments, Inc. v. Stripe, Inc., 839 F. App'x 528 (Fed. Cir. 2021)
- Finjan, Inc. v. Blue Coat Sys., Inc., 879 F.3d 1299 (Fed. Cir. 2018)
- RecogniCorp LLC v. Nintendo Co., Ltd., 855 F.3d 1322 (Fed. Cir. 2017)
- In re TLI Commc'ns LLC Patent Litig., 823 F.3d 607 (Fed. Cir. 2016)
- DDR Holdings, LLC v. Hotels.com, L.P., 773 F.3d 1245 (Fed. Cir. 2014)

- PersonalWeb Techs. LLC v. Google LLC, 8 F.4th 1310 (Fed. Cir. 2021)
- People.ai, Inc. v. Clari Inc., Nos. 2022-1364, 2022-1366, 2023 WL 2820794 (Fed. Cir. Apr. 7, 2023)
- Electric Power Group, LLC v. Alstom S.A., 830 F.3d 1350 (Fed. Cir. 2016)
- BSG Tech LLC v. BuySeasons, Inc., BSG Tech. LLC v. Buyseasons, Inc., 899 F.3d 1281 (Fed. Cir. 2018)
- Innovation Scis., LLC v. Amazon.com, Inc., 778 F. App'x 859 (Fed. Cir. 2019)
- Bascom Glob. Internet Servs., Inc. v. AT&T Mobility LLC, 827 F.3d 1341 (Fed. Cir. 2016)
- Amdocs (Israel) Ltd. v. Openet Telecom, Inc., 841 F.3d 1288 (Fed. Cir. 2016)
- WhitServe LLC v. Dropbox, Inc., 854 F. App'x 367 (Fed. Cir. 2021)
- Dropbox, Inc. v. Synchronoss Techs., Inc., 371 F. Supp. 3d 668 (N.D. Cal. 2019), *aff'd*, 815 F. App'x 529 (Fed. Cir. 2020)
- Berkheimer v. HP Inc., 881 F.3d 1360 (Fed. Cir. 2018)
- AI Visualize, Inc. v. Nuance Commc'ns, Inc., 97 F.4th 1371 (Fed. Cir. 2024)
- Aatrix Software, Inc. v. Green Shades Software, Inc., 882 F.3d 1121 (Fed. Cir. 2018)
- Sanderling Mgmt. Ltd. v. Snap Inc., 65 F.4th 698 (Fed. Cir. 2023)
- Cervantes v. Countrywide Home Loans, Inc., 656 F.3d 1034 (9th Cir. 2011)