

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

SAP AMERICA, INC.
Petitioner,

v.

VERSATA DEVELOPMENT GROUP, INC.
Patent Owner.

Case CBM2012-00001 (MPT)
Patent 6,553,350

Before MICHAEL P. TIERNEY, *Lead Administrative Patent Judge*, and SALLY C. MEDLEY and RAMA G. ELLURU, *Administrative Patent Judges*.

TIERNEY, *Lead Administrative Patent Judge*.

ORDER

Setting Time for Filing Patent Owner Preliminary Response
37 C.F.R. § 42.5

A conference call was held on October 16, 2012 at approximately 3:30 p.m.

involving:

1. Erika Arner and Michael B. Kiklis, counsel for SAP
2. Nancy Link, counsel for Versata,
3. Scott Cole, representing Versata in concurrent litigation,¹
4. Michael Tierney, Sally Medley and Rama Elluru, Administrative Patent Judges.

SAP has filed a petition requesting that the Board institute a covered business method review for five (5) claims appearing in Versata's U.S. patent 6,553,350 ('350), claims 17 and 26-29. The petition seeks review of the patent under 35 U.S.C. §§ 101, 112, first and second paragraphs, and §102 as anticipated by "R/3 2.2 SAP System." Petition, Paper 1.

The Board requested the conference call to discuss three points: 1) the status of the concurrent litigation, 2) claim construction, and 3) the filing of a preliminary patent owner response. These items are discussed in detail below.

¹ Mr. Cole represents Versata in related litigation. Mr. Cole appeared before the Board during the conference call, but Mr. Cole is not a registered patent practitioner. Solely for the purposes of the call, the Board allowed Mr. Cole to make representations regarding the status of the related litigation with the understanding that Ms. Link was responsible for confirming these representations. Per the Order, Paper 9, Versata should file a motion for *pro hac vice* admission should Versata desire Mr. Cole to appear before the Board on their behalf.

I. Status of Concurrent Litigation

Petitioner has identified the following two related proceedings as involving the '350 patent:

- a. *Versata Software, Inc. et al. v. SAP America, Inc. et al.*, Civil Action No. 2:07-cv-153, E.D.T.X. (terminated September 9, 2011); and
- b. *Versata Software, Inc. et al. v. SAP America, Inc. et al.*, No. 2012-1029, -1049, U.S. Court of Appeals for the Federal Circuit.

Paper 3 at 2.

Based upon the record filed to date and the representations made during the call, the Board is of the understanding that the district court litigation began in 2007 alleging that SAP infringed claims 26, 28 and 29 of the '350 patent, among others. Paper 1 at 1. At some point during the litigation, issues relating to validity were raised and discovery taken, although only best mode appears to have been raised at a first trial. In a second trial before the district court, a jury found that SAP infringed Versata's '350 patent and awarded damages. SX 1011, 4. The district court upheld those awards and an appeal and cross-appeal were taken to the Federal Circuit. *Id.* According to the parties, briefing before the Federal Circuit for the appeals is closed. Further, the Board understands that neither party has appealed the district court's claim construction, a copy of which appears in the record as SAP exhibit (SX) 1012.

II. Claim Construction

SAP's petition states that it relies upon the broadest reasonable interpretation as understood by one of ordinary skill in the art and consistent with the disclosure.

Paper 1 at 11. SAP however, identifies the following four claim terms that it believes may be of particular interest in the proceeding:

- a. "sorting the pricing information"
- b. "the pricing information that is less restrictive"
- c. "pricing type(s)"
- d. "pricing information"

Paper 1 at 11-12. According to SAP, its construction of the terms is consistent with that of the district court with the exception of the term "the pricing information that is less restrictive." SAP states that this particular terminology is insolubly ambiguous, however we note that SAP's expert, Dr. Siegel, applied the district court construction of the "less restrictive" terminology when comparing the SAP prior art against the claims. SX 1005, ¶ 97.

SAP was asked during the conference call to identify how its claim construction differed from that of district court, as no appeal was taken from the court's construction of the claims. SAP drew the Board's attention to the allegedly insolubly ambiguous terminology.

Versata, like SAP, was asked during the conference call to state whether they sought to adopt the district court's claim construction in this proceeding. Versata declined stating that they weren't prepared to take a position on claim construction at this time.

III. Patent Owner Preliminary Response

Versata represented during the conference call that they intended to file a preliminary response.

The default time for filing a patent owner preliminary response is generally three months. § 42.207(a). Times set by rule are default and may be modified by order. § 42.5(c)(1). In setting a time for the patent owner preliminary response, the Board takes into account the following facts.

Versata and SAP have been litigating the '350 patent for approximately five years. Issues relating to validity were raised during the district court proceeding and discovery taken, although only best mode appears to have been raised at trial. The district court has entered judgment and, although both parties have appealed, neither party sought to appeal the district court's claim construction.

SAP's petition for covered business method review seeks to challenge only five (5) claims and only on four specific grounds. Further, with the exception of the "less restrictive" terminology, SAP's petition does not identify with any

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