

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

VOLUSION, INC.
Petitioner

v.

VERSATA SOFTWARE, INC. AND
VERSATA DEVELOPMENT GROUP, INC.
Patent Owner

Cases CBM2013-00017 (Patent 6,834,282)
CBM2013-00018 (Patent 7,426,481)¹

Before HOWARD B. BLANKENSHIP, SALLY C. MEDLEY, and
KEVIN F. TURNER, *Administrative Patent Judges*.

MEDLEY, *Administrative Patent Judge*.

DECISION
Request for Rehearing
37 C.F.R. § 42.71(d)

¹ This order addresses a similar issue in the two cases. Therefore, we exercise discretion to issue one order to be filed in each case. The parties, however, are not authorized to use this style of heading in subsequent papers.

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Versata Development Group, Inc. (“Patent Owner”) requests rehearing (Paper 20, Reh’g Req.²) of the Order mailed December 20, 2013 (Paper 19; “Order”) providing guidance regarding a motion to amend. The request for rehearing is *denied*.³

BACKGROUND

The Order provided guidance regarding a motion to amend, explaining, among other things, that 37 C.F.R. § 42.20 places the burden on a patent owner to show a patentable distinction of each proposed substitute claim over the prior art known to the patent owner. Order 3-4 (explaining that the guidance provided in *Idle Free Systems, Inc. v. Bergstrom, Inc.*, IPR2012-00027, Paper 26 (June 11, 2013) applies to a covered business method patent review.) Patent Owner seeks withdrawal of the Order and entry of a substitute order that clarifies that a motion to amend need only address the § 101 ground of unpatentability involved in this trial, and need not show that the proposed substitute claims are patentable over prior art. Reh’g Req. 2.

ANALYSIS

Patent Owner argues that no statute or rule requires a Patent Owner to show, in a motion to amend, how the newly proposed claims are patentable over prior art known to the Patent Owner. Reh’g Req. 3-5. Specifically, Patent Owner disagrees that 37 C.F.R. § 42.20 places the burden on a patent owner to show a patentable distinction of each proposed substitute claim over the prior art known to the patent owner. *Id.* 6. Patent Owner’s arguments are not persuasive. As explained in the

² References are made to papers of record in CBM2013-00017.

³ The Order was not a decision, but guidance provided to the parties. Accordingly, rehearing is not appropriate. *See* 37 C.F.R. 42.71(d) (A party dissatisfied with a decision may file a request for rehearing, without prior authorization from the Board). We nonetheless address the request on the merits.

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Order, a motion to amend is a motion filed under 37 C.F.R. § 42.20 and thus is subject to the requirements of that rule. Order 4. The rule includes that “[t]he moving party has the burden of proof to establish that it is entitled to the requested relief.” 37 C.F.R. § 42.20(c).

A covered business method patent review is not a patent examination proceeding or a patent reexamination proceeding. Like an *inter partes* review, a covered business method patent review is more adjudicatory than examinational in nature. *See, e.g., Abbott Labs v. Cordis Corp.*, 710 F.3d 1318, 1326 (Fed. Cir. 2013). A proposed substitute claim, in a motion to amend, is not entered automatically and then examined. If a patent owner’s motion to amend is granted, the claim will be added directly to the patent, without examination. In that regard, the motion to amend is not a rebuttal to an Office Action, as though the proceeding is a patent examination or a reexamination. In the context of a motion to amend, it is the patent owner that seeks entry for its proposed new claims. A patent owner must set forth sufficient reasoning and evidence to show that it is entitled to those claims by showing that its proposed new claims are patentable over prior art. For these reasons, we are not persuaded by Patent Owner’s argument that 37 C.F.R. § 42.20 does not place the burden on a patent owner to show a patentable distinction of each proposed substitute claim over the prior art known to the patent owner.

Patent Owner argues that “the Order does not address whether Petitioner in this case would be prevented by 35 U.S.C. § 325(e)(1) and AIA § 18(a)(1)(D) from later asserting invalidity of the amended claims over the prior art that would be brought into trial.” *Id.* at 8. The Order provided guidance to the parties regarding a motion to amend that the Patent Owner may file in this proceeding. Patent Owner has not shown that the Board abused its discretion in not providing

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guidance on hypothetical events that may occur after this proceeding concludes. In other words, Patent Owner seeks an advisory opinion from the Board based on hypothetical events that may or may not occur upon conclusion of this trial. The Board declines to provide such an advisory opinion.

Patent Owner argues that the guidance provided in the Order “does not circumscribe whether the ‘prior art known to the patent owner’ includes only prior art authorized by AIA § 18(a)(C), or whether ‘prior art known to the patent owner’ includes prior art outside of the statutory bounds.” *Id.* at 9. The Order provided guidance and stated that 37 C.F.R. § 42.20 places the burden on the patent owner to show that it is entitled to its proposed claims, and thus show a patentable distinction of each proposed substitute claim over the prior art known to the patent owner. Patent Owner is correct that the guidance provided in the Order did not circumscribe the prior art to that authorized by AIA § 18(a)(C). *See* 35 U.S.C. § 328 (“[T]he Patent Trial and Appeal Board shall issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner and any new claim added under section 326(d)”). In addition, this argument is moot, because Patent Owner filed a motion to amend, but did not account for any prior art known to it. *See, e.g.*, Paper 22 at 1.

Patent Owner argues that limiting Patent Owner’s motion to amend to the § 101 grounds of unpatentability involved in the trial would not prejudice Petitioner in any way. *Id.* at 10. We disagree. The Office would not want to grant a motion to add claims to a patent where such claims have not been demonstrated to be patentable over prior art. To do otherwise would not serve the interests of the Petitioner in this case or the public in general.

Lastly, Patent Owner argues that the Order is in direct contrast to an order made in *LinkedIn Corp. v. AvMarkets, Inc.*, CBM2013-00025, Paper 18. *Id.* at 12-

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13. We disagree. The order in *LinkedIn* provided examples of what is required for a motion to amend. *See, e.g.*, CBM2013-00025, Paper 18 at 3 (“For example, a motion to amend must explain in detail,” etc.). The guidance was not exhaustive of every requirement a patent owner must show with respect to a motion to amend as Patent Owner appears to suggest. The *LinkedIn* order is consistent with the Order because it refers to the *Idle Free* decision (IPR2012-00027, Paper 26 (June 11, 3013)) for guidance “on the requirements for a motion to amend.” *Id.*

For all of the above reasons, Petitioner’s Request for Rehearing is *denied*.

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