

Paper No. \_\_\_\_\_

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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VOLUSION, INC.  
Petitioner

v.

VERSATA DEVELOPMENT  
GROUP, INC.  
Patent Owner

AND

VERSATA SOFTWARE, INC.  
Real Party-In-Interest

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Case CBM2013-00017  
Patent 6,834,282

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**PATENT OWNER'S MOTION FOR REHEARING**

I. Introduction

Patent Owner, pursuant to an automatic grant of authorization for motions seeking rehearing<sup>1</sup>, hereby moves for reconsideration of the *Order – Conduct of the Proceeding*, entered May 12, 2014, Paper No. 42 ( the “May 12 Order”). The Board misapprehended or overlooked multiple issues in reaching its erroneous decision to prematurely dismiss Patent Owner’s Motion to Exclude (Paper No. 39) without substantive consideration on the merits.

A. Patent Owner’s Motion to Exclude Was Authorized and Suggested by the Board’s Language

First, the Board misapprehended or overlooked the fact that its guidance in the order entered April 25, 2014 (Paper No. 36, the “April 25 Order”) suggested that a motion to exclude was the *proper* way of addressing the issues discussed during the April 22, 2014 teleconference, in which Patent Owner requested authorization to file a motion to strike (the transcript of which was previously filed as Exhibit 2010). As the Board stated: “The Board will determine whether a reply and evidence are outside the scope of a proper reply and evidence when the Board reviews *all of the parties’ briefs* and prepares the final written decision.” April 25 Order, p. 3 (emphasis added).

The Board confirmed this reasoning by quoting the above sentence in full in the May 12 Order.

May 12 Order, p. 3. “*All of the parties’ briefs*”, by its expansive and inclusive nature, must include the motion to exclude evidence, which is expressly provided for by the Scheduling Order in the

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<sup>1</sup> Despite the Board’s contradictory guidance regarding motions seeking rehearing, as discussed below, for the purposes of preserving error, Patent Owner believes the instant motion is authorized and warranted.

instant case, consistent with the Office Patent Trial Practice Guide and 37 C.F.R. § 42.64(c). 77 Fed. Reg. 48756, 48757 (Aug 14, 2012) (“Once the time for taking discovery in the trial has ended, the parties will be authorized to file motions to exclude evidence believed to be inadmissible.”). Thus, in line with the panel’s reasoning, the Rules, and the Office Patent Trial Practice Guide, Patent Owner’s Motion to Exclude was an authorized brief which included facts and reasoning to assist the panel in determining whether evidence submitted in this proceeding is outside the scope of proper evidence.

The Board further noted in the April 25 Order that “the Board will take under consideration any alleged violations in due course with respect to Petitioner’s reply and Exhibit 1017, upon considering *the record at the end of the trial.*” April 25 Order, p. 3. Again, “the record at the end of the trial” very clearly includes the parties’ motion practice regarding excluding evidence. The Board misapprehended or overlooked this guidance in its erroneous decision to dismiss Patent Owner’s Motion to Exclude without substantive consideration on the merits.

**B. Patent Owner’s Motion to Exclude Was Consistent with the Board’s Prior Practice and Decisions**

Moreover, the Board misapprehended or overlooked the fact that addressing the scope of reply evidence in a motion to exclude is *consistent with the Board’s prior guidance* in multiple prior proceedings. For example, in CBM2013-00002, Paper No. 35, the Board wrote, “If [patent owner] believes the evidence at issue is not in the nature of a rebuttal, but rather [petitioner] belatedly presents evidence that should have been submitted in the first instance together with its petition, [patent owner] may seek to exclude the publications [petitioner] submits in its reply, *by way of the*

*Motion to Exclude Evidence.*" CBM2013-00002, Paper No. 35, Order entered July 18, 2013, p. 2 (emphasis added). The panel in CBM2013-00002 did not limit its holding to the particular circumstances of the trial. Moreover, notably, CBM2013-00002 involves the same petitioner and patent owner (Liberty Mutual and Progressive) that the Board and Petitioner mentioned on the May 7 call as defining the proper scope of a motion to exclude.

Similarly, in IPR2013-00041, Paper No. 44, the Board wrote, "The Board declined to authorize a motion to strike at this time, informing the [patent owner] that *the proper vehicle for addressing these issues was as part of a motion to exclude evidence* submitted pursuant to 37 C.F.R. § 42.64(c)." IPR2013-00041, Paper No. 44, Order entered January 2, 2013, p. 2 (emphasis added). Again, the issues addressed in that order were the timeliness and propriety of evidence submitted with a reply, and the panel's language in that order suggests that filing a motion to exclude, as Patent Owner did in the instant proceeding, was "proper" to address the timeliness issue. CBM2013-00002 and IPR2013-00041 were cited in Patent Owner's Motion to Exclude, but the May 12 Order suggests that these citations may have been misapprehended or overlooked.

Perhaps most significantly, one day after Patent Owner filed its Motion to Exclude, the Board excluded evidence submitted with a petitioner's reply for being untimely under 37 C.F.R. § 42.23(b) and the Office Patent Trial Practice Guide. IPR2013-00047, Paper No. 84, Final Written Decision entered May 1, 2014. Not only did the Board exclude the petitioner's evidence, but the exclusion was *dispositive of the entire proceeding*, suggesting that proper consideration of a motion

to exclude is indeed necessary to the determination of whether a patent owner should be deprived of a property right. The Board misapprehended or overlooked this clear precedent from other panels in its decision to dismiss Patent Owner's Motion to Exclude without substantive consideration on the merits.

**C. The Board's April 25 Order Did Not Prohibit the Subject Matter of Patent Owner's Motion to Exclude**

The Board also misapprehended or overlooked the perceived clarity of its April 25 Order. Contrary to the Board's suggestion, the April 25 Order *did not* "make clear that, in these proceedings, Patent Owner was not authorized to brief the issue of whether Exhibits 1017 and 1018 are beyond the scope of proper evidence submitted with a reply or are supplemental information under 37 C.F.R. § 42.223." May 12 Order, p. 4. The order to which the Board refers merely states as its conclusion, "Patent Owner's request to file a motion to strike Exhibit 1017, Exhibit 1018, and the Petitioner's reply is denied." April 25 Order, p. 3. The order further states, "It is ORDERED that Patent Owner's request to file a motion to strike is *denied.*" *Id.*

The April 25 Order does not say "briefing is not authorized" or "Patent Owner should not address these issues further" or anything of the sort. The April 25 Order's applicability appears to be limited to the issue of a motion to strike, and there is no indication in the order or otherwise that it is applicable to Patent Owner's right under the Scheduling Order to file a motion to exclude. *The April 25 Order does not even include the words "motion to exclude" at any point.*

The Board further misapprehended or overlooked other prohibitions that the April 25 Order allegedly "made clear" to Patent Owner. May 12 Order, p. 4. In particular, the Board alleges that

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