

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*.

ORDER
Conduct of the Proceeding
37 C.F.R. § 42.5

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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On December 13, 2013, a conference call was held between counsel for the respective parties and Judges Medley, Blankenship, and Turner. The purpose of the call was for Patent Owner to meet its requirement that it confer prior to filing a motion to amend. 37 C.F.R. § 42.221(a).

The sole issue for trial in each of the two proceedings is whether the claims involved in each proceeding are unpatentable under 35 U.S.C. § 101. Counsel for Patent Owner indicated that Patent Owner intends to file a motion to amend in each case. Specifically, Patent Owner proposes to substitute new claims for claims 1, 3, 5, 6, 11, 13, 15, and 16 of the 6,834,282 patent involved in CBM2013-00017 and claims 1, 26, 50, and 70 of the 7,426,481 patent involved in CBM2013-00018.

Guidance was provided to Patent Owner regarding motions to amend. That guidance included directing Patent Owner to the following orders: *Nichia Corporation v. Emcore Corporation*, IPR2012-00005, Paper 27 (June 3, 2013); *Idle Free Systems, Inc. v. Bergstrom, Inc.*, IPR2012-00027, Paper 26 (June 11, 2013); and *ZTE Corporation and ZTE (USA) Inc. v. Contentguard Holdings Inc.*, IPR2013-00136, Paper 33 (November 7, 2013).

Patent Owner disagreed that an *inter partes* review (IPR) decision or order, particularly the *Idle Free* decision, is relevant to a covered business method patent review (CBM) proceeding. Moreover, Patent Owner indicated that it was unaware of any other CBM proceeding where the Board indicated that *Idle Free* was relevant to a CBM proceeding. Lastly, Patent Owner argued that to the extent the guidance provided in *Idle Free* is relevant to a CBM proceeding, the requirement to show that substitute claims are patentable over prior art known to Patent Owner (*see., e.g., Idle*

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Free at 7-8) should not apply in a CBM proceeding where the sole basis for trial is unpatentability based on 35 U.S.C. § 101.

As explained during the call, the guidance provided in *Idle Free* regarding a motion to amend applies to any motion to amend, whether that motion is filed in an IPR or a CBM. *Idle Free* provides guidance of “several important requirements for a patent owner’s motion to amend claims.” *Id.* at 2. The “important requirements” are those statutory and regulatory requirements for motions to amend identified, for example, at pages 3-4 and 7 in *Idle Free*. The statutory and regulatory language regarding motions to amend in the context of an IPR is substantively the same as the statutory and regulatory language in the context of a CBM. *See*, 35 U.S.C. § 316(d); 35 U.S.C. § 326(d); and 37 C.F.R. § 42.20; 37 C.F.R. § 42.121; 37 C.F.R. § 42.221. Therefore, the guidance provided in *Idle Free* is relevant in the context of a CBM proceeding.

Moreover, these are not the first CBM proceedings where the Board directed the parties to IPR decisions like *Idle Free* for guidance regarding motions to amend. *See e.g.*, *SAP America, Inc. v. Pi-Net International, Inc.*, CBM2013-00013, Paper 25 (October 17, 2013); *Salesforce.com, Inc. v. VirtualAgility, Inc.*, CBM2013-00024, Paper 19 (December 5, 2013); and *LinkedIn Corp. v. AvMarkets Inc.*, CBM2013-00025, Paper 18 (December 2, 2013) (where the ground for instituting trial was based solely on § 101).

Lastly, we address Patent Owner’s argument that to the extent that *Idle Free* is relevant to a CBM proceeding, the requirement to show that substitute claims are patentable over prior art known to Patent Owner (*see., e.g.*, *Idle Free* at 7-8) should not apply in a CBM proceeding where the sole basis for trial is unpatentability based on 35 U.S.C. § 101. In essence, Patent

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Owner contends that it only need to show how its proposed claims are patent eligible under 35 U.S.C. § 101.

During a CBM trial, a party may file a motion to amend. 37 C.F.R. § 42.221. A motion to amend may be denied where the amendment does not respond to a ground of unpatentability involved in the trial. Thus, Patent Owner is correct that it need show how its proposed claims are patent eligible under 35 U.S.C. § 101. However, that is not the sole requirement. A motion to amend may be denied where the amendment seeks to enlarge the scope of the claims of the patent or introduce new subject matter. 37 C.F.R. § 42.221(a)(2)(ii). In that regard, a motion to amend must show written description support in the original disclosure of the patent for each claim that is added or amended. 37 C.F.R. § 42.221(a)(2)(ii).

Moreover, a motion to amend is a motion under 37 C.F.R. § 42.20(c), where the moving party bears the burden of proof to establish that it is entitled to the requested relief. That burden does not fall on the Petitioner; nor does that burden fall on the Board. It is the Patent Owner that seeks entry for its proposed new claims. Thus, it is the Patent Owner who must set forth sufficient reasoning and evidence to show that it is *entitled* to the relief it seeks, i.e., that it is *entitled* to its proposed claims. Patent Owner's focus on 37 C.F.R. § 42.221(a)(2)(i) as the only requirement for a motion to amend is myopic and misplaced. Patent Owner fails to take into consideration all of the other statutory and regulatory requirements. For a patent owner's motion to amend, 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. *Idle Free* at 7-8. This is regardless of the basis

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upon which the trial was instituted. *Id.*

Patent Owner inquired whether the claim listing need be double-spaced. Pursuant to 37 C.F.R. § 42.221, a motion to amend must include a claim listing. Thus, the listing is part of the motion. The motion requirements for formatting and page limits apply, and, therefore, the motion including the claim listing must be double spaced. 37 C.F.R. § 42.6.

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