UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

CALLIDUS SOFTWARE INC.
Petitioner

v.

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

Case CBM2013-00052 Patent 7,904,326

Filed: September 17, 2013

Before PATRICK E. BAKER, Trial Paralegal

PETITION FOR COVERED BUSINESS METHOD PATENT REVIEW UNDER 35 U.S.C. § 321 AND §18 OF THE LEAHY-SMITH AMERICA INVENTS ACT¹

Pursuant to 35 U.S.C. § 321 and § 18 of the Leahy-Smith America

Invents Act ("AIA") and pursuant to 37 C.F.R. § 42.300 *et seq.*, the undersigned hereby requests covered business method ("CBM") patent review of claims 1-22 of

¹ As directed by the Board in Paper No. 4, Petitioner hereby resubmits its Petition to incorporate mandatory notice information.



U.S. Patent 7,904,326 ("the '326 patent," attached as Petition Exhibit 1001), which issued to Shari Gharavy on March 8, 2011.

An electronic payment in the amount of \$34,350.00 for the covered business method review fee specified by 37 C.F.R. § 42.15 (b)(1) is being paid at the time of filing this petition, charged to deposit account No. 041073.



TABLE OF CONTENTS

	Pag	ge No.
I.	PRELIMINARY STATEMENT	1
II.	GROUNDS FOR STANDING	4
	APetitioner Has Been Sued for Infringement of the '326 Patent and is Not Estopped	
	BAt Least One Challenged Claim is Unpatentable	6
	CThe '326 Patent is a CBM Patent	6
	1 Claims 1-22 are Directed to Financial Products or Services	7
	2 Claims 1-22 are Not Directed to a "Technological Invention"	9
III.	STATEMENT OF PRECISE RELIEF REQUESTED FOR EACH CLACH CHALLENGED	
	AClaims for which Review is Requested	15
	BStatutory Grounds of Challenge	15
IV.	CLAIM CONSTRUCTION	15
	ABroadest Reasonable Interpretation	16
	1 "Credential Information"	17
	2 "Denormalizing"	21
V.	CLAIMS 1-22 OF THE '326 PATENT ARE DIRECTED TO NON-PATENTABLE SUBJECT MATTER	22
	AInventions Covering Abstract Ideas are Not Eligible for Patent Protection, Regardless of their Form	22
	R Claim 1 of the '326 Patent is Directed to an Abstract Idea	24



	Programming are Used to Implement the Claimed Method	29
	2 Calculating Compensation By Validating Transactions and Validating Distributors Can be Accomplished by Hand	.32
	3 Claim 1 Fails the Machine-or-Transformation Test	36
	C Dependent Claims 2-22 also Define Abstract Ideas that Fail to Tie Down the Claimed Abstract Idea	.42
	 Because Dependent Claims 2-4, 9-14, and 16-17 Add Nothing More than Basic Computer Functions to the Abstract Idea of Claim 1, They Are Not Patent-Eligible 	.42
	2 Because the Rule Data Processing Limitations Reflect Only Rudimentary Data Manipulations, Dependent Claims 5, 9, 15, and 20 Are Unpatentably Abstract	.4 <i>6</i>
	3 Dependent Claim 7 Adds Only Insignificant Post-Solution Activity to the Unpatentably Abstract Method of Claim 1	49
	4 Dependent Claims 6, 8, 18, 19 and 21 Are Likewise Invalid Because They Fail to Add Any Meaningful Specificity to the Unpatentably Abstract Idea of Claim 1	.50
	5 Because Increased Efficiency Alone Does Not Confer Patent-Eligibility, Dependent Claim 22 Is Invalid	.54
VI.	CONCLUSION	.55



TABLE OF AUTHORITIES

Cases	Page No.
Bancorp Servs., L.L.C. v. Sun Life Assurance Co. of Can. (U.S.), 687 F.3d 1266 (Fed. Cir. 2012	passim
Bilski v. Kappos,	1
130 S. Ct. 3218 (2010)	passim
CLS Bank Int'l v. Alice Corp. Pty. Ltd.,	
717 F.3d 1269 (Fed. Cir. 2012)	passim
CyberSource Corp. v. Retail Decisions, Inc.,	
654 F.3d 1366 (Fed. Cir. 2011)	passim
Fort Props., Inc. v. Am. Master Lease, LLC,	
671 F.3d 1317 (Fed. Cir. 2012)	23, 28
Gottschalk v. Benson,	
409 U.S. 63 (1972)	passim
In re Abele,	20 40 41
684 F.2d 902 (C.C.P.A. 1982)	39, 40, 41
In re Am. Acad. of Sci. Tech Ctr.,	16
367 F.3d 1359 (Fed. Cir. 2004)	10
<i>In re Bilski</i> , 545 F.3d. 943 (Fed. Cir. 2008	40
In re Zletz,	40
893 F.2d 319 (Fed. Cir. 1989)	16
Mayo Collaborative Servs. v. Prometheus Labs., Inc.,	10
132 S. Ct. 1289 (2012)	23, 31
Parker v. Flook,	20, 01
437 U.S. 584 (1978)	23, 27, 29
Phillips v. AWH Corp.,	, ,
415 F.3d 1303 (Fed. Cir. 2005)	17
Ultramercial, Inc. v. Hulu, LLC, No. 2010-1544,	
2013 U.S. App. LEXIS 12715 (Fed. Cir. 2013)	23, 40, 42
Statutes	
35 U.S.C. § 101	passim



DOCKET

Explore Litigation Insights



Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

Real-Time Litigation Alerts



Keep your litigation team up-to-date with **real-time** alerts and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

Advanced Docket Research



With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

Analytics At Your Fingertips



Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

LAW FIRMS

Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

FINANCIAL INSTITUTIONS

Litigation and bankruptcy checks for companies and debtors.

E-DISCOVERY AND LEGAL VENDORS

Sync your system to PACER to automate legal marketing.

