

Paper No. _____

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

CALLIDUS SOFTWARE, INC.
Petitioner

v.

VERSATA DEVELOPMENT
GROUP, INC.
Patent Owner

AND

VERSATA SOFTWARE, INC.
Real Party-In-Interest

Case CBM2013-00053
Patent 7,958,024

**VERSATA'S PATENT OWNER RESPONSE
PURSUANT TO 37 C.F.R. § 42.220**

TABLE OF CONTENTS

I.	INTRODUCTION	1
II.	PETITIONER’S BURDEN	2
III.	U.S. PATENT 7,958,024.....	2
	A. Overview	2
IV.	CLAIM CONSTRUCTION	4
	A. Claim 1.	4
	1. Claim Term: “Using a Distributor Management System”	4
	2. Claim Term: “Regulatory Conditions Applicable to/Associated with said Sales”	7
	3. Claim Term: “Executing a Payment Process”	10
	4. Claim Term: “Generating a Selling Agreement”	12
	5. Means Plus Function Claim Terms	17
V.	PETITION DOES NOT ESTABLISH THAT CLAIMS ARE UNPATENTABLY ABSTRACT	25
	A. All Instituted Claims are Directed to Patent Eligible Processes	25
	1. The “Abstract Idea” Articulated by the Petitioner and Adopted by the Board in the Institution Decision is Not an Abstract Idea.....	27
	2. Even if an Abstract Idea is Present in the Claims, the Elements of the Claim are Patent-Eligible.....	33
	1. <i>The Claims are Tied to a Particular Machine</i>	37
	2. <i>CyberSource</i> is inapplicable to the claims at issue	39
	3. Petitioner Did Not Carry Its Burden on the Dependent Claims	42
VI.	Trial Should Not Have Been Instituted, and a Final Written Decision Would Be Improper, Because Petitioner is Statutorily Barred from Seeking Post-Grant Review.....	45
	A. Section 325(a)(1) Defines a Statutory Bar that Pertains to the Transitional Program for Covered Business Method Review.....	45

B. Plain Language of § 325(a)(1) Bars Post-Grant Review	46
C. Legislative History Confirms the Meaning of § 325(a)(1)'s Plain Language; Petitioner's Own Choice Triggers Statutory Bar	48
D. Statutory Framework is Hardly Inequitable to Patent Challenger	52
E. Prior Judicial and Administrative Interpretations Confirm Applicability of Statutory Bar for Prior-Filed Civil Action Challenging Validity	54
F. Statutory Language Defining the § 325(a)(1) Prior Civil Action Bar, its Legislative History and Prior Interpretations of the Statute All Dictate Non-Institution	62
VII. CONCLUSION	63
CERTIFICATE OF SERVICE	66

TABLE OF AUTHORITIES

Cases

Cases

<i>Alice Corp. Pty. Ltd. v. CLS Bank Int’l et al.</i> , No. 13-298, 573 U. S. ____, 2014 WL 2765283 (2014).....	<i>passim</i>
<i>Anova Food, LLC v. Sandau</i> , No. IPR2013-00114, Paper No. 17, Decision – Denying <i>Inter Partes</i> Review (P.T.A.B. Sept. 13, 2013).....	54
<i>Bancorp Servs., L.L.C. v. Sun Life Assurance Corp.</i> , 687 F.3d 1266, 1278 (Fed. Cir. 2012)	42
<i>Bilski v. Kappos</i> , 561 U.S. 593 (2010).....	28
<i>CLS Bank Int’l et al. v. Alice Corp. Pty. Ltd.</i> , 717 F.3d 1269 (Fed. Cir. 2013)	41
<i>CyberSource Corp. v. Retail Decisions, Inc.</i> , 654 F.3d 1366 (Fed. Cir. 2011).....	40
<i>Diamond v. Diehr</i> , 450 U.S. 175 (1981).....	42
<i>Ethicon, Inc. v. Quigg</i> , 849 F.2d 1422	49
<i>Gottschalk v. Benson</i> , 409 U.S. 63 (1972).....	29
<i>Gottshalk v. Benson</i> , 409 U.S. 63 (1972).....	29
<i>Graves v. Principi</i> , 294 F.3d 1350, 1356 (Fed. Cir. 2002).....	58
<i>In re Alappat</i> , 33 F.3d 1526, 1545 (Fed. Cir. 1994)	6
<i>Mayo Collaborative Servs. v. Prometheus Labs., Inc.</i> , 132 S.Ct. 1289 (2012) 26, 27	
<i>Parker v. Flook</i> , 437 U.S. 584, (1978)	29
<i>Phillips v. AWH Corp.</i> , 415 F.3d 1303, (Fed. Cir. 2005)	13
<i>Superguide Corp. v. DirectTV Enterprises, Inc.</i> , 358 F.3d 870, 875, (Fed. Cir. 2004)	13

Statutes

35 U.S.C. § 101	24, 62
35 U.S.C. § 326(e)	2
35 U.S.C. §101	2
AIA § 18(a)(1)	45

Rules

37 C.F.R. § 42.1(d.)	2
----------------------------	---

I. INTRODUCTION

The claims of U.S. Patent 7,958,024 (“the '024 Patent”) recite patent eligible subject matter. Claims 1, 2, and 35-47 are in issue in the present Covered Business Method Patent Review. In its Petition, Petitioner alleged that claims 1, 2, and 35-47 were patent-ineligible for being directed to an abstract idea. The Board instituted trial of claims 1, 2, and 35-47, solely on grounds under 35 U.S.C. § 101. Decision – Institution of Covered Business Method Patent Review, Paper No. 16, March 4, 2014, p. 19 (“*Institution Decision*”). This Patent Owner Response addresses the sole ground on which trial has been instituted.

In its Preliminary Response, Patent Owner focused on the preclusive effect of a statutory bar under 35 U.S.C. § 325(a).¹ Relying on interim orders issued in

¹ In its Preliminary Response and subsequent Request for Rehearing, Patent Owner argued that trial should not have been instituted where the Petitioner, prior to the filing of the petition for post-grant review, filed a civil action challenging the validity of a claim of the patent. As the Board has stated that arguments from the Preliminary Response are not considered after a Decision to institute trial, Patent Owner herein repeats (*see* Section VI, *infra* at 44) certain aspects of its earlier argument that Petitioner is barred under 35 U.S.C. § 325(a), solely to ensure a complete record of this proceeding, and to preserve all issues for appeal.

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.