

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

EBAY ENTERPRISE, INC. AND EBAY, INC.

Petitioner

v.

LAWRENCE B. LOCKWOOD

Patent Owner

Cases CBM 2014-00025 (Patent 7,010,508)

CBM 2014-00026 (Patent 5,576,951)

**PETITIONER'S SUPPLEMENTAL BRIEF REGARDING PETITIONER'S
ELIGIBILITY TO FILE THE PRESENT COVERED BUSINESS METHOD
REVIEW PETITIONS**

I. INTRODUCTION

Petitioner met the CBM filing requirements by certifying that it had been charged with infringement because of Patent Owner's suit against Petitioner's customer iRobot. Patent Owner's later dismissal of its suit against iRobot cannot retroactively negate these petitions and deprive the Board of authority to determine the important questions of patentability raised therein. If this were permitted, Patent Owners would be given a roadmap to insulating their patents from review, while continually attempting to enforce the patent.

II. STATEMENT OF FACTS

Petitioner provides, maintains, and operates e-commerce websites on behalf of numerous customers, including iRobot Corporation. Their service agreement specifies that Petitioner will indemnify iRobot for lawsuits relating to Petitioner's service. Declaration of Howard I. Sherman, ("Sherman Decl.") at ¶ 5.

On May 22, 2013, Patent Owner brought a patent infringement lawsuit in the Eastern District of Texas against iRobot, asserting both U.S. Patent Nos. 5,576,951 and 7,010,508 (hereinafter the "subject patents"). *Landmark Technology, LLC. v. iRobot Corp.*, No. 6:13-cv-00411 (E.D. Tex. May 22, 2013). Patent Owner identified a website provided by Petitioner as the accused instrumentality. Petitioner agreed to defend and indemnify iRobot under their agreement. Sherman Decl. at ¶ 6.

Petitioner filed the present CBM petitions (“the ’025 Petition and the ’026 Petition”) on November 4, 2013. The district court stayed the underlying litigation pending the institution decisions. *Landmark Technology, LLC v. iRobot Corp.*, No. 6:13-cv-00411-JDL, Dkt. 47 (E.D. Tex. Jan. 24, 2014). Afterward, Patent Owner unilaterally gave iRobot, but not Petitioner, a Covenant Not to Sue under the subject patents and moved to dismiss the litigation. *Id.*, Dkt. 49 (E.D. Tex. March 5, 2014). The court dismissed the case on April 10, 2014. *Id.*, Dkt. 52.

III. ARGUMENT

a. Petitioner Has Satisfied the Certification Requirement and Wishes To Supplement to Provide Further Clarity.

Petitioner met the statutory requirements when it certified that it was eligible for CBM Review. ’025 Petition at 2-3; ’026 Petition at 3-4. The Board’s rules require nothing more. 37 C.F.R. § 42.304; Office Trial Practice Guide, Final Rules, 77 Fed. Reg. 48763 (Aug. 14, 2012). Sub-section II(B)3 of the Trial Practice Guide explains that the petition must certify that the patent is available for review and that the petitioner is not barred, citing Rules 104(IPRs), 204 (PGRs) and 304 (CBMs). *Id.* Sub-section II(B)1 of the Guide adds that a complete petition for IPR requires only that the petitioner *certify* that it is eligible for IPR and that § 42.204 creates similar petition requirements for PGR, which includes CBM reviews. *Id.*

However, per the Board’s order, the following facts relate to this request to clarify the record: Through its former counsel, Petitioner filed the present CBM

petitions on November 4, 2013. The Patent Owner filed its Preliminary Responses on February 18 and 21, 2014, raising arguments against the sufficiency of Petitioner's indemnification certification. '025 PO Prelim. Resp. at 8-10; '026 PO Prelim. Resp. at 9-11. During this time, Petitioner was changing CBM counsel. Petitioner retained present counsel who appeared in these cases on April 11, 2014. '025 POA (Paper 15); '026 POA (Paper 16). Present counsel represented Petitioner in district court litigations, including the lawsuits brought by the plaintiff Clear with Computers, LLC ("CWC"). *Clear with Computers, LLC v. Dick's Sporting Goods, Inc.* No. 6:12-cv-00674-LED (E.D. Tex. Sept. 19, 2012). Present counsel knew that in the CWC CBM, the Board requested clarification on the indemnity relationship between Petitioner and the sued defendants. *GSI Commerce Solutions, Inc. v. Clear with Computers, LLC*, No. CBM2013-00055, Paper 9 (P.T.A.B. January 10, 2014). Upon being retained, present counsel suggested Petitioner file a similar clarification in the present CBMs.

b. Petitioner Complied With The CBM Statutory Filing Requirements.

Petitioner has met the statutory CBM filing requirements under the America Invents Act ("AIA"). To *file* a CBM petition, a petitioner must certify that "the person... has been sued for infringement of the patent or has been charged with infringement under the patent." AIA § 18(a)(1)(B). A party is charged with infringement when "a real and substantial controversy regarding infringement of a

covered business method patent exists such that the petitioner would have standing to bring a declaratory judgment action in Federal court.” 37 CFR § 42.302.

Petitioner’s properly certified that it was charged with infringement because Patent Owner sued Petitioner’s customer, iRobot, for patent infringement for using Petitioner’s system and Petitioner agreed to defend and indemnify iRobot.

Sherman Decl. at ¶¶ 4, 5. Petitioner therefore had declaratory judgment standing, allowing it to file a CBM petition. *See Arris Group Inc. v. British Telecomm. Plc*, 639 F.3d 1368, 1375 (Fed. Cir. 2011)(stating a supplier has declaratory judgment standing when “the supplier is obligated to indemnify its customers from infringement liability...”). Furthermore, this Board has recognized that such indemnity relationships impart CBM eligibility. *GSI Commerce Solutions, Inc. v. Clear with Computers, LLC*, Paper 16 at 8-11 (P.T.A.B. March 6, 2014); *SAP America, Inc. v. Pi-Net International, Inc.*, No. CBM2013-00013, Paper 15 at 3-5 (P.T.A.B. Sept. 19, 2013).

c. Patent Owner’s Dismissal of Its District Court Case Against iRobot is Irrelevant to Petitioner’s CBM Petitions

Patent Owner’s dismissal of the underlying iRobot litigation has no effect on Petitioner’s properly filed CBM petitions. When the Petitioner *filed the petitions*, Petitioner was charged with infringement through its indemnification obligations.

Patent Owner’s assertion that the dismissal of the underlying litigation somehow retroactively defeats Petitioner’s CBM eligibility is baseless. Patent

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