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 CBM2014-00117
Patent 7,908,304

PATENT OWNER PRELIMINARY RESPONSE
PURSUANT TO 37 C.F.R. § 42.207

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I. INTRODUCTION

The claims of U.S. Patent 7,908,304 ("the '304 Patent") recite patent eligible subject matter. Based on the present petition for Covered Business Method Patent Post-Grant Review, only dependent claims 2-11, 26-29, 33-41 and 44-46 are in issue. Petitioner alleges in its Petition that *dependent claims* 2-11, 26-29, 33-41 and 44-46 of the '304 Patent are, under 35 U.S.C. § 101, directed to no more than a patent-ineligible abstract idea, seeking to leverage the Board's prior institution decision (relative to *independent claims*) in *Callidus v. Versata*, CBM2013-00054 ("the prior CBM"), Paper No. 19, but performing little actual analysis of the claims here challenged. No other grounds are alleged.

While Patent Owner specifically reserves its legal and evidentiary opposition to the substance of Petitioner's challenges under § 101, for purposes of the Board's decision process under 37 CFR § 42.208 as to why post-grant review should not be instituted, this preliminary response reemphasizes[1] the dispositive jurisdictional

[1] In the prior CBM, Patent Owner briefed the preclusive effect of a statutory bar under 35 U.S.C. § 325(a). Relying on interim orders issued in other proceedings, the Board found that dismissal without prejudice of Petitioner's prior, and otherwise barring, civil action challenging validity nullified the § 325(a) statutory bar. Accordingly, the Board instituted trial in that prior

bar to institution under 35 U.S.C. § 325(a)(1). In addition, and out of an abundance of caution, this preliminary response addresses proper construction of claim terms that Patent Owner has briefed and has demonstrated (relative the prior CBM) are dispositive as to Petitioner's failure to carry its § 326(e) burden[2] in those proceedings relative to the *independent claims* that Petitioner seeks here to rhetorically leverage. Substantive briefing is ongoing in that prior CBM, and oral argument is scheduled for October 22, 2014 (*see* CBM2013-00054, Paper No. 20).

II. U.S. PATENT 7,908,304

A. Overview

The '304 Patent describes specific information ***systems*** that allow financial services companies to manage and track information about a sales force, particularly a sales force for which complex commission schedules are desirable and for which particular licensure and/or appointment requirements pertain to

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CBM. Patent Owner understands, though disagrees with, the Board's decision in the *prior CBM*, but nonetheless reemphasizes the § 325(a) statutory bar to ensure a complete record in *this* proceeding and to preserve all issues for appeal.

[2] 35 U.S.C. § 326(e) states "[i]n a post-grant review instituted under this chapter, the petitioner shall have the burden of proving a proposition of unpatentability by a preponderance of the evidence." *See also* 37 CFR § 42.1(d).

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