UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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CALLIDUS SOFTWARE, INC.,
Petitioner,

v.

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

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CBM2014-00117
Patent 7,908,304 B2

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Before HOWARD B. BLANKENSHIP, SALLY C. MEDLEY, and
KEVIN F. TURNER, *Administrative Patent Judges.*

MEDLEY, *Administrative Patent Judge*.

DECISION
Institution of Covered Business Method Patent Review
*37 C.F.R. § 42.208*

## I. INTRODUCTION

Callidus Software, Inc. ("Petitioner") filed a Petition on April 17, 2014, requesting a covered business method patent review of claims 2–11, 26–29, 33–41, and 44–46 of U.S. Patent No. 7,908,304 (Ex. 1001, "the '304 patent"). Paper 1 ("Pet."). Petitioner asserts that all of the challenged claims are unpatentable under 35 U.S.C. § 101. In response, Versata Development Group, Inc. and Versata Software, Inc. ("Patent Owner") filed a Patent Owner Preliminary Response on July 24, 2014. Paper 12 ("Prelim. Resp."). We have jurisdiction under 35 U.S.C. § 324, which provides that a post-grant review may not be instituted "unless … the information presented in the petition … would demonstrate that it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable."

Pursuant to 35 U.S.C. § 324, the Board authorizes a covered business method patent review to be instituted as to claims 2–11, 26–29, 33–41, and 44–46 of the '304 patent.

### A. The '304 Patent

The Specification of the '304 patent describes a method and system for managing contracts between manufacturers and distributors of a product. One described embodiment provides a system that enables financial services companies to track information, provide incentive-based compensation to their sales force, and calculate compensation based on certain variables. Ex. 1001, 4:43–51.

A Distributor Management System Suite ("DMSS") comprises applications that provide tracking information, "such as contact points, payment methods, and organizational hierarchies on all parties in the system, managing regulatory information and ensuring that distributors are licensed

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and appointed to sell the products manufactured by the provider." *Id.* at 4:52–58. The DMSS comprises management modules, a backbone, one or more data processing engines, databases, and storage management components. *Id.* at 5:10–13.

### *B. Illustrative Claims*

The challenged claims depend from one of independent claims 1, 12, and 32.

The independent claims 1, 12, and 32 are illustrative of the subject matter of the claims at issue, and are reproduced below:

1. A system for managing relationships between a first party and a second party comprising:

at least one processor;

memory coupled to said at least one processor;

said memory comprising a plurality of modules configured to manage distributor information;

said plurality of modules comprising a selling agreements module configured to generate a selling agreement;

said plurality of modules comprising a commission module configured to determine commission amounts associated with a sales transaction based on said selling agreement;

said plurality of modules comprising a licensing module configured to determine if a party associated with said sales transaction has a valid license to sell products associated with the sales transaction; and

said plurality of modules comprising a payment module
for determining payment associated with said sales
transaction to said party in accordance with (i) a
determination of said commission amounts determined
by said commission module and (ii) a determination by
said licensing module of whether said party has a valid
license to sell the products associated with said sales
transaction.

12. A system for managing relationships between parties to a
selling agreement, the system comprising:

a database source comprising a plurality of data objects
representative of at least one distributing party, at least
one selling agreement, and at least one license or
appointment associated with said at least one distributing
party; and

a distributor management engine configured to obtain at
least one of said plurality of data objects from said
database source and determine whether said at least one
distributing party conforms with said at least one selling
agreement and said at least one license or appointment is
valid to allow the at least one distributing party to sell
one or more products of the first party in accordance with
the selling agreement.

32. A system for managing relationships between a first
party and a second party comprising:

an interface for obtaining a plurality of business rules
defining relationships between a product provider and at
least one distributor;

a database source comprising a plurality of data objects
representative of said at least one distributor, at least one
selling agreement and at least one license or appointment
associated with said at least one distributor;

a commission engine configured to determine a commission amount associated with said at least one distributor by evaluating said at least one selling agreement data object;

a plurality of modules comprising, a distributor administration module for managing said plurality of data objects;

said plurality of modules comprising, a licensing and appointment module configured to determine if said at least one license or appointment data object associated with said at least one distributor is in compliance with a set of industry regulations;

said plurality of modules comprising, a selling agreements module configured to enable said product provider to define and create a selling agreement with said at least one distributor; and

said plurality of modules comprising, a payment module configured to determine said commission amount to said at least one distributor.

### C. Asserted Ground of Unpatentability

Petitioner challenges the patentability of claims 2–11, 26–29, 33–41, and 44–46 as failing to recite patentable subject matter under 35 U.S.C. § 101. The Petition does not assert any other challenges to the patentability of the claims of the '304 patent.

### D. Related Proceedings

In compliance with 37 C.F.R. § 42.302(a), Petitioner certifies that it

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