

**United States Court of Appeals  
for the Federal Circuit**

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**VERSATA DEVELOPMENT GROUP, INC.,**  
*Appellant*

v.

**SAP AMERICA, INC., SAP AG,**  
*Appellees*

**UNDER SECRETARY OF COMMERCE FOR  
INTELLECTUAL PROPERTY, DIRECTOR OF THE  
UNITED STATES PATENT AND TRADEMARK  
OFFICE,**  
*Intervenor*

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2014-1194

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Appeal from the United States Patent and Trademark  
Office, Patent Trial and Appeal Board, in No. CBM2012-  
00001.

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Decided: July 9, 2015

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JEFFREY A. LAMKEN, MoloLamken LLP, Washington,  
DC, argued for appellant. Also represented by NANCY JO  
LINCK, MARTIN MOSS ZOLTICK, ROBERT DANNY

HUNTINGTON, BRIAN S. ROSENBLOOM, Rothwell, Figg, Ernst & Manbeck, P.C., Washington, DC.

ERIKA ARNER, Finnegan, Henderson, Farabow, Garrett & Dunner, LLP, Reston, VA, argued for appellees. Also represented by J. MICHAEL JAKES, MICHAEL A. MORIN, Washington, DC; EDWARD R. REINES, Weil, Gotshal & Manges LLP, Redwood Shores, CA.

MELISSA N. PATTERSON, Appellate Staff, Civil Division, United States Department of Justice, Washington, DC, argued for intervenor. Also represented by STUART F. DELERY, MARK R. FREEMAN; SCOTT WEIDENFELLER, NATHAN K. KELLEY, JOSEPH MATAL, WILLIAM LAMARCA, Office of the Solicitor, United States Patent and Trademark Office, Alexandria, VA.

DAN L. BAGATELL, CHRISTOPHER S. COLEMAN, Perkins Coie LLP, Phoenix, AZ, for amici curiae Intel Corporation, Asustek Computer, Inc., Broadcom Corporation, HTC Corporation, ZTE (USA) Inc.

ANN A. BYUN, Hewlett-Packard Company, Wayne, PA, for amicus curiae Hewlett-Packard Company.

DARYL JOSEFFER, ASHLEY CHARLES PARRIS, King & Spalding LLP, Washington, DC, for amicus curiae The Internet Association.

MICHAEL E. JOFFRE, MELANIE L. BOSTWICK, Kellogg, Huber, Hansen, Todd, Evans & Figel, PLLC, Washington, DC, for amici curiae Dell Inc., eBay Inc., Facebook, Inc.,

Limelight Networks, Inc., Newegg Inc., QVC, Inc., Rack-space Hosting, Inc., Red Hat, Inc., SAS Institute Inc., VIZIO, Inc., Xilinx, Inc. Dell Inc. also represented by ANTHONY PETERMAN, Dell Inc., Round Rock, TX.

SUZANNE MICHEL, Google Inc., Washington, DC, for amicus curiae Google Inc.

BARBARA A. FIACCO, DONALD ROSS WARE, SARAH BURG, Foley Hoag LLP, Boston, MA, for amici curiae 3M Company, Caterpillar Inc., Eli Lilly and Company, General Electric Company, Johnson & Johnson, The Procter & Gamble Company, Amgen Inc., BP America, Inc., GlaxoSmithKline LLC, Illinois Tool Works, Inc., Pfizer Inc., Qualcomm Incorporated, Sanofi US.

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Before NEWMAN, PLAGER, and HUGHES, *Circuit Judges*.

Opinion for the court filed by *Circuit Judge PLAGER*.

Opinion concurring in part and dissenting in part filed by *Circuit Judge HUGHES*.

PLAGER, *Circuit Judge*.

## INTRODUCTION

This is a covered business method (“CBM”) patent case, under § 18 of the Leahy-Smith America Invents Act (“AIA”), Pub. L. No. 112-29, 125 Stat. 284 (2011). It comes to us as an appeal of a final written decision of the

Patent Trial and Appeal Board (“PTAB”),<sup>1</sup> the recently-created adjudicatory arm of the United States Patent and Trademark Office (“USPTO” or “Government”).<sup>2</sup> The case originated as a petition to the USPTO, submitted by appellees SAP America, Inc. and SAP AG (collectively, “SAP”), pursuant to the provisions of the AIA.

SAP requested that the USPTO institute review of the validity of certain claims in U.S. Patent No. 6,553,350 (“’350 patent”). The ’350 patent is owned by the appellant, Versata Development Group, Inc. (“Versata”), who had sued SAP for infringing the patent. In its petition to the USPTO, SAP alleged that the patent was a covered business method patent.

Covered business method patents are subject to the special provisions of AIA § 18. *See* 125 Stat. at 329–31.<sup>3</sup> Section 18 establishes a separately-designated transition-

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<sup>1</sup> For oral argument purposes, this case, denominated as *Versata I*, was consolidated with Case No. 2014-1145, on appeal from the United States District Court for the Eastern District of Virginia, involving the same parties, the same patent, and essentially the same issues. That case will issue as *Versata II*.

<sup>2</sup> The PTAB, established by § 7 of the AIA, is the successor to the Board of Patent Appeals and Interferences (“BPAI”). *Compare* 35 U.S.C. § 6 (2006) (concerning the BPAI) *with* 35 U.S.C. § 6 (2012) (concerning the PTAB).

<sup>3</sup> In general, the AIA is codified in various parts of 35 U.S. Code. Section 18 of the AIA is not however codified; it is found in 125 Stat. References to § 18 in this opinion are to pages 329–31 of 125 Stat.

al program<sup>4</sup> under which the USPTO conducts post-grant review proceedings concerning the validity of covered business method patents. As the title suggests, the special program provided by § 18 is available only for “covered business method patents,” as that term is defined by the statute. However, for purposes of conducting proceedings thereunder, § 18 is considered a part of the broader chapter 32 provisions of title 35, U.S. Code, governing post-grant review (“PGR”), 35 U.S.C. §§ 321–329; § 18 expressly incorporates, with certain exceptions not relevant here, the standards and procedures found in that chapter.<sup>5</sup> § 18(a)(1).

In addition to the merits of the decision rendered by the PTAB (which held the claims at issue invalid), the parties to the appeal dispute several predicate issues. These include:

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<sup>4</sup> The program is called ‘transitional’ because it is scheduled to ‘sunset’ eight years after implementing regulations are issued. § 18(a)(3)(A).

<sup>5</sup> A note on terminology: The potential under the AIA for more than the usual confusion that accompanies new congressional mandates stems in part from incidental features of the AIA. In particular, various new procedures intersect with earlier procedures of a similar-sounding kind, e.g., inter partes review (“IPR”) has replaced inter partes reexamination, *compare* 35 U.S.C. §§ 311–318 (2006) (concerning inter partes reexamination), *with* 35 U.S.C. §§ 311–319 (2012) (concerning IPR). The statute also employs identical terminology to mean different things, e.g., the heading of AIA § 6 is entitled “Post-Grant Review Proceedings,” 125 Stat. at 299, while one of the programs thereunder shares the same name—“Chapter 32—Post-Grant Review.” It is not uncommon for the entirety of AIA proceedings to be referred to informally as ‘post-grant review.’

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