

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

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

2014-1194

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

Decided: July 9, 2015

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.

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”),¹ the recently-created adjudicatory arm of the United States Patent and Trademark Office (“USPTO” or “Government”).² 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 329–31.³ Section 18 establishes a separately-designated transition-

¹ 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*.

² 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).

³ 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 program⁴ 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.⁵ § 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:

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

⁵ 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.’

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.