

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

CQG, INC. and CQGT, LLC,
Petitioner,

v.

TRADING TECHNOLOGIES INTERNATIONAL, INC.,
Patent Owner.

Case CBM2015-00057 (Patent 6,766,304 B2)
Case CBM2015-00058 (Patent 6,772,132 B2)

Before SALLY C. MEDLEY, MEREDITH C. PETRAVICK, and
PHILIP J. HOFFMANN, *Administrative Patent Judges*.

MEDLEY, *Administrative Patent Judge*.

DECISION

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

CBM2015-00057 (Patent 6,766,304 B2)
CBM2015-00058 (Patent 6,772,132 B2)

I. INTRODUCTION

CQG, Inc. and CQGT, LLC (collectively, “Petitioner”) filed a Petition requesting a covered business method patent review (CBM2015-00057) of claims 1–40 of U.S. Patent No. 6,766,304 B2 (“the ’304 patent”) and a Petition requesting a covered business method patent review (CBM2015-00058) of claims 1–56 of U.S. Patent No. 6,772,132 B2 (“the ’132 patent”). Paper 3 (“Pet.”).¹ In response, Trading Technologies International, Inc. (“Patent Owner”) filed a Patent Owner Preliminary Response in each proceeding. Paper 11 (“Prelim. Resp.”).

An issue raised by the parties in both proceedings, is whether 35 U.S.C. § 325(a)(1) applies to covered business method (CBM) patent reviews, and, if it does apply, whether Petitioner is barred in accordance with that section. For the reasons set forth below, 35 U.S.C. § 325(a)(1) does apply to covered business method patent reviews, Petitioner is barred in accordance with that section, and, therefore, the Petitions are *denied*.

II. ANALYSIS

A. *Background and Findings of Fact*

On August 17, 2005, Petitioner filed a complaint in the U.S. District Court for the District of Colorado for declaratory judgment (“Colorado DJ Action”) against Patent Owner challenging the validity of all claims in each of the ’304 and the ’132 patents under “Title 35 of the United States Code, including without limitation, Sections 101, 102, 103 and/or 112.” Ex. 1003, 4. On August 19, 2005, Patent Owner sued Petitioner in the Northern

¹ Unless otherwise indicated, citations are to CBM2015-00057.

CBM2015-00057 (Patent 6,766,304 B2)

CBM2015-00058 (Patent 6,772,132 B2)

District of Illinois for infringement (“Illinois Infringement Action”) of the ’304 and ’132 patents. Ex. 1004. Petitioner moved to have the Illinois Infringement Action transferred to Colorado (Ex. 2006), and Patent Owner moved to have the Colorado DJ Action transferred to Illinois (Ex. 1005). Ultimately, on September 26, 2006, the Colorado DJ Action was transferred to Illinois. Ex. 1006.

On November 2, 2006, Patent Owner filed a Motion to Reassign and Consolidate seeking reassignment of the transferred Colorado DJ Action to the same judge presiding over the Illinois Infringement Action and consolidation of the cases. Ex. 1010, 4. Shortly thereafter, on November 9, 2006, Petitioner sent a Proposed Minute Order to the judge presiding over the Illinois Infringement Action, Judge Moran. Ex. 1012. The Proposed Minute Order includes granting Patent Owner’s Motion to Reassign and Consolidate, along with several specific forms of relief, such as reassigning the Colorado case to Judge Moran; dismissing without prejudice the Colorado DJ Action based on agreement of the parties; Patent Owner withdrawing its opposition in the Illinois Infringement Action to Petitioner’s motion to file an amended answer, affirmative defenses, and counterclaims; and granting Petitioner leave to file an amended answer, affirmative defenses, and counterclaims in the Illinois Infringement Action. *Id.* A copy of the Proposed Minute Order was apparently e-mailed from Petitioner to Patent Owner. *Id.* at 1. Based on the record before us, we find that the Proposed Minute Order, and all of the stipulations therein, were jointly agreed upon by Petitioner and Patent Owner. *Id.*

CBM2015-00057 (Patent 6,766,304 B2)

CBM2015-00058 (Patent 6,772,132 B2)

Instead of deciding the Motion to Reassign and Consolidate, or outright executing the Proposed Minute Order, three separate orders were entered. The first order issued on November 14, 2006, reassigning the transferred Colorado DJ Action to Judge Moran. Ex. 1007. The second order dated December 1, 2006,² dismissed the Colorado DJ Action without prejudice, specifically stating that “[p]ursuant to agreement of the parties, this case is dismissed without prejudice.” Ex. 1008 (emphasis added). The third order, dated December 4, 2006, granted Petitioner leave to file an amended answer, affirmative defenses, and counterclaims in the Illinois Infringement Action. Ex. 1013.

In essence, the Illinois Court granted several of the requests made per the Proposed Minute Order. Petitioner is silent with respect to what was the “agreement of the parties.” Based on the totality of the facts before us, we agree with Patent Owner (Prelim. Resp. 6) that the “agreement of the parties” is reflected in the Proposed Minute Order.

The Illinois Action is still pending and has not been stayed. Paper 6.

B. Principles of Law

Section 18(a)(1) of the Leahy-Smith America Invents Act (“AIA”) establishes the transitional program for covered business method patents as follows:

SEC. 18. TRANSITIONAL PROGRAM FOR COVERED BUSINESS METHOD PATENTS.

(a) TRANSITIONAL PROGRAM.

² The presiding Judge made a docket entry in lieu of an “Order.”

CBM2015-00057 (Patent 6,766,304 B2)

CBM2015-00058 (Patent 6,772,132 B2)

(1) ESTABLISHMENT.— . . . the Director shall issue regulations establishing and implementing a transitional post-grant review proceeding for review of the validity of covered business method patents. The transitional proceeding implemented pursuant to this subsection shall be regarded as, and shall employ the standards and procedures of, a post-grant review under chapter 32 of title 35, United States Code, subject to the following:

(A) Section 321(c) of title 35, United States Code, and subsections (b), (e)(2), and (f) of section 325 of such title shall not apply to a transitional proceeding.

AIA, Pub. L. No 112-29, § 18(a)(1), 25 Stat. 329 (2011). The AIA, thus, provides that a covered business method patent review proceeding shall employ the standards and procedures of a post-grant review under Chapter 32 of title 35 of the United States Code (i.e., 35 U.S.C. §§ 321 *et seq.*) except for those expressly carved out exceptions (i.e., 35 U.S.C. §§ 321(c) and 325(b), (e)(2), and (f)). Therefore, covered business method patent reviews are governed by the requirements of 35 U.S.C. § 325(a)(1), which states:

(a) INFRINGER’S CIVIL ACTION.—

(1) POST-GRANT REVIEW BARRED BY CIVIL ACTION.—A post-grant review may not be instituted under this chapter if, before the date on which the petition for such a review is filed, the petitioner or real party in interest filed a civil action challenging the validity of a claim of the patent.

35 U.S.C. § 325(a)(1).

C. 35 U.S.C. § 325(a)(1) applies to CBM Patent Reviews

Petitioner argues that 35 U.S.C. § 325(a)(1) only applies to post grant reviews and not to covered business method patent reviews. Pet. 15. The

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