

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

SONY CORPORATION OF AMERICA,
Petitioner

v.

NETWORK-1 TECHNOLOGIES, INC.,
Patent Owner

Case CBM2015-00078
U.S. Patent No. 6,218,930

**Petitioner's Notice of Basis for Request for Relief in
The Form of a Rehearing by an Enlarged Panel**

Sony Corporation of America (“Petitioner”) respectfully submits this notice of request for relief as authorized under 37 C.F.R. § 42.21,¹ requesting rehearing of the decision denying rehearing (Paper 9) and the decision to not institute a covered business method patent (CBM) review (Paper 7) by an enlarged panel. Petitioner respectfully suggests that rehearing by an enlarged panel is necessary because (1) the Panel’s decisions on the scope of CBM review are inconsistent with most other decisions on the scope of CBM and (2) to reconcile the Panel’s decisions with *Versata Development Group, Inc. v. SAP America, Inc.*,² a presidential decision of the Federal Circuit.³

The Board based its CBM decision on the premise that claims must recite a financial activity to be eligible for CBM review—even if there is evidence of

¹ See e.g., *Apple Inc. v. Rensselaer Polytechnic Inst.*, IPR2014-00320, Paper 19 (2014) (Apple’s Notice of Basis for Request for Relief.); *Apple*, IPR2014-00320, Paper 20 (granting an expanded panel to reconsider rehearing in response to Apple’s Notice).

² *Versata Dev. Grp., Inc. v. SAP Am., Inc.*, 2014-1194 (Fed. Cir. July 9, 2015) *aff’g* *SAP Am., Inc. v. Versata Dev. Grp., Inc.*, CBM2012-00001.

³ See Patent and Trial Board Standard Operating Procedure No. 1 (rev. 14) § III-A.

financial products that practice a claimed method.⁴ But the “Board has consistently held that a claim need not expressly contain a financial limitation.”⁵ Here, the Petition provided unrefuted evidence that the claims are used by a financial product. For example, it is undisputed that the patent includes a method claim.⁶ It is undisputed that patent owner asserts that the claimed method covers practicing the Power-over-Ethernet (PoE) standard.⁷ It is undisputed that the PoE standard describes using the standard for financial products—e.g., point-of-sale terminals.⁸ It is undisputed that the Petition provided documentation for a number of financial

⁴ See e.g., Paper 7 at 8-9; Paper 9 at 4-5.

⁵ *Motorola Mobility, LLC v. Intellectual Ventures I, LLC*, CBM2015-00004, Paper 9 at 11 (2015).

⁶ See, e.g., Pet. 13; Prelim. Resp. 35 (not disputing that the patent includes a method claim).

⁷ See, e.g., *Id.* at 2; Prelim. Resp. 39 (not disputing that the claimed method covers practicing the PoE standard).

⁸ See, e.g., *Id.* at 15; Prelim. Resp. 35-44 (not disputing that the PoE standard describes using the standard for financial products).

products that use the PoE standard.⁹ The only dispute is over whether the claims must include limitations to only those financial uses to be eligible for CBM review.¹⁰ Because the Panel’s decision runs counter to the decisions of many other panels, expanded review is needed to avoid the scope of CBM review becoming panel dependent. Indeed, the Panel here never addressed the decision of the other panel cited in the Petition that found claims to similar subject matter eligible for CBM review.¹¹

On rehearing, the Panel also asserted that the decision in *Versata* supported the premise that CBM review is limited to claims to financial activities.¹² That was legal error. In *Versata*, the Federal Circuit “agree[d] with the USPTO that, as a matter of statutory construction, the definition of ‘covered business method patent’ is **not** limited to products and services of only the financial industry, or to patents

⁹ See, e.g., *Id.* at 14-18; Prelim. Resp. 35-44 (not disputing that a number of financial products use the PoE standard).

¹⁰ See, e.g., Paper 7 at 9; Paper 9 at 3.

¹¹ See, e.g., Pet. at 14 (citing *Google Inc. v. Simpleair, Inc.*, CBM2014-00170, Paper 13 (2015)); Paper 7 (never mentioning the decision in *Google Inc. v. Simpleair, Inc.*); Paper 9 (same).

¹² Paper 9 at 4.

owned by or directly affecting the activities of financial institutions such as banks and brokerage houses.”¹³

The Court’s interpretation confirms the USPTO’s rulemaking, where the Office stated that the scope of CBM review not only “encompass[es] patents claiming activities that are financial in nature” but also encompasses activities that are “incidental to a financial activity or complementary to a financial activity”¹⁴— i.e., not just financial activities. Indeed, the Office explicitly rejected a proposal to limit CBM review to the financial services industry.¹⁵ The USPTO based its position in part on the Congressional record, including:

The amendment **covers not only financial products and services, but also the “practice, administration and management” of a financial product or service.** This language is intended to make clear that the scope of patents eligible for review under this program is not limited to patents covering a specific financial product or service.

¹³ *Versata*, slip op. at 35 (emphasis added).

¹⁴ Transitional Program for Covered Business Method Patents—Definitions of Covered Business Method Patent and Technological Invention, 77 Fed. Reg. 48734, 48735 (Aug. 14, 2012).

¹⁵ *See, e.g., id.* at 48736.

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