

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

OCEAN TOMO, LLC,
Petitioner,

v.

PATENT RATINGS, LLC,
Patent Owner.

Case CBM2015-00157
Patent 9,075,849 B2

Before BARRY L. GROSSMAN, KRISTINA M. KALAN, and
PETER P. CHEN, *Administrative Patent Judges*.

CHEN, *Administrative Patent Judge*.

DECISION

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

I. INTRODUCTION

Ocean Tomo, LLC (“Petitioner”) filed a Petition (Paper 1, “Pet.”) to institute a covered business method review of claims 1, 9, 16, 18–25, 34, 49, 50–52, and 57 (“the challenged claims”) of U.S. Patent No. 9,075,849 B2 (Ex. 1001, “the ’849 patent”). Patent Ratings, LLC (“Patent Owner”) filed a Preliminary Response (Paper 10, “Prelim. Resp.”), to which we permitted a reply by Petitioner (Paper 13, “Pet. Reply”). We have statutory authority under 35 U.S.C. § 324.

After considering the Petition, Preliminary Response, and Reply, and accompanying exhibits, we determine that Petitioner does not have standing to file a Petition for a covered business method review of the ’849 patent under § 18(a)(1)(B) of the Leahy-Smith America Invents Act (“AIA”)¹ and 37 C.F.R. § 42.302. Accordingly, we deny institution of a covered business method patent review of the challenged claims of the ’849 patent.

II. ANALYSIS

A. *Standing*

Standing to file a covered business method patent review is a threshold issue. Under § 18(a)(1)(B) of the AIA,

A person may not file a petition for a transitional proceeding with respect to a covered business method patent unless the person or the person’s real party in interest or privy has been sued for infringement of the patent or has been charged with infringement under that patent. Charged with infringement means a real and substantial controversy regarding infringement of a covered business method patent exists such that the petitioner would have standing to bring a declaratory judgment action in Federal court.

See also 37 C.F.R. §§ 42.206, 42.302(a), 42.304(a) (trial rules on standing in a covered business method review). A petition for covered business method review

¹ Pub. Law 112–29, 125 Stat. 284, 331 (Sept. 16, 2011).

must set forth the petitioner's grounds for standing. 37 C.F.R. § 42.304(a). Rule 42.304(a) states it is Petitioner's burden to "demonstrate that the patent for which review is sought is a covered business method patent, and that the petitioner meets the eligibility requirements of § 42.302." *Id.*

Under 37 C.F.R. § 42.302(a), a person may not file a petition for covered business method patent review, "unless the petitioner, the petitioner's real party-in-interest, or a privy of the petitioner has been sued for infringement of the patent or has been charged with infringement under that patent."

As the Office explained in comments to the Final Rules governing covered business method patent review:

To establish standing, a petitioner, at a minimum, would be required to *certify with explanation* that the patent is a covered business method patent and that the petitioner meets the eligibility requirements of § 42.302. This requirement is to ensure that a party has standing to file the covered business method patent review and would help prevent spuriously instituted reviews. *Facially improper standing is a basis for denying the petition without proceeding to the merits of the decision.*

Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents, 77 Fed. Reg. 48,680, 48,709 (Aug. 14, 2012) (Response to Comment 102; emphases added). Consequently, the petition must show that the petitioner meets the requirements of 37 C.F.R. § 42.302, and such "[a] showing can only be made through sufficient proof." *Id.* (Response to Comment 106). For example, in *Global Tel*Link Corp. v. Securus Technologies, Inc.*, Case CBM2014-0016, slip op. at 9 (PTAB Feb. 17, 2015) (Paper 10), the Board denied institution of a covered business method review based on the determination that Petitioner's

assertion of standing in the Petition was not supported sufficiently by proof in the Petition.

For the reasons discussed below, we determine that the Petition and Reply fail to proffer sufficient proof to support Petitioner's standing to file the request for a covered business method review.

B. Analysis

Petitioner "provides, among other things, financial products and services related to expert testimony, valuation, investments, risk management and transactions throughout the United States and overseas." Pet. 1. Patent Owner "owns and develops computer-generated metrics that can be used to help determine the quality and relevance of issued United States patents." *Id.* Patent Owner's patents "are used to assess the quality and relative value of patent portfolios." *Id.* Petitioner is a 25% owner of Patent Owner. Ex. 1005, ¶ 4.

Beginning in 2004, Petitioner and Patent Owner entered into a contractual relationship under a technology License Agreement (the "License Agreement") pursuant to which Patent Owner provided to Petitioner "certain proprietary computer generated metrics for determining the quality and relevance of patents." Pet. 1–2; Ex. 1004, ¶ 2. Since 2007, "the parties' business relationship has been plagued by a number of disputes, including the three separate lawsuits which have essentially been consolidated into a single action" before the U.S. District Court for the Northern District of Illinois (the "Illinois action"). Pet. 2, 14.

In particular, Petitioner alleges in its Second Amended and Supplemental Complaint in the Illinois action (the "Complaint") that in 2005 it hired Patent Owner's chief executive officer, Jonathan Barney, to be a managing director of Petitioner. Ex. 1004, ¶¶ 1, 6, 41. In that capacity, Barney oversaw the marketing and sale of certain of Petitioner's products and services, for which he received an

annual salary of \$ 210,000, along with profit-sharing payments and equity in Petitioner, which he retains as one of three equity holders in Petitioner. *Id.* ¶¶ 41–42. Petitioner alleges it provided Mr. Barney with a laptop computer, which he did not immediately return to Petitioner when he resigned from Petitioner in 2011. *Id.* ¶¶ 8–9, 44, 52–54. Petitioner further alleges that after Mr. Barney eventually returned the laptop, Petitioner determined that Mr. Barney had “permanently destroyed and rendered inaccessible all [Petitioner] information” on the laptop’s hard drive, but not before making a copy of the hard drive. *Id.* ¶¶ 55–56. After his resignation from Petitioner in 2011, Mr. Barney and Patent Owner allegedly solicited a potential customer of Petitioner. *Id.* ¶¶ 9, 11, 99–101.

Petitioner’s Complaint alleges nine causes of action against Mr. Barney and Patent Owner, for: (1) declaratory judgment of non-breach of the License Agreement (*id.* ¶¶ 107–115); (2) breach of employment agreement (*id.* ¶¶ 116–121); (3) breach of Petitioner’s Computer Asset Policy agreement (*id.* ¶¶ 122–127); (4) breach of fiduciary duty (*id.* ¶¶ 128–133); (5) misappropriation of trade secrets (*id.* ¶¶ 134–140); (6) violation of the Computer Fraud and Abuse Act (*id.* ¶¶ 141–146); (7) conversion (*id.* ¶¶ 147–152); (8) tortious interference with prospective business advantage (*id.* ¶¶ 153–161); and (9) declaratory judgment for tortious interference with Petitioner’s business expectancy (*id.* ¶¶ 162–167).

Neither the Complaint nor the Petition, however, allege Petitioner has been sued for infringement of the ’849 patent. Petitioner’s 39-page Complaint did not mention the ’849 patent, or include a cause of action for declaratory judgment of non-infringement of the ’849 patent, and the Complaint and Petition do not allege that Petitioner otherwise has been expressly charged with infringement of the ’849 patent.

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