

2014-1194

IN THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

VERSATA DEVELOPMENT GROUP, INC.,

Appellant,

v.

SAP AMERICA, INC. and SAP AG,

Appellees,

and

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

Intervenor.

APPEAL FROM THE UNITED STATES PATENT AND TRADEMARK OFFICE,
PATENT TRIAL AND APPEAL BOARD IN NO. CBM2012-00001.

BRIEF FOR THE INTERVENOR – DIRECTOR
OF THE UNITED STATES PATENT AND TRADEMARK OFFICE

NATHAN K. KELLEY
Solicitor

SCOTT C. WEIDENFELLER
WILLIAM LAMARCA
Associate Solicitors
Office of the Solicitor – Mail Stop 8
U.S. Patent and Trademark Office
P.O. Box 1450
Alexandria, Virginia 22313-1450

STUART F. DELERY
Assistant Attorney General

MARK R. FREEMAN
MELISSA N. PATTERSON
(202) 514-1201
Attorneys, Appellate Staff
Civil Division, Room 7230
U.S. Department of Justice
950 Pennsylvania Ave., N.W.
Washington, D.C. 20530

TABLE OF CONTENTS

	<u>Page</u>
STATEMENT OF RELATED CASES	
STATEMENT OF JURISDICTION	1
STATEMENT OF THE ISSUES	1
STATEMENT OF THE CASE	2
A. INTRODUCTION	2
B. STATUTORY AND REGULATORY BACKGROUND	2
1. Administrative Review Of Issued Patents.....	2
2. Post-Grant Review Procedures Under The AIA	3
3. PTO Rules For Post-Grant Review	5
C. FACTUAL BACKGROUND AND PROCEDURAL HISTORY.....	7
1. The '350 Patent.....	7
2. The Institution Decision	7
3. The Final Decision With Respect To Patentability.....	9
SUMMARY OF ARGUMENT	10
STANDARD OF REVIEW.....	12
ARGUMENT	13
I. THIS COURT LACKS JURISDICTION TO REVIEW THE DIRECTOR'S DECISION TO INSTITUTE A POST-GRANT REVIEW OF THE '350 PATENT	13

A. Congress Expressly Barred Judicial Review Of PTO’s Decision Whether To Institute A Transitional Post-Grant Review 13

B. Versata Identifies No Error In PTO’s Interpretation Of “Covered Business Method Patent.” 25

II. THE BOARD PROPERLY REVIEWED THE PATENTABILITY OF THE ’350 PATENT 29

A. The Board May Consider Subject-Matter Eligibility Under Section 101 In A Post-Grant Review 29

B. The Board Properly Conducts Post-Grant Review Without Regard To Prior Infringement Litigation..... 33

C. The Board Properly Applies PTO’s Longstanding “Broadest Reasonable Interpretation” Standard In Post-Grant Review Proceedings 39

III. THE BOARD CORRECTLY CONCLUDED THAT THE ’350 PATENT IS INVALID UNDER THE ABSTRACT IDEA EXCEPTION TO SECTION 101 45

CONCLUSION 55

CERTIFICATE OF COMPLIANCE WITH FEDERAL RULE OF APPELLATE PROCEDURE 32(A)

CERTIFICATE OF SERVICE

TABLE OF AUTHORITIES

Cases:	<u>Page</u>
<i>Accenture Global Servs. v. Guidewire Software, Inc.</i> , 728 F.3d 1336 (Fed. Cir. 2013).....	52
<i>Arent v. Shalala</i> , 70 F.3d 610 (D.C. Cir. 1995)	25
<i>Aristocrat Technologies Australia PTY Ltd. v. Int'l Game</i> , Tech., 543 F.3d 657 (Fed. Cir. 2008).....	31
<i>Auer v. Robbins</i> , 519 U.S. 452 (1997).....	12, 28
<i>Bancorp Servs., LLC v. Sun Life Assurance Co.</i> , 687 F.3d 1266 (Fed. Cir. 2012).....	48, 51
<i>Bennett v. Spear</i> , 520 U.S. 154 (1997).....	21
<i>Bilski v. Kappos</i> , 130 S. Ct. 3225 (2010)	32, 48, 50, 52
<i>Chevron, U.S.A., Inc. v. Natural Res. Def. Council, Inc.</i> , 467 U.S. 837 (1984).....	12
<i>City of Arlington, Tex. v. FCC</i> , 133 S. Ct. 1863 (2013)	24
<i>Cooper Technologies Co. v. Dudas</i> , 536 F.3d 1330 (Fed. Cir. 2008).....	3, 44
<i>CyberSource Corp. v. Retail Decisions, Inc.</i> , 654 F.3d 1366 (Fed. Cir. 2011).....	50, 51
<i>Dealertrack, Inc. v. Huber</i> , 674 F.3d 1315 (Fed. Cir. 2012).....	32, 50, 51

...

Diamond v. Diehr,
450 U.S. 175 (1981)..... 48

Dickinson v. Zurko,
527 U.S. 150 (1999).....12, 25, 53

Ethicon, Inc. v. Quigg,
849 F.2d 1422 (Fed. Cir. 1988)..... 34

Flo Healthcare Solutions, LLC v. Kappos,
697 F.3d 1367 (Fed. Cir. 2012)..... 12

Fort Properties, Inc. v. American Master Lease LLC,
671 F.3d 1317 (Fed. Cir. 2012)..... 50

Foster v. Hallco Mfg. Co.,
947 F.2d 469 (Fed. Cir. 1991)..... 36

FTC v. Standard Oil,
449 U.S. 232 (1980)..... 21

Gottschalk v. Benson,
409 U.S. 63 (1972).....46, 50

Graham v. John Deere Co.,
383 U.S. 1 (1966)..... 31

In re Baxter Int'l, Inc.,
678 F.3d 1357 (Fed. Cir. 2012)..... 34, 35, 36, 37

In re Carr,
297 F. 542 (D.C. Cir. 1924)..... 40

In re Etter,
756 F.2d 852 (Fed. Cir. 1985)..... 35, 41

In re Hiniker Co.,
150 F.3d 1362 (Fed. Cir. 1998)..... 18, 20

In re Morris,
127 F.3d 1048 (Fed. Cir. 1997)..... 12

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.