

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

FORD MOTOR COMPANY

Petitioner,

v.

VERSATA SOFTWARE, INC.

Patent Owner.

U.S. Patent No. 8,805,825

CBM Case No.: 2016-00100

**REQUEST FOR REHEARING
UNDER 37 C.F.R. § 42.71(d)**

I. Introduction

On March 20, 2017, the United States Patent Trial and Appeal Board denied institution of a covered business method patent review of claims 1–4, 6–9, 11–14, and 17–19 of U.S. Patent No. 8,805,825 B1 (“the ‘825 patent”). Pursuant to 37 C.F.R. § 42.71(d), Ford asks for rehearing.

II. Background

On January 11, 2017, Ford filed a Petition for Post-Grant Review (Covered Business Method Review) under 35 U.S.C. § 321 and § 18 of the Leahy-Smith America Invents Act with respect to claims 1-20 of the ‘825 patent. (Paper 1.) Claims 1, 6, and 11 are independent claims.

In its Petition, Ford argued, “[t]he ‘825 Patent is a covered business method because the claims cover sorting (*i.e.*, prioritizing) configurations based on financial attributes such as price and cost.” (Paper 1 at 7, *see also* Paper 1 at 10, “In other words, the claimed inventions of the ‘825 Patent are applicable to sales of products and ‘financial services’ as well as other financial applications such as sales.”) For example, dependent claim 5 of the ‘825 patent expressly confirms that the “products” being configured in claim 1 are “vehicles, computers, and *financial*

products.”¹ Thus, Ford’s primary argument was that claims 1-20 are used in the practice, administration, or management of a financial product or service under AIA § 18. (Paper 1 at 7-10.) Ford mentioned, *only secondarily* and only in a single sentence, that the claims are “at least ‘incidental to’ or ‘complimentary to’ a financial activity.” (Paper 1 at 10-11.)

Before filing its Preliminary Response (Paper 6), Patent Owner disclaimed dependent claims 5, 10, and 15 which expressly recited “financial products.” (See Paper 6 at 13.) Soon after the disclaimer was filed, but before Patent Owner filed its Preliminary Response, the Federal Circuit issued its decision in *Unwired Planet, LLC v. Google, Inc.*, 841 F.3d 1376 (Fed. Cir. 2016). Thus, Patent Owner was able to address both the disclaimer and *Unwired Planet* in its Preliminary Response.

Because the disclaimer and *Unwired Planet* occurred after Ford filed its Petition, the Board allowed both parties to file 3-page briefs addressing the effects of: (1) Patent Owner’s disclaimer of claims 5, 10, and 15, and (2) *Unwired Planet*. In its Preliminary Reply, Ford again argued that the properly construed claims recite “‘finance-related activities’ covered by the CBM statute.” (Paper 10 at 1.)

¹ Throughout this document, all emphasis is added unless otherwise stated. Dependent claims 10 and 15 define “products” identically for their respective independent claims.

The decision denying institution was based on the Board’s conclusion that: (1) Versata’s disclaimer removed claims 5, 10, and 15 from consideration, and (2) the remaining claims of the ‘825 patent were not CBM eligible after the disclaimer and *Unwired Planet*. All three Administrative Patent Judges held that institution should be denied, but each did so on somewhat different grounds. Judge Medley and Judge Turner relied on their view that *Unwired Planet, Secure Access, LLC v. PNC Bank Nat’l Ass’n*,² and *Blue Calypso, LLC v. Groupon, Inc.*,³ created a standard that prevents claims from serving as the basis for CBM review where the claims cover financial products and services but *also* cover more than just those products or services. Judge Arpin concurred because the “Patent Owner’s disclaimer of claims 5, 10, and 15 [] narrowed the scope of [independent] claims 1, 6, and 11,” and thus made the claims ineligible for CBM review. (Paper 12 at 6, Arpin, APJ concurring.)

III. Argument

A. Versata’s disclaimer did not remove claims 5, 10, and 15 from consideration

On April 17, 2017, the Federal Circuit issued a precedential opinion in

² No. 2016-1353, 2017 WL 676601, at *9 (Fed. Cir. Feb. 21, 2017).

³ 815 F.3d 1331 (Fed. Cir. 2016).

Rembrandt Wireless Technologies, LP v. Samsung Electronics Co., Case No. 2016-1729 (Fed. Cir. Apr. 17, 2017). In that decision, the Federal Circuit distinguished a disclaimer's effect on the patent owner from its effect on the public.

In *Rembrandt*, patent owner had licensed claim 40 of its patent to a third party, who did not mark the products it sold with the patent's number. Rembrandt then sued Samsung, who raised a marking defense. Within days, Rembrandt disclaimed claim 40 and asserted that the marking defense did not apply. The district court agreed:

The court accepted Rembrandt's argument that any prior obligation to mark products embodying claim 40 vanished once it disclaimed claim 40. Adopting the Magistrate Judge's recommendation, *the District Judge relied on the proposition that "[u]nder Federal Circuit precedent, a disclaimed patent claim is treated as if it never existed."*

Id., slip op. at 19 (citation omitted).

The Federal Circuit reversed the district court's ruling. The Federal Circuit explained that a disclaimer does not relinquish the public's rights:

[W]hile we have held that a disclaimer relinquishes the rights of the patent owner, *we have never held that the patent owner's disclaimer relinquishes the rights of the public*. Indeed, our precedent and that of other courts have not readily extended the effects of disclaimer to situations where others besides the patentee have an interest that relates to the relinquished claims.

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