

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

FORD MOTOR COMPANY
Petitioner

v.

VERSATA DEVELOPMENT GROUP, INC.
Patent Owner.

Case CBM2016-00100
Patent No. 8,805,825

VERSATA'S OPPOSITION TO FORD'S REQUEST FOR REHEARING

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To succeed on rehearing, Ford must demonstrate that the Board abused its discretion in declining to institute this CBM proceeding. *See* 37 C.F.R. § 42.71(c). Ford does not acknowledge or meet this burden. Ford’s rehearing request hinges on a case—*Rembrandt Wireless Techs., LP v. Samsung Electronics Co., Ltd.*, 2017 WL 1370089 (Fed. Cir. Apr. 17, 2017)—that has *nothing* to do with the scope of CBM patent review; as such, the Board could not have misapprehended or overlooked it in deciding whether to institute. *Rembrandt* interprets the marking requirement in 35 U.S.C. § 287, which has an entirely different purpose, entirely different language, and an entirely different effect than the requirements for CBM review in § 18 of the AIA. Ford’s rehearing request should be denied.

I. Disclaimer of A Claim Under 35 U.S.C. § 253(a) Causes The Claim to Be Treated As If It Had Never Existed For Jurisdictional Purposes.

The Federal Circuit has made clear that disclaimer of claims under 35 U.S.C. § 253 “effectively eliminate[s] those claims from the original patent.” *Vectra Fitness, Inc. v. TNWK Corp.*, 162 F.3d 1379, 1383 (Fed. Cir. 1998). Thus, upon a disclaimer under § 253, the disclaimed claims are treated as though they had “never existed.” *Genetics Inst., LLC v. Novartis Vaccines & Diagnostics, Inc.*, 655 F.3d 1291, 1299 (Fed. Cir. 2011). That is because, “[u]pon the filing of the disclaimers, the original claims were withdrawn from the protection of the patent laws.” *Altoona Publix Theatres v. Am. Tri-Ergon Corp.*, 294 U.S. 477, 492 (1935).

Because the disclaimed claims “never existed,” a tribunal’s jurisdiction cannot be based on those claims. For example, courts routinely dismiss cases for want of jurisdiction when the claims of the patent-in-suit are disclaimed. *See*

Merck & Co., Inc. v. Apotex, Inc., 2007 WL 4082616, at *5 (D.N.J. Nov. 15, 2007), *aff'd*, 292 F. App'x 38 (Fed. Cir. 2008) (finding no jurisdiction, “because Merck has formally disclaimed the '735 and '443 patents, and can no longer enforce any claims as to these patents”); *3V, Inc. v. CIBA Specialty Chemicals Corp.*, 587 F. Supp. 2d 641, 645-46 (D. Del. 2008) (same).

Like court proceedings, CBM proceedings are “adversarial [in] nature,” *PPC Broadband, Inc. v. Corning Optical Commc'ns RF, LLC*, 815 F.3d 734, 741 (Fed. Cir. 2016), and the Board has a strictly limited jurisdiction over them, *Versata Dev. Grp., Inc. v. SAP Am., Inc.*, 793 F.3d 1306, 1320 (Fed. Cir. 2015). And, just as a court’s jurisdiction cannot be based on disclaimed claims, the Board’s jurisdiction over CBM proceedings cannot be predicated on disclaimed claims.

The Office explicitly recognized this jurisdictional limitation in promulgating 37 C.F.R. § 42.207(e). That regulation, which falls under the heading “preliminary response to petition,” provides that, in response to a petition, “[t]he patent owner may file a statutory disclaimer ... disclaiming one or more claims in the patent. No post-grant review will be instituted based on disclaimed claims.” The plain meaning of these words is that a post-grant review (including a CBM proceeding) cannot be instituted based on a disclaimed claim.¹

Here, in response to Ford’s petition and in accordance with § 42.207(e),

¹ This regulation does not mean only that a CBM proceeding cannot be instituted “on” a disclaimed claim. That would improperly “read[] language out of the regulation.” *Gose v. U.S. Postal Serv.*, 451 F.3d 831, 840 (Fed. Cir. 2006).

Versata disclaimed any claim that could plausibly come within the scope of a covered business method patent.² Thus, the Board did not abuse its discretion in declining to institute this CBM review. *See Broadsign Int'l, LLC v. T-Rex Property AB*, No. CBM2017-00008, Paper 7 (Apr. 26, 2017) (declining to institute CBM proceeding based on disclaimed claims post-*Rembrandt*).

II. *Rembrandt* Is Irrelevant To Whether The Board Has Jurisdiction To Institute A CBM Proceeding.

Despite this clear rule, Ford argues that the decision in *Rembrandt* requires the Board to institute review based on the disclaimed claims. It does not.

Rembrandt concerned the marking statute. That statute is not a jurisdictional limitation on a court. Rather, it is a permissive statute under which, if a patentee wishes to obtain pre-notice damages, the patentee must mark its products that practice the patent. *Rembrandt*, 2017 WL 1370089, at *8. The statute's goal is to ensure that the public has a right to practice an unmarked feature of a device until it has notice of the patent. *Id.* at *9. In accord with that notice function, § 287 is written broadly to require notice sufficient to trigger damages whenever anyone is "making, offering for sale, or selling within the United States any patented article."

² Pursuant to the Board's order on briefing [Paper 14], Versata limits its arguments to addressing the Federal Circuit's decision in *Rembrandt*. Versata notes, however, that adopting Ford's arguments on why the non-disclaimed claims fall within the scope of CBM review would vitiate the Federal Circuit's decision in *Unwired Planet, LLC v. Google, Inc.*, 841 F.3d 1376 (Fed. Cir. 2016).

35 U.S.C. § 287(a). The Federal Circuit held that it would “undermine[] the marking statute’s public notice function” if a patentee could retroactively undo its obligation to mark by disclaiming a practiced claim. *Rembrandt*, 2017 WL 1370089, at *9. The point is that the patentee did, at one time, make an article that practiced an existing claim, and the public was entitled to copy that article until given notice—and the patentee cannot use disclaimer to avoid giving that notice.³

In contrast, there is no “public notice” contemplated by § 18 of the AIA. Either a patent falls in the scope of CBM review or it does not. The public does not have investment-backed expectations of whether a patent claim is eligible for CBM review. Further, disclaimer of a claim cannot retroactively create any unfairness to the public. On the contrary, disclaimers best serve the public by dedicating the claimed inventions to the public. The Board should not discourage such disclaimers by allowing disclaimed claims to be used as the basis for CBM review.

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³ The other case cited by Ford—*Guinn v. Kopf*, 96 F.3d 1419 (Fed. Cir. 1996)—is also irrelevant. In that case, unlike here, the patentee did not disclaim the claims until after declaration of the interference. *Id.* at 1421. The Federal Circuit held that the broad statute giving the Office the power to declare an interference allowed the Office to enter an adverse final judgment against a patentee who disclaimed the only claim in the interference. *Id.* at 1422. And, unlike here, there was no regulation such as § 42.207(e) limiting the Office’s jurisdiction.

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