

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

FORD MOTOR COMPANY
Petitioner,

v.

VERSATA DEVELOPMENT GROUP, INC.
Patent Owner.

Cases IPR2017-00150 and IPR2017-00151¹
Patent 7,882,057 B1

Before KEVIN F. TURNER, JAMES B. ARPIN, and
WILLIAM M. FINK, *Administrative Patent Judges*.

ARPIN, *Administrative Patent Judge*.

DECISION
Denying Institution of *Inter Partes* Review
37 C.F.R. § 42.108

¹ This Decision applies to each of the listed cases, which involve the same patent. Because the same dispositive issue is present in each case, we exercise our discretion to issue one Decision to be docketed in each case. The parties are not authorized to use such a multiple case caption.

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I. INTRODUCTION

Ford Motor Company (“Petitioner”) filed a Petition (IPR2017-00150) requesting an *inter partes* review of claims 17, 30, and 44–46 of U.S. Patent No. 7,882,057 B1 (IPR2017-00150, Ex. 1301, “the ’057 patent”) (*see* IPR2017-00150, Paper 2 (“’150 Pet.”)) and a Petition (IPR2017-00151) requesting an *inter partes* review of claims 1–16, 18–29, and 31–43 of the ’057 patent (IPR2017-00151, Ex. 1201) (*see* IPR2017-00151, Paper 2 (“’151 Pet.”)). Patent Owner, Versata Development Group, Inc., filed a Preliminary Response in each case. IPR2017-00150, Paper 6 (“’150 Prelim. Resp.”); IPR2017-00151, Paper 6 (“’151 Prelim. Resp.”). We have jurisdiction under 35 U.S.C. § 314, which provides that an *inter partes* review may not be instituted “unless . . . the information presented in the petition . . . and any response . . . shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.”

The ’057 patent is involved in *Ford Motor Co. v. Versata Software, Inc.*, No. 2:15-cv-10628-MFL-EAS (E.D. Mich.) (“the *Ford* action”), a declaratory judgment action filed on February 19, 2015. ’150 Pet. v; Paper 4, 4.² In the *Ford* action, infringement of the ’057 patent was asserted in a counterclaim on October 28, 2015. ’150 Pet. v; *see* Ex. 1322. Infringement of the ’057 patent also was asserted in a lawsuit *Versata Dev. Grp., Inc. v.*

² Because the parties present identical arguments and evidence in each case with respect to the applicability of the Section 315(b) bar, we cite only to the papers and exhibits filed in IPR2017-00150 in remainder of this Decision. *See* Appendix A.

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Ford Motor Co., No. 4:15-cv-00316-RC-CMC (E.D. Tex.) (“the *Versata* action”), filed on May 7, 2015. ’150 Pet. v–vi; Paper 4, 4.

We deny the Petition because it was “filed more than 1 year after the date on which the petitioner [was] served with a complaint alleging infringement of the [’057] patent.” 35 U.S.C. § 315(b).

II. ANALYSIS

A.

The relevant facts regarding the timing of the related actions between Ford and Versata are largely undisputed. Ford filed a first action (i.e., the *Ford* action) in the Eastern District of Michigan (“the Michigan court”) on February 19, 2015, seeking a declaratory judgment of non-infringement of three Versata patents, not including the ’057 patent.³ ’150 Pet. v; ’150 Prelim. Resp. 6; *see* Ex. 1328. In a later-filed Eastern District of Texas (“the Texas court”) case (i.e., the *Versata* action), filed on May 7, 2015, Versata asserted infringement of the ’057 patent by Ford. ’150 Pet. v; ’150 Prelim. Resp. 6; Ex. 1323. Ford requested an extension of time to file an answer and acknowledged the service date of the complaint in the *Versata* action as May 7, 2015. ’150 Prelim. Resp. 6; Ex. 2310 (“Unopposed Application for Extension of Time to Answer Complaint”).

³ *See Ford Motor Co. v. Versata Development Group, Inc.*, Case IPR2017-00146, Paper 2, vii (“In the *Ford* lawsuit, Ford filed a declaratory judgment action on February 19, 2015 asserting non-infringement (only) of three Versata patents in the same patent family: U.S. Patent No. 5,825,651 (‘the ’651 Patent’), U.S. Patent No. 6,405,308 (‘the ’308 Patent’) and U.S. Patent No. 6,675,294 (the ’294 Patent’).”).

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On October 14, 2015, the Michigan court denied Versata's motion to dismiss or alternatively transfer the *Ford* action to the Eastern District of Texas. Ex. 1324, 2; '150 Pet. 2; '150 Prelim. Resp. 6. On October 28, 2015 (i.e., one year before Ford filed the instant Petition for *inter partes* review), Versata answered Ford's declaratory judgment complaint in Michigan and asserted the '057 patent by filing infringement counterclaims in the Ford action. Ex. 1322 ("Defendant's Answer . . . [and] Counterclaims"); '150 Pet. 2; '150 Prelim. Resp. 6–7. On November 5, 2015, the Texas court "ordered the parties to file notice of any good faith reasons that [the *Versata* lawsuit] should not be dismissed, without prejudice, so that the issues may [be] dealt with in the Michigan court." '150 Pet. 2 (quoting Ex. 1325 (additional text added by Petitioner)). On December 3, 2015, noting that "neither party has provided arguments against dismissing the case," the Texas court "ORDERED that this case is DISMISSED *without prejudice to Plaintiff's ability to assert its claims in the Michigan court.*" Ex. 1327 (emphasis added); '150 Pet. 2; *see* Ex. 1326, 1.

B.

Pursuant to 37 C.F.R. § 42.104(a), "[t]he petitioner must certify that the patent for which review is sought is available for *inter partes* review and that the petitioner is not barred or estopped from requesting an *inter partes* review challenging the patent claims on the grounds identified in the petition." *See Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents*, 77 Fed. Reg. 48,680, 48,688 (Aug. 14, 2012) (Setting a strict standard for demonstrating standing and noting that

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“[f]acially improper standing will be a basis for denying the petition without proceeding to the merits of the petition.”).

According to Petitioner, the Petition is timely under 35 U.S.C. § 315(b) because October 28, 2015, the date of service of the infringement counterclaim in the *Ford* action, is exactly one year prior to the filing of the instant Petition, on October 28, 2016. ’150 Pet. 1. Petitioner contends this counterclaim complaint is the complaint for purposes of 35 U.S.C. § 315(b). ’150 Pet. 2; *see* Ex. 1324. Petitioner argues that the *Versata* action in Texas is “irrelevant for purposes of § 315(b),” because “[t]he dismissal of an action without prejudice leaves the parties as though the action had never been brought.” ’150 Pet. 2–3 (quoting *Oracle Corp. v. Click-To-Call Techs. LP*, Case IPR2013-00312, slip op. at 15–18 (PTAB Oct. 30, 2013) (Paper 26) (precedential in relevant part)).

On this record, we disagree with Petitioner’s assessment of the effect of the dismissal of the *Versata* action. As an initial matter, it is undisputed that the complaint in the *Versata* action, served on Ford on May 7, 2015 (*see* Ex. 2310), is “a complaint alleging infringement of the patent,” and that “the petition requesting the proceeding [was] filed more than one year after the date on which the petitioner . . . [was] served.” 35 U.S.C. § 315(b). Thus, according to the statutory language, the Petition filed by Ford here is time barred. The question is whether Ford is correct that the situation here fits within a judicial exception for a class of cases that were dismissed *without prejudice* as though the action had never been filed, as was the case in the Board’s precedential *Oracle* decision. In considering this argument, our consideration also is informed by the Board’s decisions in *Apple, Inc. v.*

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