

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

SHOPIFY, INC.,
Petitioner,

v.

DDR HOLDINGS, LLC,
Patent Owner.

IPR2018-01008
Patent 9,639,876 B1

Before CARL M. DEFRANCO, PATRICK M. BOUCHER, and
ALYSSA A. FINAMORE, *Administrative Patent Judges*.

FINAMORE, *Administrative Patent Judge*.

DECISION
Institution of *Inter Partes* Review
35 U.S.C. § 314

I. INTRODUCTION

Petitioner filed a Petition (Paper 2) requesting *inter partes* review of claims 1–5, 7, 8, and 11–18 of U.S. Patent No. 9,639,876 B1 (Ex. 1001, “the ’876 patent”). Paper 2, 1. With the Board’s authorization, Petitioner filed a Motion to Correct Mistakes in Petition (Paper 8), which we granted (Paper 9), and Petitioner subsequently filed a Corrected Petition (Paper 10, “Pet.”). Patent Owner filed a Preliminary Response (Paper 11, “Prelim. Resp.”).

Upon consideration of the arguments and evidence presented by both parties, we determine that Petitioner has demonstrated a reasonable likelihood that Petitioner will prevail with respect to at least one of the claims challenged in the Petition. Accordingly, pursuant to 35 U.S.C. § 314(a) and 37 C.F.R. § 42.4, we hereby institute *inter partes* review.

II. BACKGROUND

A. Related Matters

The parties identify the following five proceedings from the U.S. District Court for the District of Delaware: (1) *DDR Holdings, LLC v. Priceline.com LLC*, No. 1:17-cv-498-ER (D. Del. filed May 2, 2017); (2) *DDR Holdings, LLC v. Booking.com B.V.*, No. 1:17-cv-499-ER (D. Del. filed May 2, 2017); (3) *DDR Holdings, LLC v. TicketNetwork, Inc.*, No. 1:17-cv-500-ER (D. Del. dismissed May 9, 2018); (4) *DDR Holdings, LLC v. Shopify, Inc.*, No. 1:17-cv-501-ER (D. Del. filed May 2, 2017); and (5) *DDR Holdings, LLC v. Travel Holdings, Inc.*, No. 1:17-cv-502-ER (D. Del. dismissed May 9, 2018). Pet. 1–2; Paper 4, 1–2. Patent Owner

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indicates that these five proceedings have been consolidated under No. 1:17-cv-498-ER. Paper 4, 1–2.

The parties also identify *DDR Holdings, LLC v. Hotels.com, L.P.*, 954 F.Supp.2d 509 (E.D. Tex. 2013), as well as the corresponding appeal, *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014). Pet. 2–3; Paper 4, 2–3. Patent Owner further identifies *DDR Holdings, LLC v. World Travel Holdings, Inc.*, No. 2:13-cv-00646-JRG (E.D. Tex. filed Aug. 20, 2013) and *DDR Holdings, LLC v. Digital River, Inc.*, No. 2:13-cv-00647-JRG (E.D. Tex. filed Aug. 20, 2013). Paper 4, 3–4.

The parties further identify Office proceedings. Namely, the parties identify *Priceline Group Inc. v. DDR Holdings, LLC*, Case IPR2018-00482 (PTAB filed Jan. 16, 2018). Pet. 4, Paper 4, 4. Petitioner also identifies *Ex parte DDR Holdings, LLC*, No. 2009-013987 (BPAI 2010) and *Ex parte DDR Holdings, LLC*, No. 2009-013988 (BPAI 2010). Pet. 3–4. Patent Owner additionally identifies: *Shopify, Inc. v. DDR Holdings, LLC*, Case IPR2018-01009 (PTAB filed May 3, 2018); *Shopify, Inc. v. DDR Holdings, LLC*, Case IPR2018-01010 (PTAB filed May 4, 2018); *Shopify, Inc. v. DDR Holdings, LLC*, Case IPR2018-01011 (PTAB filed May 2, 2018); *Shopify, Inc. v. DDR Holdings, LLC*, Case IPR2018-01012 (PTAB filed May 2, 2018); *Shopify, Inc. v. DDR Holdings, LLC*, Case IPR2018-01014 (PTAB filed May 2, 2018); U.S. Patent Application Serial No. 15/582,105; U.S. Patent No. 6,629,135 B1; U.S. Patent No. 6,993,572 B2; U.S. Patent No. 7,818,399 B1; U.S. Patent No. 8,515,825 B1; and U.S. Patent No. 9,043,228 B1. Paper 4, 1, 4–5.

B. The '876 Patent

The '876 patent relates to an affiliate commerce system for co-marketing on the Internet. Ex. 1001, 2:64–66. As described in the '876 patent, an affiliate program is a commercial arrangement between an owner of an Internet commerce website, like Amazon.com, and a third-party website owner. *Id.* at 2:23–30. More specifically, the owner of the Internet commerce website lets the third-party website owner promote a subset of its goods, e.g., ten books selected by the website owner from Amazon.com's millions of books, on the third party's website. *Id.*

These affiliate programs generate revenue for the third-party website owners, i.e., affiliates, but there is a greater benefit to the owners of the Internet commerce websites. *Id.* at 2:31–38. According to the '876 patent:

Not only do these sites benefit from the marketing resources of the affiliate operators, they are also able to lure the visitor traffic away from the affiliate. Once a visitor clicks on an affiliate ad and enters an online store, that visitor has left the affiliate's site and is gone. . . . No alternatives have been able to address a fundamental drawback of the affiliate programs—the loss of the visitor to the vendor.

Id. at 2:38–47.

The disclosed invention provides the same benefits as traditional affiliate programs, but without the restrictive limitation of losing visitors. *Id.* at 2:66–3:8. In particular, the invention enables a host to control the customer experience before, during, and after a purchase transaction. *Id.* at 3:1–3. As set forth in the '876 patent:

[T]he look and feel of each participating Host is captured and stored. Hosts may include links to selected products or product categories within pages residing on the Hosts' website. Upon actuation of such a link by a visitor of the Host website, a page is presented to the visitor incorporating a replica of the Host's

look and feel directed to the sale of the selected products or product categories.

Id. at 3:18–25.

Furthermore, an outsource provider may be used to capture the look and feel of a host's website and generate pages that replicate the host's look and feel. *Id.* at 3:26–34. Namely, the '876 patent explains:

The look and feel of a host is captured and stored by receiving an identification of an example page of a target host. The identified page is retrieved. The look and feel elements of the page are identified, and these elements are stored for future use in generating outsourced transparent pages, pages served by a server other than the host but with the host's look and feel. Such pages give the viewer of the page the impression that she is viewing pages served by the host.

Id.

The '876 patent further explains that there are three main parties in the outsourced e-commerce relationship, excluding the end consumer: merchants, hosts, and the e-commerce outsource provider. *Id.* at 22:66–23:2. However, there may be only two parties where one party plays the dual role of host and merchant. *Id.* at 23:2–3.

In a typical transaction process, a customer visits a host website and becomes interested in a product offered. *Id.* at 24:15–20. The customer selects the item she wishes to purchase by clicking a product image or similar link, taking her to dynamically generated web pages which retain the look and feel of the referring host and are served by the e-commerce outsource provider. *Id.* at 24:21–26. After browsing through and selecting certain offered products, the customer initiates the checkout procedure, never leaving the host website. *Id.* at 24:27–36. A secure checkout interface appears, which is similarly consistent in look and feel with the host's

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