

# Post-Grant for Practitioners

## Part 1: IPR and CBM (the first 5 months)

*Webinar Series*  
*February 13, 2013*

*Karl Renner & Dorothy Whelan*  
*Co-Chairs of Post-Grant Practice*

## Agenda

- I. Introduction to Webinar Series
- II. Statistics
- III. Case Study #1: SAP v. Versata
- IV. Case Study #2: Macauto v. Bos GmbH
- V. Practice Tips

## I. Introduction

Where? ... see invitation

How often? ... monthly

When? ... 2<sup>nd</sup> Wednesday

Topics? ...

Important decisions

Developments

Practice tips

FR FISH & RICHARDSON

Post-Grant Practice



### **Post-Grant for Practitioners:**

A monthly series of webinars focusing on developments in post-grant proceedings and related practice tips

#### **Part I: Inter Partes Review and Covered Business Method Patents - the First Five Months.**

Wednesday, February 13, 2013  
1:00 p.m. ET

Fish & Richardson's post-grant practice chairs are back with a new monthly series of webinars devoted to topics of interest in the emerging area of post-grant proceedings. Join them as they share their experiences, insights, and practice tips.

This first webinar will discuss the first five months of inter partes review and covered business method patents.

#### **Speakers:**

[Dorothy Whelan](#), Principal and Post-Grant Practice Co-Chair, Twin Cities

[Karl Renner](#), Principal and Post-Grant Practice Co-Chair, Washington, DC

Fish & Richardson will apply for 1.0 hour of general CLE credit in most states. If you would like to receive CLE credit, RSVP with your state bar information.

**RSVP**

If you have questions, please contact Tracey Spadavecchia at [spadavecchia@fr.com](mailto:spadavecchia@fr.com).

## I. Introduction (con't)

- Brief Review
  - IPR: Inter partes review
    - Grounds for unpatentability limited to patents and printed publication
    - Standard: reasonable likelihood that petitioner would prevail on at least 1 claim
    - Estoppel: any ground raised or reasonably could have raised
  - CBM: Transitional Program for Covered Business Method Patents
    - **Limited to patents related to “financial services;” excludes “technological inventions;” petitioner must have been sued/threatened with suit**
    - Grounds for unpatentability: all (101, 112, 102/103)
    - Standard: more likely than not that at least 1 claim is unpatentable
    - Estoppel:
      - (a) PTO proceedings: any ground raised or reasonably could have raised
      - (b) District court/ITC: any ground raised

## II. Statistics (IPR)

- IPR's Filed?
  - 124 filed through February 8<sup>th</sup>
  - 26 filed in January
  
- Application of Threshold: Reasonable Likelihood of Success
  - IPR has been instituted in 9 of the 9 decisions reviewed
  - Also, in several cases, IPR was ordered on only a subset of petitioned claims, e.g.:
    - IPR2012-00001
    - IPR2012-00004
    - IPR2012-00026
    - IPR2012-00027

## II. Statistics (CBM)

- **CBM's Filed?**
  - 15 filed through February 8<sup>th</sup>
  - None filed in January
- **Application of Threshold: Reasonable Likelihood of Success**
  - While a small subset, CBM has been instituted for each CBM Petition reviewed

## II. Statistics: Who is filing?

- By industry (IPR + CBM)
  - ~60% software or EE
  - ~20% mechanical
  - ~20% bio/chemical
- Approximately 75% of challenged patents anchor pending litigations

### III. Case Study #1 (SAP)

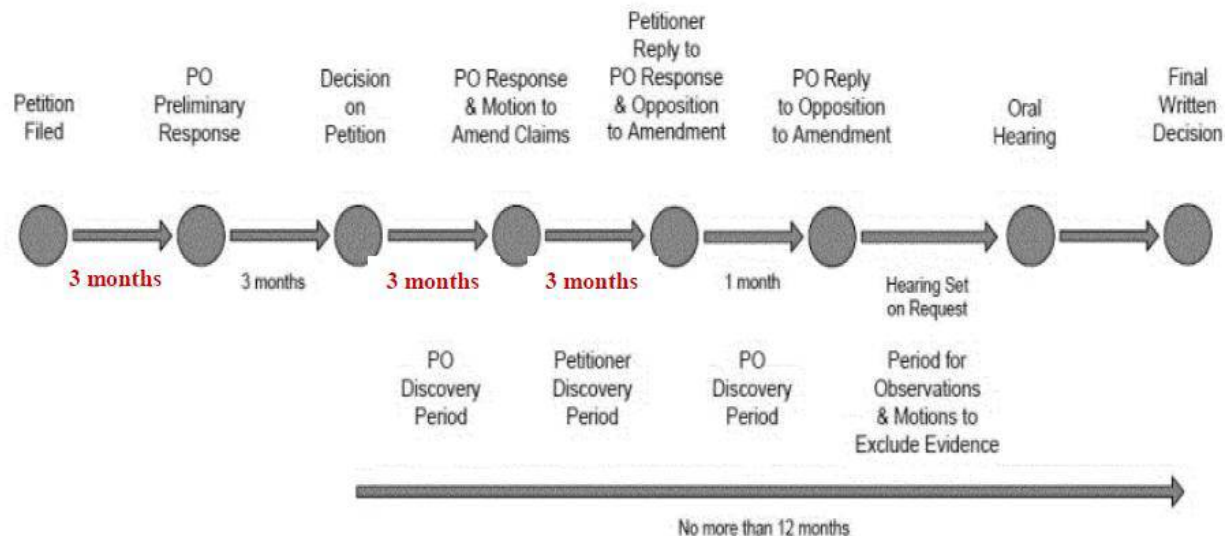
*SAP America, Inc. v. Versata Development Group, Inc.*, slip op. CBM 2012-00001 (PTAB Jan. 9, 2013)

- First filed CBM challenge
- Notable Aspects
  - Timing of Order
  - Interpretation of “covered business method patent”
  - Treatment of Patent Owner Preliminary Response



## III. Case Study #1 (SAP)

- Timing of Order
  - Recall timeline
  - USPTO afforded 6 months to make a Decision on a Petition
  - Here, CBM Petition was filed September 16, and the Decision was made roughly 4 months later



### III. Case Study #1 (SAP)

- Interpretation of “covered business method patent”

Sec. 18 of AIA - A Covered Business Method Patent is:

“a patent that claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service ...”

In SAP, the PTAB found the challenged patent to be a CBM patent, suggesting that it claimed activities that are:

- (1) *financial in nature,*
- (2) *incidental to a financial activity or*
- (3) *complementary to a financial activity*

## III. Case Study #1 (SAP)

- Interpretation of “covered business method patent” (con’t)
  - Selection of representative claim (claim 17)
    - ... for purposes of evaluating financial product or service requirement
    - ... USPTO has discretion
  - “The term financial is an adjective that simply means relating to monetary matters.”
- 17. A method for determining a price of a product offered to a purchasing organization comprising:
  - arranging a hierarchy of organizational groups comprising a plurality of branches such that an organizational group below a higher organizational group in each of the branches is a subset of the higher organizational group;
  - arranging a hierarchy of product groups comprising a plurality of branches such that a product group below a higher product group in each of the branches is a subset of the higher product group;
  - storing pricing information in a data source, wherein the pricing information is associated, with (i) a pricing type, (ii) the organizational groups, and (iii) the product groups;
  - retrieving applicable pricing information corresponding to the product, the purchasing organization, each product group above the product group in each branch of the hierarchy of product groups in which the product is a member, and each organizational group above the purchasing organization in each branch of the hierarchy of organizational groups in which the purchasing organization is a member;
  - sorting the pricing information according to the pricing types, the product, the purchasing organization, the hierarchy of product groups, and the hierarchy of organizational groups;
  - eliminating any of the pricing information that is less restrictive; and
  - determining the product price using the sorted pricing information.

### III. Case Study #1 (SAP)

- Interpretation of “covered business method patent”

Sec. 18 of AIA - A Covered Business Method Patent is:

“a patent that claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, except that the term does not include patents for technological inventions.”

37 C.F.R. 42.301(b) clarified the meaning of technological invention:

In determining whether a patent is for a technological invention, the following will be considered on a case-by-case basis: whether the claimed subject matter as a whole recites a technological feature that is novel and unobvious over the prior art; and solves a technical problem using a technical solution.

### III. Case Study #1 (SAP)

- Interpretation of “covered business method patent” (con’t)
  - PTAB Decision did not disqualify the patent as covering a technological invention
  - Rather, the PTAB found the claims (*as a whole*) lacking “specific, unconventional software, computer equipment, tools or processing capabilities”
  - **PTAB rejected patent owner’s argument that recitation in claims of hierarchical data structure used in combination with a software-implemented pricing procedure = novel and unobvious technological feature.**
    - “None of these claim limitations ... rises to the level of a technological feature as the claimed method steps could be performed by one of ordinary skill in the art with pencil and paper.”
    - “Organizing data into hierarchies however is not a technical solution as this is akin to creating organizational management charts.”

### III. Case Study #1 (SAP)

- Patent Owner Preliminary Response
  - Was not limited to formal objections
  - PTAB reminded that the PO Preliminary Response can include evidence from related district court proceedings
    - expert reports
    - expert testimony
    - briefs
    - court orders
  - Useful vehicle for raising substantive arguments?

## IV. Case Study #2 (Macauto)

*Macauto U.S.A. v. Bos GmbH & KG*, slip. Op. IPR2012-00004 (PTAB Jan. 24, 2013)

- Notable aspects
  - IPR eligibility-killing “Notice” clarified
  - Reasonable Likelihood of Success (RLS) standard clarified, through its application

## IV. Case Study #2 (Macuato)

- IPR eligibility-killing “Notice” clarified
  - U.S.C. 315(b)

An inter partes review may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent.
  - Relevant facts
    - **> 1 year before filing and serving its IPR petition, patent owner filed suit against petitioner’s parent company**
    - Patent owner voluntarily dismissed its suit, without prejudice
  - Issue: Is IPR estopped based on Notice related to suit?
    - No
    - PTAB: The law is blind to suits that are voluntary dismissed without prejudice
  - Consider impact of dismissing voluntarily without prejudice, or having adversaries do the same



## IV. Case Study #2 (Macauto)

- Reasonable Likelihood of Success (RLS) standard clarified
  - Relevant Facts
    - The Macauto IPR Petition included multiple references
    - 3 of the references were included in an EPRx that IPR Petitioner had filed on the subject patent
    - In EPRx, the CRU confirmed the patentability of all claims
  - IPR was initiated based upon one of the references used in EPRx
    - **Yet, this showed the PTAB's willingness to consider rejections based upon references previously considered by the CRU**
    - PTAB agreed with Petitioner that during EPRx, Examiner improperly gave weight to two declarations that patent owner submitted
    - A similar approach would seem to be available for prior art distinguished during initial examination
- Consider this divergence from the Substantial New Question (SNQ) analysis, and whether it presents opportunities (against adverse patents) or burdens (re your own patents)

## V. Practice Tips

- Claim charts
- Multiple petitions
- Motions to extend page limits
- Declarations – content and timing
- Patent Owner Preliminary Response
- Art previously distinguished

- In our initial 7-part webinar series titled “Challenging Patent Validity in the USPTO,” we explored details regarding several of the post grant tools, with 3 sessions dedicated to Inter Partes Review (IPR), and a final session walking through several hypotheticals, to help listeners understand how these apply to common situations.
- Audio and slides for these webinars are posted online at:  
<http://www.fr.com/post-grant-webinar-series/>
- If you listen to these webinars, you will be well positioned to engage in a conversation over whether and when to use those tools and how to defend against them.

## Resources

- F&R web sites:
  - Post-Grant for Practitioners: <http://www.fr.com/post-grant-for-practitioners/>
  - General: <http://www.fr.com/post-grant-practice/>
  - IPR: <http://www.fr.com/reexam-services-post-grant-ipreview/>
  - PGR: <http://www.fr.com/reexam-services-post-grant-pgreview/>
  - Rules governing post-grant: <http://www.fr.com/post-grant-practice/>
- USPTO sites:
  - AIA Main: [http://www.uspto.gov/aia\\_implementation/index.jsp](http://www.uspto.gov/aia_implementation/index.jsp)
  - Inter Partes: [http://www.uspto.gov/aia\\_implementation/bpai.jsp](http://www.uspto.gov/aia_implementation/bpai.jsp)

Questions?



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