

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

FORD MOTOR COMPANY,
Petitioner,

v.

VERSATA DEVELOPMENT GROUP, INC.,
Patent Owner.

CBM2016-00101
Patent 7,739,080 B1

Before SALLY C. MEDLEY, KEVIN F. TURNER, and JAMES B. ARPIN,
Administrative Patent Judges.

MEDLEY, *Administrative Patent Judge.*

DECISION

Denying Institution of Covered Business Method Patent Review
37 C.F.R. § 42.208

I. INTRODUCTION

Ford Motor Company, (“Petitioner”) filed a Petition requesting a covered business method patent review of claims 1–22 of U.S. Patent No. 7,739,080 B1 (Ex. 1001, “the ’080 patent”). Paper 1 (“Pet.”). In response, Versata Development Group, Inc. (“Patent Owner”) filed a Patent Owner Preliminary Response. Paper 6 (“Prelim. Resp.”). In its Patent Owner Preliminary Response, Patent Owner asserts, with supporting evidence, that it filed a statutory disclaimer pursuant to 37 C.F.R. § 1.321(a), disclaiming claim 22. *See* Prelim. Resp. 37; Ex. 2009. Accordingly, no covered business method patent review will be instituted for claim 22. *See* 37 C.F.R. § 42.207(e).

Subsequent to the parties’ submissions, we authorized Petitioner to file a Reply, addressing the impact of *Unwired Planet, LLC v. Google Inc.*, 841 F.3d 1376 (Fed. Cir. 2016), decided after Petitioner filed its Petition and cited by Patent Owner in its Preliminary Response. Paper 7. We authorized Patent Owner to file a sur-reply. *Id.* The parties submitted their respective papers on this issue. Paper 10 (“Reply”); Paper 11 (“Sur-Reply”).

Under 35 U.S.C. § 324, a post-grant review may not be instituted “unless . . . the information presented in the petition . . . would demonstrate that it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable.”

For the reasons that follow, we do not institute a covered business method patent review of claims 1–21 of the ’080 patent.

A. Related Matters

The '080 patent is involved in the following lawsuit: *Ford Motor Co. v. Versata Software, Inc.*, No. 2:15-cv-10628 (E. Mich.). Pet. iv; Paper 4, 2. In compliance with 37 C.F.R. § 42.302(a), Petitioner certifies that it has been sued for infringement of the '080 patent. Pet. 2. Patent Owner does not challenge Petitioner's certification that it has been sued for infringement of the '080 patent.

B. The '080 Patent

The Specification of the '080 patent describes a system and method for consolidating multiple configuration models of a product. Ex. 1001, 1:9–11. In particular, configurations are built on configuration models for a product where the model is a collection of rules defining buildable configurations of a product. *Id.* at 2:57–58. The invention looks for relationships in a directed acyclic graph (DAG) to arrive at the model. *Id.* at 10:21–28. The patent describes an example of two models, where one model is adjusted in order to permit its combination with the other model. *Id.* at 9:14–16.

C. Illustrative Claim

Claim 1 is representative and is reproduced below:

1. A method of using a computer system to consolidate multiple configuration models of a product, the method comprising:

performing with the computer system:

identifying a conflict between at least two of the

configuration models, wherein the configuration models are organized in accordance with respective directed acyclic graphs, each configuration model includes at least one ancestor configuration model family space and a child configuration model family space below the ancestor configuration model family space, a first of the conflicting configuration models comprises an ancestor configuration model family space that is different than an ancestor configuration model family space of a second of the conflicting configuration model, and each child configuration model family space constrains the ancestor configuration model family space above the child in accordance with configuration rules of the configuration model to which the child belongs;

extending at least one of the ancestor configuration model family spaces of the conflicting configuration models so that the ancestor configuration model family spaces of the first and second conflicting configuration models represent the same ancestor configuration model family space;

removing from the child configuration model family space any configuration space extended in the ancestor of the child configuration family space; and

combining the first and second configuration models into a single, consolidated model that maintains a non-cyclic chain of dependencies among families and features of families for use in answering configuration questions related to the product.

Ex. 1001, 18:16–49.

D. Asserted Grounds of Unpatentability

Petitioner contends that claims 1–21 of the '080 patent are unpatentable under 35 U.S.C. § 101 and that claims 2, 10, and 16 are

indefinite under 35 U.S.C. § 112, ¶ 2.¹

E. Claim Interpretation

The Board interprets claims in an unexpired patent using the “broadest reasonable construction in light of the specification of the patent in which [they] appear[.]” 37 C.F.R. § 42.300(b); *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2144–46 (2016) (upholding the use of the broadest reasonable interpretation standard). For purposes of this Decision, we determine that no claim term requires explicit interpretation.

II. DISCUSSION

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.” Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284, 329 (2011) (“AIA”) § 18(d)(1) (emphasis added); *see* 37 C.F.R. § 42.301(a).

The U.S. Court of Appeals for the Federal Circuit recently held the following regarding the scope of covered business method (CBM) patent review:

CBM patents are limited to those with claims that are directed to methods and apparatuses of particular types and with particular uses “in the practice, administration, or management of a financial product or service.” The patent for a novel lightbulb that is found to work particularly well in bank vaults does not become a CBM

¹ As explained above, Patent Owner filed a statutory disclaimer, disclaiming claim 22.

patent because of its incidental or complementary use in banks. Likewise, it cannot be the case that a patent covering a method and corresponding apparatuses becomes a CBM patent because its practice could involve a potential sale of a good or service. All patents, at some level, relate to potential sale of a good or service. Take, for example, a patent for an apparatus for digging ditches. Does the sale of the dirt that results from use of the ditch digger render the patent a CBM patent? No, because the claims of the ditch-digging method or apparatus are not directed to “performing data processing or other operations” or “used in the practice, administration, or management of a financial product or service,” as required by the statute. It is not enough that a sale has occurred or may occur, or even that the specification speculates such a potential sale might occur.

Unwired Planet, LLC v. Google Inc., 841 F.3d 1376, 1382 (Fed. Cir. 2016) (footnote omitted) (citations omitted); *see also Secure Access, LLC v. PNC Bank Nat’l Ass’n*, No. 2016-1353, 2017 WL 676601, at *9 (Fed. Cir. Feb. 21, 2017) (“Necessarily, the statutory definition of a CBM patent requires that the patent have a claim that contains, however phrased, a financial activity element.”); *Blue Calypso, LLC v. Groupon, Inc.*, 815 F.3d 1331, 1340 (Fed. Cir. 2016) (approving of prior Board decisions that “properly focuse[d] on the claim language at issue and, finding nothing explicitly or inherently financial in the construed claim language, decline[d] to institute CBM review,” and finding that the challenged patent was eligible for review because the claims recited “an express financial component in the form of a subsidy” that was “central to the operation of the claimed invention”); *Versata Dev. Grp., Inc. v. SAP Am., Inc.*, 793 F.3d 1306, 1325 (Fed. Cir. 2015) (stating that “the definition of ‘covered business method patent’ is not limited to products and services of only the financial industry” and “on its

face covers a wide range of finance-related activities”).

A patent need have only one claim directed to a covered business method to be eligible for review. Transitional Program for Covered Business Method Patents—Definitions of Covered Business Method Patent and Technological Invention; Final Rule, 77 Fed. Reg. 48,734, 48,736 (Aug. 14, 2012). Petitioner must demonstrate that the patent for which review is sought is a covered business method patent. 37 C.F.R. § 42.304(a).

Petitioner focuses on independent claims 1, 3, and 4 to demonstrate that the '080 patent is a covered business method patent. Pet. 5–6²; Reply 2–3.

Petitioner argues that claims 1, 3, and 4 are directed to configuration

² In its Petition, Petitioner also includes independent claim 22 in its analysis. Claim 22 is similar to independent claims 1, 3, and 4. As discussed above, Patent Owner filed a statutory disclaimer, disclaiming claim 22 after the Petition was filed. In its Reply, Petitioner does not argue that disclaimed claim 22 should be considered in determining whether the '080 patent qualifies as a covered business method patent. We treat disclaimed claim 22 as if it never existed. *See Vectra Fitness, Inc. v. TNWK Corp.*, 162 F.3d 1379, 1383 (Fed. Cir. 1998) (“This court has interpreted the term ‘considered as part of the original patent’ in section 253 to mean that the patent is treated as though the disclaimed claims never existed.”); *Guinn v. Kopf*, 96 F.3d 1419, 1422 (Fed. Cir. 1996) (“A statutory disclaimer under 35 U.S.C. § 253 has the effect of canceling the claims from the patent and the patent is viewed as though the disclaimed claims had never existed in the patent.”); *see also Genetics Inst., LLC v. Novartis Vaccines and Diagnostics, Inc.*, 655 F.3d 1291, 1299 (Fed. Cir. 2011) (holding that the Board’s interference jurisdiction under 35 U.S.C. § 291 required “the existence of an interference, and a claim that ‘never existed’ [due to a statutory disclaimer] cannot form the basis for an interference” (citation omitted)); *Blue Calypso*, 815 F.3d at 1340 (citing previous Board decisions that “properly focuse[d] on the claim language at issue”).

models of a “product,” and, thus, are directed to configuring salable products that a customer can purchase, directing attention to examples in the Specification of the ’080 patent describing that configuration models can be used to make a product that may be purchased, such as an automobile, computer hardware, financial services, etc. Pet. 4–5 (citing Ex. 1001, 1:14, 1:22–26, 1:38–39, 18:3–9). Petitioner concludes that “the configuration process/system claimed in the ’080 patent is at least ‘incidental to’ or ‘complementary to’ a financial activity, such as sales of automobiles, computers, financial services, or other products.” *Id.* at 5.

Petitioner’s arguments made in its Petition are not persuasive because the arguments are based on the incorrect “incidental to” or “complementary to” language stemming from the AIA legislative history that was rejected by the Federal Circuit in *Unwired Planet*. *See id.* at 5; 841 F.3d at 1380–82. The issue is whether the ’080 patent “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.” AIA § 18(d)(1). We evaluate Petitioner’s arguments based on that statutory language.

In its Reply, Petitioner essentially makes the same arguments it did in the Petition, that the claims cover configuring salable products that a customer can purchase and includes configuring such products applicable to “financial services.” Reply 2 (citing Ex. 1001, 18:3–9). Petitioner argues that the claims, when read in light of the ’080 patent’s Specification, cover finance-related activities, namely the administration and management of configuration models used for financial products and services. *Id.* at 2–3

(citing *Versata Dev. Grp. v. SAP Am., Inc.*, 793 F.3d 1306, 1325 (Fed. Cir. 2015); *Volusion, Inc. v. Versata Software, Inc.*, Case CBM2013-00017, slip op. at 5 (PTAB Oct. 24, 2013) (Paper 8)). We agree with Patent Owner, however, that claims 1, 3, and 4 are “agnostic to the product or the specific use of the product.” *See* Prelim. Resp. 13–14. Moreover, claims 1, 3, and 4 do not recite anything with respect to the type of product or the use of the product. Specifically, there is nothing in the claims themselves that specifies that the product is for a financial service, or that claims 1, 3, and 4 are applicable to sales of the claimed product. Petitioner also does not provide any proposed interpretation for the terms of the claims, such that they would include any of these features, and, thus, be financial in nature. *See* Pet. 10. Nor do we find any other language in claims 1, 3, or 4 relating to sales of a product, or that the product is a financial product or service. *Versata* is inapposite to the facts before us, because *the claims* involved in that case are not generic, as are the ones before us, but rather include terms directed to “finance-related activities.”

We agree with Petitioner that the Specification of the '080 patent describes that the invention has application to financial services. Ex. 1001, 18:3–9. The Specification of the '080 patent also describes, however, that the invention has application to “a wide range of industries” such as manufacturing and construction industries. *Id.* In evaluating Petitioner’s arguments and evidence, we must focus on the claims, not on embodiments described in the specification, some of which are related to financial services and some of which are not. *See Secure Access*, 2017 WL 676601, at *6 (“the written description alone cannot substitute for what may be missing in

the patent ‘claims,’ and therefore does not in isolation determine CBM status”). Lastly, we have considered Petitioner’s arguments regarding *Volusion*. Reply 2–3. *Volusion*, a Board decision, came well before the Federal Circuit *Unwired* and *Secure Access* decisions. We decline Petitioner’s apparent invitation to depart from Federal Circuit precedent. In summary, we have considered each of Petitioner’s arguments, but do not find them persuasive given the generic, broad claims, and the corresponding broad disclosure in the Specification of the ’080 patent.

For the foregoing reasons, based on the record presented and the particular facts of this proceeding, Petitioner has not established that the ’080 patent claims a method or apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service. Therefore, the ’080 patent does not qualify as a “covered business method patent” under § 18(d)(1) of the AIA, and we do not institute a covered business method patent review on any of the asserted grounds as to any of the challenged claims.

III. ORDER

In consideration of the foregoing, it is hereby:

ORDERED that the Petition is denied as to challenged claims 1–21 of the ’080 patent.

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PETITIONER:

Thomas A. Lewry
Christopher C. Smith
John S. LeRoy
Jonathan D. Nikkila
John P. Rondini
Frank A. Angileri
BROOKS KUSHMAN P.C.
tlewry@brookskushman.com
csmith@brookskushman.com
jleroy@brookskushman.com
jnikkila@brookskushman.com
jrondini@brookskushman.com
fangileri@brookskushman.com

PATENT OWNER:

Robert Greene Sterne
Salvador M. Bezos
Michelle K. Holoubek
Joseph E. Mutschelknaus
Jonathan Tuminaro
STERNE, KESSLER, GOLDSTEIN & FOX P.L.L.C.
rsterne-PTAB@skgf.com
sbezos-PTAB@skgf.com
holoubek-PTAB@skgf.com
jmutsche-PTAB@skgf.com
jtuminar-PTAB@skgf.com

Kent B. Chambers
TERRILE, CANNATTI, CHAMBERS & HOLLAND, L.L.P.
kehambars@tcchlaw.com

Sharoon Saleem
JONES & SPROSS, P.L.L.C.
sharoon.saleem@jonesspross.com