

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

SAP AMERICA, INC.
Petitioner

v.

PI-NET INTERNATIONAL, INC.
Patent Owner

Case CBM2013-00013
Patent 8,037,158

Before, KARL D. EASTHOM, JONI Y. CHANG, and
BRIAN J. McNAMARA, *Administrative Patent Judges*.

McNAMARA, *Administrative Patent Judge*.

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

BACKGROUND

Pursuant to 35 U.S.C. § 321 and § 18 of the America Invents Act (AIA), SAP America, Inc. (“Petitioner”) requests that the Patent Trial and Appeal Board initiate a Covered Business Method Patent Review to review claims 1-6, and 11 (“the challenged claims”) of U.S. Patent 8,037,158 (“the ‘158 Patent”). We have jurisdiction under 35 U.S.C. § 324. The standard for instituting a Covered Business Method Review is the same as that for a Post-Grant Review. § 18(a)(1) of the AIA. The standard for instituting Post-Grant Review is set forth in 35 U.S.C. § 324(a), which provides the following:

THRESHOLD – The Director may not authorize a post-grant review to be instituted unless the Director determines that the information presented in the petition filed under [35 U.S.C. §] 321, if such information is not rebutted, would demonstrate that it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable.

Petitioner contends that pursuant to 37 C.F.R. §§ 42.301 and 42.304(a), the ‘158 Patent meets the definition of a covered business method patent and does not qualify as a technological invention. (Pet. 5-8). Petitioner further contends that claims 1-6, and 11 fail to comply with the patentable subject matter requirements of 35 U.S.C. § 101 (Pet. 13-20), that the challenged claims are invalid under 35 U.S.C. § 103 (Pet. 24-61) and under 35 U.S.C. § 112(b). (Pet. 75-80).

We institute a covered business method patent review based on Petitioner’s challenges to claims 1-3 and 11 as unpatentable under 35 U.S.C. § 101 and 35 U.S.C. § 103 and based on Petitioner’s challenges to claims 1-6 and 11 under 35 U.S.C. § 112(b).

PENDING LITIGATION

A person may not file a petition for a Covered Business Method Patent Review “unless the person or the person’s real party in interest or privy has been sued for infringement of a patent or has been charged with infringement under that patent.” (§18 (a)(1)(B) of the AIA). The ‘158 Patent is the subject of a number of cases pending in U.S. District Courts in Delaware, the Central District of California, and the Northern District of California.

STANDING

Petitioner argues that it has standing to petition for covered business method patent review because Patent Owner sued Petitioner’s customer, Citizens Financial Group (“Citizens”), accusing Citizens of infringing claims 1-6 and 11 of the ‘158 Patent in the U.S. District Court for the District of Delaware. Pet. 9. In addition, Petitioner has sought declaratory judgment of non-infringement of the ‘158 patent in a separate action filed by Petitioner in the U.S. District Court for the Northern District of California (the declaratory judgment action).

Patent Owner argues that Petitioner does not have standing under 37 C.F.R. § 42.302, stating that SAP is not a privy of Citizens and that the Petitioner’s standing to bring the declaratory action is in dispute. Prelim. Resp. 2-4.

“The core functions of the ‘real party-in interest’ and ‘privies’ requirement is to assist members of the Board in identifying potential conflicts, and to assure proper application of the statutory estoppel provisions. *Office Patent Trial Practice Guide*, 77 Fed. Reg. 48756 (Aug. 14, 2012). “The latter, in turn, seeks to protect patent owners from harassment via successive petitions by the same or related parties, to prevent parties from having a “second bite at the apple,” and to protect the integrity of both the USPTO and Federal Courts by assuring that all issues are promptly raised and vetted.” *Id.* “Whether a party who is not a named

participant in a given proceeding nonetheless constitutes a ‘real party-in interest’ or ‘privy’ to that proceeding is a highly fact-dependent question.” *Id.* “Such questions will be handled by the Office on a case-by-case basis taking into consideration how courts have viewed the terms ‘real party-in-interest’ and ‘privy.’” *Id.*

The legislative history, which directly addresses the issue raised by the Patent Owner in this case, supports Petitioner’s standing to petition for covered business method patent review.¹ At 157 Cong. Rec. S5432 (daily ed. Sept. 8, 2011), Senator Schumer explained that “privy” “effectively means customers of the petitioner.” Senator Schumer stated as follows:

Section 18 of the America Invents Act, of which Senator Kyl and I were the authors, relates to business method patents. As the architect of this provision, I would like to make crystal clear the intent of its language. . . . As originally adopted in the Senate, subsection (a)(1)(B) only allowed a party to file a section 18 petition if either that party or its real parties in interest had been sued or accused of infringement. In the House, this was expanded to also cover cases where a “privy” of the petitioner had been sued or accused of infringement. A “privy” is a party that has a direct relationship to the petitioner with respect to the allegedly infringing product or service. In this case, it effectively means customers of the petitioner. With the addition of the word “privy,” a company could seek a section 18 proceeding on the basis that customers of the petitioner had been sued for infringement.

Patent Owner does not dispute Petitioner’s assertion that the defendant in the Delaware litigation, Citizens, is a customer of Petitioner. Petitioner also represents

¹ Our decision is limited to this proceeding, which is brought under Section 18 of the AIA, and the facts of this case.

that Citizens has requested Petitioner indemnify Citizens for legal fees and losses. Pet. 9. In view of the foregoing statements of legislative intent, as well as Citizen's request for indemnification by Petitioner, we are persuaded that Petitioner has standing to bring the subject petition.

BACKGROUND AND RELATED PATENTS

The present Petition concerning the '158 Patent is one of three filed by Petitioner concerning related patents. U.S. Patent 8,108,492 (the '492 Patent) is the subject of a petition for an *inter partes* review in proceeding IPR2013-00194 and U.S. Patent 5,987,500 (the '500 Patent) is the subject of a petition for *inter partes* review in proceeding IPR2013-00195. The '492 Patent, entitled "Web Application Network Portal," the '500 Patent, entitled "Value-Added Network System for Enabling Real-Time, By-Directional Transactions on a Network," (bold font omitted) and the '158 Patent, entitled "Multimedia Transactional Services," (collectively, "the Subject Patents") share substantially the same specification, but claim different subject matter.

The Subject Patents disclose "a method and apparatus for providing real-time, two-way transactional capabilities on the Web." '492 Patent, Abstract. *See also*, '500 Patent, Abstract; '158 Patent Abstract. The '158 Patent discloses a method for "enabling service management of the value-added network service, to perform [Operations, Administration, Maintenance & Provisioning] (OAM&P) functions on the services network." '158 Patent, Abstract, col. 8, ll. 56-67. The claims recite a banking application based on a user's selection of a point-of-service application from a Web page. *See id.*, claims 1-6.

The '500 Patent discloses a value-added network switch, which includes a system for switching to a transactional application that provides transactional services managed by a value-added network service provider which keeps the

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