

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

NAUTILUS HYOSUNG INC.,
Petitioner,

v.

DIEBOLD NIXDORF, INC.,¹
Patent Owner.

Case CBM2016-00034
Patent 7,314,163

Before BARBARA A. BENOIT, GEORGIANNA W. BRADEN, and
KERRY BEGLEY, *Administrative Patent Judges*.

BENOIT, *Administrative Patent Judge*.

ORDER
Post-Hearing Briefing
37 C.F.R. § 42.20(d)

¹ After institution of this covered business method patent review, Patent Owner changed its name. *See* Paper 18. We use Patent Owner's updated name in this Order.

A covered business method patent review of claims 1–24 of U.S. Patent No. 7,314,163 B1 (Ex. 1001, “the ’163 patent” or “the challenged patent”) has been instituted. Paper 9 (“Decision to Institute” or “Inst. Dec.”). One issue in the proceeding is whether claims 1–24 are directed to patent-ineligible subject matter under 35 U.S.C. § 101. Inst. Dec. 43.

During this proceeding, along with its Reply to Patent Owner’s Response under 37 C.F.R. § 42.220, Petitioner filed a decision from an investigation conducted by the International Trade Commission, *In the Matter of Certain Automated Teller Machines, ATM Modules, Components Thereof, and Products Containing Same*, No. 337-TA-972, titled the Initial Determination Granting Respondents’ Motion for Summary Determination that the Asserted Claims of U.S. Patent No. 7,314,163 Are Invalid Under 35 U.S.C. § 101 (Ex. 1026) (“ITC Decision”).² After receiving briefing from both sides, the Administrative Law Judge granted “Respondents Nautilus Hyosung America, Inc., Nautilus Hyosung Inc., and HS Global, Inc.’s . . . motion for summary determination that the asserted claims of U.S. Patent No. 7,314,163 . . . are directed to ineligible subject matter under 35 U.S.C. § 101.” ITC Decision, 1, 27. Specifically, the Administrative Law Judge held:

² Both parties previously identified International Trade Commission Investigation *In the Matter of Certain Automated Teller Machines, ATM Modules, Components Thereof, and Products Containing Same*, No. 337-TA-972 as a judicial or administrative matter that would affect or be affected by a decision in this proceeding, as required by 37 C.F.R. § 42.8(b)(2). Paper 2 (Petition), 2; Paper 5 (Patent Owner’s Mandatory Notices).

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The asserted claims of U.S. Patent No. 7,314,163 are directed to ineligible subject matter under 35 U.S.C. § 101, and it is my Initial Determination that this patent is terminated from the Investigation.

ITC Decision, 27. The claims asserted in the ITC investigation—claims 20–24—are a subset of the claims at issue in this proceeding. *See* ITC Decision, 2 (identifying claims 20–24 as the claims asserted in the ITC investigation).

In this proceeding, Petitioner also filed with its Reply a Notice that the Commission would not review the Initial Determination issued by the Administrative Law Judge. Ex. 1027 (titled “*Certain Automated Teller Machines, ATM Modules, Components Thereof, and Products Containing the Same*, USITC Inv. No. 337-TA-972, Notice of Commission Decision Not to Review an Initial Determination Granting a Summary Determination that Claims 20-24 of U.S. Patent No. 7,314,163 Are Invalid Under 35 U.S.C. § 101”).

Subsequently, the parties came before the Board for a regularly scheduled oral argument on the merits on May 5, 2017. The hearing was presided over by Judges Benoit, Braden, and Begley. An issue arose during the hearing regarding what effect, if any, the ruling in the International Trade Commission investigation should have on this proceeding.

Furthermore, in updating the panel at the hearing, Patent Owner indicated that the ITC Decision had not been appealed to the United States Court of Appeals for the Federal Circuit, but also indicated that possibly the time to appeal had not yet run.

In these particular circumstances, we exercise our authority under 37 C.F.R. § 42.20(d) to order post-hearing briefing on the following questions:

1. What effect, if any, does the ITC Decision have on the Board's authority to decide and the justiciability (including mootness) of the instituted grounds of unpatentability challenging claims 20–24 of the '163 patent?
2. To what extent does the ITC Decision address the same or substantially similar arguments and evidence regarding subject matter eligibility of claims 20–24 of the '163 patent as present in this review?
3. What were the evidentiary standards and the allocation of the burden of proof applied in the ITC Decision?
4. May the ITC Decision be appealed, or has the time period for filing a notice of appeal passed?

ORDER

Each party is requested, but not required, to submit a brief addressing the foregoing questions no later than 5 p.m. ET on May 26, 2017. A party that elects not to timely file a brief will be deemed to have waived the right to brief this issue or otherwise be heard on this issue before entry of a Final Written Decision. Each party shall be limited to five (5) pages for its respective brief, which shall be limited to the legal questions listed above and shall not be used as an opportunity to reargue the facts of the proceeding or submit new evidence. Unless further ordered by the Board, no opposition or reply briefs shall be submitted following the initial exchange of briefs.

SO ORDERED.

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