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Paper 7
Date Entered: May 1, 2017

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

FORD MOTOR COMPANY
Petitioner,

v.

VERSATA DEVELOPMENT GROUP, INC.
Patent Owner.

Case IPR2017-00146
Patent 5,825,651

Before KEVIN F. TURNER, JAMES B. ARPIN, and WILLIAM M. FINK, *Administrative Patent Judges.*

ARPIN, *Administrative Patent Judge.*

DECISION
Denying Institution of *Inter Partes* Review
37 C.F.R. § 42.108

I. INTRODUCTION

Ford Motor Company ("Petitioner") filed a Petition requesting an *inter partes* review of claims 1–14 and 60–72 of U.S. Patent No. 5,825,651 (Ex. 1101, "the '651 patent"). Paper 2 ("Pet."). Patent Owner, Versata Development Group, Inc., filed a Preliminary Response. Paper 6 ("Prelim. Resp."). We have jurisdiction under 35 U.S.C. § 314, which provides that an *inter partes* review may not be instituted "unless . . . the information presented in the petition . . . and any response . . . shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition."

The '651 patent is involved in *Ford Motor Co. v. Versata Software, Inc.*, No. 2:15-cv-10628-MFL-EAS (E.D. Mich.) ("the *Ford* action"), a declaratory judgment action filed on February 19, 2015. Pet. vii; Paper 4, 3. In the *Ford* action, infringement of the '651 patent was asserted in a counterclaim on October 28, 2015. Pet. vii; *see* Ex. 1130. Infringement of the '651 patent also was asserted in a lawsuit *Versata Dev. Grp., Inc. v. Ford Motor Co.*, No. 4:15-cv-00316-RC-CMC (E.D. Tex.) ("the *Versata* action"), filed on May 7, 2015. Pet. vii; Paper 4, 3.

We deny the Petition because it was "filed more than 1 year after the date on which the petitioner [was] served with a complaint alleging infringement of the ['651] patent." 35 U.S.C. § 315(b).

II. ANALYSIS

A.

The relevant facts regarding the timing of the related actions between Ford and Versata are largely undisputed. Ford filed a first action (i.e., the

Ford action) in the Eastern District of Michigan ("the Michigan court") on February 19, 2015, seeking a declaratory judgment of non-infringement of three Versata patents, including the '651 patent. Pet. vii; Prelim. Resp. 5; *see* Ex. 1129. In a later-filed Eastern District of Texas ("the Texas court") case (i.e., the *Versata* action), filed on May 7, 2015, Versata asserted infringement of the '651 patent by Ford. Pet. vii; Prelim. Resp. 5; Ex. 2001. Ford requested an extension of time to file an answer and acknowledged the service date of the complaint in the *Versata* action as May 7, 2015. Prelim. Resp. 5; Ex. 2007 ("Unopposed Application for Extension of Time to Answer Complaint").

On October 14, 2015, the Michigan court denied Versata's motion to dismiss or alternatively transfer the *Ford* action to the Eastern District of Texas. Ex. 1132, 2; Pet. 2; Prelim. Resp. 5–6. On October 28, 2015 (i.e., one year before Ford filed the instant Petition for *inter partes* review), Versata answered Ford's declaratory judgment complaint in Michigan and asserted the '651 patent by filing infringement counterclaims in the Ford action. Prelim. Resp. 6; Pet. 2; Ex. 1130 ("Defendant's Answer . . . [and] Counterclaims"). On November 5, 2015, the Texas court "ordered the parties to file notice of any good faith reasons that [the *Versata* lawsuit] should not be dismissed, without prejudice, so that the issues may [be] dealt with in the Michigan court." Pet. 2 (quoting Ex. 1132 (additional text added by Petitioner)). On December 3, 2015, noting that "neither party has provided arguments against dismissing the case," the Texas court "ORDERED that this case is DISMISSED *without prejudice to Plaintiff's ability to assert its claims in the Michigan court*." Ex. 1134 (emphasis added); Pet. 2; *see* Ex. 1133, 1.

B.

Pursuant to 37 C.F.R. § 42.104(a), "[t]he petitioner must certify that the patent for which review is sought is available for *inter partes* review and that the petitioner is not barred or estopped from requesting an *inter partes* review challenging the patent claims on the grounds identified in the petition." *See Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents*, 77 Fed. Reg. 48,680, 48,688 (Aug. 14, 2012) (Setting a strict standard for demonstrating standing and noting that "[f]acially improper standing will be a basis for denying the petition without proceeding to the merits of the petition.").

According to Petitioner, the Petition is timely under 35 U.S.C. § 315(b) because October 28, 2015, the date of service of the infringement counterclaim in the *Ford* action, is exactly one year prior to the filing of the instant Petition, on October 28, 2016. Pet. 1. Petitioner contends this counterclaim complaint is the complaint for purposes of 35 U.S.C. § 315(b). Pet. 1–2; *see* Ex. 1132. Petitioner argues that the *Versata* action in Texas is "irrelevant for purposes of § 315(b)," because "[t]he dismissal of an action without prejudice leaves the parties as though the action had never been brought." *Id.* at 2–3 (quoting *Oracle Corp. v. Click-To-Call Techs. LP*, Case IPR2013-00312, slip op. at 15–18 (PTAB Oct. 30, 2013) (Paper 26) (precedential in relevant part)).

On this record, we disagree with Petitioner's assessment of the effect of the dismissal of the *Versata* action. As an initial matter, it is undisputed that the complaint in the *Versata* action, served on Ford on May 7, 2015 (*see* Ex. 2007), is "a complaint alleging infringement of the patent," and that "the

petition requesting the proceeding [was] filed more than one year after the date on which the petitioner . . . [was] served." 35 U.S.C. § 315(b). Thus, according to the statutory language, the Petition filed by Ford here is time barred. The question is whether Ford is correct that the situation here fits within a judicial exception for a class of cases that were dismissed *without prejudice* as though the action had never been filed, as was the case in the Board's precedential *Oracle* decision. In considering this argument, our consideration also is informed by the Board's decisions in *Apple, Inc. v. Rensselaer Polytechnic Inst.*, Case IPR2014-00319 (PTAB June 12, 2014) (Paper 12) ("*Apple I*"), *reh'g denied* (Paper 14) ("*Apple II*") (collectively, "*Apple*"), and similar cases, where the Board did not apply the exception for dismissals without prejudice. Because the circumstances here align with *Apple* and differ in critical respects from *Oracle* and related cases, we determine the exception is not applicable.

In *Oracle*, the Board addressed whether a 2001 infringement case, filed against the petitioner Ingenio's predecessor, and subsequently dismissed by joint stipulation in 2003, barred Ingenio under § 315(b) from filing its petition for *inter partes* review in 2013. *Oracle*, slip op. at 15–16. In determining that there was no bar based on the 2001 complaint, the Board observed that the case was voluntarily dismissed without prejudice under Fed. R. Civ. P. 41(a), and that "such dismissals" have been consistently interpreted as leaving the parties as though the action had never been brought:

> [T]he infringement suit brought by Inforocket against Keen—now Ingenio, LLC—was *dismissed voluntarily without prejudice on March 21, 2003, pursuant to a joint stipulation under Fed. R. Civ. P. 41(a)*. The Federal Circuit consistently has interpreted

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