

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

SAP AMERICA, INC.
Petitioner,

v.

VERSATA DEVELOPMENT GROUP, INC.
Patent Owner.

Case CBM2012-00001 (MPT)
Patent 6,553,350

Before MICHAEL P. TIERNEY, *Lead Administrative Patent Judge*, and
SALLY C. MEDLEY and RAMA G. ELLURU, *Administrative Patent Judges*.

TIERNEY, *Lead Administrative Patent Judge*.

ORDER

Conduct of the Proceeding
37 C.F.R. § 42.5

A conference call was held on October 31, 2012 at approximately 1:30 p.m.

involving:

1. Erika Arner and Joseph Palys, counsel for SAP
2. Nancy Link and Martin Zoltick, counsel for Versata,
3. Michael Tierney, Sally Medley and Rama Elluru, Administrative Patent Judges.

The conference call covered a variety of topics including Versata's request to submit expert testimony with their patent owner preliminary response, request for additional discovery and request to rely upon counsel and experts who were involved in the related litigation.¹ These requests as well as a Board request for additional information are discussed in detail below.

I. Versata's Request

- a. *Versata Request to Submit Expert Testimony with its Patent Owner Preliminary Response*

Versata requested authorization to submit expert testimony not already of record with its patent owner preliminary response. Versata requested authorization

¹ Petitioner has identified the following two related proceedings as involving the '350 patent:

- a. *Versata Software, Inc. et al. v. SAP America, Inc. et al.*, Civil Action No. 2:07-cv-153, E.D.T.X. (terminated September 9, 2011); and
- b. *Versata Software, Inc. et al. v. SAP America, Inc. et al.*, No. 2012-1029, -1049, U.S. Court of Appeals for the Federal Circuit.

Paper 3 at 2.

as the rules do not permit submission of new testimonial evidence beyond that already of record, except as authorized by the Board. 37 C.F.R. § 42.207.

According to Versata, the proposed testimonial evidence would be directed to SAP's standing to pursue a covered business method review. In particular, Versata's proposed expert would testify as to the meaning of the portion of section 18(d)(1) of the America Invents Act that defines a covered business method as 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. SAP opposed Versata's request stating that the expert would be testifying as to a question of statutory interpretation.

The rules provide that testimony on United States patent law will not be permitted. 37 C.F.R. § 42.65(a). Versata's request to submit testimony interpreting the meaning of section 18(d)(1) is denied as it seeks to provide expert testimony on U.S. patent law.

b. *Request for Additional Discovery*

Versata requested that it be provided additional discovery. Specifically, Versata's covered business method review counsel sought to obtain discovery of all SAP documents produced under the district court protective order in the related litigation. SAP opposed.

The rules provide that the parties may agree to additional discovery between themselves. Where the parties fail to agree however, a party may move for additional discovery. 37 C.F.R. § 42.51(b)(2). For a covered business method review, a party must show good cause why the requested additional discovery is needed and that the discovery request is limited to evidence directly related to factual assertions advanced by a party in the proceeding. 37 C.F.R. § 42.224.

According to Versata, SAP relied upon experts in the related litigation who testified that SAP did not infringe Versata's involved '350 patent and that the '350 patent was invalid. According to Versata, the protective order in the related litigation precludes Versata's counsel in this proceeding from having access to SAP's documents provided under the protective order. Versata stated that it requires all the SAP documents produced in the district court litigation as SAP has alleged that certain claims of the '350 patent are invalid based upon SAP's "R/3" documentation and that this documentation was discussed by SAP's experts in the related litigation.

SAP opposed Versata's request stating that Versata's request was unduly broad and encompassed numerous documents that were irrelevant to the issues raised in this proceeding. SAP indicated that they would consider producing specific documents should Versata limit its request.

The Board denied Versata's request for additional discovery without prejudice to a request of a more limited nature, e.g., SAP expert reports directed to invalidity. Versata and SAP agreed that they will seek to resolve this discovery issue, prior to Versata requesting further Board involvement.

c. Request for Pro Hac Vice and Reliance on Experts involved in the Related District Court Litigation

Versata requests pro hac vice admission for Mr. Scott L. Cole. Versata Motion for Admission Pro Hac Vice, Paper 12. Versata represents that good cause exists for Mr. Cole's admission as Mr. Cole represented Versata as "lead counsel in the Versata v. SAP patent infringement litigation (Civil Action No. 07-cv-00153), which involved the same patent at issue in this proceeding." *Id.* at 3.

SAP opposes Versata's request. SAP Opposition to Motion for Pro Hac Vice Admission, Paper 15. SAP states that Mr. Cole, as trial counsel in the related litigation, gained access to highly confidential and proprietary information about SAP and its products. The use of this information is said to be governed by a protective order from the district court. SAP expressed a concern that Mr. Cole's participation in both the district court litigation and the review proceeding puts him in a position where he could affect the scope of the claims of the '350 patent while

knowing how SAP's products operate beyond that publically known. *Id.* at 2.

SAP also represents that:

[A]llowing Mr. Cole to participate in this proceeding could effectively circumvent the restrictions of the underlying district court's protective order, which precludes litigation counsel's use of any SAP protected materials beyond the scope of that litigation.

Id. at 3.

In addition to Mr. Cole, Versata also seeks to employ expert witnesses in this proceeding that had access to SAP's confidential information in the related litigation. SAP again sought to oppose this reliance representing that the protective order in the related litigation precluded the use of experts and consultants that received information under the district court protective order in proceedings before the Office.

Versata sought to allay SAP's concerns by stating that they would not seek to file a motion to amend in this proceeding. The Board appreciates Versata's attempt to lessen any potential prejudice to SAP should Versata be authorized to rely upon Mr. Cole and the requested experts. The Board however, has reviewed Versata's motion for pro hac vice and has determined that it requires further information regarding the protective order to better understand what, if any, impact the district court's protective order has upon this proceeding.

II. Board Request for Additional Information

The parties have raised several issues relating to the district court's protective order. A copy of the district court's protective order, however, is not of record in this proceeding. To better understand the interplay between the district court's protective order and this proceeding, the parties are to file a copy of the district court's protective order. Additionally, the parties are to file any district court rulings related to the protective order, including but not limited to, rulings concerning the scope of the protective order, revisions to the protective order and any violations and enforcement of the protective order. Since Versata is requesting relief, Versata shall file, as exhibits, a copy of the protective order and any ruling concerning the scope of the protective order as set forth above by **November 5, 2012.**

III. Authorization for Joint Motion

The parties expressed a willingness to seek a mutually agreeable resolution of certain issues in this proceeding. Specifically, the parties have agreed to discuss the following issues:

- 1) Versata's discovery of SAP documents from the related litigation.
- 2) Whether the parties agree that the time for filing a patent owner preliminary response should be extended from the current due date of November 16, 2012 to not later than December 17, 2012.
- 3) Entry of an agreed upon protective order for this proceeding.

- 4) Whether SAP will withdraw its objection to Versata's use in this proceeding of Versata's experts from the related litigation.

The parties agreed to discuss the above matters and file a joint motion identifying any resolution of the above matters by no later than Monday, November 5, 2012. As the Board is requesting additional information relating to the district court protective order, the Board authorizes the filing of the joint motion for no later than Friday, **November 9, 2012**.

Patent owner's preliminary response was set by the Board in a prior order for November 16, 2012. Paper 14. The Board appreciates the parties' willingness to discuss resolution of the above in order to simplify the issues in this proceeding. So that the parties' efforts to seek joint resolution do not impinge upon patent owner's efforts to complete its preliminary response, the Board exercises its discretion and resets the time for filing the preliminary response to **November 23, 2012**.

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