

ARTICLES

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VERSATA V. SAP: PTAB DECISION DOES NOT TRUMP A FINAL JURY VERDICT

As discussed in an earlier [article](#), the final decision in the first covered business method review (CBM) in *SAP America, Inc. v. Versata Data Development Group*, [PTAB Case CBM2012-00001](#), presents many issues of first impression regarding the scope of AIA trials. Most recently, the Federal Circuit refused SAP's attempts to overturn a \$391 million jury award for patent infringement based on a subsequent finding of unpatentability by the PTAB.

Versata sued SAP alleging infringement of U.S. Patent No. 6,553,350, which covers a method and apparatus for pricing products and services. A jury found SAP liable for infringement and awarded \$391 million for lost profits and reasonable royalty. The Federal Circuit affirmed the jury verdict on infringement and damages on appeal, but remanded the case as to the injunction.

During the pendency of the appeal, SAP filed a petition for CBM Review to challenge the validity of several claims of the '350 patent. The PTAB agreed with SAP's petition and ultimately determined that the challenged claims encompass unpatentable abstract ideas.

SAP then tried to rely on the PTAB's decision to vacate the jury verdict. The District Court refused, reasoning, *inter alia*, that "[t]o hold that later proceedings before the PTAB can render nugatory that entire process, and the time and effort of all of the judges and jurors who have evaluated the evidence and arguments would do a great disservice to the Seventh Amendment and the entire procedure put in place under Article III of the Constitution."¹

Undeterred, SAP appealed to the Federal Circuit. In response, Versata moved to dismiss the appeal or summarily affirm the District Court's final judgment and subsequent Federal Circuit affirmance.² The Federal Circuit sided with Versata and determined that SAP's effort to overturn the jury verdict was "without merit." *Id.*

Comparing the outcome in *Versata* with the Federal Circuit's ruling in *Fresenius USA v. Baxter Int'l., Inc.*, shows the importance of timing.³ In *Fresenius*, a finding of patent invalidity during a concurrent *ex parte* reexamination proceeding was sufficient to overturn a court's finding of patent validity where judgment had not yet been entered. The Federal Circuit upheld the USPTO's invalidity decision, because a court's validity decision is not "final" for purposes of *res judicata* until judgment is entered, and once claims are invalidated by the PTO, the patentee "no longer has a cause of action." The Federal Circuit denied a rehearing *en banc*, and the Supreme Court denied *certiorari*. *Fresenius* and *Versata* can be reconciled if the timing of the PTO's decision is considered relative to the progress of the litigation: in *Fresenius*, the judgment had not yet been entered; in *Versata*, judgment had been entered.⁴

Thus, under current Federal Circuit precedent, the timing of a PTAB decision (and correspondingly, the timing of a petition) is vitally important. For patent litigation where the district court does not stay the case in favor of an AIA trial, the *Versata* and *Fresenius* decisions may mean that depending on the speed of the litigation and the ultimate entry of judgment, a finding of unpatentability in an AIA trial may or may not trump a district court's finding of patent validity. That said, given the two different panel decisions in front of the Federal Circuit, litigants may have to wait for an *en banc* decision to get any real certainty on the issue.

¹ *Versata Software, Inc. v. SAP America, Inc.*, Case 2:07cv153-RSP (Order dated April 21, 2014).

² See *Versata Computer Industry v. SAP AG*, *per curiam* opinion dated June 18, 2014, 2014-1430 (Fed. Cir. 2014).

³ *Fresenius USA, Inc. v. Baxter Int'l, Inc.*, 721 F.3d 1330, 1335 (Fed. Cir. 2013), *cert. denied*, 134 S. Ct. 2295 (U.S. 2014).

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⁴ See *Versata Software, Inc. v. SAP America, Inc.*, Case No. 2:07cv153-RSP (April 21, 2014 Order).