

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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WESTLAKE SERVICES, LLC,  
Petitioner,

v.

CREDIT ACCEPTANCE CORP.,  
Patent Owner.

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Case CBM2014-00176  
Patent 6,950,807

Before DAVID C. MCKONE and GREGG I. ANDERSON,  
*Administrative Patent Judges.*

MCKONE, *Administrative Patent Judge.*

CONFERENCE CALL SUMMARY AND ORDER  
Conduct of the Proceeding  
*37 C.F.R. § 42.5*

Patent Owner requested a conference call, seeking authorization to file a motion to terminate. A conference call to discuss this issue was held on September 1, 2015, among John van Loben Sels, counsel for Westlake Services, LLC (“Petitioner”), P. Anthony Sammi and James Y. Pak, counsel for Credit Acceptance Corp. (“Patent Owner”), and Judges McKone and Anderson. We decline to grant Patent Owner authorization to file a motion to terminate.

In related litigation, *Credit Acceptance Corp. v. Westlake Services, LLC*, CV 13-01523 SJO (C.D. Cal.), the district court granted Patent Owner’s motion to voluntarily dismiss with prejudice, concluding that no case or controversy remained after Patent Owner gave a covenant not to sue Petitioner for infringement of the ’807 patent. *See* Ex. 2004 (minute order granting Motion to Voluntarily Dismiss with Prejudice). According to Patent Owner, we have the discretion, under 37 CFR § 42.72, to terminate a proceeding “where appropriate.” Patent Owner seeks authorization to file a motion to terminate this proceeding, arguing that, after giving its covenant not to sue, there is no case or controversy sufficient to maintain this proceeding.

Patent Owner contends that the Leahy-Smith America Invents Act (“AIA”), Pub. L. No. 112-29, § 18(a)(1)(B), 125 Stat. 284, 330 (Sept. 16, 2011), provides a basis for its proposed motion. Section 18(a)(1)(B) states:

(B) A person may not file a petition for a transitional proceeding with respect to a covered business method patent unless the person or the person’s real party in interest or privy has been sued for infringement of the patent or has been charged with infringement under that patent.

Patent Owner further relies on 37 CFR § 42.302(a), which states:

(a) A petitioner may not file with the Office a petition to institute a covered business method patent review of the patent unless the petitioner, the petitioner's real party-in-interest, or a privy of the petitioner has been sued for infringement of the patent or has been charged with infringement under that patent. Charged with infringement means a real and substantial controversy regarding infringement of a covered business method patent exists such that the petitioner would have standing to bring a declaratory judgment action in Federal court.

Both the statute and the rule provide that a person “may not file [with the Office] a petition” unless the petitioner “has been sued for infringement of the patent or has been charged with infringement under that patent.” Patent Owner contends that the statute and rule impose a standing requirement that continues throughout a covered business method patent proceeding, not just at the time of filing a petition.

Patent Owner presented this as an issue of first impression, arguing that the Board has not previously considered whether we can maintain a covered business method patent proceeding once the underlying infringement controversy has been resolved. Petitioner responded by citing *Ebay Enterprise, Inc. v. Lockwood*, Case CBM2014-00026 (PTAB May 15, 2014) (Paper 25), as an example in which the Board denied the relief Patent Owner now seeks.

In *Ebay*, at the time the petition was filed, petitioner Ebay had been charged with infringement by virtue of its obligation to indemnify its customer for alleged infringement. Case CBM2014-00026, slip. op. at 9–10. The patent owner in *Ebay* argued that dismissal of the customer suit removed any standing the petitioner may have had in the covered business

method patent review. *Id.* at 10. The *Ebay* panel rejected this argument, reasoning, based on the plain language of the rule, that “the requirements of Rule 42.302(a) need be met only at the time of filing.” *Id.* at 11.

We agree with the reasoning in the *Ebay* case. As the Federal Circuit has explained, “the starting point for a standing determination for a litigant before an administrative agency is not Article III [of the Constitution], but is the statute that confers standing before that agency.” *Ritchie v. Simpson*, 170 F.3d 1092, 1095 (Fed. Cir. 1999); *accord Coach Servs., Inc. v. Triumph Learning LLC*, 668 F.3d 1356, 1376 (Fed. Cir. 2012) (“[F]or an agency such as the PTO, standing is conferred by statute.”). In this case, standing is conferred by AIA Section 18(a)(1)(B). This statute places a restriction on who may “file” a petition for covered business method patent review, limiting it to a person who “has been sued for infringement of the patent or has been charged with infringement under that patent.” The statute is unambiguous. By its terms, it specifies a requirement evaluated at the time a petition is filed. Patent Owner points us to no language in the statute, and we see none, imposing a requirement of a continuous infringement controversy between the parties in order to maintain a proceeding. Nor has Patent Owner cited to us authority calling into question the plain language of the statute.

Patent Owner analogizes our proceedings to district court proceedings, arguing that we should apply a similar Article III case or controversy analysis. The *Ebay* panel addressed this issue, as well, concluding that “Article III case-or-controversy considerations do not apply to administrative proceedings.” Case CBM2014-00026, slip. op. at 12 (citing *Coach Servs.*, 668 F.3d at 1376); *accord Ritchie*, 170 F.3d at 1094

“In courts created pursuant to Article III of the United States Constitution, a plaintiff must make out a ‘case or controversy’ between himself and a defendant to have standing. However, ‘case’ and ‘controversy’ restrictions for standing do not apply to matters before administrative agencies and boards, such as the PTO.” (internal citations omitted). Patent Owner points us to no contrary authority.

Finally, Patent Owner argues that 35 U.S.C. § 327 provides a basis to terminate. Section 327, however, provides for termination as to a petitioner upon a joint request of a petitioner and patent owner and, if no petitioner remains, provides the Board discretion to terminate the proceeding. By its terms, Section 327 is inapplicable here, as Petitioner does not request termination.

In sum, Patent Owner has not provided any basis beyond attorney argument for seeking termination while Petitioner has presented clear authority showing that such relief would be inappropriate. Accordingly, engaging in full briefing of the issue would be a waste of the parties’ and the Board’s time. We do not authorize such briefing.

## ORDER

It is

ORDERED that Patent Owner is not authorized to file a motion to terminate.

CBM2014-00176

Patent 6,950,807

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