

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

MARKETDIAL, INC.,
Petitioner,

v.

APPLIED PREDICTIVE TECHNOLOGIES, INC.,
Patent Owner.

CBM2020-00025
Patent 8,571,916 B1

Before JUSTIN T. ARBES, MIRIAM L. QUINN, and
FRANCES L. IPPOLITO, *Administrative Patent Judges*.

ARBES, *Administrative Patent Judge*.

DECISION

Denying Institution of Covered Business Method Patent Review
35 U.S.C. § 324

I. INTRODUCTION

A. Background and Summary

Petitioner MarketDial, Inc. filed a Petition (Paper 1, “Pet.”) requesting a covered business method patent review of claims 1–35 of U.S. Patent No. 8,571,916 B1 (Ex. 1001, “the ’916 patent”) pursuant to 35 U.S.C. § 321(a). Patent Owner Applied Predictive Technologies, Inc. filed a

Preliminary Response (Paper 6, “Prelim. Resp.”) pursuant to 35 U.S.C. § 323. Pursuant to 35 U.S.C. § 324(a), the Director may not authorize a covered business method patent review unless the information in the petition, if unrebutted, “would demonstrate that it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable.” For the reasons that follow, we do not institute a covered business method patent review.

B. Related Matters

The parties indicate that the ’916 patent is asserted in *Applied Predictive Technologies, Inc. v. MarketDial, Inc.*, Case No. 2-19-cv-00496 (D. Utah) (“the district court case”), which was transferred from the U.S. District Court for the District of Delaware in *Applied Predictive Technologies, Inc. v. MarketDial, Inc.*, Case No. 1-18-cv-00963 (D. Del.), filed on June 28, 2018. *See* Pet. 15; Paper 4, 2; Paper 5, 1.

C. The ’916 Patent

The ’916 patent discloses “[a] system, method, and article of manufacture . . . for determining optimal parameter settings for a business initiative testing model used for testing initiatives for business locations included in a business network.” Ex. 1001, code (57). The disclosed method includes “performing virtual tests on a set of virtual test sites based on [a] defined test type,” “determining a set of optimal parameter settings for [a] first test type of the business initiative testing model based on results from the virtual test,” and “configuring the business initiative testing model using the optimal parameter settings from the set for the first test type to test a business initiative to apply to the business network.” *Id.*

D. Illustrative Claim

Challenged claims 1, 18, 34, and 35 of the '916 patent are independent. Claim 1 recites:

1. A method for determining optimal parameter settings for business initiative testing software used for testing initiatives for business locations included in a business network, comprising:

identifying, by a computer, a business initiative testing model having a set of parameter settings;

selecting a first parameter setting set for performing the virtual test, the first parameter setting set including a set of selected parameter setting options each respectively corresponding to one of the parameter settings for the business initiative testing model;

performing, by a computer, a virtual test on a set of virtual test sites, each virtual test site reflecting a selected business location in the business network, wherein each virtual test is a simulated business initiative test performed on test sites where no actual initiative test has been implemented at those test sites, and wherein the virtual test is performed on the virtual test sites using a variation of each parameter setting;

determining, by a computer, actual performance data associated with the set of virtual test sites;

determining, by a computer, actual performance data associated with a set of control group sites reflecting second selected business locations in the business network using the tested parameter settings;

determining a noise value for the first parameter setting set, the noise value reflecting an inconsistency between performance data associated with the set of virtual test sites and performance data associated with the set of control group sites reflecting second selected business locations in the business network using the tested parameter settings;

determining, by a computer, a set of optimal parameter settings for the business initiative testing model based on results

from the virtual test whereby the optimal parameter settings best minimize noise from the results; and

configuring, by a computer, the business initiative testing model using the optimal parameter settings to test a business initiative for application in the business network.

E. Asserted Ground

Petitioner challenges claims 1–35 of the ’916 patent on the ground that the claims do not recite patent-eligible subject matter under 35 U.S.C. § 101. Pet. 18, 33–74.

II. ANALYSIS

A. History of the District Court Case

Patent Owner sued Petitioner for infringement of the ’916 patent on June 28, 2018, in the U.S. District Court for the District of Delaware. Ex. 2001. The complaint included a count of patent infringement (alleging infringement of “at least” claim 1) as well as two counts alleging trade secret misappropriation. *Id.* at 19–35.¹ Petitioner moved to dismiss the patent infringement count on the basis that all claims of the ’916 patent are invalid under 35 U.S.C. § 101. *See* Exs. 1014–1016 (motion, opposition, and reply). Petitioner separately moved to dismiss the other counts and also moved to transfer the case to the U.S. District Court for the District of Utah. *See* Ex. 2002. On July 1, 2019, the court granted Petitioner’s motion to transfer. Ex. 2003.

Petitioner then requested that the transferee court decide its pending motions to dismiss. Ex. 2004, 2–3. The court permitted Petitioner to file a

¹ For ease of reference, when referring to documents filed in the district court case, we refer to the page numbers in the original documents.

single motion to dismiss all asserted counts and address certain choice-of-law questions. Ex. 2005, 4–5. Patent Owner later amended its complaint to add a count of unfair competition. Ex. 1013. Petitioner filed its motion to dismiss on September 10, 2019, arguing that claims 1–35 (with claim 1 as representative) are directed to the abstract idea of “optimizing mathematical business models before the initiative is deployed in the field, by testing for the parameter configuration that produces the least noise,” and thus are ineligible under § 101. Ex. 1017, 3–20. Patent Owner filed an opposition and Petitioner filed a reply. *See* Exs. 1018, 1019. The court conducted a hearing on September 4, 2020, and Petitioner filed three Notices of Supplemental Authority citing case law pertaining to § 101 eligibility. *See* Exs. 2006–2009.

Petitioner filed its Petition in this proceeding on September 15, 2020 (shortly after the hearing in the district court case), asserting that claims 1–35 (with claim 1 as representative) are directed to the same abstract idea of “optimizing mathematical business models before the initiative is deployed in the field, by testing for the parameter configuration that produces the least noise.” Pet. 7, 34. On November 25, 2020, the court granted Petitioner’s motion to dismiss as to the patent infringement and unfair competition counts and denied the motion as to the trade secret misappropriation counts. Ex. 3001, 51;² *see* Paper 5, 1. In a lengthy analysis, the court held all claims of the ’916 patent to be invalid under § 101 (with claim 1 as representative), concluding that the claims are “directed to an abstract concept and that no inventive concept in the patent

² Patent Owner appears to have filed an incorrect document as Exhibit 2010. Accordingly, we enter the district court’s motion to dismiss decision into the record as Exhibit 3001.

transforms [them] into an eligible application.” Ex. 3001, 3–39. Patent Owner states that the district court’s decision granting-in-part the motion to dismiss “will be the subject of an appeal to the Federal Circuit Court of Appeals once the other non-patent claims are ruled upon by the District Court.” Prelim. Resp. 3.

B. Discretionary Denial Under 35 U.S.C. § 324(a)

Institution of a covered business method patent review is discretionary. *See Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2140 (“[T]he agency’s decision to deny a petition is a matter committed to the Patent Office’s discretion.”); 35 U.S.C. § 324(a) (“The Director *may not* authorize a post-grant review to be instituted unless the Director determines that the information presented in the petition filed under section 321, if such information is not rebutted, would demonstrate that it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable.” (emphasis added)). In the Preliminary Response, Patent Owner argues that we should exercise our discretion to deny the Petition because the district court already has held all claims of the ’916 patent invalid under § 101 and “it would be a waste of the Board’s, and the party’s, resources to revisit the Section 101 issues that have already been fully addressed in [the] District Court decision.” Prelim. Resp. 4–12. Patent Owner contends that petitions have been denied in similar circumstances. *Id.* at 1–2 (citing *Snap Inc. v. BlackBerry Ltd.*, IPR2020-00391, Paper 8 (PTAB July 13, 2020) (“*Snap*”); *Snap Inc. v. BlackBerry Ltd.*, IPR2020-00392, Paper 8 (PTAB July 13, 2020)).

The Board has held that the advanced state of a parallel district court action is a factor that may weigh in favor of denying a petition under

35 U.S.C. § 314(a). *See NHK Spring Co. v. Intrix-Plex Techs., Inc.*, IPR2018-00752, Paper 8 at 20 (PTAB Sept. 12, 2018) (precedential) (“*NHK*”); Patent Trial and Appeal Board Consolidated Trial Practice Guide (Nov. 2019), 58 & n.2, *available at* <https://www.uspto.gov/TrialPracticeGuideConsolidated> (“Trial Practice Guide”). We consider the following factors to assess “whether efficiency, fairness, and the merits support the exercise of authority to deny institution in view of an earlier trial date in the parallel proceeding”:

1. whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted;
2. proximity of the court’s trial date to the Board’s projected statutory deadline for a final written decision;
3. investment in the parallel proceeding by the court and the parties;
4. overlap between issues raised in the petition and in the parallel proceeding;
5. whether the petitioner and the defendant in the parallel proceeding are the same party; and
6. other circumstances that impact the Board’s exercise of discretion, including the merits.

Apple Inc. v. Fintiv, Inc., IPR2020-00019, Paper 11 at 5–6 (PTAB Mar. 20, 2020) (precedential) (“*Fintiv*”). In evaluating these factors, we “take[] a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review.” *Id.* at 6.

NHK and *Fintiv* apply the Director’s discretion pursuant to 35 U.S.C. § 314(a) rather than 35 U.S.C. § 324(a), which is the relevant statute for post-grant reviews (including covered business method patent reviews). The pertinent statutory language, however, is the same in both sections. Moreover, the policy justifications associated with the exercise of

discretion—inefficiency, duplication of effort, and the risk of inconsistent results—apply equally to covered business method patent reviews under 35 U.S.C. § 324(a). Accordingly, we apply the *Fintiv* factors here. See Trial Practice Guide at 55–58. Upon consideration of the factors, we exercise our discretion to deny the Petition.³

1. Whether the Court Granted a Stay or Evidence Exists That One May Be Granted if a Proceeding Is Instituted

The *Fintiv* panel indicated that, in previous Board decisions, the existence of a district court stay pending Board resolution of a post-grant proceeding has weighed strongly against discretionary denial, while a denial of such a stay request sometimes weighs in favor of discretionary denial. *Fintiv*, Paper 11 at 6–8. Patent Owner argues that Petitioner has not requested a stay of the district court case and “[a] stay regarding the Section 101 challenge cannot be obtained from the District Court because it already decided the matter.” Prelim. Resp. 6 (citing *Snap*, Paper 8 at 13). The district court case currently is proceeding with respect to Patent Owner’s trade secret misappropriation counts, following dismissal of the patent infringement and unfair competition counts.

Absent specific evidence, we decline to speculate how a district court would rule on a stay request. Cf. *Sand Revolution II, LLC v. Continental Intermodal Group – Trucking LLC*, IPR2019-01393, Paper 24 at 7 (PTAB June 16, 2020) (informative) (“In the absence of specific evidence, we will

³ Because we exercise our discretion to deny the Petition under 35 U.S.C. § 324(a), we need not decide other issues presented by the Petition, such as whether the ’916 patent is eligible for covered business method patent review.

not attempt to predict how the district court in the related district court litigation will proceed because the court may determine whether or not to stay any individual case, including the related one, based on a variety of circumstances and facts beyond our control and to which the Board is not privy.”); *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 15 at 12 (PTAB May 13, 2020) (informative) (“We decline to infer, based on actions taken in different cases with different facts, how the District Court would rule should a stay be requested by the parties in the parallel case here. This factor does not weigh for or against discretionary denial in this case.”). No specific evidence in this case suggests that the district court would grant a stay pending a covered business method patent review of the ’916 patent. Accordingly, this factor is neutral to the exercise of our discretion. *See Amazon.com, Inc. v. Vocalife LLC*, IPR2020-00864, Paper 22 at 9 (PTAB Oct. 28, 2020) (finding the factor to be neutral where the district court trial had already occurred and the petitioner had not sought a stay).

2. *Proximity of the Court’s Trial Date to the Board’s Projected Statutory Deadline For a Final Written Decision*

The proximity factor in *Fintiv*, on its face, asks us to evaluate our discretion in light of trial dates that have been set in parallel litigations. *See Fintiv*, Paper 11 at 3, 5 (“*NHK* applies to the situation where the district court has set a trial date to occur earlier than the Board’s deadline to issue a final written decision in an instituted proceeding.”; “When the patent owner raises an argument for discretionary denial under *NHK* due to an earlier trial date, the Board’s decisions have balanced the [six] factors [listed in *Fintiv*].”) (citing *NHK*, Paper 8 (footnote omitted)). Patent Owner argues that this factor weighs in favor of denial because “the District Court’s

decision came *before* both the [Preliminary Response] and the Board’s institution decision.” Prelim. Resp. 6–7 (citing *Snap*, Paper 8). We agree. There will be no trial as to patent infringement because the district court already concluded that all claims of the ’916 patent are invalid under § 101. Patent Owner indicates that it will appeal that decision once the remainder of the district court case concludes. *Id.* at 3. The statutory deadline for a final written decision in this proceeding would be one year from institution. Under the particular factual circumstances of this case, we find that this factor strongly weighs in favor of exercising our discretion to deny the Petition.

3. *Investment in the Parallel Proceeding by the Court and the Parties*

If, at the time of the institution decision, the district court has issued substantive orders related to the challenged patent, such as a claim construction order, this fact weighs in favor of denial. *See Fintiv*, Paper 11 at 9–10. On the other hand, if the district court has not issued such orders, this fact weighs against discretionary denial. *Id.* at 10.

Patent Owner argues that all briefing on Petitioner’s motion to dismiss and a hearing had been completed by the time Petitioner filed its Petition. Prelim. Resp. 8. Patent Owner contends that “the [p]arties have invested over two years of extensive briefing, argument and analysis of the Section 101 arguments.” *Id.* We agree that the investment by the district court and the parties on the issue of patent eligibility under § 101 is substantial. Petitioner filed its original motion to dismiss on October 5, 2018, then filed its second motion on September 10, 2019, after the case was transferred; full briefing on the § 101 issue took place in both instances. *See* Exs. 1014–1019, 2007–2009. The district court conducted a hearing and

rendered a detailed decision holding all claims invalid under § 101. *See* Ex. 2006; Ex. 3001, 3–39.

Petitioner’s lack of diligence in filing its Petition also weighs in favor of exercising our discretion to deny institution. Specifically, Petitioner filed the Petition in this proceeding more than two years after being sued, approximately two years after filing its original motion to dismiss arguing invalidity under § 101, and after all briefing on the § 101 issue had been completed in the district court case and the parties were merely awaiting a decision. *See* Exs. 1014, 2001, 2006. Petitioner in its Petition provides no explanation for this significant delay. To the contrary, Petitioner takes advantage of the progression of the district court case by citing materials filed in that case in support of its arguments in the Petition. *See* Pet. 8, 19, 26, 36 (relying on Exs. 1013, 1018).

Under the particular factual circumstances of this case, we find that this factor strongly weighs in favor of exercising our discretion to deny the Petition.

*4. Overlap Between Issues Raised in the Petition and
in the Parallel Proceeding*

“[I]f the petition includes the same or substantially the same claims, grounds, arguments, and evidence as presented in the parallel proceeding, this fact has favored denial.” *Fintiv*, Paper 11 at 12. “Conversely, if the petition includes materially different grounds, arguments, and/or evidence than those presented in the district court, this fact has tended to weigh against exercising discretion to deny institution under *NHK*.” *Id.* at 12–13.

Patent Owner argues that “Petitioner challenged the exact same claims of the exact same patent, both on Section 101 eligibility grounds, in both the

District Court action and before the Board.” Prelim. Resp. 9. According to Patent Owner, “[t]here is no need for the Board to address the same Section 101 challenge to the same ’916 patent that the District Court found ineligible. Those issues can be addressed in full by the Federal Circuit without any further action by the Board.” *Id.* at 10. Patent Owner argues that “[t]he District Court already decided the claims are invalid under Section 101, so institution here would unnecessarily increase the burden for both Patent Owner and the Board.” *Id.* We agree. The issue presented—whether claims 1–35 of the ’916 patent recite patent-eligible subject matter under § 101—is identical in this proceeding and the district court case. We also note that many of Petitioner’s arguments in this proceeding mirror those presented in its motion to dismiss in the district court case. *Compare* Pet. 12–13, 34–41, 44–46, *with* Ex. 1017, 11–18, 20. The alleged abstract idea in both papers also is identical. *See* Pet. 34; Ex. 1017, 11. Under the particular factual circumstances of this case, we find that this factor strongly weighs in favor of exercising our discretion to deny the Petition.

5. *Whether the Petitioner and the Defendant in the Parallel Proceeding Are the Same Party*

If the petitioner here was unrelated to the defendant in the parallel proceeding, that might weigh against discretionary denial. *See Fintiv*, Paper 11 at 13–14. Here, however, Petitioner is the defendant in the district court case. This fact could weigh either in favor of, or against, exercising discretion to deny institution, depending on which tribunal was likely to address the challenged patent first. As explained above, the district court held all claims of the ’916 patent to be invalid under § 101. This factor weighs in favor of exercising our discretion to deny the Petition.

6. *Other Circumstances That Impact the Board's Exercise of Discretion, Including the Merits*

Additional factors we can consider include the merits. *Fintiv*, Paper 11 at 14–15.

For example, if the merits of a ground raised in the petition seem particularly strong on the preliminary record, this fact has favored institution. In such cases, the institution of a trial may serve the interest of overall system efficiency and integrity because it allows the proceeding to continue in the event that the parallel proceeding settles or fails to resolve the patentability question presented in the PTAB proceeding.

Id. (footnotes omitted). Here, the district court resolved the same issue presented in this proceeding, namely whether claims 1–35 recite patent-eligible subject matter under § 101. Under the particular factual circumstances presented, we do not see how instituting a covered business method patent review on the same ground would “serve the interest of overall system efficiency and integrity.” *See id.* This factor weighs in favor of exercising our discretion to deny the Petition.

7. *Holistic Assessment of Fintiv Factors*

We consider the above factors and take “a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review.” *Fintiv*, Paper 11 at 6. On the record presented, all of the *Fintiv* factors are either neutral or weigh in favor of exercising our discretion to deny the Petition. No trial will occur in the district court case with respect to Patent Owner’s patent infringement claim due to the court granting-in-part Petitioner’s motion to dismiss. The parties completed two rounds of briefing, the district court conducted a hearing and rendered a detailed decision on the § 101 issue, and Petitioner waited more than two

years to file its Petition. Petitioner's sole ground of unpatentability under § 101 is the same issue as presented in the district court, and the parties are the same in both proceedings. After considering the factors outlined in the precedential order in *Fintiv*, we exercise our discretion to deny institution under § 324(a).

III. CONCLUSION

For the foregoing reasons, and based on the district court's decision holding all claims of the '916 patent to be invalid under 35 U.S.C. § 101, we exercise our delegated discretion to deny the Petition seeking covered business method patent review on the same basis.

IV. ORDER

In consideration of the foregoing, it is hereby:

ORDERED that the Petition is denied and no covered business method patent review is instituted.

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FOR PETITIONER:

Sanjeet Dutta
GOODWIN PROCTER LLP
sdutta@goodwinlaw.com

FOR PATENT OWNER:

Kevin Greenleaf
Scott W. Cummings
Jennifer Bennett
Nicholas Jackson
DENTONS US LLP
kevin.greenleaf@dentons.com
scott.cummings@dentons.com
jennifer.bennett@dentons.com
nicholas.jackson@dentons.com