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Paper 7
Date: October 6, 2023

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

UBER TECHNOLOGIES, INC.,
Petitioner,

v.

SURGETECH LLC,
Patent Owner.

IPR2023-00737
Patent 11,360,999 B2

Before JAMES A. TARTAL, MICHAEL L. WOODS, and RYAN H. FLAX, *Administrative Patent Judges*.

WOODS, *Administrative Patent Judge*.

DECISION
Denying Institution of *Inter Partes* Review
35 U.S.C. § 314

I. INTRODUCTION

Petitioner, Uber Technologies, Inc., filed a Petition for *inter partes* review of claims 1–10 of U.S. Patent No. 11,360,999 B2 (Ex. 1001, "the '999 patent"). Paper 2 ("Pet."). Patent Owner, SurgeTech, LLC, filed a Preliminary Response. Paper 6 ("Prelim. Resp.").

Under 35 U.S.C. § 314 and 37 C.F.R. § 42.4(a), we have authority to institute an *inter partes* review if "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." 35 U.S.C. § 314(a). Upon consideration of the evidence and arguments in the Petition (including its supporting testimonial evidence) as well as the evidence and arguments in the Preliminary Response, for the reasons below, we determine that the Petition fails to show a reasonable likelihood that Petitioner would prevail with respect to any of the challenged claims. We thus deny institution of *inter partes* review.

II. BACKGROUND

A. Real Parties-In-Interest and Related Matters

Petitioner identifies itself and Uber Freight Holding Corp. as real parties-in-interest. Pet. 6. Patent Owner identifies itself, SurgeTech, LLC, as the sole real party-in-interest. Paper 4, 2.

The parties identify one district court proceeding relating to the '999 patent: *Surgetech LLC v. Uber Technologies, Inc.*, Case No. 1:22-cv-00882-GBW (D. Del.) ("Related Litigation"). Pet. 6; Paper 4, 2. The parties further identify the following Board proceedings, which challenge

claims in related patents: IPR2023-00735, IPR2023-00736 (dismissed), and IPR2023-00738. Pet. 6; Paper 4, 2.

B. Overview of the '999 Patent

The '999 patent is titled "Computer-Implemented Method for Managing Inventory Allocations." Ex. 1001, code (54). The '999 patent describes a "method of managing inventory allocations" and obtaining "data relating to sales performance of one or more of the respective resellers." *Id.* at code (57).

The '999 patent purports to have "identified a particular problem when selling inventory, such as travel services including accommodation allotments, flights and other transport services." *Id.* at 1:26–28. The '999 patent explains that the "problem is a result of the manner in which such inventory is allocated to various re-sellers, referred to as distribution channels ('Channels')." *Id.* at 1:28–31. We reproduce Figure 1, below, to illustrate an embodiment of the '999 patent:

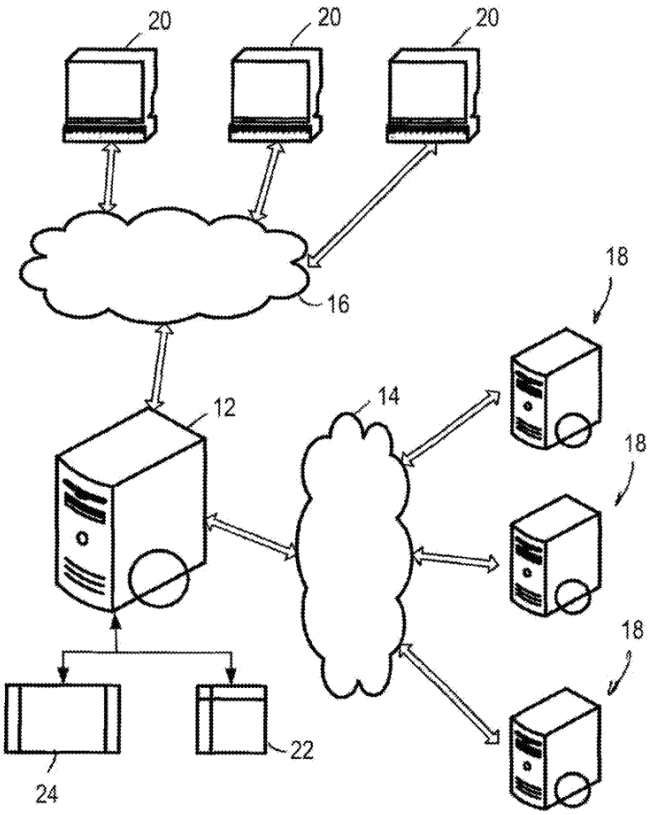


FIG. 1

Figure 1 "shows a schematic view of an exemplary embodiment of a system for managing the allocation of inventory." *Id.* at 7:4–5. In particular, Figure 1 depicts computer 12 that is connectable to a network, including public Internet 14 and private network 16, which can be a virtually private network ("VPN"). *See id.* at 7:50–55. Computer 12 is programmed to receive data relating to accommodation allotments allocated to respective re-sellers, with the data stored on servers, referred to as distribution channels or channels, indicated at 18, via Internet 14 (or World Wide Web). *See id.* at 7:57–61. "Computer 12 is configured to associate the channels 18 with inventory data in the database 22." *Id.* at 8:14–15.[1] "[A] vendor of the inventory, in the

[1] Bold emphases to reference numerals in the '999 patent and other U.S. patent documents are omitted in this Decision.

form of a member or subscriber, indicated at 20, [may] place all or part of their inventory required to be sold online in a database 22 of the computer 12." *Id.* at 8:6–9. Computer 12 is also configured to process the data to obtain information relating to sales performance in each channel 18, which is referred to as performance data, and which provides an indicator of the performance in the sales channel. *Id.* at 7:62–65. Upon receipt of the performance data, computer 12 adjusts characteristics or parameters relating to inventory allocated to respective channels 18. *Id.* at 7:65–8:1. The adjustments will depend on the performance data, and inventory may be reallocated from one channel 18 to another channel 18. *See id.* at 8:1–3. Stated differently, computer 12 calculates a performance rating, or indicator, for each channel 18. *See id.* at 8:28–29. "The performance rating may reflect a determination of whether or not supply of inventory to each channel 18 exceeds demand or vice versa per channel 18." *Id.* at 8:29–32. "By using the performance rating and the calculated index, S/A, the subroutine 24 can calculate the number of inventory items, in the form of a distribution value, to allocate or distribute to one or more particular channels 18, and the price at which those items can be sold to *maximize a profit* for the items." *Id.* at 8:33–38 (emphasis added).

C. Challenged Claims

Petitioner challenges each of the claims (claims 1–10) of the '999 patent. Pet. 1; Ex 1001, 44:49–46:47. Claims 1, 9, and 10 are independent, with claims 2–8 depending directly or indirectly from claim 1. Ex 1001, 44:49–46:47. We reproduce claim 9, below:

9. [pre] A computing device comprising:

[a] a memory;

> [b] and at least one processor configured to perform a method for managing inventory allocations, the method comprising:
>
> [c] receiving sale data cyclically, in real time, from respective distribution channels and relating to sale of inventory items allocated to the respective distribution channels;
>
> [d] processing the sale data cyclically, the processing of the sale data including carrying out calculations to obtain a performance rating for each of the respective distribution channels;
>
> [e] querying whether the performance rating of each of the respective distribution channels is greater than a performance rating of other distribution channels;
>
> [f] and based on the query, carrying out at least one of the following steps:
>
> > [g] adjusting a price of inventory items allocated to each of the respective distribution channels;
> >
> > [h] and re-allocating inventory items to or from said each of the respective distribution channels from or to the other distribution channels.

Ex. 1001, 44:50–45:3, 45:1–23; Pet. (Claims App. i.–iii.) (adding Petitioner's sub-numbering (e.g., [a], [b]) to the claim elements).

D. Asserted Grounds of Unpatentability

Petitioner asserts that claims 1–10 are unpatentable based on the following *twelve grounds* (Pet. 7–8):

Ground	Claims Challenged	35 U.S.C. §	References
1	1–3, 5, 9, 10	103	Jacob, Phillips, Franklin
2	1–3, 5, 9, 10	103	Jacob, Phillips, Franklin, Evangelist
3	1–3, 5–10	103	Jacob, Phillips, Franklin, Evangelist, Tamura
4	1–3, 5–10	103	Jacob, Phillips, Franklin, Evangelist, Tamura, Kono
5	1–3, 5, 9, 10	103	Jacob, Phillips, Franklin, Evangelist, Kono
6	1–3, 5–10	103	Jacob, Phillips, Franklin, Tamura
7	1–3, 5–10	103	Jacob, Phillips, Franklin, Tamura, Kono
8	1–3, 5, 9, 10	103	Jacob, Phillips, Franklin, Kono
9	4	103	Jacob, Phillips, Franklin, Evangelist, Tamura, Addington
10	4	103	Jacob, Phillips, Franklin, Evangelist, Tamura, Kono, Addington
11	4	103	Jacob, Phillips, Franklin, Tamura, Addington
12	4	103	Jacob, Phillips, Franklin, Tamura, Kono, Addington

Petitioner also relies on the Declaration of Dr. Amelia Regan (Ex. 1003). Pet. 8.

Although Petitioner identifies twelve grounds (*see* Pet. 7–8), Petitioner only submits one claim chart, broken into segments by limitation (*see id.* at 24–107). In consolidating the challenges under one argument, Petitioner addresses the different challenges and asserted art simultaneously.

III. ANALYSIS

A. Level of Ordinary Skill in the Art

Petitioner and Patent Owner propose that a person of ordinary skill in the art ("POSITA") at the time of the invention of the '999 patent

> would at minimum have a bachelor's degree in software/computer/electrical engineering, computer science, or industrial engineering and management with at least two years' experience in inventory and pricing management, including with respect to systems for dynamically managing inventory and pricing of inventory, or the equivalent. Additional graduate education could substitute for professional experience, or significant inventory and pricing management experience could substitute for formal education.

Pet. 10; *see also* Prelim. Resp. 7 ("This is the same level of skill agreed to by the parties in the litigation. Patent Owner applies this definition for purposes of this Preliminary Response.").

For purposes of this Decision, we adopt the parties' assessment of the level of ordinary skill in the art. We find that their assessment is consistent with the '999 patent and the asserted prior art. *See Okajima v. Bourdeau*, 261 F.3d 1350, 1355 (Fed. Cir. 2001).

B. Claim Construction

In this *inter partes* review, we apply the same claim construction standard that would be used in a civil action under 35 U.S.C. § 282(b).

37 C.F.R. § 42.100(b). In applying this standard, we generally give claim terms their ordinary and customary meaning as would be understood by a person of ordinary skill in the art at the time of the invention and in the context of the entire patent disclosure. *See id.*; *Phillips v. AWH Corp.*, 415 F.3d 1303, 1312–14 (Fed. Cir. 2005) (en banc).

Petitioner acknowledges that the terms should be construed based on their ordinary and customary meaning as understood by a POSITA. Pet. 8–9. Petitioner further provides construction to "receiving . . . in real time" and "carrying out at least one of the following steps: adjusting . . .; and re-allocating." *Id.* at 9.

Patent Owner, on the other hand, does not address Petitioner's proposed constructions of these terms, but instead takes issue with the fact that Petitioner does not expressly define the terms: (1) "inventory"; (2) "distribution channels"; (3) "adjusting . . . a price"; and (4) "performance rating." *See* Prelim. Resp. 42–45. As for "inventory" and "distribution channels," Patent Owner submits that "Petitioner ignores its litigation position and argues instead that no construction is necessary." *Id.* at 43. As for "adjusting . . . a price," Patent Owner points out that "in district court, Petitioner argued that this claim term was indefinite." *Id.* at 44. As for "performance rating," Patent Owner further points out that "in the district court[,] the parties have an ongoing dispute regarding what the plain meaning of" the term is. *Id.* at 45.

Even if Petitioner proposes different claim constructions in the Related litigation, there is no requirement that the same construction be used in this proceeding. *See, e.g.*, *Abbott Diabetes Care Inc. v. Dexcom, Inc.*, IPR2022-00913, Paper 14, at 11–17 (PTAB Nov. 3, 2022) (explaining that

there is no requirement that a party present the same construction before the Board and the district court).

Rather, the parties do not propose competing constructions for any term. *Compare* Pet. 8–9, *with* Prelim. Resp. 42–45. For purposes of this Decision, we give the claims their plain and ordinary meaning, and we need not and do not expressly construe any term. *See Nidec Motor Corp. v. Zhongshan Broad Ocean Motor Co.*, 868 F.3d 1013, 1017 (Fed. Cir. 2017) (stating that "we need only construe terms 'that are in controversy, and only to the extent necessary to resolve the controversy'") (quoting *Vivid Techs., Inc. v. Am. Sci. & Eng'g, Inc.*, 200 F.3d 795, 803 (Fed. Cir. 1999)).

C. Denying Inter Partes Review for Lack of Particularity

Patent Owner argues that the Petitioner's twelve grounds are not asserted with particularity. *See* Prelim. Resp. 8. Patent Owner explains:

1. Petitioner fails to clearly map how the claim limitations are mapped to the prior art, and "simply combines the references together in a single, omnibus chart, with no delineation between grounds." *Id.* at 9.
2. The Petition fails to identify how the references are being combined. *Id.* at 14.
3. Petitioner's motivations to combine are deficient, as Petitioner simply relies on boilerplate language without "address[ing] the combination of any specific teachings in the prior art, let alone explain why a POSITA would have understood such combinations." *Id.* at 20.

We agree with Patent Owner.

Petitioner has a duty to identify "with particularity, each claim challenged, the grounds on which the challenge to each claim is based, and the evidence that supports the grounds for the challenge to each claim." 35 U.S.C. § 312(a)(3); *see also Playtika Ltd. V. NexRF Corp.*, IPR2021-

00952, Paper 14 (denying institution based on discretionary factors and lack of sufficient particularity). The importance of this requirement has been stressed by our reviewing court. *See Intelligent Bio-Sys., Inc. v. Illumina Cambridge Ltd.*, 821 F.3d 1359, 1369 (Fed. Cir. 2016). ("It is of the utmost importance that petitioners in the IPR proceedings adhere to the requirement that the initial petition identify 'with particularity' the 'evidence that supports the grounds for the challenge to each claim.'"). Our Rules further require that the Petition must identify "specific portions of the evidence that support the challenge" (37 C.F.R. § 42.104(b)(5)) and that each petition must include "[a] full statement of the reasons for the relief requested, including a detailed explanation of the significance of the evidence including material facts, and the governing law, rules, and precedent" (*id.* § 42.22(a)(2)). Our Practice Guide also instructs that "parties should avoid submitting a repository of all the information that a judge could possibly consider, and instead focus on concise, well-organized, easy-to-follow arguments supported by readily identifiable evidence of record." Patent Trial and Appeal Board Consolidated Trial Practice Guide, available at https://www.uspto.gov/TrialPracticeGuideConsolidated (Nov. 14, 2019), at 39.[2]

The Petition falls short of these requirements.

Rather than present its challenges in a concise and understandable manner, with clear rationale to support its challenges, the Petition simply reproduces large excerpts from multiple references while incorporating by reference an 805-page expert declaration. *See, e.g.,* Prelim. Resp. 17 (confirming the same in arguing that "[Petitioner] cites to thirty different

[2] Available at https://www.uspto.gov/TrialPracticeGuideConsolidated.

paragraphs, three entire columns and four figures from the Jacob reference [to address limitation 9(c)]"; *see id.* at 25 ("[Petitioner] repeatedly cites to large swaths of Dr. Regan's eight-hundred five (805) page expert declaration for substantive analysis").

For example, Petitioner's challenge to independent claim 9 spans 57 pages and cites to over 300 paragraphs of declaration testimony. *See* Pet. 24–81 (claim chart addressing claim 9); *see also* Ex. 1003 ¶¶ 141–484 (testimony addressing claim 9). Although the Petition initially identifies twelve challenges, it presents these challenges in a single, omnibus claim chart, which further includes several alternative challenges nested within. *See* Pet. 24–81. Sorting out the Petition's challenges yields *over nineteen thousand* alternative positions advanced by Petitioner. *See* Ex. 2001 ¶ 79 (testifying that there are 19,440 possible combinations).

Although there is no prohibition against the use of a single claim chart to summarize multiple challenges, in this instance, Petitioner's use of a single chart renders its twelve challenges indiscernible.

As a first illustrative example, we focus on limitations 9(a) and 9(b), which collectively recite, "a memory; and at least one processor configured to perform a method of managing inventory allocations." Claims App. ii; Ex. 1001, 46:2–5. Although these limitations appear relatively straight-forward, Petitioner's treatment of them is anything but. *See, e.g.*; Claims App. ii. (element 9(a) simply reciting a "memory").

Petitioner relies on Jacob, Phillips, and Franklin in each of its 12 challenges. *See* Pet. at 7–8. In addressing limitations 9(a) and 9(b), Petitioner presents at least three different positions as to why the limitations are disclosed by Jacob, Phillips, and Franklin.

First, Petitioner submits that Jacob discloses limitations 9(a) and 9(b). *See id*. at 25. Second Petitioner relies on a combination of Jacob and Phillips. *See id.* 25–26. Third, Petitioner relies on combination of Jacob and Franklin. *See id.* at 40. Furthermore, throughout the Petition, Petitioner relies on "Jacob (in the recited combinations ("+combinations"))." *See, e.g.*, *id.* at 30. We are unable to discern what, specifically, Jacob "+ combinations" refers to.

Petitioner also relies on Evangelist, Tamura, and Kono for addressing these same limitations, presumably under different grounds. *See id.* at 26, 31. Although limitations 9(a) and 9(b) appear relatively simple, we do not know which of Petitioner's multiple positions we should consider in analyzing claim 9.

As a second illustrative example, we turn to limitation 9(c), which recites, "receiving sale data cyclically, in real time, from respective distribution channels and relating to sale of inventory items allocated to the respective distribution channels." Claims App. ii; Ex. 1001, 46:6–9.

To address limitation 9(c), Petitioner presents six different positions. *See* Pet. 30–44.

First, Petitioner submits that Jacob discloses limitation 9(c). *Id.* at 30. Second, Petitioner submits that the limitation can be satisfied by combining Jacob with Franklin. *Id.* at 38–41. Third, Petitioner relies on a combination of Jacob and Phillips. *See id.* at 41 n.22. Fourth, Petitioner relies on a combination of Jacob and Evangelist. *See id.* at 43. Fifth, Petitioner relies on a combination of Jacob and Kono. *See id.* at 44. And last but not least, sixth, Petitioner relies on a combination of Jacob and Tamura. *See id.*

Because each of Petitioner's 12 challenges relies on Jacob, Phillips, and Franklin (*see* Pet. 7–8), each of Petitioner's 12 challenges may also rely

on: (1) Jacob for disclosing limitation 9(c); (2) Jacob and Franklin for satisfying limitation 9(c); or (3) Jacob and Phillips for satisfying limitation 9(c).

These are two examples of many in which Petitioner provides alternative positions while addressing each of the limitations of the Challenged Claims. *See* Pet. 24–81. For claim 9, Petitioner also relies on multiple different combinations of references for addressing limitations 9(d), 9(e), 9(f), 9(g), and 9(f). *See* Pet. 45–81 (addressing limitations 9(d)–(f)); *see also* Ex. 1003 ¶¶ 252–484 (testifying as to limitations 9(d)–(f)); *see also* Prelim. Resp. 9–10 (confirming the same).

Mathematically, the Petition yields over nineteen thousand potential combinations to arrive at the claimed invention. We find credible Patent Owner's expert testimony that while addressing claim 9, "there are: 1*3*3*5*4*3*3*3*4 = **19,440 possible unique combinations** of the references (of course, the references may repeat, but the combinations of references for each limitation are still unique)." Ex. 2001 ¶ 79.

Accordingly, we find that the Petition falls short of the requirement that it present "with particularity, each claim challenged, the grounds on which the challenge to each claim is based, and the evidence that supports the grounds for the challenge to each claim." 35 U.S.C. § 312(a)(3).

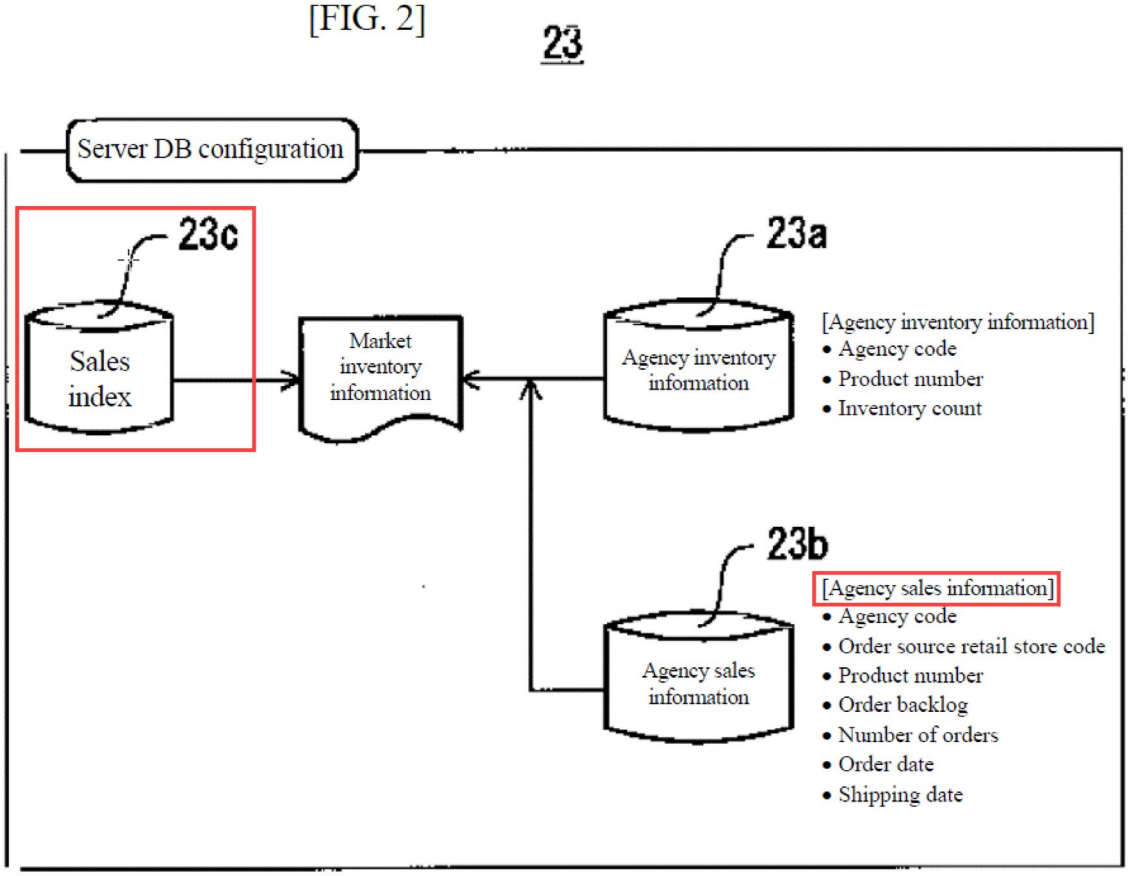
D. Denying on the Merits

In addition to falling short of the requirement under Section 312(a)(3), we also deny institution on the merits.

Petitioner submits that Jacob performs the steps outlined in steps 9(f)–(h) "based on the query." *See* Pet. 60 (citing Ex. 1003 ¶¶ 321–328); *see also id.* at 62, 70. Petitioner also submits that Tamura and Kono disclose this

step. *Id.* at 60 (citing Ex. 1003 ¶¶ 329–344). In support of this position, Petitioner submits an annotated version of Kono's Figure 2 (*id.*), which we reproduce, below:

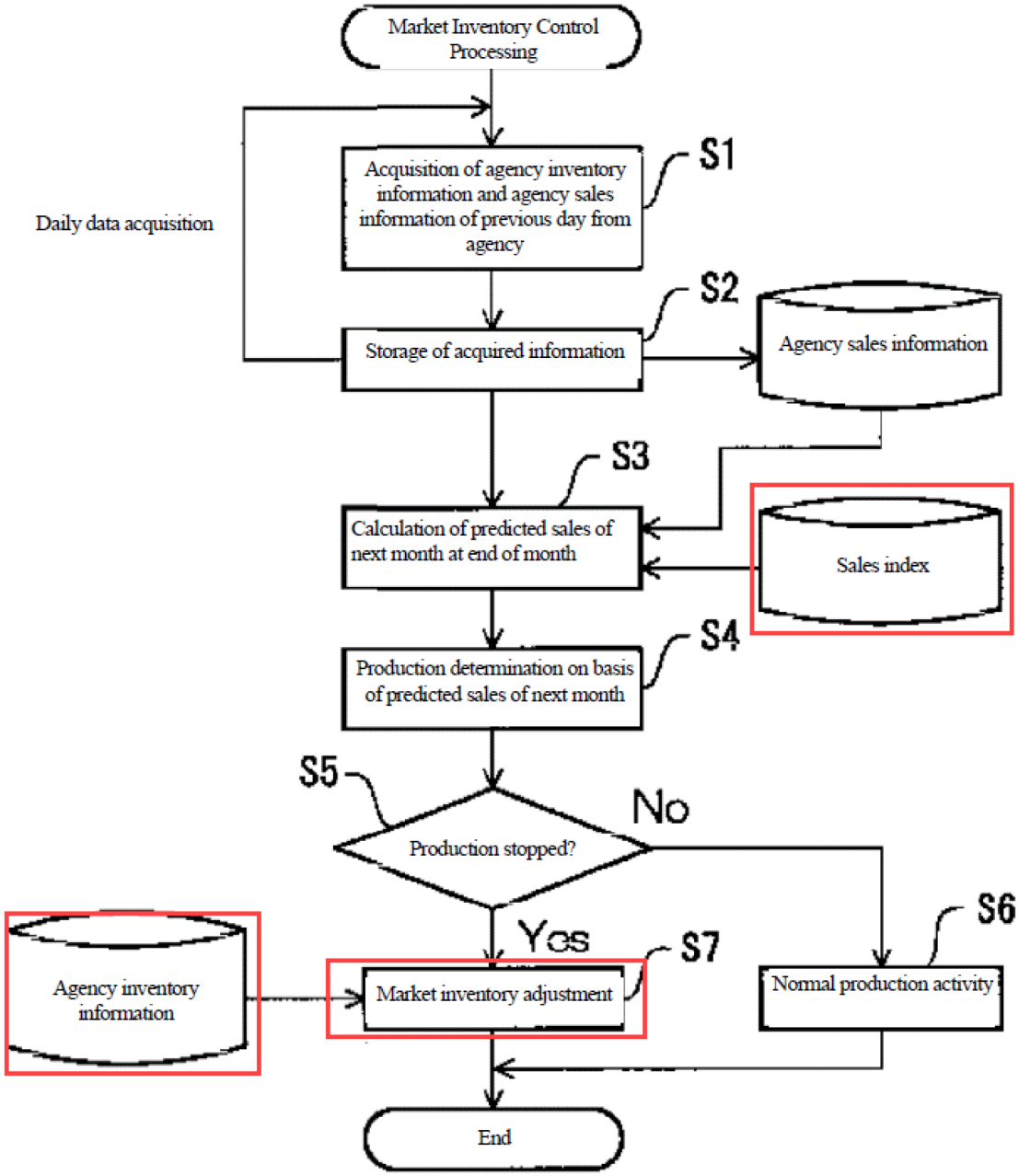
[FIG. 2]



Kono's Figure 2 "illustrates an example of various databases controlled by the database server 23." Ex. 1007 ¶ 26. Kono discloses that there are "[t]hree kinds of databases controlled by database server 23," including agency inventory information database 23a, agency sales (shipping) information database 23b, and sales index database 23c. *Id.* Petitioner annotates this figure to place red boxes around sales index database 23c and agency sales information database 23b. Pet. 60.

Petitioner further submits an annotated version of Kono's Figure 3 (*id.* at 61), which we also reproduce, below:

[FIG. 3]



Kono's Figure 3 illustrates a flowchart with seven steps, step S1 to step S7, and three databases, the Agency Sales Information database, the Sales Index database, and the Agency Inventory Information database. Ex. 1007 ¶¶ 37–39. Petitioner annotates the figure to place a red box around the "sales index

database," the "agency information" database, and step S7, the "Market Inventory Adjustment." *See* Pet. 61.

Patent Owner argues that Petitioner "has provided no evidence showing that any prior art reference discloses taking the recited steps 'based on the query' of performance rating as required by the claims." Prelim Resp. 29. Patent Owner's declarant, Dr. Madisetti, testifies that "citations [to Dr. Regan's declaration] do not show that any prior art reference discloses the 'based on the query' limitation." Ex. 2001 ¶ 41 (citing Pet. 60). Dr. Madisetti characterizes Dr. Regan's testimony as providing "lengthy block quotations to Jacob, Tamura and Kono, and citations to other portions of the declaration that do not address this claim term." *Id.* ¶ 44.

We agree with Patent Owner. Petitioner's citations to Dr. Regan's testimony, as well as to Jacob, Tamura, and Kono, fail to show a reasonable likelihood that the cited art satisfies that the steps recited in limitations 9(g) and 9(h) are performed "based on the query," as required in limitation 9(f). Petitioner's treatment of these limitations lacks sufficient substantive analysis. *See* Pet. 60–62.

Although Petitioner submits annotated versions of Kono's Figures 2 and 3, the Petition fails to describe the relevancy of the figures or the annotations. *See id.* On this record, we cannot discern why Petitioner emphasized Kono's "sales index" database, "agency sales information" database, "sales index" database, and "agency inventory information" database. *See id.* at 60–61. We fail to understand how these databases satisfy the step recited in 9(f) and its related steps 9(g) and 9(h).

Accordingly, Petitioner has failed to show by a reasonable likelihood that claim 9 would have been obvious over Jacob in view of Phillips, Franklin, and the other cited art.

Furthermore, in challenging each of the remaining claims (1–8 and 10) under all of the Grounds (Grounds 1–12), Petitioner relies on the same deficient analysis used to address limitation 9(f). *See* Pet. 79–80 (addressing independent claim 10); *see also id.* at 80–81 (addressing independent claim 1). Accordingly, Petitioner has failed to demonstrate a reasonable likelihood that any of the Challenged Claims is unpatentable under any of the twelve grounds.

IV. CONCLUSION

We deny to institute review of any of the challenged claims.

V. ORDER

For the reasons above, it is:

ORDERED that the Petition is *denied* as to the grounds and all challenged claims of the '999 patent.

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