TRANSCRIPTION OF AUDIO

CAFC Oral Argument

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In Re Teles AG Information 2012-1297

JUDGE DYK: Good morning. We have 4 argued cases today. The first of these is number 12-1297, In Re Teles AG. Mr. Kaminsky.

Mr. Kaminsky: Yes, Your Honor.

JUDGE DYK: Okay, you may begin.

Mr. Kaminsky: Thank you. May it please the Court, we're here because of legal errors that we feel were committed in the PTO's claim construction below concerning claim 35 of the 453 patent. In interpreting claim 35, the patent office applied its broadest reasonable interpretation…

JUDGE DYK: You're not going to address the 145 argument?

Mr. Kaminsky: No. We're on the 145 issue, Your Honor, we're going to rely just on the briefs and that our basic argument is that the express language of 306 was that it should have been at, to the, to the, the District Court and we're relying on the arguments in the brief, Your Honor. We feel that it's more important to talk about the, the alleged claim construction. So both sides do acknowledge that there's different standards being applied to the same claim construction for claim 35 but we believe that the BRI standard contradicts this Court's precedents as well as Supreme Court's precedents in how it was applied. And specifically, we feel that the BRI standard is contradicts the Phillips decision, the Phillips decision specifically said "how a person of ordinary skill in the art under, understands a claim term provides an objective baseline to begin the claim, claim interpretation and that's based on the specification. And what Phillips requires is that claim interpretation must begin by focusing on what this baseline is of the claim terms of the specification. And the first objective

is to understand the claimed invention before then applying it and, and the, the BRI does not consider this baseline because what it, what the BRI says is that if there is not express limitation in the claim, then we're going to basically ignore it. Also, BRI contradicts the Mayo decision as we interpret it. The Mayo decision…

JUDGE DYK: Mayo has not to do with claim construction.

Mr. Kaminsky: Well, claim construction was in Mayo because Mayo, they need to decide what the claims were before then going on to patent it eligibility and patent validity. So Mayo talks about inventive concepts and we believe that inventive concepts and baseline…

JUDGE DYK: [UI] inventive concepts into claim construction.

Mr. Kaminsky: Well, inventive concepts to us is the same as the base…

JUDGE DYK: What's the, where does the opinion tie inventive concept into claim construction?

Mr. Kaminsky: Well, what Mayo does is they say okay, let's take a look at this claim and then let's, let's, let's, let's take out the, the natural law part of it, the natural phenomenon and let's see what's left. And, and Mayo uses the term inventive concepts in 3 different places and, based on our interpretation…

JUDGE DYK: They say it doesn't.

Mr. Kaminsky: I'm sorry?

JUDGE DYK: It doesn't tie the 2 together.

Mr. Kaminsky: In, to our interpretation, it does go together, Your Honor, that's, that's…

JUDGE DYK: But there's no language that says that.

Mr. Kaminsky: There's no language that says you must use claim inter…inventive concepts as part of the claim construction but that's our interpretation of it. Well, certainly Phillips does talk about understanding basically the forest before looking at the individual trees, and that's what we contend to, to, to have not been the error [UI – coughing] and we believe that the error was that the PTO did not fully consider the specification in its entirety as to the claimed invention. We think that there was admissions made and explanations made by the patent owner during the re-examination proceedings that were ignored and also that there was declaration evidence that would have helped to determine this baseline what one of ordinary skill in the art would have thought, which, which were all, all ignored. And…

JUDGE MOORE: What word is it that you think they got wrong in claim 35? [UI simultaneous conversation] signal or…

Mr. Kaminsky: There are actually 3, Your Honor. And each one of these claim terms we believe were, were, were not fully considered. One of them is control signal. And control signal appears in not only claim 34, the independent claim, but also claim 35 and there's aspects of this control signal that are unique to this invention and that was not ignored. Specifically the specification teaches that this control signal is, is automatic, that it automatically sends a changeover signal and that's also explicit in claim 35. Control signal was not…

JUDGE MOORE: So basically the control signal triggers the switch and the claim says automatically when demands on quality of the data transfer are understepped or exceeded, okay.

Mr. Kaminsky: Yes, Your Honor.

JUDGE MOORE: And so I guess I don't understand what's wrong with the board's decision because they, too, seem to have found that the control signal does this automatically only when there is at least one of the kinds of problems that you articulate, namely where either you exceed a bandwidth or there's too much of a time delay or something. And, and certainly the plain meaning of, of those criteria would fall within the claim, demands on the quality of data transfer. That's, those are each demands on the quality of data transfer and the specification reaffirms that. So what's wrong with the board's decision?

Mr. Kaminsky: Several things, Your Honor. First, none of the 3 prior art reference talk about monitoring an individual telephone call, and that we think is, is…

JUDGE MOORE: But what does that have to do with control signals? [UI] focus on just the element that we're discussing.

Mr. Kaminsky: Okay. Column 9, lines 36 to 51 of the 902 patent talk about the control signal and its structure and its function. And in…

JUDGE MOORE: The 902, aren't we on the…[UI] 453 patent? I mean

Mr. Kaminsky: 453.

JUDGE MOORE: Okay, so what, what column and line? 9, column 9.

Mr. Kaminsky: Column 9, starting in lines I guess 36.

JUDGE MOORE: Now, you cited this in your brief but I, I don't see how it helps you because it says and/or. So it actually, it doesn't say that it has to do with automatically only when multiple criteria are assessed and evaluated, but it says and/or, which seems to me to quite clearly say if any of these criteria are evaluated and determined to be problematic, then it would automatically do it. What's the problem? [UI simultaneous conversation]

Mr. Kaminsky: And we agree, Your Honor, yes. And, and we agree, so what, what we're saying is that this part of the specification talks about monitoring and then automatically releasing. And none of the prior art references talk about monitoring a specific call. They monitor the system, they, they, they send a ping between network computer, network computer but they don't, they don't monitor an individual call. An individual call is not just a network [UI simultaneous conversation]…

JUDGE MOORE: I know, I'm really confused. You said, started your argument by saying there are 3 terms which the board erred on in claim construction.

Mr. Kaminsky: Yes, Your Honor.

JUDGE MOORE: So it seems to me that you just agreed with the board's claim construction of control signal, even though what you started with was a statement that you didn't agree with it. So I'm not following your argument.

Mr. Kaminsky: We don't agree with the board's construction because there's this automatic releasing shows that the signal is proactive, that, that maybe if I could give a real world example, Your Honor, the claimed invention does not wait until there's a actual loss of quality in the telephone call, but when, when there is a

threat or a potential threat of there being a loss of quality or some problem, then it automatically releases it and that comes from the, from, from, from the monitoring and none of that was discussed in, in, in the [UI simultaneous conversation]…

JUDGE MOORE: The claim says automatically when demands on the quality of the data are understepped or exceeded, it doesn't say when they might be threatened to be understepped or exceeded, it's a demands on quality or from [UI] or understepped or exceeded. That's what the claim says. The board seemed to be quite faithful to that. I don't, I, I really am not following your argument at all.

Mr. Kaminsky: Okay. Again, maybe if I could just step back and to say that what we're doing is we're saying that the entire specification was not considered, that there were qualities of this control signal that one of ordinary skill in the art would have understood and, and what, what happened was that in under BRI, just the literal meaning of the claims were, the literal language were considered but not really the forest, just, just the trees. And, and for that reason…

JUDGE DYK: I don't understand what you're saying now either. I mean that the prior art talked about concerns with delay and switching over where there are delay problems and isn't that one of the qualities that's within this description in the specification?

Mr. Kaminsky: That is one of the qualities but that's not the only quality, Your Honor, and what we think is that this [UI simultaneous conversation]

JUDGE DYK: …[UI] say it has to take account of more qualities than delay.

Mr. Kaminsky: The same language, Your Honor, talks about a, in a general way, the, certain other problems but also claims 14 and 32 talk about noise and talk about other things and that, that would have all been part of, part and parcel with what we're talking about, 14 by, by claim differentiation talks about time delay or noise proportion and also claim 32 says the same thing. So it's more than just time delay, Your Honor.

JUDGE MOORE: But, but, of course, it is. That's why the claim is broadly construed to trigger the, to trigger the switch, the control trigger, control signal triggers the switch when ***any*** of these various problems occur. Any of them. And you seemed to agree with that a minute ago cause I kept focusing on the or language in your own specification, which indicates that any of these individual criteria could give rise to the control signal then automatically doing this. So I, I don't understand how you're pointing to these other claims in any manner, is anything but supportive of the board's construction, quite frankly. I, I just don't follow what…

Mr. Kaminsky: Well, if, if we take a look at the prior art that was applied here, Your Honor, in White talks about pre-selection. There is no signal for changing over of, of an existing call. And Jonas also does not disclose changing over, it talks about a, a second telephone call being, a second telephone call being implemented and Farise…

JUDGE DYK: I thought Jonas talked specifically about switching over [UI simultaneous conversation]

Mr. Kaminsky: That it's, there are to us 2 interpretations of, of Jonas. Jonas either has a second call that it sets up or it stops the first call, disconnects it and then has a second protocol, handshake protocol. So but it does not automatically switch over without interruption. And that's what we think the claimed invention is, that, that, that the claimed invention talks about real time changeover.

JUDGE DYK: [UI] the board concludes that it does switch over without interruption/

Mr. Kaminsky: It does not switch over without…

JUDGE DYK: No, no, no, the board.

Mr. Kaminsky: The board, that, that's, that's what our interpretation of the board's decision was, yes, Your Honor.

JUDGE DYK: Say that again. What's your interpretation/

Mr. Kaminsky: Our interpretation is that the board ignored the feature of the claimed [UI simultaneous conversation]

JUDGE DYK: No but what does the board conclude about Jonas?

Mr. Kaminsky: That it just, that, that there as a changeover.

JUDGE DYK: And, and without terminating the call, right?

Mr. Kaminsky: And that's where we say the, the error was because Jonas does talk about either setting up a second call independent of the first one so you have 2 calls at the same time or a second or disconnecting the first and starting the second. It's unclear. The algorithms figure 2 I think is of Jonas is really unclear. Figure 2.

JUDGE DYK: Mr. Kaminsky, you want to save the rest of your time?

Mr. Kaminsky: I did reserve 4 minutes I guess.

JUDGE DYK: Yeah, you're into your rebuttal [UI simultaneous conversation]

Mr. Kaminsky: Okay, thank you, Your Honor.

Miss Nelson: Yes, good morning, may it please the Court. I just want to address a few things preliminarily. First of all, the broadest reasonable interpretation is appropriate. This Court has said over and over in…

JUDGE DYK: That would be hard for us to dramatically change that, right, as [UI simultaneous conversation]

Miss Nelson: Right, and even post-since Marine Polymer and a recent decision in Leo Pharmaceutical, this Court has again reiterated that in a re-examination the broadest reasonable interpretation is the appropriate standard. Mayo is not a claim construction case, it had to do with eligibility and the, the discussion of inventive concept there had nothing to do with claim construction, it was really about distinguishing an eligible subject matter from an algorithm or something of that nature. And for thirdly, I just want to say that they talk about the, the other thing I wanted to mention is that they had the opportunity to amend their claims so, to the extent that they were referring to Marine Polymer, etc., they had the opportunity to amend their claims so there really is no explanation for, there's no reason why we should start trying to read into the re-examination prosecution history. This, this is an ongoing proceeding and it would be inappropriate to do that. Now, to get to the merits, let me just say that they tell us continually is shifting their arguments. And before the board the arguments with respect to claim 35, the only claim at issue, is they indicate in their blue brief at 34, claim 35 is the sole claim that's under appeal,

that they've argued in their appeal brief at A1104 and 1105 is the only arguments they made with respect to that claim. And those arguments pertain simply to the board's construction of the means plus function term and the demands on quality of data transfer. And the only argument they made was whether or not that should be limited to bandwidth or whether that can [UI simultaneous conversation]

JUDGE MOORE: Bandwidth plus delay. They said Jonas only discloses delay and this claim requires both, right, that's what they…

Miss Nelson: Well, I think that what they were, were trying to argue, although it was a little bit unclear from the brief, but it seemed to me that they were trying to argue that it was limited to bandwidth and so they're distinguishing from Jonas, Jonas is talking more about delay but frankly, I'm not entirely sure what they were arguing. So a lot of what they're arguing now and going on about control signal and trying to read limitations from the specification into the term control signal, none of that was raised before the board. I think it's pretty clear from the board's opinion that they did exactly what they were supposed to do with that term. Claim 35 has a means plus function limitation to produce the control signal for transferring to a line switching or [UI – noise] switching transfer. And they construed that as they should. That is the function and they found that changeover device 711 as discussed at column 9 in the patent is the appropriate structure and so they, there's no error in our construction. And then I just want to add that this column 9 that they're trying to rely on to read in all these additional algorithm limitations that doesn't

support those limitations when you look at the very, very brief section at column 9 really essentially, essentially reiterates the function that's in the claim and then and states that changeover control device 711 is the structure that performs that function. So all of these additional sort of a limitations they're trying to read are not in the specification. If you have additional questions, I'd be happy to answer them and if you have questions about the jurisdiction, I'd be happy to address those. I do think that the District Court here was correct on that and we also, as we provided you in a, in a letter Power Integrations the amicus in this case, the, the court there also found that jurisdiction was lacking for 41, a 145 action. The statutory language is very clear between the amendments to 140, 134 or 141 and 145 in the 1999 amendments I think Congress made it very clear that patent owners lack, do not have, they cannot…

JUDGE MOORE: [UI] while you were ahead, counsel.

Miss Nelson: Okay.

JUDGE DYK: How many, I'm sorry, go ahead.

JUDGE WALLACH: Just out of curiosity, do you know how many patent owners, if any, have maintained a suit past a motion to dismiss in the District Courts since 99?

Miss Nelson: How, how many…I'm sorry, how many…

JUDGE WALLACH: How many patent owners, if any, have maintained a suit past a motion to dismiss since 99, since the change?

Miss Nelson: So you mean relying on the old version? I'm…

JUDGE WALLACH: Under the new version, how many?

Miss Nelson: Oh.

JUDGE WALLACH: If, have there been any that have made it past a motion [UI simultaneous conversation]…

JUDGE DYK: The new version [UI simultaneous conversation]

Miss Nelson: The new version…

JUDGE DYK: ….[UI] 2011, right? [UI simultaneous conversation]

JUDGE WALLACH: Are they [UI simultaneous conversation] Yes, the, yeah.

Miss Nelson: So, under the new, under the AIA…

JUDGE WALLACH: The post 9, yeah, yeah.

Miss Nelson: No, there's absolutely no, no suggestion whatsoever in the statute that there, there could be a 145 action by a patent owner. And as far as I know, that during the sort of window of time…

JUDGE WALLACH: Right.

Miss Nelson: …In pre-9 there were I think 3 suits, one of which is now back at the PTO for other reasons. The, that's, there's this one here and then power integration has another one, which is currently before your, pending before your Court that notice of appeal was filed relatively recently.

JUDGE WALLACH: And power integration is the only other pending case that involves this issue.

Miss Nelson: As far as we know, yes.

JUDGE WALLACH: My, I tried to find anything that made it past a motion to dismiss and I couldn't find anything.

Miss Nelson: We're not aware of any others.

JUDGE DYK: Okay, thank you Miss Nelson. Mr. Kaminsky, you have about 2 minutes.

Mr. Kaminsky: Yes. Please allow me just to reiterate just for one minute what, what our, what our thoughts are here. Our, our thoughts are that the broadest reasonable interpretation standard does not, did not fully consider the invention and, therefore, the viewpoint of the board was incorrect when it considered the, the claims, it didn't fully consider the specification and the features, it did not accept some of the admissions of the patent owner during the re-examination and did not fully consider the declaration evidence as to, to establish Phillips baseline. And that's all, Your Honor.

JUDGE DYK: Okay. Thank you, Mr. Kaminsky. Thank of counsel in cases submitted.

[End of recording]

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