

Appeal No. 2012-1297

IN THE
United States Court of Appeals
FOR THE FEDERAL CIRCUIT

IN RE TELES AG INFORMATIONSTECHNOLOGIEN and
SIGRAM SCHINDLER BETEILIGUNGSGESELLSCHAFT MBH,

APPEAL FROM THE UNITED STATES DISTRICT COURT FOR
THE DISTRICT OF COLUMBIA IN CASE NO. 11-00476
JUDGE BERYL A. HOWELL

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July 16, 2012

CERTIFICATE OF INTEREST

The undersigned counsel for certifies as follows:

1. The full name of every party represented by me is: TELES AG Informationstechnologien and Sigram Schindler Beteiligungsgesselschaft mbH.

2. The name of the real party in interest represented by me is: TELES AG Informationstechnologien and Sigram Schindler Beteiligungsgesselschaft mbH. No publicly held corporation owns 10 percent or more of the stock of the party represented by me.

3. The names of all law firms and the partners or associates that appeared for the party now represented by me in the trial court or are expected to appear in this court are:

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STATEMENT OF RELATED CASES

No other appeal in or from this civil action has previously been before this or any other appellate court. The undersigned counsel is not aware of any case pending in this court that will directly affect or be directly affected by the court's decision in this case. The undersigned is aware of two district court cases, *Power Integrations, Inc. v. Kappos*, No. 1:11-cv-01254-RWR (D.D.C.), and *Bally Gaming, Inc. v. Kappos*, No. 10-cv-1906 (D.D.C.), which may be directly affected by the court's decision in this case.

JURISDICTIONAL STATEMENT

This is a civil action for review of the final decision of defendant David J. Kappos (the “Director”) in *ex parte* Reexamination No. 90/010,017. The Director’s decision was issued January 7, 2011. Plaintiffs-Appellants (collectively, “Teles”) timely filed suit against the Director in the district court on March 4, 2011, seeking “court review under the provisions of section[] . . . 145 of this title.” 35 U.S.C. § 306 (2006). The district court had subject matter jurisdiction to hear this action under at least 28 U.S.C. §§ 1331 and 1338(a) and 35 U.S.C. § 306 (2006).

On March 5, 2012, the district court dismissed Teles’s complaint for alleged lack of subject matter jurisdiction. The district court held that Section 4605 of the Optional Inter Partes Reexamination Procedure Act of 1999, Pub. L. No. 106-113, §§ 4601-4608, 113 Stat. 1501A-567-572 (1999) (“OIPRA”), “removed this Court’s jurisdiction to hear the plaintiff’s claims.” Appendix [“A”] 11. Under the district court’s interpretation, OIPRA temporally limited 35 U.S.C. § 306 (2006) to *ex parte* reexamination proceedings initiated prior to November 29, 1999.

The district court declined to consider the merits of Teles’s complaint and ordered a transfer to this court under 28 U.S.C. § 1631. A30. On March 30, 2012, Teles timely filed a notice of appeal. A1488. This Court has appellate jurisdiction under at least 28 U.S.C. §§ 1295(a)(1) and 1295(a)(4)(C).

STATEMENT OF THE ISSUES

35 U.S.C. § 306 (2006), as it existed when this civil action was commenced, provided (emphasis added):

The patent owner involved in a reexamination proceeding under this chapter may appeal under the provisions of section 134 of this title, and may seek court review under the provisions of sections 141 to 145 of this title, with respect to any decision adverse to the patentability of any original or proposed amended or new claim of the patent.

Section 6(h)(2)(A) of the America Invents Act (“AIA”), Pub. L. No. 112-29, 125 Stat. 284, 312 (2011), amended § 306 “by striking ‘145’ and inserting ‘144’” in the above-quoted text. Section 6(h)(2)(B) of the AIA provided that its amendment to § 306 “shall take effect on the date of the enactment of this Act [*i.e.*, September 16, 2011] and shall apply to any appeal of a reexamination before the Board of Patent Appeals and Interferences or the Patent Trial and Appeal Board that is pending on, or brought on or after, the date of the enactment of this Act.” It is undisputed that this action is not subject to the AIA’s amendment of § 306.

Notwithstanding the express terms of 35 U.S.C. § 306 (2006) and the non-retroactive amendment of § 306 in the AIA, the district court held that a 1999 statute, § 4605 of OIPRA, temporally limited 35 U.S.C. § 306 (2006) to *ex parte* reexamination proceedings initiated prior to November 29, 1999. Since the subject reexamination was initiated August 30, 2007, the district court held that it lacked jurisdiction to hear Teles’s complaint and accordingly ordered the action trans-

ferred to this court under 28 U.S.C. § 1631. The threshold and dispositive issue presented is:

1. Whether the district court erred in holding that 35 U.S.C. § 306 (2006) was limited to *ex parte* reexamination proceedings initiated prior to November 29, 1999.

A “yes” answer to the preceding question would be dispositive of this appeal and obviate consideration of any other issue. Should the court consider it necessary or appropriate to consider the merits of Teles’s complaint in the first instance, this appeal potentially raises the following further issues:

2. Whether the Director misconstrued claim 35 of U.S. Patent No. 6,954,453 (the “‘453 Patent”), including by applying a different rule of claim construction than would be applied in a civil action for infringement of the ‘453 Patent.

3. Whether the Director erred in concluding that as of October 7, 1996, the subject matter of claim 35 of the ‘453 Patent “would have been obvious to a person having ordinary skill in the art” within the meaning of 35 U.S.C. § 103(a).

STATEMENT OF THE CASE

On August 30, 2007, third-party requester Cisco Systems, Inc. (“Cisco”) requested *ex parte* reexamination of claims 34-36 and 38 of the ‘453 Patent under Chapter 30 of the Patent Act, 35 U.S.C. §§ 301-307. On November 23, 2007, the then-Director ordered that the ‘453 Patent be reexamined. On August 6, 2008, an Examiner issued a final rejection of the claims under reexamination. On October 6, 2008, the then patent owner, TELES AG, timely appealed the Examiner’s rejection under 35 U.S.C. § 134.

On January 7, 2011, the Director, acting through a Board of Patent Appeals and Interferences, affirmed the Examiner's rejection. On March 4, 2011, Teles timely filed suit against the Director under 35 U.S.C. §§ 306 and 145 (2006). *Cf. Joy Techs., Inc. v. Manbeck*, 751 F. Supp. 225, 235-36 (D.D.C. 1990) ("Section 306 makes the court review provisions of section 145 applicable in reexamination proceedings."), *aff'd*, 959 F.2d 226, 229 (Fed. Cir. 1992).

On August 29, 2011, the Government moved to dismiss Teles's complaint for alleged lack of subject matter jurisdiction. The Government took the position that a 1999 statute, the Optional Inter Partes Reexamination Procedure Act of 1999, Pub. L. No. 106-113, §§ 4601-4608, 113 Stat. 1501A-567-572 ("OIPRA"), operated "*to remove* this Court's jurisdiction over patent owners' *ex parte* reexamination claims." A20 (emphasis added). The district court acknowledged that the Government's motion raised "a question of statutory construction that has not yet been addressed by this or other Circuits." A1.

As its name suggests, OIPRA created a new optional *inter partes* reexamination procedure in Chapter 31 of the Patent Act, 35 U.S.C. §§ 311-318 (2006). Concurrently with its provision for *inter partes* reexamination, OIPRA § 4605(c) made "conforming amendments" to 35 U.S.C. §§ 134, 141, and 145 which tracked the then-new (and subsequently amended) administrative and juridical review provisions of 35 U.S.C. § 315 (2000). OIPRA § 4605 did not purport to effect any

change in the *ex parte* reexamination procedure in Chapter 30 of the Patent Act. *See, e.g.,* H.R. Conf. Rpt. 106-464, at 133 (1999) (“*Subtitle F leaves existing ex parte reexamination procedures in Chapter 30 of title 35 intact*, but establishes an inter partes reexamination procedure which third-party requesters can use at their option”) (emphasis added).

Nevertheless, on March 4, 2012, the district court accepted the Government’s argument that OIPRA § 4605(c) impliedly repealed 35 U.S.C. § 306 with respect to *ex parte* reexamination proceedings initiated subsequent to November 29, 1999. As thus interpreted, OIPRA brought about a totally unmentioned, radical change in *ex parte* examination procedure and extinguished a long-established, important legal right that 35 U.S.C. § 306 (2006) had expressly conferred on patent owners. This appeal followed.

STATEMENT OF THE FACTS

35 U.S.C. § 306 is included in chapter 30 of the Patent Act, 35 U.S.C. § 301-307, which was enacted in 1980. *See* Act of Dec. 12, 1980, Pub. L. No. 96-517, § 1, 94 Stat. 3015, 3015-17. Between 1980 and 1999, 35 U.S.C. §§ 301-307 prescribed the only form of “reexamination” of patents in the United States.

Under Chapter 30 of the Patent Act, “[a]ny person at any time may cite to the Office in writing prior art consisting of patents or printed publications” (35 U.S.C. § 301) and “may file a request for reexamination by the Office of any

claim of a patent on the basis of any prior art cited.” 35 U.S.C. § 302. “Reexamination” under Chapter 30 is conducted “according to the procedures established for initial examination under the provisions of sections 132 and 133 of this title [35 U.S.C. §§ 132-33].” 35 U.S.C. § 305.

35 U.S.C. § 306, as enacted in 1980 and as it existed prior to September 16, 2011, provided:

The patent owner involved in a reexamination proceeding under this chapter may appeal under the provisions of section 134 of this title, and may seek court review under the provisions of sections 141 to 145 of this title, with respect to any decision adverse to the patentability of any original or proposed amended or new claim of the patent.

Prior to September 16, 2011, 35 U.S.C. § 306 (2006) provided for two very distinct and different types of “court review” of PTO decisions in *ex parte* reexamination proceedings. Sections 141 to 144 of “this title” (*i.e.*, Title 35) prescribe rights to “appeal” a PTO decision to this court. An “appeal” of a PTO decision is taken by filing a notice of appeal with the PTO, § 142, and is decided “on the record before the Patent and Trademark Office.” 35 U.S.C. § 144.¹

35 U.S.C. § 145, in contrast, is headed “Civil action to obtain patent.” A civil action “under the provisions of” § 145 is commenced by filing a complaint in

¹ As described more fully below, 35 U.S.C. § 141 was amended by OIPRA in 1999 as part of the package of amendments that accompanied then-new Chapter 31 of the Patent Act, 35 U.S.C. §§ 311-318, and was further amended to attain its current form in 2002. *See* Patent and Trademark Office Authorization Act of 2002, Pub. L. No. 107-273, § 13106(c), 116 Stat. 1758, 1901.

district court. In such an action, “the applicant may present evidence to the district court that he did not present to the PTO.” *Kappos v. Hyatt*, 132 S. Ct. 1690, 1693-94 (2012), *aff’g* 625 F.3d 1320 (Fed. Cir. 2010) (en banc). And “the district court must make a *de novo* finding when new evidence is presented on a disputed question of fact.” *Hyatt*, 132 S. Ct. at 1694.

The text of 35 U.S.C. § 306, which governs judicial review of *ex parte* reexamination proceedings, contrasts sharply with the text of 35 U.S.C. § 315, which governs judicial review of *inter partes* reexamination proceedings. Whereas 35 U.S.C. § 306 (2006) provided that “[t]he patent owner involved in a reexamination proceeding *under this chapter* [Chapter 30] . . . may *seek court review* under the provisions of sections 141 to **145** of this title” (emphasis added), the corresponding provision in Chapter 31 of the Patent Act, 35 U.S.C. § 315(a)(1), provides: “The patent owner involved in an *inter partes* reexamination proceeding *under this chapter* [Chapter 31] . . . may *appeal* under the provisions of . . . sections 141 through **144**” (Emphasis added.)

Two fundamental distinctions are apparent: First, 35 U.S.C. § 306 (2006) entitled a patent owner to seek “court review” – a phrase that describes both appeals and civil actions in district court – whereas 35 U.S.C. § 315 entitles a patent owner to “appeal” only. Second, 35 U.S.C. § 306 (2006) authorized a patent owner to seek “court review” under “sections 141 to **145** of this title” (emphasis add-

ed), whereas 35 U.S.C. § 315 authorizes a patent owner to “appeal” under “sections 141 through 144. . . .” (emphasis added).

The text of 35 U.S.C. § 315 demonstrates that Congress well knows how to write a judicial review statute that provides for judicial review only by way of “appeal” to the Court of Appeals. 35 U.S.C. § 306 (2006) was not such a statute.

Pre-OIPRA Efforts to Provide for a Unified Inter Parties Reexamination Regime

In a series of bills introduced between 1994 and 1999, Congress considered amending Chapter 30 of the Patent Act so that it would provide for a single, *inter partes* reexamination regime in which judicial review would be limited to an “appeal” to this court.² For example, H.R. 3460, as introduced in the House of Representatives May 15, 1996, would have amended Chapter 30 of the Patent Act to provide for third-party requester participation in reexamination proceedings and, as part of that change, would have amended § 306 to eliminate court review under the provisions of 35 U.S.C. § 145. Section 503(e) of H.R. 3460, as introduced in the 104th Congress on May 15, 1996, provided in part (emphasis added):

² See S. 2341, 103d Cong. (1994) (as passed by Senate, Oct. 4, 1994); H.R. 1732, 104th Cong. (1995); S. 1070, 104th Cong. (1995); H.R. 3460, 104th Cong. tit. V (1996) (as reported by H. Comm. on the Judiciary, Sept. 12, 1996); N. 1961, 104th Cong. tit. V (1996); H.R. 400, 105th Cong. tit. V (1997) (as reported by N. Comm. on the Judiciary, Mar. 23, 1998); S. 507, 105th Cong. tit. V (1997) (as reported by S. Comm. on the Judiciary, May 23, 1997); S. 1226, 105th Cong. tit. IV, subtit. E (1997).

(e) APPEAL.—Section 306 of title 35, United States Code, is amended to read as follows:

§ 306. Appeal

(a) PATENT OWNER.—The patent owner involved in a reexamination proceeding under this chapter—

(1) may appeal under the provisions of section 134 of this title, and may appeal under the provisions of sections 141 through 144 of this title, with respect to any decision adverse to the patentability of any original or proposed amended or new claim of the patent; and

(2) may be a party to any appeal taken by a third-party requester pursuant to subsection (b) of this section.

(b) THIRD-PARTY REQUESTER.—A third-party requester—

(1) may appeal under the provisions of section 134 of this title, and may appeal under the provisions of sections 141 through 144 of this title, with respect to any final decision favorable to the patentability of any original or proposed amended or new claim of the patent; and

(2) may be a party to any appeal taken by the patent owner, subject to subsection (c) of this section.

(c) PARTICIPATION AS PARTY.—(1) A third-party requester who, under the provisions of sections 141 through 144 of this title, files a notice of appeal or who participates as a party to an appeal by the patent owner is estopped from asserting at a later time, in any forum, the invalidity of any claim determined to be patentable on appeal on any ground which the third-party requester raised or could have raised during the reexamination proceedings.

(2) A third-party requester is deemed not to have participated as a party to an appeal by the patent owner unless, not later than 20 days after the patent owner has filed notice of appeal, the third-party requester files notice with the Commissioner electing to participate.

H.R. 3460, 104th Cong., 2d Sess. § 503(e) (as introduced May 15, 1996).

The accompanying House Report 104-784 (1996) stated in part:

Subsection 306(a) provides the patent owner with a right to be a party to any appeal taken by a third-party requester pursuant to subsection 306(b). In addition, subsection 306(a) is amended to remove the availability of review under 35 U.S.C. § 145, while maintaining the availability of review under 35 U.S.C. § 134 and 35 U.S.C. §§ 141-144. By this amendment, patent owners dissatisfied with a decision of the Board of Patent Appeals and Interferences in a reexamination proceeding would no longer be permitted to file a civil action against the Commissioner in the U.S. District Court for the District of Columbia, but could continue to appeal such decision to the U.S. Court of Appeals for the Federal Circuit.

H.R. Rep. No. 104-784, at 79 (1996).

In OIPRA, however, Congress chose *not* to adopt the approach of H.R. 3460 and similar bills which would have replaced *ex parte* reexamination with a single *inter partes* reexamination regime. Instead, OIPRA left the existing *ex parte* reexamination procedure intact and prescribed a free-standing new optional *inter partes* reexamination procedure, found today in Chapter 31 of the Patent Act, 35 U.S.C. § 311-318. *See* Pub. L. No. 106-113, §§ 4601-4608, 113 Stat. 1501, 1501A-567-72 (1999); 145 Cong. Rec. 29960, 29972 (1999) (statement of Senator Lott) (“Sub-title F leaves existing *ex parte* reexamination procedures in Chapter 30 of title 35 intact, but establishes an *inter partes* reexamination procedure which third party requesters can use at their option.”).

In addition to providing, for the first time, the *inter partes* reexamination provisions that are found today in Chapter 31 of the Patent Act, OIPRA included certain “conforming amendments” which accommodated Chapter 31 of the Act.

The Amendments to the Patent Act Made by OIPRA

OIPRA § 4601 provided: “This subtitle may be cited as the ‘Optional Inter Partes Reexamination Procedure Act of 1999.’ 113 Stat. at 1501A-567.

OIPRA § 4602 amended Chapter 30 of the Patent Act by inserting “**EX PARTE**” before “**REEXAMINATION OF PATENTS**”. *Id.* at 1501A-567.

OIPRA § 4603 amended 35 U.S.C. § 100 to include a definition of the term “third-party requester” as meaning “a person requesting ex parte reexamination under section 302 or inter partes reexamination under section 311 who is not the patent owner.” *Id.* at 1501A-567.

OIPRA § 4604 amended Part 3 of Title 35, United States Code, by “adding after chapter 30 the following new chapter: “**CHAPTER 31 – OPTIONAL INTER PARTES REEXAMINATION PROCEDURES**”. This new chapter consisted of eight new sections, numbered 311-318. *Id.* at 1501A-570-1501A-571.

OIPRA § 4605, entitled “**CONFORMING AMENDMENTS**”, amended 35 U.S.C. §§ 134 and 141 in a manner that implemented the new and distinct “appeal” rights that 35 U.S.C. § 315 conferred on “patent owner[s]” and “third-party requester[s]” in *inter partes* reexamination proceedings. *Id.* at 1501A-570-1501A-571.

OIPRA § 4605 (a) increased certain fees payable to the PTO. *Id.* at 1501A-570.

OIPRA § 4605(b) amended 35 U.S.C. § 134 to provide that a “patent owner” had a right to appeal to the BPAI from a final *rejection* of a claim, and that a “third-party requester” in an *inter partes* reexamination proceeding had a right to appeal to the BPAI from a final decision *favorable* to the patentability of any claim. *Id.* at 1501A-570-1501A-571. These amendments “conformed” 35 U.S.C. § 134 so that its provisions tracked the rights to administrative review that 35 U.S.C. §§ 315(a) and (b) (2000) conferred on patent owners and third-party requesters, respectively. The original text of 35 U.S.C. § 134, as it stood just prior to OIPRA, was retained and relabeled as 35 U.S.C. § 134(a).

OIPRA § 4605(c) made a similar “conforming amendment” to 35 U.S.C. § 141. As enacted in 1999, 35 U.S.C. § 315 provided patent owners, but not third-party requesters, with a right to “appeal” a decision of the BPAI to the Federal Circuit. OIPRA § 4605(c) amended 35 U.S.C. § 141 to add after the second sentence thereof: “A patent owner in any reexamination proceeding dissatisfied with the final decision in an appeal to the Board of Patent Appeals and Interferences under section 134 may appeal the decision only to the United States Court of Appeals for the Federal Circuit.” *Id.* at 1501A-571. This amendment, like the amendments made by Section 4605(b), “conformed” 35 U.S.C. § 141 so that its provisions tracked the judicial “appeal” right that 35 U.S.C. § 315 conferred on patent owners, but not third-party requesters, in the form that Congress enacted it in 1999. (As

noted above, 35 U.S.C. § 315 was further amended in 2002 to grant third-party requesters in *inter partes* reexaminations the right to appeal to the Federal Circuit.)

OIPRA § 4605(d) amended the third sentence of 35 U.S.C. § 143 so that it began, “In any reexamination case, the Director shall submit” *Id.* at 1501A-571. Previously, the statute had read, “In an ex parte case, the Commissioner shall submit” 35 U.S.C. § 143 (1988).

OIPRA § 4605(e) amended 35 U.S.C. § 145 “in the first sentence by inserting ‘(a)’ after ‘section 134.’” *Id.* at 1501A-571. As noted above, Section 4605(b) of the AIPA had amended 35 U.S.C. § 134 so that its original text, which stated that “[a]n applicant for a patent . . . may appeal,” was relabeled as 35 U.S.C. § 134(a). OIPRA 4505(e) thus made no substantive change in § 145 whatsoever.

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As set forth above, OIPRA § 4605(c) was but one of a series of amendments that OIPRA made to “conform” 35 U.S.C. §§ 134, 141, and 145 to the provisions of then-new 35 U.S.C. § 315 – the *inter partes* reexamination judicial review statute. As amended by OIPRA, 35 U.S.C. §§ 134 and 141 (2000) implemented the “appeal” rights that 35 U.S.C. § 315 (2000) conferred on patent owners and third party requesters, respectively.

After OIPRA, as before, 35 U.S.C § 145 provided that a dissatisfied patent “applicant” was entitled to “have remedy by civil action against the Director.” Af-

ter OIPRA, as before, 35 U.S.C. § 306 continued to entitle a patent owner to seek “*court review* under the provisions of sections 141 to **145** of this title” (emphasis added). 35 U.S.C. § 145 has never itself referred to patent “owners” and has never itself purported to prescribe patent owners’ rights to judicial review of PTO decisions in *ex parte* reexamination proceedings.

The Amendment of § 306 Made by the AIA

As noted above, Section 6(h)(2)(A) of the AIA amended § 306 “by striking ‘145’ and inserting ‘144’” in the above-quoted text. Section 6(h)(2)(B) of the AIA provided that its amendment to § 306 “shall take effect on the date of the enactment of this Act [*i.e.*, September 16, 2011] and shall apply to any appeal of a reexamination before the Board of Patent Appeals and Interferences or the Patent Trial and Appeal Board that was pending on, or brought after, the date of the enactment of this Act.” It is undisputed that the amended text of § 306 *does not apply* to this case, inasmuch as this case was not “before” the BPAI on September 16, 2011.

The District Court Interprets OIPRA as Having Limited 35 U.S.C. § 306 to Ex Parte Reexamination Proceedings Initiated Prior to November 29, 1999

Notwithstanding the plain language of 35 U.S.C. § 306 (2006), the Director long ago took the position that OIPRA impliedly repealed § 306 insofar as it granted patent owners a right to “court review under the provisions of section[] . . . 145 of this title.” The Director’s position is set forth in a regulation published in

the Code of Federal Regulations, 37 C.F.R. §§ 1.303 (2011), which provides in part (emphasis added):

(a) Any applicant, or *any owner of a patent* involved in an ex parte reexamination proceeding *filed before November 29, 1999*, dissatisfied with the decision of the Board of Patent Appeals and Interferences . . . *may*, instead of appealing to the U.S. Court of Appeals for the Federal Circuit (§ 1.301), *have remedy by civil action under 35 U.S.C. 145* Such civil action must be commenced within the time specified in § 1.304

(b) If an applicant in an ex parte case, or *an owner of a patent* involved in an ex parte reexamination proceeding *filed before November 29, 1999*, has taken an appeal to the U.S. Court of Appeals for the Federal Circuit, *he or she thereby waives his or her right to proceed under 35 U.S.C. 145*.

(d) For *an ex parte reexamination proceeding filed on or after November 29, 1999*, and for any inter partes reexamination proceeding, *no remedy by civil action under 35 U.S.C. 145 is available*.

The Director has conceded that the above-quoted “regulation” is “nonbinding” and is not entitled to “*Chevron* or any other type of deference with respect to judicial review of the regulation.” *SSBG v. Kappos*, 675 F. Supp. 2d 629, 634 (E.D. Va. 2009) (Ellis, J.). In accepting the Director’s litigation position and dismissing Teles’s complaint for alleged lack of subject matter jurisdiction, the district court relied on the following:

(1) “[t]he plain meaning of 35 U.S.C. § 145 following the 1999 amendments” (A14);

(2) a 1996 House Report on a *defeated* bill which, unlike OIPRA, would have amended § 306 to provide for the result urged by the Director (A14-15);

(3) the text of 35 U.S.C. § 141 following the 1999 amendments (A16-17);

(4) the principle “in pari materia” as applied to §§ 141, 145, and 306 (A19);

(5) an assertion that “the 1999 amendments . . . reflected Congress’ interest in making the *ex parte* reexamination system a viable alternative to litigation in the district courts” (A20);

(6) a theory that OIPRA left § 306 intact because initially, third-party requesters were not granted any right to appeal *inter partes* reexamination decisions to this court (A25);

(7) an assertion that “the substance of” H.R. 3460 and other pre-OIPRA defeated bills “was reflected in the 1999 amendments” (A22 n.11);

(8) an assertion that removing patent owners’ district court review rights under § 306 “may also be viewed as an estoppel measure aimed at preventing parties from receiving a ‘second bite of the apple,’ or being allowed to present evidence in the district court that was not presented to the PTO during the initial examination or in a subsequent reexamination proceeding” (A26-27);

(9) a single Senator’s March 2001 statement that the AIA amended § 306 “to conform [§ 306] to the changes made by § 4605 of the American Inventors Protection Act of 1999.” A27-28.

SUMMARY OF THE ARGUMENT

Congress “does not, one might say, hide elephants in mouseholes.” *Whitman v. Am. Trucking Ass’n*, 531 U.S. 457, 468 (2001). Yet that is an apt characterization of what the Director contends that Congress purportedly did in passing OIPRA in 1999.

According to the Director, without changing a single word of Chapter 30 of the Patent Act (35 U.S.C. §§ 301-307), OIPRA selectively and temporally limited § 306 so that it only applied to *ex parte* reexamination proceedings initiated prior to OIPRA’s effective date of November 29, 1999. Under the Director’s proposed interpretation of OIPRA, Teles’s judicial review rights in this case initiated August 30, 2007, are no different than they would be if § 306 did not exist, and are limited to the on-the-record “appeal” remedy prescribed in 35 U.S.C. § 141.

In failing to enforce 35 U.S.C. § 306 (2006) as written, the district court erred. As its name suggests, OIPRA amended the Patent Act to include a new optional *inter partes* reexamination regime, 35 U.S.C. §§ 311-318. The “conforming amendments” specified in OIPRA § 4605(c) were plainly just that, amendments that “conformed” the Patent Act to implement the then-new *inter partes* reexamination regime. If Congress had intended to amend or repeal § 306 in 1999, it could easily have done so – as it subsequently did in the AIA 12 years later. (Part I, *infra*).

The district court did not consider the merits of Teles's complaint and denied Teles any opportunity to subpoena evidence or present live testimony or other objective evidence that the claims under reexamination recite subject matter that was, in law, non-obvious at the time of its conception. There is, as a result, nothing like a full or complete record as could justify a conclusion that Teles's existing vested patent rights should be destroyed. Nonetheless, in the alternative, Teles seeks reversal of the Director's decision in this case because the Director misconstrued claim 35 of the '453 Patent and, as a result, failed to consider the patentability of the actual invention that Teles's assignors made, disclosed in the specification of the '453 Patent, and described in claim 35 of the '453 Patent. (Part II, *infra*)

ARGUMENT

I. **THE PLAIN LANGUAGE OF 35 U.S.C. § 306 (2006) ENTITLES TELES TO CONDUCT DISCOVERY, PRESENT ORAL TESTIMONY, AND SEEK DE NOVO FACT FINDING "UNDER THE PROVISIONS OF" 35 U.S.C. § 145 (2006).**

As noted above, the text of 35 U.S.C. § 306 (2006) expressly granted Teles a right to seek "court review *under the provisions of* sections 141-**145** of this title" (emphasis added). This language is clear and unambiguous: when the PTO *reexamines* the patentability of claimed subject matter in *ex parte* reexamination proceedings, any final decision adverse to patentability is subject to the same judicial review procedures as would have been an *initial* decision adverse to patentability.

In *Joy Technologies, Inc. v. Manbeck*, 959 F.2d 226 (Fed. Cir. 1992), *aff'g* 751 F. Supp. 225 (D.D.C. 1990), this court considered whether a patent owner involved in an *ex parte* reexamination proceeding was liable to pay the Director's expenses in a civil action brought under 35 U.S.C. §§ 306 and 145. The plaintiff patent owner in that case argued that because § 145 referred only to patent "applicants," the cost-shifting provisions of § 145 were not rightly applied to it, a patent "owner." With the active support of the then-Director, this court held that § 145's reference to "applicant" was irrelevant (959 F.2d at 229):

Finally, Joy argues that it should not have been assessed the costs of the district court proceeding. The language of 35 U.S.C. § 145, however, expressly provides that expenses of the civil action 'shall be paid by the applicant.' When Congress added the reexamination sections to Title 35 in 1981, it did not see fit to amend this statutory language. Therefore, the district court's assessment of costs against Joy must be upheld.

As this court's *Joy* decision illustrates, § 145 has never itself provided for judicial review of PTO decisions in *ex parte* reexamination proceedings, and its use of the term "applicant" does not limit the operation of § 306. In this respect, § 145 was no different after OIPRA than it was when *Joy* was decided. After OIPRA, as before, § 145 prescribed that a disappointed "applicant" could file suit against the Director. Section 145's reference to "applicant" has no more bearing on § 306 today than it had when this court handed down its *Joy* decision in 1992. It has always been § 306, not § 145, that entitled patent owners in Teles's position

to commence a civil action and seek to defend their patents against invalidation with the aid of oral testimony and compelled discovery of evidence that may be held by third party infringers and others.

Quoting the Director's brief, the district court stated that "patent owners in *ex parte* reexamination proceedings are entitled to whatever judicial review is available 'under' the current provisions of §§ 141 and 145." A18 (quoting Def.'s Mem. at 9). But under that logic, patent owners would *never* have had any rights to judicial review "under" the provisions of § 145, since § 145 has never itself referred to patent "owners" or purported to grant patent "owners" any rights to judicial review. The district court's reasoning is also inconsistent with the Director's argument that, even after OIPRA, PTO decisions in *ex parte* reexamination proceedings initiated prior to November 29, 1999, remain fully subject to district court review "under the provisions of" 35 U.S.C. § 145. *See* 37 C.F.R. § 1.303(a) (2011); *Takeda Pharm. Co. v. Doll*, 561 F.3d 1372 (Fed. Cir. 2009) (adjudicating appeal from district court judgment in civil action commenced under 35 U.S.C. §§ 306 and 145).

Nor does 35 U.S.C. § 141 (2006) provide any persuasive support for the Director's argument. As noted above, OIPRA § 4605(c) amended 35 U.S.C. § 141 to add the following sentence: "A patent owner in any reexamination proceeding dissatisfied with the final decision in an appeal to the Board of Patent Appeals and In-

interferences under section 134 may appeal the decision only to the United States Court of Appeals for the Federal Circuit.” 113 Stat. at 1501A-571. This amendment coincided with the adoption of then new 35 U.S.C. § 315(a) (2000), which granted patent owners only the right to “appeal under the provisions of sections 141 through 144” and not any right to district court review under the provisions of § 145.³

As the Supreme Court recently reaffirmed, a civil action under the provisions of 35 U.S.C. § 145 is not an “appeal” in the sense of § 141, but is initiated by the filing of a complaint, is governed by the Federal Rules of Civil Procedure and the Federal Rules of Evidence, and involves *de novo* fact finding “when new evidence is presented on a disputed question of fact.” *Kappos v. Hyatt*, 132 S. Ct. 1690, 1694 (2012), *aff’g* 625 F.3d 1320 (Fed. Cir. 2010) (en banc) (citing prior precedents).

To say that a patent owner in a reexamination proceeding “may *appeal* . . . only” to this court, 35 U.S.C. § 141, is to say that PTO decisions in reexamination proceedings are subject to this court’s exclusive appellate jurisdiction in the same way that 28 U.S.C. § 1295(a) has long made other types of PTO decisions subject

³ Sections 141 and 315 were both further amended in 2002 to grant third-party requesters in *inter partes* reexamination proceedings a right to “appeal” decisions to this court, not merely to “appeal” Examiner rejections to a Board of Patent Appeals and Interferences. *See* Patent and Trademark Office Authorization Act of 2002, Pub. L. No. 107-273, § 13106(b), 116 Stat. 1758, 1901.

to this court's exclusive appellate jurisdiction. Nothing in § 141 purports to abridge or cut off patents owners' long-established rights to seek district court review "under the provisions of sections 141-145 of this title." 35 U.S.C. § 306 (2006).

"It is a cardinal principle of construction that repeals by implication are not favored." *United States v. Borden*, 308 U.S. 188, 198 (1939). "When there are two acts upon the same subject, the rule is to give effect to both if possible." *Id.* "It is not sufficient, as was said by Mr. Justice Story in *Wood v. United States*, 41 U.S. (16 Pet.) 342, 362, 363, (1842) 'to establish that subsequent laws cover some or even all of the cases provided for by [the prior act]; for they may be merely affirmative, or cumulative, or auxiliary.'" *Id.* "There must be 'a positive repugnancy between the provisions of the new law, and those of the old; and even then the old law is repealed by implication only *pro tanto* to the extent to the repugnancy.'" *Id.* at 198-99.

It is also "'a cardinal principle of statutory construction' that 'a statute ought, upon the whole, to be so construed that, if it can be prevented, no clause, sentence, or word shall be superfluous, void, or insignificant.'" *TRW Inc. v. Andrews*, 534 U.S. 19, 31 (2001) (quoting *Duncan v. Walker*, 533 U.S. 167, 174 (2001)). See *United States v. Menasche*, 348 U.S. 528, 538-539 (1955) ("It is our duty 'to give effect, if possible, to every clause and word of a statute.'" (quoting *Montclair v. Ramsdell*, 107 U.S. 147, 152 (1883))). A court must be "reluctant to

treat statutory terms as surplusage in any setting.’” *TRW*, 534 U.S. at 31 (quoting *Duncan*, 533 U.S. at 174). The Director’s position in this case contravenes both of these statutory construction principles.

Although the district court’s opinion understandably does not use the phrase “implied repeal,” that is what the district court effectively held here, that by passing OIPRA § 4605(c), Congress impliedly repealed § 306. Under the district court’s decision, § 306 is literally “surplusage”: according to the decision below, § 306 adds nothing to Teles’s rights beyond what § 141 provides, and deletion of § 306 would also have no effect on Teles’s judicial review rights. The district court noted (A13 n.8) but made no effort to reconcile its analysis with the Director’s theory that 35 U.S.C. § 306 (2006) *does* govern *ex parte* reexamination proceedings initiated prior to November 29, 1999. *See* 37 C.F.R. §§ 1.303 (a), (d) (2011). The district court also did not attempt to reconcile its interpretation of §306 with the effective date of AIA § 6(h)(2), Pub. L. No. 112-29, 125 Stat. 284, 312 (2011), which amends § 306 to delete its reference to § 145 but does so with an effective date that excludes this case.

Contrary to the Director’s suggestion, it is not just “possible,” but very easy, to interpret 35 U.S.C. § 306 and 35 U.S.C. §§ 141 and 145 in a way that gives meaning to all of their provisions. Section 306 prescribes the judicial review rights of patent owners involved in *ex parte* reexamination proceedings. Under § 306, a

patent owner has both the right to “appeal” under the provisions of §§ 141-144 and the right to file suit against the Director under the provisions of § 145, as illustrated by cases like *Takeda Pharmaceutical Co. v. Doll*, 561 F.3d 1372 (Fed. Cir. 2009) and *Joy Technologies, Inc. v. Manbeck*, 959 F.2d 226, 229 (Fed. Cir. 1992). Section 306 was not repealed or limited until the enactment of the AIA in September 2011, and even then, § 306 continued to apply to cases like this one.

The district court’s contrary interpretation of OIPRA rests on historical errors and unfounded speculation concerning congressional intent in passing or not passing bills or bill amendments. In support of its interpretation of OIPRA, the district court cited (A14-15) a 1996 House Report on a *defeated* bill, H.R. 3460 (1996), which would have amended § 306. As noted above, unlike OIPRA, the defeated H.R. 3460 (1996) would have amended the text of § 306 to eliminate district court review under the provisions of § 145. *See* A14-15; H.R. 3460 bill text quoted on p. 10 *supra*. A 1996 legislative report explaining the import of a proposed amendment of § 306 that was *defeated*, and whose provisions differed radically from the text of OIPRA which was subsequently enacted, is plainly no evidence of what the text of OIPRA means or was designed to do. If anything, the cited House Report 104-784 (1996) is evidence of what OIPRA *did not* do. The district court’s assertion that “the substance of” H.R. 3460 (1996) “was reflected in the 1999 amendments” (A22 n.11) is simply incorrect.

In support of its interpretation of OIPRA, the district court repeatedly stated that § 306 had to be read “in pari materia” with other provisions of the Patent Act. A13, A18, A19. Invocation of Latin in this context contributes nothing to the analysis, for § 306 itself refers to “the provisions of sections 141 through 145 of this title” and so, on its face, is “in pari materia” with the cited provisions of the Patent Act. To say that § 306 is “in pari materia” with §§ 141-145 of the Patent Act is merely to restate what the text of § 306 already provides. The issue here is whether OIPRA is rightly interpreted as having impliedly repealed § 306 and rendered its text surplusage.

The district court stated that OIPRA purportedly “reflected Congress’ interest in making the *ex parte* reexamination system a viable alternative to litigation in the district courts.” A20. This statement is unsupported by any citation of authority, and is erroneous. Not only did OIPRA make no change whatsoever in *ex parte* reexamination procedures, but *ex parte* reexamination is a non-adversarial type of proceeding “conducted according to the procedures established for initial examination.” 35 U.S.C. § 305. OIPRA established a new optional *inter partes* reexamination regime and it was *that* regime, not the *ex parte* reexamination regime, that might have been thought to provide “a viable alternative to litigation.” A20.

In an apparent attempt to explain away Congress’ “removal of all amendments to § 306” (A25) which had been included in pre-OIPRA proposals to amend

the statutory reexamination provisions, the district court posited a theory that this “removal” was somehow related to the original design of 35 U.S.C. § 315 (2000) which entitled patent owners, but not third-party requesters, to appeal to this court from final PTO decisions in *inter partes* reexamination proceedings. A25. Passing over that the district court’s theory for Congress’s “removal” of proposed amendments to § 306 is unsupported by anything in the statutory text of contemporaneous legislative history, the Supreme Court has held that such “‘mute intermediate legislative maneuvers’ are not reliable indicators of congressional intent.” *Mead Corp. v. Tilley*, 490 U.S. 714, 723 (1989).

The district court stated, without citation, that cutting off patent owners’ district court review rights “may also be viewed as an estoppel measure aimed at preventing parties from receiving a ‘second bite of the apple,’ or being allowed to present evidence in the district court that was not presented to the PTO during the initial examination or in a subsequent reexamination proceeding.” A26. In making this statement, the district court appeared to embrace the position that the Director unsuccessfully urged on the Supreme Court in *Kappos v. Hyatt*, 132 S. Ct. 1690 (2012). In a total defeat for the Government, the Supreme Court in *Hyatt* affirmed this court’s en banc decision and held that “there are no limitations on a patent applicant’s ability to introduce new evidence in a § 145 proceeding beyond those already present in the Federal Rules of Evidence and the Federal Rules of

Civil Procedure.” 132 S. Ct. at 1700-01. There is no “estoppel” principle that could justify the district court’s interpretation of OIPRA as having selectively and temporally repealed § 306.

Finally, the district court stated that the AIA supported its interpretation of § 306, but precisely the opposite is true. As noted above, § 6(h)(2) of the AIA, Pub. L. No. 112-29, 125 Stat. 284, 312 (2011), amended § 306 “by striking ‘145’ and inserting ‘144’”, thus providing for what the district court held had OIPRA had supposedly accomplished by OIPRA in 1999, but with an effective date that excludes this action. The district court cited a March 2011 statement of a single Senator (A27), but as the Supreme Court has held, “the views of a subsequent Congress form a hazardous basis for inferring the intent of an earlier one.” *United States v. Price*, 361 U.S. 304, 313 (1960). *A fortiori*, a 2011 statement of a single Senator provides no reliable evidence that the 106th Congress intended to repeal § 306, especially given that even in 2011, Congress *amended* § 306.

The AIA confirms that § 306 was *not* repealed in 1999, and that when Congress actually did act to eliminate district court review of *ex parte* reexamination decisions, it did so in a way that preserved the rights of litigants in Teles’s position. The AIA supports Teles’s position in this litigation, not the Director’s. The district court’s contrary ruling should be reversed.

II. THE DIRECTOR ERRED IN HIS CONSTRUCTION OF CLAIM 35 OF THE ‘453 PATENT AND SO FAILED TO EVALUATE THE ACTUAL INVENTION THAT TELES’S ASSIGNORS MADE, DISCLOSED, AND DESCRIBED IN CLAIM 35.

As set forth in Part I, above, Teles respectfully submits that the court should remand this action to the district court for determination of the merits of Teles’s complaint with the benefit of oral testimony, compelled deposition and documentary discovery, and *de novo* fact finding as contemplated by *Kappos v. Hyatt*, 132 S. Ct. 1690 (2012); however, if the court considers it appropriate to review the Director’s decision on the basis of the administrative record alone, Teles respectfully submits that the Director’s decision should be reversed for the reasons set forth below.

A. Technical Background.

The first named inventor of the ‘453 Patent, Dr. Sigram Schindler, is a former Professor of Operating Systems and Professor of Communication Systems in the Department of Information Technology at the Technical University of Berlin, Germany, where he is currently Professor Emeritus. A1004. Between 1976 and 1994, Professor Schindler was involved in a number of national, European, and international associations regarding the development, promotion, and standardization of future IT technologies, in particular LAN, telecommunications, text, and security technologies. *Id.* Professor Schindler founded TELES AG (www.teles.de) in 1983. A1004.

The '453 Patent, titled "Method for Transmitting Data in a Telecommunications Network and Switch for Implementing Said Method" (A216), discloses an algorithm and switching apparatus for enabling voice telephone service to be provided over low-cost "packet switching" networks. At the time of priority (October 7, 1996), then-leading voice network equipment manufacturers (including Siemens, Alcatel, Ericsson, Lucent, Nortel, and NEC) and leading data network equipment manufacturers (including Cisco, 3Com, and NewBridge), were all pouring enormous resources into finding a solution to the difficult technical problem that Professor Schindler and his co-inventors addressed, and solved, in the '453 Patent. A1004-05.

U.S. Patent No. 6,807,150 B1 to McNiff et al. filed Jan. 27, 2000, and assigned to Cisco ("McNiff"; A1205-1215), described the problem: "IP was designed for the transport of data that can tolerate delays, dropped packets, and the need for retransmissions. Voice connections, however, are necessarily delay-sensitive and cannot tolerate excessive dropped packets or retransmissions." McNiff at col. 1, lines 30-35 (A1209). The '453 Patent similarly notes, "With Internet telephony, a cost-conscious caller uses the normal Internet with approximately 8 kbit/s bandwidth and a time delay of 0.5 seconds. When the Internet is overloaded, the time delay of the individual packets becomes so great that an ac-

ceptable conversation connection between telephone partners is no longer possible.” ‘453 Patent at col. 2, lines 7-14 (A224).

In U.S. Patent No. 6,363,065 B1 to Thornton et al. filed Nov. 10, 1999, and assigned to Quintum (“Thornton”; A1216-1279), the applicants stated:

Currently, an effort, commonly referred to as “Voice over IP” (or more simply just “VoIP”), is underway in the art to develop technology and ultimately commercial products that can be utilized to transport, as an alternative to use of the PSTN [Public Switched Telephone Network], voice, data and facsimile communication, which would heretofore be carried over the PSTN, in packetized fashion over an IP data network, such as the Internet. . . . While carriage of telephony traffic over an IP network clearly holds theoretical promise and economic attraction, . . . several obstacles exist. . . . First, quality of service associated with a data connection provided through an IP network can vary widely. Such a connection can experience wide dynamic changes in latency, jitter and/or packet loss. . . . [V]oice traffic is particular sensitive to these effects. Specifically, if packetized speech were to be subjected to transient changes in any of these affects, then this speech, once converted into an analog signal, may well contain audible distortion that might be highly objectionable to an individual on either end of a call.

Thornton col. 2, lines 56-63, col. 3, lines 27-47 (A1244).

From 1996 to approximately 2003, rapidly growing U.S. data network equipment providers were convinced that their “IP switching” technology would soon replace the conventional “line switching” technology in telecommunications, while the primarily European voice network equipment providers pooled their collective efforts into quickly establishing ATM (asymmetric transfer mode) technology as a broadband successor to the then standard narrowband line-switching tech-

nology and thus to make packet-switching a fleeting thought in the history of telecommunications. A1004-05, A1007.

The first big international wave of multi-million marketing efforts for Internet telephony at the end of the 1990's was based on "IP-only" products (A1006 ¶ 9) and coincided with various proposals for improving the quality of service ("QoS") that such products could potentially provide. *See, e.g.*, U.S. Patent No. 5,732,078 to Arango filed June 16, 1996, and assigned to Bell Communications Research, Inc. ("Arango"; A666-80)) at col. 4 (describing "Resource Reservation Protocol" and "Next Hop Resolution Protocol"). This first generation of Internet telephony products was "a commercial disaster" due to quality deficiencies inherent in IP-only VoIP technology. A1006 ¶ 9, A1007.

B. The Schindler Invention.

While others were attempting, and failing, to devise "IP-only" switching apparatus and protocols suitable for Internet voice telephony, Professor Schindler and his team went in a different direction altogether. In the priority application for the '453 Patent filed October 7, 1996, Professor Schindler and his co-inventors disclosed an algorithm and system for providing real time *integration* of line-switched and packet-switched transfer modes, a telephone switch/router capable of on-the-fly "changing-over" from one mode to another during an already initiated, existing and ongoing transfer of telephone call data, and without interruption of the call.

A230-31. This technology later came to be known as “IP/PSTN fallback” or “PSTN fallback.” A1005.

Professor Schindler’s company, TELES AG, manufactured and exhibited routers embodying the ‘453 Patent IP/PSTN fallback technology at the 1997 CeBIT (Centrum für Büroautomation, Informationstechnologie und Telekommunikation) exhibition, one of the world’s largest computer exhibitions held annually in Hanover, Germany. A1005. See www.cebit.de. These products included the TELES Intra* BRI Box (IP-router), the TELES Intra* BRI 2TR Box (IP-router with two IPBX-TR Ports), and the TELES Intra* BRI-4TR Box (IP Router with four IPBX-TR Ports). A1005. The designation IntraSTAR referred to the IP/PTSN fallback technology disclosed in the ‘453 Patent. *Id.* The phrase “Voice over Internet Protocol” (“VoIP”) had not been coined yet. *Id.*

At the time of its public unveiling, the TELES Intra* technology was met with skepticism. A1006. Trend-setting large providers of Internet equipment expressed the belief that the Intra* technology would not work, primarily because of its alleged inability to eliminate potential quality problems and its alleged worsening of such problems due to the alleged time required for a PSTN line set-up, and also because of other alleged risks such as technical complexity or service unmanageability. *Id.* ¶ 8. In addition, in the late 1990s, internationally dominating Internet equipment providers expressed the view that occasional quality deficiencies

of Internet telephony would be outweighed by its tariff advantages, and so would make the '453 invention superfluous. *Id.*

It was only much later, after the first generation of "IP-only" Internet telephony products failed commercially, that manufacturers of VoIP equipment began including PSTN security backing Internet calls; and this change coincided with a sudden and rapid rise in enterprise IP telephony. A1006-07. Whereas in 2002, traditional enterprise voice lines outnumbered IP voice lines by more than 55 to 1, by 2007 that ratio had shrunk to approximately 3.2 to 1. A1007. At the 2004 and 2005 CeBIT conferences "VoIP revival" was a dominating theme, and this revival was based on the security provided by the IP/PSTN fallback technology that Dr. Schindler and his co-inventors had conceived, described, disclosed, and claimed in the '453 Patent. A1007. When the '453 Patent issued in October 2005, incumbents like third-party requester Cisco had strong economic motivation to try and invalidate the patent.

Dependent claim 35 of the '453 Patent, the only claim that Teles is raising in this appeal, recites (A230-31; brackets, numerals, and emphasis added):

34. **Switching apparatus** for routing a telephone call comprising non-packetized data from a first end terminal **located at a user's premises** to a second end terminal located at another user's premises, selectively by line switching or packet switching, the switching apparatus comprising:

[1] means for establishing a connection through a line-switching network to the second end terminal;

[2] means for line-switching transferring data received from the first end terminal as non-packetized data over the line-switching network to the second end terminal;

[3] means for establishing a connection through a packet-switching network to the second end terminal;

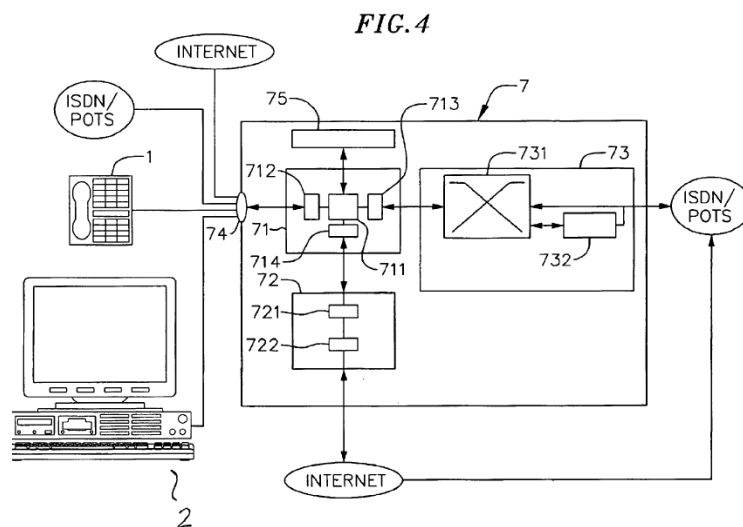
[4] means for packet-switching transferring data received from the first end terminal as non-packetized data over the packet-switching network to the second end terminal; and

[5] **means** responsive to a control signal **for transferring** to a line-switching transfer or a packet-switching transfer to the second end terminal;

[6] **said means** responsive to a control signal **changing-over** to a line-switching data transfer or a packet-switching transfer **during the existing transfer** with the presence of said control signal; and

[7] . . . means to produce the control signal for transferring to a line switching transfer or a packet-switching transfer to the second end terminal, said control signal being produced **automatically when demands on the quality of the data transfer are understepped or exceeded**.

Figure 4 of the '453 Patent (A221) is reproduced below.



Under 35 U.S.C. § 112 ¶ 6, the “means” recitals in claim 35 must be “construed to cover the corresponding structure, material, or acts described in the specification and equivalents thereof.” Before the Board, Teles explicitly stated (A1104) that the “means” recited in claim 35 of the ‘453 Patent corresponds to the structure described in column 9, lines 36-42 of the specification of the ‘453 Patent. In particular, claim 35 points to a change-over control unit 711 that is configured to monitor the quality of a data transfer *within the switch* and, based on *that* monitoring, to release a change-over control signal *if the monitored data transfer* understeps or exceeds a predefined value or indicates a time delay when forwarding IP packets, these phenomena being proxies for signal quality (A228):

Alternatively, it can also be possible for the change-over control device 711 to monitor the bandwidth of a transfer and on understepping or exceeding a certain bandwidth and/or in the event of a time delay when forwarding IP data packets to automatically release a control command to change over to the relevant other type of transfer.

The algorithm described above differs substantially from that carried out by any prior art of record. The Board declined to consider those differences (A1434-35) and their precise extent. Although it is probably not necessary to the resolution of this appeal, Teles notes that the claim 35 algorithm (i) monitors specifically the *transfer at issue* (not the total traffic volume between routers), (ii) is responsive to *all* potential causes of delay when forwarding (not just causes that might be detected by occasional “ping” transmissions), (iii) reacts instantly *at the occurrence*

of a disturbing event (e.g., “on understepping”), not after some period of time has elapsed; and (iv) operates *independently* of any control messages issued by a host application or user. Cf. U.S. Patent No. 6,137,792 to Jonas et al. (“Jonas”; A283-291, at col. 5 ll. 66-67 to col. 6 ll. 1-3 (“source router 20 may continue to monitor the delay time between the source router 20 and destination router 21 by sending occasional ‘ping’ messages to the destination router 21 and monitoring the delay times of any response packets”); U.S. Patent No. 4,996,685 to Farese et al. (“Farese; A293-324 at col. 7 ll. at 4-15 (“the ISDN connection . . . dynamically changes in response to commands (suitable control messages) that are issued by the host computer”).

**C. The Board’s Misconstruction of Claim 35,
and its Consequent Failure to Consider the
Differences Between Claim 35 and the Prior Art.**

Despite Teles’s explicit statement that claim 35 pointed to the structure described in column 9, lines 36-42 of the ‘453 Patent specification, the Board refused to construe claim 35 as pointing to that structure. The Board thus never even considered the patentability of what Professor Schindler “regards as his invention.” 35 U.S.C. § 112 ¶ 2. Instead, the Board held that claim 35 purportedly encompasses subject matter that the ‘453 Patent specification *does not* describe, *i.e.*, any structure that, by *any* means, “produc[es] a control signal automatically when the demands of quality are understepped or exceeded.” A1435. And from this pre-

mise, the Board held that irrespective of whether Professor Schindler conceived, made, and disclosed novel and non-obvious switching apparatus in the priority application for the '453 Patent, claim 35 assertedly is worded in such a way as to encompass *other* subject matter that “would have been obvious at the time the invention was made to a person having ordinary skill in the art.” 35 U.S.C. § 103(a). In support of this legal determination,⁴ the Board relied on two reference combinations: (1) White et al., U.S. Patent No. 6,069,890 entitled “Internet Telephone Service” (“White”; A261-81) in view of Jonas (A283-291), or alternatively (2) White in view of Farese (A293-324).

Teles respectfully submits that the Board’s interpretation of claim 35 was erroneous, and its consequent judgment should be reversed. Claim construction is an issue of law that this court reviews *de novo*, even in the context of PTO reexamination decisions. *See In re Am. Academy of Science Tech Ctr.*, 367 F.3d 1359, 1363 (Fed. Cir. 2004). In determining the meaning of a patent claim, “it is fundamental that claims are to be construed in the light of the specification and both are to be read with a view to ascertaining *the invention*.” *United States v. Adams*, 383 U.S. 39, 49 (1966) (emphasis added). *See Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 386 (1996) (“This outward embodiment of the terms contained in the patent is *the thing invented*”) (quoting *Bishoff v. Wethered*, 76 U.S. (9 Wall.)

⁴ “The ultimate judgment of obviousness is a legal determination.” *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 427 (2007).

812, 815-16 (1870) (emphasis added). *Cf. CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1374 (Fed. Cir. 2011) (“Regardless of what statutory category . . . a claim’s language is crafted to literally invoke, we look to *the underlying invention* for patent-eligibility purposes.”). And a court ought not “withhold from the really meritorious improver, the application of the rule ‘*ut res magis valeat quam pereat*,’ which has been sustained in so many cases in this [Supreme] Court.” *Eibel Process Co. v. Minn. & Ontario Paper Co.*, 261 U.S. 45, 63 (1923).

In this case, the Board did not analyze the validity of claim 35 by reference to the structural support for that claim appearing in column 9, lines 36-42 of the ‘453 Patent, but erroneously interpreted that claim as if it reached *any* structure that performed the “function” recited in that claim. The Board stated that it was bound to give claim 35 the “broadest reasonable construction consistent with the patent disclosure.” A1419. Teles respectfully submits that this principle of construction should not be applied where, as here, a patent owner has clearly stated what “he regards as his invention” during reexamination, 35 U.S.C. § 112 ¶ 2, and would be bound by such statements in litigation. *Cf. Marine Polymer Techs., Inc. v. Hemcon, Inc.*, 672 F.3d 1350, 1365 (Fed. Cir. 2012) (en banc) (“To be sure, patent applicants’ actions and arguments during prosecution, including prosecution in a reexamination proceeding, can affect the proper interpretation and effective scope of their claims.”); *Special Devices, Inc. v. OEA, Inc.*, 269 F.3d 1340, 1346

(Fed. Cir. 2001) (where a prior decision “did not confront and decide” an issue, it was not “precedent.”).⁵

Alternatively, even if the “broadest reasonable construction” does apply here, reasonableness depends crucially on *context*, and thus it is not true that a construction reasonable in the context of an initial examination is necessarily reasonable in the context of a reexamination. Here, the claims in the ‘453 Patent were issued by the PTO years ago; investments have been made on the basis of those claims; the patent owner here has specifically disclaimed the construction that the PTO Board has advanced; and the PTO’s construction is said to render the claims invalid. In these circumstances, coupled with the generally applicable canon that “claims should be so construed, if possible, as to sustain their validity,” *Rhine v. Casio, Inc.*, 183 F.3d 1342, 1345 (Fed. Cir. 1999); *see Eibel*, 261 U.S. at 63, it is unreasonable to construe the longstanding, previously-approved claims so broadly as to cause them to become invalid.

At all events, the Board’s interpretation of claim 35 was not “reasonable” under any view of the term. In cases such as this one, involving a computer-

⁵ Prior decisions of this court have stated that a different rule of claim construction applies in reexamination proceedings than applies in infringement proceedings; however, it does not appear that this principle has been revisited since the court’s en banc decision in *Marine Polymer*. Teles respectfully submits that the “broadest reasonable construction” principle should be revisited and reconsidered in light of the *Marine Polymer*, for it is now clear that unnecessary amendment of claims can give rise to intervening rights that standard claim construction principles do not.

implemented means-plus-function limitation, this court requires that “the specification disclose an algorithm for performing the claimed function.” *Noah Sys., Inc. v. Intuit Inc.*, 675 F.3d 1302, 1312 (Fed. Cir. 2012) (quoting *Net MoneyIN, Inc. v. VeriSign, Inc.*, 545 F.3d 1359, 1367 (Fed. Cir. 2008)). Here, the Board incorrectly interpreted claim 35 as being unbounded by *any* algorithm, and so held that that claim described the simple combination of (i) White (A261-81), which discloses the basic idea of using the Internet to carry voice telephone calls (and suffers from the very problem that Professor Schindler and his co-inventors undertook to solve), and (ii) Jonas (A283-91) or Farese (A293-324), which both disclose the basic idea of a switch or router that can change between line-switching and packet-switching data transfers, but are not even argued to disclose the *particular means* for changing-over from one network to another that the ‘453 patent specification describes, and that claim 35 covers and points to. As noted above, the claim 35 algorithm reacts to a changing condition within the particular transfer at issue although the application does not change its needs (as is the case in a voice telephone call).

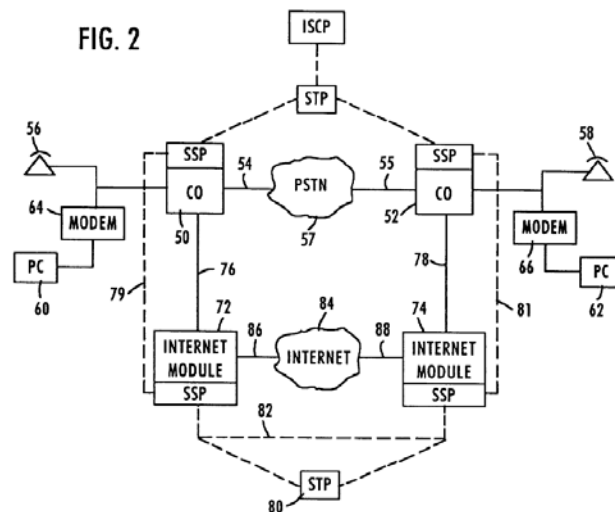
“It is for the discovery or invention of some practical method or means of producing a beneficial result or effect, that a patent is granted, and not for the result or effect itself.” *Diamond v. Diehr*, 450 U.S. 175, 183 n.7 (1981) (quoting *Corning v. Burden*, 56 U.S. (15 How.) 252, 267-68 (1854)). See *Markman*, 517 U.S. at 373 (“A claim covers and secures a process, a machine, a manufacture, a composi-

tion of matter, or a design, *but never the function or result of either . . .*”) (citation and quotation omitted) (emphasis added). Claim 35 must thus be judged by the non-obviousness of the *way* that its corresponding structure is configured to provide for the function(s) recited in the claim, not by whether the *function itself* was non-obvious.

None of the references cited by the Board disclose the algorithm that the ‘453 Patent teaches for providing the function recited in claim 35.

1. The White Reference

Insofar as it is relevant to this appeal, the White reference discloses a telecommunications system in which a telephone caller can use a “dumb” terminal to make either Internet or traditional line-switched calls. Figure 2 of the White reference (A263) is reproduced below.



In the above system, a user of telephone (56) can dial the number of called telephone (58) in normal fashion, and in that event, a Central Office (CO 50) will

route the call over the (PSTN 57). Alternatively, a user of telephone (56) can first dial a special code (*82) and then dial the number of called telephone (58), in which event the CO (50) will establish a call via the Internet (84) instead of over the PSTN (57). White also states that a telephone company might decide, on its own, to route calls over one network or the other. White at col. 3, ll. 58-61 (A272).

The White reference thus discloses the basic idea of using the Internet to carry voice telephone calls, and proposes a simplistic solution, *i.e.*, *pre-selecting* a network to use prior to a telephone call being placed. Completely absent from White is any disclosure or suggestion that the routing of an **already existing** call be changed from the PSTN to the Internet, or vice versa, following its initiation. *See* A273-74 (White at col. 6, l. 57 through col. 7, l. 3; col. 7, ll. 13-44, describing operation of Figure 2 system when Internet call is initiated); A 1022 (Declaration of Frank Paetsch, sworn to June 27, 2008, ¶ 9).

Although addressed to the specific subject of Internet telephony, White does not address the quality of service problem that the '453 Patent inventors addressed and proposes no solution to that problem, much less their specific network-external (A230 at col. 14, ll 48-49, preamble), and hence network independent, switch configured "to monitor the bandwidth of a transfer" and to release a change-over control signal "on understepping or exceeding a certain bandwidth and/or in the event of a time delay when forwarding IP data packets." A228 at col. 9, ll. 36-42. *See*

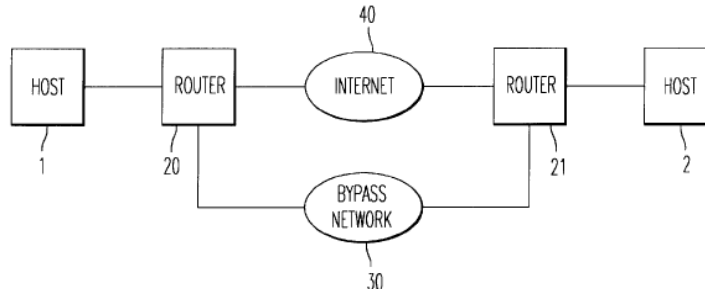
the final paragraph of Part II.B, *supra*. Indeed, far from supporting rejection of claim 35, White is a classic example of a roughly contemporaneous “failure of others” which supports *confirmation* of claim 35. *KSR*, 550 U.S. at 406 (quoting *Graham v. John Deere Co.*, 383 U.S. 1, 17 (1966)).

As shown by Farese, it was known from 1991 that a single switching apparatus could be called upon to provide access to both line-switched and packet-switched data transfer modes. But as White dramatically demonstrates, leading researchers – White was assigned to Bell Atlantic Network Services, Inc. – did not make the Board-proposed combination and did not state or suggest that a Farese-type switch, or any other prior art switch, was suitable for selectively routing *portions* of voice telephone calls over separate line-switched and packet-switched networks. Equally importantly, neither of the secondary references cited by the Board discloses the structural *means* that the ‘453 Patent specification discloses for performing the change-over function recited in claim 35.

2. The Jonas Reference

The Jonas reference (A283-91) discloses a “system for routing and transmitting data packets over a bypass circuit-switched telephone network from a source computer coupled to a packet-switched computer network via a source router and a destination computer coupled to said packet-switched computer network via a des-

mination router.” Jonas patent Abstract (A283). Figure 1 of Jonas is reproduced below (A284):



In the above system, two host computers (1, 2) can communicate with each other either via the Internet (40) or, alternatively, via a circuit-switched bypass network (30). “Normally, hosts 1 and 2 would transmit data to each other through routers 20 and 21 over the Internet 40.” Jonas patent at col. 4, ll. 14-15 (A288). “Occasionally, however, the transmitting host may wish to transmit secret data over the bypass circuit-switched telephone network 30.” *Id.* at col. 4, ll. 14-16 (A288). “The host may also wish to transmit via the bypass network if the delay time over available paths on the Internet is unacceptable, such as for interactive or other time-critical applications.” *Id.* at col. 4, ll. 17-20 (A288). “Host applications may also include a field in the packet indicating whether high bandwidth is required and an acceptable level of delay. For higher bandwidth applications, a switched-56K connection may be preferable.” *Id.* at col. 4, ll. 38-41 (A288).

“Certain applications, may wish to dynamically take advantage of the inherent cost benefit of using the packet-switched Internet and the minimal delay time

of circuit-switched telephone networks.” *Id.* at col. 5, ll. 53-56 (A289). “This is accomplished by having the system monitor the transmission delay between the source router 20 and the destination router 21. If the delay rises above a threshold value the source router 20 will establish a connection over the bypass network 30.” *Id.* at col. 5, ll. 56-60 (A289). “While transmitting over the bypass network 30, the source router 20 may continue to monitor the delay time between the source router 20 and destination router 21 by sending occasional ‘ping’ messages to the destination router 21 and monitoring delay times of any response packets.” *Id.* at col. 5, l. 65 through col. 6, l. 3 (A289).

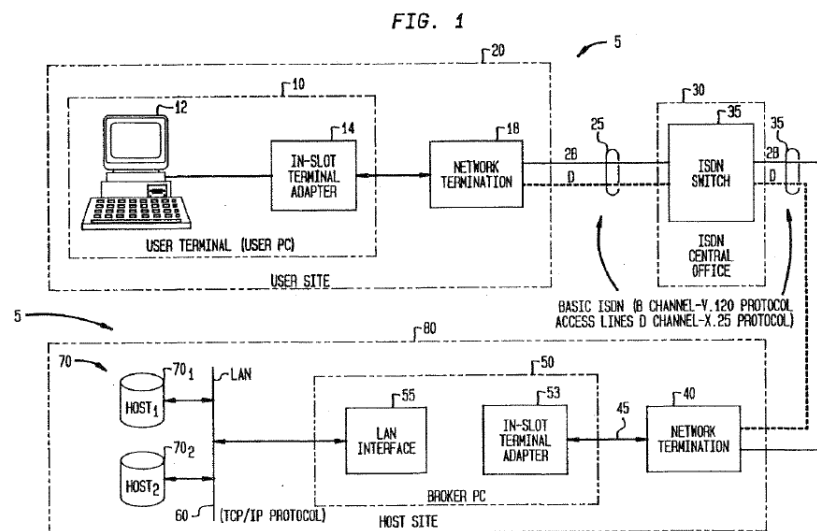
As noted above, claim 35 of the ‘453 Patent is limited by § 112 ¶ 6 to switching apparatus that is configured “to monitor the bandwidth of a transfer and on understepping or exceeding a certain bandwidth and/or in the event of a time delay when forwarding IP data packets to automatically release a control command to change over to the relevant other type of transfer.” A228 at col. 9, lines 36-42. Jonas is not even argued to disclose any such structure. The Board deemed this point irrelevant, as being “based on the claim construction argument which we have previously rejected.” A1427. Reversal of the Board’s overly broad construction of claim 35 thus requires that this ground of rejection be reversed as well.

As set forth at the end of Part II.B *supra*, the claim 35 switching apparatus is configured to monitor two characteristics of voice call signal quality, intra-switch

transmission “bandwidth” and intra-switch delay “when forwarding” packets, and thus uses characteristics of the monitored data transmission as an instant and independent trigger for changing over the routing of an existing voice telephone call. This is completely different from anything disclosed in Jonas, which suggests monitoring “topological delay” or the round trip time of occasional “ping” messages as triggers for setting up a circuit-switched connection. A289.

3. The Farese Reference

The Farese reference (A293-324), entitled “Technique for Dynamically Changing an ISDN Connection During a Host Session,” discloses exactly that: a “technique” for enabling a host computer to command an Integrated Services Data Network (“ISDN”) to switch back and forth between different ISDN access paths, based on which type of path best suits an application running on the host computer. Figure 1 of the Farese reference is reproduced below (A294).



As noted in the Farese specification, “data communications can contain both highly interactive delay-sensitive transmissions which are best transmitted over a circuit switched connection and bursty transmissions which are best transmitted over a packet network.” Farese patent at col. 4, lines 38-42 (A307). Farese accordingly discloses a set of commands (e.g., Fig. 5) that a host computer (70) can be programmed to issue, and that an ISDN switch (35)⁶ and a user’s computer (12) can be programmed to receive and process, in order “to provide the particular connection, either B channel circuit switched or D channel packet switched, that is most suited to the current communication needs of the session.” *Id.* at col. 6, line 68 through col. 7, ll. 1-4. A308.

In particular, Farese discloses that a host computer can issue suitable control messages, such as a “Q.931 Disconnect message” (*id.* at col. 25, lines 4-5; A318), to bring about a change of ISDN access path between itself and a user’s computer. “As such, the ISDN connection provided over the access path, rather than being static as is taught in the art, dynamically changes in response to commands (suitable control messages) that are issued by the host computer thereby effectively matching an available communication channel to the current host task being executed during the session.” *Id.* at col. 7, lines 4-10 (A309). “This dynamic match-

⁶ In Farese Fig. 1, the exemplary ISDN switch is identified by the numeral “35”. In the specification of the Farese patent, the ISDN switch is referred to as “ISDN switch 32.” *Id.* at col. 10 line 66. A310.

ing of network resources to host requirements advantageously minimizes wasted transmission bandwidth and conserves network resources.” *Id.* at col. 7, ll. 10-13.

The Farese reference is disclosed in the background section of the ‘453 Patent (A224 at col. 2, ll. 32-42), including its decisive technical deficiency as being unusable in switches or routers supposed to be involved in data transfers. The Farese reference does not disclose or suggest providing voice telephone calls over packet-switching networks and does not purport to provide any solution to the quality of service problem that Schindler et al. discussed in the ‘453 Patent immediately prior to citing Farese. A224. Farese is not even argued to disclose any switching apparatus configured “to monitor the bandwidth of a transfer and on understepping or exceeding a certain bandwidth and/or in the event of a time delay when forwarding IP data packets to automatically release a control command to change over to the relevant other type of transfer.” A228 at col. 9, lines 36-42. Farese teaches that a host computer may issue signaling commands that call for access to either a circuit-switched or a packet-switched connection within a single Integrated Services Digital Network (“ISDN”), and that an ISDN telephone switch can be configured to respond to such commands and provide the requested type of access path.

Here again, the Board did not consider the differences between the algorithm supporting claim 35 and corresponding disclosure of Farese (A1434-35) and the

extent of those differences is thus probably unnecessary to resolution of this appeal. Teles notes, however, that besides not disclosing any switching apparatus for changing over the routing of data between separate line-switched and packet-switched networks, the Farese disclosure of apparatus responsive to a host computer's change-over signal, reflecting changing bandwidth demands of different applications, is completely alien to the claim 35 switching apparatus or the carriage of voice telephone calls whose bandwidth requirements are always the same. Farese in no way suggests the algorithm of claim 35 of the '453 Patent.

4. Conclusion as to Prima Facie Case

35 U.S.C. § 103(a) requires analysis of “the differences between the subject matter sought to be patented and the prior art.” The Director in this case bore the burden of establishing a “prima facie case” that the claimed subject matter “would have been obvious” at the time of its making. *In re Oetiker*, 977 F.2d 1443, 1445 (Fed. Cir. 1992). Where, as here, the Director bases a rejection on the purported teachings of multiple prior art references considered collectively, a valid “prima facie case” requires that the cited references in fact collectively disclose the subject matter sought to be patented. *See, e.g., In re Rijckaert*, 9 F.3d 1531, 1533 (Fed. Cir. 1993).

Here, the three references cited by the Board simply do not disclose “the subject matter sought to be patented.” 35 U.S.C. § 103(a). The Board decision is

based on an erroneous disregard of the specific algorithm that supports claim 35 of the '453 patent, and a consequently erroneous comparison of prior art to subject matter that is **not** claimed.

CONCLUSION AND STATEMENT OF RELIEF SOUGHT

The district court's judgment should be reversed and the cause remanded for determination of the merits of Teles's complaint. In the alternative, the Director should be directed to confirm claim 35 of the '453 patent.

Dated: July 16, 2012

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**United States Court of Appeals
for the Federal Circuit**

CERTIFICATE OF SERVICE

IN RE TELES AG INFORMATIONSTECHNOLOGIEN, et al., 2012-1297

I, Cristina E. Stout, being duly sworn according to law and being over the age of 18, upon my oath depose and say that:

Counsel Press was retained by FRIED FRANK HARRIS SHRIVER & JACOBSON LLP, Attorneys for Plaintiffs-Appellants to print this document. I am an employee of Counsel Press.

On **July 16, 2012**, Counsel for Appellant has authorized me to electronically file the foregoing **Brief of Plaintiffs-Appellants** with the Clerk of Court using the CM/ECF System, which will send notice of such filing to the following registered CM/ECF users:

Raymond T. Chen, Solicitor
Nathan K. Kelley, Associate Solicitor
United States Patent and Trademark Office
MDW 8A15
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Attorneys for Appellee

A courtesy copy has also been mailed to the above counsel.

Upon acceptance by the Court of the e-filed document, six paper copies will be filed with the Court, via Federal Express, within the time provided in the Court's rules.

/s/ Cristina E. Stout
Cristina E. Stout

CERTIFICATE OF COMPLIANCE

I certify that this appeal brief complies with the type-volume limitation set forth in Fed. R. App. P. 32(a)(7)(B) and Fed. Cir. R. 32(b). Relying on the word count function in the word processing application used to prepare the brief, I certify that the total number of words in the brief is 12,292 excluding those certifications and other portions of the brief exempted by Fed. R. App. P. 32(a)(7)(B)(iii) and Fed. Cir. R. 32(b).

I certify in addition that this brief complies with the typeface requirements of Fed. R. App. P. 32(a)(5) and the type style requirements of Fed. R. App. P. 32(a)(6). This brief has been prepared using Microsoft Word 2000 in Times New Roman, a proportionally spaced typeface including serifs, in 14 point font.

By /s/ James W. Dabney
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Dated: June 16, 2012

ADDENDUM

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

TELES AG, *et al.*,

Plaintiffs,

v.

DAVID J. KAPPOS, Under Secretary of
Commerce for Intellectual Property and
Director, United States Patent and Trademark
Office,

Defendant.

Civil Action No. 11-00476 (BAH)
Judge Beryl A. Howell

MEMORANDUM OPINION

This suit, arising out of the United States Patent and Trademark Office's (the "PTO") rejection of claims 34-36 and 38 of U.S. Patent No. 6,954,453 B1, presents a question of statutory construction that has not yet been addressed by this or other Circuits. The plaintiffs are patent owners, TELES AG and Sigram Schindler Beteiligungsgesellschaft mbH (collectively, "Teles"), who brought suit under section 306 of the Patent Act, 35 U.S.C. § 306, against David J. Kappos, Under Secretary of Commerce for Intellectual Property and Director of the PTO, in his official capacity, to contest an adverse decision of the PTO's Board of Patent Appeals and Interferences (the "BPAI"). The defendant has moved to dismiss the Complaint, arguing that this Court lacks subject matter jurisdiction, because, following amendments to the Patent Act in 1999, "patent owners" may appeal adverse *ex parte* reexamination decisions by the BPAI only to the United States Court of Appeals for the Federal Circuit and may not file a civil action in this

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Court.¹ For the reasons explained below, the defendant's Motion to Dismiss is granted and this case shall be transferred to the U.S. Court of Appeals for the Federal Circuit pursuant to 28 U.S.C. § 1631.²

I. BACKGROUND

A. Statutory Framework

At issue in this case is the import of amendments made in 1999 to certain provisions of the Patent Act and how those amendments affect the right of a patent owner to seek judicial review following an *ex parte* reexamination proceeding. The plaintiffs claim the 1999 amendments are either irrelevant or merely "housekeeping" measures while the defendant claims these amendments were substantive and removed jurisdiction from this Court. Review of the statutory framework, including the chronology of amendments made to key provisions, helps to inform resolution of these divergent characterizations of the 1999 amendments.

In 1980, Congress created the reexamination system to allow patent owners or a third-party requester to confirm or challenge a patent. This newly created reexamination system "enabled the PTO to recover administrative jurisdiction over an issued patent in order to remedy

¹ In 2009, plaintiff Sigram Schindler Beteiligungsgesellschaft mbH filed a declaratory judgment action in the Eastern District of Virginia asking the Court to decide the jurisdictional issue at stake in this case. The Eastern District of Virginia found that the issue was not yet ripe for review because the BPAI had not yet made its decision in the *ex parte* reexamination proceeding that is the subject of this lawsuit. *Sigram Schindler Beteiligungsgesellschaft MBH v. Kappos*, 675 F. Supp. 2d 629, 641-42 (E.D. Va. 2009) ("*Sigram Schindler*"). This jurisdictional question is also presently before at least two other district judges in the United States District Court for the District of Columbia: *Bally Gaming v. Kappos*, No. 10-cv-1906 (JEB), and *Power Integrations v. Kappos*, No. 11-cv-1254 (RWR). In *Bally Gaming*, the PTO has filed a motion to dismiss based on the same jurisdictional question at issue here. See No. 10-cv-1906, ECF No. 18. Proceedings related to the motion to dismiss are stayed pending a final judgment on the interference claims against private defendants in the case. See No. 10-cv-1906, Minute Order (Sept. 16, 2011). In *Power Integrations*, the plaintiff moved for partial summary judgment with respect to whether the district court has jurisdiction under section 145 to review an adverse BPAI reexamination decision. See 11-cv-1254, ECF No. 8. The defendant has also moved to dismiss for lack of subject matter jurisdiction, or alternatively, a transfer of the case to the Federal Circuit. See 11-cv-1254, ECF No. 15. As of the date of this opinion, the motions in *Power Integrations* remain pending.

² The plaintiffs have requested a transfer to the Federal Circuit if this Court finds that it does not have jurisdiction. Pls.' Mem. in Opp. to Def.'s Mot. to Dismiss ("Pls.' Mem.") at 16. The defendant does not object to such a transfer. Def.'s Reply in Supp. of Def.'s Mot. to Dismiss ("Def.'s Reply") at 10.

any defects in the examination which that agency had initially conducted and which led to the grant of the patent,” and served “an important public purpose . . . to revive United States industry’s competitive vitality by restoring confidence in the validity of patents issued by the PTO.” *Patlex Corp. v. Mossinghoff*, 758 F.2d 594, 601 (Fed. Cir. 1985). Among the anticipated benefits of the reexamination process were to “settle validity disputes more quickly and less expensively than the often protracted litigation involved in such cases;” “allow courts to refer patent validity questions to the expertise of the Patent Office;” and “reinforce investor confidence in the certainty of patent rights by affording the PTO a broader opportunity to review doubtful patents.” *Id.* at 602 (citations and quotation marks omitted). According to a report from the House of Representatives that accompanied the 1980 legislation: “Reexamination will permit efficient resolution of questions about the validity of issued patents without recourse to expensive and lengthy infringement litigation.” H. R. Rep. 96-1307(I), at 3-4 (1980), *reprinted in* 1980 U.S.C.C.A.N. 6460, 6463. In brief, “[t]he reexamination statute permits the patent owner or any other person to (1) cite to the Office patents or printed publications as prior art pertaining to the validity of an issued patent, and (2) request that the Office reexamine any claim of that patent on the basis of the cited prior art.” H. R. Rep. No. 105-39, at 36 (1997).

The plaintiffs bring their claims under section 306 of the Patent Act, 35 U.S.C. § 306, the text of which remained the same from 1980, when the reexamination process was created, until recent amendments made in 2011.³ Prior to the 2011 amendments, section 306 stated, in its entirety:

The patent owner involved in a reexamination proceeding under this chapter may appeal under the provisions of section 134 of this title, and may seek court review under the provisions of sections 141 to 145 of this title, with respect to any decision adverse to the

³ Section 306 was amended in 2011, as discussed *infra*, but the amendments are not retroactive.

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patentability of any original or proposed amended or new claim of the patent.

35 U.S.C. § 306 (2006); *see* Compl. ¶ 14.

The reexamination system was perceived to have “only limited success.” S. Rep. No. 105-42, at 57 (1997). Congress, therefore, responded with periodic amendments to make the reexamination process “a truly viable alternative for resolving questions of patent validity.” S. Rep. No. 110-259, at 19 (2008). In 1999, Congress enacted the American Inventors Protection Act (“AIPA”), Pub. L. No. 106-113, 113 Stat. 1501 (1999), as part of the Intellectual Property and Communications Omnibus Reform Act of 1999, which resulted in amendments to the Patent Act and created an *inter partes* reexamination system to supplement the existing reexamination process.⁴ While the 1999 amendments did not explicitly alter section 306, the 1999 amendments resulted in changes to sections 134, 141, and 145, parts of the Patent Act referenced in section 306.⁵ These three sections, all part of the 1952 Patent Act, had not been revised in any way at the time of the creation of the reexamination system in 1980 and, until 1999, only specifically referenced “patent applicants,” not “patent owners.” The changes made to these three sections 134, 141 and 145 are discussed in detail below.

Provisions for administrative appeal of an initial examination of a patent application or a reexamination are provided for in 35 U.S.C. § 134, which was subject only to a minor change in 1984 before it was amended in 1999. Before the 1999 amendments, section 134 read in full: “An applicant for a patent, any of whose claims has been twice rejected, may appeal from the

⁴ As the defendant explains, “[r]examination can be either *ex parte*, under the provisions of 35 U.S.C. §§ 302-307, or *inter partes*, under the provisions of 35 U.S.C. §§ 311-318. The primary difference between the two is that a third-party requester can actively participate in an *inter partes* reexamination, but not in an *ex parte* reexamination. 35 U.S.C. §§ 305, 314(b)(2). Another significant difference is that a third-party who requests an *inter partes* reexamination can appeal an examiner’s decision favorable to patentability to the Board [under 35 U.S.C. § 134].” Def.’s Mem. in Supp. of Def.’s Mot. to Dismiss (Def.’s Mem.) at 4 (emphasis omitted).

⁵ The versions of these provisions referenced below are the versions in place after the 1999 amendments, and before the most recent amendments in 2011, unless indicated otherwise.

decision of the primary examiner to the Board of Patent Appeals and Interferences, having once paid the fee for such appeal.” 35 U.S.C. § 134 (1994). That section was updated in the 1999 amendments to enumerate three separate categories of parties who may appeal to the BPAI and expressly referenced for the first time the reexamination process created in 1980 and the new *inter partes* proceedings created with the 1999 amendments. After the 1999 amendments, section 134 read in full:

(a) **Patent applicant.**--An applicant for a patent, any of whose claims has been twice rejected, may appeal from the decision of the primary examiner to the Board of Patent Appeals and Interferences, having once paid the fee for such appeal.

(b) **Patent owner.**--A patent owner in any reexamination proceeding may appeal from the final rejection of any claim by the primary examiner to the Board of Patent Appeals and Interferences, having once paid the fee for such appeal.

(c) **Third-party.**--A third-party requester in an *inter partes* proceeding may appeal to the Board of Patent Appeals and Interferences from the final decision of the primary examiner favorable to the patentability of any original or proposed amended or new claim of a patent, having once paid the fee for such appeal.

35 U.S.C. § 134 (2006) (emphasis in original).

The rights for either patent owners or patent applicants to appeal from an adverse BPAI decision to the Court of Appeals for the Federal Circuit are enumerated in sections 141 to 144. Similarly to section 134, before the 1999 amendments, section 141 had been subject to only minor revisions since 1952 and did not specifically reference “patent owners.” According to the relevant part of the version of section 141 in place prior to the 2011 amendments:

An applicant dissatisfied with the decision in an appeal to the Board of Patent Appeals and Interferences under section 134 of this title may appeal the decision to the United States Court of Appeals for the Federal Circuit. By filing such an appeal the applicant waives his or her right to proceed under section 145 of this title. *A patent owner, or a third-party requester in an inter*

partes reexamination proceeding, who is in any reexamination proceeding dissatisfied with the final decision in an appeal to the Board of Patent Appeals and Interferences under section 134 may appeal the decision only to the United States Court of Appeals for the Federal Circuit.

35 U.S.C. § 141 (2006) (emphasis added).⁶

As with sections 134 and 141, before the 1999 amendments, section 145 had only been subject to minor revisions since 1952. Section 145 was also updated in the 1999 amendments but, by contrast to sections 134 and 141, no express reference to patent owners was added. Instead, section 145 was amended to confirm an express application to patent applicants. Specifically, the only change to section 145 made in 1999 was to limit the reference to § 134 to “§ 134(a),” the section pertaining exclusively to patent applicants. Section 145, in relevant part, provides that “[a]n *applicant* dissatisfied with the decision of the Board of Patent Appeals and Interferences in an appeal under section 134(a) of this title may, unless appeal has been taken to the United States Court of Appeals for the Federal Circuit, have remedy by *civil action* against the Director in the United States District Court for the District of Columbia” 35 U.S.C. § 145 (2006) (emphasis added). Unlike an appeal to the Federal Circuit, plaintiffs bringing a “civil action” under 35 U.S.C. § 145 are not limited to the record made before the PTO but may undertake discovery and introduce new evidence. *See* Compl. ¶ 16.

As noted, in 1999, when sections 134 and 141 were changed to specifically reference patent owners, section 145 continued to reference only “patent applicants.” A *patent applicant* thus has two ways of appealing an adverse decision of the BPAI on a patent application. The

⁶ The 2002 amendment of section 141 added the clause that a third-party requester in an *inter partes* reexamination proceeding may seek judicial review of an adverse BPAI decision in the United States Court of Appeals for the Federal Circuit. *See* Pls.’ Mem. at 9 n.7; Def.’s Reply at 3 n.1. The version of this section in place after the 1999 amendments, and before the 2002 amendment, stated, in relevant part: “A patent owner in any reexamination proceeding dissatisfied with the final decision in an appeal to the Board of Patent Appeals and Interferences under section 134 may appeal the decision only to the United States Court of Appeals for the Federal Circuit.” 35 U.S.C. § 141 (2000).

applicant may appeal directly to the United States Court of Appeals for the Federal Circuit. *See* 35 U.S.C. § 141 (2006) (“An applicant dissatisfied with the decision in an appeal to the [BPAI] under section 134 of this title may appeal the decision to the United States Court of Appeals for the Federal Circuit.”). The patent applicant may also bring a civil action under 35 U.S.C. § 145 (2006) (“An applicant dissatisfied with the decision of the [BPAI] in an appeal under section 134(a) of this title may, unless appeal has been taken to the United States Court of Appeals for the Federal Circuit, have remedy by civil action against the Director in the United States District Court for the District of Columbia . . .”).

The defendant argues that, following the 1999 amendments, this Court has no jurisdiction over the claims of patent owners because the 1999 amendments changed section 145 to refer specifically to 35 U.S.C. § 134(a), which pertains only to patent applicants, not patent owners. *Def.’s Mem.* at 7. The defendant further argues that 35 U.S.C. § 306 allows a party to seek judicial review only to the extent that it is allowable under the provisions of section 134 and sections 141 to 145. *Id.* at 9. Thus, the defendant argues, section 306 cannot provide this Court jurisdiction to review a patent owner’s appeal or civil action challenging an adverse BPAI decision because sections 134, 141, and 145 do not provide this Court any such jurisdiction. *Id.* at 9-10.

B. Factual and Procedural History

The plaintiffs are German companies that collectively “own all substantial rights” in U.S. Patent No. 6,954,453 B1, which is entitled “Method for Transmitting Data in a Telecommunications Network and Switch for Implementing Said Method” (the “Schindler Patent”). *Compl.* ¶ 6. The Schindler Patent was issued on October 11, 2005, based on a patent application filed October 7, 1997, which claimed priority to a German patent application filed

October 7, 1996. Compl. ¶ 7. The Schindler Patent consists of a method for transmitting data across a telecommunications network. Compl. ¶¶ 6, 8. It “discloses and claims, among other things, switching apparatus for routing a telephone call from a first end terminal to a second end terminal, selectively by line switching and packet switching.” Compl. ¶ 8.⁷

Third parties may request that the PTO reexamine the “substantive patentability” of a patent that the PTO has issued. Def.’s Mem. at 4. Pursuant to the request of a Teles competitor, the PTO conducted an *ex parte* reexamination of claims 34-36 and 38 of the Schindler Patent beginning in 2007. Compl. at ¶ 9; Pls.’ Mem. at 4. Claims are components of a patent application that “define the scope of exclusivity the patent will provide to its owner.” Def.’s Mem. at 2. The PTO concluded that claims 34-36 and 38 of the Schindler Patent “would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.” Compl. ¶ 10 (*citing* 35 U.S.C. § 103(a)). The BPAI affirmed a final rejection of claims 34-36 and 38 of the Schindler Patent on January 7, 2011. *See id.*; Pls.’ Mem. at 6.

The plaintiffs filed a Complaint in this Court on March 4, 2011, seeking review of the BPAI decision pursuant to 35 U.S.C. § 306. Compl. ¶¶ 6, 14. Plaintiffs argue that the inventors of the Schindler Patent were properly granted a patent for the subject matter described in claims 34-36 and 38. They seek review in district court in order to take advantage of this Court’s *de novo* review, as well as discovery mechanisms available through the Federal Rules of Civil Procedure that are not available during appellate review at the Federal Circuit. Compl. ¶ 17; Pls.’ Mem. at 6-7, 10-11; *see also Dome Patent, L.P. v. Doll*, No. 07-1695 (PLF), slip. op. at 6

⁷ The plaintiffs detail the background and substance of the Schindler Patent at considerable length in their brief. The Court does not have jurisdiction over this matter so it need not delve any deeper into these details here. *See* Pls.’ Mem. at 1-6.

n.5 (D.D.C. Mar. 30, 2009) (noting that “the availability of discovery under the Federal Rules of Civil Procedure is a significant incentive for parties challenging PTO action to file suit in United States district courts rather than in the Federal Circuit”). The plaintiffs believe that they will be able to demonstrate through discovery that their claimed invention was nonobvious, because the rules of discovery allow for the compelled production of evidence that was unavailable during the *ex parte* reexamination proceeding. Compl. ¶¶ 12-13, 17.

In response to the plaintiffs’ Complaint, the defendant has moved to dismiss this action for lack of subject matter jurisdiction under Federal Rule of Civil Procedure 12(b)(1). ECF No. 9. The defendant asserts that this court lacks subject matter jurisdiction under section 306 to hear a patent owner’s appeal of an adverse BPAI *ex parte* reexamination decision. Def.’s Mem. at 2. For the reasons explained below, this motion is granted and, at the parties’ request, this case shall be transferred to the U.S. Court of Appeals for the Federal Circuit.

II. STANDARD OF REVIEW

On a motion to dismiss for lack of subject matter jurisdiction, under Rule 12(b)(1) of the Federal Rules of Civil Procedure, the plaintiffs bear the burden of establishing jurisdiction by a preponderance of the evidence. *Mostofi v. Napolitano*, No. 11-0727, 2012 U.S. Dist. LEXIS 9563, at *4 (D.D.C. Jan. 27, 2012) (citing *Lujan v. Defenders of Wildlife*, 504 U.S. 555, 561 (1992)); *Ki Sun Kim v. United States*, No. 08-01660, 2012 U.S. Dist. LEXIS 2094, at *8 (D.D.C. Jan. 9, 2012); *Shekoyan v. Sibley Int’l Corp.*, 217 F. Supp. 2d 59, 63 (D.D.C. 2002). As the Supreme Court has explained “many times,” the “district courts of the United States . . . are ‘courts of limited jurisdiction. They possess only that power authorized by Constitution and statute.’” *Exxon Mobil Corp. v. Allapattah Servs.*, 545 U.S. 546, 552 (2005) (quoting *Kokkonen v. Guardian Life Ins. Co. of America*, 511 U.S. 375, 377 (1994)) (internal quotation marks

omitted); *see also Micef Int'l v. DOC*, 613 F.3d 1147, 1151 (D.C. Cir. 2010) (“[T]wo things are necessary to create jurisdiction in an Article III tribunal other than the Supreme Court . . . The Constitution must have given to the court the capacity to take it, *and an act of Congress must have supplied it.*”) (internal citations and quotation marks omitted). For this reason, a “federal district court’s initial obligation is to ascertain its subject matter jurisdiction.” *Malyutin v. Rice*, 677 F. Supp. 2d 43, 45 (D.D.C. 2009), *aff’d*, No. 10-5015, 2010 U.S. App. LEXIS 13869 (D.C. Cir. July 6, 2010). When a court lacks subject matter jurisdiction, it must dismiss the case. *See Ravulapalli v. Napolitano*, 773 F. Supp. 2d 41, 48 (D.D.C. 2011); *McManus v. District of Columbia*, 530 F. Supp. 2d 46, 62 (D.D.C. 2007).

In statutory construction, this Court is guided by the well-established principle that analysis begins with the plain language of a statute, because “when a statute speaks with clarity to an issue, judicial inquiry into the statute’s meaning, in all but the most extraordinary circumstance, is finished.” *Metro. Stevedore Co. v. Rambo*, 515 U.S. 291, 295 (1995); *see also Butler v. DOJ*, 492 F.3d 440, 443 (D.C. Cir. 2007) (“In construing a statute, the court begins with the plain language of the statute”) (citation omitted); *AT&T v. FCC*, 452 F.3d 830, 835 (D.C. Cir. 2006) (explaining that the Court employs “traditional tools of statutory construction . . . beginning, as always, with the plain language of the statute.”) (citations omitted). Furthermore, a cardinal principle of statutory construction is that the Court must “give meaning to every clause of the statute.” *Williams v. Taylor*, 529 U.S. 362, 407 (2000).

III. DISCUSSION

Prior to the 1999 amendments, the parties are in agreement that a patent owner had the right to bring a civil action challenging the BPAI’s *ex parte* reexamination decision. *See* Def.’s Mem at 8; *see generally* Pls.’ Mem. The plaintiffs argue that the 1999 amendments did not

modify the substantive rights afforded to patent owners, while the defendant argues that the amendments unambiguously deny a patent owner the right to bring an action in this Court. This Court agrees that the 1999 amendments, which for the first time revised sections 134 and 141 to specifically refer to the rights of patent owners, as opposed to patent applicants, while restricting coverage of section 145 to patent applicants, removed this Court's jurisdiction to hear the plaintiffs' claims.

A. Pre-1999 Amendments

Before the 1999 amendments, courts read section 306 as providing patent applicants and patent owners challenging adverse decisions of the BPAI two options for court review: "(i) filing an appeal in the Federal Circuit, where review is made solely on the administrative record; or (ii) filing a civil action in the D.C. District Court, where discovery is permitted and a patentability determination is made by the district court *de novo*." *Sigram Schindler*, 675 F. Supp. 2d at 631. These two "avenues of court review were mutually exclusive." *Id.* If a party filed an action in either court, the party waived its right to appeal in the other court. *Id.*

Prior to the 1999 amendments, 35 U.S.C. § 134, in its entirety, as noted *supra*, stated that "[a]n applicant for a patent, any of whose claims has been twice rejected, may appeal from the decision of the primary examiner to the Board of Patent Appeals and Interferences, having once paid the fee for such appeal." 35 U.S.C. § 134 (1994). The pre-1999 version of 35 U.S.C. § 145 referenced section 134 in its entirety. *See* 35 U.S.C. § 145 (1994). Neither of these statutory provisions made reference to "patent owners."

In *Joy Technologies*, a district judge in this Circuit concluded that, "viewing section 145 as a whole, it is clear that 'applicant' in that statute applies both to a patent applicant dissatisfied with the decision of the PTO on his initial application and to a patent owner dissatisfied with the

PTO's decision in a reexamination proceeding." *Joy Technologies v. Manbeck*, 751 F. Supp. 225, 235-36 (D.D.C. 1990) (Bennett, J.), *aff'd*, 959 F.2d 226, 229 (Fed. Cir. 1992). The *Joy Technologies* court therefore concluded that 35 U.S.C. § 306 enabled a "patent owner" to bring a civil action to contest the BPAI's reexamination decision. *Id.*; *see also Sigram Schindler*, 675 F. Supp. 2d at 631-32 (prior to the 1999 amendments, "patent owners involved in *ex parte* reexamination proceedings were authorized to seek court review of" BPAI decisions under section 306); *Syntex (U.S.A.) Inc. v. U.S. Patent & Trademark Office*, 882 F.2d 1570, 1572 (Fed. Cir. 1989) ("Under the patent statute, the patent owner is given a right to review of an examiner's final reexamination decision, 35 U.S.C. § 306 (1982), first before the PTO Board of Patent Appeals and Interferences under section 134, and then either by direct appeal of the board's decision to this court under section 141, or by suit against the PTO in district court with a right of appeal to this court under section 145."); *Canady v. Erbe Elektromedizin GmbH*, 271 F. Supp. 2d 64, 78 (D.D.C. 2002) (noting in dicta, with no jurisdictional analysis, that "[t]he party that receives an adverse decision from the PTO's pending reexamination is not without redress. That party may appeal to the Board of Patent Appeals and Interferences. 35 U.S.C. § 134. When administrative remedies have been exhausted, that party may appeal to either this court or to the Federal Circuit. 35 U.S.C. § 306."), *aff'd* 182 Fed. Appx. 988 (Fed. Cir. 2006). The law has changed since the *Joy Technologies* court issued its opinion, however, and its reasoning with respect to 35 U.S.C. § 306 no longer applies.

B. The 1999 Amendments

Plaintiffs argue that, even after the 1999 amendments, patent owners possess the right to seek district court review of a BPAI *ex parte* reexamination decision under section 306 of the Patent Act. The plaintiffs make four primary statutory construction arguments; namely, that (1)

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the fact that section 145 does not grant a right of action to patent owners to bring an action in this Court is irrelevant to this Court's jurisdictional analysis; (2) section 141 applies only to "appeals" to the Federal Circuit, not to the right to bring a civil action under section 145; (3) the plain language of section 306 provides jurisdiction regardless of changes to sections 141 and 145; and (4) section 315 shows that Congress did not intend to remove this Court's jurisdiction under section 306.

The defendant counters that the 1999 amendments to sections 134, 141, and 145 removed this Court's jurisdiction to hear claims by patent owners under section 306. Specifically, the defendant argues that the 1999 amendments removed this Court's jurisdiction because the 1999 amendments changed (1) section 145 to apply only to patent applicants, and (2) section 141 to restrict patent owners "in *any* reexamination proceeding" to appeal an adverse decision of the BPAI "*only* to the United States Court of Appeals for the Federal Circuit." Def.'s Mem. at 6-7 (emphasis added). The defendant further argues that section 306 should be read *in pari materia* with the current versions of sections 134, 141, and 145, and thus understood not to provide this Court with jurisdiction over the patent owners' claims.⁸ *Id.* at 9. The Court agrees. As explained in more detail below, the plain meaning of the 1999 amendments indicates that this Court does not have jurisdiction over the plaintiffs' claims. The Court first analyzes the statutory construction of sections 134 and 145, and then addresses the plaintiffs' statutory construction arguments below.

⁸ Following the 1999 amendments, the PTO promulgated a regulation, 37 C.F.R. § 1.303, which stated that no civil action remedy was available under 35 U.S.C. § 145 for patent owners in the case of *ex parte* reexamination proceedings filed on or after November 29, 1999. This regulation was the impetus for Sigram Schindler Beteiligungsgesellschaft mbH's declaratory judgment action in *Sigram Schindler*, 675 F. Supp. 2d at 633. This regulation was not specifically addressed by the parties and, in any event, is not controlling for this Court.

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I. Statutory Construction of Sections 134 and 145

The plain meaning of 35 U.S.C. § 145 following the 1999 amendments demonstrates that only patent applicants have the right to challenge an adverse decision of the BPAI before a federal district court.

First, the 1999 amendments significantly changed 35 U.S.C. § 134 to refer specifically to the different substantive rights of patent applicants, patent owners, and third-party requesters. After the 1999 amendments, 35 U.S.C. § 134(a) refers to “patent applicants,” while § 134(b) refers to “patent owners,” and § 134(c) refers to “third-party requesters.”

Second, the 1999 amendments also changed 35 U.S.C. § 145 to refer solely to 134(a), indicating that the right to commence an action in district court was exclusively limited to “patent applicants.” See 35 U.S.C. § 145 (2006). Thus, pursuant to the doctrine of *expressio unius est exclusio alterius*, under 35 U.S.C. 145, only a “patent applicant,” not a patent owner, may seek district court review of an adverse decision of the BPAI. See *Reyes-Gaona v. North Carolina Growers Ass’n*, 250 F.3d 861, 865 (4th Cir. 2001) (“[T]he doctrine of *expressio [unius] est exclusio alterius* instructs that where a law expressly describes a particular situation to which it shall apply, what was omitted or excluded was intended to be omitted or excluded.”); see also *Slattery v. United States*, 635 F.3d 1298, 1327-28 (Fed. Cir. 2011) (en banc) (applying doctrine of *expressio unius est exclusio alterius*); *Albany Engineering Corp. v. FERC*, 548 F.3d 1071, 1076 (D.C. Cir. 2008) (same).

By amending section 145 to reference only section 134(a), the 1999 amendments indicate that only patent applicants, and not patent owners, possess the right to seek district court review of a BPAI decision. A report from the House of Representatives about the same amendment to section 145 in an earlier proposed bill confirms that this is what Congress intended: “appeals

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under § 145 may only be initiated by patent applicants, and not by a patent owner or a third-party requester who is a participant in a reexamination proceeding.” H.R. Rep. No. 104-784, at 81 (1996); Def.’s Reply at 5. Thus, patent owners, such as the plaintiffs, are entitled to Federal Circuit appellate review of an *ex parte* reexamination proceeding under sections 141 to 144 of the Patent Act, but not district court review under section 145. *See, e.g., Desert Palace Inc. v. Costa*, 539 U.S. 90, 98 (2003) (where “the words of the statute are unambiguous, the judicial inquiry is complete.”) (citations and quotation marks omitted); *Connecticut Nat. Bank v. Germain*, 503 U.S. 249, 254 (1992) (“When the words of a statute are unambiguous, then, this first canon is also the last: judicial inquiry is complete.”) (citations and quotation marks omitted); *Rubin v. United States*, 449 U.S. 424, 430 (1981) (“When we find the terms of a statute unambiguous, judicial inquiry is complete, except in rare and exceptional circumstances.”) (citations and quotation marks omitted). The logic of *Joy Technologies*, construing “patent applicants” to include “patent owners,” is no longer applicable because the plain meaning of section 145 indicates otherwise. “[V]iewing section 145 as a whole,” as the court did in *Joy Technologies*, 751 F. Supp. at 235-36, it is clear that only a patent applicant may bring a civil action under section 145.⁹

ii. The 1999 Amendment to Section 145 is Relevant

Plaintiffs do not attempt to reconcile this reading of section 145 with their argument that this Court has jurisdiction. Instead, plaintiffs urge the Court to disregard the fact that section 145 does not grant a right of action to patent owners as “irrelevant.” Pls.’ Mem. at 15. They further argue that “[s]ection 145 has never itself granted any such right.” *Id.* But plaintiffs do not, and cannot, show how the amended section 145 can still be read as providing an option for district

⁹ The defendant points out other places in the Patent Act where Congress refers only to “section 134” rather than “section 134(a).” Def.’s Reply at 6. This further reinforces that Congress must have intended section 145 to refer to section 134(a), which refers only to patent applicants, not patent owners.

court review for “patent owners” when it explicitly states that it applies to section 134(a), the provision that refers exclusively to “patent applicants.”

iii. The Limitation in Section 141 Applies to Review of BPAI’s Adverse Decision

Additional support for this Court’s reading of the Patent Act is found in 35 U.S.C. § 141. There, the Patent Act plainly states that “[a] patent owner . . . who is in *any reexamination proceeding* dissatisfied with the final decision in an appeal to the [BPAI] under section 134 may appeal the decision only to the United States Court of Appeals for the Federal Circuit.” 35 U.S.C. § 141 (2006) (emphasis supplied). The plaintiffs suggest that this limitation applies only to *inter partes* reexamination, not *ex parte* reexamination, but this argument is unavailing for two reasons. Pls.’ Mem. at 15. First, the defendant argues convincingly that section 141 applies to “any” reexamination proceeding. As the defendant explains, it is notable that “Congress did not attempt to limit the scope of the sentence regarding patent owners to a particular type of reexamination by modifying the phrase ‘reexamination proceeding’ with either ‘*ex parte*’ or ‘*inter partes*,’ to the contrary, it used the broad term ‘any.’” Def.’s Mem. at 7 (emphasis omitted). The Court agrees. “The word ‘any’ is generally used in the sense of ‘all’ or ‘every’ and its meaning is most comprehensive.” *Barseback Kraft AB v. United States*, 121 F.3d 1475, 1481 (Fed. Cir. 1997) (citations omitted). Thus, in section 141, Congress explicitly limited a patent owner’s right to appeal or challenge an adverse decision in “all” or “every” reexamination proceeding to appeals to the Federal Circuit.

Second, between the 1999 amendments and the 2002 amendment to section 141, this provision made no reference whatsoever to *inter partes* reexamination proceedings. As noted, *supra*, section 141 authorized patent owners to appeal “only to the United States Court of Appeals for the Federal Circuit.” 35 U.S.C. § 141 (2000). The reference to *inter partes*

proceedings was inserted in 2002 to expand the rights of third parties to appeal a ruling of patentability not only to the BPAI, as provided in the 1999 amendments to section 134(c), but also, and only, to the Federal Circuit. *See* 21st Century Department of Justice Appropriations Authorization Act, Pub. L. No. 107-273, § 13106(c) (2002) (inserting in section 141 the phrase “, or a third-party requester in an inter partes reexamination proceeding, who is” after “patent owner”).

The plaintiffs also argue that, while section 141 means that patent owners may only “appeal” to the Federal Circuit, patent owners may still commence a “civil action” under the provisions of section 145. Pls.’ Mem. at 15-16. As the defendant indicates, “[t]he flaw in this argument is readily apparent” when comparing the first two sentences of section 141 with the third sentence. Def.’s Reply at 3. While the first two sentences grant patent applicants a dual track for appeals with alternative rights to appeal an adverse BPAI decision to the Federal Circuit, or to bring a civil action under section 145, the third sentence grants a patent owner the right “only” to appeal to the Federal Circuit. *Id.* The Court is convinced that “[t]he placement of this new sentence immediately after the discussion regarding patent applicants leaves no doubt that the judicial-review rights granted patent owners are meant to contrast with the rights granted patent applicants.” Def.’s Reply at 3-4. There is no dual track for patent owners. While the patent applicant may appeal to the Federal Circuit *or* bring a civil action, patent owners may “only” appeal to the Federal Circuit.¹⁰

¹⁰ The next sentence of section 141 also prohibits simultaneous review in the Federal Circuit and in the district court in the case of Board decisions in interference proceedings. Thus, as the defendant points out, “for both patent applicants and parties to interferences, § 141 addresses Federal-Circuit appeal as an alternative to district-court review. But for patent owners in reexaminations, § 141 addresses only their right to a Federal-Circuit appeal and makes no mention at all of any corresponding right of district court review.” Def.’s Reply at 4 n.2 (emphasis omitted).

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iv. Section 306 Must Be Read Consistently with Sections 141-145

The plaintiffs also suggest that this Court has jurisdiction under section 306 regardless of whether it has jurisdiction under sections 141 and 145. Pls.' Mem. at 15. The plaintiffs argue that the plain language of 35 U.S.C. § 306 allows plaintiffs to maintain a civil action because the statute states that patent owners may commence a civil action in federal district court "under the provisions of" section 145, not merely "appeal" under sections 141 to 144. Pls.' Mem. at 13. The Court finds this argument unavailing. While the 1999 amendments did not alter the text of section 306, section 306 must be read *in pari materia* with the amended sections 134, 141, and 145. See *FDA v. Brown & Williamson Tobacco Corp.*, 529 U.S. 120, 133 (2000) ("A court must . . . interpret the statute as a symmetrical and coherent regulatory scheme, and fit, if possible, all parts into an harmonious whole") (internal citations and quotation marks omitted). Indeed, as the plaintiffs themselves emphasize, "[w]hen there are two acts upon the same subject, the rule is to give effect to both if possible." Pls.' Mem. at 15 (*quoting United States v. Borden Co.*, 308 U.S. 188, 198 (1939)); see also *Mail Order Ass'n of America v. United States Postal Serv.*, 986 F.2d 509, 515 (D.C. Cir. 1993) (same); *Regular Common Carrier Conf. v. United States*, 820 F.2d 1323, 1329 (D.C. Cir. 1987) (same).

To give effect to the statutory provisions here, the Court understands section 306 as providing "that patent owners in *ex parte* reexamination proceedings are entitled to whatever judicial review is available 'under' the current provisions of §§ 141 and 145." Def.'s Mem. at 9. In other words, section 306 "should be read to permit court review to the extent that such review is permitted under these sections, *i.e.*, subject to any limitations and qualifications that Congress may from time to time add to them." Def.'s Reply at 7 (emphasis omitted). These sections allow *patent applicants* to seek this Court's review of adverse BPAI decisions under § 134(a).

They do not allow patent owners to seek this Court's review of *ex parte* reexamination decisions under § 134(b). Furthermore, section 141 makes clear that the plaintiffs, as patent owners, may appeal an adverse decision in "any reexamination proceeding . . . *only* to the United States Court of Appeals for the Federal Circuit." 35 U.S.C. § 141 (emphasis added). Thus, section 306 does not provide this Court jurisdiction over the plaintiffs' claims.

The amended sections 141 and 145 are obviously in some "tension" with section 306. *Sigram Schindler*, 675 F. Supp. 2d at 633. Prior to the 2011 amendments, section 306 continued to reference judicial review under these sections, although section 141 provides that patent owners may appeal an adverse BPAI decision "*only* to the United States Court of Appeals for the Federal Circuit," and section 145 applies by its terms only to patent applicants. The Court finds, however, as explained *supra*, that, when read *in pari materia* with sections 141 and 145, section 306 provides no jurisdiction for this Court to review the plaintiffs' claims. Any other reading of section 306 would be incompatible with the express terms of the post-1999 amended sections 141 and 145.

v. Plaintiffs' Section 315 Arguments are Unavailing

Finally, the plaintiffs argue that if Congress intended to limit the judicial review rights of patent owners in *ex parte* reexamination proceedings it would have structured 35 U.S.C. § 306 as it structured 35 U.S.C. § 315, which enumerates the judicial review rights of patent owners in *inter partes* reexamination proceedings. Pls.' Mem. at 14. In section 315, Congress authorized a patent owner to "*appeal* under the provisions of [s]ections 141 through 144." *Id.* The plaintiffs note that the phrase "court review" in the text of section 306 is broader than the phrase "appeal" in section 315. Plaintiffs contend that section 315 thus "shows that Congress well knows how to write a judicial review statute that provides for judicial review only by way of 'appeal' to the

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Court of Appeals, and 35 U.S.C. § 306 is clearly not such a statute.” *Id.* This argument is ultimately not persuasive because the plaintiffs do not, and cannot, reconcile this reading of section 306 with the plain language of sections 141 and 145.

C. Additional Support for the Plain Meaning of the Statute

The plaintiffs emphasize that Congress must have intended for patent owners to have the choice to file a “civil action” because it is such a well-established legal right. *See id.* Plaintiffs contend that the 1999 amendments were merely “conforming” amendments, intended to implement the provisions of 35 U.S.C. §§ 311-318 related to *inter partes* reexamination. *Id.* at 11. The legislative history, however, tells a different story. An examination of legislative proposals leading up to the 1999 amendments, as well as more recent Congressional amendments, confirm that the 1999 amendments to sections 134, 141 and 145 were no mere housekeeping measures, as the plaintiffs suggest. Instead, the 1999 amendments were grounded in Congress’ broader efforts to streamline the patent reexamination process, and reflected Congress’ interest in making the *ex parte* reexamination system a viable alternative to litigation in the district courts. Additional changes to the Patent Act in 2011 are the true “housekeeping” measures here. They clarify any ambiguity left by the 1999 amendments, and confirm for the Court that Congress intended the 1999 amendments to remove this Court’s jurisdiction over patent owners’ *ex parte* reexamination claims.

I. Congressional Intent to Streamline the Reexamination System

The 1999 amendments were reforms grounded in Congress’ ongoing efforts to streamline and improve the reexamination system in the Patent and Trademark Office in order to make it a “more viable” alternative to litigation. S. Rep. No. 105-42, at 57 (1997). The reexamination system was created in 1980 to provide “an inexpensive alternative to judicial determinations of

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patent validity,” and to “[allow] further access to the legal and technical expertise of the [PTO] after a patent has issued.” John R. Thomas and Wendy H. Schacht, *Patent Reform in the 110th Congress: Innovation Issues*, Congressional Research Service, at 30 (2008); *see also* H.R. Rep. No. 96-1307(I), at 3 (1980), *reprinted in* 1980 U.S.C.C.A.N. 6460, 6462-63 (“The reexamination of issued patents could be conducted with a fraction of the time and cost of formal legal proceedings and would help restore confidence in the effectiveness of our patent system . . . It is anticipated that these measures provide a useful and necessary alternative for challengers and for patent owners to test the validity of United States patents in an efficient and relatively inexpensive manner.”); Charles E. Miller and Daniel P. Archibald, *How the Senate Patent Reform Bill Would Abridge The Right Of Judicial Review In Patent Reexaminations – And Why It Matters*, 3 No. 2 Landslide 21, 23 (Nov./Dec. 2010) (noting that “Congress’s stated purpose in establishing patent reexamination was to strengthen investor confidence in the certainty of patent rights by creating a system of administrative reexamination of doubtful patents” and that “the use of reexamination has become a recognized administrative adjunct to patent litigation” for patent owners) (citations and quotation marks omitted).

The legislative history demonstrates that as early as 1994, Congress was considering amendments to the reexamination system consistent with the 1999 amendments. Some of these amendments were crafted in response to the criticism that the reexamination system was perceived to be unfair to third parties due, *inter alia*, to the fact that only patent owners, and not third-party requesters, were allowed to appeal reexamination determinations. Review of the legislative precursors to the 1999 amendments, as well as amendments after 1999, provides additional support for the Court’s view of the plain meaning of the statute.

a. *Legislative Precursors to the 1999 Amendments*

At least seven bills introduced in the House of Representatives and the Senate in 1994, 1995, 1996, and 1997 sought to give both patent owners and third-party requesters the right to appeal adverse decisions of a patent examiner to the BPAI and to the Federal Circuit. These legislative precursors to the AIPA all proposed changes to sections 134, 141, 145, and 306, providing patent owners and third-party requesters the right to appeal to the Federal Circuit, and not to federal district court. *See* The Patent Reexamination Reform Act of 1994, S. 2341, 103d Cong.; The Patent Reexamination Reform Act of 1995, H.R. 1732, 104th Cong.; Patent Reexamination Reform Act of 1995, S. 1070, 104th Cong.; Moorhead-Schroeder Patent Reform Act, H.R. 3460, 104th Cong. (1996); Omnibus Patent Act of 1996, S. 1961, 104th Cong.; 21st Century Patent System Improvement Act, H.R. 400, 105th Cong. (1997); Omnibus Patent Act of 1997, S. 507, 105th Cong.¹¹ All of these bills proposed, *inter alia*, amending: (1) section 306 to state, in 306(a), that patent owners involved in reexamination proceedings may “appeal under the provisions of section 134 of this title, and may appeal under the provisions of sections 141 to 144 of this title . . .”; (2) section 306 to state, in 306(b), that third-party requesters may “appeal under the provisions of section 134 of this title, and may appeal under the provisions of sections 141 through 144 of this title”; (3) section 141 to say that patent applicants, patent owners, and third-party requesters “dissatisfied with the final decision in an appeal to the [BPAI] . . . may appeal the decision to the United States Court of Appeals for the Federal Circuit”; (4) section 134 to

¹¹ None of these bills was enacted, but, as discussed *infra*, the substance of these bills was reflected in the 1999 amendments.

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refer to patent applicants in 134(a), patent owners in 134(b), and third-party requesters in 134(c); and, finally, amending (5) section 145 by adding an “(a)” after “section 134.”¹²

As noted, these proposed amendments to the Patent Act provided for parallel appeals rights for patent owners and third-party requesters that limited review of adverse BPAI decisions to the Federal Circuit. *See, e.g.*, Patent Reexamination Reform Act of 1995, Hearing on H.R. 632, H.R. 1732, and H.R. 1733 Before the H. Comm. on Courts and Intellectual Property, 104th Cong. (1995) (statement of Gary L. Griswold, Director of the PTO) (“We agree with the approach taken by [H.R. 1732] of giving both the patent owner and the third party a right to appeal to the Federal Circuit and giving neither of them a right to *de novo* review of a reexamination proceeding in the U.S. District Court for the District of Columbia. The right of appeal should induce more third parties to use reexamination.”); *id.* (statement of Michael K. Kirk, Executive Director, American Intellectual Property Law Association) (“pleased” that H.R. 1733 adopted the American Intellectual Property Law Association’s recommendations to reform the existing reexamination system to provide “that neither patent owner nor third party requesters be given the right to challenge the outcome in a reexamination proceeding by filing a civil action in district court . . .”); *id.* (statement of Andrew Kimbrell, Executive Director, International Center for Technology Assessment) (acknowledging that the proposed reexamination system reforms would make reexamination “an effective alternative to litigation”).

b. *The Further Evolution of the 1999 Amendments*

In 1999, Rep. Howard Coble introduced H.R. 1907, entitled the “American Inventors Protection Act of 1999.” American Inventors Protection Act of 1999, H.R. 1907, 106th Cong. This bill proposed changes to sections 134, 145, and 306 that were nearly identical to the

¹² The Patent Reexamination Reform Act of 1994, S. 2341, 103d Cong., did not include this proposed change to section 145 when it was introduced in the Senate, but this proposed change was included in the version of the bill that passed the Senate.

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proposed amendments introduced in the 1994, 1995, 1996, and 1997 bills. Specifically, it amended section 306 to state, in 306(a), that “[t]he patent owner involved in a reexamination proceeding . . . may appeal under the provisions of section 134, and may appeal under the provisions of sections 141 through 144 . . .” H.R. 1907 also amended section 306 to state, in 306(b), that a third-party requester may “appeal under the provisions of section 134, and may appeal under the provisions of sections 141 through 144 . . .” Furthermore, H.R. 1907 also included the same changes to sections 134 and 145 that had been included in the proposed bills dating back to 1994. The proposed amendment to section 141 in H.R. 1907, however, was notably different than the proposed bills in 1994, 1995, 1996, and 1997. Instead of providing that patent applicants, patent owners, and third-party requesters “dissatisfied with the final decision in an appeal to the [BPAI] *may* appeal the decision to the United States Court of Appeals for the Federal Circuit,” the proposed amendment of section 141 in H.R. 1907 stated that “[a] patent owner or third-party requester in a reexamination proceeding dissatisfied with the final decision in an appeal to the [BPAI] may appeal the decision *only* to the United States Court of Appeals for the Federal Circuit.” American Inventors Protection Act of 1999, H.R. 1907, 106th Cong. (as introduced) (emphasis added); *see also* H. Rep. 106-287(I), at 59-60 (1999) (“Proposed [§] 306 prescribes the procedures for appeal of an adverse PTO decision by the patent owner and the third-party requester. Both the patent owner and the third-party requester are entitled to appeal to the Patent Board of Appeals and Interferences ([§] 134 of the Patent Act) and to the U.S. Court of Appeals for the Federal Circuit ([§§] 141-144); either may also be a party to an appeal by the other. Neither party is entitled to the alternative to a Federal Circuit appeal that a patent owner has under current law – which is a civil action under [§] 145 of the Patent Act.”).

After H.R. 1907 was reported out of committee, however, changes were made to the Committee-reported version of the bill before it was considered on the floor of the House. These changes created the tension between sections 134, 141, and 145 and section 306 that is the subject of this jurisdictional analysis. The bill was considered on the floor of the House with amendments that restricted the rights of third-parties to administrative appeals only to the BPAI, with no right of appeal to the Federal Circuit. This restriction of a third party's right to appeal a BPAI determination only administratively was reflected in the removal of all amendments to section 306. This change did not go unnoticed and prompted an explanation by the bill's sponsor that the removal from the Committee-reported bill of a third party requestor's right to appeal to the Federal Circuit "was done for the benefit of the independent inventors to balance the interest of a third party with those of a . . . patentee" 145 Cong. Rec. H6942 (daily ed. Aug. 3, 1999) (statement of Rep. Coble). There is no indication or comment in the legislative history that the removal of the amendments to section 306 in any way changed the patent owners' right to appeal from what was intended in H.R. 1907, as it was introduced in the House and reported by the House Judiciary Committee. This is unsurprising because, regardless of what happened to section 306, the amendments most pertinent to patent owners' right to appeal remained wholly intact in sections 134, 141, and 145.

The amendments to sections 134, 141, and 145 introduced in H.R. 1907 were the same amendments considered on the House floor and the same amendments that ultimately passed the House on August 4, 1999. *See, e.g.*, 145 Cong. Rec. 29972 (1999) (statement of Senator Lott) ("[S]ection 141 states that a patent owner in a reexamination proceeding may appeal an adverse decision by the Board of Patent Appeals and Interferences *only* to the U.S. Court of Appeals for the Federal Circuit . . .") (emphasis added). The proposed amendments to sections 134, 141, and

145 were ultimately included in the Intellectual Property and Communications Omnibus Reform Act of 1999. The Court is satisfied that these amendments removed this Court's jurisdiction over a patent owner's claim following an adverse BPAI decision, and that it was Congress' intent to do just that.¹³

While neither party addresses the legislative history in any depth, the plaintiffs make one legislative history argument, namely that the 1999 amendments were meant to leave "existing *ex parte* reexamination procedures in Chapter 30 of title 35 intact" Pls.' Mem. at 11; 145 Cong. Rec. 29972 (1999) (statement of Senator Lott); H.R. Rep. No. 106-464, at 133 (1999) (Conf. Rep.). These statements regarding the 1999 amendments leaving the "existing *ex parte* reexamination procedures" intact are easily reconciled with the Court's conclusion about the removal of jurisdiction to hear appeals by patent owners dissatisfied with the outcome of appeals to the BPAI in *ex parte* reexamination proceedings. The issue before the Court is the right of a patent owner after the BPAI has rendered a decision, not the administrative *ex parte* reexamination procedures themselves.

As noted above, the AIPA's revocation of a patent owner's right to bring a civil action in the district court was consistent with Congressional intent to make reexamination proceedings more efficient, and seems to have been squarely aimed at reducing the uncertainty and litigation costs of the patent system. Removing this Court's jurisdiction to revisit reexaminations may also be viewed as an estoppel measure aimed at preventing parties from receiving a "second bite of the apple," or being allowed to present evidence in the district court that was not presented to the PTO during the initial patent application process or in a subsequent reexamination proceeding. *See, e.g.*, S. Rep. No. 110-259, at 19, 22 (2008) (discussing the "severe estoppel provisions")

¹³ As discussed *infra*, in 2011, Congress ultimately amended section 306 to remove reference to section 145, as was outlined in Rep. Coble's proposed legislation in 1999.

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enacted in 1999 with respect to *inter partes* reexamination as well as concern about parties filing multiple post-grant review petitions). Congress' decision to change the judicial review rights of patent owners in 1999 accords with its goals of promoting efficiency in the reexamination system. While the plain language of the statute is sufficient for this Court to conclude it does not have jurisdiction, the broader legislative history confirms that conclusion.

c. 2011 Amendments

A Congressional amendment subsequent to the *ex parte* reexamination at issue in this case only provides further support for the Court's reading of the plain meaning of the statute. In 2011, Congress amended section 306 to remove the reference to section 145 and to reference only sections 141 to 144 of the Patent Act. *See Leahy-Smith America Invents Act ("AIA")*, Pub. L. No. 112-29, 125 Stat. 284 (2011) ("(A) In General – Section 306 of title 35, United States Code, is amended by striking '145' and inserting '144.'"). The AIA amendments became effective September 16, 2011, and are not retroactive. Congress made clear that this most recent amendment was made "to conform [§ 306] to the changes made by S 4605 of the American Inventors Protection Act of 1999." H.R. Rep. No. 112-98(I), at 77 (2011). This "conforming" amendment provides additional support for this Court's conclusion.

The plaintiffs argue that this latest amendment only "exposes the emptiness of the Government's assertion that [the 1999 amendments] supposedly already provided for" this amendment. Pls.' Mem. at 14 n.9. On the contrary, the 2011 amendment does not indicate that Congress was making a new change in the rights provided under section 306 but only "conforming" the language of the statute to the changes already made in 1999. *See, e.g.*, 157 Cong. Rec. S1377 (daily ed. Mar. 8, 2011) (statement of Sen. Kyle) ("It is fairly apparent, however, that [the authority for a patent owner to seek relief by civil action under section 145]

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was intended to be eliminated by the amendments made by section 4605 of the American Inventors Protection Act of 1999, Public Law 106-113, to sections 134 and 141 of title 35. The 2010 managers' amendment simply maintained the AIPA's changes to sections 134 and 141 . . . Section 5(h)(2) of the present bill [also] eliminates [any] ambiguity by striking the citation to section 145 from section 306 of title 35."'). Accordingly, this Court concludes that it lacks subject matter jurisdiction to hear the plaintiffs' claims.

D. Request For Transfer to the Federal Circuit

The plaintiffs request that this case be transferred to the Federal Circuit in the event that this Court finds that it lacks subject matter jurisdiction. Transfers to cure a lack of jurisdiction are governed by 28 U.S.C. § 1631 ("Whenever a civil action is filed in a court . . . and that court finds that there is a want of jurisdiction, the court shall, if it is in the interest of justice, transfer such action or appeal to any other such court in which the action or appeal could have been brought at the time it was filed or noticed . . ."). The statute instructs that a court shall transfer the case if it is in the interest of justice to do so. *See Sigram Schindler*, 675 F. Supp. 2d at 639. Here, the plaintiffs filed the Complaint in good faith based on the status of the law before the 1999 amendments. *See id.* ("provided that [the plaintiff] in good faith files a civil action in the D.C. District Court within sixty days of the BPAI's issuance of an adverse decision, [the plaintiff] will still be afforded an appeal in the Federal Circuit in the event that the D.C. District Court determines that it lacks jurisdiction under § 306 and transfers the case to the Federal Circuit 'in the interest of justice' pursuant to § 1631."'). Additionally, the defendant has not opposed the plaintiffs' request for transfer. *See* Def.'s Reply at 10.

While both parties indicate that, if this Court finds that it does not have jurisdiction, a transfer would be appropriate, the Court recognizes that this is an unusual transfer, from a district

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court to a court of appeals. By transferring this case, this Court does not in any way pre-judge the Federal Circuit's own determination about whether it has jurisdiction over this lawsuit.

Accordingly, the plaintiffs' request to transfer the case to the Federal Circuit is granted.

IV. CONCLUSION

For the reasons discussed above, the defendant's Motion to Dismiss is granted and the case shall be transferred to the U.S. Court of Appeals for the Federal Circuit under 28 U.S.C. § 1631. An Order consistent with this Opinion shall be entered.

DATED: March 5, 2012

/s/ Beryl A. Howell
BERYL A. HOWELL
United States District Judge

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UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

TELES AG, *et al.*,

Plaintiffs,

v.

DAVID J. KAPPOS, Under Secretary of
Commerce for Intellectual Property and
Director, United States Patent and Trademark
Office,

Defendant.

Civil Action No. 11-00476 (BAH)
Judge Beryl A. Howell

ORDER


Upon consideration of the Complaint in this case, the pending motion, the related legal memoranda, and the applicable law, it is hereby

ORDERED that, for the reasons set forth in the accompanying Memorandum Opinion, the defendant's Motion to Dismiss, ECF No. 9, is GRANTED; and it is further

ORDERED that, for the reasons set forth in the accompanying Memorandum Opinion, the case shall be transferred to the U.S. Court of Appeals for the Federal Circuit.

SO ORDERED.

DATED: March 5, 2012


BERYL A. HOWELL
United States District Judge