

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

KIOSOFT TECHNOLOGIES, LLC and TECHTREX, INC.
Petitioners

v.

PAYRANGE, INC.
Patent Owner

U.S. Patent No. 11,488,174
Issued: November 1, 2022
Filed: July 21, 2020
Inventor: Paresh K. Patel
Title: Method And System For Performing Mobile Device-To-Machine Payments

Post-Grant Review No. PGR2023-00045

**PETITIONERS' REPLY TO PATENT OWNER'S
PRELIMINARY RESPONSE**

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Patent Trial and Appeal Board
U.S. Patent and Trademark Office
P.O. Box 1450
Alexandria, VA 22313-1450

Pursuant to the Board’s authorization of December 28, 2023 (EX3001), Petitioners respectfully submit this Reply to address the Patent Owner’s misrepresentation and reliance on prosecution history estoppel (“PHE”) to improperly import limitations into the claims.

In the Patent Owner’s Preliminary Response (POPR), the Patent Owner argues that claim 1 of the ’174 patent should be considered patent-eligible under §101 primarily due to its alleged inclusion of short-range and long-range communication modes, relying on PHE to read limitations from the specification and prosecution history into the claim. This argument is improper and defies well-established legal principles.

I. Claims must explicitly define the invention’s scope to be patent-eligible.

While “prosecution history can often inform the meaning of the claim language by demonstrating how the inventor understood the invention and whether the inventor limited the invention in the course of prosecution,” *Phillips v. AWH Corp.*, 415 F.3d 1303, 1317 (Fed. Cir. 2005) (*en banc*), and “[a] patentee may, through a clear and unmistakable disavowal in the prosecution history, surrender certain claim scope to which he would otherwise have an exclusive right by virtue of the claim language,” *Vita-Mix Corp. v. Basic Holding, Inc.*, 581 F.3d 1317, 1324 (Fed. Cir. 2009), the prosecution history of the ’174 patent does not support

the Patent Owner's allegations regarding the claims. At best, the prosecution history of the '174 patent is ambiguous and confusing.

The Patent Owner argues that its statements in PGR2021-00077 narrow the scope of claim 1 to require short-range and long-range communication modes. POPR at 17-24. Petitioner disagrees. While a patentee may, through a clear and unmistakable disavowal in the prosecution history, surrender certain claim scope, there was no such clear or unmistakable disavowal in the prosecution history of the '174 patent. Instead, in the analysis of the '174 patent claims, the Examiner ignored the long-standing warning set out in *Phillips*, 415 F.3d at 1320, and committed the cardinal sin of patent law—the Examiner read numerous limitations from the written description into the claims, including, for example, “adapter module,” “payment accepting unit,” and “electronic payment device of the automatic retail machine.” EX1002 at 21-25.

Patent Owner's reliance on, *inter alia*, *Aylus Networks, Inc. v. Apple Inc.*, 856 F.3d 1353 (Fed. Cir. 2017), and *Augustine Med., Inc. v. Gaymar Indus.*, 181 F.3d 1291 (Fed. Cir. 1999) (POPR at 19-20) is misplaced. Neither case suggests that ambiguous statements made during prosecution history will narrow the scope of a resulting patent claim. *Aylus* found that statements made in an IPR proceeding can lead to prosecution disclaimer, and *Augustine Med., Inc.* found that the

prosecution history of a parent application may limit the scope of a later application using the same claim term.

Clarity in claims informs the public, inventors, and competitors about granted rights. Claims that are not clear and distinct can increase litigation due to disputes over interpretation and scope, hindering innovation.

The Patent Owner misunderstands *Elkay Mfg. Co. v. Ebco Mfg. Co.*, 192 F.3d 973 (Fed. Cir. 1999) when it argues that the earlier PGR2021-00077 narrows claims for discretionary denial. *Elkay* found that the patent owner disclaimed certain claim interpretations during prosecution, which disclaimers were used to narrow the claim construction. *Elkay* does not speak to using PHE against subject matter ineligibility arguments or otherwise contradict the well-established Two-Step framework for eligibility analysis under § 101. § 101 analysis determines if claimed subject matter is patent-eligible, while PHE prevents a patentee from overextending the scope of the issued claims in view of the patentee's statements and amendments.

Patent-eligibility analysis focuses on the claims' explicit content, not the Patent Owner's representations made during prosecution. The Patent Owner's argument that the "Examiner arrived at the same understanding of the claims that PayRange had advocated" is incorrect. If, *arguendo*, the Examiner arrived at an understanding contrary to the explicit language of the claims, then the Patent

Owner's argument would only serve to establish legal error by the Office. *Alice Corp. v. CLS Bank International*, 573 U.S. 208, 217 (2014) emphasized the importance of avoiding the “draftsman’s art” of clever claim drafting to circumvent the basic exceptions to § 101, as the Patent Owner attempts to do here. In *Diamond v. Diehr*, 450 U.S. 175 (1981), the Court emphasized that the explicit language of the claim should guide the patent-eligibility determination, discouraging dissecting claims into their individual components in a way that ignores their collective contribution. *Diamond*, 450 U.S. at 188.

In *Two-Way Media Ltd.*, the Federal Circuit affirmed that claims directed to abstract ideas without additional elements to transform them into patent-eligible claims are not patentable. *Two-Way Media Ltd. v. Comcast Cable Commc'ns, LLC*, 874 F.3d 1329, 1339 (Fed. Cir. 2017) (citations omitted). The Court emphasized the principle that, for patent-eligibility under § 101, the explicit language of the claims must contain an inventive concept or specific implementation details, notwithstanding the patentee’s reliance on the specification to solve various problems.

These precedents reinforce that importing limitations into a claim to assert patent-eligibility is not consistent with either PHE or the *Alice-Mayo* framework. Patent-eligibility is grounded in the explicit language of the claims. If a claim covers patent-ineligible subject matter under § 101, then the prosecution history

cannot rectify this. The ineligibility arises from the claimed subject matter itself, not from prior considerations of an issued parent patent. The *Alice-Mayo* framework does not incorporate PHE as a factor. Therefore, discretionary denial should not be based on the Patent Owner's erroneous theory.

II. PHE does not narrow claims to overcome § 101 patent-ineligibility

The Patent Owner contradicts the well-established legal purpose of the PHE doctrine by suggesting that the doctrine can be used to implicitly include features not present in the claims to avoid § 101 ineligibility. PHE is a legal doctrine that restricts a patentee from later broadening its claims beyond what was surrendered during the patent prosecution process to attain issuance of the patent. This principle balances the interests of the patentee with the public's right to fair notice of the scope of the patented invention.

In *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722 (2002), the Supreme Court elucidated the scope and implications of PHE. The Court clarified that PHE could limit a patent's scope when amendments are made during prosecution to satisfy statutory requirements. This limitation is a trade-off for obtaining the patent; the patentee cannot later reclaim what was relinquished during prosecution.

The Patent Owner's argument suggests utilizing PHE to implicitly include features not originally claimed to overcome § 101 ineligibility. This is contrary to

the doctrine's established purpose, which is to provide clarity and prevent post-grant broadening of claims. Allowing PHE to be applied in a manner to *avoid* an explicit claim construction and later argue a claim element's inclusion to escape invalidity arguments would be a misapplication of the principle articulated in *Festo*.

III. No presumption of including unclaimed features in claim based on PHE

The Patent Owner's discretionary denial argument incorrectly relies on PHE to read unclaimed features into claim 1, which reliance violates well-established legal precedents and statutory mandates. The prosecution history serves an essential public notice function. Competitors and the public rely on the patentee's representations during prosecution to determine lawful conduct.

In the case at hand, the Patent Owner's approach of avoiding explicit narrowing of the scope of claim 1, while also reading limitations into the claims for patent-eligibility purposes, can be seen as an attempt to obscure the true boundaries of claim 1 from the public. This tactic can lead to ambiguity and uncertainty, which are detrimental to the predictability and reliability of patent rights.

Clarity and definiteness in claims are not just desirable attributes but crucial requirements in patent law. 35 U.S.C. § 112(b). Claims must distinctly claim and point out the subject matter regarded by the inventor as the invention. Lack of clarity can lead to claims being interpreted in a way that extends beyond the actual

boundaries of the invention, leading to legal and commercial uncertainties. This requirement for clarity and definiteness ensures that the public is informed of the scope of the rights granted by the patent and prevents the patentee from claiming more than what was actually invented and disclosed.

In the current case, the Patent Owner's attempt to circumvent § 101 ineligibility by asserting that limitations that are not explicitly contained in a claim should nonetheless narrow the claim's scope is contrary to established legal principles and undermines the integrity of the patent system. The patent claims must be interpreted based on their explicit language, thereby ensuring clarity, predictability, and fairness in the patent rights granted.

IV. CONCLUSION

For at least the foregoing reasons, Petitioners respectfully request that the Board reject Patent Owner's reliance on Prosecution Disclaimer.

Dated: January 9, 2024

Respectfully submitted,

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CERTIFICATE OF SERVICE

The undersigned certifies service pursuant to 37 C.F.R. §§ 42.6(e) and 42.205(b) on the Patent Owner on the signature date below via email a copy of this Petitioners' Reply to Patent Owner's Preliminary Response at the email addresses below.

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Date: January 9, 2024

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