

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.

Case No. PGR2023-00045
Patent No. 11,488,174

PATENT OWNER'S PRELIMINARY SUR-REPLY

TABLE OF CONTENTS

I.	Petitioners’ Legal Argument Is Unsupported and Contrary to Precedent.....	1
II.	Petitioners Do Not Substantively Dispute the Facts	5
III.	Conclusion	7

Petitioners' preliminary reply does not dispute that claim 1 is patent-eligible if it includes short-range and long-range communication modes. Nor does it substantively dispute that claim 1 includes both of these modes if the doctrine of prosecution history estoppel ("PHE") applies to §101 analysis. The reply thus boils down to an argument that the intrinsic record must be excluded from consideration when analyzing claim scope for purposes of §101. *See* Reply, 3-5. But there is no legal basis for this novel, precedent-defying legal theory.

I. Petitioners' Legal Argument Is Unsupported and Contrary to Precedent

Petitioners insist that the standard rules for evaluating claim scope do not apply when conducting §101 analysis. They acknowledge in general that prosecution history can inform a claim's meaning and that patent owners can surrender claim scope during prosecution. Reply, 1-2. But they argue that different rules apply here because §101 analysis supposedly "focuses on the claims' explicit content, not the Patent Owner's representations made during prosecution." *Id.*, 3; *see also id.*, 4-5 (arguing PHE cannot apply to §101 analysis). Petitioners thus propose a novel legal theory that a claim can have a different scope for purposes of §101 analysis than it has for other statutory requirements.

The case law squarely refutes Petitioners' argument. "In determining what the claims are directed to and whether they are directed to an abstract idea, a court may well consult the plain claim language, written description, *and prosecution*

history....” CardioNet, LLC v. InfoBionic, Inc., 955 F.3d 1358, 1372-73 (Fed. Cir. 2020) (emphasis added); *see also Mortg. Application Techs., LLC v. MeridianLink, Inc.*, 839 F. App'x 520, 524-26 (Fed. Cir. 2021) (analyzing prosecution history when conducting §101 analysis). Claims are thus interpreted in light of the prosecution history for purposes of §101, just like other statutory requirements.

The doctrine of PHE is no exception. For example, in *SRI*, the Federal Circuit expressly analyzed PHE when holding claims patent-eligible under §101. *SRI Int'l, Inc. v. Cisco Sys., Inc.*, 930 F.3d 1295, 1302-06 (Fed. Cir. 2019). While the court ultimately determined that the patent owner's statements did not trigger PHE on that record, the fact that the court conducted a PHE analysis in the first place confirms that the doctrine of PHE can apply when analyzing claim scope for purposes of §101. *Id.*, 1305-06.

In addition to overlooking precedent refuting their argument, Petitioners misread the cases that they do cite. They argue that the “*Alice-Mayo* framework does not incorporate PHE as a factor.” Reply, 4-5 (citing, *inter alia*, *Alice Corp. v. CLS Bank Int'l*, 573 U.S. 208, 217 (2014)). But the mere fact that the Court did not expressly discuss PHE in *Alice* does not mean that PHE is categorically excluded from §101 analysis. The application of PHE, like other well-established rules of claim interpretation, simply was not before the Court in that case.

Petitioners also misunderstand *Diehr* and *Two-Way Media*. They argue that in *Diehr*, 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.” Reply, 4 (citing *Diamond v. Diehr*, 450 U.S. 175, 188 (1981)). But *Diehr* does not state that only the “explicit language” of the claims can be considered, nor does it otherwise carve out §101 from the standard approach to interpreting claims in light of the intrinsic record. The cited passage merely notes that §101 considers claims “as a whole” rather than as a piecemeal collection of individual claim elements, which is consistent with the Office’s previous analysis of the ’174 claims. *Diehr*, 450 U.S. at 188.

Petitioners similarly misread *Two-Way Media*. 874 F.3d at 1335-36. They argue that, for purposes of §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.” Reply, 4 (citing *Two-Way Media Ltd. v. Comcast Cable Commc’ns, LCC*, 874 F.3d 1329, 1339 (Fed. Cir. 2017)). But *Two-Way Media* does not hold that §101 analysis excludes consideration of the intrinsic record when interpreting claim scope. Rather, the court merely noted that the patent owner’s proposed interpretation of

the claims did not change the outcome and that the alleged inventive concept was not captured in the claims. *Two-Way Media*, 874 F.3d at 1338-39.

Petitioners’ misunderstanding of *Diehr* and *Two-Way Media* appears to stem from their general failure to recognize that, under standard principles of claim interpretation (including PHE), what the ’174 claims capture is determined *by* reading them in light of the intrinsic record. They argue that “[i]f a claim covers patent-ineligible subject matter under §101, then the prosecution history cannot rectify this” and that patent-eligibility follows “from the claimed subject matter itself, not from prior considerations of an issued parent patent.” Reply, 4-5. But the prosecution history—which includes prior arguments made to the Office during proceedings involving a parent patent—may inform what “the claimed subject matter” is in the first place. *See also Augustine Med., Inc. v. Gaymar Indus.*, 181 F.3d 1291, 1300-01 (Fed. Cir. 1999) (relevant prosecution history encompasses amendments and arguments in parent application); *see also Aylus Networks, Inc. v. Apple Inc.*, 856 F.3d 1353, 1359-61 (Fed. Cir. 2017) (prosecution disclaimer considers arguments made during AIA proceedings involving issued patent). The claims at issue *always* captured the short-range and long-range communication modes, as recognized by the Examiner, so there was never anything to “rectify.”

Petitioners’ policy arguments exhibit the same misunderstanding. They argue that considering PHE for purposes of §101 “is contrary to the doctrine’s

established purpose, which is to provide clarity and prevent post-grant broadening of claims” and misapplies *Festo*’s principle that “the patentee cannot later reclaim what was relinquished during prosecution.” Reply, 5-6 (citing *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722 (2002)). But PayRange’s consistent explanation, before and after issuance, of the claims’ *limited* scope is not “post-grant broadening” or “reclaim[ing] what was relinquished during prosecution.” Reply, 5-6. The Examiner’s consideration of PayRange’s clear, unambiguous statements regarding claim scope for purposes of §101 during the prior PGR is also consistent with *Festo*. *Festo*, 535 U.S. at 723 (PHE may be triggered by amendments made to satisfy “any Patent Act requirement”).

Thus, despite having maligned the Examiner as misunderstanding the law and having “sour grapes” (Pet., 23), Petitioners’ flawed legal analysis confirms that the Examiner’s consideration of the prosecution history was proper.

II. Petitioners Do Not Substantively Dispute the Facts

As to why they should prevail if the intrinsic record is *not* excluded from consideration, Petitioners offer nothing but conclusory assertions that the prosecution history is ambiguous. Having failed to engage with the record, Petitioners demonstrate no Examiner error and effectively concede that denial is warranted if their unsupported, precedent-defying legal argument is not adopted.

Petitioners’ discussion of the record is wholly conclusory. They argue that the Examiner read limitations into the claims (Reply, 2), but they offer no supporting analysis beyond the flawed legal arguments discussed above. They argue that the prosecution history is “ambiguous and confusing” but again fail to offer supporting analysis. *Id.* This failure is understandable, since PayRange’s crystal clear arguments from the parent patent’s PGR were submitted to and considered by the Examiner, who then correctly agreed that all claims included short-range and long-range communication modes. POPR, 19-22; EX1002, 18-29. Petitioners similarly argue that PayRange misapplies *Aylus* and *Augustine Med.* because “neither case suggests that ambiguous statements made during prosecution history will narrow the scope of a resulting claim.” *Id.*, 2-3 (citing, *inter alia*, POPR, 19-20). But they identify no such statements, let alone prove that any statements are “ambiguous.”

Petitioners’ accusations against PayRange are equally conclusory and wrong. They argue that PayRange is “avoiding explicit narrowing of the scope of claim 1” and “obscur[ing] the true boundaries of claim 1 from the public.” Reply, 6. But during the PGR of the ’833 patent, PayRange argued “repeatedly and consistently that all the claims—including claim 1—had the features of a short-range communication mode and a long-range communication mode.” POPR, 18-19 (citing PGR2021-00077, Paper 11 at 19-20, 23; PGR2021-00077, Paper 7 at

19). PayRange has been equally explicit regarding the '174 claims. *E.g.*, POPR, 18 (“[C]laim 1 includes the short-range communication mode and the long-range communication mode.”); 19-20 (statements from PGR2021-00077 inform scope of '174 claims). Petitioners do not even attempt to explain how PayRange’s clear, consistent statements are somehow obscuring the scope of claim 1 from the public.

Petitioners’ lack of substantive analysis only confirms that PayRange’s prior statements clearly and unambiguously informed the public about the scope of '174 claim 1. All claims thus require short-range and long-range communication modes, features that Petitioners do not dispute render the claims patent-eligible.

III. Conclusion

Contrary to Petitioners’ flawed legal theory, the standard principles of claim interpretation—including PHE—apply to §101 analysis. With Petitioners offering nothing but conclusory assertions that the prosecution history is ambiguous, there is no substantive dispute that the PHE was triggered here and that all '174 claims include short-range and long-range communication modes. The reply does not dispute that the claims are patent-eligible if, as the Examiner concluded, they are interpreted to include these communication modes. Petitioners’ reply thus confirms that the Office’s previous analysis was correct.

Accordingly, for at least the reasons set forth above, institution of inter partes review should be denied.

Respectfully submitted,

Dated: January 19, 2024

/Matthew A. Argenti/
Matthew A. Argenti, Lead Counsel
Reg. No. 61,836

CERTIFICATE OF SERVICE

The undersigned certifies that the foregoing Patent Owner's Preliminary Sur-Reply was served on January 19, 2024, on Petitioners at the electronic correspondence addresses of Petitioners as follows:

Holiday Banta
Safet Metjahic
Thomas Rammer
ICE MILLER LLP
H.Banta@icemiller.com
Safet.Metjahic@icemiller.com
Tom.Rammer@icemiller.com

Dated: January 19, 2024

/Matthew A. Argenti/
Matthew A. Argenti, Lead Counsel
Reg. No. 61,836