

PTAB Shifts 'Midstream,' Puts Unusual End To CBM Review

By **Matthew Bultman**

Law360, New York (November 16, 2016, 3:50 PM EST) -- Nearly a year after it agreed to examine a Securus Technologies Inc. patent in the covered business method review program, the Patent Trial and Appeal Board abruptly ended the proceeding Tuesday, deciding the patent didn't relate to a financial product after all.

Under the America Invents Act, CBM review is restricted to patents used in the practice or management of a "financial product or service." The PTAB said Global Tel*Link Corp. failed to show the patent, which is related to call processing technology, met that condition and qualified for CBM review.

For one dissenting judge, this amounted to "changing of theories midstream," following the PTAB's decision to institute review last November. While recognizing the board's reconsideration powers, Administrative Patent Judge Barbara Benoit said there are limitations.

"It is my view that petitioner was not given sufficient notice of the majority's intent to reconsider the issue, which implicates at least one of these limitations on the exercise of inherent power in this CBM review," the judge wrote. "The majority's action also raises the question of whether the reconsideration occurs within a reasonable time."

The patent at issue is part of a series of patents owned by Securus related to call-processing and call-billing technology used in correctional facilities. Securus and GTL compete in this space and each has accused the other of violating protected inventions.

On Nov. 25 of last year, the PTAB agreed to examine the Securus patent in CBM review, finding GTL had shown it was more likely than not that each of the claims were directed to an abstract idea and therefore invalid.

From the outset, Securus has argued the patent wasn't appropriate for the CBM program because it said there was no language in any of the claims that were financial in nature or that recited any product or service particular to a financial institution.

The PTAB initially disagreed, citing testimony from Leonard Forys, an expert for GTL. The board also noted there was a dollar sign in one of the patent's pictures, something it said was "an implication that the claims were at least tangential to a financial service."

“Upon further consideration of the claims as a whole, we do not agree with petitioner or Dr. Forys, for multiple reasons,” the board wrote Tuesday, reversing course on its own accord.

For example, the majority decided the dollar sign didn’t actually represent the invention was directed to a system for calling services that require payment. Rather, it was used because it represented an event - like someone accepting a collect call from an inmate - that occurred during a monitored call.

“[T]he invention is directed to monitoring and noting events that occur during a monitored call, regardless of whether the event involves money,” it wrote.

The decision comes about two months after the PTAB heard oral arguments in the case, which had been fully briefed by both sides. Judge Benoit in her dissent said she thought the board should have issued a final decision on the merits, leaving Securus free to raise the other issues on appeal.

“In my view, the majority’s action of sua sponte reconsidering and reversing our determination that the challenged patent is a covered business method patent constitutes changing theories in midstream,” she wrote.

The PTAB has previously examined this same patent another AIA review proceeding, inter partes review. In separate final decisions earlier this year, it found all the claims to be unpatentable. Securus has appealed to the Federal Circuit.

Erika H. Arner of Finnegan Henderson Farabow Garrett & Dunner LLP, an attorney for Securus, said their side was pleased with the ruling, while noting there were several other PTAB proceedings between the two companies.

“We are hopeful this success for Securus continues in the decisions that will be issuing over the next couple of months,” she said.

GTL, for its part, said in a statement it viewed the decision as a "non-event."

"While it would have been nice to win the CBM, that decision does nothing to affect the PTAB’s earlier rulings," it said.

The patent at issue is U.S. Patent No. 7,860,222.

Securus is represented by Erika H. Arner, Darren M. Jiron, Michael V. Young, Daniel C. Tucker, Brandon S. Bludau, Jason E. Stach, Benjamin A. Saidman and Justin N. Mullen of Finnegan Henderson Farabow Garrett & Dunner LLP.

GTL is represented by Michael D. Specht, Michael B. Ray and Ross G. Hicks of Sterne Kessler Goldstein & Fox PLLC.

The case is Global Tel*Link Corp. v. Securus Technologies Inc., case number CBM2015-00145, before the Patent Trial and Appeal Board.

—Editing by Joe Phalon.

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