RECORD OF ORAL HEARING

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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HUGHES NETWORK SYSTEMS LLC and

HUGHES COMMUNICATIONS, INC.

Petitioner

vs.

CALIFORNIA INSTITUTE OF TECHNOLOGY

Patent Owner

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Case IPR2015-00059
Patent 7,916,781
Application 12/165606
Technology Center 2600

- - - - - -

Oral Hearing Held: February 10, 2016

Before: GLENN J. PERRY, KALYAN K. DESHPANDE,
TREVOR M. JEFFERSON, Administrative Patent Judges

The above-entitled matter came on for hearing on Wednesday,
February 10, 2016 at the U.S. Patent and Trademark Office, 600 Dulany
Street, Alexandria, Virginia in Hearing Room A, at 10:00 a.m.
REPORTED BY: Karen Brynteson, RMR, CRR, FAPR

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	P R O C E E D I N G S
1	P R O C E E D I N G S
2	(10:00 a.m.)
3	JUDGE PERRY: We're on the record. We're
4	convened this morning after our snow delay for oral argument
5	in IPR2015-00059, Hughes versus California Institute of
6	Technology.
7	The patent at issue is 7,916,781. Per our trial
8	order, each side gets 60 minutes to argue from the record.
9	Petitioner, of course, has the ultimate burden of proof and will
10	argue first and Petitioner may reserve time for rebuttal.
11	If you haven't done so already, counsel, please
12	give your card to the court reporter so we get your names
13	correct. I'm aware of one outstanding motion by Patent
14	Owner, a motion to strike and exclude, which is Paper 32,
15	opposed at Paper 35.
16	Are there any other outstanding motions? Okay.
17	So, Petitioner, when ready, you may begin.
18	MR. WILLIAMS: Thank you very much, Your
19	Honor.
20	JUDGE PERRY: Do you want to reserve any time?
21	MR. WILLIAMS: I would like to reserve 30
22	minutes --
23	JUDGE PERRY: Okay.
24	MR. WILLIAMS: -- of my time. And I have hard
25	copies of the demonstratives, if the Board would like them.

1   JUDGE PERRY: I would appreciate a copy.

2   MR. WILLIAMS: Your Honor, if I could begin, let

3   me introduce myself. My name is Eliot Williams. I represent

4   the Petitioner in this proceeding. With me is co-counsel,

5   Hopkins Guy. Jamie Lin is also here as co-counsel for

6   Hughes. And in-house corporate counsel for intellectual

7   property is Cory Myers, is also here with us today as well.

8   Your Honor, I am going to begin with the

9   substantive challenge to claims 1 and 2 of the challenged

10   patent. And essentially what has occurred here is the Patent

11   Owner has simply overclaimed.

12   They have claimed activity that was in the prior

13   art, activity that was published in a paper by one of the

14   co-inventors of the challenged patent, actually, more than a

15   year before the patent was filed.

16   The Board has already provided some preliminary

17   claim constructions in the case, which I will make reference to

18   in a moment, and the Patent Owner has attempted to challenge

19   some of those claim constructions, or at least it appears that's

20   what the Patent Owner is doing.

21   Really the focus of the claim is on these two steps.

22   There is a first encoding operation and a second encoding

23   operation. And I am referring here to slide 2 of the

24   demonstratives, which shows claim 1.

1   With respect to the first encoding operation, as the

2   Board knows, this limitation requires that there be a linear

3   transform operation. And the Board did interpret "linear

4   transform operation."

5   The Board's Institution decision's construction is

6   shown in slide 3. Essentially a linear transfer operation is one

7   that obeys the laws of linear algebra.

8   The Patent Owner has proposed a different

9   construction. They say that this first encoding operation

10   cannot be just any linear transform but must have some

11   specific properties and, in particular, they say it must involve

12   the irregular repetition and scrambling of bits. Although they

13   don't always use this formulation in their response, that

14   appears to be their argument.

15   So we would contend that the Board's construction

16   was correct. It was the plain meaning of "linear transform

17   operation." This was confirmed during the deposition of

18   Patent Owner's expert, who was asked about the idea of linear

19   transformation, whether it had an ordinary meaning in the art,

20   and he admitted that it did. And it was the meaning that the

21   Board had gave it in the Institution decision. It is just a linear

22   transform operation. That's what that term means.

23   So the Patent Owner turns to the specification in

24   an attempt to narrow that construction. As set forth in our

25   reply brief, we think those arguments are defective. The

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