

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

CISCO SYSTEMS, INC.,	§	
	§	
Plaintiff/Counterclaim-Defendant,	§	
	§	
v.	§	
	§	
TELES AG	§	C.A. No. 09-232 (SLR)
INFORMATIONSTECHNOLOGIEN,	§	
	§	
Defendant/Counterclaim-Plaintiff.	§	
	§	
	§	
	§	
	§	

**PLAINTIFF CISCO SYSTEMS INC.’S FIRST
AMENDED REPLY TO DEFENDANT TELES AG
INFORMATIONSTECHNOLOGIEN’S FIRST AMENDED COUNTERCLAIMS**

Plaintiff Cisco Systems, Inc. (“Cisco”) replies to the First Amended Counterclaims of Defendant Teles AG Informationstechnologien (“Teles”) by specifically denying each and every allegation contained therein, except those that are specifically admitted, modified, or qualified in this First Amended Reply.

JURISDICTION AND VENUE

1. Paragraph 1 of Teles’ First Amended Counterclaims incorporates Paragraphs 1 through 12 of Teles’ Answer, which responds to Paragraphs 1 through 12 of Cisco’s Complaint. Cisco admits this paragraph to the extent set forth in Cisco’s Complaint and denies the remaining allegations in Paragraph 1 of Teles’ First Amended Counterclaims.

2. Cisco admits that Teles purports to state a claim under 28 U.S.C. § 1338(a) and the patent laws of the United States, 35 U.S.C. § 1 et seq. Cisco denies the remaining allegations in Paragraph 2 of Teles’ First Amended Counterclaims.

3. Cisco admits that this Court has jurisdiction over this action under one or more of 28 U.S.C. §§ 1331, 1332(a) and 1338(a). Cisco denies the remaining allegations in Paragraph 3 of Teles' First Amended Counterclaims.

4. Cisco admits that venue is proper in this district for the purposes of this action. Cisco denies the remaining allegations in Paragraph 4 of Teles' First Amended Counterclaims.

NATURE OF THE CASE

Cisco admits that Teles purports that its Counterclaims seek legal and equitable relief from infringement. Cisco denies all allegations of infringement of Teles' patent rights contained within Teles' First Amended Counterclaims. Cisco denies the remaining allegations in this unnumbered paragraph of Teles' First Amended Counterclaims.

FACTS

5. Upon information and belief, Cisco admits the allegations in Paragraph 5 of Teles' First Amended Counterclaims.

6. Cisco admits that the '453 patent bears the title "Method For Transmitting Data In A Telecommunications Network And Switch for Implementing Said Method" and that the '453 patent indicates that it was issued on October 11, 2005 (the "'453 patent issue date"). Cisco further admits that 35 U.S.C. § 282 provides that patents "shall be presumed valid." Cisco denies the remaining factual allegations in Paragraph 6 of Teles' First Amended Counterclaims. Teles' statement that the claims of the '453 patent are presumed valid is a conclusion of law that requires no response from Cisco.

7. Cisco admits that the '902 patent bears the title "Method For Transmitting Data In A Telecommunications Network And Switch for Implementing Said Method." Cisco further admits that the face of the patent indicates that it was issued from a patent application filed as a

continuation of the application from which the '453 patent issued. Cisco denies the remaining factual allegations in Paragraph 7 of Teles' First Amended Counterclaims.

8. Cisco admits that the October 3, 2006 Interview Summary states that "Applicant's attny., Vince Deluca, agreed to cancel 105-117 in view of the newly cited references...." Cisco denies the remaining factual allegations in Paragraph 8 of Teles' First Amended Counterclaims.

9. Cisco admits that the October 3, 2006 Notice of Allowability states that "Claims 105-117 are cancelled as requested by the Applicant." Cisco denies the remaining factual allegations in Paragraph 9 of Teles' First Amended Counterclaims.

10. Cisco admits that the face of the '902 patent indicates that it was issued on December 5, 2006. Cisco further admits that the '902 patent erroneously includes claims numbered 105-117. Cisco denies the remaining factual allegations in Paragraph 10 of Teles' First Amended Counterclaims.

11. Cisco admits that a request for a Certificate of Correction seeking to correct the Patent Office's erroneous listing of claims 105-117 on the '902 patent was filed on December 7, 2006. Cisco admits that the Certificate of Correction dated January 23, 2006 states "Claims 105-117 were cancelled and should not appear in the patent." Cisco denies the remaining factual allegations in Paragraph 11 of Teles' First Amended Counterclaims.

12. Cisco admits that Teles' assertion of infringement is not based on claims 105-117 of the '902 patent. Cisco denies the remaining factual allegations in Paragraph 12 of Teles' First Amended Counterclaims.

13. Teles' statement that the claims of the '902 patent are presumed valid is a conclusion of law that requires no response from Cisco. To the extent that a response is

required, Cisco denies the factual allegations in Paragraph 13 of Teles' First Amended Counterclaims.

14. Admitted.

15. Cisco admits that it places or has placed the following products in the stream of commerce:

- Cisco 2691 Multiservice Platforms, Cisco 2651XM Multiservice Routers, Cisco 2650XM Multiservice Routers, Cisco 2621XM Multiservice Routers, Cisco 2620XM Multiservice Routers, Cisco 2611XM Multiservice Routers, Cisco 2610XM Multiservice Routers, and Cisco 2612XM Multiservice Routers.
- Cisco 2851 Integrated Services Routers, Cisco 2811 Integrated Services Routers and Cisco 2821 Integrated Services Routers;
- Cisco 3662 Telco Versatile DCN Access Platforms;
- Cisco 3745 Multiservice Access Routers and Cisco 3725 Multiservice Access Routers;
- Cisco 3845 Integrated Services Routers and Cisco 3825 Integrated Services Routers;
- Cisco 7204VXR Routers and Cisco 7206VXR Routers; and
- Cisco 7507 Routers and Cisco 7513 Routers.

Cisco denies the remaining factual allegations in Paragraph 15 of Teles' First Amended Counterclaims.

COUNT I: INFRINGEMENT OF THE '453 PATENT

16. Cisco incorporates its responses to Paragraphs 1 through 15 as though fully set forth herein.

17. Denied.

18. Denied.

19. Denied.

20. Denied.

21. Denied.

22. Denied.

COUNT II: INFRINGEMENT OF THE '902 PATENT

23. Cisco incorporates its responses to Paragraphs 1 through 22 as though fully set forth herein.

24. Denied.

25. Denied.

26. Denied.

27. Denied.

28. Denied.

29. Denied.

DEFENSES

FIRST DEFENSE
NON-INFRINGEMENT OF THE '453 PATENT

30. Cisco incorporates by reference and re-alleges each and every allegation contained in its responses to Paragraphs 1 through 29 as though fully set forth herein.

31. Cisco has not infringed and does not infringe (either directly, contributorily or by inducement) any valid and enforceable claim of the '453 patent.

SECOND DEFENSE
INVALIDITY OF THE '453 PATENT

32. Cisco incorporates by reference and re-alleges each and every allegation contained in its responses to Paragraphs 1 through 31 as though fully set forth herein.

33. One or more of the claims of the '453 patent are invalid for failure to comply with 35 U.S.C. §§ 101, 102, 103 and/or 112, and the rules, regulations, and laws pertaining thereto.

THIRD DEFENSE
UNENFORCEABILITY OF THE '453 PATENT

34. Cisco incorporates by reference and re-alleges each and every allegation contained in its responses to Paragraphs 1 through 33 as though fully set forth herein.

35. On information and belief, the '453 patent is unenforceable because Mr. Sigram Schindler and prosecuting attorneys Messrs. D. Bruce Prout and Richard Paciulan, then of the law firm Christie, Parker & Hale LLP, deliberately and knowingly withheld, omitted and/or misrepresented material information in connection with the prosecution of the application which matured into the '453 patent in violation of the duty of candor to the United States Patent and Trademark Office ("PTO") prescribed in 37 C.F.R. § 1.56, including, without limitation, for the reasons set forth in Paragraphs 36 through 48. The information withheld and omitted by Mr. Schindler and Messrs. Prout and Paciulan was highly material, and, they made each of the

following omissions with the intent to deceive the '453 examiner and the Patent Office as further described below.

36. The '453 patent states that it was based upon U.S. Patent Application Serial No. 09/147,970 ("the '970 application"), which was filed on March 23, 1999 ("the '970 filing date"). The '453 patent further identifies the '970 application as claiming priority from international application PCT/DE97/02363 (the "PCT application"), which is identified as filed under the provisions of the Patent Cooperation Treaty on October 7, 1997 (the "PCT filing date"). The PCT application claims priority from two applications identified as being filed in Germany: DE 196 42 063 (the "DE '063 application"), identified as being filed on October 7, 1996; and DE 196 45 368 (the "DE '368 application"), identified as being filed on October 23, 1996. These applications also were cited by Teles as priority for a European Patent, No. EP0929884 B1 (the EP '884 patent).

37. The '453 patent identifies Messrs. Sigram Schindler, Andreas Illg, Karsten Lüdtkke and Franck Paetsch as named inventors. Mr. Schindler founded Teles in 1983, has remained with the company since its founding and is presently its Chief Executive Officer.

38. Prior to the issuance of the '453 patent, Quintum Technologies, Inc. ("Quintum") challenged the EP '884 patent in a nullity action filed in Germany (the "Quintum nullity"). The complaint in the Quintum nullity cited and described in detail material prior art references and systems. Both the contents of the Quintum nullity complaint and the cited prior art references themselves from that filing were not disclosed to the PTO during the prosecution of the '970 application, including:

- TAXI System, User Manual, Manual Version 2.0 (English Version), December 1995 (the "TAXI reference");
- IDB 64/2, Benutzer-Handbuch, Software Release 4.11, March 1996;

- Hans-Jochen Schneider, Lexikon der Informatik und Datenverarbeitung, 2d ed., 1986;
- Manu Malek, Integrated Voice and Data Communications Overview, IEEE Communications Magazine, vol. 26, no. 6, June 1988;
- Claude Wacker, Interconnection of LANs using ISDN, 2nd Joint European Networking Conference, May 1991;
- Vocaltec Introduces The Internet Phone Telephony Gateway Linking Traditional and Internet Telephone Networks, Press Release, March 8, 1996;
- Vocaltec Links Phones to Web, Discount Long Distance Digest News, August 2, 1996;
- NetWare MultiProtocol Router for ISDN 3.1 Installation and ISDN Configuration Guide, 1996;
- Telefonieren auf dem Novell-Netz, LANline, February 1995;
- LAN und TK-Funktionen wachsen zusammen, LANline, July 1995;
- Das LAN wird zur Telefonanlage, ntz, vol. 4/1995;
- Realisierung von LAN-Diensten über TK-Anlagen, ntz, vol. 12/1992;
- Christian J. Jenny and Karl Kümmerle, Distributed Processing Within an Integrated Circuit/Packet-Switching Node, IEEE Transactions on Communication, vol. Com-24, no. 10, October 1976;
- Gino J. Coviello and Robert E. Lyons, Conceptual Approaches to Switching in Future Military Networks, IEEE Transactions on Communication, vol. Com-28, no. 9, September 1980;
- Brij Bhushan and Holger Opderbeck, The Evolution of Data Switching for PBX's, IEEE Journal on Selected Areas in Communication, vol. Sac-3, no. 4, July 1985;
- Tohru Kohashi, et al., Integrated Circuit and Packet Switching Applications to a Loop System for Local Area Networks, IEEE Journal on Selected Areas in Communication, vol. Sac-3, no. 4, July 1985;
- Mark J. Karol and Michael G. Hluchyj, Using a Packet Switch for Circuit-Switched Traffic: A Queuing System with Periodic Traffic Input, IEEE Transactions on Communication, vol. 37, no. 6, June 1989; and

- William Stallings, ISDN and Broadband ISDN with Frame Relay and ATM, 3d ed., April 1995.

39. Mr. Schindler was involved in the Quintum nullity action and was aware of the references cited therein, because he or his attorneys were served with a copy of Quintum's nullity complaint and because Mr. Schindler was personally involved in the nullity proceedings.

40. Upon information and belief, Mr. Prout and Mr. Paciulan were also aware of the references as well, before the issuance of the '453 patent.

41. For reasons that include those enumerated in the Quintum nullity complaint, the prior art disclosed below is material to the patentability of the '453 patent, which is a counterpart of the patent challenged in Europe. The references should have been disclosed to the PTO during the prosecution of the '970 application prior to the issuance of the '453 patent on October 11, 2005.

42. The references were material to at least Claims 1-4, 21-24, 26 and 34 of the '453 patent. For example, independent claim 1 of the European patent challenged in the Quintum nullity action is materially the same as Claim 21 later allowed in the '453 patent.

Claim 1 of EP0929884

A method for transmitting data from a first switch to a second switch,

which are components of a line-switching network or have access to a line-switching network,

either by line-switching or by packet-switching, consisting of the following steps:

- a) formation of a connection over the line-switching network from the first switch to an access point of a packet-switching network,
- b) line-switching transmission of the data from the first switch to the access point of the packet-

Claim 21 of US Patent No. 6,954,453

A method for transferring data from a first end terminal to a second end terminal,

selectively by line-switching or packet switching, comprising:

- a) establishing a connection through a line-switching network from the first end terminal to an access point of a packet switching network;
- b) line-switching transferring of non-packetized data through said connection

switching network,	from the first end terminal to the access point of the packet-switching network;
c) packeting the data if it is not already in data packets,	c) packeting of the data into data packets
and packet-switching transmission of the data packets over the packet-switching network from the access point to the second switch,	and packet-switching transferring of the data packets through the packet-switching network from the access point to the second end terminal;
d) repeated checking whether there is a control signal for transfer to a line-switching connection to the second switch,	d) checking repeatedly whether a control signal exists for transferring to a line-switching connection to the second end terminal;
whereby this signal is emitted by the user of an end device or a network management,	
e) formation of a line-switching connection from the first switch to the second switch over the line-switching network when there is a corresponding control signal if such a line-switching connection does not already exist,	e) establishing the line-switching connection, during an existing transfer, through the line-switching network from the first end terminal to the second end terminal with a presence of the control signal, if the line-switching connection is not yet present; and
f) changing to line-switching data transmission during the existing connection	f) changing-over to a line-switching data transfer during the existing transfer
and transmission of the data to the second switch.	and transferring data over the line-switching connection to the second end terminal.

43. For example, and without limitation, various references, including the prior art documents “Taxi System, User Manual Version 2.0” December 1995,” and “IDB-64/2 Benutzerhandbuch” were highly material to the claims of the ‘453 patent because they disclose in the prior art that the method of, e.g., Claim 21 of the ‘453 patent, was known in the art through publications and already being practiced in Germany in one or more commercial devices.

44. These references, and others described in the Quintum nullity complaint, disclose for example, that the TAXI system in use as of late 1995 had an “intelligent” back-up function, in which a packet-switched data link between two switches is constantly monitored, and if the

link fails, the TAXI system automatically establishes a back-up line-switched connection so as to enable the system to change over to the line-switching back-up connection during the ongoing transfer of data between the switches.

45. Such a reference was material because it was not cumulative of the references already cited and it would have anticipated or rendered obvious at least Claim 21 of the '453 patent, which was allowed by the U.S. patent examiner after the existence of the Quintum nullity references were concealed from the examiner. A chart showing Claim 1 of the European patent challenged in the Quintum nullity action in a first column, the similar elements of Claim 21 of the '453 patent in a second column, and the disclosure of the TAXI reference that incorporates each element of those claims in a third column, which disclosure was set out in the Quintum nullity complaint, is attached as Exhibit A. The TAXI reference was not cumulative information at least because the TAXI reference is anticipatory and the Patent Office during the '453 examination did not find any of the cited references to be anticipatory of the claims as finally issued.

46. Mr. Paciulan and Mr. Prout (collectively the "Christie attorneys") and/or Mr. Schindler, all acting on behalf of Teles, deliberately and knowingly and with an intent to deceive the Patent Office withheld these material references in violation of the duty of candor to the PTO prescribed in 37 C.F.R. § 1.56.

47. Although Quintum had provided notice of these references to Teles and Mr. Schindler in or about July 2005, and although Mr. Schindler was personally participating in both the response to the Quintum nullity action and in the simultaneous prosecution of the '453 application, Mr. Schindler either withheld the references from his U.S. attorneys or Mr. Schindler and the Christie attorneys made a deliberate decision not to disclose them to the '453

examiners so as to cause the examiner to allow the '453 patent to issue with invalid claims, including Claim 21. At no time prior to the issuance of the '453 patent did Mr. Schindler or the Christie attorneys disclose the above references or the Quintum nullity action and the detailed discussion of the materiality of those references in the nullity action to the U.S. patent examiners for the '453 patent.

48. Indeed, Mr. Schindler and the Christie attorneys (who were attorneys of record for the '902 application and prosecution counsel from at least the filing of Application No. 11/165,280 on June 22, 2005 until February 9, 2006, when they were replaced by Mr. Vincent DeLuca and the firm of Novak Druce DeLuca & Quigg LLP), continued to withhold the above references and the existence of the Quintum nullity action from the U.S. examiners of the '902 patent as well. It was not until the filing of an IDS on or about March 20, 2006, that the references were submitted by the Novak Druce firm to the examiners during the '902 prosecution. The belated submission of these references during the '902 prosecution, which occurred only after the '453 patent had issued, is confirmation that the references were known to Mr. Schindler from at least the date of the Quintum nullity complaint, yet had been withheld from the U.S. examiners during the '453 examination.

FOURTH DEFENSE
NON-INFRINGEMENT OF THE '902 PATENT

49. Cisco incorporates by reference and re-alleges each and every allegation contained in its responses to Paragraphs 1 through 48 as though fully set forth herein.

50. Cisco has not infringed and does not infringe (either directly, contributorily or by inducement) any valid and enforceable claim of the '902 patent.

FIFTH DEFENSE
INVALIDITY OF THE '902 PATENT

51. Cisco incorporates by reference and re-alleges each and every allegation contained in its responses to Paragraphs 1 through 50 as though fully set forth herein.

52. One or more of the claims of the '902 patent are invalid for failure to comply with 35 U.S.C. §§ 101, 102, 103 and/or 112, and the rules, regulations, and laws pertaining thereto.

SIXTH DEFENSE
UNENFORCEABILITY OF THE '902 PATENT

53. Cisco incorporates by reference and re-alleges each and every allegation contained in its responses to Paragraphs 1 through 46 as though fully set forth herein.

54. The '902 patent is unenforceable due to infectious inequitable conduct as a result of inequitable conduct in the prosecution of the related '453 patent before the Patent Office by Mr. Sigram Schindler and prosecuting attorneys Messrs. D Bruce Prout and Richard Paciulan, then of the law firm Christie, Parker & Hale LLP. Acts constituting such inequitable conduct include, without limitation, at least those set forth in Paragraphs 55 through 70. The information withheld and omitted by Mr. Schindler and Messrs. Prout and Paciulan was highly material, and, they made each of the following omissions with the intent to deceive the '453 examiner and the Patent Office as further described below.

55. The '453 patent states that it was based upon U.S. Patent Application Serial No. 09/147,970 ("the '970 application"), which was filed on March 23, 1999 ("the '970 filing date"). The '453 patent further identifies the '970 application as claiming priority from international application PCT/DE97/02363 (the "PCT application"), which is identified as filed under the provisions of the Patent Cooperation Treaty on October 7, 1997 (the "PCT filing date"). The PCT application claims priority from two applications identified as being filed in Germany: DE 196 42 063 (the "DE '063 application"), identified as being filed on October 7, 1996; and DE 196 45 368 (the "DE '368 application"), identified as being filed on October 23, 1996. These

applications also were cited by Teles as priority for a European Patent, No. EP0929884 B1 (the EP '884 patent).

56. The '453 patent identifies Messrs. Sigram Schindler, Andreas Illg, Karsten Lüdtkke and Franck Paetsch as named inventors. Mr. Schindler founded Teles in 1983, has remained with the company since its founding and is presently its Chief Executive Officer.

57. Prior to the issuance of the '453 patent, Quintum Technologies, Inc. ("Quintum") challenged the EP '884 patent in a nullity action filed in Germany (the "Quintum nullity"). The complaint in the Quintum nullity cited and described in detail material prior art references and systems. Both the contents of the Quintum nullity complaint and the cited prior art references themselves from that filing were not disclosed to the PTO during the prosecution of the '970 application, including:

- TAXI System, User Manual, Manual Version 2.0 (English Version), December 1995 (the "TAXI reference");
- IDB 64/2, Benutzer-Handbuch, Software Release 4.11, March 1996;
- Hans-Jochen Schneider, Lexikon der Informatik und Datenverarbeitung, 2d ed., 1986;
- Manu Malek, Integrated Voice and Data Communications Overview, IEEE Communications Magazine, vol. 26, no. 6, June 1988;
- Claude Wacker, Interconnection of LANs using ISDN, 2nd Joint European Networking Conference, May 1991;
- Vocaltec Introduces The Internet Phone Telephony Gateway Linking Traditional and Internet Telephone Networks, Press Release, March 8, 1996;
- Vocaltec Links Phones to Web, Discount Long Distance Digest News, August 2, 1996;
- NetWare MultiProtocol Router for ISDN 3.1 Installation and ISDN Configuration Guide, 1996;
- Telefonieren auf dem Novell-Netz, LANline, February 1995;

- LAN und TK-Funktionen wachsen zusammen, LANline, July 1995;
- Das LAN wird zur Telefonanlage, ntz, vol. 4/1995;
- Realisierung von LAN-Diensten über TK-Anlagen, ntz, vol. 12/1992;
- Christian J. Jenny and Karl Kümmerle, Distributed Processing Within an Integrated Circuit/Packet-Switching Node, IEEE Transactions on Communication, vol. Com-24, no. 10, October 1976;
- Gino J. Coviello and Robert E. Lyons, Conceptual Approaches to Switching in Future Military Networks, IEEE Transactions on Communication, vol. Com-28, no. 9, September 1980;
- Brij Bhushan and Holger Opderbeck, The Evolution of Data Switching for PBX's, IEEE Journal on Selected Areas in Communication, vol. Sac-3, no. 4, July 1985;
- Tohru Kohashi, et al., Integrated Circuit and Packet Switching Applications to a Loop System for Local Area Networks, IEEE Journal on Selected Areas in Communication, vol. Sac-3, no. 4, July 1985;
- Mark J. Karol and Michael G. Hluchyj, Using a Packet Switch for Circuit-Switched Traffic: A Queuing System with Periodic Traffic Input, IEEE Transactions on Communication, vol. 37, no. 6, June 1989; and
- William Stallings, ISDN and Broadband ISDN with Frame Relay and ATM, 3d ed., April 1995.

58. Mr. Schindler was involved in the Quintum nullity action and was aware of the references cited therein, because he or his attorneys were served with a copy of Quintum's nullity complaint and because Mr. Schindler was personally involved in the nullity proceedings.

59. Upon information and belief, Mr. Prout and Mr. Paciulan were also aware of the references as well, before the issuance of the '453 patent.

60. For reasons that include those enumerated in the Quintum nullity complaint, the prior art disclosed below is material to the patentability of the '453 patent, which is a counterpart of the patent challenged in Europe. The references should have been disclosed to the PTO

during the prosecution of the '970 application prior to the issuance of the '453 patent on October 11, 2005.

61. The references were material to at least Claims 1-4, 21-24, 26 and 34 of the '453 patent. For example, independent claim 1 of the European patent challenged in the Quantum nullity action is materially the same as Claim 21 later allowed in the '453 patent.

Claim 1 of EP0929884

A method for transmitting data from a first switch to a second switch,

which are components of a line-switching network or have access to a line-switching network,

either by line-switching or by packet-switching, consisting of the following steps:

- a) formation of a connection over the line-switching network from the first switch to an access point of a packet-switching network,
- b) line-switching transmission of the data from the first switch to the access point of the packet-switching network,
- c) packeting the data if it is not already in data packets,

and packet-switching transmission of the data packets over the packet-switching network from the access point to the second switch,

d) repeated checking whether there is a control signal for transfer to a line-switching connection to the second switch,

whereby this signal is emitted by the user of an end device or a network management,

e) formation of a line-switching connection from

Claim 21 of US Patent No. 6,954,453

A method for transferring data from a first end terminal to a second end terminal,

selectively by line-switching or packet switching, comprising:

- a) establishing a connection through a line-switching network from the first end terminal to an access point of a packet switching network;
- b) line-switching transferring of non-packetized data through said connection from the first end terminal to the access point of the packet-switching network;
- c) packeting of the data into data packets

and packet-switching transferring of the data packets through the packet-switching network from the access point to the second end terminal;

d) checking repeatedly whether a control signal exists for transferring to a line-switching connection to the second end terminal;

e) establishing the line-switching

the first switch to the second switch over the line-switching network when there is a corresponding control signal if such a line-switching connection does not already exist,

f) changing to line-switching data transmission during the existing connection

and transmission of the data to the second switch.

connection, during an existing transfer, through the line-switching network from the first end terminal to the second end terminal with a presence of the control signal, if the line-switching connection is not yet present; and

f) changing-over to a line-switching data transfer during the existing transfer

and transferring data over the line-switching connection to the second end terminal.

62. For example, and without limitation, various references, including the prior art documents “Taxi System, User Manual Version 2.0” December 1995,” and “IDB-64/2 Benutzerhandbuch” were highly material to the claims of the ‘453 patent because they disclose in the prior art that the method of, e.g., Claim 21 of the ‘453 patent, was known in the art through publications and already being practiced in Germany in one or more commercial devices.

63. These references, and others described in the Quintum nullity complaint, disclose for example, that the TAXI system in use as of late 1995 had an “intelligent” back-up function, in which a packet-switched data link between two switches is constantly monitored, and if the link fails, the TAXI system automatically establishes a back-up line-switched connection so as to enable the system to change over to the line-switching back-up connection during the ongoing transfer of data between the switches.

64. Such a reference was material because it was not cumulative of the references already cited and it would have anticipated or rendered obvious at least Claim 21 of the ‘453 patent, which was allowed by the U.S. patent examiner after the existence of the Quintum nullity references were concealed from the examiner. A chart showing Claim 1 of the European patent challenged in the Quintum nullity action in a first column, the similar elements of Claim 21 of the ‘453 patent in a second column, and the disclosure of the TAXI reference that incorporates

each element of those claims in a third column, which disclosure was set out in the Quintum nullity complaint, is attached as Exhibit A. The TAXI reference was not cumulative information at least because the TAXI reference is anticipatory and the Patent Office during the '453 examination did not find any of the cited references to be anticipatory of the claims as finally issued.

65. Mr. Paciulan and Mr. Prout (collectively the "Christie attorneys") and/or Mr. Schindler, all acting on behalf of Teles, deliberately and knowingly and with an intent to deceive the Patent Office withheld these material references in violation of the duty of candor to the PTO prescribed in 37 C.F.R. § 1.56.

66. Although Quintum had provided notice of these references to Teles and Mr. Schindler in or about July 2005, and although Mr. Schindler was personally participating in both the response to the Quintum nullity action and in the simultaneous prosecution of the '453 application, Mr. Schindler either withheld the references from his U.S. attorneys or Mr. Schindler and the Christie attorneys made a deliberate decision not to disclose them to the '453 examiners so as to cause the examiner to allow the '453 patent to issue with invalid claims, including Claim 21. At no time prior to the issuance of the '453 patent did Mr. Schindler or the Christie attorneys disclose the above references or the Quintum nullity action and the detailed discussion of the materiality of those references in the nullity action to the U.S. patent examiners for the '453 patent.

67. Indeed, Mr. Schindler and the Christie attorneys (who were attorneys of record for the '902 application and prosecution counsel from at least the filing of Application No. 11/165,280 on June 22, 2005 until February 9, 2006, when they were replaced by Mr. Vincent DeLuca and the firm of Novak Druce DeLuca & Quigg LLP), continued to withhold the above

references and the existence of the Quintum nullity action from the U.S. examiners of the '902 patent as well. It was not until the filing of an IDS on or about March 20, 2006, that the references were submitted by the Novak Druce firm to the examiners during the '902 prosecution. The belated submission of these references during the '902 prosecution, which occurred only after the '453 patent had issued, is confirmation that the references were known to Mr. Schindler from at least the date of the Quintum nullity complaint, yet had been withheld from the U.S. examiners during the '453 examination.

68. The '902 patent identifies itself as issuing from U.S. Patent Application Serial No. 11/165,280 (the "'280 application), which was filed on June 22, 2005 (the "'280 filing date"). The '902 patent further identifies the '280 application as a division of the '970 application.

69. The violation of the duty of candor by the applicants and/or individuals acting on behalf of the applicants bears an "immediate and necessary relation" to the '902 patent and the claims thereof, and therefore renders the '902 patent unenforceable under the doctrine of infectious unenforceability. The '902 examiner rejected all claims of the '902 patent as being obvious variants of the '453 claims, and required a terminal disclaimer in order to allow issuance of the '902 claims. All of the asserted claims in the '902 and '453 patents were already considered by the Patent Office to claim nothing more than obvious variations of a certain invention.

70. Disclosing the references withheld during the prosecution of the '970 application during the prosecution of the '280 application cannot cure the applicants' violation of the duty of candor during the prosecution of the '970 application and its infection of the '280 application.

PRAYER FOR RELIEF

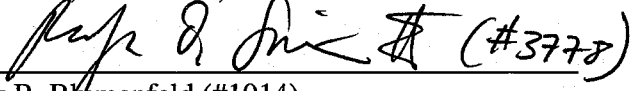
THEREFORE, Cisco respectfully requests that this Honorable Court grant the following relief:

- (A) a judgment that Cisco does not infringe any valid claim of the '453 patent;
- (B) a judgment that each and every claim of the '453 patent is invalid;
- (C) a judgment that each and every claim of the '453 patent is unenforceable due to inequitable conduct;
- (D) a judgment that Cisco does not infringe any valid claim of the '902 patent;
- (E) a judgment that each and every claim of the '902 patent is invalid;
- (F) a judgment that each and every claim of the '902 patent is unenforceable due to infectious inequitable conduct;
- (G) a finding that, pursuant to 35 U.S.C. § 285, Federal Rule of Civil Procedure 11, and/or other applicable laws, this is an exceptional case that merits awarding Cisco its costs and expenses, including reasonable attorneys' fees; and
- (H) any other relief, in law or equity, to which this Court finds Cisco justly entitled.

Respectfully submitted,

Dated: September 14, 2009

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