October 16, 2015

Via Electronic Mail
trialrules2015@uspto.gov

Attention: Lead Judge Susan Mitchell
Patent Trial Proposed Rules

Re: IBM Corporation Comments on "Amendments to the Rules of Practice for Trials Before the Patent Trial and Appeal Board," 80 Fed. Reg. 161 (August 20, 2015)

IBM thanks the United States Patent and Trademark Office (Office) for the opportunity to comment on its Proposed Amendments to the Rules of Practice for Trials before the Patent Trial and Appeal Board. The congressional mandate to effectively and efficiently resolve patent validity disputes, while providing timely, low-cost alternatives to district court litigation is an issue of paramount importance to IBM as an innovator and patentee in the field of information technology. The Office's proposed improvements to the patent trial proceedings are an appreciated effort to help maintain a robust post grant review system. More work, however, is needed to implement congressional intent.

Claim Construction Standard

The Office proposes a dual standard of claim construction that depends on the expiration date of the patent involved in an AIA proceeding. For patents that expire prior to the issuance of a final decision in an AIA proceeding, a *Phillips*-type claim construction will apply. For patents that will not expire prior to the issuance of a final decision in an AIA proceeding, the broadest reasonable interpretation (BRI) standard will apply. IBM understands that this is the Office's current practice and thus does not object to formalizing the dual standard of claim construction review in AIA proceedings.

IBM presumes that the pool of patents qualifying for the *Phillips*-type claim construction will be limited. It would be helpful, however, if the Office would provide statistics on the number of expiring patents subject to an AIA proceeding so that stakeholders may ascertain whether the *Phillips*-type claim construction will be more common than initially presumed. As the Office likely appreciates, a *Phillips*-type claim construction performed by the Office will likely be more persuasive to U.S. district courts also considering issues of claim construction of the same patent.

With respect to the BRI claim construction standard, IBM stresses that the patent owner's ability to amend its claims is a critical component of AIA proceedings. The Office's use of the BRI standard in trial proceedings has always been justified based on the patent owner's ability to amend the claims. *In re Yamamoto*, 740 F.2d 1569, 1571 (Fed. Cir. 1984). The Court of Appeals for the Federal Circuit has also recently approved the Office's use of the BRI standard for that same reason. *In re Cuozzo Speed Techs., LLC*, Case No. 2014-1301, 2015 U.S. App. LEXIS 11714, *13–23 (Fed. Cir. July 8, 2015); *Versata Dev. Grp., Inc. v. SAP Am. Inc.*, Case No. 2014-1194, 2015 U.S. App. LEXIS 11802, *52–53 (Fed. Cir. July 9, 2015).

Patent Owner's Preliminary Response

The Office proposes amending the rules to allow the patent owner to submit new testimonial evidence with its preliminary response. IBM disagrees with this proposal. First, the proposed rules permitting petitioner to seek leave to file a reply do not state any conditions upon which a reply will be permitted or petitioner's burden, if any, to establish a reply is warranted. The Office must provide petitioners guidance on how to secure a reply. Second, permitting the patent owner to submit new testimonial evidence without petitioner being afforded an automatic ability to challenge the new evidence presented is similarly imprudent. Any new testimonial evidence presented in the preliminary proceeding should be subject to immediate cross-examination to test the veracity of the testimony. If new evidence is presented, petitioner should have an opportunity to rebut the evidence, as a matter of right, following the cross-examination. Rebuttal may be presented in the form of briefing or observations on cross-examination akin to those afforded parties during an IPR trial. As a rule, the submission of new testimonial evidence should be curtailed until trial, but any new evidence should always be subject to cross-examination and rebuttal as of right.

Real Party in Interest

The Office proposes that a patent owner should be able to raise a challenge regarding a real party in interest (RPI) at any time during an AIA proceeding. IBM stresses the need to prevent unnecessary delays in raising RPI issues. IBM recommends that a RPI challenge should be raised as early as possible in an AIA proceeding. IBM recognizes, however, that newly discovered evidence may give rise to latent RPI issues. The Office should not prevent latent RPI issues from being raised simply because they were not raised earlier in the AIA proceeding. When faced with a latent RPI issue, however, the Office should require the patent owner to explain why it did not raise its RPI challenge at the pre-institution stage of the proceeding and why consideration of a latent RPI challenge would be in the interests of justice.

Redundancy

The Office proposed to continue to apply its current framework where the Office retains discretion to decline to institute multiple trials against a single patent. IBM appreciates that the Office has applied this discretion to prevent patent owner harassment. The Office should however institute multiple AIA proceedings against a single patent under at least three circumstances. First, multiple proceedings are appropriate where follow-on petitions are based on arguments made available as a result of patent owner's arguments and evidence in an earlier AIA proceeding. In other words, multiple proceedings are proper where patent owner opened the door to additional grounds for invalidity. Second, multiple proceedings are appropriate when a patent owner presents an argument that could not have reasonably been anticipated in another proceeding. Such arguments cannot be reasonably anticipated until actually made. Third, multiple proceedings are appropriate where multiple petitions are filed by different petitioners, so long as the petitioners are not real parties-in-interest or in privity with one another. Each petitioner should have an opportunity to be heard and the Office should not deny that right as a result of other proceedings against the patent.

Conclusion

IBM thanks the Office for providing an opportunity to submit comments regarding the proposed improvements to trial practice before the Patent Trial and Appeal Board. We support the Office's continuing commitment to work with the patent community to ensure its AIA proceedings work well and provide a fair opportunity to review issued patents in a manner that promotes patent quality and certainty for the public and patent owners.

Respectfully Submitted,

Manny W. Schecter
Chief Patent Counsel
Intellectual Property Law
IBM Corporation
schecter@us.ibm.com
Voice: 914 765 4260
Fax: 914 765 4290

Lisa Ulrich
Senior Attorney
Intellectual Property Law
IBM Corporation
lisaulrich@us.ibm.com
Voice: 914 766 4919