

September 19, 2014

Via Electronic Mail
TrialsRFC2014@uspto.gov

Attention: Scott R. Boalick, Vice Chief Administrative Patent Judge (Acting),
Patent Trial and Appeal Board

Re: IBM Corporation Comments in Response to "Request for Comments on Trial Proceedings Under the America Invents Act Before the Patent Trial and Appeal Board," 79 Fed. Reg. 36474 (June 27, 2014)

IBM appreciates the opportunity to provide comments to the United States Patent and Trademark Office (Office) on post-grant trial proceedings under the America Invents Act (AIA). A robust post-grant review process should promote patent quality and provide a low-cost alternative to litigation. Patent owners should also be provided a fair opportunity to defend challenged claims so that valid original or amended claims are maintained in force. We believe increased focus on certain areas described below, including proposed changes and clarifications, will address imbalances observed in some proceedings and promote increased efficiency and fairness to all parties.

As the Office considers how to optimize AIA trial proceedings, we suggest a conservative approach. The trial proceedings have existed for just over two years, and it is too early for the patent community to fully understand how the trial proceedings can be improved and appreciate all of the issues that may arise.

Motions to Amend:

2. What modifications, if any, should be made to the Board's practice regarding motions to amend?

The patent owner's ability to amend claims is a critical component of AIA trial proceedings. 35 USC §§ 315(d), 326(d). The ability to amend, which is not available in district court infringement actions, is a familiar component of Office review and balances the Office's lower burden for proving invalidity (by a preponderance of the evidence) and the more demanding broadest reasonable construction (BRC) claim construction standard. In fact, the Office has justified its use of the BRC standard in trial proceedings based on the patent owner's ability to amend claims. See *SAP Am., Inc. v. Versata Dev. Grp., Inc.*, CBM2012-00001, Paper 70, 7 (June 11, 2013).

We appreciate the guidance provided by the Office in its AIA blog. The standard outlined therein, however, leaves a number of open questions regarding the scope and nature of the analysis required to support any proposed amended claims. We believe this uncertainty has led to the dearth of allowed amendments. Indeed, we are aware of only one instance where amendments have been allowed. See *Int'l Flavors & Fragrances Inc. v. The U.S. of Am.*, IPR2013-00124, Paper 12 (May 20, 2014).

We strongly urge the Office to provide additional guidance in the form of a clear, workable framework for amending claims during AIA trial proceedings, together with adequate and realistic briefing page limits that enable a patent owner to satisfy the burden supporting any proposed amendment. For example, the Office could confirm to the patent owner that a new prior art search is not required, as indicated in the blog; or the Office could explain when a new prior art search would be required, and the scope and content of that search. For example, would providing information similar to the accelerated examination support document (ESD) be sufficient for a patent owner to carry its burden?

More guidance in this area will allow patent owners to amend claims where appropriate and would be consistent with the AIA and the policies underlying the BRC standard.

Standard to Receive Authorization to File a Motion:

An issue related to Question 2 is the standard to receive authorization to file a motion. The Board's scheduling order in each instituted trial proceeding identifies a number of pre-authorized motions. A party wishing to file a motion that is not pre-authorized must request "authorization" from the Board. The Board's current practice effectively requires the movant to argue the merits of its motion in requesting authorization, without the ability to brief or support the request with any evidence. The movant is then authorized to file the motion only if the Board is at least preliminarily convinced of the merits of the motion. It is our understanding that the Board frequently denies authorization simply by reciting the phrase "just, speedy, and inexpensive resolution of the trial," without citing any support for that result, which we believe is in violation of APA requirements. See, e.g., *Int'l Bus. Mach. Corp. v. Rambus Inc.*, Case No. 10-cv-4017-JSW, Dkt. 66, 5–6 (N.D. Cal. Dec. 20, 2011).

The standard to secure authorization should be lower, such that it does not require the movant to argue and in essence win its motion in seeking authorization in the first instance. This can be accomplished, for example, by permitting the movant to file a short (1–3 page) statement of why authorization should be granted. Alternatively, the Board may grant non-frivolous, focused, legally-substantiated motions where it is convinced of the merits without requiring the movant to file the motion. For any motion that is not pre-authorized, the non-movant's consent to the filing of the motion is a strong indication that resolving

the issue raised would move the case forward and thus should be granted, preferably without leave of the Board. These options for streamlining motion practice will preserve resources of the parties and the Board.

Patent Owner Preliminary Response:

3. Should new testimonial evidence be permitted in a Patent Owner Preliminary Response? If new testimonial evidence is permitted, how can the Board meet the statutory deadline to determine whether to institute a proceeding while ensuring fair treatment of all the parties?

No, new testimonial evidence should not be permitted in the Patent Owner's Preliminary Response at least because a petitioner is unable to file a reply. New testimonial evidence will certainly raise new factual issues. If the patent owner includes new testimonial evidence, then to avoid unfairness, the petitioner must have the opportunity to file a reply. The six-month window before the Office must determine whether or not to institute a trial proceeding is insufficient to fully evaluate any new issues raised by the testimonial evidence. The Office would effectively be conducting a burdensome preliminary trial even before the Office determines if a trial proceeding should be instituted.

An issue related to those raised by Question 3 is whether the page limit for a petitioner's reply to a patent owner's post-institution response provides the petitioner a fair opportunity to respond to new arguments raised by the patent owner. For example, the Office limits the length of an inter partes review (IPR) petition to 60 pages. The patent owner is then permitted to file a preliminary response of 60 pages, and if a petition is granted, the patent owner may file an additional post-institution response of another 60 pages. The petitioner is permitted to reply, but is limited to 15 pages.

Since the patent owner may raise new issues in its post-institution response, we believe the petitioner must be given a fair opportunity to respond, which may require substantially more than 15 pages. For example, the appropriate number of pages for the petitioner's reply may correspond to the number of pages devoted to new issues in the patent owner's post-institution response.

Flexibility will allow the petitioner to fully address any issues first raised by the patent owner in its post-institution response, and will provide the Office with a more complete understanding of any new issues.

Real Party in Interest:

5. Should a patent owner be able to raise a challenge regarding a real party in interest at any time during the trial?

A real party in interest challenge should be raised as early as possible in a proceeding. For example, if the patent owner raises an issue related to the one-year bar under 35 USC § 315(b), such challenge should be raised in the Patent Owner's Preliminary Response, if reasonably possible. The patent owner should also raise estoppel issues (*e.g.*, under 35 USC § 315(e)) requiring identification of the real party in interest in its Patent Owner's Preliminary Response if reasonably possible, and the Board should resolve such issues promptly. If just resolution requires additional discovery, such discovery should be carefully limited to that which is necessary to resolve the issues. For example, for a challenge under 35 U.S.C. § 315(b), the patent owner need only determine whether the parties it has sued more than one year before an IPR petition was filed are real parties in interest.

Multiple Proceedings:

7. How should multiple proceedings before the USPTO involving the same patent be coordinated? Multiple proceedings before the USPTO include, for example: (i) Two or more separate AIA trials; (ii) an AIA trial and a reexamination proceeding; or (iii) an AIA trial and a reissue proceeding.

8. What factors should be considered in deciding whether to stay, transfer, consolidate, or terminate an additional proceeding involving the same patent after a petition for AIA trial has been filed?

13. Under what circumstances, if any, should a petition for an AIA trial be rejected because the same or substantially the same prior art or arguments previously were presented to the USPTO in a different petition for an AIA trial, in a reexamination proceeding or in a reissue proceeding?

IBM's comments regarding multiple proceedings are partly responsive to questions 7, 8, and 13.

In some instances, multiple parties may have an interest in requesting review of the same patent. If a first trial proceeding has not yet been completed when the Office determines that a second petition warrants institution, the Office, in its discretion, may join the second petitioner as a party to the first trial proceeding. Alternatively, the Office may choose to pursue the second proceeding in parallel or stay one or more of the proceedings. Coordinating multiple proceedings is further complicated by various limitations, such as the one-year bar. 35 U.S.C. § 315(b).

Additional guidance regarding joinder and, more generally, the Office's expected treatment of successive, co-pending petitions would enhance the efficient use of AIA trial proceedings. Often, multiple members of the public have an interest in bringing a post-grant challenge, *e.g.*, where multiple parties may have been sued for infringement. It would be helpful to understand how the Office will treat a second petition for review when a first petition had already been filed. The second petitioner may have as significant an interest in the validity of the challenged patent as the first.

We believe that when evaluating a second or subsequent petition, the Office should consider: (i) the interests of the second petitioner in being heard; (ii) fairness to the patent owner in addressing a series of challenges or new issues raised after the initial filing in a single proceeding; and (iii) the interests of the Office and the public in efficiency of trial proceedings and quality of patents.

Timing requirements for joinder may avoid unfairness with respect to new issues in an individual case. Significant new issues, however, even if brought early, may be too cumbersome to address in a single trial proceeding. On the other hand, a second petition that raises the same issues may be amenable to joinder with a first trial proceeding without significant loss of efficiency.

The Office, patent owners, and the public would benefit from guidance for "second" petitioners. For example, the Office may require petitioners who seek review of a patent already subject to a pending petition or an instituted trial proceeding to indicate what issues have already been raised in the first petition and whether the second petitioner is amenable to joinder. This should help the Office determine how to handle the new petition and enhance predictability for patent owners and petitioners. Where a district court stays litigation against co-defendants, the outcome of the AIA trial proceeding may be dispositive of liability, such that all defendants may have an interest in being heard before the Office. Any further guidance on how best to pursue an AIA trial proceeding when one has already been instituted would be of significant value to the public.

Extension of 1 Year Period To Issue Final Determination:

14. What circumstances should constitute a finding of good cause to extend the 1-year period for the Board to issue a final determination in an AIA trial?

IBM suggests the Board should be open to extending the 1-year period as permitted in 35 USC § 316(a) "for good cause shown." An extension may be necessary to achieve a just outcome. For example, if resolving a particular issue requires (consistent with statutory limitations) significant fact discovery, the Board should give the parties time to complete that discovery and both the Board and the parties time to analyze it fully. Further, the Board should take the time it requires to fully evaluate the patentability of a complex invention, including the construction of claims and/or the review of the prior art. Extending the 1-year period may also be justified to mitigate the burden on a patent owner involved in

multiple proceedings simultaneously, as described above. Any additional delay is limited to 6 months by the AIA and must be supported, and thus captured, in the record. We believe it is much more important for the Board to reach the correct result than to avoid a limited delay.

General:

17. What other changes can and should be made in AIA trial proceedings? For example, should changes be made to the Board's approach to instituting petitions, page limits, or request for rehearing practice?

(1) Precedential and informative Board decisions would be very valuable to the patent community. The AIA trial proceedings are compressed and, while the scope of discovery is limited, the issues are resolved in such a short time that parties must strategize and plan with precision to ensure a fair hearing. If a mistake is made, there is little opportunity to correct it within the strict constraints of the trial proceeding. Any guidance from the Board regarding issues such as the scope and timing of discovery, motion practice, and whether the Board will continue trial proceedings even after settlement would help parties and the Office more fairly and efficiently conduct AIA trial proceedings.

We believe that all Board decisions that reach any substantive point should be precedential, unless marked otherwise, similar to the practice of the Court of Appeals for the Federal Circuit. Such decisions will need to be followed by other Boards, unless overruled by an enlarged Board or the Federal Circuit.

(2) The rules governing post-grant AIA trial proceedings permit the petitioner to use claim charts in its petition. The claim charts are limited to setting out the evidence and may not contain attorney argument. The Board has indicated that an expert's declaration submitted with a petition, Patent Owner Response, and petitioner Reply is evidence. See, e.g., *Chimei Innolux Corp. v. Semiconductor Energy Lab. Co., Ltd.*, IPR2013-00068, Paper 7, 8 (Apr. 24, 2013). Citation to the declaration is important to support a party's arguments. Certain Boards permit citation to a declaration in claim charts. See, e.g., *Marvell Semiconductor, Inc. v. Intellectual Ventures I LLC*, IPR2014-00547, Paper 9, 3 (May 23, 2014). Recently, however, some Boards have indicated that any citation to a declaration is improper. See, e.g., *Cisco Sys., Inc. v. C-Cation Techs., LLC*, IPR2014-00454, Paper 12, 7–10 (Aug. 29, 2014).

We believe that clarification is necessary to foster consistency between trial proceedings. One fair solution is to clarify that a party may include citations to an expert's declaration to support its arguments so long as the declaration does not attempt to bootstrap arguments not also presented in the briefing.

Conclusion

In conclusion, IBM appreciates the opportunity to comment on trial proceedings under the AIA. We support the Office's continuing commitment to work with the patent community to ensure these 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,

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