

IBM appreciates the opportunity to express its views on the current inter partes reexamination process. IBM will respond to the RFC points identified by the PTO, with proposed administrative and legislative measures highlighted.

Point (1). IBM is not a small entity.

Point (2). IBM has not been a party to an inter partes proceeding. However, as the leader in granted U.S. patents for the last 11 successive years and as a successful licensor of patents, IBM, like other patent owners, is concerned with protecting its vital patents and not exposing them to unjustified attack. Moreover, as a large company with a wide assortment of products and services, IBM is also concerned, like others in the patent community, with the granting of overbroad and questionable patents that can adversely impact companies, industries, and confidence in the patent system. As a company that may be on either side of an inter partes reexamination, IBM strongly supports a robust, fair, viable inter partes reexamination procedure that challengers can effectively use to cull out patents that do not warrant protection.

Points (3) through (6). Aspects of Inter Partes Reexamination that are "Inequitable" (or Problematic) and Proposed Administrative/Legislative Actions

All Patents, Regardless of Filing Date, Should Be Subject to Inter partes Reexamination. Inter partes reexamination took effect on November 29, 1999. The procedure, as enacted by the law, is applicable to patents that issue for an original patent application filed on or after November 29, 1999, which has been construed to exclude reissues but to include continued prosecution applications. IBM appreciates the difficulty in making laws retroactive. However, IBM believes that extending the inter partes option to all patents regardless of filing date would be a positive action the legislature could take in reducing the number of patents of questionable validity.

Estoppel. In November 2002, the inter partes procedure was revised to enable third party challengers to appeal adverse decisions to the Board of Patent Appeals and Interferences (BPAI) or the Court of Appeals for the Federal Circuit, in the same manner that the patent owner could under the original law. While the 2002 revision provided some balance, a related issue of estoppel remains, which renders the inter partes option largely unattractive and inequitable.

Under 35 U.S. Code 315(c), "a requester...is estopped from asserting at a later time the invalidity of any claim finally determined to be valid and patentable on any ground which the requester raised or could have raised during the inter partes proceedings. This subsection does not prevent the assertion of invalidity based on newly discovered prior art unavailable to the third party requester and the Patent and Trademark Office (PTO) at the time of the inter partes reexamination proceedings."(emphasis added)

The "could have raised" language may be interpreted in several ways, each of which is seriously chilling to a prospective requester. Viewed narrowly, a patent challenger could be foreclosed from raising prior art it

knew of, but would not be estopped from raising art of which it was unaware, based on the presumption that requester could not raise what it did not know. If a requester knew of two references but only wished to make one reference subject to the inter partes procedure, where there may be sound reasons for raising the second reference in a district court proceeding, the requester could be estopped from later raising the second reference if it was not raised in the inter partes proceeding.

Under a broad interpretation, it may be argued that a reference simply available in a database, "could have <been> raised". The estoppel, in that case, would cover art not even discovered by the challenger. A reading of the "safe harbor" where estoppel does not apply gives only minimal comfort, where availability of the prior art to the PTO (and not necessarily the requester) precludes operation of that provision. It is highly unlikely that any counsel would advise their client to pursue an inter partes proceeding if all other art -- some of which was unknown to them -- could be "estopped" from ever being introduced. While IBM appreciates the concern over a challenger's multiple requests, IBM considers the "could have raised" estoppel as overly deleterious to a useful protocol and as leading to the perpetuation of questionable patents, which not only impacts the requester but the public as well.

If inter partes reexamination is to be effective and workable, the "could have raised" language should be deleted. IBM also suggests that the inclusion of "estoppel" in general be reconsidered.

Different Examiner for the Reexamination. Given the deference the Federal Circuit shows to PTO decisions, the requester must have confidence in the reexamination system. That confidence is shaken if the reexamination may be assigned to the same examiner who conducted or reviewed the original search, especially if the requester urges that a previously cited reference is the basis of the new ground of invalidity. While the PTO may seek to avoid assigning the original examiner, a PTO Rule codifying the principle of having another and at least supervisory level examiner conduct the reexamination would be a positive measure. As an alternative, the PTO could consider having inter partes reexaminations conducted by a panel of the Board of Patent Appeals and Interferences (rather than an examiner) to further bolster confidence. To the extent that oral testimony or discovery may be needed in a revised process of reexamination, the BPAI would be better equipped to handle such proceedings.

Fairness and Rationale of Allowing Anonymous Requests. Inter partes reexamination currently requires that the party in interest and its privies be identified. This requirement chills the invoking of the provision, especially where the third party is not yet involved in litigation. By submitting a request, the challenger is painting a target on itself. Parties with sound prior art are thus encouraged to remain silent or resort to ex parte reexamination, rather than challenge a questionable patent and face themselves defending a lawsuit. Where the name of the requester does not affect the reexamination per se, disclosing the requester's name does not seem critical.

However, recognizing the potential for harassment from multiple challenges by the same party and recognizing the need for determining when estoppel may arise, IBM recommends that the inter partes reexamination request require a listing of the party in interest and its privies, and

that the PTO maintain this information in confidence. The confidentiality should be terminated if one of the requester parties files a subsequent post-grant request or court action against the patent or a related patent (in which case concern over retribution is reduced). Accordingly, as part of the inter partes reexamination request, the requester should be asked if it has filed a prior reexamination request or court action pertaining to the patent or a related patent or application. This compromise would encourage the challenging of questionable patents without fear of reprisal, while enabling patent owners to know their challengers when that information is relevant.

Expand Scope to 102(a), (b) and 112 (other than best mode). IBM believes that inter partes practice should be open to those patent validity determinations that the PTO examination process is particularly qualified to review. Accordingly, IBM recommends that the scope of reexamination be legislatively expanded to cover all aspects of Section 102(a) and (b) and Section 112 (excluding best mode), provided that the challenge is based on written documentation. This will minimize oral testimony and discovery, which are more the province of the courts than an examiner.

Inter Partes Reexamination as a Matter of Right. IBM believes that inter partes reexamination must remain "of right" and that the time for bringing such actions should be unlimited. While the PTO's 21st Century Plan discusses whether inter partes reexamination should not be a matter of right, IBM believes that such a change would be misplaced. In that inter partes reexamination would allow a challenge at any time, unlike other post grant proposals which are often limited to a short period after issuance or some period after apprehension of suit, it is vital that this process be available and as a matter of right. Where many patents are discovered or first enforced during their mid-life or late-life, the inter partes procedure must be available to challenge, at any time, questionable patents that adversely impact the public.

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