

BACKGROUND:

E-Watch is a Nevada company having a principal place of business in San Antonio, Texas. E-Watch has been forced to respond to over 20 AIA trial petitions. I, David Monroe, am the founder and sole beneficiary of E-Watch. E-Watch holds patents on technology primarily in the area of wired and wireless image and video collection, processing and distribution that I have been developing since approximately 1985. R&D and product development based on this technology resulted in E-Watch and its affiliates manufacturing and selling of over 100 hardware and software products. The customers and users included the Federal Government, State and Local governments, schools and universities, and commercial businesses. Many thousands of products were manufactured and sold resulting in a revenue stream previously of millions of dollars per year.

While developing this technology I filed, and subsequently was issued, over 40 patents in the fields. Many were pioneering patents such as in the areas of advanced IP security cameras and camera cell phones. These patents cost hundreds of thousands of dollars in legal and USPTO fees to prosecute. Based on these patents, well over ten million dollars were spent on product development, manufacturing start-up and sales of products.

Ultimately large companies and, in particular, foreign companies began manufacturing and selling infringing products while aggressively marketing to many of the E-Watch customers. E-Watch attempted to enforce some of their patents. In 2013 it was learned that an “inter partes review” (IPR) had been filed against one of the patents. The e-Watch lawyers and I were then unaware of the AIA and Inter Partes Reviews. Between 2013 and 2015 twenty-eight (28) IPRs were filed against E-Watch patents, and in most cases multiple IPRs were filed against the same patent. One patent had twelve IPRs filed against it and, out of the twelve, two companies filed

three IPR's each. Another patent had eight IPRs filed against it, and again three were filed by a single company. All but two of the 28 IPRs were instituted.

Defending these IPR's adequately was economically impossible for e-Watch, and many patent rights were lost while e-Watch spent what it could ill afford. E-Watch found the IPR process more arduous and expensive than resolution in District Court. For e-Watch, not only the IPRs duplicative to District Court, but required involvement of many more claims than the District Court required. Therefore, IPRs were not "streamlined" and did not provide E-Watch a "more cost effective" method as compared to District Court processes. It was MANY TIMES more costly.

SPECIFIC EXAMPLES:

1. IPR2015-00412 is an example of a petition filed against E-Watch where the Director granted institution after disagreeing with E-Watch's arguments for discretionary denial. IPR2015-00610 is another example of a petition filed against E-Watch where the Director granted institution after disagreeing with E-Watch's arguments for discretionary denial. These petitions, and others filed against E-Watch, would, respectively, have been denied or not have been brought had the USPTO issued lawful regulations governing discretionary denial prior to the bringing of those petitions. As a patent owner with a large portfolio of patents, E-Watch faces a likelihood of future infringers making future challenges through future AIA trial petitions, E-Watch's injury is likely to recur.

2. Plaintiff E-Watch represents another example of the burden on the economy from the Director's unlawful withholding of rulemaking. The abuses endured by E-Watch due to serial IPRs being filed against its patents cannot be understated. E-Watch is a small company owned by

David Monroe, a prolific inventor who spent millions of dollars developing an invention for digital pictures to be captured, converted and transmitted digitally. Mr. Monroe and E-Watch's invention can be best described as the camera phone. At great expense, E-Watch patented its groundbreaking camera phone invention, which culminated in two patents: United States Patent No. 7,365,871 (the "871 Patent"), issued April 29, 2008, for "Apparatus for Capturing, Converting and Transmitting a Visual Image Signal Via a Digital Transmission System"; United States Patent No. 7,643,168 (the "168 Patent"), issued January 5, 2010, for "Apparatus for Capturing, Converting and Transmitting a Visual Image Signal Via a Digital Transmission System" (collectively, the "Camera Phone Patents").

3. On December 9, 2013, E-Watch, Inc. filed suit against camera phone manufacturers, including Apple, Blackberry, HTC, Huawei, Kyocera, LG Electronics, Nokia, Samsung, Sharp, Sony Mobile and ZTE, asserting infringement of the '871 Patent and the '168 Patent.

4. Of the IPRs filed against E-Watch, perhaps among the most egregious was an IPR filed by Iron Dome LLC, a third-party that had not been sued by E-Watch and did not manufacture or sell infringing products. Iron Dome previously threatened to file an IPR against E-Watch's '871 Patent unless E-Watch agreed to give Iron Dome a portion of its licensing enforcement proceeds. E-Watch refused and, on February 18, 2014, Iron Dome filed IPR2014-00439 (the "Iron Dome IPR"). E-Watch implored the Board to exercise its discretion not to institute the Iron Dome IPR. The Board refused and instituted the Iron Dome IPR against E-Watch.

5. But the egregious attacks on E-Watch's Camera Phone Patents did not stop there. In response to the lawsuit, the defendants launched a campaign of serial and cumulative IPR filings to invalidate E-Watch's Camera Phone Patents. In its preliminary response to certain of these IPRs,

E-Watch requested that institution be denied because of the cumulative nature of the prior art and arguments across the various IPRs and that that these were serial filings. For example, in IPR2015-00412, E-Watch stated to the Board:

As a result, many of these petitions, including this petition (i.e., IPR2015-00412), are redundant and present cumulative prior art and substantially the same arguments as other earlier-filed IPR petitions, concurrently-filed IPR petitions, and/or later-filed IPR petitions. The Patent Trial and Appeals Board (“PTAB”) should exercise its discretion under 35 U.S.C. 325(d) to deny institution of this petition for this reason alone.

E-Watch urged the Board to exercise its discretion to decline to institute the inter partes review. The Board refused and instituted the IPR on May 11, 2015.

By the end of the punitive IPR campaign, the number of IPR petitions filed against E-Watch’s Camera Phone Patents was staggering. The ‘871 Patent had 12 IPRs filed against it: IPR2014-00439, IPR2014-00987, IPR2014-00402, IPR2014-00404, IPR2014-00406, IPR2014-00411, IPR2014-00412, IPR2014-00413, IPR2014-00541, IPR2014-00610, IPR2014-00612 and IPR2014-01366. The ‘168 Patent had eight IPRs filed against it: IPR2014-00989, IPR2014-00401, IPR2014-00407, IPR2014-00408, IPR2014-00414, IPR2014-00543, IPR2014-00607 and IPR2014-00611. Ultimately, E-Watch was forced to defend against 20 IPRs across its two Camera Phone Patents, spent hundreds of thousands of dollars defending against all of these IPRs and had its district court case irreparably damaged as a result.

6. Had clear rulemaking on discretionary considerations by the Director occurred, at least some of the petitions against E-Watch’s Camera Phone Patents would have been denied resulting in a faster and less expensive resolution to the dispute with the infringer. The economy and integrity of the patent system would be improved. Mr. Monroe, E-Watch and other inventors would have increased confidence that patents will effectively protect their investment in developing and commercializing their inventions from brazen copycats.

COMMENTS RE: DISCRESSION TO INSTITUTE TRIALS BEFORE THE PTAB

1. PREDICTABILITY

Regulations must provide predictability. Stakeholders must be able to know in advance whether a petition is to be permitted or denied for policy reasons. To this end regulations should favor objective analysis and eschew subjectivity, balancing, weighing, holistic viewing, and individual discretion. The decision-making should be procedural based on clear rules. Presence or absence of discrete factors should be determinative, at least in ordinary circumstances. If compounded or weighted factors are absolutely necessary, the number of possible combinations must be minimized and the rubric must be published in the Code of Federal Regulations.

2. MULTIPLE PETITIONS

a) A petitioner, real party in interest, and privy of the petitioner should be jointly limited to one petition per patent.

b) Each patent should be subject to no more than one instituted AIA trial.

c) A petitioner seeking to challenge a patent under the AIA should be required to file their petition within 90 days of an earlier petition against that patent (i.e., prior to a preliminary response). Petitions filed more than 90 days after an earlier petition should be denied.

d) Petitioners filing within 90 days of a first petition against the same patent should be permitted to join an instituted trial.

e) These provisions should govern all petitions absent a showing of extraordinary circumstances approved by the Director, Commissioner, and Chief Judge.

3. PROCEEDINGS IN OTHER TRIBUNALS

a) The PTAB should not institute duplicative proceedings.

b) A petition should be denied when the challenged patent is concurrently asserted in a district court against the petitioner, real party in interest, or privy of the petitioner and the court has neither stayed the case nor issued any order that is contingent on institution of review.

c) A petition should be denied when the challenged patent is concurrently asserted in a district court against the petitioner, real party in interest, or privy of the petitioner with a trial is scheduled to occur within 18 months of the filing date of the petition.

d) A petition should be denied when the challenged patent has been held not invalid in a final determination of the ITC involving the petitioner, real party in interest, or privy of the petitioner.

4. PRIVY

a) An entity who benefits from invalidation of a patent and pays money to a petitioner challenging that patent should be considered a privy subject to the estoppel provisions of the AIA.

b) Privy should be interpreted to include a party to an agreement with the petitioner or real party of interest related to the validity or infringement of the patent where at least one of the parties to the agreement would benefit from a finding of unpatentability.

5. ECONOMIC IMPACT

Regulations should account for the proportionally greater harm to independent inventors and small businesses posed by institution of an AIA trial, to the extent it harms the economy and

integrity of the patent system, including their financial resources and access to effective legal representation.