

July 2, 2018

Via Electronic Mail  
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Attention: Michael Tierney, Vice Chief Administrative Patent Judge  
Jacqueline Wright Bonilla, Vice Chief Administrative Patent Judge

IBM Corporation Comments in Response to "Changes to the Claim Construction Standard for Interpreting Claims in Trial Proceedings Before the Patent Trial and Appeal Board," 83 Fed. Reg. 21221 (May 9, 2018)

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IBM thanks the United States Patent and Trademark Office ("Office") for the opportunity to provide comments on the Office's proposed changes to the claim construction standard for interpreting unexpired patent claims and proposed claims in trial proceedings before the Patent Trial and Appeal Board (PTAB). As an innovator and patentee in the field of information technology, IBM supports the availability of robust challenge proceedings to effectively and efficiently resolve patent validity disputes. We commend the Office's continued efforts to improve the Leahy-Smith America Invents Act (AIA) trial proceedings by modifying the applicable claim construction standard.

IBM advocates for greater predictability and certainty in every aspect of the patent system, including consistency in patent grants. We support the Office's replacement of the current claim construction standard for interpreting unexpired patent claims and claims proposed in a motion to amend with the standard articulated in *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005). We believe that harmonizing claim construction in the AIA trial proceedings with that used in the federal courts and by the Office for interpreting claims in expired patents will help establish a more uniform and predictable patent grant system.

A *Phillips*-type claim construction performed by the Office will likely be more useful to the U.S. District Courts in cases requiring claim construction for the same patent, and will facilitate deference to the Office by the courts. IBM anticipates that the harmonization of the claim construction standard will increase judicial efficiency for patents that are at issue in an AIA trial proceeding and subject to litigation in the federal courts in parallel. This increased efficiency should not be undervalued, as one study<sup>1</sup> indicated a significant overlap of 86.8% between AIA trial proceedings and district court litigation. Further, IBM expects that using a claim construction standard in AIA trials that is consistent with the standard used by the federal district courts may reduce the number of patent challenges and effectively align the trial proceedings with the original legislative intent of "quick and cost effective alternatives" to litigation in the courts<sup>2</sup>.

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<sup>1</sup> Saurabh Vishnubhakat, Arti K. Rai & Jay P. Kesan, *Strategic Decision Making in Dual PTAB and District Court Proceedings*, 31 Berkeley Rec. L.J. 45 (2016). <https://ssrn.com/abstract=2731002>.

<sup>2</sup> See H.R. Rep. No. 112-98, pt. 1, at 48 (2011), as reprinted in 2011 U.S.C.C.A.N. 67, 78.

While IBM is in favor of this transition in claim construction for many of the reasons that are discussed in the subject Federal Register Notice, our substantive comments center on the need for additional clarification and possible remedies during the transition to the *Phillips* standard.

The Federal Register Notice is clear that any proposed rule changes adopted in a final rule would be applied to all pending proceedings before the PTAB. However, we urge the Office, and more specifically, the Director, to consider exercising their discretion<sup>3</sup> to extend pending proceedings beyond the mandated 12 months. We view a sudden change in the claim construction standard during a trial proceeding as good cause for an extension to allow all parties to have the appropriate time to shape their arguments accordingly. In particular, to afford due process, proceedings should be extended for petitioners who have proposed claim constructions pursuant to the broadest reasonable interpretation (BRI), and who now must modify their proposed claims constructions under the *Phillips* standard.

Further, we ask for clarity regarding how claim construction discovery in pending proceedings filed under the BRI standard will be handled when now subject to the *Phillips* standard. As the Office likely appreciates, there may be greater use for expert testimony regarding claim construction under the *Phillips* standard, and accordingly, we urge the Office to provide ample opportunity to submit any relevant expert declarations upon the transition to the *Phillips* standard.

IBM emphasizes that the patent owner's ability to amend its claims is a critical component of the AIA proceedings, whether the claims are interpreted under BRI or the *Phillips* standard. It is imperative the Office continue to provide and develop a readily available avenue for patentees to amend their claims. The opportunity for patentees to propose amended claims is required by the statute<sup>4</sup>, regardless of the claim construction standard the Office, in its discretion<sup>5</sup>, chooses to apply.

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<sup>3</sup> See, e.g., 35 U.S.C. 316(a)(11).

<sup>4</sup> See 35 U.S.C. 316(d) and (e).

<sup>5</sup> *Cuozzo Speed Technologies, LLC v. Lee*, 579 U.S. \_\_\_ (2016).

Conclusion

IBM appreciates the opportunity to comment on the Office's proposed changes to the claim construction standard. We thank the Office for working with the patent community to improve the fairness and effectiveness of challenge proceedings and thereby promoting patent quality and providing certainty for the public and patent owners.

Respectfully submitted,

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