

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
(Alexandria Division)

SMITHKLINE BEECHAM CORPORATION,)
d/b/a GLAXOSMITHKLINE, SMITHKLINE)
BEECHAM PLC, and GLAXO GROUP)
LIMITED, d/b/a GLAXOSMITHKLINE,)

Plaintiffs,)

v.)

Civil Action No. 1:07-CV-01008-JCC-TRJ

JON W. DUDAS, in his official capacity as)
Under Secretary of Commerce for Intellectual)
Property and Director of the United States)
Patent and Trademark Office, and)

UNITED STATES PATENT AND)
TRADEMARK OFFICE,)

Defendants.)

**DECLARATION OF DAVID J. KAPPOS, ON BEHALF OF IBM, IN SUPPORT OF
AIPLA AMICUS BRIEF IN MATTER
OF GSK PRELIMINARY INJUNCTION MOTION TO STAY NEW PTO RULES**

I, David J. Kappos, declare under penalty of perjury that:

I am the Vice President and Assistant General Counsel, Intellectual Property Law, of International Business Machines Corp. ("IBM"). The matters referred to in this declaration are based on my personal knowledge and if called as a witness I could, and would, testify competently thereto.

1. International Business Machines Corp. ("IBM") of Armonk, New York, employs over 380,000 people worldwide in its information technology business with over 120,000 of those employees being in the United States.
2. IBM spends approximately \$6 billion each year in developing leading edge products and services across a broad range of computer hardware, software and services, and in performing advanced research in laboratories in the United States, Europe and Asia.

3. In addition to its own innovation in product and service development and advanced research, IBM collaborates with others including those at universities and many other information technology enterprises.
4. IBM attracts the highest caliber of information technology scientists, product developers, and technical personnel. IBM employees have received honors and recognition from the scientific community including 5 Nobel prizes, 10 inductions into the National Inventors Hall of Fame, 5 National Medals of Science, 6 Turing Awards and numerous memberships in the National Academy of Sciences and National Academy of Engineering.
5. Many IBM employees are inventors and, as a result, IBM has been the number one U.S. patentee for the past 14 years.
6. IBM is aware of the new USPTO rules published August 21, 2007, and is currently engaged in an intensive effort to determine what is required to comply with the new rules, and to undertake the actions necessary to effect compliance.
7. Due to retroactivity requirements imposed by the new USPTO continuation and claims rules published August 21, 2007, IBM will be required to review its entire portfolio of over 25,000 pending U.S. patent applications filed before November 1, 2007 (the effective date of the new USPTO rules) to identify each of its pending patent applications which, even by chance, has a common inventor and the same filing date (or claims the same benefit or priority date) as another pending IBM U.S. patent application or issued patent, since IBM must identify all such "related" cases to the USPTO under new USPTO Rule 78(f)(1).
8. An initial search shows IBM has nearly 30,000 "related" pairs of cases to consider and approximately 10,000 of such "related" cases to identify to the USPTO under new Rule 78(f)(1). The vast majority of these cases were filed before the new rules were published or otherwise known to IBM, and all were filed before the effective date.

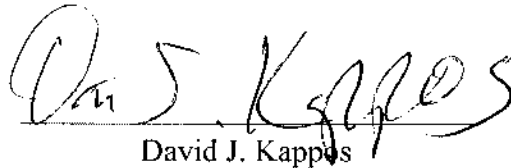
9. Once such "related" cases are identified, the new USPTO rules require IBM to review the "related" cases to determine if they have "substantial overlapping disclosure" and, if so, IBM must take action as set forth in new USPTO Rule 78(f)(2) to address a newly created rebuttable presumption of "patentably indistinct" claims under new USPTO Rule 78(f)(2). IBM expects that in a large number of cases this action will require preparation and filing of rebuttals explaining how the "related" cases contain only patentably distinct claims, or filing of terminal disclaimers with explanations of why there are two or more "related" cases containing patentably indistinct claims.
10. If the arguments made by IBM in response to the Rule 78(f)(2) requirements are not accepted, IBM will likely be forced to cancel claims or combine patent applications. Any claims cancelled will mean an irreparable loss of rights in patent applications filed before the new rules were in effect, published or otherwise known.
11. To comply with the retroactive requirements of new Rule 78(f), IBM must start incurring expenses now to change its internal patent application docketing system, to locate and track the thousands of pre-existing "related" cases that must be identified to the USPTO, and to prepare to take action in those pre-existing cases as required before the February 1, 2008, deadline set for those actions under the new USPTO rules.
12. To comply with the retroactive requirements of new Rule 78(f), IBM must also start incurring outside counsel expenses now to obtain advice on complying with the requirements with respect to thousands of applications outside counsel are handling for IBM.
13. To comply with the retroactive requirements of new Rule 78(f), IBM must also begin changing its patent application prosecution practices in pre-existing applications, which will irreparably result in a loss of intellectual property rights for applications which were in proper form under the previous USPTO rules but which now need either to have

claims cancelled or to have the application abandoned to comply with the new USPTO rules.

14. To comply with the retroactive requirements of new Rule 78(f), initial estimates are that IBM will incur over 10 million dollars in legal fees and internal expenses, not including the loss to IBM of the value of intellectual property rights foregone by IBM to comply with the new USPTO rules.
15. The expenses IBM incurs in responding to the retroactive requirements of the new rules will divert resources that otherwise would be directed to the protection of new IBM intellectual property. This diversion will result in irreparable loss to IBM of intellectual property rights.

I declare under penalty of perjury that the foregoing is true and correct, to the best of my knowledge and belief.

Executed on this 24th day of October, 2007.


David J. Kappas