

PTAB Ethics

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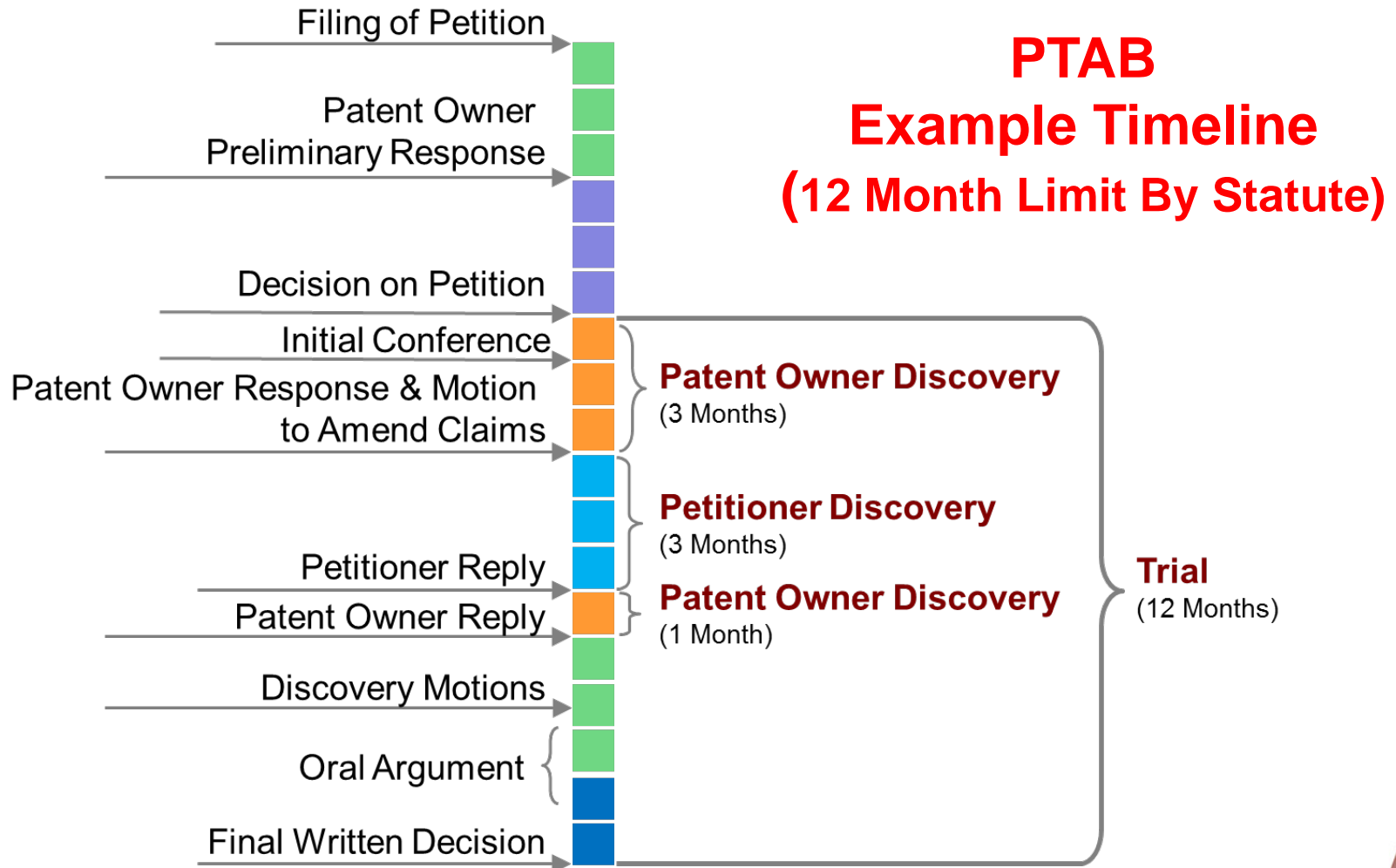
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Ethics Topics

- PTAB Proceedings Overview
- Applicable Rules
- Sanctions Examples

PTAB Proceedings Overview: Timeline



Rules of Practice for Trials, 77 Fed. Reg. at 48,757.

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Ethics Topics

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- Applicable Rules
- Sanctions Examples

PTAB Proceedings Overview: Regulatory Framework

“Umbrella” Rules For All Trials § 42.1 – .99

Inter Partes Rules
§ 42.100 – .199

Post-Grant Rules
§ 42.200 – .299

CBM Rules
§ 42.300 – .399

Derivation Rules
§ 42.400 – .499

**Rules of Practice
in Patent Cases**
§ 1.1 et seq.

**Office Patent
Trial Practice Guide**
77 Fed. Reg. 48,756

**Rules of
Professional Conduct**
§ 11.101 – .901

See CFR Title 37 Parts 1, 11, and 42.

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Applicable Rules

- Decorum
- Counsel
- Duty of candor
- Signature and representations to the Board
- Discovery
- Sanctionable conduct
- Sanctions procedure
- Nature of sanction

Applicable Rules: Decorum

Decorum is a centerpiece of the PTAB:

- **37 CFR 42.1**
- **(c)** Every party must act with courtesy and decorum in all proceedings before the Board, including in interactions with other parties.

37 CFR 42.1(c).

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Applicable Rules: Counsel

- **37 CFR 42.10**
- **(c)** The Board may recognize counsel *pro hac vice* during a proceeding upon a showing of good cause, subject to the condition that lead counsel be a registered practitioner and to any other conditions as the Board may impose. For example, where the lead counsel is a registered practitioner, a motion to appear *pro hac vice* by counsel who is not a registered practitioner may be granted upon showing that ***counsel is an experienced litigating attorney and has an established familiarity with the subject matter at issue in the proceeding.***

Applicable Rules: Counsel

- **37 CFR 42.10**
- **(d)** A panel of the Board may *disqualify counsel for cause* after notice and opportunity for hearing. A decision to disqualify is not final for the purposes of judicial review until certified by the Chief Administrative Patent Judge.
- **(e)** Counsel may not withdraw from a proceeding before the Board *unless the Board authorizes such withdrawal*.

Applicable Rules: Duty of Candor

- **37 CFR 42.11**
- **(a) *Duty of candor.*** Parties and individuals involved in the proceeding have a ***duty of candor and good faith*** to the Office during the course of a proceeding.

Applicable Rules: Duty of Candor

Related Matters

§ 42.8 Mandatory Notices . . .

(2) *Related matters.* Identify any other judicial or administrative matter that would affect, or be affected by, a decision in the proceeding.

R. 42.8 (b); See also, R. 42.104(a)/204(a) Grounds for Standing certification that petitioner is not barred or estopped from requesting the proceeding.

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Applicable Rules: Duty of Candor

Real Parties in Interest

37 CFR 42.8 Mandatory Notices

(1) Real party-in-interest. Identify each real party in interest for the party.

R. 42.8 (b); See also, R. 42.104(a)/204(a) Grounds for Standing certification that petitioner is not barred or estopped from requesting the proceeding.

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Applicable Rules: Duty of Candor

37 CFR 42.51 (Inconsistent Information)

(b)(1)(iii) Unless previously served, a ***party must serve relevant information that is inconsistent with a position advanced*** by the party during the proceeding concurrent with the filing of the documents or things that contains the inconsistency. This requirement does not make discoverable anything otherwise protected by legally recognized privileges such as attorney-client or attorney work product. This requirement extends to inventors, corporate officers, and persons involved in the preparation or filing of the documents or things.

Applicable Rules: Duty of Candor

Scope

37 CFR 42.11(a) (Duty of Candor) “[p]arties and individuals involved in a proceeding.”

37 CFR 42.51 (Inconsistent Information) “a party” and “extends to inventors, corporate officers, and persons involved in the preparation or filing of the documents or things.”

Compare to

37 CFR 1.56 (Prosecution) “[e]ach inventor named in the application...[e]ach attorney or agent who prepares or prosecutes the application ; and ... [e]very other person who is substantively involved.”

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Applicable Rules: Signature and Representations

- **37 CFR 42.11**
- **NOTE: 37 C.F.R. § 11.18**, imposes more specific signature and certification requirements to ensure that any information presented to the Office is *not knowingly false* or presented for an *improper purpose*.

Applicable Rules: Signature and Representations

- **37 CFR 42.11**
- **(b) Signature.** Every petition, response, written motion, and other paper filed in a proceeding must comply with the signature requirements set forth in **§ 11.18(a)** of this chapter. The Board may expunge any unsigned submission unless the omission is promptly corrected after being called to the counsel's or party's attention.
- **(c) Representations to the Board.** By presenting to the Board a petition, response, written motion, or other paper—whether by signing, filing, submitting, or later advocating it—an attorney, registered practitioner, or unrepresented party attests to compliance with the certification requirements under **§ 11.18(b)(2)** of this chapter.

A photograph of a handwritten signature in cursive script on aged, yellowish paper. The signature reads "John Hancock" and is written in dark ink. The paper shows signs of age, including some discoloration and a small tear at the top.

Applicable Rules: Signature and Representations

■ 37 CFR 11.18(b)(2)

- A party certifies that –
 - (2) To the best of the party's knowledge, information and belief, formed after an inquiry reasonable under the circumstances,
 - (i) The paper is not being presented for any **improper purpose**, such as to harass someone or to cause unnecessary delay or needless increase in the cost of any proceeding before the Office;
 - (ii) The other legal contentions therein are **warranted** by existing law or by a **nonfrivolous** argument for the extension, modification, or reversal of existing law or the establishment of new law;
 - (iii) The allegations and other factual contentions have **evidentiary support** or, if specifically so identified, are **likely to have evidentiary support** after a reasonable opportunity for further investigation or discovery; and
 - (iv) The denials of factual contentions are **warranted** on the evidence, or if specifically so identified, are reasonably based on a lack of information or belief.

Applicable Rules: Discovery

- **Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,772 (Aug. 14, 2012) (Objections)**
 - Consistent with the policy expressed in Rule 1 of the Federal Rules of Civil Procedure, and corresponding § 42.1(b), unnecessary objections, ***“speaking” objections***, and coaching of witnesses in proceedings before the Board ***are strictly prohibited***.



Applicable Rules: Discovery

- **Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,772 (Aug. 14, 2012) (Objections) (Cont.)**
 - Counsel ***must not make objections or statements that suggest an answer to a witness.*** Objections should be limited to a single word or term. . . . Examples of objections that would not be proper are: “Objection, I don’t understand the question”; “Objection, vague”; “Objection, take your time answering the question” ; and “Objection, look at the document before you answer.”

Applicable Rules: Discovery

- **Office Patent Trial Practice Guide, 77 Fed. Reg. 48,772 (Aug. 14, 2012) (Conferring with witness)**
 - Cannot consult or confer with witness “once the cross-examination of a witness has commenced, and until cross-examination of the witness has concluded.”

See Athena Automation Ltd. V. Husky Injection Molding Systems Ltd., IPR2013-00290, Paper 21;
Merial Limited, v. Virbac., IPR2014-01279, Paper 19.

Applicable Rules: Sanctionable conduct

- **37 CFR 42.12(a)**

- **(a)** The Board may impose a sanction against a party for misconduct, including:

- (1) Failure to comply with an applicable rule or order in the proceeding;
- (2) Advancing a misleading or frivolous argument or request for relief;
- (3) Misrepresentation of a fact;
- (4) Engaging in dilatory tactics;
- (5) Abuse of discovery;
- (6) Abuse of process; or
- (7) Any other improper use of the proceeding, including actions that harass or cause unnecessary delay or an unnecessary increase in the cost of the proceeding.



Applicable Rules: Sanctions Procedure

- Although sanctions are rarely sought, Rule 42.11(d) provides a procedural framework for addressing sanctionable conduct similar to Federal Rule of Civil Procedure 11.



Applicable Rules: Sanctions Procedure

- **37 CFR 42.11 (d) Sanctions**
- (1) *In general.* If, *after notice* and a *reasonable opportunity to respond*, the Board determines that paragraph (c) of this section has been violated, the **Board may impose an appropriate sanction on any attorney, registered practitioner, or party that violated the rule** or is responsible for the violation.



Applicable Rules: Sanctions Procedure

- **37 CFR 42.11 (d) Sanctions**
- **(2) Motion for sanctions.** A motion for sanctions must be made separately from any other motion and must describe the specific conduct that allegedly violates paragraph (c) of this section. The motion must be authorized by the Board under § 42.20 prior to filing the motion. At least 21 days prior to seeking authorization to file a motion for sanctions, ***the moving party must serve the other party with the proposed motion.*** A ***motion for sanctions must not be filed*** or be presented to the Board ***if*** the challenged paper, claim, defense, contention, or denial is withdrawn or ***appropriately corrected within 21 days after service of such motion*** or within another time the Board sets. If warranted, the ***Board may award to the prevailing party the reasonable expenses, including attorney's fees, incurred for the motion.***

Applicable Rules: Sanctions Procedure

- **37 CFR 42.11 (d) Sanctions**
- **(3) *On the Board's initiative.*** On its own, the Board may order an attorney, registered practitioner, or party to show cause why conduct specifically described in the order has not violated paragraph (c) of this section and why a specific sanction authorized by the Board should not be imposed.
- **(4) *Nature of a sanction.*** A sanction imposed under this rule must be limited to what suffices to deter repetition of the conduct or comparable conduct by others similarly situated and should be consistent with § 42.12.

Applicable Rules: Sanctions Procedure

- **A Motion for Sanctions Should Address:**
 - (1) Whether a party has performed **conduct** that warrants sanctions.
 - (2) Whether the moving party has **suffered harm** from that conduct.
 - (3) Whether the sanctions requested are **proportionate** to the harm suffered by the moving party.



E.g., Order, IPR2015-01750 (May 6, 2016), paper 58, at 2.

Applicable Rules: Sanctions Procedure

Trials@uspto.gov
571-272-7822

Paper 70
Entered: September 12, 2016

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

HILTI, INC. and
SNAP-ON INCORPORATED,
Petitioners,

v.

MILWAUKEE ELECTRIC TOOL CORPORATION,
Patent Owner.

Case IPR2015-01164 (Patent 7,554,290 B2)
Case IPR2015-01165 (Patent 7,944,173 B2)
Case IPR2015-01166 (Patent 7,999,510 B2)^{1,2}

Before GRACE KARAFFA OBERMANN, PATRICK R. SCANLON, and
CARL M. DEFRANCO, *Administrative Patent Judges*.

SCANLON, *Administrative Patent Judge*.

ORDER

Denying Patent Owner's Request for Authorization to File
Motion for Sanctions
37 C.F.R. §§ 42.11, 42.12

Applicable Rules: Sanctions Procedure

Timeline:

- (1) Patent owner served petitioner with copy of proposed motion.
- (2) Parties then conferred.
- (3) After 21 days, a Board conference call was held for patent owner to request permission to file motion for sanctions.

Applicable Rules: Sanctions Procedure

Authorization Denied:

- “Patent Owner has not provided a sufficient basis for its request for authorization”
- Board determined that alleged bad behavior was committed by a third-party, rather than by petitioner.

Applicable Rules: Nature of sanction

- **37 CFR 42.12 (b)** Sanctions include entry of one or more of the following:
 - (1) An order holding facts to have been established in the proceeding;
 - (2) An order expunging or precluding a party from filing a paper;
 - (3) An order precluding a party from presenting or contesting a particular issue;
 - (4) An order precluding a party from requesting, obtaining, or opposing discovery;
 - (5) An order excluding evidence;
 - (6) An order providing for compensatory expenses, including attorney fees;
 - (7) An order requiring terminal disclaimer of patent term; or
 - (8) Judgment in the trial or dismissal of the petition.

Ethics Topics

- PTAB Proceedings Overview
- Applicable Rules
- Sanctions Examples

Sanctions

“The Office **hopes** that such a sanction is rarely needed.”

Rules of Practice for Trials, 77 Fed. Reg. 48630 (Aug. 14, 2012).

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Sanctions

“If appropriate, the misconduct may be reported to the Office of Enrollment and Discipline.”

77 Fed. Reg. 48630. See *also*, 35 U.S.C. § 32, as amended Sept. 16, 2012 (changing the statute of limitations to initiate a disciplinary proceeding to the earlier of 10 years from the misconduct or within one year after made known to the Office).

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Sanctions Granted: Mandatory Notices

Trials@uspto.gov
571-272-7822

Paper 39
Entered: December 6, 2016

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

ATLANTA GAS LIGHT COMPANY,
Petitioner,

v.

BENNETT REGULATOR GUARDS, INC.,
Patent Owner.

Case IPR2015-00826
Patent 5,810,029

Before JENNIFER S. BISK, MIRIAM L. QUINN, and
PATRICK M. BOUCHER, *Administrative Patent Judges*.¹

BOUCHER, *Administrative Patent Judge*.

DECISION

*Patent Owner's Request for Rehearing and
Patent Owner's Motion for Sanctions
37 C.F.R. §§ 42.12, 42.71*

Sanctions Granted: Mandatory Notices

- Between Oral Hearing and Final Written Decision, petitioner merged into another company and as a result acquired ***a new parent company***.
- Over two months later, petitioner was **ordered to update** its Mandatory Notices to identify all real parties in interest.
- One of the judges on the panel had to ***recuse*** himself due to identification of the parent company as a real party in interest.
- Patent Owner moves for Sanctions

Sanctions Granted: Mandatory Notices

“In general, a motion for sanctions should address three factors: **(i)** whether a party has performed ***conduct*** that warrants sanctions; **(ii)** whether the moving party has ***suffered harm*** from that conduct; and **(iii)** whether the sanctions requested are ***proportionate*** to the harm suffered by the moving party.”

Order, IPR2015-01750 (May 6, 2016) at 2 (emphasis added). See also 37 CFR 42.11 (d).

Sanctions Granted: Mandatory Notices

(i) Warrants Sanctions.

- In related IPR, the merger was determined to have resulted in new Real Party in Interest (RPI).
- Petitioner ***did not update*** the Mandatory Notices.
- Aggravating fact is that petitioner made patent owner ***fight very hard*** for access to documents regarding RPI in related IPR.

Sanctions Granted: Mandatory Notices

(ii) Harm.

- Petitioner tried to preserve right of parent company to file additional IPR, thereby avoiding potential estoppel.

Sanctions Granted: Mandatory Notices

(iii) Proportionate Sanction.

- Patent owner asks for dismissing petition with prejudice and paying compensatory expenses.
- Board determines that appropriate sanction is to award costs and fees incurred in association with this proceeding from the time after issuance of the Final Written Decision until the date of this Decision



Sanctions Granted: Discovery Speaking objections

Trials@uspto.gov
Tel: 571-272-7822

Paper 23
Entered: October 8, 2014

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

MEDTRONIC, INC., MEDTRONIC VASCULAR, INC., AND
MEDTRONIC COREVALVE, LLC,
Petitioner,

v.

TROY R. NORRED, M.D.,
Patent Owner.

Case IPR21014-00110 and
IPR2014-00111¹
Patent 6,482,228 B1

Before SHERIDAN K. SNEDDEN, BARRY L. GROSSMAN, and
MITCHELL G. WEATHERLY, *Administrative Patent Judges*.

WEATHERLY, *Administrative Patent Judge*.

ORDER
Conduct of the Proceeding
37 C.F.R. § 42.5

Sanctions Granted: Discovery

Speaking objections

- “***Objection, misleading . . .***” and then went on to explain at some length that the question was misleading because it asked for a conclusion from the witness based on only a portion of a patent that Patent Owner contends was “taken out of context.”
- ORDERED that Patent Owner’s counsel ***stop interposing objections*** that include argument or suggest answers to the witness according to the standards set forth in the Practice Guide as referenced above.

Sanctions Granted: Discovery Speaking objections

Trials@uspto.gov
571-272-7822

Paper 18
Entered: September 18, 2014

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

FINJAN, INC.,
Petitioner,

v.

FIREEYE, INC.,
Patent Owner.

Case IPR2014-00492
Patent 8,171,553 B2

Before BRYAN F. MOORE, LYNNE E. PETTIGREW, and
FRANCES L. IPPOLITO, *Administrative Patent Judges*.

IPPOLITO, *Administrative Patent Judge*.

ORDER
Conduct of the Proceeding
37 C.F.R. § 42.5

Sanctions Granted: Discovery

Speaking objections

- “Patent Owner asserts Petitioner’s counsel made inappropriate objections that ‘suggested an answer to the witness, who upon hearing the objection agreed with it and refused to answer.’”
- “In particular, **counsel must not make objections or statements that suggest an answer to a witness and objections should be limited to a single word or term**. Id. (emphasis added). Objections to form are properly stated as “Objection, form.” (emphasis in original)
- ORDERED that Patent Owner’s request for additional time to cross examine Dr. Jaeger for IPR2014-00344 and IPR2014-00492 is ***granted with a limit to a total of seven (7) hours.***

Sanctions Granted: Failure to comply with protective order

Trials@uspto.gov
Tel: 571-272-7822

IPR2015-01750, Paper 58
IPR2015-01751, Paper 60
IPR2015-01752, Paper 58
Entered: May 6, 2016

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

RPX CORPORATION,
Petitioner,

v.

APPLICATIONS IN INTERNET TIME, LLC,
Patent Owner.

Case IPR2015-01750
Patent 8,484,111 B2

Case IPR2015-01751
Case IPR2015-01752
Patent 7,356,482 B2¹

Before LYNNE E. PETTIGREW, MITCHELL G. WEATHERLY, and
JENNIFER MEYER CHAGNON, *Administrative Patent Judges*.

CHAGNON, *Administrative Patent Judge*.

ORDER
Petitioner's Motion for Sanctions
37 C.F.R. §§ 42.5, 42.12

Sanctions Granted: Failure to comply with protective order

(i) Warrants sanctions

- Parties understood that Standing Default Protective Order set forth in the Trial Practice Guide applied
- Patent owner disclosed protected documents to its (1) President (2) counsel in district court litigation involving same patents and (3) “advisor” regarding the IPRs
- The persons that received protected documents fall outside the persons allowed by the Protective Order

Sanctions Granted: Failure to comply with protective order

(ii) Harm

“We also are persuaded that RPX has suffered harm to the extent that it had to expend time and money enforcing clear terms of the Protective Order that AIT should have been following without RPX’s efforts”

Order, IPR2015-01750 (May 6, 2016) at 7.

Sanctions Granted: Failure to comply with protective order

(iii) Sanctions

- (1) Compel Patent Owner to identify scope of breach
 - a) Declarations from persons involved in breach
- (2) Protect confidential information going forward
- (3) Compensate Petitioner for expense incurred in addressing violations



Sanctions Denied: Failure to Comply with Protective Order

Trials@uspto.gov
571-272-7822

Paper 84
Entered: March 30, 2015

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

INTRI-PLEX TECHNOLOGIES, INC. and MMI HOLDINGS, LTD.,
Petitioner,

v.

SAINT-GOBAIN PERFORMANCE PLASTICS RENCOL LIMITED,
Patent Owner.

Case IPR2014-00309
Patent 8,228,640 B2

Before MICHAEL W. KIM, WILLIAM A. CAPP, and
FRANCES L. IPPOLITO, *Administrative Patent Judges*.

CAPP, *Administrative Patent Judge*.

DECISION ON MOTION FOR SANCTIONS
FOR VIOLATION OF PROTECTIVE ORDER
37 C.F.R. §§ 42.12, 42.54

Sanctions Denied: Failure to Comply with Protective Order

Protective Order

- Board's Default Protective Order was in effect.
- Petitioner disclosed certain documents to one of its corporate officers without agreement of the patent owner, and the patent owner argued that such disclosure was in violation of the protective order

Sanctions Denied: Failure to Comply with Protective Order

Protective Order

- At issue was whether the disclosure needed to comply with section 2(A) of the Board's default Protective Order or section 2(E), wherein the former does not require agreement by the other party, but the latter does require agreement by the other party.

Sanctions Denied: Failure to Comply with Protective Order

Sanctions Denied: No Harm

- The Board determined that there was no harm to patent owner because the ***disclosed information was soon to be unsealed*** and, therefore, would be publicly available.

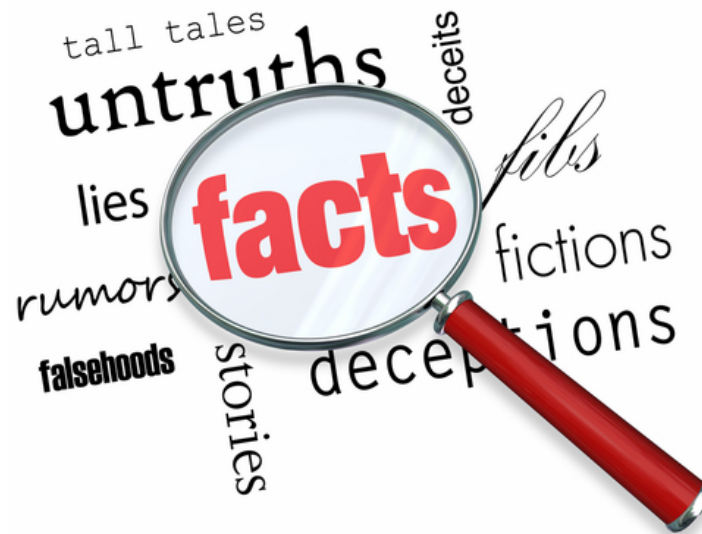
Sanctions Denied: Failure to Comply with Protective Order

Sanctions Denied: No Harm

- Nevertheless, ***the Board reprimanded petitioner***, noting that the petitioner’s position as to compliance with the protective order “was not so devoid of ambiguity that counsel could ignore consulting either [patent owner] or the Board prior to disclosing designated materials to” the corporate officer.

Context: Look How Far We Have Come

Compare with the “Sham Petition” problem highlighted by Robert Mercado. See Robert Mercado, “The Use and Abuse of Patent Reexamination: Sham Petitioning Before the USPTO,” *Columbia Science and Technology Law Review*, vol. XII, 2011.



Context: Look How Far We Have Come

IPR replaces the pre-AIA Inter Partes Reexamination procedure. It also displaces the still-available Ex Parte Reexamination procedure.

Benefits:

- Governed by the Federal Rules of Evidence
- Limited discovery, including deposition
- No examination, so shorter time frame

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