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Paper 47
Entered: January 24, 2024

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

VIKING DRILL & TOOL, INC.,
Petitioner,

v.

HONGJIA WANG,
Patent Owner.

IPR2023-00473 and IPR2023-00474
Patent 11,007,583

Before WILLIAM V. SAINDON, JAMES J. MAYBERRY, and CYNTHIA L. MURPHY, *Administrative Patent Judges*.

SAINDON, *Administrative Patent Judge*.

ORDER
Sanctioning Patent Owner's Lead Counsel
37 C.F.R. § 42.12

I. INTRODUCTION

This Order stems from Petitioner's Motion to Strike (Paper 37) certain aspects of Patent Owner's Corrected Response (Paper 28, "Corrected Response") and papers and exhibits filed in support of the Corrected Response.[1] Petitioner's basic complaint was that, under cover of correcting clerical errors, Patent Owner's Corrected Response supplemented and revised material from its originally filed Patent Owner Response (Paper 25, Ex. 1032) after the filing date and without notice or permission. Paper 37, 1. Upon review of the briefing on that issue, we granted Petitioner's Motion to Strike. Paper 41 ("Order") at 12. In addition to the unauthorized supplementation and revision, we also noted Patent Owner's repeated violations of Board rules and procedures throughout the course of these proceedings. *Id.* at 12–15. Thus, our Order required Patent Owner to show cause as to why its conduct did not warrant sanctions. *Id.* at 15–17.

Patent Owner filed a response to our Order. Paper 45 ("SCO Response"). Reconsidering the appropriateness of sanctions in view of Patent Owner's SCO Response and the record before us, we determine that the best course of action to maintain the just, speedy, and inexpensive resolution of these proceedings is to issue limited sanctions against Patent Owner, for the reasons explained below.

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[1] For brevity, we will use the word "Corrected Response" to additionally include those papers and exhibits filed with the Corrected Response.

II. THE SANCTIONABLE CONDUCT

At a high level, the conduct we are analyzing relates to (A) conduct in supplementing the declaration of Dr. Endres and (B) conduct leading to unnecessary delays and increases in costs.

A. Newly Added Paragraphs in Dr. Endres's Declaration

On November 1, 2023, we ordered Patent Owner to refile its Response and associated papers to fix formatting errors (e.g., font, spacing, improperly combined documents). Ex. 1037, 3 ("Patent Owner's submissions on 11/1/23 are in violation of at least 37 CFR 42.6(a)(2), (a)(3), and (d) as well as footnote 1 of the Scheduling Order."). Specifically, we ordered the improper papers to be "refiled in accordance with Board Orders and Rules." *Id.* Although the order was directed to the correction of formatting or clerical-type issues, on November 7, 2023, Patent Owner filed Exhibit 2034 (declaration of Dr. Endres) containing paragraphs 108–120 that were not present in the original November 1, 2023 filing.[2] These new paragraphs presented new evidence.

We analyzed these facts in our Order and found that Patent Owner "knowingly sought to supplement the [original] filings." Order 13 (citing Ex. 1035, 20:7–9, 20:24–21:12; Ex. 2112 ¶¶ 7, 9, 10, 13, 14); *see also* Order 2–7 (setting out a more complete timeline of events). We found that Patent Owner's conduct was "willful and egregious." Order 13. Patent Owner "acknowledge[s] that they knowingly included paragraphs in the Corrected and Supplemental Declarations of Endres that were not in the original

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[2] In IPR2023-00474, Patent Owner added paragraphs 52–107 to Exhibit 2034.

Endres Declaration," but disputes that this "should be considered willful misconduct." OSC Response 6–7. In support of that position, Patent Owner asserts that they retitled the declaration "Corrected *and Supplemental* Declaration." *Id.* at 7. Patent Owner also asserts that its other corrected declarations did not include the word "supplemental" and also included footnotes indicating that the subject of the declaration had not been changed. *Id.*

Initially, we note that Patent Owner did not seek authorization to supplement its Corrected Response at any time. As such, Patent Owner's unauthorized supplementation of its Corrected Response is a willful violation of our Order and the deadline it agreed upon in its stipulations. Ex. 1037, 3 (ordering refiling); Paper 22 (stipulating to the due date for the response). Regardless as to whether Petitioner or the Board was on notice that Patent Owner's Corrected Response had new evidence, Patent Owner did not request to extend its deadline and it did not request to present new evidence in its Corrected Response. 37 C.F.R. §§ 42.20(a) ("Relief . . . must be requested in the form of a motion) & (b) ("A motion will not be entered without Board authorization.").

In addition, although Patent Owner added the words "and Supplemental" to the title of the supplemented declaration (Ex. 2034, 1), we do not consider this sufficient to put the Board or Petitioner on notice that substantive modifications had been made, for at least two reasons. First, Petitioner had stated multiple times to Patent Owner its belief that Patent Owner's Response was incomplete. Ex. 1039, 2 (Petitioner asking Patent Owner to "re-serve complete and accurate papers and exhibits" because "Exhibit 2034 . . . [is] completely missing paragraphs 52 through 120")

(emphasis removed); Ex. 1037, 2 (Petitioner noting to the Board "that the exhibits served by Patent Owner . . . appear to be incomplete and inaccurate" and "missing paragraphs (from at least 52 to 120)," and noting that "Petitioner has notified Patent Owner of this issue and has not yet received clarification."). If Patent Owner wished to be open about the new evidence in Dr. Endres's declaration, then it could have stated in response that the paragraphs were intentionally omitted and could have sought leave to file a supplement to the declaration. Instead, Patent Owner's silence allowed Petitioner to believe that it was a clerical error rather than an intentional omission. It wasn't until Dr. Endres's deposition that Petitioner figured out what had happened—that Dr. Endres refused to sign his name with those paragraphs included, so Patent Owner just removed those paragraphs. Ex. 1035, 20:24–21:9 (Dr. Endres testifying that "there was material there that had some technical misinterpretations that needed fixing, actually removing, and there was also a fair amount of legal language that I'm not capable of signing to"); *see also* Ex. 2112 ¶ 7 (Patent Owner's counsel stating he "decided to remove the additional paragraphs Professor Endres could not agree to or could not completely and adequately read through before the deadline"). The supplemental declaration of Dr. Endres filed with the Corrected Response included rewritten versions of the omitted paragraphs to which Dr. Endres was willing to sign. *See* Ex. 2112 ¶¶ 10, 12, 22; *compare, e.g.*, Paper 28, 40 (Patent Owner's corrected response, citing Ex. 2034 ¶ 119) *with* Ex. 1032, 23 (Patent Owner's original response, instead citing Ex. 2034 ¶ 39). In sum, Petitioner did not have notice that new evidence was provided in Dr. Endres's declaration, and it appears that Patent Owner

would never have corrected Petitioner's mistaken belief but for being found out at the deposition and the ensuing Motion to Strike.[3]

Second, merely changing the title of the document, in the context of these proceedings, does not constitute notice. We ordered Patent Owner to re-file its Response to address issues of a clerical nature. Ex. 1037, 3. Patent Owner never asked to make substantive changes. *See, e.g.*, OSC Response 6 (Patent Owner acknowledging that it "did not first request permission from the Board"). Accordingly, there can be little expectation that a subtle change in title and the non-existence of a footnote puts anyone on notice that Patent Owner was making late, unauthorized, and substantive modifications. The expectation was that Patent Owner would refile the same documents, but with the clerical errors fixed.

In view of the above, we determine that sanctions against Patent Owner are appropriate under 37 C.F.R. § 42.12(a)(1) for failing to comply with a Board order.

B. Unnecessary Delay and Increase in Costs

The consequences of Patent Owner's improper supplementation has directly led to increased costs to the Board and Petitioner, and has delayed Petitioner's ability to file its Reply. Paper 37, 10 (Petitioner arguing in its Motion to Strike that "Patent Owner's actions have cut into Petitioner's already truncated time to respond"). Further, Patent Owner has repeatedly

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[3] We take no stance on Patent Owner's lead counsel's duty of candor under 37 C.F.R. § 42.11; we only evaluate Patent Owner's behavior here under 37 C.F.R. §§ 42.12(a)(1) (failure to comply with an applicable rule or order in the preceding) & (7) (improper use of the proceeding, including actions that cause unnecessary delay or increase in cost).

violated Board rules and procedures, leading to increased administrative costs to the Board in order to research and remediate the problem. For example:

i. Patent Owner's counsel signed the original Patent Owner Preliminary Response without using a USPTO registration number and with the designation "*pro hac vice*." Paper 7, 30. This required PTAB staff to investigate whether Patent Owner's counsel was in fact a registered practitioner and whether a *pro hac vice* motion had been filed, ultimately leading to Patent Owner filing a Corrected Preliminary Response (Paper 9). *See also* 37 C.F.R. § 42.10(c) (requiring "lead counsel be a registered practitioner").

ii. Patent Owner did not designate backup counsel; PTAB staff were required to request Patent Owner to file appropriate documentation designating backup counsel. *Compare* Paper 6 *with* Paper 8 (adding backup counsel); *see also* 37 C.F.R. § 42.10(a) ("the party must designate a lead counsel and at least one back-up counsel").

iii. Patent Owner's originally filed Response used unauthorized font and spacing. *See generally* Exhibit 1032 (copy of Patent Owner's expunged response); *see also* 37 C.F.R. § 42.6(a)(2) (setting out formatting requirements).

iv. Patent Owner's Motion to Strike improperly combined a motion with exhibits. *See generally* Paper 30 (the re-filed Motion to Seal, which contains the same error); *see also* 37 C.F.R. § 42.6(a)(3) (prohibiting combined documents).

v. Patent Owner has refiled already-filed papers or exhibits, for example Exhibit 2107 appears to be an excerpt of Exhibit 2108, both of which are a copy or excerpt of Exhibit 1039. 37 C.F.R. § 42.6(d) (prohibiting the filing of a previously filed paper).

vi. Patent Owner did not adhere to our order for the parties to provide descriptive exhibit names (to facilitate matching such names in the briefs to the exhibit). Paper 14, n.1.

vii. Patent Owner's 10 exhibits filed in support of its Opposition do not identify the trial number (37 C.F.R. §§ 42.6(a)(4), 42.63(d)(1)(ii)),

> nor do they have exhibit labels identifying the party name, exhibit number, or page number (§ 42.63(a)(d)).

The sheer quantity of violations, of which the above are just a sample, demonstrates a pattern of conduct that causes unnecessary delay and increase in the costs of the proceeding. Formalities and deadlines are important because they help the efficient and inexpensive administration of the proceedings. *See Dealersocket, Inc. v. Autoalert LLC*, CBM2014-00142, Paper 10 at 9 (PTAB Sept. 8, 2014) (sanctioning a party for missing deadlines because, among other reasons, it presents "a moving target" for the other party). The Board cannot simply spend indefinite resources reviewing a party's papers for compliance and having them refile. *See Euro-Pro Operating LLC v. Acorne Enterprises, LLC*, IPR2014-00351, Paper 35 at 3 (PTAB Feb. 13, 2015) (sanctioning a party that repeatedly "inconvenienced the panel, Board staff, and/or opposing counsel" with various violations). Further, the rules are put in place not merely to provide a consistent presentation to the judges and parties, but also to help identify documents, prevent confusion, facilitate speedier review, and prevent unnecessary evidentiary disputes.

Patent Owner had been placed on notice that violations may lead to sanctions. Ex. 1037, 3. Patent Owner has given has been given an opportunity to explain its actions. OSC Response 10–11. Patent Owner has indicated that its attorneys have "implemented several safeguards" in an attempt to prevent future rules violations. *Id.* Safeguards such as a pre-filing checklist may be helpful in the future, but do not explain the prior actions.

In view of the above, we determine that sanctions against Patent Owner are appropriate under 37 C.F.R. § 42.12(a)(7) for actions that cause unnecessary delay or increase in cost in the proceedings.

III. SANCTION

Appropriate sanctions may include expunging or precluding a party from filing a paper, excluding evidence, and compensatory expenses. 37 C.F.R. § 42.12(b). In fashioning a sanction for violating the rules, the selected sanction should bear a reasonable relationship to the severity of the violation. *See, e.g.*, *Apple, Inc. v. Voip-Pal.com, Inc.*, IPR2016-01198, Paper 70 at 9 (PTAB Dec. 21, 2018) (order granting-in-part motion for sanctions). Further, a sanction should be selected to ensure compliance with the Board's rules, deter others from such conduct and, if appropriate, render whole the aggrieved party. *See id.*; 37 C.F.R. § 42.11(d)(4). The Board has previously sanctioned parties that missed deadlines and repeatedly violate Board rules and procedures. *See, e.g.*, *Dealersocket*, CBM2014-00142, Paper 10 at 9; *Euro-Pro Operating*, IPR2014-00351, Paper 35 at 3; *SAP America, Inc. v. Lakshmi Arunachalam*, IPR2013-00194, Paper 72 at 5 (PTAB Dec. 5, 2014) (sanctioning a party for repeated unauthorized filings by prohibiting the party from using the electronic filing system). The USPTO Director has made clear that "[f]ailure to comply with an order is sanctionable." *Patent Quality Assurance, LLC v. VLSI Tech. LLC*, IPR2021-01229, Paper 102 at 23 (PTAB Dec. 22, 2022) (precedential). The sanctions imposed include dismissal of the petition or petitioner (*Dealersocket*, *Patent Quality Assurance*), prohibition from challenging evidence in a motion to exclude (*Euro-Pro Operating*), and prohibition from using the Board's electronic filing system (*SAP America*).

We notified Patent Owner that one potential sanction would be precluding or otherwise limiting Patent Owner's lead counsel from further participation in the proceeding. Order 16; *cf. SAP America*, IPR2013-00194, Paper 72 at 5 (sanctioning the party by prohibiting further electronic filings). Patent Owner's lead counsel is responsible for the sanctionable conduct, both in his role as lead counsel, but more importantly because he personally made the decisions that are sanctionable. *See generally* Exs. 2112, 2117 (declarations of lead counsel describing his oversight of Patent Owner's case). We have considered Patent Owner's arguments that it relies heavily, and almost exclusively, on its lead counsel, and that precluding its lead counsel from further participation in the proceedings would lead to a substantial disruption to Patent Owner's ability participate in these proceedings. OSC Response 12. We have considered the fact that Patent Owner's lead counsel has expressed remorse and has taken some remedial action on his own initiative. *See, e.g.*, *id.* at 10–11; *see also Google LLC v. Parus Holdings, Inc.*, IPR2022-00805, Paper 36 at 12–14 (PTAB Nov. 6, 2023) (imposing a lesser sanction than originally proposed in view of mitigating actions taken by the offending attorney). Lastly, upon review of the events that have transpired, as set forth in the record before us, we believe that Patent Owner's lead counsel's actions have more to do with a lack of sufficient preparation and knowledge of our proceedings than a malicious or willful intent to undermine the proceedings. *See, e.g.*, Ex. 2112 ¶ 20 (Patent Owner's counsel stating, "I have certainly underestimated multiple times how difficult it would be to respond to [the] petition"). Although Patent Owner's lead counsel's lack of familiarity with our rules

and procedures in no way excuses the behavior, it does help us determine an appropriate sanction.

We determine that an appropriate sanction is to prohibit Patent Owner's lead counsel from being the only attorney of record signing a paper on behalf of Patent Owner, and to prohibit him from being the only attorney of record present on behalf of Patent Owner during any conference call, hearing, or other communication before the Board. The sanction we impose does not cause Patent Owner to lose its lead counsel or have to familiarize anyone not already charged with being familiar with the proceedings. Our sanction effectively requires backup counsel to sign or cosign each submission on behalf of Patent Owner, and also to be present when there are communications with the Board. This does not otherwise preclude the ability of Patent Owner's lead counsel to participate in the proceedings or require new lead counsel. Instead, requiring a second set of eyes is intended to reduce the likelihood that Patent Owner continues to violate Board orders, rules, and procedures, which could result in further and stricter sanctions. We acknowledge that Patent Owner has created a checklist of formatting requirements, but this is unlikely to be as effective as having another attorney of record participating who is subject to the USPTO's disciplinary jurisdiction under 37 C.F.R. § 11.19(a), and the USPTO Rules of Professional Conduct set forth in 37 C.F.R. §§ 11.101 *et seq*.

We determine that the above sanction is appropriate and narrowly tailored to prevent further misconduct. We do not reach the issue of whether awarding attorney's fees to Petitioner would also have been appropriate. We have granted Petitioner's Motion to Strike the improper new evidence, such

that Petitioner is sufficiently made whole by not having to respond to late and shifting arguments and evidence.

IV. ORDER

In consideration of the foregoing, it is hereby:

ORDERED that Patent Owner's lead counsel, Mr. Kelly Cunningham, is sanctioned under 37 C.F.R. § 42.12; and

FURTHER ORDERED that, in these proceedings, Mr. Cunningham is precluded from being the only attorney of record signing a paper on behalf of Patent Owner and is prohibited from being the only attorney of record present on behalf of Patent Owner during any conference call, hearing, or other communication before the Board.

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