UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

VIKING DRILL & TOOL, INC.,

Petitioner,

v.

HONGJIA WANG,

Patent Owner.

IPR2023-00474

Patent 11,007,583

PATENT OWNER'S RESPONSE TO

THE BOARD'S ORDER TO SHOW CAUSE

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I. INTRODUCTION

In finding that sanctions were appropriate, the Order addressed two main forms of conduct by Patent Owner Wang ("Wang"): (a) filing on November 7, 2023, a Corrected and Supplemental Declaration of William Endres that contained new opinion testimony; and (b) committing a number of formatting and procedural errors that "increased costs to the Board and Petitioner," and "delayed Petitioner's ability to file its Reply." (Paper 43 at 13). These acts, the Board found, justified the imposition of sanctions, under 37 C.F.R. §42.12(a)(1) and (7), striking the new opinion evidence that it found in violation. (Paper 43 at 11). The Board now gives Wang an opportunity to explain why further sanctions should not be imposed.

In the discussion below, Wang addresses both sets of acts identified in the Order and explains why he believes further sanctions would not be necessary or appropriate here. Although Wang and his counsel may have transgressed the indicated procedural rules, they have always sought to act in good faith. Nevertheless, they acknowledge the gravity of the Board's findings and have put into place further measures to avoid the potential of any violations moving forward. (Ex. 2117, ¶ 6). In light of all circumstances, Wang contends that further sanctions would not be proportional to the violations and are unnecessary to ensure compliance and deter Wang or others from committing the same or similar violations in the future.

II. BACKGROUND

After Wang submitted the October 31, 2023 Declaration of Professor Endres, Wang's counsel planned to file and serve a Supplemental Endres Declaration as quickly as possible, containing the portions of the Declaration that Wang was unable to get Professor Endres to finalize in time. (Ex. 2117, ¶ 7). Accordingly, on November 4, 2023, Wang served on Petitioner the Combined Endres Declaration, which contained the new portions of the Endres Declaration. (Ex. 1031 at 2).

In the interim, on November 1, 2023, the Board expunged Patent Owner's Response to the Petitions and all exhibits, due to various formatting issues. (Ex. 1037, 3). On November 7, 2023, Wang filed and served Corrected versions of its Response to the Petitions, as well as Corrected Declarations of Cunningham, Fisher, and Wang. In a footnote on the title page of the Corrected Declarations, Wang noted in footnote 2 that "[t]his Declaration has been revised to correct formatting only. The content and signature date remain identical to the previously filed Declaration." (Exs. 2035-2037, 1 n.2).

Wang also filed the "Corrected *and Supplemental* Declaration[s] of William J. Endres" (emphasis added), in which Wang separated the arguments made in response to IPR2023-00473 or IPR2023-00474, per Patent Owner's understanding of the Board's Order, and corrected the formatting issues. (Ex. 2034; Ex. 2117, ¶ 8). Wang also included in the Corrected and Supplemental Endres Declarations the

now-stricken paragraphs missing from Endres' original Declaration. *Id. To* signify that these declarations contained new content, Wang included the words "and Supplemental" in the title and updated the signature and date. (*Id*., 1, 51; Ex. 2117, ¶ 10).

III. FURTHER SANCTIONS ARE NOT NEEDED

Wang and his counsel sincerely regret and apologize for their violations of the Board's Rules by including this new content in the Endres declarations. Wang submits that further sanctions, however, beyond striking the evidence in question, are not necessary to ensure future compliance with this Board's Rules and Orders or to deter future violations thereof.

A. Wang Acted in Good Faith in Submitting the Corrected and Supplemental Declarations on November 7, 2023

It appears from the Board's Order that the Board considers the filing of Endres' declaration with the additional paragraphs on November 7 to be Wang's most serious violation. The Order states that Wang "knowingly sought to supplement [its] November 1, 2023 filings", without permission from the Board or Petitioner, and that the resulting violation was "willful and egregious." (Paper 43 at 13). Wang and counsel acknowledge that they knowingly included paragraphs in the Corrected and Supplemental Declarations of Endres that were not in the original Endres Declaration and that they did not first request permission from the Board or Petitioner to do so. Wang and his counsel recognize the proper course would have

been to file the Corrected Endres Declarations without the additional paragraphs on November 7 and then to separately seek to supplement the Corrected Endres Declarations. (Ex. 2117, ¶ 9). Wang and counsel strongly disagree, however, that this act should be considered willful misconduct.

First, Wang did not try to conceal the addition of the new text from Petitioner or the Board or use the late submission to gain unfair advantage. Wang served the new paragraphs on Petitioner by November 4, just four (4) days after filing his Response, (Ex. 2112, ¶¶ 21-23), and seventeen (17) days before Viking would ultimately depose Endres. (Ex. 1031, 2). And, in contrast to the Corrected Fisher, Wang, and Cunningham Declarations, Wang titled the new Endres Declarations as being the "Corrected *and Supplemental* Declaration of William J. Endres…." (Ex. 2034, 1) (emphasis added). Wang and counsel also updated the signature date and omitted the footnote 2 that they included in their other Corrected Declarations. (*Id.*, 1, 51; Exs. 2035-2037, 1 n.2). Wang intended that these differences, together with the fact that Wang also had just served the Combined Endres Declaration on Petitioner, would fully place all parties on notice that supplemental material had indeed been included. (Ex. 2117, ¶¶10-11). Wang thought, mistakenly, that the delay of four days (for service) or seven days (for filing) would cause no real prejudice.

Second, Wang believes the Order overstates the importance of the new paragraphs in Endres' Declarations to Wang's Response arguments. In its Order, the

Board stated that "[e]vidence is required to support an attorney argument…so providing evidence is a requisite component of a party's position," citing *Meitzner v. Mindick*, 549 F.2d. 775, 782 (CCPA 1977). (Paper 43 at 10). In *Meitzner*, however, the supportive evidence was required of the party that *bore the burden of proof*. *Meitzner*, 549 F.2d. at 780-782 (junior party in interference).

Here, by contrast, it is *Petitioner* who bears the burden of proving that Wang's patent claims are unpatentable. In an *inter partes* review, "the petitioner bears the ultimate burden of persuasion on invalidity, which never shifts to the patent owner." *Medtronic, Inc. v. Teleflex Innovations S.À.R.L.*, 68 F.4th 1298, 1303 (Fed. Cir. 2023). And, even where a party does bear the burden of proof, "[i]n many patent cases expert testimony will not be necessary because the technology will be easily understandable without the need for expert explanatory testimony." *Perfect Web Techs., Inc. v. InfoUSA, Inc.*, 587 F.3d 1324, 1329 (Fed. Cir. 2009); *Guangdong Xinbao Electrical Appliances Holdings v. Adrian Rivera*, IPR2014-00042, Paper 50 at 22-23, 2015 WL 556108 at *13 (Feb. 6, 2015) (holding the same where technology at issue was "relatively straightforward and easily understandable"). That is, expert testimony is not always required for the Patent Owner's response to petition.

Wang and his counsel therefore had reasonable grounds for believing that the arguments put forth in both Wang's original and Corrected Response were already properly before the Board and could be considered on their merits. Although

misguided as to how to introduce the late opinion testimony, Wang and his counsel thought that the Corrected and Supplemental Endres Declaration would merely corroborate those arguments. (Ex. 2117, ¶ 12).

Third, Wang's counsel also mistakenly believed that *prompt* disclosure of the missing paragraphs after filing the Response would prevent prejudice, allow Petitioner to be prepared before deposing Professor Endres, and permit that material to be considered by the Board. Wang's counsel realizes that the way they introduced this late evidence was wrong, but at the time, it was based in good faith on the belief that they had avoided undue prejudice. (Ex. 2117, ¶ 13). Indeed, the Federal Circuit has repeatedly held that, provided that a party to an *inter partes* review has had an opportunity to depose an expert and respond in writing to new evidence, the Board may properly consider such evidence. *Anacor Pharms., Inc. v. Iancu*, 889 F.3d 1372, 1380 (Fed. Cir. 2018); *see also, Infineum USA L.P. v. Chevron Oronite Co. LLC*, No. 2020-1333, 2022 WL 3147683, at *5 (Fed. Cir. Aug. 8, 2022) (holding that the Board's "reliance on [petitioner's expert's] testimony did not violate the APA because [patent owner] had ample notice and opportunity to respond to [the expert's] testimony."). Here, Petitioner had over two weeks to review the Corrected and Supplemental declaration before deposing Professor Endres. (Ex. 2112, ¶24). Wang submits that, if he *had* sought leave to supplement his Response and supporting evidence, there would have been reasonable grounds for the Board to have granted

that motion. 37 CFR §§ 42.5(c), 42.123(c).

Indeed, as recently as 2018, the Federal Circuit claimed, "the introduction of new evidence in the course of the trial is to be expected in *inter partes* review trial proceedings" and is not prohibited. *Anacor Pharms.*, 889 F.3d at 1380.

In sum, the error by Wang and his counsel in submitting the Corrected and Supplemental Endres Declarations was serious, to be sure, one of failing to follow the proper procedure. It was not, however, the result of a bad faith effort to subvert the rules or disobey the Board's Order, or an attempt to conceal the new material. Thus, Wang contends that the present sanctions are profound and further sanctions would be inappropriate and unnecessary.

B. Wang Deeply Apologizes For His Previous Rule Violations

Wang's counsel sincerely apologizes for the identified violations of the Board's formatting rules and the strain that these violations have caused on the Board's resources. To ensure that these mistakes or other similar mistakes do not happen in the future, Wang's counsel has implemented several safeguards (which admittedly should have been instituted more adamantly from the start). First, going forward, Wang will serve his intended Board Submissions on Petitioner ***before*** uploading them through P-TACTS. (Ex. 2117, ¶ 14). Second, Wang's counsel has compiled from the CFR and PTAB Trial Practice Guide a detailed pre-filing checklist, personally reviewed and approved by lead counsel, as a reference to ensure

that future filings will comply with the Board's Rules. (Ex. 2117, ¶ 15). And third, Wang's counsel will staff additional members of his firm on this matter, who will apply for pro hac vice admission should the Board require. (*Id.*, ¶ 16).

Wang understands that the formalities and deadlines are in place to help the efficient and inexpensive administration of the proceedings, and Wang acknowledges that these formalities are especially important in light of the statutory deadlines that the Board is under. Wang's counsel deeply regrets the earlier failures and sincerely apologizes for the inconveniences and unnecessary delays that these failures caused. (*Id.*, ¶ 17).

C. Further Sanctions Would Be Disproportionate

In the Order, the Board acknowledges that a sanction for violating the rules "should bear a reasonable relationship to the severity of the violation" and is "selected to ensure compliance with the Board's rules, deter others from such conduct and, if appropriate, render whole the aggrieved party." (Paper 43 at 15-16). Factors to consider in assessing sanctions include: (1) whether a party's conduct warrants sanctions; (2) if the other party to the proceeding has suffered harm from the violation, and (3) whether the sanctions are proportionate to that harm. *See Apple Inc. v. California Institute of Technology*, IPR2017-004, Paper 18 at 33, 2018 WL 3217232 at *14 (June 29, 2018) (listing factors).

In light of these considerations, Wang believes no additional sanctions should be imposed on Wang or his counsel. As explained above, Wang's conduct was mistaken but in good faith and should not be viewed as willful misconduct. The penalty imposed by the Board to date, striking Endres' new opinion testimony and precluding introduction of certain exhibits, are profound and painful to Wang's prospects for prevailing in this proceeding. Wang believes the Board's sanctions are already more than proportionate to the harm to Petitioner. That Order also resolves any substantive prejudice to the Petitioner from the untimely served evidence.

Wang strongly contends that the Board should not preclude or significantly limit his lead counsel, Mr. Cunningham, from further participation in these proceedings. Mr. Cunningham has been Wang's lead counsel on all of its U.S. patents and pending patent applications, all patent challenges at the USPTO, including the present *inter partes* proceedings, and the underlying patent infringement action. (Ex. 2117, ¶ 3). Mr. Cunningham is the only attorney at his firm that is registered to practice before the USPTO and this Board. (*Id*., ¶ 18). If the Board were to preclude or limit Mr. Cunningham's ability to represent Wang, Wang would be forced to locate and retain new registered patent counsel, a process that could require a not insignificant amount of time. (*Id.*). Once identified, it would also take a significant amount of time for new counsel to prepare itself to represent Wang adequately here. Imposing a consequence of this nature would be disproportionate

to the scope of the violations found by the Board.

Wang also strongly contends that the Board should not issue the sanction of requiring Wang to pay Petitioner's attorneys fees. Petitioner has already obtained its sought-after relief from this Board by the Board's grant of Petitioner's motion to strike. Indeed, in its motion, Petitioner sought an award of fees only "[i]f the Board *denies* the Petitioner's motion…." (Paper 39 at 12) (emphasis added). Wang believes that, by granting Petitioner's motion, the Board has already made Petitioner whole.

IV. CONCLUSION

For the reasons stated above, Wang requests that the Board consider the evidentiary sanction the Board has already imposed on Wang to be sufficient to make Petitioner whole, to ensure compliance and deter future violations by Wang and other, and discharge the Order to Show Cause without imposing any further sanctions.

Dated: January 17, 2024

Respectfully submitted,

/Kelly W. Cunningham/

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CERTIFICATION OF SERVICE

Pursuant to 37 C.F.R. §§ 42.6(e)(4) and 42.205(b) and the agreement of the parties, the undersigned certifies that on January 17, 2024, a true and correct copy of the **PATENT OWNER'S RESPONSE TO THE BOARD'S ORDER TO SHOW CAUSE** was served by electronic mail upon the following:

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