

*PUBLIC VERSION*

[Director\\_PTABDecision\\_Review@uspto.gov](mailto:Director_PTABDecision_Review@uspto.gov)  
571.272.7822

Paper 142  
Date: July 11, 2024

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE OFFICE OF THE UNDER SECRETARY OF COMMERCE  
FOR INTELLECTUAL PROPERTY AND DIRECTOR OF THE  
UNITED STATES PATENT AND TRADEMARK OFFICE

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SPECTRUM SOLUTIONS LLC,  
Petitioner,

v.

LONGHORN VACCINES & DIAGNOSTICS, LLC,  
Patent Owner.

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IPR2021-00847 (Patent 8,084,443 B2)  
IPR2021-00850 (Patent 8,293,467 B2)  
IPR2021-00854 (Patent 8,669,240 B2)  
IPR2021-00857 (Patent 9,212,399 B2)  
IPR2021-00860 (Patent 9,683,256 B2)<sup>1</sup>

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Before KATHERINE K. VIDAL, *Under Secretary of Commerce for  
Intellectual Property and Director of the United States Patent and  
Trademark Office.*

DECISION  
Modifying-in-Part Order Granting Petitioner's Motions for Sanctions

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<sup>1</sup> This Decision applies to each of the above-listed proceedings.

IPR2021-00847 (Patent 8,084,443 B2)  
IPR2021-00850 (Patent 8,293,467 B2)  
IPR2021-00854 (Patent 8,669,240 B2)  
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## I. INTRODUCTION

On May 3, 2023, the Patent Trial and Appeal Board (“PTAB” or “Board”) concurrently issued an Order Granting Petitioner’s Motions for Sanctions (Papers 111 (confidential), 113 (public) (“Sanctions Order”))<sup>2</sup> and a Final Written Decision (Papers 112, (confidential), 114 (public) (“Final Dec.”)) in each of the above captioned cases. The Sanctions Order awarded the sanction of “judgment in the trial” against Longhorn Vaccines & Diagnostics, LLC (“Patent Owner” or “Longhorn”) and denial of Longhorn’s revised motions to amend. Sanctions Order 59. Applying the sanction in the Final Written Decisions, the Board deemed all challenged original claims unpatentable and denied Patent Owner’s Revised Contingent Motions to Amend (Paper 90). Final Dec. 144. The Board also determined separately that Spectrum Solutions LLC (“Petitioner”) had demonstrated by a preponderance of the evidence that all but seven of the challenged claims, including all proposed substitute claims reached, were unpatentable based on the merits of the asserted grounds. Final Dec. 144–45.<sup>3</sup>

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<sup>2</sup> IPR2021-00847, IPR2021-00850, IPR2021-00854, IPR2021-00857, and IPR2021-00860 include similar papers and exhibits. Unless otherwise noted, all citations are to papers and exhibits in IPR2021-00847 as representative. This Decision applies equally to all captioned proceedings.

<sup>3</sup> All of the challenged claims and proposed substitute claims in IPR2021-00847, IPR2021-00854, and IPR2021-00857 were held unpatentable on the merits. *See* IPR2021-00854, Paper 109, 118–19; IPR2021-00857, Paper 107, 127–28. Most, but not all, of the challenged claims in IPR2021-00850 and IPR2021-00860 were held unpatentable on the merits, and all of the proposed substitute claims that the Board reached were held unpatentable on the merits. *See* IPR2021-00850, Paper 110, 131–32;

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On June 12, 2023, I initiated a *sua sponte* Director Review of the Board's Final Written Decisions. Paper 126. I subsequently clarified that Director Review would be limited to the Board's Sanctions Order. Paper 133, 10. I also explained that Director Review would address issues and questions, perhaps the first of their kind, as to which United States Patent and Trademark ("USPTO" or "Office") regulations are implicated when a party withholds relevant factual evidence during an America Invents Act ("AIA") proceeding, and whether this type of conduct warrants sanctions such as judgment in the trial deeming all challenged claims unpatentable. *Id.* at 6. Due to the importance of these issues to the Office in fulfilling its mission, I authorized briefing from the parties and from *amici curiae* on these issues. *Id.* at 6–8.

For the reasons below, I determine that Patent Owner engaged in sanctionable misconduct by orchestrating a deliberate scheme to hide relevant factual evidence from the Board and thereby mislead the Board. This scheme involved intentionally withholding and concealing relevant factual evidence in violation of 37 C.F.R. §§ 42.11(a) and 42.51(b)(1)(iii); intentionally relying on known falsely elicited expert testimony in violation of 37 C.F.R. §§ 42.11(a), 42.11(c), and 11.18(b)(2); and intentionally making a false statement of fact in violation of 37 C.F.R. § 42.11(c) and 11.18(b)(2).

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IPR2021-00860, Paper 108, 106–07. As a result, of the 183 total original claims challenged, the Board held all but seven claims to be unpatentable on the merits.

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I determine that 37 C.F.R. § 1.56 does not apply to AIA proceedings. *See* Sanctions Order 59. I also do not address the Board’s determinations of violations of 37 C.F.R. §§ 11.106(c) and 11.303 because consideration of these rules is best reserved for a disciplinary action against Patent Owner’s counsel if initiated. I affirm, however, the other basis for the sanctions applied in the Board’s Sanctions Order.<sup>4</sup> Further, I affirm the Board’s sanction under 37 C.F.R. § 42.12(b)(8) of entry of judgment in the trial against all challenged claims and denial of the Revised Contingent Motions to Amend.

## II. BACKGROUND

### A. *Pre-Institution and Trial*

In April 2021, Petitioner filed Petitions for *inter partes* review (“IPR”) challenging all original claims of the patents identified in each of the captioned proceedings. The Petitions asserted grounds of unpatentability that all include the same prior art reference (U.S. Patent Application Publication No. 2004/0038269 A1 (“Birnboim”)). Paper 1, 8. The Board instituted trial in each of the proceedings. Paper 13.

On February 11, 2022, after trial institution, Patent Owner filed a Contingent Motion to Amend (Paper 21) and a Response (Paper 22) in each of the proceedings. In its Responses, Patent Owner proposed claim constructions for certain limitations, and in both its Responses and Contingent Motions to Amend, Patent Owner advanced arguments that

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<sup>4</sup> I agree with the Board’s Sanctions Order findings and conclusions unless expressly stated otherwise.

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Birnboim did not teach those limitations. *See, e.g.*, Paper 21, 13–15; Paper 22, 3–18, 22–25. To support its arguments, Patent Owner relied upon the testimony of its declarant, Dr. DeFilippi. Ex. 2015. Concurrent with filing its Contingent Motion to Amend and Response in each of these proceedings, Patent Owner filed a report (Ex. 2019 (“Submitted ABL Report”)) showing the results of laboratory testing performed by Assured Bio Labs, LLC (“ABL”).

In March 2022, Petitioner deposed three ABL employees. *See* Exs. 1069, 1072, 1073. During the depositions, Patent Owner’s counsel instructed these witnesses not to respond to certain questions based on assertions of attorney work product immunity. The Board authorized briefing on the issue of work product privilege. *See* Paper 34, 3. The parties submitted their briefs as authorized. Papers 28 (Petitioner’s work product brief) (confidential), 32 (Patent Owner’s work product brief) (confidential). After considering the parties’ briefs, the Board granted Petitioner additional deposition time, allowed limited questioning, and ordered Patent Owner to serve on Petitioner relevant inconsistent information under 37 C.F.R. § 42.51(b)(1)(iii). Paper 34, 11. In accordance with the Board’s Order, Patent Owner served Petitioner with additional (previously prepared) testing results from ABL (Exs. 1201–11 (“Withheld ABL Data”)), which Petitioner filed with the Board on May 6, 2022.

With authorization from the Board, Patent Owner filed Motions for Leave to Amend its Response and Dr. DeFilippi’s declaration. Paper 52. The Board granted those motions (Paper 61), and on July 8, 2022, Patent

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Owner filed an Amended Response (Paper 65) and amended expert declaration of Dr. DeFilippi (Ex. 2033).

After Patent Owner filed its Motions for Leave to Amend, Petitioner filed in each proceeding an authorized Motion for Sanctions on June 21, 2022. Papers 56 (confidential), 60 (public). Petitioner's motions asserted that Patent Owner intentionally withheld relevant test results, made materially false statements, and used its work product objections in violation of the duty of candor and good faith pursuant to 37 C.F.R. § 42.11 amounting to misconduct sanctionable pursuant to 37 C.F.R. § 42.12. Paper 56, 1; Paper 60, 1. The motions requested three sanctions: (1) judgment against Patent Owner; (2) holding that Birnboim meets the disputed limitations; and (3) providing Petitioner with compensatory expenses, including attorney fees. Paper 56, 1–2; Paper 60, 1–2.

In response to Petitioner's Motions for Sanctions, Patent Owner filed an Opposition (Papers 76 (confidential), 77 (public)); Petitioner filed a Reply (Papers 84 (confidential), 94 (public)); and the Board held an oral hearing (*see* Papers 104 (confidential), 121 (public)) on sanctions on August 16, 2022.

Separately, on August 8, 2022, Patent Owner filed a Revised Contingent Motion to Amend in each of the proceedings. Paper 90.

*B. The Board's Sanctions Order and Final Written Decisions*

On May 3, 2023, the Board entered its Order granting Petitioner's Motions for Sanctions and imposing sanctions of judgment in the trial against Patent Owner as to all challenged claims and denial of Patent

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Owner’s Revised Contingent Motions to Amend in each of the captioned proceedings. *See generally* Sanctions Order. The Board “determine[d] that Patent Owner, through its counsel, failed to meet its duty of candor and fair dealing in its actions before the Board” by “selectively and improperly with[holding] material results that were inconsistent with its arguments and the patentability of both original and proposed substitute claims.” *Id.* at 2. As a result, the Board determined, in part, that (1) “Patent Owner, through its counsel, has failed to meet its duty of candor and fair dealing in its actions before the Board under 37 C.F.R. § 1.56, § 11.106(c), § 11.303, § 42.11(a), and § 42.51(b)(1)(iii)”; (2) “Adverse Judgment against Patent Owner under 37 C.F.R. § 42.12 shall be entered in the Final Written Decisions in each of” the above-captioned proceedings; and (3) “Patent Owner’s Revised Contingent Motion to Amend in each of [the captioned proceedings] shall be denied with Adverse Judgment being entered in each of the Final Written Decisions.” *Id.* at 59.<sup>5</sup> A separate, concurring opinion would have imposed an additional sanction of compensatory expenses for Petitioner, including attorney fees. *Id.* at 61–63.

Concurrently with entering its Sanctions Order, the Board entered Final Written Decisions in each of the proceedings that, in addition to canceling the challenged claims as a sanction, determined Petitioner had

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<sup>5</sup> In this Decision, “adverse judgment” refers to the sanction of “judgment in the trial.” I adopt the terminology “judgment in the trial” for purposes of this Decision to clarify that I rely on the Board’s sanction authority and to avoid any confusion with the use of “adverse judgment” in other Board rules.

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demonstrated by a preponderance of the evidence that the majority of challenged claims (all but seven of the 183 claims at issue) were unpatentable based on the merits of the asserted grounds. Papers 112, 114.

### C. Director Review

On June 12, 2023, I ordered *sua sponte* Director Review of the Board's Final Written Decision in each of the above-captioned proceedings. Paper 126. On October 27, 2023, I issued an Order (Paper 133 ("Director Review Order")) limiting Director Review to the Board's Sanctions Order. Paper 133, 10. The Director Review Order identified the following issues and questions as relevant:

1. When the Board determines that a party has withheld relevant factual evidence during an AIA proceeding, which USPTO regulations are implicated? Do such regulations include 37 C.F.R. § 1.56?
2. When the Board determines that a party has withheld relevant factual evidence during an AIA proceeding, is it an appropriate sanction for the Board to apply adverse judgment in a final written decision to deem claims unpatentable? Is such a sanction proportionate to the harm caused by the party, taking into account the integrity of the patent system? and
3. When the Board determines that a party has withheld relevant factual evidence during an AIA proceeding, what other sanctions are appropriate, either in addition to, or in place of, applying adverse judgment in a final written decision to deem claims unpatentable?



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*Id.* at 6. I directed the parties to address these issues, including through new arguments directed only to these issues, without submitting new evidence.

*Id.* at 7. I also invited amici curiae briefing.<sup>6</sup> *Id.*

I have considered the Board’s Sanctions Order and the briefs from the parties and amici on Director Review. As discussed in detail below, I determine that the withholding of relevant evidence in these proceedings constitutes sanctionable misconduct in violation of 37 C.F.R. §§ 42.11(a), 42.11(c), 11.18(b)(2) (expressly incorporated into § 42.11(c)), and 42.51(b)(1)(iii). The sanctions are not based on violations of 37 C.F.R. § 1.56, 11.106(c), or 11.303 for the reasons given below. I also determine that a sanction of judgment in the trial against the Patent Owner is appropriate and proportionate to the misconduct here.

### III. ANALYSIS

#### *A. Rules Implicated or Otherwise at Issue in These Proceedings*

Generally, the relevant parts of title 37 of the Code of Federal Regulations applicable to parties and counsel to an AIA proceeding include Part 11, relating to “Representation of Others Before the United States Patent and Trademark Office” and Part 42, relating to “Trial Practice Before the Patent Trial and Appeal Board.” 37 C.F.R. pts. 11, 42 (2021). These Parts 11 and 42 contain the rules with which parties and counsel appearing before the Board during an AIA proceeding must comply.

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<sup>6</sup> Four amici curiae briefs have been entered into the record of each of the captioned proceedings, from the following: Josh Malone (Paper 134) (“Malone”); Richard Neifeld (Paper 135) (“Neifeld”); Naples Roundtable (Paper 138) (“Naples”); and Unified Patents (Paper 139) (“Unified”).

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In my Director Review Order, I authorized the parties to address the USPTO regulations that are implicated by the facts of these proceedings. Paper 133, 6 (question one).

1. 37 C.F.R. Part 42

Rule 42.11(a), entitled “Duty of candor,” provides that “[p]arties and individuals involved in the proceeding have a duty of candor and good faith to the Office during the course of a proceeding.”

37 C.F.R. § 42.11(a) (2021).

The duty of candor and good faith is of utmost importance to the Office. Although AIA proceedings are adversarial, where opposing parties may submit rebuttal evidence and arguments and may conduct cross-examination of witnesses, the Board reasonably relies on the representations made by the parties and witnesses to the Board. *See* 77 Fed. Reg. 48612, 48618 (Aug. 14, 2012) (“[H]onesty before the Office is essential to the integrity of the proceeding.”). Moreover, requiring that the Board confirm the accuracy and completeness of all evidence would run counter to the goals of the AIA by substantially increasing the complexity and cost of AIA proceedings. *See* H.R. Rep. No. 112-98, pt. 1, at 39–40 (2011) (describing the goals of the AIA “to establish a more efficient and streamlined patent system . . . and limit unnecessary and counterproductive litigation costs”). Accordingly, public interest also favors that parties and their counsel uphold the high standard of candor and good faith during AIA proceedings, so as to promote the efficient and equitable resolution of patentability disputes.

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Additional rules in Part 42 include Rules 42.51(b)(1)(iii) and 42.11(c). Rule 42.51(b)(1)(iii) requires a party to “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.” 37 C.F.R. § 42.51(b)(1)(iii) (2021). And Rule 42.11(c), which incorporates 37 C.F.R. § 11.18(b)(2), provides that an “attorney, registered practitioner, or unrepresented party” who presents a paper to the Board attests that, after an inquiry reasonable under the circumstances and to the best of their knowledge, information, and belief, “[t]he allegations and other factual contentions [in the paper] have evidentiary support or, if specifically so identified, are likely to have evidentiary support after a reasonable opportunity for further investigation or discovery.” 37 C.F.R. §§ 42.11(c), 11.18(b)(2) (2021).

Failure to comply with the certification requirement of Rule 42.11(c) may result in sanctions by the Board, either sua sponte or by granting a motion for sanctions. 37 C.F.R. §§ 42.11(d)(1)–(d)(3) (2021). The Board may impose sanctions for other types of misconduct, including “[f]ailure to comply with an applicable rule or order in the proceeding,” “[m]isrepresentation of a fact,” or “[a]buse of discovery.” *Id.* § 42.12(a). Sanctions may include entering “[j]udgment in the trial.” *Id.* § 42.12(b).

As explained below, I agree with the Board that Patent Owner’s misconduct violated these Part 42 rules, and Patent Owner is subject to appropriate sanctions.

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2. 37 C.F.R. Part 11

No party or amicus disputes that the rules in Part 11 apply to AIA proceedings, and I agree that these rules apply. However, I leave enforcement of Part 11 rules not expressly incorporated into Part 42 regulations (e.g., Rule 11.18(b)(2)) to proceedings before the Office of Enrollment and Discipline (“OED”). Accordingly, I do not rely upon violations of 37 C.F.R. §§ 11.106 or 11.303 as the basis for sanctions here, and I vacate the Sanction Order’s findings and conclusions regarding violations of Rules 11.106 and 11.303.<sup>7</sup> Nevertheless, the facts here amply support a sanction of “judgment in the trial” based on violations of Part 42 regulations alone.

3. 37 C.F.R. § 1.56

“The duty of candor and good faith in dealing with the [USPTO] includes the duty to disclose to the USPTO information material to the patentability of a claimed invention.” 87 Fed. Reg. 45764 (July 29, 2022). Under 37 C.F.R. § 1.56 (“Rule 56”), this duty of candor and duty to disclose extends to “[e]ach individual associated with the filing and prosecution of a patent application.” 37 C.F.R. § 1.56(a) (2021).

In my Director Review Order, I directed the parties to address whether a party that withholds relevant factual evidence during an AIA proceeding

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<sup>7</sup> To be clear: counsel in AIA proceedings must comply with Part 11 regulations. My decision here does not preclude OED proceedings to explore potential sanctions or discipline for violations of Part 11 based on the conduct in these proceedings. See 37 C.F.R. §§ 11.18(c)(2), 11.19(b) (2021).

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violates Rule 56. Paper 133, 6. The parties responded in agreement that Rule 56 does not apply to AIA proceedings. Paper 136, 4–5; Paper 137, 11; Paper 140, 3–4; Paper 141, 6–7; *see also* Neifeld 3–5.

I agree. Rule 56 does not appear under, nor is it incorporated by reference into, Part 42, which enumerates the rules pertaining to the conduct of parties and counsel before the Board in AIA proceedings. Rather, Rule 56 is contained under part 1 of Title 37, subpart B, under the subheading, “The Application.” *See* 37 C.F.R. pt. 1, subpt. B (2021). Additionally, the plain language of the rule is clear: it expressly refers to duties for “[e]ach individual associated with the filing and prosecution of a patent application.” 37 C.F.R. § 1.56. AIA proceedings involve issued patents, not patent applications. Rule 56 does not include requirements pertaining to individuals or parties involved in AIA proceedings. Accordingly, I do not rely on Rule 56 in this Decision and vacate the Board’s Sanctions Order’s reliance on violations of Rule 56 as a basis for sanctions. That modification proves harmless because the sanctions are firmly rooted in other applicable regulations.

Nevertheless, my determination that Rule 56 does not apply in AIA proceedings should not be construed to allow one to disregard the duty to disclose.<sup>8</sup> As I noted above, Part 42 of Title 37 of the Code of Federal

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<sup>8</sup> When a patent owner proposes substitute claims under 35 U.S.C. § 316(d) in an AIA proceeding, the patent owner has a duty to disclose similar to that of Rule 56. Specifically, such patent owner has a “duty to disclose to the Board information of which the patent owner is aware that is material to the patentability of substitute claims, if such information is not already of record

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Regulations includes rules such as Rules 42.51(b)(1)(iii) and 42.11(c) expressly requiring disclosure. And where parties or counsel, including Patent Owner and Patent Owner's counsel, have any pending or future patent applications before the Office, they must comply with the disclosure provisions of Rule 56.

*B. Patent Owner's Violations of the Rules*

I initiated Director Review, in part, to resolve the question of “[w]hen the Board determines that a party has withheld relevant factual evidence during an AIA proceeding, which USPTO regulations are implicated?” Paper 133, 6. The Board's Sanctions Order determined that “Patent Owner, through its counsel, has failed to meet its duty of candor and fair dealing in its actions before the Board under 37 C.F.R. § 1.56, § 11.106(c), § 11.303, § 42.11(a), and § 42.51(b)(1)(iii)” in each of the captioned proceedings. Sanctions Order 59.

As discussed above, Rule 56 does not apply to AIA proceedings, and I leave consideration of Rules 11.106(c) and 11.303 (in addition any other regulations deemed pertinent) violations and/or sanctions to the jurisdiction of any attorney disciplinary proceeding. However, I agree with the Board's determination that Patent Owner's misconduct in these proceedings violates

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in the case.” *Lectrosonics, Inc. v. Zaxcom, Inc.*, IPR2018-01129, IPR2018-01130, Paper 15 at 9–10 (PTAB Feb. 25, 2019) (precedential) (citing 37 C.F.R. § 42.11); *see* 87 Fed. Reg. at 45764–65 (“[T]he duty to disclose [information material to the patentability of a claimed invention] also extends to patent owners presenting substitute claims in an inter partes review or post grant review proceeding.” (citations omitted)).

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Rules 42.11(a), 42.11(c), 11.18(b)(2), and 42.51(b)(1)(iii).<sup>9</sup> I address specific instances of misconduct below. I first address, as an initial matter, the coextensive duties that both parties and their counsel owe to the Board.

1. The Rules Implicated Here Apply Equally to Parties and Their Counsel

Patent Owner seeks to separate its responsibilities from those of its counsel by arguing, in part, that some of the Office’s rules apply only to specific entities. Paper 136, 8–10; Paper 140, 6–7. In particular, Patent Owner observes that Rule 42.11(c) refers to “an attorney, registered practitioner, or unrepresented party” (Paper 136, 9 (emphases omitted)); that “Rule 42.12(b)(8) only permits . . . a sanction against ‘a party’” (Paper 136, 8); and that, “[o]n its face, Rule 11.18(b)(2) applies to the signer of a filing” (Paper 140, 7). Thus, Patent Owner submits that Rules 42.11(c) and 11.18(b)(2) do not apply to a represented party such as Longhorn. Paper 136, 9; Paper 140, 6–7. Likewise, Patent Owner argues that Rule 42.12(b)(8) applies only if the Board determines that a party, separate from its counsel, engages in sanctionable wrongdoing. Paper 136, 8.

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<sup>9</sup> Although the Sanctions Order did not separately address Rules 42.11(c) and 11.18(b)(2), the Board’s granting of Petitioner’s Motion for Sanctions that was filed under the provisions of Rule 42.11(d)(2) implies that the Board deemed Rules 42.11(c) and 11.18(b)(2) to have been violated. *See* 37 C.F.R. §§ 42.11(d)(2) (requiring that a motion for sanctions describe conduct violating Rule 42.11(c)), 42.11(c) (requiring that a party submitting a paper to the Board attest compliance with Rule 11.18(b)(2)’s certification requirements); *see also* Sanctions Order 5.

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Relatedly, Patent Owner contends that “[p]rior [c]ounsel owed a duty of candor to the Board; *Longhorn did not.*” *Id.* at 9 (footnote omitted).

I reject Patent Owner’s argument that a party to an AIA proceeding does not owe a duty of candor to the Board. Rule 42.11(a) sets forth that “[p]arties and individuals involved in the proceeding have a duty of candor and good faith to the Office during the course of a proceeding.” 37 C.F.R. § 42.11(a). Furthermore, I disagree with Patent Owner’s reading of Rules 42.11(c), 11.18(b)(2) and 42.12(b)(8). Although these rules address actions of counsel, in “our system of representative litigation, . . . each party is deemed bound by the acts of [their] lawyer-agent and is considered to have ‘notice of all facts, notice of which can be charged upon the attorney.’” *Link v. Wabash Railroad Co.*, 370 U.S. 626, 634 (1962) (citing *Smith v. Ayer*, 101 U.S. 320, 326 (1879)). Parties have discretion to select their representative counsel, but they “cannot . . . avoid the consequences of the acts or omissions of this freely selected agent.” *Id.* at 633–34. The Office’s rules might become meaningless were the Board to allow parties to circumvent their requirements simply by blaming misconduct on their chosen counsel. *Cf. Huston v. Ladner*, 973 F.2d 1564, 1567 (Fed. Cir. 1992) (“If we were to hold that an attorney’s negligence constitutes good cause for failing to meet a PTO requirement, the PTO’s rules could become meaningless. Parties could regularly allege attorney negligence in order to avoid an unmet requirement.”). Accordingly, when a party’s counsel in an AIA proceeding violates the Office’s rules, the party may be subject to sanctions under Rule 42.12(b).



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2. The Submitted ABL Report

a) *The Omitted Test Results*

During the course of these proceedings, Patent Owner’s counsel commissioned the testing facility ABL to perform laboratory testing to determine whether two compositions taught by Birnboim meet the claim limitations “inactivate nucleases, kill pathogens, and not degrade nucleic acid.” Paper 22, 18, 22; *see* Ex. 1069, 11:2–15. Patent Owner’s counsel instructed ABL to test the compositions against the microorganisms *Staphylococcus aureus* (“*S. aureus*”), *Bacillus subtilis* subsp. *spizizenii* (“*B. subtilis*”), *Pseudomonas aeruginosa* (“*P. aeruginosa*”), and the *E. coli* Bacteriophage MS2 (“MS2”); ABL also tested inactivation of DNase and RNase. *See* Ex. 1201–11 (“Withheld ABL Data”); Ex. 1069, 268:13–269:18. The test compositions did not inactivate or kill *B. subtilis* or MS2, did not inactivate RNase, and degraded RNA. Ex. 2015 ¶¶ 24, 26. On the other hand, the test compositions eliminated all colonies of *S. aureus* and *P. aeruginosa*, inactivated DNase, and did not degrade DNA. Ex. 1071 ¶¶ 15–30; *see* Exs. 1201, 1202, 1206–07.

Subsequently, Patent Owner’s counsel instructed ABL to prepare the Submitted ABL Report (Ex. 2019), which included only information related to the testing of the Birnboim compositions against *B. subtilis*, MS2, and RNase (and thus appeared to show that the Birnboim compositions did not kill pathogens as required by the claim language), and omitted any information related to the testing of those compositions against *S. aureus*, *P. aeruginosa*, and DNase (which showed that the composition did kill some

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pathogens). Ex. 1069, 255:18–257:17; Ex. 1073, 205:4–207:8. On February 11, 2022, Patent Owner submitted the Submitted ABL Report to the Board. Ex. 2019.

*b) Violations of Rule 42.11(a)*

Based on the facts above, I agree with the Board’s determination that Patent Owner’s counsel violated the duty of candor and good faith under 37 C.F.R. § 42.11(a) when its counsel instructed ABL to “‘tailor’ the test results and omit relevant results” from the Submitted ABL Report in a manner that was intentionally misleading, and then submitting to the Board only the Submitted ABL Report while withholding the Withheld ABL Data. Sanctions Order 32–35, 49; 37 C.F.R. § 42.11(a).

Patent Owner’s counsel intentionally misled the Board to believe that Birnboim’s compositions did not eliminate any microorganisms or inactivate nucleases, and degraded nucleic acid, when in fact, Patent Owner’s counsel knew the opposite to be true in view of certain testing results. *See* Exs. 2019, 1201–11; Sanctions Order 48–49. Misleading the Board on any issue violates Rule 42.11(a)’s duty of candor and good faith. The severity of that violation is compounded here because it impacted the Board’s ability to accurately and efficiently evaluate patentability issues, undermined the integrity of these proceedings, and added to the complexity and expense of the IPRs. Patent Owner’s counsel intentionally misled the Board with respect to evidence that was clearly and directly probative to the unpatentability issues relevant to two claim constructions provided by the Board in its institution decisions. *See, e.g.*, Sanctions Order 23. Regarding

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the first claim construction, as the Board reminded Patent Owner in its Sanctions Order, “in the institution decisions, we expressly rejected the notion that ‘killing pathogens’ required anything more than killing a subset of pathogens present—or potentially present—in a sample.” Sanctions Order 21 (citing Paper 13 (Institution Decision), 18–19). As to the second claim construction, the Board further noted that it had also preliminarily determined that the claimed “inactivate nucleases” did not require “preserv[ing] both DNA and RNA.” *Id.* (citing Paper 13, 21–22). The Board determined, “[e]ven though our claim construction in the institution decisions was preliminary, it clearly indicates the scope of what the Board deemed relevant to the issue of patentability in these proceedings.” *Id.* Accordingly, test results showing killing some microorganisms and preserving DNA, which was highly relevant to the Board’s preliminary claim constructions, would have had evidentiary value to the Board’s patentability determination.

Patent Owner does not dispute that the actions of its counsel violated Rule 42.11(a). *See* Paper 136; Paper 140. For the reasons discussed above, Patent Owner may be subject to sanctions under Rule 42.12(b) for the violations of its counsel. *See Link*, 370 U.S. at 633–34.

### 3. Patent Owner’s Expert Testimony

#### a) *Test Results Withheld From Dr. DeFilippi*

In addition to withholding evidence from the Board, Patent Owner (through its counsel) provided only the Submitted ABL Report to its own expert, Dr. DeFilippi, to examine in formulating his opinion. *See*

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Ex. 2015 (Supplemental DeFilippi Declaration) ¶¶ 24–26; Ex. 1096 (Second DeFilippi Deposition), 839:21–840:9. Based on his review of the Submitted ABL Report, Dr. DeFilippi opined that the Birnboim test compositions could not be “considered to act as effective antimicrobial compositions” because “[a] solution that fails to kill or inactivate [MS2 and *B. subtilis*] cannot be expected to kill or inactivate bacteria or viruses more generally.”

Ex. 2015 ¶ 24.

However, as the Board noted, Dr. DeFilippi’s conclusions in this regard were erroneous or at least ill-informed, given that the Withheld ABL Data demonstrated that the Birnboim compositions eliminated two microbes completely, inactivated DNase, and did not degrade DNA. *See* Sanctions Order 35–36. Dr. DeFilippi candidly acknowledged the relevance of the withheld test results to his patentability opinions. *See id.* at 38–41. In particular, Dr. DeFilippi testified that the literal claim language of “kill pathogens” does not facially limit that result to particular pathogens, making the withheld test results plainly relevant to his patentability opinions. *See id.* at 39. As discussed further below, Dr. DeFilippi testified at his subsequent deposition that the possibility of correcting or updating this opinion “was not raised” by Patent Owner’s counsel. *See id.* at 39–41 (citing supporting trial exhibits). Patent Owner knew Dr. DeFilippi’s testimony to be inaccurate, but nevertheless affirmatively relied on this testimony to support its argument that “Birnboim’s compound did not render a sample substantially non-pathogenic.” Paper 22, 18 (citing Ex. 2015 ¶¶ 24–26; Ex. 2018; Ex. 2001); *see* Sanctions Order 49. Patent Owner also relied on Dr.

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DeFilippi's inaccurate testimony to support similar arguments in its Contingent Motions to Amend. *See* Paper 21, 14–15, 23 (citing Ex. 2019; Ex. 2015 ¶¶ 24–26).

*b) Violations of Rules 42.11(a), 42.11(c), and 11.18(b)(2)*

By intentionally relying on expert testimony it knew to be based on misleading and incomplete test results to support its arguments against unpatentability, Patent Owner misled the Board and violated the duty of candor and good faith. *See* 37 C.F.R. § 42.11(a). Furthermore, by citing expert testimony it knew to be factually unsound in the Responses and Contingent Motions to Amend, Patent Owner's counsel failed to comply with the Office's certification requirements under Rules 42.11(c) and 11.18(b)(2) (cited in Rule 42.11). *See* 37 C.F.R. §§ 42.11(c), 11.18(b)(2)(iii).

Additionally, I agree with the Board that Patent Owner's proposal of substitute claims in the Contingent Motions to Amend triggered an additional duty under Rule 42.11 to disclose material relevant to the patentability of the substitute claims. Sanctions Order 35–36; *see* 37 C.F.R. § 42.11(a); *Lectrosonics*, Paper 15 at 9–10; 87 Fed. Reg. at 45764–65. Compliance with this duty would have required Patent Owner to submit the withheld test results as being relevant to patentability of the substitute claims, at least inasmuch as these test results were highly relevant to the question of unpatentability under the Board's claim construction in its institution decisions. *See* Sanctions Order 21–24.

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Therefore, I agree with the Board that Patent Owner's intentional withholding of relevant factual evidence from Dr. DeFilippi and its affirmative reliance on his defective testimony in the Responses and Contingent Motions to Amend violate the provisions of Rules 42.11(a), 42.11(c), and 11.18(b)(2)(iii).

#### 4. Discovery and Attorney Work Product Immunity

In March 2022, Petitioner deposed ABL employees David Grant, Dr. Joshua Birkebak, and Anna Tolli. *See* Exs. 1069, 1072, 1073. During depositions, Petitioner's counsel questioned the witnesses as to whether they had conducted testing on any additional microbes, but Patent Owner's counsel repeatedly invoked the attorney work product doctrine and instructed the witnesses to discuss only testing that had been relied upon or considered for the Submitted ABL Report. *See, e.g.,* Ex. 1069, 33:7–36:18, 58:21–59:8; Ex. 1072, 23:17–26:3; Ex. 1073, 14:12–15:22, 27:16–31:6. The Board authorized briefing to address Patent Owner's work product objections and instructions to the witnesses. *See* Paper 34, 3.

In its work product brief, Patent Owner argued, in part, that any other work ABL may have performed would be protected by the attorney work product doctrine. Paper 32, 3. However, after considering the parties' briefs, the Board determined that "Patent Owner has cabined the witnesses' testimony so as to limit any deviation from the explicit disclosure of Exhibit 2019." Paper 34, 9. The Board explained that, as a result,

we are unable to determine if any prior tests or analysis are sufficiently related because Patent Owner has limited the witness testimony in such a narrow fashion as to prevent discovery of

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whether other tests were even conducted. Also, Petitioner has been prevented from determining the methodologies used by the witnesses in similar prior tests.

*Id.* at 10. Accordingly, the Board: (1) granted Petitioner additional time to depose each of the witnesses; (2) allowed Petitioner to question the witnesses “on tests performed for Patent Owner and its counsel that used the same or similar methodology (though not necessarily using MS2 or *B. Subtilis*), including the results of such tests”; and (3) ordered Patent Owner “to serve any relevant inconsistent information as required by 37 C.F.R. § 42.51(b)(1)(iii).” *Id.* As ordered by the Board, Patent Owner served Petitioner with the Withheld ABL Data (Exs. 1201–1211), which Petitioner filed with the Board.

In its Sanctions Order, the Board additionally concluded that the work product doctrine “cannot be used to shield *factual information* from discovery that is inconsistent with positions taken by a party before the Board,” because doing so would violate the party’s duty of candor and good faith to the Office. Sanctions Order 10–13 (citations omitted), 44. The Board further stated, the “[a]ttorney work product doctrine does not negate the duty of candor due the Office to, at the very least, communicate factual information that is material to patentability of claims during examination or is inconsistent with any argument or position taken during a proceeding before the Office.” *Id.* at 16.

I address below: (1) the attorney work product doctrine; (2) a misrepresentation Patent Owner made in its work product brief; and

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(3) Patent Owner's production of the withheld test results under Rule 42.51(b)(1)(iii).

a) *Attorney Work Product Doctrine*

Under the Board's rules, routine discovery requires that "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," except that information protected by attorney client privilege or the attorney work product doctrine is not discoverable. 37 C.F.R. § 42.51(b)(1)(iii). Therefore, the Board considers these legal privileges when assessing whether certain evidence is discoverable. *Id.*

Given the facts of these proceedings, however, I agree with the Board that although legal privileges such as the attorney work product doctrine might shield certain evidence from submission in other proceedings, Patent Owner's conduct resulted in waiver of any attorney work product immunity that might have applied to the materials on which this sanctions decision is based.

(1) *Legal Principles*

The attorney work product doctrine was created to aid an attorney in protecting the interests of clients and promoting justice. *See Hickman v. Taylor*, 329 U.S. 495, 510–11 (1947). Recognizing that "it is essential that a lawyer work with a certain degree of privacy, free from unnecessary intrusion by opposing parties and their counsel," the doctrine protects work included in "interviews, statements, memoranda, correspondence, briefs,



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mental impressions, personal beliefs, and countless other tangible and intangible ways.” *Hickman*, 329 U.S. at 511. “At its core, the work-product doctrine shelters the mental processes of the attorney, providing a privileged area within which [they] can analyze and prepare [their] client’s case.” *U.S. v. Nobles*, 422 U.S. 225, 237–38 (1975). To that end and to account for litigation realities, the doctrine also “protect[s] material prepared by agents for the attorney as well as those prepared by the attorney [themselves].” *Id.* at 238–39.

Regarding protection of factual information under the attorney work product doctrine, factual work product is discoverable “only upon a showing that the party seeking discovery has substantial need of the materials in the preparation of the party’s case and that the party is unable without undue hardship to obtain the substantial equivalent of the materials by other means.” Fed. R. Civ. P. 26(b)(3). Accordingly, work product is not discoverable simply because it is factual in nature.

Furthermore, a party may waive attorney work product immunity. *In re EchoStar Commc’ns Corp.*, 448 F.3d 1294, 1302 (Fed. Cir. 2006). Waiver can occur when the holder affirmatively puts material otherwise subject to immunity into issue. *See* 8 Wright & Miller, *Federal Practice and Procedure* § 2016.6 (3d ed. June 2024 Updated) (discussing Fed. R. Civ. P. 26). This “traditional type of waiver” applies where “the privilege-holder seeks to use some protected material as evidence but asserts privilege to withhold other related material from disclosure.” *Id.* “The overarching goal of waiver in such a case is to prevent a party from using the advice [they]

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received as both a sword, by waiving privilege to favorable advice, and a shield, by asserting privilege to unfavorable advice.” *Echostar*, 448 F.3d at 1303. Immunity may be waived for “‘factual’ or ‘non-opinion’ work product concerning the same subject matter as the disclosed work product.” *Id.* at 1302. Federal Rule of Evidence 502 separately states that waiver of work product immunity “in a federal proceeding or to a federal office or agency” extends to undisclosed material in a “federal or state proceeding only if: (1) the waiver is intentional; (2) the disclosed and undisclosed communications or information concern the same subject matter; and (3) they ought in fairness to be considered together.” Fed. R. Evid. 502(a).

When evaluating attorney product protection claims, “a [tribunal] should balance the policies to prevent sword-and-shield litigation tactics with the policy to protect work product.” *EchoStar*, 488 F.3d at 1302; *cf. In re OptumInsight, Inc.*, 2017 WL 3096300, at \*3 (Fed. Cir. July 20, 2017) (Federal Rules of Evidence 502 “prevents parties from selectively disclosing privileged information as an affirmative legal strategy, but falling back on the privilege to conceal inconsistent information. . . . Hence, the rule reflects the maxim that attorney-client privilege cannot be used as both a sword and a shield.” (citations omitted)). And “when a party seeks greater advantage from its control over work product than the law must provide to maintain a healthy adversary system[, ] then the balance of interests recognized in *Hickman* . . . shifts.” *See In re Sealed Case*, 676 F.2d 793, 818 (D.C. Cir. 1982), *cited in EchoStar*, 448 F.3d at 1303.

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(2) *Analysis of Patent Owner’s Attorney Work Product Doctrine Assertion Over the Withheld ABL Data*

Patent Owner argues that its counsel had a “responsibility to preserve work product protection in the first instance if [counsel] believed [they] had a reasonable basis to do so.” Paper 136, 14 (footnote omitted). Patent Owner also contends counsel takes responsibility for the validity of legal objections or privilege assertions made during discovery. Paper 140, 9–10.

On the facts of these cases, I agree with the Board’s conclusion that Patent Owner waived any immunity over the Withheld ABL Data by submitting earlier only selected portions of that data as the Submitted ABL Report—thus relying on test results favorable to itself while omitting unfavorable test results. *See, e.g.*, Sanctions Order 52 (explaining that having relied on test results to support its patentability arguments and elicit testimony, Patent Owner was “obligated to disclose the test results it withheld” that addressed the same subject matter), 52–55 (determining that the withheld test results could not reasonably be considered privileged as attorney work product “where Patent Owner affirmatively chose to make arguments and prosecute claims contrary to the withheld facts”).<sup>10</sup> Having

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<sup>10</sup> Read in context, the Board’s Sanctions Order concludes that Patent Owner was not entitled to claim work product protection over the particular withheld ABL test results here based on Patent Owner’s waiver of any such protection. To the extent that portions of the Board’s analysis can be read to more broadly conclude that the work product doctrine cannot protect *any* factual information, I disagree, and such a reading should not be followed. *See, e.g.*, Sanctions Order 49 (explaining that the withheld test results, specifically, were “not privileged as factual information rather than attorney opinion”), 52 (rebutting the applicability of the Federal Rules of Evidence,

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affirmatively relied upon the test data purporting to show the pathogen-killing performance of the Birnboim compositions in the Submitted ABL Report to advance its patentability arguments, Patent Owner could not hide the remaining test results on the same subject contained in the Withheld ABL Data based upon work product immunity. In this regard, Patent Owner's conduct reflects classic use of "sword/shield" information disclosure to which waiver of any immunity, in fairness, should apply. *See Echostar*, 448 F.3d at 1303 ("The overarching goal of waiver in such a case is to prevent a party from using the advice [they] received as both a sword, by waiving privilege to favorable advice, and a shield, by asserting privilege to unfavorable advice."); *see also OptumInsight*, 2017 WL 5078436, at \*4–5 (N.D. Cal. Nov. 6, 2017) (applying *EchoStar* to find waiver of work product immunity for material sufficiently related to material affirmatively relied upon by party, citing sword/shield concerns). I further observe that work product doctrine is inapplicable to the Withheld ABL Data not only because it was part of the same subject matter as the Submitted ABL Report, but also because it was itself the original complete set of test results that Patent Owner manipulated into the misleading Submitted ABL Report. *See Fed. R. Evid. 502(a)(1)–(a)(3)*. Further, waiver here is consistent with *Fed. R. Evid. 502(a)* because the Withheld ABL Data "ought in fairness" to be considered in conjunction with the Submitted ABL Report that Patent

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including Rule 502, because "the factual information [in the withheld test results] itself is not protected as attorney work product").

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Owner affirmatively relied on in these IPR proceedings. *See, e.g., OptumInsight*, 2017 WL 5078436, at \*5.

Moreover, the Board properly limited the scope of discovery relating to the Submitted ABL Report. *See, e.g., Nobles*, 422 U.S. at 239 (approving of a district court that “authorized no general ‘fishing expedition’” during discovery against a party’s work product objection). Specifically, the Board limited discovery to questioning the same ABL employees who had previously been deposed regarding tests “that used the same or similar methodology, including the results of such tests.” Paper 34, 11; *cf. In re Unilin Décor N.V. et al.*, 153 Fed. Appx. 726, 727 (Fed. Cir. 2005) (finding no clear abuse of discretion where a district court permitted limited discovery, broader than in these proceedings, as to (1) “facts about what tests and/or studies were done in anticipation of litigation,” (2) facts from those tests or studies, and (3) facts as to the existence of documents (whether discoverable or non-discoverable) related to those tests or studies).<sup>11</sup>

Patent Owner additionally warns against an “unwarranted chilling effect” that could result from imposing sanctions against “the good-faith

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<sup>11</sup> As summarized by the Federal Circuit, *Unilin* had a similar fact pattern as here: “[a]t depositions, Unilin witnesses were questioned regarding tests they performed on the accused [infringing] product. Counsel for Unilin instructed the witnesses not to answer regarding certain tests that were performed in preparation for litigation and initiated by counsel’s request. Alloc (the other party) moved to compel Unilin witnesses to answer questions regarding testing. . . .” *Unilin*, 153 Fed. Appx. at 727.

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withholding of information believed to be privileged or otherwise immune from discovery.” Paper 136, 14–15.

I recognize the strong public policy considerations underlying the attorney work product doctrine. *See Upjohn Co. v. U.S.*, 449 U.S. 383, 398 (1981). Moreover, our rules dictate that parties and counsel may advance legal contentions where nonfrivolous. *See* 37 C.F.R. § 11.18(b)(2)(ii). Here, the Board ordered sanctions based, in part, on the correct finding that Patent Owner pursued its objection in a manner that violated its duty of candor and good faith. *See, e.g.*, Sanctions Order 51, 55; *see also Link*, 370 U.S. at 633–34.

Specifically, the Board determined that Patent Owner had violated its duty of candor and good faith, and mandatory disclosure requirements, by failing to pursue options that could have maintained the asserted immunity over the withheld test results while complying with its obligations. I agree. As the Board explained, Patent Owner could have, for example, filed the withheld test results under seal with the Board or requested in camera review. Sanctions Order 44–45, 47 n.20, 49–50. Patent Owner had additional options that it elected not to exercise, including (1) providing a privilege log identifying the Withheld ABL Data and withholding it, or (2) producing a redacted copy of the Withheld ABL Data. Any of these choices would have put Petitioner and Board on notice of the existence of other test results and allowed the Board to evaluate work product immunity, while Patent Owner complied with the Board’s rules.

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Instead, Patent Owner withheld even the existence of such information and stymied reasonable inquiries into the matter. *See* Paper 34, 10. I share the Board’s concern that “[h]ad Petitioner’s counsel not pressed for answers during the deposition of the ABL employees . . . , and had [the Board] not ordered Patent Owner to serve relevant inconsistent information on Petitioner . . . , it seems likely that Patent Owner would have withheld the test results indefinitely.” Sanctions Order 48 (citation omitted). By making the volitional decision to actively shield the existence of the Withheld ABL Data (*see, e.g.*, Paper 34, 9–10 (explaining that Patent Owner prevented the Board from assessing whether other tests conducted were relevant to the Submitted ABL Report, much less “whether other tests were even conducted”)), Patent Owner’s misconduct amounts to a serious violation of Board rules because it significantly risks the Board’s ability to accurately assess patentability, and also prevents Petitioner and the Board from evaluating the immunity assertion.

Patent Owner further argues that the Board did not perform “a proper work-product analysis” that would allow judicial review. Paper 140, 10–12. According to Patent Owner, “[a] proper work-product analysis requires consideration of whether the material in question[] is ‘(1) . . . a document or tangible thing, (2) which was prepared in anticipation of litigation, and (3) was prepared by or for a party, or by or for its representative.’” *Id.* at 11 (citing *Darui v. U.S. Dep’t of State*, 798 F.Supp.2d 32, 38 (D.D.C. 2011) (citation omitted)). Patent Owner contends that, instead of performing such an analysis, “the Board offers conclusory comments in passing that it has

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rejected the work-product assertions.” *Id.* Contrary to Patent Owner’s mischaracterization of the Board’s work product analysis, I find that the Board extensively analyzed Patent Owner’s assertion of privilege under the attorney work product doctrine, first in its Order responding to the parties’ work product briefs (Paper 34), and second in its Sanctions Order. *See, e.g.*, Sanctions Order 10–16, 44–46, 51–52. Moreover, the Board relied on other case law to support its analysis. *See id.*

Because Patent Owner waived any work product immunity to the extent it existed, I conclude that attorney work product immunity could not form the basis for withholding the relevant factual evidence contained within that report under Rule 42.51(b)(1)(iii). I also determine that Patent Owner did not, in good-faith, attempt to comply with its duty of candor and good faith while asserting its immunity position.

*b) Misrepresentation in Patent Owner’s Work Product Brief*

In its work product brief, Patent Owner (through its counsel) argued that “the ABL witnesses testified that no other testing exists relating to the conclusions or results presented in Ex. 2019,” i.e., the Submitted ABL Report. Paper 32, 2–3 (underlining omitted). However, as the Board accurately noted, the witnesses’ testimonies belie Patent Owner’s emphatic assertion. *See* Paper 34, 4–9 (“At no point in the transcript does it appear that any of the three witnesses testified that they did no other testing for Patent Owner’s counsel or that no other testing exists relating to the methodologies or conclusions presented in Exhibit 2019.”). As such, I agree with the Board that the contention was “wholly untrue on its face” and a



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misleading statement of fact. Sanctions Order 33 n.13, 35. Advancing this argument was especially egregious, considering that Patent Owner’s counsel was fully aware that other related testing did, in fact, exist. Therefore, the only reasonable inference I can draw is that Patent Owner’s counsel intentionally sought to mislead the Board into believing the Submitted ABL Report to be accurate and complete, and to keep the withheld test results hidden.

Counsel’s misrepresentation to the Board regarding the existence of the withheld data violates the duty of good faith and candor under Rule 42.11(a). Furthermore, by including this misleading argument—which counsel knew to be false—in a paper presented to the Board, Patent Owner’s counsel again violated the certification requirements of Rules 42.11(c) and 11.18(b)(2)(iii). *See* 37 C.F.R. §§ 42.11(c), 11.18(b)(2)(iii).

*c) Violations of Rule 42.51(b)(1)(iii)*

Congress limited discovery at the Board to lower costs, minimize complexity, and shorten the time for dispute resolution. *Garmin Int’l v. Cuozzo Speed Techs LLC.*, IPR2012-00001, Paper 26 at 5–6 (PTAB Mar. 5, 2013) (precedential). Because of limited discovery, parties practicing before the Board must provide the Board with information necessary to fairly conduct a trial, consistent with the Board’s rules. For this reason, our rules require that “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

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inconsistency.” 37 C.F.R. § 42.51(b)(1)(iii). Otherwise, the Board will be unable to timely complete proceedings.

Patent Owner argues that Rule 42.51 allows attorney work product to be withheld, and that “[a]bsent a finding that the original work-product objection was frivolous or made in bad faith—and there was no such finding here—it cannot be said that Rule 42.51(b)(1)(iii) was violated.” Paper 140, 8 (footnote omitted). However, Patent Owner does not provide any authority to support its argument that a Rule 42.51(b)(1)(iii) violation requires an additional finding of bad faith or frivolousness. Patent Owner ignores that, as discussed above, it could have taken steps to preserve its work product position while complying with the mandatory disclosure provisions of Rule 42.51(b)(1)(iii), as well as related Board rules. Parties do not comply with those mandatory provisions by hiding the existence of undisclosed material based upon the unilateral determination that the material should ultimately be shielded from such disclosure as legally privileged or protected.

Patent Owner further contends that it “promptly produced” the withheld testing after the Board ordered it to do so. Paper 136, 15; Paper 140, 8. However, as noted above, Rule 42.51(b)(1)(iii) requires that the withheld information should have been served “concurrent with the filing of the documents or things that contains the inconsistency.” Here, Patent Owner actively withheld the Withheld ABL Data until the Board ordered its production and reminded the parties they could be sanctioned for violating the Office’s rules. *See* Paper 34, 10–11.

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I agree with the Board that Patent Owner's failure to produce the test results omitted from the Submitted ABL Report and withholding of the same from the Board and Petitioner violated Rule 42.51(b)(1)(iii) for at least three reasons. First, Patent Owner's Responses and Contingent Motions to Amend took positions regarding patentability of the original and proposed substitute claims that were inconsistent with the withheld test results. *See* Sanctions Order 22–24, 29–32, 36–37, 42–44, 47, 52, 54.

Regarding the original claims, Patent Owner attempted to excuse its withholding of the test results by arguing that they were not germane to its preferred claim construction, under which Patent Owner contended its claims were patentable in its Patent Owner Responses. *See, e.g.,* Paper 65, 16–25; Paper 76, 9–13. The Board determined, however, that the withheld test results were inconsistent with Patent Owner's claim construction positions. *See* Sanctions Order 29–32. For example, Patent Owner proposed construing the limitation “kill pathogens” to mean “rendering the sample substantially non-pathogenic.” Paper 22, 3. The Board determined in the Sanctions Order that Patent Owner's proposed construction encompassed non-pathogenicity as to any potential pathogens that might be present in a sample, but limited the pathogens to those disclosed in the specifications of the challenged patents. *See* Sanctions Order 29–32. The Board further found, after reviewing the specifications and considering Patent Owner's counsel's arguments presented at the oral hearing, that the two pathogens for which Patent Owner had provided test results fell outside the scope of the claims, whereas the two for which Patent

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Owner had withheld results fell within the scope of the claims. *See* Sanctions Order 29–32, 36–37.

Accordingly, by showing the killing of two pathogens encompassed by the claims, the withheld test results showed that the compositions “render[ed] the sample substantially non-pathogenic.” As such, Patent Owner’s Responses presented an argument with which the withheld test results were inconsistent and, under Rule 42.51(b)(1)(iii), should have been served.

Furthermore, I agree with the Board’s determination that the withheld test results were inconsistent with Patent Owner’s patentability positions as to original and proposed substitute dependent claims. Sanctions Order 23–24 (citing examples), 42–44 (citing examples), 47, 52, 54. These claims on their face cover the pathogens for which Patent Owner withheld test results. *Id.* Accordingly, those test results were plainly subject to mandatory production under Rule 42.51, and Patent Owner’s deliberate withholding of the test results was unacceptable.

Second, the withheld test results are inconsistent with the stated purpose of the Submitted ABL Report. *See* Sanctions Order 32–34; Ex. 2019. Specifically, I agree with the Board that the record evidence reveals that: (1) Exhibit 2019 reports the project scope as “testing nuclease inactivation and antimicrobial activity of 2 different solutions” and “look[ing] to determine if either solution kills bacterial and viral agents and if standard nucleases are inactivated” without any limitations (*see* Ex. 2019, 1); and (2) ABL tested bacterial pathogens *P. aeruginosa* and

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*S. aureus*, and DNase I consistent with that purpose. *See* Sanctions Order 32–35 (citing Ex. 2019, Ex. 1206, Ex. 1069, 269:15–270:8). Yet, despite the relevance of those test results to the Submitted ABL Report’s stated purpose and scope, Patent Owner directed that the test results be withheld from the Submitted ABL Report ultimately prepared and failed to produce them until ordered to do so by the Board. The withheld test results fell squarely within Rule 42.51’s mandatory disclosure requirements because that evidence was inconsistent with the implicit representation that the results relied upon by Patent Owner in Exhibit 2019 reflected all reliable testing relevant to the Submitted ABL Report’s stated purpose and scope. *See* 37 C.F.R. § 11.18(b)(2)(iii). The withheld test results contained in the Withheld ABL Data—falling within the scope and purpose of the Submitted ABL Report, but not included therein—thus should have been produced when Exhibit 2019 was filed.

Third, Patent Owner’s material misrepresentation in its brief addressing the attorney work product doctrine advanced an argument that was inconsistent with the withheld test results. *See* Paper 32, 2; Sanctions Order 35. As previously noted, Patent Owner told the Board that “no other testing exists relating to the conclusions or results presented in Ex. 2019.” Paper 32, 2 (underlining omitted). As counsel well knew, the withheld test results directly contradicted the statement that no other testing had been conducted. Accordingly, under Rule 42.51(b)(1)(iii), the withheld test results should have been served at the time Patent Owner’s counsel advanced its argument in the work product brief.

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Therefore, at two separate times prior to actually serving Petitioner with the Withheld ABL Data—when filing its Responses and Contingent Motions to Amend, and then again when filing its attorney work product brief—Patent Owner failed to comply with mandatory discovery under Rule 42.51(b)(1)(iii).

5. Safe Harbor Provision Under Rule 42.11

The safe harbor provision of Rule 42.11(d)(2) provides that “[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.” 37 C.F.R. § 42.11(d)(2) (emphasis added).

Prior to Petitioner filing its Motions for Sanctions on June 21, 2022, Patent Owner filed in each proceeding an authorized Motion for Leave to Amend its Response and Dr. DeFilippi’s declaration. Paper 52. Patent Owner’s Motions for Leave to Amend indicated that “[t]he proposed amendments are responsive to a proposed sanction motion served by Petitioner on May 16, 2022” and would “clarify a sentence in the Patent Owner Response” and “add a footnote to each document” clarifying that the arguments in the Patent Owner Responses relate to Patent Owner’s proposed claim constructions. *Id.* at 1. After the Board granted Patent Owner’s motions, Patent Owner filed an Amended Response (Paper 65) and an

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amended declaration of Dr. DeFilippi (Ex. 2033). *See* Paper 65, 17 & n.1; Ex. 2033 ¶ 24 n.1.<sup>12</sup>

Patent Owner contends its remedial actions complied with Rule 42.11’s safe harbor provision. Paper 136, 16–17. Petitioner responds that the safe harbor provision “applies to matters that may be ‘corrected,’” and its “language indicates that it applies to inadvertent errors or perhaps errors caused by negligence.” Paper 141, 17–18. According to Petitioner, the safe harbor provision does not allow correction of deliberate misconduct. *Id.* at 18. In its Sanctions Order, the Board determined that “Patent Owner’s repeated intentional failures to comply with its duty of candor and good faith in these proceedings amount to much more than misstatements that may be excused when corrected.” Sanctions Order 53 (footnote omitted) (citing 37 C.F.R. § 42.11(d)(2); *Gray v. Staley*, 310 F.R.D. 32, 40 (D.D.C. 2015)).

Contrary to Petitioner’s argument, the plain language of the safe harbor provision does not exclude its use for correction of deliberate misconduct. Nevertheless, Patent Owner’s response to Petitioner’s allegations did not meet the requirements for a safe harbor as I interpret it here because Patent Owner did not “withdraw[] or appropriately correct[] within 21 days” the various misleading statements or testimony it offered. Specifically, Petitioner alleged that Patent Owner intentionally withheld test results, concealed the withheld test results from Patent Owner’s expert,

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<sup>12</sup> Patent Owner’s added footnotes explain that, in arguing that the Birnboim compositions did not meet the claim limitations, Patent Owner applies its proposed claim constructions of “kill pathogens,” “not degrade nucleic acid,” and “inactivate nucleases.” Paper 65, 17 n.1; Ex. 2033 ¶ 24 n.1.

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made false statements and arguments for patentability in its Responses and Contingent Motions to Amend, violated the duty of candor and good faith as well as the certification requirements of Rules 42.11 and 11.18(b)(2), and engaged in sanctionable misconduct under Rule 42.12. *See* Paper 56, 1, 7–9; Paper 60, 1, 7–9. Patent Owner’s Amended Responses and amended expert declarations only clarify a claim construction argument. They do not “withdraw[] or appropriately correct[]” Patent Owner’s misrepresentation that no other testing existed, or Patent Owner’s reliance on known erroneous expert testimony based on incomplete test results. *See* 37 C.F.R. § 42.11(d)(2).

Under the circumstances of these proceedings, any meaningful, good faith effort to comply with the safe harbor provision could have included, for example, (1) allowing Patent Owner’s expert to reevaluate his opinions and resubmit his declaration in light of the Withheld ABL Data, and (2) withdrawing or correcting the assertion in the work product brief that the ABL witnesses testified that no other related testing existed. Patent Owner, however, performed neither remedial action. As to allowing Dr. DeFilippi to reevaluate his opinions and resubmit his declaration, Dr. DeFilippi testified that revising his opinion as to whether the compositions killed pathogens, in view of the Withheld ABL Data, “was not presented . . . as an option,” and “[n]o suggestion [to do so] came [his] way.” Ex. 1096, 843:16–844:2, 845:17–848:1. Dr. DeFilippi further testified that, in the process of amending his expert declaration (under the safe harbor provision), although Patent Owner’s counsel provided “a bit of an explanation” regarding the



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addition of the footnote, “[n]obody presented to me the question to address” the withheld test results. *Id.* at 879:21–881:1; *see also id.* at 858:10–19 (testifying, “it was not presented for me to consider a reevaluation [of the declaration] outside of this footnote”).

Notably, however, Dr. DeFilippi also testified—beginning at his first deposition, which occurred prior to amending his declaration—that a composition that kills two out of three pathogens in a sample might meet the claimed “kill pathogens.” *See* Ex. 1064, 209:7–210:8, 211:13–212:20; *see also* Ex. 1096, 836:21–837:14, 838:22–839:19 (testifying in his second deposition that he previously testified that killing of two pathogens meets the claimed “kill pathogens”). The Board correctly determined Dr. DeFilippi’s testimony indicates that he might have substantively altered his opinions if Patent Owner had allowed him to correct his declaration after reviewing the Withheld ABL Data. *See* Sanctions Order 38–41. Moreover, because Patent Owner’s counsel was present at Dr. DeFilippi’s depositions, counsel knew, at the time of filing Dr. DeFilippi’s amended declaration, that Dr. DeFilippi might have reached different conclusions. Yet counsel only guided Dr. DeFilippi to minimally modify his declaration in a different regard.

Therefore, based on the facts in these proceedings, I find that Patent Owner did not satisfy the requirements of the safe harbor provision of Rule 42.11(d)(2).

## 6. Totality of the Conduct

I have considered the multiple acts in violation of Patent Owner’s duty of candor and good faith under Rule 42.11(a), in particular the willful

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concealing of test results having evidentiary value for patentability; the multiple and separate intentional failures to comply with the certification requirements of Rules 42.11(c) and 11.18(b)(2); and the multiple and separate intentional failures of Patent Owner's counsel to serve relevant inconsistent information concurrent with advancing Patent Owner's positions under Rule 42.51(b)(1)(iii). I have also considered the conduct leading to Patent Owner's waiver of immunity under the attorney work product doctrine.

Patent Owner characterizes the issue in these proceedings as “a work-product dispute that was resolved during discovery.” Paper 136, 1; *see also* Paper 140, 9–10 (arguing, “[t]here is no dispute that the underlying conduct deemed sanctionable by the Board emanates from an assertion, ***by Prior Counsel***, of attorney-work product protection over certain material.”). Patent Owner further contends that “[p]rior [c]ounsel openly asserted attorney-work product objections, alerting Petitioner to the existence of withheld information.” Paper 136, 15. According to Patent Owner, the withheld test results also were not material to the Board's patentability determinations. Paper 140, 1, 13–15 (citing *Therasense, Inc. v. Becton, Dickinson and Co.*, 649 F.3d 1276, 1290–92 (Fed. Cir. 2011); *Exergen Corp. v. Wal-Mart Stores, Inc.*, 575 F.3d 1312, 1329–30 (Fed. Cir. 2009)). Petitioner responds that Patent Owner “orchestrated an elaborate scheme ***to deceive the Board on the central issue in the proceeding.***” Paper 141, 3–5, 15. Petitioner also responds that the Board found Patent Owner “made false and misleading statements” and violated its duty of candor and good faith,

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amounting to deliberate and egregious misconduct. *Id.* at 8–9 (citations omitted).

I disagree with Patent Owner that the misconduct in these proceedings related to a discovery dispute. As highlighted by the numerous instances of individual misconduct noted above, many of which contravene multiple Board rules, Patent Owner’s misconduct pervaded the entirety of these trials, well beyond discovery. Taking together the facts of these proceedings, the only reasonable inference I can draw from the cumulative misconduct is that Patent Owner deliberately orchestrated a scheme to hide relevant factual evidence from, and thus intentionally mislead, the Board, Petitioner, and its own expert. *See* Sanctions Order 48–50 (describing the cumulative misconduct). As the Board determined, Patent Owner’s counsel intentionally concealed the Withheld ABL Data. Patent Owner then intentionally misled both the Board and Dr. DeFilippi with the incomplete Submitted ABL Report. From Dr. DeFilippi, Patent Owner elicited defective testimony and then affirmatively relied on that defective testimony to support its arguments before the Board, while continuing to conceal the withheld test results from the Board, Petitioner, and Dr. DeFilippi.

As discussed above, attempting to use the test results as both a sword and a shield, Patent Owner’s counsel invoked attorney work product immunity to prevent ABL witnesses from revealing the existence of withheld test results during depositions. In a further attempt to keep the withheld testing hidden, Patent Owner misrepresented to the Board that the

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witnesses had testified that no other testing existed relating to the Submitted ABL Report.

Patent Owner finally revealed the withheld test results only upon being compelled to do so by the Board under threat of sanctions. Patent Owner did not, under Rule 42.11's safe harbor provision, meaningfully or in good faith withdraw or appropriately correct contentions Petitioner challenged in a timely and responsible manner. Moreover, Patent Owner's counsel intentionally failed to notify Dr. DeFilippi that he could correct his declaration in light of the Withheld ABL Data. Accordingly, Patent Owner intentionally suppressed relevant evidence and continuously violated Office rules throughout these trials to keep relevant evidence hidden from the Board, thereby intentionally misleading and deceiving the Board.

Given the totality of the misconduct described above, I agree with Petitioner and the Board that Patent Owner engaged in egregious misconduct. *See* Sanctions Order 57, 62; *id.* at 63 (Braden, APJ, concurring); *Abrutyn v. Giovanniello*, 15 F.3d 1048, 1053 (Fed. Cir. 1994). My finding of egregiousness is bolstered by analogous case law relating to the doctrine of "inequitable conduct," which does not apply in AIA proceedings, but which can involve conduct similar to that at issue here. In that context, the Federal Circuit has found "particularly egregious misconduct" where a party suppressed evidence. *See Therasense*, 649 F.3d at 1287 (discussing Supreme Court cases involving the doctrine of unclean hands and "particularly egregious misconduct, including perjury, the manufacture of false evidence, and the suppression of evidence") (citing

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*Keystone Driller Co. v. Gen. Excavator Co.*, 290 U.S. 240, 243 (1933)).

Here, Patent Owner affirmatively suppressed the evidence at least by its counsel directing ABL to create the Submitted ABL Report, supplying its declarant with only the Submitted ABL Report and relying on the declarant's unsound testimony, and intentionally misrepresenting to the Board that no other related testing existed.

Based on the totality of Patent Owner's conduct, I determine that Patent Owner's counsel sought to intentionally deceive and mislead the Board. Accordingly, I determine that Patent Owner, through its counsel, affirmatively engaged in egregious misconduct that is sanctionable. *See* 37 C.F.R. §§ 42.12(a), 42.11(d)(2).

*C. Sanction for Violation of the Rules*

Given Patent Owner's misconduct addressed above, the Board previously sanctioned Patent Owner by imposing "[j]udgment in the trial," i.e., entering adverse judgment, against all 183 challenged claims in the patents in these proceedings. Sanctions Order 57–59. This sanction applied not only to the 176 claims that the Board found unpatentable on the merits after considering the true import of Patent Owner's testing, but also to seven claims that the Board did not find to be unpatentable on the merits. *Id.*; *see also* IPR2021-00850, Paper 110, 131–32; IPR2021-00860, Paper 108, 106–07.

For the reasons set forth below, I affirm the Board's sanction.

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## 1. Introduction

The AIA mandates that “[t]he Director shall . . . prescrib[e] sanctions for abuse of discovery, abuse of process, or any other improper use of [*inter partes* review or post-grant review] proceedings, such as to harass or to cause unnecessary delay or an unnecessary increase in the cost of the proceeding.” 35 U.S.C. §§ 316(a)(6), 326(a)(6).

The Office has promulgated rules that allow the Board to impose a sanction for “[f]ailure to comply with an applicable rule . . . in the proceeding,” “[m]isrepresentation of a fact,” or “[a]buse of discovery.” 37 C.F.R. §§ 42.12(a)(1), (a)(3), (a)(5). The rules expressly identify a sanction of “[j]udgment in the trial,” where “[j]udgment” is defined as “a final written decision by the Board, or a termination of a proceeding.” 37 C.F.R. §§ 42.2, 42.12(b)(8). The Board should issue sanctions that “suit the wrongdoing[] . . . when faced with evidence of an abuse of process or conduct that thwarts, rather than advances, the goals of the Office and the AIA.” *OpenSky v. VLSI*, IPR2021-01064, Paper 102, 44–45 (PTAB Oct. 4, 2022) (precedential) (“*OpenSky*”); *see also* 37 C.F.R. § 42.11(d)(4).

With these legal principles in mind, I turn to the issues presented in these proceedings. In my Director Review Order, I instructed the parties to address whether “[w]hen the Board determines that a party has withheld relevant factual evidence during an AIA proceeding, is it an appropriate sanction for the Board to apply adverse judgment in a final written decision to deem claims unpatentable.” Paper 133, 6 (question 2). As part of this analysis, I instructed the parties to address whether “such a sanction [is]

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proportionate to the harm caused by the party, taking into account the integrity of the patent system.” *Id.* (question 2). For the reasons set forth below, I affirm the Board’s decision, in these cases, to apply judgment in the trial as a sanction for withholding relevant factual evidence.

2. The Board’s Authority to Impose a Sanction of Judgment Canceling the Challenged Claims

Before I address whether a sanction of judgment in the trial against Patent Owner is appropriate under these circumstances, I begin by addressing the Board’s authority to impose such a sanction to cancel challenged patent claims in the first place.

Patent Owner and one amicus contend that the Board only has the authority to cancel claims determined to be unpatentable under 35 U.S.C. §§ 102 or 103, thereby precluding canceling claims as a sanction. Paper 136, 6–7 (citing 35 U.S.C. § 318(b); *Cuozzo*, 579 U.S. at 275; *Samsung Elecs. Am., Inc. v. Prisia Eng’g Corp.*, 948 F.3d 1342, 1351 (Fed. Cir. 2020)); Neifeld 7–9 (citing 35 U.S.C. §§ 311(b), 318(b)). Patent Owner further raises constitutional due process arguments against the Board’s authority to enter adverse judgment against a patent owner to cancel claims as a sanction. Paper 136, 7–8 (citing *Oil States Energy Servs., LLC v. Greene’s Energy Grp., LLC*, 138 S. Ct. 1365 (2018)). On the other hand, Petitioner and other amici argue the Board has statutory authority to cancel claims as a sanction. Paper 141, 11; Naples 5–10; Unified 9. Petitioner also argues that the statute authorizes sanction rules that expressly provide for judgment in the trial or dismissal of the petition. Paper 141, 10–11 (citing 37 C.F.R. § 42.12(b)(8)).

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The sanctions prescribed should take into account efficiency of the Office and the integrity of the patent system, and should be available for any improper use of an AIA proceeding. 35 U.S.C. §§ 316(a)(6), 316(b), 326(a)(6), 326(b). Contrary to Patent Owner’s argument (Paper 136, 6–7), the Board’s statutory authority to cancel claims determined to be unpatentable under 35 U.S.C. §§ 311(b), 318(b), and 328(b) does not limit the agency’s separate authority to prescribe sanctions under 35 U.S.C. §§ 316(a)(6) and 326(a)(6). In 35 U.S.C. § 316(a), Congress mandated the USPTO to promulgate regulations for “abuse of discovery, abuse of process, or any other improper use of the proceeding.” It would be incongruous for Congress to mandate that the Director prescribe sanctions for any “improper use of the proceeding,” but withhold an important sanction for doing so, namely, the possible sanction of judgment in the proceeding. Indeed, the ability to enter “sanctions” in an adversarial proceeding has long been understood to include the entry of an adverse judgment. *See, e.g., Chambers v. NASCO, Inc.*, 501 U.S. 32, 44–45 (1991) (discussing courts’ “ability to fashion an appropriate sanction for conduct which abuses the judicial process,” including “outright dismissal of a lawsuit” and “vacat[ur] [of the court’s] own judgment upon proof that a fraud has been perpetrated upon the court”).

Moreover, when Congress enacted the AIA, the USPTO had already established—and the Federal Circuit had upheld—the practice of imposing entry of judgment against a party as a sanction for party conduct in a contested interference proceeding. This included the sanction of entering a



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default judgment and the cancelation of patent claims. *See Abrutyn*, 15 F.3d at 1050, 1053 (affirming a Board decision to enter default judgment against a party and cancel the claims of an issued patent as a sanction of “[g]ranting judgment in the interference” under prior Office rule 37 C.F.R. § 1.616.<sup>13</sup>); 37 C.F.R. § 1.616 (1993); *see also* 60 Fed. Reg. 14488, 14495 (Mar. 17, 1995) (describing *Abrutyn*: “the Federal Circuit again upheld the authority of the Board or an administrative patent judge to impose sanctions, including imposition of the most severe sanction, granting judgment against one of the parties”). Accordingly, the Federal Circuit has affirmed the Board’s interpretation of “judgment in [a proceeding]” under the Office’s rules as encompassing canceling claims as a sanction.

Thus, by specifically granting the Office the authority in 35 U.S.C. § 316(a)(6) to specify “sanctions” for misconduct during AIA proceedings before the Board, Congress authorized the Office to establish regulations enabling the Office to enter a “judgment in the trial”—e.g., a decision either confirming or canceling the patent claims at issue—as the consequence of misconduct. And there is nothing in the language of the separate provisions at 35 U.S.C. §§ 318(b) and 328(b) that precludes canceling claims *as a sanction* under 35 U.S.C. § 316(a)(6), separate and

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<sup>13</sup> The Office’s rules were revised in 2004 with new interference rule 37 C.F.R. § 41.128, which restated Rule 616 and added further provisions. *See* 69 Fed. Reg. 49960, 49968 (Aug. 12, 2004). Rule 41.128 currently includes “[j]udgment in the contested case” as a sanction. 37 C.F.R. § 41.128(b)(8).

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apart from the USPTO’s authority to cancel claims based on an unpatentability determination. Indeed, the Board here independently imposed sanctions under the authority conveyed by 35 U.S.C. § 316(a)(6), and also issued Final Written Decisions as to patentability of the challenged claims under the scope of 35 U.S.C. § 311(b) and as mandated under § 318(b). Sanctions Order; Final Dec.

As to “[j]udgment in the trial” under Rule 42.12(b)(8), Patent Owner contends that “there is no statutory authority for interpreting . . . this rule so broadly as to result in cancelation of patent claims not on the basis of unpatentability, but as a sanction.” Paper 136, 7. Relatedly, some amici argue that judgment in the trial should be interpreted as applying adverse inferences (Naples 7) or holding certain facts to be true (Neifeld 8).

I am not persuaded by Patent Owner’s argument. Rule 42.12(b) states, “[s]anctions include entry of one or more of the following: (1) An order holding facts to have been established in the proceeding; . . . or (8) Judgment in the trial or dismissal of the petition.” 37 C.F.R. § 42.12(b). Patent Owner ignores that Rule 42.12(b)(8) separately permits either “dismissal of the petition,” which would apply to petitioners, or “[j]udgment in the trial,” which would include either confirming or canceling the challenged claims or terminating the proceeding. *See id.* Similarly, amici’s arguments ignore that Rule 42.12(b)(1) outlines a sanction of “holding facts to have been established” separate from “judgment in the trial” of Rule 42.12(b)(8). *Id.* “Judgment in the trial” in its plain terms requires judgment for a party to the proceeding, which under many circumstances may surpass

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merely holding facts established. *See* Unified 13 (“effectively, adverse judgment resolves all factual and legal issues in favor of the non-offending party”). Accordingly, I am not persuaded by Patent Owner and some amici that it is an unreasonably broad interpretation to impose a sanction of the cancelation of claims as a “judgment in the trial” as per Rule 42.12(b)(8).

Rather, for the reasons discussed above, I determine that the sanction of “[j]udgment in the trial” under Rule 42.12(b) allows the Board to enter judgment canceling all challenged claims.

3. Judgment Against Patent Owner is an Appropriate and Proportionate Sanction

Having established that the Board has the authority to enter judgment in the trial against all challenged claims, I turn to whether judgment in the trial is an appropriate and proportionate sanction for the misconduct here.

Patent Owner contends the Board conflated the wrongdoings of counsel with the wrongdoings of a party, and that the Board did not attribute any misconduct to Longhorn or find Longhorn to be responsible for its counsel’s conduct. Paper 140, 4–5; Paper 136, 10. Patent Owner also argues that sanction of “[j]udgment in the trial” does not address or deter counsel misconduct and, relatedly, that an appropriate sanction should punish counsel, not Longhorn. Paper 136, 8–10, 15–16. Patent Owner cautions that “[f]ailure to tailor sanctions to deter repetition of conduct by attorneys, as opposed to parties, will encourage parties to initiate separate malpractice litigation to recover for any losses sustained, creating a cottage industry in secondary litigation.” *Id.* at 16.

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Even assuming Longhorn was unaware of what its own counsel was doing and submitting before the Board on Longhorn’s behalf, I previously addressed and found unpersuasive Patent Owner’s attempt to separate itself from the actions of its counsel. *See supra* § III.B.1.<sup>14</sup> As discussed above, parties have discretion to select their representative counsel, but they “cannot . . . avoid the consequences of the acts or omissions of this freely selected agent.” *Link*, 370 U.S. at 633–34. The Office’s rules might become meaningless were the Board to allow parties to circumvent their requirements simply by blaming misconduct on their chosen counsel. Moreover, a party cannot avoid the consequences of its counsel’s actions even where it “act[s] in good faith in relying on the advice and actions of [the party’s] attorney.” *Rowe v. Merit Sys. Prot. Bd.*, 802 F.2d 434, 437 (Fed. Cir. 1986). Rather, “[the party] ha[s] a personal duty to monitor the progress of [its proceeding] at all times and not leave it entirely to [its] attorney.” *Id.* at 438. Furthermore, as Patent Owner’s argument acknowledges, malpractice suits exist as a remedy for parties against misconduct of counsel. *See Link*, 370 U.S. at 634 n.10. It may well be that the threat of such malpractice suits is a reason why the type of misconduct at

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<sup>14</sup> Patent Owner submits that it was not aware of any misconduct. Paper 140, 5–6, 6 n.3. As Patent Owner notes, I did not allow the parties to file new evidence on Director Review. Paper 136, 10; Paper 140, 6 n.3; *see* Paper 133, 11. As such, I make no specific determinations regarding Longhorn’s knowledge of misconduct I identify to have occurred during these proceedings.

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issue here is so rare in PTAB proceedings. The sanction here seeks to ensure that such misconduct remains rare.

Patent Owner also argues the Board’s sanction raises due process concerns. Paper 136, 17–18. Specifically, Patent Owner argues that “the Board failed to provide Longhorn with specific notice and an *independent* opportunity to be heard regarding the bases for and magnitude of the [s]anctions ultimately imposed in derogation of both the Administrative Procedures Act and the Due Process Clause of the Fifth Amendment of the United States Constitution.” *Id.* at 18 (bolding omitted).

I disagree. “All that due process requires is notice and opportunity to be heard by a ‘disinterested decision-maker.’” *ClearOne, Inc. v. Shure Acquisition Holdings, Inc.*, 35 F.4th 1345, 1352 (Fed. Cir. 2022). Here, the Board ordered separate briefing and oral hearing to address Petitioner’s Motions for Sanctions, which clearly requested judgment in the trial as a sanction. *See* Papers 76, 77, 84, 85, 94, 104, 121. Thus, Patent Owner, through its hired counsel, had notice and opportunity to be heard by the Board, a disinterested decision-maker, which I find sufficient to meet the requirements of due process. Moreover, in this Director Review proceeding, Patent Owner has had additional notice and opportunity to be heard, as is evidenced by statements in Patent Owner’s briefs filed in response to the Sanctions Order. *See* Paper 133, 10; Paper 136; Paper 140.

Patent Owner further contends that the sanction of judgment in the trial runs counter to the Office’s goals, eliminates good patents, undermines confidence, and disincentivizes research and development. Paper 140, 19. I

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disagree. Here, the Board relied on the Withheld ABL Data to determine that all but seven of the 183 claims at issue were unpatentable based on the merits. *See, e.g.*, Final Dec. 45–47, 113–17. Withholding relevant test results when filing the Submitted ABL Report and Dr. DeFilippi’s defective declarations therefore frustrated the Board’s ability to accurately and efficiently evaluate the merits of patentability—central tenets of AIA proceedings.

For reasons discussed both here and also below as to why lesser sanctions are insufficient, the sanction of judgment in the trial is appropriate and proportionate to the multiple examples of violative misconduct here, both for the 176 claims the Board found unpatentable after assessing the Withheld ABL Data, as well as for the seven claims that the Board did not find unpatentable. As I previously explained, Patent Owner withheld relevant evidence, misrepresented to the Board that no testing other than the Submitted ABL Report existed, and affirmatively relied on deliberately limited evidence to make its patentability arguments. Patent Owner’s egregious conduct included serious violations of multiple regulations governing these proceedings—regulations aimed at ensuring that the Board can accurately assess patentability within the constrained timeline set by Congress. Protecting that paramount interest requires a sanction that does not turn on the ultimate patentability conclusion, or even how important the suppressed and withheld evidence proves to that conclusion.

Furthermore, rather than undermining confidence and disincentivizing innovation, the sanction of judgment in the trial canceling all challenged

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claims will deter repetition of similar conduct in the future. *See* 37 C.F.R. § 42.11(d)(4). The sanction will warn future parties and counsel before the Board of the consequences for failure to practice candor and good faith, which will promote the integrity of the patent system and efficiency of the Board and increase confidence in the AIA and USPTO proceedings.

Patent Owner additionally argues that “the adverse judgment sanctions imposed by the Board are disproportionate to any misconduct.” Paper 136, 13. As support, Patent Owner (1) presents several case-specific arguments and (2) compares this proceeding to other PTAB and district court proceedings. *Id.* at 11–18. I address these points below.

*a) Case-Specific Considerations*

Patent Owner advances a series of arguments that “judgment in the trial” is a disproportionate sanction based on the facts of these cases. Paper 136, 13–17. Among these, Patent Owner argues that the sanction must be limited by prior counsel’s assertion of attorney work product protection (*id.* at 14–15); the fault lies with its prior counsel (*id.* at 15–16); and it complied with Rule 42.11’s safe harbor provision (*id.* at 16–17). I am unpersuaded by Patent Owner’s three arguments in this regard for the reasons discussed at length above. *See supra* §§ III.B.1, III.B.4.a.2, III.B.5. Further, as explained above, this is an egregious case by any measure. Accordingly, I disagree that judgment in the trial is disproportionate to the misconduct for any of those reasons, either individually or collectively.

To additionally support its reasoning as to why judgment in the trial is a disproportionate sanction, Patent Owner argues that “Petitioner was

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unharmd beyond the burden and expense of raising the discovery dispute and resuming depositions.” Paper 136, 15. The Board found, and I agree, “that the sanctions imposed are proportionate to the harm, including the harm to Petitioner, the public, and to trust in our process, where Patent Owner’s actions risked an unjust result in this proceeding, required additional resources, and delayed a decision.” Sanctions Order 57. Of these, Patent Owner only addresses harm to Petitioner (without acknowledging that the harm would have been far greater had Petitioner not discovered the misconduct) and does not address the significant harm to the public and the Board.

*b) Sanctions in Other Proceedings*

Patent Owner argues that I did not previously apply an adverse judgment sanction against other parties for egregious misconduct in IPR proceedings. Paper 136, 12 (citing *Patent Quality Assurance, LLC v. VLSI Tech. LLC*, IPR2021-01229, Paper 102 at 38 (PTAB Dec. 22, 2022) (precedential) (“*PQA*”); *OpenSky*, Paper 102 at 17). Patent Owner also cites to district court decisions applying lesser sanctions for discovery misconduct. *Id.* at 13 (citing *Mullins v. Allstate Ins. Co.*, No. 5-cv-40118, 2008 WL 1902061, at \*1–2 (E.D. Mich. Apr. 29, 2008); *Dillon v. BMO Harris Bank, N.A.*, No. 13-cv-897, 2017 WL 564501, at \*8–9 (M.D.N.C. Feb. 10, 2017)).

Petitioner responds that “*PQA* and *OpenSky* were decided on their own facts.” Paper 141, 14. Petitioner further argues that Patent Owner’s misconduct was not limited to discovery, but instead was an “elaborate



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scheme to deceive the Board on the central issue in the proceeding.” *Id.* at 14–15 (bolding omitted). Accordingly, Petitioner argues that the cited district court cases are distinguishable and not binding. *Id.*

Whether sanctions should be assessed, and what sanction is appropriate, requires a case-specific balancing of conduct and harms. I explained the basis for my sanctions in both *PQA* and *OpenSky* based on the unique case-specific dynamics there. *See OpenSky*, Paper 102 at 2–4; *PQA*, Paper 102 at 2–4. Here, Patent Owner hid information and misled the Board in violation of several Board rules. Judgment in the trial against Patent Owner here is proportionate to Patent Owner’s misconduct for the reasons given above.

The facts in the district court cases cited by Patent Owner differ from those here, and I discuss below why those courts’ sanctions of compensatory expenses, including attorney fees, are not sufficient in this instance. *See Mullins*, 2008 WL 1902061, at \*2; *Dillon*, 2017 WL 564501, at \*8. As noted above, the Federal Circuit has previously approved of cancelation of all claims as an appropriate sanction against a patent owner for violating the Board’s rules in the context of an interference. *See Abrutyn*, 15 F.3d at 1050, 1052–53. In *Abrutyn*, the Federal Circuit affirmed the Board’s sanction where “[t]he Board could have reasonably concluded that STG’s deliberate inaction was egregious behavior which made appropriate imposition of a default judgment for Giovanniello because lesser sanctions would not have effectively protected the PTO’s interests. Those interests

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include creating sufficient deterrence for like cases in the future.” *Id.*  
at 1053.

Similarly, here I have determined that Patent Owner’s counsel orchestrated a scheme to deliberately conceal relevant factual evidence and intentionally mislead the Board in violation of Board rules throughout trial, amounting to particularly egregious misconduct. *See also* Sanctions Order 57 (the Board explaining, “[a]s in *Abrutyn*, . . . we have determined that Patent Owner acted deliberately in failing to comply with its duty of candor and good faith before the Board, that Patent Owner’s behavior was egregious, and that protecting the PTO’s interests, and those of the public, properly includes judgment against Patent Owner.” (citation omitted)). Regarding “lesser sanctions” noted by the *Abrutyn* court, I determine, for the reasons above and below, that those sanctions would not create sufficient deterrence nor adequately protect the interests of the USPTO or the public.

Furthermore, these proceedings are distinguishable from *Gerritsen v. Shirai*, 979 F.2d 1524 (Fed. Cir. 1992), in which the Federal Circuit reversed the Board’s sanction of granting judgment in the interference. In *Gerritsen*, the Federal Circuit determined that the Board did not abuse its discretion by determining that Gerritsen and Aerts had committed sanctionable misconduct, but determined that the Board had clearly erred in its fact-finding upon which the sanction was based. *Gerritsen*, 979 F.2d at 1531–32. Rather than “attempt[ing] to circumvent the authority of this Board,” as the Board found, the Federal Circuit determined that Gerritsen and Aerts “did not try to obscure their actions.” *Id.* at 1531. Additionally, the Federal

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Circuit disagreed with the Board’s findings that Shirai (the other party), the USPTO, and the public interest had suffered significant prejudice. *Id.* at 1531–32.

Here, in contrast, the facts support an inference that Patent Owner intentionally withheld relevant evidence from the Board, its expert, and Petitioner, and sought to keep that evidence hidden in violation of the Board’s rules regarding the duty of candor and good faith, certification of papers, and discovery. Moreover, that evidence is directly relevant to the patentability of the majority of challenged claims at issue in these proceedings.

These types of violations significantly harm the integrity of the Board and the public interest in equitable and streamlined resolution of patentability disputes. As a direct consequence of Patent Owner’s misconduct, Petitioner and the Board spent unnecessary time and expense exposing and addressing that misconduct, including extended depositions, attorney work product briefing, and sanctions briefing and oral hearing.<sup>15</sup>

#### 4. Lesser Sanctions are Insufficient

In my Director Review Order, I also instructed the parties to address the following question: “[w]hen the Board determines that a party has withheld relevant factual evidence during an AIA proceeding, what other sanctions are appropriate, either in addition to, or in place of, applying

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<sup>15</sup> In its Motions for Sanctions, Petitioner also argued that “out of necessity, Petitioner retained its own outside laboratory to test Birnboim’s Example solutions.” Paper 56, 14–15; Paper 60, 14–15.

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adverse judgment in a final written decision to deem claims unpatentable?”  
Paper 133, 6 (question 3).

Patent Owner responds that less severe sanctions are available, including “requiring production and giving the other side additional opportunity for discovery,” “providing for compensatory expenses, including attorney fees,” and “referral of counsel to the Office of Enrollment and Discipline . . . .” Paper 136, 19. Patent Owner argues that, in another decision, the Board has merely admonished a patent owner for violating its duty of candor. *Id.* at 20 (citing *Google LLC v. Parus Holdings, Inc.*, IPR2022-00805, Paper 36 at 14 (PTAB Nov. 6, 2023)); Paper 140, 15–17. Pointing to that case, Patent Owner contends the Board here acted arbitrarily or capriciously by selecting a sanction inconsistent with other Board decisions. Paper 140, 15–17 (citing *Chisholm v. Def. Logistics Agency*, 656 F.2d 42, 47 (3d Cir. 1981)).

Petitioner argues that lesser sanctions, such as compensatory fees, additional discovery, or admonishing a party would not “deter an unscrupulous patent owner, faced with the nearly certain prospect that its patent will be invalidated, from engaging in the deliberate deception and misconduct [Patent Owner] employed in an attempt to preserve its patents.” Paper 141, 20. One amicus also notes that a court may render a patent unenforceable as a consequence of party misconduct and that, before the Board, consequence of similar party misconduct should be the same, so as to prevent public “perception that it is easier to ‘get away’ with fraud on the Patent Office.” Naples 11.

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Here, the Board's entry of judgment in the trial as a sanction was appropriate because Patent Owner's misconduct was egregious, and Patent Owner intentionally deceived and misled the Board. The Board considered, and dismissed, lesser sanctions in place of or in addition to adverse judgment, including holding material facts against Patent Owner and providing Petitioner with compensatory expenses. Sanctions Order 57–59. The Board majority found these lesser sanctions to be insufficient to deter parties and attorneys from engaging in similar misconduct. *Id.*

I agree with the Board that lesser sanctions would not have had a sufficient deterrent effect. *See* 37 C.F.R. § 42.11(d)(4). For example, the Board's Order (Paper 34) for production by Patent Owner and additional discovery to Petitioner would not have been a suitable sanction as it would merely place the parties in the same position had Patent Owner met its duty of candor and good faith in the first instance. *See* Unified 11 (arguing that an order requiring a party to enter withheld evidence would not be a deterrent "because, at worst, getting caught would place the party where they would have been had they followed the rules in the first place"). Accordingly, that sanction would not deter a patent owner from similar conduct. *See Abrutyn*, 15 F.3d at 1053 (declining to overturn a default judgment sanction because the Board could have reasonably concluded that lesser sanctions would not have effectively protected the PTO's interests, including creating sufficient deterrence); Unified 11.

By the same token, the lesser sanction of holding unpatentable only the 176 claims that were directly affected by the misconduct and permitting

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the remaining seven claims to stand as “not unpatentable,” also merely puts Patent Owner in the position it would have been in but for the misconduct. Specifically, this lesser sanction would result in cancellation of only those same 176 claims as if Patent Owner had disclosed the Withheld ABL Data from the start. Sanctions are imposed “not merely to penalize those whose conduct may be deemed to warrant such a sanction, but to deter those who might be tempted to such conduct in the absence of such a deterrent.” *Nat’l Hockey League v. Metro. Hockey Club, Inc.*, 427 U.S. 639, 643 (1976) (per curiam) (reversing a circuit court finding that the district court abused its discretion in dismissing a suit as a sanction for violating discovery orders). It is insufficient to apply a sanction that merely places a party in the position that it would have been absent the misconduct; otherwise, a future litigant may choose not to obey the rules, “confident that it would face no more serious sanction than a court order directing compliance.” *Minnesota Min. & Mfg. Co. v. Eco Chem, Inc.*, 757 F.2d 1256, 1260 (Fed. Cir. 1985).

It is particularly important to deter future misconduct here because it was not initially apparent that Patent Owner *had* withheld evidence because the Withheld ABL Data was only discovered through the efforts of Petitioner and the Board. The difficulty of detecting withheld evidence further supports imposing a sanction that will deter future litigants from gambling that their evidentiary withholding will not be discovered. *See Brown v. Oil States Skagit Smatco*, 664 F.3d 71, 78–79 (5th Cir. 2011) (affirming district court’s dismissal of complaint as a sanction because “not everyone like [the sanctioned party] will be caught,” so “the penalty needs to

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be severe enough to deter such conduct”). Indeed, this makes the need for a significant sanction even more important than the readily apparent discovery-order violations that led to dismissal of the complaint in *National Hockey League*, 427 U.S. at 643.

Holding unpatentable only the claims directly affected by the misconduct risks signaling to future litigants, weighing whether to obey USPTO rules, that they could choose to withhold adverse evidence—reasoning that at best, withholding evidence might save their claims, and, at worst, they would lose the claims that the withheld evidence indicated that they should lose anyway. *See Minnesota Min. & Mfg.*, 757 F.2d at 1260. Such a result would be inconsistent with sanctions’ key goal of deterring future litigants from risking similar misconduct. Accordingly, a sanction of adverse judgment as to all challenged claims serves to deter repetition of similar conduct, and promotes the integrity of the patent system and AIA proceedings.

Likewise, admonishment would not deter a patent owner from hiding relevant evidence from the Board. As for compensatory expenses, these alone would have insufficient deterrent effect under similar circumstances where parties and/or attorneys “are willing to pay compensatory fees if they are caught as a cost of doing business.” Sanctions Order 58–59. Another amicus argues that holding facts to have been established would have been an appropriate sanction. Neifeld 10–11. However, this amicus does not explain why that sanction would deter others from engaging in similar misconduct. *See Neifeld* 10–11. That lesser sanction would place Patent

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Owner in the position it would have been if it had not engaged in the affirmative misconduct.

As to Patent Owner's argument regarding inconsistent sanctions imposed by different Board decisions, "discretion implies a range of permissible choices," and a given sanction need not "be shown to be the only sufficient sanction before it can be imposed." *Abrutyn*, 15 F.3d at 1053; *see also Butz v. Glover Livestock Comm'n Co., Inc.*, 411 U.S. 182, 187 (1973) (holding that where there is a strong implied congressional purpose to permit a sanction, "[t]he employment of a sanction within the authority of an administrative agency is thus not rendered invalid in a particular case because it is more severe than sanctions imposed in other cases"). Moreover, cases involving sanctions nearly always involve the consideration of very specific facts in the case at hand. The specific facts here, as they pertain to particularly egregious activity, support the sanctions imposed here.

## 5. Conclusion

In view of the repeated violations of the rules governing AIA proceedings, and my determination that the only reasonable inference to be drawn from the cumulative misconduct is that Patent Owner deliberately orchestrated a scheme to withhold and suppress relevant evidence from the Board and Petitioner, the sanction of judgment against Patent Owner in the trial here is proportionate to the harm to the Board, the public, and Petitioner, and reflects the need to deter similar conduct. *See* 37 C.F.R. § 42.11(d)(4).



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#### IV. CONCLUSION

For the reasons given, I affirm the Board's determination that Patent Owner engaged in sanctionable misconduct in violation of 37 C.F.R. §§ 42.11(a), 42.11(c), 11.18(b)(2), and 42.51(b)(1)(iii). Because I additionally determine that 37 C.F.R. § 1.56 does not apply directly to AIA proceedings and that reliance on regulations found exclusively in Part 11 is unnecessary to the sanctions here, I vacate those portions of the Board's Sanctions Order. Further, I remind Patent Owner of its duty to disclose to the Office information material to patentability of a claimed invention for any pending or future patent applications filed with the USPTO. *See* 37 C.F.R. § 1.56.

Given the egregious misconduct here, I also affirm the Board's sanction of entry of judgment against Patent Owner in the trial, i.e., adverse judgment, as it relates to all challenged claims and a denial of the Revised Contingent Motions to Amend.

#### V. ORDER

In consideration of the foregoing, it is hereby:

ORDERED that the Board's Sanctions Order is modified-in-part as described above;

FURTHER ORDERED that Patent Owner shall comply with the duty to disclose to the Office information material to patentability of a claimed invention under 37 C.F.R. § 1.56 for any pending or future patent applications filed with the USPTO;

FURTHER ORDERED that this Decision is sealed; and

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FURTHER ORDERED that within ten (10) business days of this Decision, the parties shall jointly provide a minimally redacted version available for the public.

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FOR PETITIONER:

Joseph F. Jennings  
Ali S. Razai  
Paul N. Conover  
Benjamin B. Anger  
KNOBBE MARTENS, OLSON & BEAR, LLP  
2j fj@knobbe.com  
2azr@knobbe.com  
paul.conover@knobbe.com  
2bba@knobbe.com

FOR PATENT OWNER:

Nicole M. Jantzi  
Paul M. Schoenhard  
FRIED, FRANK, HARRIS, SHRIVER & JACOBSON LLP  
nicole.jantzi@friedfrank.com  
paul.schoenhard@friedfrank.com