UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

ONE WORLD TECHNOLOGIES, INC.,
D/B/A TECHTRONIC INDUSTRIES POWER EQUIPMENT,
Petitioner,

v.

CHERVON (HK) LIMITED,
Patent Owner.

Case IPR2020-00886
U.S. Patent No. 9,826,686

PETITIONER'S MOTION FOR SANCTIONS

This motion is authorized by the Board's Order dated February 11, 2021.

I. Factual Background.

On January 19, 2021, Patent Owner took the deposition of Petitioner's Group President, Mr. Lee Sowell. Several questions were improperly directed solely to the parties' parallel litigation rather than to the short declaration constituting Mr. Sowell's direct testimony in this proceeding. *See, e.g.*, Ex. 2029, 46:9-15; Ex. 1036; 37 C.F.R. § 42.53(d)(5)(ii). During the deposition, Petitioner's counsel designated the transcript as confidential, and it was so marked by the attending court reporter. *See* Ex. 2029, 9:7-11. Petitioner added a footer, "PROTECTIVE ORDER MATERIAL IPR2020-00884, -00886, -00887, -00888" to the transcript and re-produced it to Patent Owner's counsel in accordance with the PTAB's Consolidated Trial Practice Guide (Nov. 2019), Appendix B, at (d)(1), (d)(5)(B). The parties subsequently agreed that Patent Owner would file a Motion to Seal the confidential deposition transcript because the due date for the Patent Owner's Response was near, *see* 37 C.F.R. § 42.53(f)(7), and Patent Owner filed the motion on January 29, 2021 ("Motion") with sealed Exhibit 2029.

The Motion noted the parties' "agreement as to … the confidentiality of the above-described deposition testimony" and to be bound by the PTAB's Default Protective Order ("D.P.O."). Motion, 2-3. The D.P.O. restricts access to confidential information to certain persons who must affirm, under signature, that

"I will use the confidential information only in connection with this proceeding and for no other purpose." D.P.O., Acknowledgement. The Motion also included a "Certification of Non-Publication" that Patent Owner had "taken appropriate steps to maintain the confidentiality of the above-referenced information." *Id*., 2.

Patent Owner's "appropriate steps to maintain the confidentiality" of Mr. Sowell's transcript were short-lived. On Wednesday, February 3, 2021, only three business days after filing the Motion to Seal, and as foretold by the improper litigation-based questions posed to Mr. Sowell during deposition, Patent Owner produced the unredacted transcript in the parallel litigation, *Chervon (HK) Ltd. et al. v. One World Technologies, Inc., et al.*, case no. 1:19-cv-01293-LPS (D. Del.).

II. Legal Standards for Protective Orders and Their Violation.

"The need to promote respect for, and meticulous observance of protective orders, and to deter others from similar conduct remains an important objective." *Intri-Plex Techs., Inc. v. Saint-Gobain Performance Plastics Rencol Ltd*., Case IPR2014-00309, slip op. at 6 (PTAB Mar. 30, 2015) (Paper 84). "Complete good faith compliance with protective orders is essential to modern discovery practices and counsel must temper their zeal in representing their clients with their over[ar]ching duty as officers of the court." *Id*. (quoting *Lunareye, Inc. v. Gordon Howard Associates, Inc*., 78 F. Supp. 3d 671, 676 (E.D. Tex. 2015)).

The "Board may impose a sanction against a party for misconduct." 37

C.F.R. § 42.12(a). Misconduct includes "[f]ailure to comply with an applicable rule or order in the proceeding." 37 C.F.R. § 42.12(a)(1). In general, a motion for sanctions should address three factors: (i) whether a party has performed conduct that warrants sanctions; (ii) whether the moving party has suffered harm from that conduct; and (iii) whether the sanctions requested are proportionate to the harm suffered by the moving party. *See RPX Corp. v. Applications in Internet Time, LLC*, Case IPR2015-01750, slip op. at 2 (PTAB May 6, 2016) (Paper 58) (citing *Square, Inc. v. Think Comput. Corp*., Case CBM2014-00159, slip op. at 2 (PTAB Nov. 27, 2015) (Paper 48)).

A. Patent Owner's Conduct Warrants Sanctions

"The terms of a protective order take effect upon the filing of a Motion to Seal by a party, and remain in place until lifted or modified by the Board." PTAB Trial Practice Guide (Nov. 2019), Appx. B, part (b). At the time of its improper production in the litigation, Mr. Sowell's transcript was designated confidential, marked "PROTECTIVE ORDER MATERIAL" and made the subject of Patent Owner's *own* Motion to Seal. Patent Owner unquestionably "had an obligation under the Protective Order to keep the information confidential, even if it disagreed with its designation as such." *RPX Corp.*, IPR2015-01750, Paper 58 at 5. Even if the Board were to deem the designated information to be non-confidential, improper dissemination of protective order information prior to that decision is not

"condoned or excused." *Intri-Plex*, IPR2014-00309, Paper 84 at 6.

B. Harm Due to Patent Owner's Improper Conduct

By signing the D.P.O.'s Acknowledgement, Patent Owner's counsel affirmed, *inter alia*, that they "will use the confidential information only in connection with this proceeding and for no other purpose." First, even with the label "Attorneys' Eyes Only," the transcript was at least potentially made available to Patent Owner's outside litigation counsel who are not of record in this proceeding and thus prohibited from accessing confidential information. *See* D.P.O., ¶2(B) ("Access to confidential information is limited to … (B) Party Representatives. Representatives of record for a party in the proceeding."). In this regard, Ex. 2008 at 9 identifies two of Patent Owner's litigation counsel not of record in this IPR. Patent Owner may also have experts and other outside counsel who have access to documents produced in the litigation. Second, the harm lies in the fact that confidential information can be reviewed and *remembered* by persons not authorized to see it. Third, the information becomes untethered from its origin and the protective order restrictions imposed at its source. Case in point, the D.P.O. requires the return or destruction of confidential information 60 days after final disposition of all appeals and motions. D.P.O., ¶6. Patent Owner allowed persons to access the transcript *unaware* of their need to personally sign the D.P.O.'s Acknowledgement (*before* reading the transcript) and *unaware* of the

requirement to return or destroy the transcript at the proper time (potentially before the parallel litigation has ended). Enforcement of the D.P.O. thus becomes impossible. Fourth, untethered confidential information can be improperly cited or quoted by an unwitting author, and/or re-produced in future litigations. Petitioner acted quickly to prevent further circulation of Mr. Sowell's testimony, but Petitioner should not have to contact this Board or file this Motion to police the actions of Patent Owner's counsel.

C. The Requested Sanctions are Proportionate to the Harm.

Petitioner requests holding the aforementioned conduct by Patent Owner's counsel to be facts constituting sanctionable conduct in this proceeding. 37 C.F.R. § 42.12(b)(1). Petitioner also requests an order requiring Patent Owner and its counsel (1) to abide by the terms of the D.P.O. for the remainder of the proceeding; (2) to withdraw the transcript from the parallel litigation; and (3) to identify to the Board each person (a) to whom (and when) access to Mr. Sowell's transcript or its content was provided (whether as a recipient of an email, having access to a document management system (*e.g.*, Relativity) on which the transcript was stored, or otherwise); and (b) who signed (and when) the D.P.O. Acknowledgement. These sanctions are proportionate to the harm, and will be to "promote respect for, and meticulous observance of protective orders, and to deter others from similar conduct…." *Intri-Plex Techs., Inc.*, IPR2014-00309, Paper 84 at 6.

Respectfully submitted,

Dated: February 18, 2021

/s/ Edward H. Sikorski
Edward H. Sikorski
Reg. No. 39,478
Attorney for Petitioner

CERTIFICATE OF SERVICE

The undersigned certifies service pursuant to 37 C.F.R. §§ 42.6(e) and 42.105(b) on the Patent Owner by electronic copy of this:

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Service is made electronically upon agreement of the parties.

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