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Paper 35
Date: April 22, 2021

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.

IPR2020-00884 (Patent 9,596,806 B2)
IPR2020-00886 (Patent 9,826,686 B2)
IPR2020-00887 (Patent 9,986,686 B2)
IPR2020-00888 (Patent 10,070,588 B2)

Before LINDA E. HORNER, BARRY L. GROSSMAN, JAMES J. MAYBERRY, and ALYSSA A. FINAMORE,
Administrative Patent Judges.[1]

MAYBERRY, *Administrative Patent Judge*.

[1] This is not an expanded panel. Each of the four listed judges is part of one or more three-judge panels assigned to the listed proceedings.

ORDER[2]
Granting Petitioner's Motion for Sanctions
37 C.F.R. §§ 42.12, 42.20

I. BACKGROUND

On January 29, 2021, Patent Owner filed a Patent Owner Response in these four *inter partes* review proceedings. Paper 25.[3] Patent Owner also filed Exhibit 2029, the transcript of a deposition it conducted of Mr. Lee Sowell, and a motion to seal the exhibit. Paper 26. Exhibit 2029 was filed under seal and marked "Protective Order Material." The motion to seal states that "Petitioner and Patent Owner request entry of the Default Protective Order found in the Board's Trial Practice Guide." Paper 26, 3.

Parallel to these four *inter partes* review proceedings, the parties are involved in patent infringement litigation in the U.S. District Court for the District of Delaware, in a case styled *Chervon (HK) Limited v. One World Technologies, Inc.*, No. 1:19-cv-01293-LPS (D. Del. filed July 11, 2019). Paper 2, 1; Paper 5, 1 (the "Litigation").

On February 11, 2021, we granted Petitioner, One World Technologies, Inc., d/b/a Techtronic Industries Power Equipment ("One World") authorization to file a motion for sanctions against Patent Owner, Chervon (HK) Ltd. ("Chervon"), for allegedly violating the default

[2] This Order addresses issues that are the same in all listed cases. We do not authorize the parties to use this style heading for any subsequent papers at this time.
[3] We cite to papers and exhibits for IPR2020-00884. Similar papers and exhibits have been filed in the other proceedings.

Protective Order governing the proceedings in IPR2020-00884, IPR2020-00886, IPR2020-00887, and IPR2020-00888. Paper 27, 6.

On February 18, 2021, Petitioner filed its Motion for Sanctions. Paper 30 (the "Motion" or "Mot."). With the Motion, Petitioner filed a redacted version of Exhibit 2029, as Exhibit 1039.[4] Patent Owner filed an Opposition to the Motion (Paper 31, "Opposition" or "Opp."), and Petitioner replied to the Opposition (Paper 33, "Reply"). For the reasons provided below, we grant Petitioner's Motion.

II. UNDISPUTED MATERIAL FACTS

The following lists material facts that are undisputed by the parties.

1. On January 19, 2021, Patent Owner took the deposition of Petitioner's Group President, Mr. Lee Sowell. Mot. 1; Opp. 1. Petitioner's counsel designated the transcript, Exhibit 2029, as confidential during the deposition. Mot. 1.
2. The transcript of the deposition is marked with a footer that reads "PROTECTIVE ORDER MATERIAL IPR2020-00884, -00886, -00887, -00888." Mot. 1; Ex. 2029.
3. Patent Owner filed Exhibit 2029 under seal in the four *inter partes* review proceedings on January 29, 2021, along with a motion to seal the exhibit. Mot. 1; *see also* Paper 26 (providing the motion to seal Exhibit 2029). The Board has not yet ruled on the motion to seal.
4. The parties agreed to be bound by our default Protective Order. Mot. 1; Paper 26, 3.

[4] Although Patent Owner, Chervon, filed Exhibit 2029, any confidential information contained in the transcript is that of Petitioner, One World. As such, we ordered Petitioner to file a redacted version of Ex. 2029 no later than the time it filed its motion for sanctions. Paper 27, 6.

5. On February 3, 2021, Patent Owner produced Exhibit 2029 in the Litigation, with a designation of "Highly Confidential-Attorneys' Eyes Only." Mot. 2; Opp. 1.
6. Petitioner's counsel in the Litigation is from the same law firm that represents Petitioner in these four *inter partes* review proceedings—DLA Piper LLP. Opp. 1 n.1.
7. On February 10, 2021, Patent Owner's counsel deleted Exhibit 2029 from the Litigation production and replaced it with a redacted version. Opp. 1.
8. On February 15, 2021, Patent Owner's counsel provided Petitioner with the names of "all persons and entities who had access to or viewed the originally-produced Sowell deposition transcript in the Litigation." Opp. 1.

III. ANALYSIS

We start with Petitioner's arguments in support of its Motion. We then turn to Patent Owner's opposing arguments and Petitioner's reply to those opposing arguments.

A. Petitioner's Arguments

Petitioner argues that, at the time Patent Owner produced the Sowell deposition transcript in the Litigation, "Patent Owner unquestionably 'had an obligation under the [default] Protective Order to keep the information confidential, even if it disagreed with its designation as such.'" Mot. 3 (quoting *RPX Corp. v. Applications in Internet Time, LLC*, IPR2015-01750, Paper 58 at 2 (PTAB May 6, 2016)). Petitioner adds that, even if we ultimately deny the motion to seal the Sowell deposition transcript, "improper dissemination of protective order information prior to that decision is not 'condoned or excused.'" Mot. 3–4 (quoting *Intri-Plex Techs.,*

Inc. v. Saint-Gobain Performance Plastics Rencol Ltd., IPR2014-00309, Paper 84 at 6 (PTAB Mar. 30, 2015)).

Petitioner alleges harm by Patent Owner's alleged breach of the default Protective Order. Mot. 4–5. First, despite the confidentiality designation of the Sowell deposition transcript in the Litigation, Patent Owner's outside counsel would have access to the information and that certain of those counsel are not of record in this proceeding. Mot. 4. Second, individuals not authorized to see the confidential information could review and remember the information. *Id.* Third, the information became untethered from our proceedings and the restrictions of the default Protective Order. *Id.* Finally, the information, once untethered, could be improperly cited or produced in future litigation. *Id.*

As sanctions, Petitioner requests that we order Patent Owner to: (1) abide by the default Protective Order; (2) withdraw the Sowell deposition transcript from the Litigation document production; (3) identify those individuals that had access to or otherwise received the Sowell deposition transcript and the timing of such access or receipt; and (4) identify those individuals that signed the acknowledgement in the default Protective Order and when each individual signed. Mot. 5. Petitioner argues that "[t]hese sanctions are proportionate to the harm, and will . . . 'promote respect for, and meticulous observance of protective orders, and to deter others from similar conduct . . . .'" *Id.* (citing *Intri-Plex Techs., Inc.*, IPR2014-00309, Paper 84 at 6).

B. Patent Owner's Opposing Arguments and Petitioner's Reply

Patent Owner responds that its "conduct does not warrant sanctions." Opp. 2. Patent Owner argues that it "always kept the Sowell deposition transcript confidential and protected from third parties," indicating that it designated the transcript in accordance with the protective order in place in the Litigation. *Id.* Patent Owner argues that its "production of Petitioner's own confidential information back to Petitioner's counsel and not to any third party cannot be a breach of confidentiality or sanctionable conduct." Opp. 3. Patent Owner additionally argues that Petitioner fails to establish that Patent Owner breached the default Protective Order, because including the transcript in a document production is not a "use" of confidential information as intended by the default Protective Order. *Id.* at 3 n.2.

Next, Patent Owner argues that Petitioner's harm is speculative, such that Petitioner has not suffered any harm. Opp. 3. Patent Owner adds that "Petitioner cannot demonstrate that it has been harmed or prejudiced by having its own confidential information produced back to its own counsel on a 'Highly Confidential-Attorneys' Eyes Only' basis." *Id.* at 3–4.

Next, Patent Owner argues that the Motion is moot, because Patent Owner has already provided the remedy Petitioner seeks. Opp. 4. Also, Patent Owner argues that the Motion "is frivolous and harassing because Patent Owner corrected any alleged misconduct, Petitioner suffered no harm,

and Petitioner obtained the relief it seeks several days before" filing the Motion. Opp. 4–5.[5]

Patent Owner also argues that Petitioner has used the default Protective Order "as a shield to avoid producing an unredacted version of the Sowell deposition transcript in the Litigation." Opp. 5. Patent Owner states, in a footnote, that, "[i]n view of Petitioner's refusal to produce the unredacted Sowell transcript, the Board should modify the [default Protective Order] to permit a party's reliance on the transcript in the Litigation or simply adopt the parties' Protective Order." *Id.* at 5 n.5.

Petitioner replies that "[n]one of Patent Owner's actions since [producing the unredacted version of the Sowell deposition transcript] absolve Patent Owner of that violation or render [the Motion] moot." Reply 1. First, Petitioner argues that, although Patent Owner withdrew the unredacted version of the Sowell deposition transcript from the Litigation production and replaced it with a redacted version, that redacted version included a full, unredacted, index. *Id.*

Next, Petitioner argues that the default Protective Order "forbids circulation of confidential information not only to third parties but even to attorneys in the same law firm if they are not 'of record for a party in the [IPR] proceeding.'" Reply 2 (citing ¶ 2(B) of the default Protective Order). Petitioner explains that the default Protective Order's acknowledgement "requires the signer to agree that 'I will use the confidential information only

[5] Patent Owner seems to suggest that Petitioner's conduct in filing the Motion after Patent Owner's actions warrants sanctions. *See* Opp. 5 n.4 (citing 37 CFR § 42.12(a)).

in connection with this proceeding and for no other purpose,' and that "[t]he parallel litigation is clearly an 'other purpose' and is not 'this proceeding.'" *Id.*

Next, Petitioner replies that, although Patent Owner has identified persons "who accessed or viewed 'the originally-produced Sowell transcript in the Litigation,'" Patent Owner has not identified "to whom (and when) access to Mr. Sowell's transcript or its content was provided." Reply 2. Petitioner adds that, by producing the transcript, the transcript must of have been in the possession, custody, or control of Patent Owner, suggesting that the transcript was disseminated to Patent Owner, and not just counsel. *Id.* at 2–3.

Next, Petitioner replies that, in arguing that Petitioner's harm is speculative, Patent Owner overlooks the actual harm of untethering the transcript from the default Protective Order. Reply 3. Petitioner also argues that Patent Owner ignores the importance in complying with a protective order. *Id.*

Finally, Petitioner argues that Patent Owner's request that the Board order the production of the unredacted Sowell deposition transcript in the Litigation is improper and that we should decline such a request. Reply 3.

C. Analysis and Conclusions

We have authority to "impose a sanction against a party for misconduct." 37 C.F.R. § 42.12. Misconduct includes, among other things, when a party "[fails] to comply with an applicable rule or order in the proceeding." 37 C.F.R. § 42.12(a)(1); *see also* Consolidated Trial Practice

Guide 107–108, (Nov. 21, 2019) ("CTPG")[6] ("The Board shall have the authority to enforce the terms of the Protective Order, to provide remedies for its breach, and to impose sanctions on a party and a party's representatives for any violations of its terms.").

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 Square, Inc. v. Think Comput. Corp.*, CBM2014-00159, Paper 48 at 2 (PTAB Nov. 27, 2015). "The moving party has the burden of proof to establish that it is entitled to the requested relief." 37 C.F.R. § 42.20(c).

We determine that Patent Owner's conduct warrants sanctions. "Complete good faith compliance with protective orders is essential to modern discovery practices." *Intri-Plex Techs., Inc.*, IPR2014-00309, Paper 84 at 6. It is undisputed that the unredacted version of the Sowell deposition transcript was subject to our default Protective Order. It is also undisputed that Patent Owner produced the unredacted version of the Sowell deposition transcript in the Litigation. Such action violates the default Protective Order by using the protected information for a purpose other than these *inter partes* review proceedings. *See* CTPG 121 ("I . . . affirm that . . . I will use the confidential information only in connection with this proceeding and for no other purpose."). Patent Owner's non-compliance

[6] Available at https://www.uspto.gov/sites/default/files/documents/tpgnov.pdf.

with the default Protective Order adversely affects discovery before the Board.

We are not persuaded that producing the deposition transcript to Petitioner's litigation counsel, who are from the same law firm as Petitioner's counsel for these *inter partes* review proceedings, with a confidentiality designation, absolves Patent Owner's actions. First, Petitioner's power of attorney in these proceedings is limited to three specific attorneys, not to an entire law firm. Paper 1, 2. Second, the issue before us in not whether Patent Owner did not reasonably protect the confidentiality of the Sowell deposition transcript, but instead, whether Patent Owner improperly used information protected by our Protective Order, by using protected information obtained in these proceedings for a purpose other than in these proceedings.

To the extent that Patent Owner argues that its mere production of the unredacted version of the Sowell deposition transcript in the Litigation does not constitute a "use" of the protected information, as that term is used in the default Protective Order, we do not agree. By including the transcript in a document production, Patent Owner made the document available in the Litigation and, as such, the protected information has been used. Indeed, if merely transferring a protected document from one party to another entity were not protected by the default Protective Order, then merely handing the same document to any third party would not be protected. We do not read the term "use" as narrowly as Patent Owner implies.

We also determine that Petitioner has suffered harm, for at least two reasons. First, we agree with Petitioner that, by improperly producing the

Sowell deposition transcript, the protected information has been untethered from our control. Although we understand that Patent Owner produced the transcript under the requirements of the Litigation protective order, we have no control of that order or the protections it provides. Patent Owner's unauthorized production of protected information under our control wrests that control from us.

Second, Patent Owner's misuse of protected information erodes Petitioner's ongoing confidence that we will protect its confidential information in our proceedings. Similarly, an unsanctioned misuse of protected information reduces the faith other parties will have that the Board can protect these parties' confidential information.

We acknowledge Patent Owner's efforts to remedy its misuse, but determine that these efforts fall short of providing a complete remedy. For example, as Petitioner explains, Patent Owner did not remove the complete, unredacted index, when it replaced the unredacted transcript with a redacted transcript. The unredacted index could be used to match keywords and names to redacted sections of the transcript, thus effectively disclosing protected information by pairing the context of the transcript with the index citations.

We also determine that Petitioner's requested sanctions, as modified below, are proportionate to the harm. *See* 37 C.F.R. § 42.11(d)(4) ("A sanction imposed under this rule must be limited to what suffices to deter repetition of the conduct or comparable conduct by others similarly situated and should be consistent with § 42.12."); *see e.g.*, *Apple Inc. v. Voip-Pal.com, Inc.*, IPR2016-01198, Paper 70 at 9–10 (PTAB Dec. 21, 2018)

(Boalick, C.J.) ("[A] sanction should be selected to ensure compliance with the Board's rules, deter others from such conduct and, if appropriate, render whole the aggrieved party."). Also, the requested sanctions are consistent with the enumerated sanctions in section 42.12 and bear a reasonable relationship to the violation, including its severity. *See* 37 C.F.R. § 42.12(b); *see also Apple Inc.*, IPR2016-01198, Paper 70 at 9 ("In fashioning a sanction for violating the rules, the selected sanction should bear a reasonable relationship to the severity of the violation."). Petitioner's requested remedy seeks to re-tether the confidential information to our default Protective Order and restore confidence that any subsequently produced confidential information is adequately protected. For example, by providing the names of those individuals that accessed the protected information and those individuals that signed the acknowledgment for the default Protective Order, Petitioner will be able to assess the breadth of any breach and have confidence that the signers of the acknowledgement will protect any subsequently produced confidential information.

Patent Owner does not suffer any harm in these proceedings from the imposed sanctions, as the requested remedy does not affect any evidence or paper in these proceedings. Also, the public nature of our sanctions serves to deter Patent Owner, and others, from similar conduct, yet is limited to what is necessary to achieve such deterrence.

Also, Patent Owner should not suffer any harm in the Litigation. Our rules specifically provide that "[f]or cross-examination testimony, the scope of the examination is limited to the scope of the direct testimony." 37 C.F.R. § 42.53(d)(5)(D)(ii). The appropriate scope of cross-examination is defined

by the direct testimony, in this case, Mr. Sowell's declaration. As such, a question at Mr. Sowell's deposition is properly within the scope of cross-examination if it has sufficient underlying basis in a statement made in his declaration. *Accord Google LLC v. Cywee Group Ltd.*, IPR2018-01257, Paper 60 at 4 (PTAB Aug. 19, 2019) ("That is, a question posed to Mr. Park is properly within scope if it has sufficient underlying basis in a statement made by Mr. Park in his Declaration."). Mr. Sowell provided a brief, four paragraph declaration in these proceedings, covering the ownership of certain entities related to Petitioner and the role (or lack thereof) these entities play in these *inter partes* review proceedings. *See* Exhibit 1036. As such, Mr. Sowell's deposition testimony should be narrowly focused on a specific issue unique to these proceedings before the Board—whether all real parties-in-interest have been identified.[7]

We are also not persuaded that the Motion is frivolous or harassing. First, as we indicate above, we agree with Petitioner that Patent Owner's actions in remedying its breach of the default Protective Order were insufficient to make Petitioner whole. Second, we agree with Petitioner that Patent Owner's actions as a whole demonstrate a disregard of our rules and

[7] The record indicates that the parties dispute whether Patent Owner exceeded the scope of proper cross-examination, which could support an inference that the protected information was sought to benefit the Litigation. *See, e.g.*, Ex. 1039, 16:7–17:5, 19:1–21:10, 53:9–54:2, 55:3–20, 56:21–58:16 (providing exchanges between the parties' counsels regarding the scope of questioning, including in eliciting redacted, that is, protected, information).

orders, such that imposing sanctions serves to help ensure compliance with the Board's rules going forward, and deter others from such conduct.

We also will not modify the default Protective Order to allow production of the unredacted Sowell deposition transcript in the Litigation at this time, as Patent Owner's request is improper. Our rules provide that, with our prior authorization, a party may request relief through a motion. 37 C.F.R. § 42.20. At this time, Patent Owner has not sought our authorization for a motion to modify the default Protective Order.

For the reasons discussed above, we admonished Patent Owner to comply with all requirements of the default Protective Order covering these proceedings going forward, including the Protective Order's requirement of using protected information obtained in these proceedings only in connection with these proceedings *and for no other purpose*. Also, Patent Owner must withdraw the index of the Sowell deposition transcript from the Litigation document production. Patent Owner must also identify to Petitioner those individuals that had access to or otherwise received either the unredacted Sowell deposition transcript, or the redacted version with the full, unredacted index, and the timing of such access or receipt. Finally, Patent Owner must identify to Petitioner those individuals that signed the acknowledgement in the default Protective Order and when each individual signed.

Nothing needs to be filed with the Board.

ORDER

In consideration of the foregoing, it is hereby:

ORDERED that Patent Owner must comply with all requirements of the default Protective Order covering these proceedings, unless and until we modify the Protective Order, including the Protective Order's requirement of using confidential information only in connection with these proceedings and for no other purpose;

FURTHER ORDERED that Patent Owner must withdraw the index of the Sowell deposition transcript from the Litigation document production no later than five business days from receiving this Order;

FURTHER ORDERED that Patent Owner must identify to Petitioner those individuals that had access to or otherwise received either the unredacted Sowell deposition transcript, or the redacted version of the Sowell deposition transcript with the full, unredacted index, and the timing of such access or receipt, no later than ten business days from receiving this Order; and

FURTHER ORDERED that Patent Owner must identify to Petitioner those individuals that signed the acknowledgement in the default Protective Order and when each individual signed, no later than ten business days from receiving this Order.

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