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BLOG

Patent Owner's ex parte communications with members of Congress, the president, and PTAB APJs are sanctionable and the Board may craft its own reasonable sanctions

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Apple, Inc. v. Voip-Pal.com, 2018-1456, 2018-1457 (Fed. Cir. September 25, 2020).
Before: Prost, Reyna, Hughes.

During two related IPR proceedings, the CEO of the patent owner, Voip-Pal, sent six letters to various parties, copying members of Congress, the President, federal judges, and APJs at the Board. The letters were not copied to Petitioner, Apple.

After a PTAB panel held that the claims were not unpatentable in a final written decision, Apple moved for sanctions based on the ex parte communications of the Voip-Pal's CEO. Apple requested that the Board Sanction Voip-Pal by entering adverse judgment or vacate the final written decision and assign a new panel to preside over the IPR.

Before the Board ruled on Apple's sanctions motion, Apple appealed the final written decisions to the Federal Circuit. The Federal Circuit stayed the appeal and remanded for the Board to consider the sanctions motion. The Board assigned a new panel for the remand.

On remand, the new panel found that Voip-Pal engaged in sanctionable ex parte communications. But rather than grant either of Apple's requested sanctions, the new panel fashioned its own sanction. The new panel's sanction was that the new panel would consider Apple's petition for rehearing. On rehearing, the new panel denied the petition for rehearing because Apple had not met its burden to show that the final written decision panel misapprehended or overlooked any matter. The sanctions ruling and this decision on the rehearing then become the decisions reviewed by the Federal Circuit.

While all of this was going on, a parallel district court proceeding ordered Voip-Pal to reduce the number of asserted claims and held that the remaining asserted claims failed to recite patentable subject matter under 35 U.S.C. § 101. Given that ruling, Apple filed a "suggestion of mootness" in the Federal Circuit appeals of the PTAB matters.

The Federal Circuit first held that the appeal was moot with respect to the claims found to be unpatentable by the district court. But it was not moot with respect to the other claims. The Federal Circuit held that although those other claims were originally asserted and there may be claim preclusion if Voip-Pal were to assert them in a new matter, that issue would not be ripe unless and until Voip-Pal actually did that. To rule on whether there would be claim

preclusion at this stage would be an improper advisory decision. The appeal on these other claims was, therefore, not moot.

As for the merits of the appeal, the Federal Circuit rejected Apple's APA and due process challenge to the sanctions order and affirmed the finding that the claims were not obvious.

For the APA challenge, the Federal Circuit acknowledged that the remand panel's sanction was not one of the eight specific sanctions enumerated in 37 C.F.R. § 42.12(b), but the list provided in that regulation is non-exhaustive and panels have the authority to fashion other reasonable sanctions. The Federal Circuit held that this particular sanction was reasonable and not an abuse of discretion.

For the due process challenge, the Federal Circuit held that Apple did not identify a property interest at issue until the appeal stage and had, thus, waived the argument. Without any identified property interest, the due process challenge was denied.

For the obviousness ruling, the Federal Circuit affirmed the Board's finding that Apple had not demonstrated a sufficient motivation to combine the asserted references. In particular, the Federal Circuit held that the Board did not apply the rejected teaching, suggestion, motivation test, but instead applied the correct flexible obviousness analysis under *KSR*. The Federal Circuit also held that the Board had not factually erred. It held that the Board had considered the alleged explicit evidence of motivation, but credited the contrary testimony of Voip-Pal's expert.

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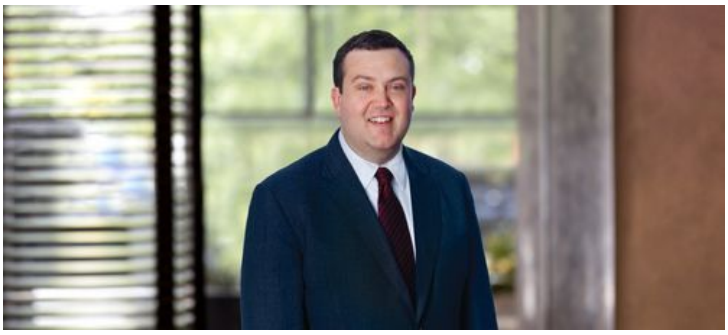

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