

Ethics Before the PTAB

Exploring Ethical Issues Through Hypothetical Situations Involving Parallel Litigation and PTAB Proceedings

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The People and Parties

- Shawl Awl Company makes awls.
- Shawl's main competitor is Mobawl Awl Co., which also makes awls.
- Shawl hires Susie at Firm S to file a utility app on a new awl, which issues as the '123 patent.
- Susie continues prosecution by way of the '456 CON.

A Prosecution Bar Does Just and Only That...

- Shawl sues Mobawl for infringing the '123 Patent.
- Sam at Firm S represents Shawl.
- Because Susie is also at Firm S and prosecutes for Shawl, Shawl and Mobawl agree to a prosecution bar:
“No person affiliated with Firm S who learns Mobawl’s ‘highly confidential material information’ produced during the suit will prosecute applications relating to awl technology until 1 year after final judgment.”

The Suit, Prosecution, and Then... an IPR

- Susie continues prosecuting the '456 App and so is walled off from Mobawl's highly confidential information.
- Sam is charged with keeping Susie informed of what is allowed under the bar to know.
- Mobawl files for IPR.
 - Susie of Firm S appears in the IPR for Shawl, and Mobawl immediately moves to DQ Firm S, arguing Susie's representation in the IPR is "prosecution" in terms of the prosecution bar.

Prosecution Bars

- Is Firm S disqualified because, by appearing in the IPR, Susie is engaged in “prosecution”?
- Other potential conduct to cover:
 - Reex, CBM, PGR;
 - Licensing;
 - Acquisition;
 - Valuation;
 - People who do things like Sam (in a moment);
 - Others?
- Other potential people to cover:
 - Experts;
 - Inventors;
 - Others?

Let's Assume the Bar Covers Only Prosecution, and so Firm S is not Disqualified

- In the suit, Mobawl discloses prior art not of record in prosecution, including an alleged prior sale of a Mobawl awl that Mobawl asserts either anticipates or in combo with other art renders obvious claims in the '123 Patent.
 - Mobawl designates info about the prior sale “highly confidential,” and so Sam does not share it with Susie.
- Let's look at the rules governing Sam, Susie, and Shawl and the problems...

Prosecution Compare to IPR Candor Rules

	Who	What
Prosecution	Inventor, practitioner, those substantively involved in prosecution	PFC unpatentability Inconsistent info
IPR generally	Parties, and individuals involved in IPR	“General duty of candor and good faith” presumably limited to at least inconsistent info.
Filing doc in IPR	Inventors, corporate officers, and persons involved in preparing documents in the IPR.	Inconsistent info

- Shawl is a “party” to the IPR so does everyone at Shawl have an obligation to disclose?
- Sam may be a person “involved” in the IPR.
- Susie, is clearly involved, and so may have a duty to ask Sam (and, it seems, everyone at Shawl, a “party” but at least its officers) about inconsistent information.
- And, the distinct but related right-hand-left-hand problem of parallel proceedings.

What if...

- Mobawl's IPR Petition is granted, and litigation is stayed.
- Later in IPR, Shawl asks Susie if she can seek substitute claims for it.
- If Susie seeks substitute claims must she disclose the prior sale? Or just (reasonably and in good faith) believe the claims are patentable over the prior sale?

Substitute Claims and Broader Duty of Candor in IPR

	Who	What
Substitute claims	<p>Rule: “Parties and individuals involved”</p> <p><i>MasterImage 3D</i>: “the patent owner”</p>	<p><i>MasterImage 3D</i>: info showing no patentable distinction over (a) “<i>prior art known to the patent owner;</i>” and (b) “prior art of record” which includes material art: in prosecution history; in the current proceeding, including art asserted in grounds on which the Board did not institute review; and any other proceeding before the Office involving the patent.</p>

Shawl Wins!

- Suppose that the substitute claims are allowed without disclosure of the prior sale.
- Stay is lifted
- In the suit, Mobawl argues the claims are unenforceable because Susie clearly had to have been ethical in the IPR means she knew of the prior sale but withheld it from the PTAB and the sale (argues Mobawl) is but-for material to the amended claims?
 - Result?

Meanwhile, Back Prosecuting the '456 App

- Shawl's inventor meets to talk to Susie about best mode.



- The identical problem in this little skit arises when during prosecution a lawyer learns information that, while “inconsistent” and so required to be disclosed by Rule 56 is not “material” under *Therasense*....

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- Questions?

THANK YOU