

Confess Yourself Before You Wreck Yourself: When Failing to Meet the Duty of Candor Results in Stiff Penalties

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In a stark order, the Patent Trial and Appeal Board (PTAB) invalidated patents because a patent owner failed to disclose test results that were inconsistent with the patent owner’s arguments, underscoring the PTAB’s focus on holding parties accountable when they fail to meet their duty of candor and fair dealing before the Board. This case can be contrasted with district court litigation, where it has become increasingly

difficult to invalidate a patent for failure to disclose information, due to the focus on intent to deceive. This dispute involved five *inter partes* reviews (IPRs) in which Spectrum Solutions LLC challenged five patents held by Longhorn Vaccines & Diagnostics, LLC. In the IPR proceeding, Longhorn attempted to bolster one of its arguments by relying on biological testing from Assured BioLabs, LLC (ABL) to distinguish an asserted reference. During the depositions of ABL employees, a dispute over an attorney work product objection arose. Attorneys for Longhorn had told the ABL witnesses not to answer questions that were material to the case, and the witnesses indicated that there may be withheld testing information related to the patentability of the claims. As a result, the PTAB authorized briefing on the issue and ordered Longhorn to serve relevant information as required by IPR rules. Longhorn made three ABL witnesses available for further cross examination, and served Spectrum with additional documents relating to its testing. Spectrum sought sanctions, including an entry of judgment against Longhorn.

The PTAB noted parties “have a duty of candor and good faith to the Office during the course of a proceeding[.]” Parties are obliged to disclose information that is “material to patentability when it is not cumulative to information already of record or being made of record” and if “[i]t refutes, or is inconsistent with, a position the applicant takes in . . . assessing patentability[.]” The rules require “service of relevant information that is inconsistent with a position advanced by the party during the proceeding concurrent with the filing of the documents . . . that contains the inconsistency.” Notably, Longhorn had *selectively* withheld test results that were inconsistent with its arguments. Citing governing rules, the PTAB stated that it has discretion to impose a sanction against a party for misconduct, including “[f]ailure to comply with an applicable rule or order in the proceeding,” “[m]isrepresentation of a fact.” Longhorn’s arguments that the withheld information was protected by attorney-client privilege or attorney-work product did not hold up. The PTAB stated, “[t]hese doctrines cannot be used to shield factual information from discovery that is inconsistent with positions taken by a party before the board.” The PTAB found that Longhorn had “acted deliberately in failing to comply with its duty of candor and good faith before the Board, that [its] behavior was egregious, and that protecting the PTO’s interests, and those of the public, properly includes judgment against [it].” As a sanction, the PTAB cancelled all claims of the challenged patents.

A key takeaway from this order is that a party in an IPR proceeding should carefully consider whether conducting scientific testing to strengthen an argument is worth it, given that testing results must be turned over regardless of outcome. Most importantly, this case serves as a powerful reminder that the duty to disclose is alive and well, and selective non-disclosure of material information can abruptly end a case before the PTAB.