IS THE BOARD PUTTING SOME TEETH INTO THE SANCTIONS RULE?[1]

By

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Introduction

37 CFR 41.128(a) provides that "The Board may impose a sanction against a party for misconduct, including…(1) Failure to comply with an applicable rule or order in the proceeding; (2) Advancing a misleading or frivolous request for relief or argument; or (3) Engaging in dilatory tactics." 37 CFR 41.128(b) then recites a laundry list of potential sanctions, including the following relevant (or potentially relevant) here: "(2) An order expunging, or precluding a party from filing, a paper"; "(5) An order excluding evidence"; "(6) An order awarding compensatory expenses, including attorney fees"; and "(8) Judgment in the contested case."

In my opinion, the board's application of 37 CFR 128 has been difficult to predict—but, on the whole, rather lenient.[3] However, the "Informative" opinion of APJ Torczon in California Institute of Technology v. Enzo Life Sciences, Inc., Paper No. 117 in Interference No. 105,496 may indicate that the patience of at least some of the APJs is becoming exhausted with respect to those practitioner transgressions which particularly irritate them. For some reason, high up on the list of practitioner transgressions which particularly irritate them is failure to follow the "guidelines" for cross-examination which appear at the end of the Standing Order.[4]

What Happened in California Institute of Technology

As explained at length in Judge Torczon's order, counsel for Enzo had been guilty of particularly egregious violations of Guideline 3 during two depositions. That guideline reads as follows:

> Counsel must not make objections or statements that even remotely suggest an answer to a witness. Any objection to evidence during cross examination must be stated

> concisely and in a non-argumentative and non-suggestive manner and must include the legal basis for the objection.

Judge Torczon divided counsel's transgressions into two different types, which he described as follows:

> So-called "blanket objections", i.e., objections without a stated basis, are…improper under guideline [3]. A blanket objection viewed in isolation is not so much sanctionable as it is simply ineffective in preserving the objection. A blanket objection, however, may itself be a problem either because it is needlessly disruptive or because it operates as a signal to the witness.
>
> Coaching potentially changes the response. Coaching is prejudicial precisely because the candid, uncoached response is lost. Whether the opponent suffers prejudice in fact for any particular instance is usually impossible to know since there is rarely an untainted response to which the coached response might be compared. It would be inequitable for Enzo to profit from the absence of definitive proof when that absence in [sic; is] the result of its own behavior.[5]

He then described those transgressions in two different depositions. Concerning the first deposition, he described the transgressions as follows:

> CIT identifies numerous contested objections…. In several instances, some sort of objection might have been appropriate, but the improper form of the objection thwarted the preservation of the objection. Other objections appear to have worked as a signal. In any case, the sheer number of blanket objections had the effect of disrupting the flow of the cross examination.[6]

Concerning the second deposition, he described the transgressions as follows:

> Again, there are several instances where an objection might have been justified, but the lack of a proper objection meant that no objection was preserved. Many others were blatant coaching. Overall, the sheer number of blanket objections was needlessly disruptive. Similarly, the express disregard of Enzo's counsel for the guidelines is very troubling. There is even some indication that the tone set by counsel affected the behavior of the witness.[7]

Judge Torczon's footnote after the penultimate sentence is particularly illuminating. According to Judge Torczon, Enzo's counsel stated (on the record!) that, "If I feel I need to make an objection, appropriate or inappropriate, I will do so[,] and I've done so."

So, What Did Judge Torczon Do About Counsel's Transgressions?

Judge Torczon was surprisingly forgiving of counsel's transgressions. According to him:

> Cross examination, like any human enterprise, is given to imperfection. No single objection in either cross examination was so abusive or prejudicial that sanctions would have been warranted. However, the sheer number of inappropriate objections, the indications that coaching was occurring, and the troublesome disregard for the guidelines governing the examination require some response.[8]

He then noted that "Disregard for a rule or order justifies a sanction"[9] and that "The rules provide an inclusive list of sanctions, among which are the holding of facts to have been established and striking a paper."[10] However, having wheeled out the cannon, he contented himself with firing a warning musket shot across counsel's bow:

> Since the misconduct does not reach the entirety of Dr. Roe's testimony, striking all of his direct testimony seems excessive. Instead, Dr. Roe's testimony will be given no weight where it conflicts with other evidence in the record.[11]

What Should Call Tech's Counsel Have Done?

Judge Torczon's opinion also contains an illuminating passage dealing with that issue:

> Enzo notes that CIT threatened to seek a ruling from the Board during the second cross examination, but never did so. It should be noted that Enzo did not initiate a telephone hearing either. In such a hearing, Enzo could have sought modifications to the guidelines or other relief, such as having a judge supervise the examination. The fact that CIT chose one appropriate route to relief out of a range of appropriate options does not bar its choice.[12]

Comments

(1) I think that Cal Tech's counsel should have followed through on his threat "to seek a

ruling from the Board" concerning the behavior of Enzo's counsel.[13] I say that because I have been very favorably impressed over the years with the APJs' willingness to wade into the kind of squabbles that some counsel (not the regulars in interference practice!) seem to enjoy and to tell such counsel to straighten up and fly right. I am reminded of an occasion on which opposing counsel was a very large and bellicose man and my witness was a very small, somewhat shy man. Opposing counsel had a habit of standing up, leaning over the table, and questioning my witness in a very loud voice. I eventually called the APJ (Judge Boler) and got an on-the-spot ruling from him that opposing counsel had to stand at least five feet away from my witness at all times.

(2) I think that Judge Torczon's quandary caused by his conclusion that "the misconduct[of Enzo's counsel] does not reach the entirety of Dr. Roe's testimony" could have been best dealt with by resort to 37 CFR 41.128(b)(6), which provides that one of the weapons in the APJs' arsenal is "An order awarding compensatory expenses, including attorney fees." The really neat thing about money awards is that they are almost infinitely divisible. Accordingly, it is very easy for a judge to "make the punishment fit the crime." In that regard, I invite the reader's attention to <u>State Industries, Inc.</u> v. <u>Mor-Flo Industries</u>, 948 USPQ 1573, 1581, 20 USPQ2d 1738m 1745 (Fed. Cir. 1991)("it is…possible to award a fixed amount reflecting an appropriate penalty rather than a precise sum based upon proof of the appellee's actual attorney fees."), discussed in Dunner et al., <u>Court of Appeals for the Federal Circuit: Practice and Procedure</u> § 6.10, "**Sanctions on Appeal**" at pages 6-125-126.

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[3] See Gholz, & Wilcox, Must the Punishment Fit the Crime?, 13 Intellectual Property Today No. 9 at page 20 (2006).

[4] See Gholz, Guidelines? What Guidelines?. 14 Intellectual Property Today No. 6 at page 26 (2007).

[5] Order page 4; footnotes omitted.

[6] Order page 5.

[7] Order page 5; footnotes omitted.

[8] Order page 6.

[9] Order page 6; footnote omitted.

[10] Order page 6.

[11] Order page 6.

[12] Order page 6.

[13] In so saying, I am acutely aware of the fact that Cal Tech's counsel was Jerry Voight, the dean of the interference bar. I am sure that Jerry had his reasons for not "going to the APJ."