

UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF
VIRGINIA, ALEXANDRIA DIVISION

Diamond Art Club, LLC v. Coke Morgan Stewart et al.

Diamond Art Club · No. 1:25-cv-00341 (PTG/WEF) · Decided March 25, 2026

SUMMARY

The United States District Court for the Eastern District of Virginia reviewed Diamond Art Club, LLC’s challenge under the Administrative Procedure Act to USPTO sanctions terminating a patent application. The court held that the applicant was responsible for misconduct by its patent representative and that the USPTO’s sanctions were neither contrary to law nor arbitrary and capricious. The court granted summary judgment to the defendants.

CASE DETAILS

COURT	United States District Court for the Eastern District of Virginia, Alexandria Division
WRITING FOR THE COURT	Patricia Tolliver Giles
JURISDICTION	United States District Court for the Eastern District of Virginia, Alexandria Division
DECIDED	March 25, 2026
DOCKET	1:25-cv-00341 (PTG/WEF)
DISPOSITION	other
PROCEDURAL POSTURE	Plaintiff sought judicial review under the Administrative Procedure Act of USPTO sanctions terminating its patent application. The parties filed cross-motions for summary judgment.
STANDARD OF REVIEW	The court reviewed the USPTO's final agency action under the APA's arbitrary-and-capricious standard, asking whether the agency acted contrary to controlling law or committed a clear error of judgment. The court applied highly deferential review and stated that an agency's choice of sanction will not be overturned unless unwarranted in law or without justification in fact.
PRECEDENTIAL VALUE	Unknown
PARTIES	Diamond Art Club, LLC v. Coke Morgan Stewart, United States Patent and Trademark Office

TOPICS

judicial review of agency action

administrative procedure act

administrative law

patent prosecution

summary judgment

PRACTICE AREAS

administrative law

intellectual property

civil procedure

QUESTIONS PRESENTED

1. Whether the USPTO lawfully imputed Wayne & King's unauthorized use of Jie Yang's signature to Diamond Art Club, LLC even though Plaintiff allegedly lacked knowledge of or participation in the misconduct.
2. Whether the USPTO's sanctions, including termination of the patent application, were arbitrary, capricious, an abuse of discretion, or otherwise contrary to law under 5 U.S.C. § 706(2)(A).
3. Whether summary judgment was appropriate in an APA action confined to review of the administrative record.

HOLDINGS

1. A principal is responsible for the acts and omissions of its freely selected agent or representative; therefore, the USPTO lawfully imputed Wayne & King's submission of false signatures to Diamond Art Club, LLC despite Plaintiff's asserted lack of knowledge or intent.
2. The USPTO did not act arbitrarily or capriciously in imposing sanctions, including terminating the patent application, because the agency rationally connected the prolonged and deliberate submission of false signatures to its interest in protecting the integrity of the patent system.
3. Because APA review is confined to the agency's administrative record, there is no genuine issue of material fact for purposes of Rule 56, and summary judgment is the appropriate method of resolving the action when the legal issues can be decided on that record.

KEY QUOTATIONS

“Under the APA, this Court may set aside a final agency action if it is “arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law.”” (5)

“It is well-established under agency law that principals are responsible for the actions of their agents or representatives.” (8)

“Accordingly, in deference to the USPTO’s findings, the Court concludes that the USPTO did not act arbitrarily or capriciously in imposing sanctions onto Plaintiff.” (12)

FACTUAL BACKGROUND

Wayne & King, operated by Yu “Mark” Wang, prosecuted the patent application at issue for the inventors and was granted power of attorney. During the filing process, the firm used the electronic signature and credentials of

USPTO practitioner Jie Yang on multiple documents, although she had not signed them and later stated that she knew nothing about the filings. Plaintiff Diamond Art Club, LLC later became the applicant and replaced Wayne & King, but the USPTO determined that the prior filings contained false signatures and imposed sanctions terminating the application. The USPTO acknowledged that Plaintiff and other persons involved might have been unaware of the misconduct but concluded that this did not eliminate the rule violations because a party is bound by the acts of its representative.

PROCEDURAL HISTORY

The USPTO issued a show-cause order concerning the unauthorized use of practitioner Jie Yang's signature on documents filed in Plaintiff's patent application. On September 18, 2024, the USPTO issued a final order imposing sanctions, terminating the application, barring petitions to revive or withdraw abandonment, barring papers claiming the application's filing date, and striking documents bearing the unauthorized signature. Plaintiff filed this APA action on February 20, 2025, and the parties filed cross-motions for summary judgment. The court granted Defendants' motion and denied Plaintiff's motion.

DISPOSITION

other

CASES CITED

- Celotex Corp. v. Catrett, 477 U.S. 317, 324 (1986)
- Thompson v. United States, 119 F. Supp. 3d 462, 467 (E.D. Va. 2015)
- Sierra Club v. Mainella, 459 F. Supp. 2d 76, 89 (D.D.C. 2006)
- Shipbuilders Council of Am. v. U.S. Dep't of Homeland Sec., 770 F. Supp. 2d 793, 802 (E.D. Va. 2011)
- Motor Vehicle Mfrs. Ass'n of the United States v. State Farm Mut. Auto. Ins. Co., 463 U.S. 29, 43 (1983)
- Holly Hill Farm Corp. v. United States, 447 F.3d 258, 263 (4th Cir. 2006)
- Md. Dep't of Human Res. v. USDA, 976 F.2d 1462, 1475 (4th Cir. 1992)
- Doolin Sec. Sav. Bank, F.S.B. v. F.D.I.C., 53 F.3d 1395, 1408 (4th Cir. 1995)
- Cross v. United States, 512 F.2d 1212, 1218 (4th Cir. 1975)
- Butz v. Glover Livestock Comm'n Co., 411 U.S. 182, 186 (1973)
- Link v. Wabash R. Co., 370 U.S. 626, 633-34 (1962)
- Robinson v. Wix Filtration Corp. LLC, 599 F.3d 403, 409 (4th Cir. 2010)
- Cray Commc'ns, Inc. v. Novatel Computer Sys., Inc., 33 F.3d 390, 395 (4th Cir. 1994)
- In re Fisherman's Wharf Fillet, Inc., 83 F. Supp. 2d 651, 659-60 (E.D. Va. 1999)
- Singhal v. Mentor Graphics Corp., 328 F. App'x 648, 650 (Fed. Cir. 2009)
- Japanese Found. for Cancer Rsch. v. Lee, 773 F.3d 1300, 1309 & n.6 (Fed. Cir. 2014)
- Huston v. Ladner, 973 F.2d 1564, 1567 (Fed. Cir. 1992)
- Maples v. Thomas, 565 U.S. 266, 281 (2012)
- Coleman v. Thompson, 501 U.S. 722, 753 (1991)

- *Downs v. McNeil*, 520 F.3d 1311, 1320-21 (11th Cir. 2008)
- *Ohio Valley Env't'l Coal. v. Aracoma Coal Co.*, 556 F.3d 177, 192 (4th Cir. 2009)
- *Am. Whitewater v. Tidwell*, 770 F.3d 1108, 1116 (4th Cir. 2014)

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