Professional Responsibility for IP Practitioners

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Authority for OED's Regulation of Conduct

- 35 U.S.C. § 2(b)(2)(D): "*The Office may establish regulations, not inconsistent with law, which….*
  - *(D) may govern the … conduct of agents, attorneys, or other persons representing applicants or other parties before the Office….*"
- Attorneys and agents are subject to discipline for not complying with USPTO regulations. 35 U.S.C. §32; *see Bender v. Dudas*, 490 F.3d 1361, 1368 (Fed. Cir. 2007)(Section 2(b)(2)(D) and 35 U.S.C. § 32 authorize the USPTO to discipline individuals who engage in misconduct related to "service, advice, and assistance in the prosecution or prospective prosecution of applications.")

Authority for OED to Pursue Discipline of Practitioners

- Practitioners are subject to discipline for not complying with USPTO regulations, *regardless of whether their conduct was related to practice before the Office*:
  - Attorney reprimanded and placed on 1 year probation after being sanctioned by EDNY for noncompliance with discovery orders. Fed. Cir. affirmed sanction and found his appellate brief to contain "misleading or improper" statements. *In re Hicks*, Proceeding No. D2013-11.
  - Patent attorney suspended after 2 year ban by U.S. Bankruptcy Court (N.D. California) and 10 year ban from Chapter 11 cases. *In re Kenneth Graham*, Proceeding No. D2013-09.
  - Patent agent excluded for misappropriation of non-profit organization's funds. *In re George Reardon*, Proceeding No. D2012-19.

The USPTO Rules of Professional Conduct

- Final Rule published on **April 3, 2013**
  - 78 Federal Register 20179.
- Effective: **May 3, 2013**.
- 37 CFR §§ 11.101-901, and other provisions.
- Old rules (37 CFR Part 10) apply to activity prior to effective date.
- Removed Practitioner Maintenance Fee Rules
- Based on 2011 Update to ABA Model Rules

USPTO Rules of Professional Conduct: Crosswalk

ABA Model Rules of Professional Conduct	USPTO Rules of Professional Conduct
~~political contributions for the purpose of obtaining or being considered for that type of legal engagement or appointment.~~	
Rule 8.1 Bar Admission And Disciplinary Matters An applicant for ~~admission to the bar~~, or a lawyer in connection with ~~a bar admission~~ application or in connection with a disciplinary matter, shall not: (a) knowingly make a false statement of material fact; or (b) fail to disclose a fact necessary to correct a misapprehension known by the person to have arisen in the matter, or knowingly fail to respond to a lawful demand for information from an admissions or disciplinary authority,	**§ 11.801 Registration, recognition and disciplinary matters.** An applicant for registration or recognition to practice before the Office, or a practitioner in connection with an application for registration or recognition, or a practitioner in connection with a disciplinary or reinstatement matter, shall not: (a) Knowingly make a false statement of material fact; or (b) Fail to disclose a fact necessary to correct a misapprehension known by the person to have arisen in the matter, fail to cooperate with the Office of Enrollment and Discipline in an investigation of any matter before it, or

Deletions

Modifications

USPTO Rules of Professional Conduct: Confidentiality

- 37 CFR § 11.106 – Confidentiality of information.
  - Modifies ABA Model Rule to expressly accommodate duty of disclosure before USPTO.
  - § 11.106(a): prohibition on revealing client information.
  - § 11.106(b): permissive disclosure of client information.
  - § 11.106(c): practitioner shall comply with the duty of disclosure before the USPTO.

USPTO Rules of Professional Conduct: Confidentiality

- Bob is a patent attorney for Company X. He represents Company X in both general litigation and patent prosecution matters. While working on a litigation matter, he learns confidential information regarding Company X that is material to the patentability of claims pending in one of the patent applications Bob is handling for Company X.

USPTO Rules of Professional Conduct: Writings

- Explicit References to Writings:
  - § 11.105: Scope of representation and fee terms: “preferably in writing.”
  - Required writings throughout, *e.g.*, §§ 11.107, 11.108, 11.109, 11.110, 11.112, 11.117, 11.118.

- Writings have long been recognized as a best practice and in accord with numerous state rules.
  - Explicit writing requirements absent from old USPTO Code of Professional Responsibility.

Statute of Limitations

- The Leahy-Smith America Invents Act (AIA) amended 35 U.S.C. § 32 to require disciplinary proceedings to be commenced not later than the earlier of:
  - 10 years after the misconduct occurred, or
  - One year from when the misconduct was made known to the USPTO, as prescribed in the regulations governing disciplinary proceedings.
- "Grievance" means a written submission, ***regardless of the source***, received by the OED Director that presents possible grounds for discipline of a specified practitioner. 37 CFR §11.1.

USPTO Rules of Professional Conduct: Imputation of Conflicts

- § 11.110 Imputation of conflicts of interest; General rule.
  - General prohibition on representing clients when a practitioner in same firm would be prohibited under §§ 11.107 or 11.109.
  - Outlines conditions wherein representation may be undertaken.
    - Explicitly provides for ethical screens.

USPTO Rules of Professional Conduct: Recordkeeping

- § 11.115 – Safekeeping property.
- Follows ABA Model Rules for Client Trust Account Records.
- “*Where the practitioner’s office is situated in a foreign country, funds shall be kept in a separate account maintained in that foreign country or elsewhere with the consent of the client or third person*.”
- Provides “Safe Harbor” provision which enables many practitioners to follow their local state rules.
- “Safe Harbor” for agents as well.

USPTO Rules of Professional Conduct: Safekeeping Property

- Registered patent agent Gary represents Bernice in prosecution of a single patent application before the USPTO. The prosecution was difficult and Gary spent much more time on the matter than he anticipated when he quoted Bernice a price for the work. The application is allowed and issues as a patent. Bernice has paid Gary the quoted price, but Gary is upset. When the “ribbon copy” of the issued patent is transmitted to Gary, he does not automatically forward it to Bernice.

USPTO Rules of Professional Conduct: Terminating Representation

- § 11.116 Declining or terminating representation
  - Prohibits representation that will result in violation of USPTO Rules of Professional Conduct or law.
  - Practitioner may withdraw if (*e.g.*):
    - No material adverse effect on client.
    - Client action is criminal, fraudulent, or repugnant to practitioner.
    - Client fails to fulfill obligation to practitioner or representation would pose unreasonable financial burden.
  - Must comply with notice provisions (*see e.g.*, form PTO/AIA/83 (04-13) and MPEP 402.06.
  - Must protect clients interests upon termination.

Terminating Representation: Examples

- Terry, a registered practitioner, takes over prosecution of a U.S. utility patent application for Company A, who changes the correspondence address to Terry's business address. A power of attorney is not filed in the application, but Terry files an Office Action response in a representative capacity pursuant to 37 CFR § 1.34. Terry then learns that she must withdraw from representation of Company A due to a conflict with another firm client. Terry is unable to change the correspondence address for the application under 37 CFR § 1.33 (because she does not hold power of attorney). She requests that Company A change the correspondence address, but Company A is slow to do so.
- The USPTO continues to send correspondence regarding the application to Terry.

Terminating Representation: Examples

- Registered practitioner Trent represents Maria in a U.S. utility application that recently received a Notice of Allowance. Trent reported the Notice of Allowance to Maria and requested pre-payment of the issue fee. Maria has not yet provided pre-payment of the issue fee to Trent. The payment date for the issue fee is approaching (less than 30 days away).

USPTO Rules of Professional Conduct: Law Firms and Associations

- 37 CFR § 11.505 – Unauthorized Practice of Law
  - "*A practitioner shall not practice law in a jurisdiction in violation of the regulation of the legal profession in that jurisdiction, or assist another in doing so.*"

- 37 CFR § 11.507 Responsibilities regarding law-related services.

Unauthorized Practice of Law

- Filing and Prosecution of Applications
  - *People v. Corbin*, 82 P.3d 373 (Colo.O.P.D.J. 2003) – Suspended attorney engaged in practice of law by filing and prosecuting trademark applications. **Disbarred.**

- Trademark Opinion/Application
  - *People v. Harris*, 915 N.E.2d 103 (Ill. App. Ct. 2009) – Lapsed attorney rendered a trademark opinion while knowingly lacking the authority to practice law. **Criminal Conviction** (false impersonation of an attorney).

Unauthorized Practice of Law

- Tom is a trademark paralegal working for a law firm and has provided services to Company D for several years. Representatives of Company D often call him directly with questions and issues.
- Joanne is a trademark paralegal and works for a trademark prosecution attorney at a large law firm. As part of her daily responsibilities, Joanne handles telephone calls for the attorney relating to trademark matters. One day Joanne receives a telephone call from a Trademark Examining Attorney. The Trademark Examining Attorney proposes a minor amendment that would place a pending trademark application in publishable condition.

USPTO Rules of Professional Conduct: Misconduct

- § 11.804 Misconduct

  * * *

  - (b) Criminal acts that reflect adversely on honesty, trustworthiness, or fitness to practice.
  - (c) Conduct involving dishonesty, fraud, deceit or misrepresentation.
  - (d) Conduct that is prejudicial to the administration of justice

  * * *

  - **(h) Reciprocal discipline**
  - (i) Other Conduct that adversely reflects on fitness to practice.

Ethics Enforcement

Ethics Enforcement

- An investigation may be initiated pursuant to information from any source suggesting possible grounds for discipline. 37 CFR § 11.22(a).

- Types of Disciplinary Complaints
  - "Probable cause" determination by Committee on Discipline (COD). 37 CFR §11.32.
  - Reciprocal discipline. 37 CFR §11.24.
  - Interim Suspension based on conviction of a serious crime. 37 CFR §11.25.

Ethics Enforcement

- Four steps to OED investigations:

1. Preliminary screening of allegations;
2. Requesting information from practitioner;
3. Conducting investigation after providing practitioner an opportunity to respond; and
4. Submitting complaint to COD for “probable cause” determination.

- Four post investigation outcomes:

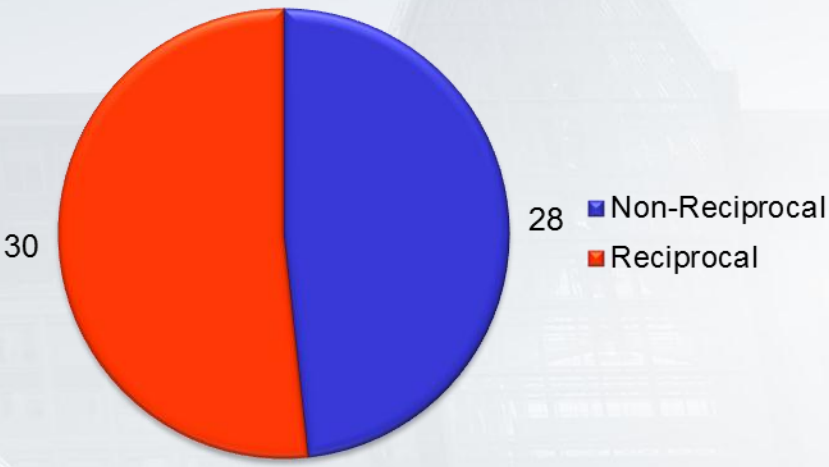
1. Close the investigation without further action;
2. Issue a warning;
3. Enter into a settlement agreement; or
4. Convene the COD to determine for “probable cause” determination.

Possible Ethics Impact of AIA Provisions

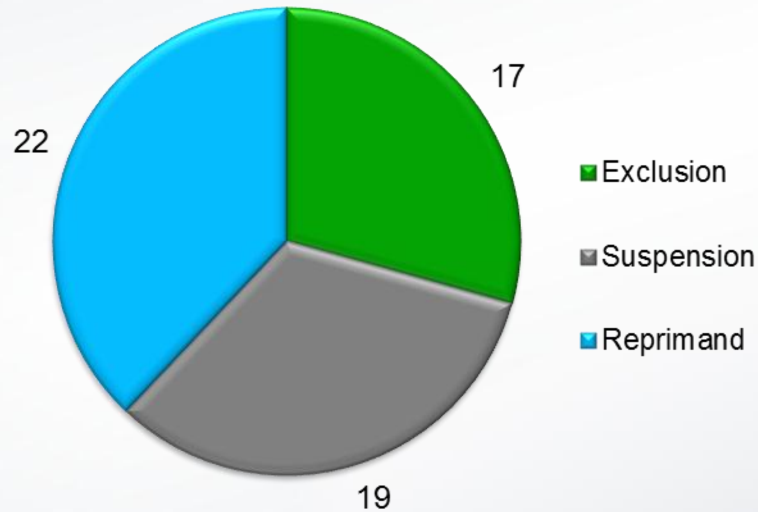
- **Oath/Declaration Rules**
  - Removal of “deceptive intent” language from various provisions.
- **Best Mode**
  - Revision of 35 U.S.C. §282 to limit this defense in patent litigation.
- **Supplemental Examination**
  - Inequitable Conduct Implications.
- **First-Inventor-To-File Rules create New Prior Art etc.**
  - Revision of 35 U.S.C. §102.
  - Old First-to-Invent rules remain for some applications.
- **PTAB *Pro hac vice***
  - 37 CFR § 42.10.
  - Granted upon showing of good cause.
  - Lead Counsel must be Registered Practitioner.
  - Board has discretion to revoke *pro hac vice* status.

OED Disciplinary Decisions

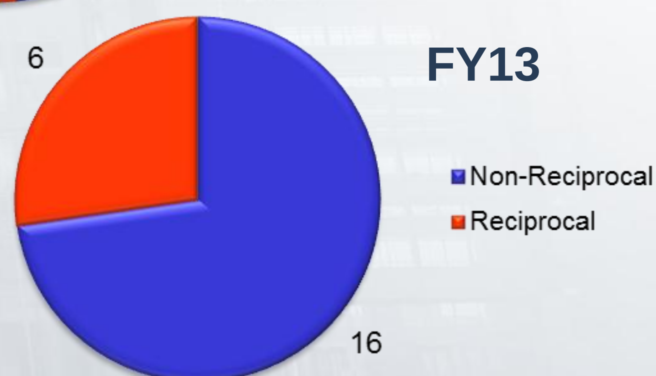
FY12 Breakdown of Reciprocal vs. Non-Reciprocal Formal Decisions



FY12 Types of Disciplinary Action



FY13



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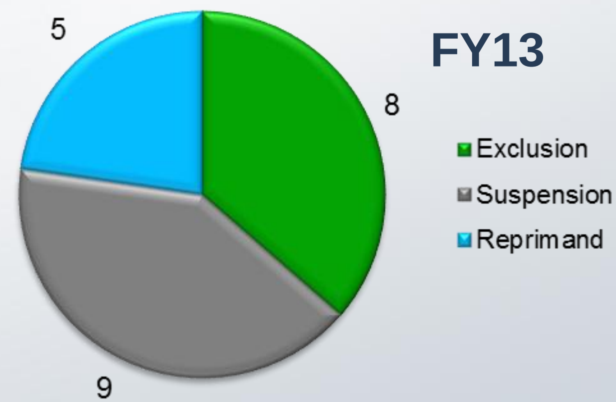

Letters of Warning

- Warning Letters Are Confidential and Non-Disciplinary. 37 CFR § 11.21.

- In FY 12, OED issued 120 Warning Letters.

- In FY 13, OED issued 117 Warning Letters.

Frequent Causes for Grievances

- Neglect
  - Failure or delay in filing patent application.
  - Failure to reply to Office actions.
  - Failure to revive or assist in reviving abandoned applications.
  - Failure to turn over files to new representative.
  - Failure to communicate with client.
    - Duty to report Office actions.
    - Duty to reply to client inquiries.

Examples of Neglect

Less Severe

- *In re Kubler* (D2012-04)
  - Neglected to communicate with clients
  - Lacked uniform system of client notification and reply
  - **Reprimanded**
- *In re Rayve* (D2011-19)
  - Failed to notify clients of correspondence
  - Allowed applications to become abandoned
  - **Suspended for 2 years**

More Severe

- *In re Tachner* (D2012-30)
  - Failed to deliver important notices from USPTO
  - Failed to docket due dates
  - Failed to keep current of status incoming transferred files
  - **5 Year Suspension**
- *In re Shippey* (D2011-27)
  - Neglected multiple matters entrusted to her
  - Handled matters without adequate legal preparation
  - Failed to seek lawful objectives of client
  - **Excluded**

Frequent Causes for Grievances (*cont'd*)

- **Dishonesty, Fraud, Deceit or Misrepresentation**
  - Concealing from client date of Office action, abandonment, and/or real reason for abandonment.
  - Misrepresenting to client status of abandoned application as pending.
  - Making false statements to USPTO in petitions to obtain extensions of time or other benefits.

Examples of Dishonesty, Fraud, Deceit or Misrepresentation

- **Less Severe**
  - ***In re Chan*** (D2011-21)
    - Had clients sign oaths or declarations prior to any application preparation
    - Thus, violated oath that person reviewed application
    - **Reprimanded**
  - ***In re Hicks*** (D2013-11)
    - Attorney sanctioned by EDNY for noncompliance with disc. orders
    - Fed. Cir. affirmed and found his appellate brief to contain "misleading or improper" statements
    - Attorney was not registered, filed a few TM applications
    - **Reprimanded; 1 Year Probation**

- **More Severe**
  - ***In re Reardon*** (D2012-19)
    - As NAPP President, he misappropriated at least $116,894 of NAPP funds for his personal use
    - Used NAPP credit card for personal use without authorization
    - Submitted false annual financial reports to NAPP to conceal his conduct
    - **Excluded**
  - ***In re Gaudio*** (D2012-12)
    - Non-registered practitioner ran "The Inventors Network," a corporation not authorized to practice patent law
    - The corp. filed >150 patent without supervision of reg. patent practitioner
    - **Excluded**

Frequent Causes for Grievances *(cont'd)*

- **Fee-Related Issues**
  - Repeated failure to reply to notices of missing parts of application.
  - Failure to return client's advanced fees.
  - Improper commingling of clients' advanced legal fees with practitioner's funds.
  - Checks returned or EFTs dishonored for insufficient funds.
  - Failure to disclose fee escrow and business relationship with invention development companies.

Examples of Fee-Related Issues

Less Severe

- *In re Scott* (D2011-34)
  - Had 5 checks returned for insufficient funds
  - Agreed to new trust account with Florida bar monitoring
  - **Reprimanded**
- *In re Johansen* (D2011-35)
  - Had 2 checks dishonored for insufficient funds
  - Each to revive abandoned applications
  - But both applications not revived
  - **Reprimanded**

More Severe

- *In re Kang* (D2012-21)
  - 5 insufficient checks
  - Resulted in 4 abandonments
  - **3 Year Suspension**
- *In re Peterson* (D2011-54)
  - Convicted of theft from client's business checking account by using a check debit card to withdraw funds and writing checks on the account without client's knowledge, permission, or consent
  - **Excluded**

Other Conduct that Adversely Reflects on Fitness to Practice (Examples)

- ***In re Tassan*** **(D03-10)**
  - *Background*
    - TTAB issued Final Decision sustaining opposition to Client's trademark application
    - Attorney left voicemail messages for 3 different TTAB Administrative Judges.
    - Each voicemail message contained expletives and abusive language.
  - *Result*
    - **Reprimanded**
    - Prohibited from communications with TTAB judges for 2 years (outside of hearings)
    - Ordered to complete anger management course

- ***In re Riley*** **(D13-04)**
  - *Background*
    - Client paid $2000 for patent application preparation and filing
    - Attorney did nothing but keep money and ignore client (neglect)
    - Client obtained small claims court judgment, but attorney ignored that too (fee-issue)
  - *Result*
    - Attorney ignored USPTO inquiries (default judgment)
    - Conduct involved dishonesty, fraud, deceit, or misrepresentation
    - Conduct prejudicial to administration of justice
    - **Excluded**

Decisions Imposing Public Discipline Available In FOIA Reading Room

- http://e-foia.uspto.gov/Foia/OEDReadingRoom.jsp
  - In the field labeled “Decision Type,” select “Discipline” from the drop down menu.
    - To retrieve all discipline cases, click “Get Info” (not the “Retrieve All Decisions” link).

- Official Gazette for Patents
  - http://www.uspto.gov/news/og/patent_og/index.jsp Select a published issue from the list, and click on the “Notices” link in the menu on the left side of the web page.

Contacting OED

- For Informal Inquiries, Contact OED at 571-272-4097

- THANK YOU