Harmonization and Enforcement of USPTO Ethical Standards in the Post-AIA Era

William R. Covey
Deputy General Counsel for Enrollment and Discipline
United States Patent and Trademark Office

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*:
  - Patent attorney reprimanded for litigation misconduct, i.e., filing and arguing a frivolous appeal and misstating district court record. 37 CFR §§10.23(b)(4)(misrepresentation) and (b)(5)(conduct prejudicial to the administration of justice). *See In re Allen Brufsky*, Proceeding No. D09-09 (May 6, 2009); *see also In re Kevin Imes,* Proceeding No. D09-45 (March 15, 2011)(suspended for 3 months for engaging in malicious prosecution and abuse of process).
  - Patent agent excluded upon consent for misappropriation of non-profit organization's funds and use of organization's credit card for personal use. 37 CFR §§10.23(a) and (b)(3),(4),and(6). *See In re George Reardon*, Proceeding No. D2012-19 (June 4, 2012).

Changes to Representation of Others Before the United States Patent and Trademark Office

- Final Rule for new USPTO Rules of Professional Conduct published on **April 3, 2013**:
  - 78 Federal Register 20179.
  - Effective Date: **May 3, 2013**.
- 37 CFR §§ 11.101-901, and other provisions.
- Old rules (37 CFR Part 10) apply to activity prior to effective date.

Changes to Representation of Others Before the United States Patent and Trademark Office

- New ethics rules based on ABA Model Rules of Professional Conduct.
- Based on 2011 Update to ABA Model Rules
- Included minor changes based on new 2012 updates, for example:
  - 11.1: used "*electronic communications*" instead of "*email*" and
  - 11.404(b): added "*or electronically stored information*" adjacent to "*document*."

USPTO Rules of Professional Conduct: Harmonization

- Provides attorneys with consistent, updated professional conduct standards throughout the Nation.

- Some form of the ABA Model Rules have been adopted by 49 states and the District of Columbia. It looks as though California is also moving closer to the ABA Model Rules.

USPTO Rules of Professional Conduct: Comments

- OED Received Comments from 19 parties regarding the proposed rules.
  - Comments regarding a variety of provisions.
  - Crosswalk between ABA Model Rules and Final USPTO Rules showing insertions and deletions.
  - OED Information Page for new ethics rules: http://www.uspto.gov/ip/boards/oed/ethics.jsp.

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~~	**§ 11.801 Registration, recognition 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:	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	(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,	(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: Fraud

- New definition of “Fraud or Fraudulent” (§ 11.1).
  - Different from ABA Model Rule Definition.
  - No Definition in Old Disciplinary Rules (Part 10).

- Declined to Define “Material Fraud”
  - Case of “Material Fraud” is to be referred to U.S. Attorney General under 35 U.S.C. § 257(e).
  - See Supplemental Examination rules, *e.g.*, 37 CFR § 1.620.

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: 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.

USPTO Rules of Professional Conduct: Client Conflicts

- § 11.108 Conflict of Interest; Current clients; Specific Rules.
  - (a) Permits business transactions and adverse interests under certain conditions.
  - (b) Generally prohibits using information relating to representation of a client to the disadvantage of the client.

  * * *

  - (e) Providing financial assistance

  * * *

  - (i) Acquiring proprietary interest in proceedings

USPTO Rules of Professional Conduct: Former Clients

- § 11.109 Duties to former clients.
  - (a) Prohibition against representing others in matter adverse to former client.
  - (b) Prohibition against representing person adverse to client of former firm where practitioner acquired confidential information.
  - (c) Prohibition on use of information relating to representation former client to disadvantage of former client (unless as permitted elsewhere).

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: Advocate

- § 11.303 Candor Toward Tribunal
  - (a) Prohibitions against false statements/evidence.
  - (b) Disclosure of criminal or fraudulent behavior
  - (c) Sections (a) and (b) apply even if information is protected by § 11.106.
  - (d) Disclosure of material facts to tribunal in *ex parte* proceedings.
  - (e) Shall disclose information necessary to comply with Duty of Disclosure.

USPTO Rules of Professional Conduct: Advocate

- § 11.306 Trial Publicity.
  - Added majority of provisions from ABA Model Rule into final rule.

- § 11.307 Practitioner as a witness.
  - General prohibition on acting as a witness.
  - Removed specific reference to duty of disclosure as an exception.

USPTO Rules of Professional Conduct: Supervision/Responsibilities

- Specific Guidelines:
  - § 11.501 Responsibilities of partners, managers, and supervisory practitioners.
  - § 11.502 Responsibilities of a subordinate practitioner.
  - § 11.503 Responsibilities regarding nonpractitioner.

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.

USPTO Rules of Professional Conduct: Savings Clause

- § 11.901 Savings Clause
  - "*(a) A disciplinary proceeding based on conduct engaged in prior to the effective date of these regulations may be instituted subsequent to such effective date, if such conduct would continue to justify disciplinary sanctions under the provisions of this part.*"
  - "*(b) No practitioner shall be subject to a disciplinary proceeding under this part based on conduct engaged in before the effective date hereof if such conduct would not have been subject to disciplinary action before such effective date.*"

USPTO Rules of Professional Conduct

- Removed Practitioner Maintenance Fee Rules.
  - Deleted 37 CFR § 11.8(d).

- No CLE Reporting Requirement.

Ethics Enforcement

Sources of Grievances Against Practitioners

- An investigation may be initiated pursuant to information from any source suggesting possible grounds for discipline.

  37 CFR § 11.22(a).

  - External to USPTO
    - Clients, Colleagues, Others
  - Internally within USPTO
    - Patent Corps, Trademark Corps, Other
  - Other
    - Published Decisions, News Articles

Types of Disciplinary Complaints

- Predicated on “probable cause” determination by Committee on Discipline (COD) after Committee convenes. 37 CFR §11.32.

- Reciprocal discipline. 37 CFR §11.24.

- Interim Suspension based on conviction of a serious crime. 37 CFR §11.25.

Complaint – “Probable Cause”

Four steps precede the filing of a complaint based on a “probable cause” finding by the COD:

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.

Potential Post-Investigation Outcomes

- Upon completion of the investigation, OED may:
  - Close the investigation without further action;
  - Issue a warning;
  - Enter into a proposed settlement agreement; or
  - Convene the COD to determine whether there is “probable cause” to file a disciplinary action against practitioner.

Statute of Limitations

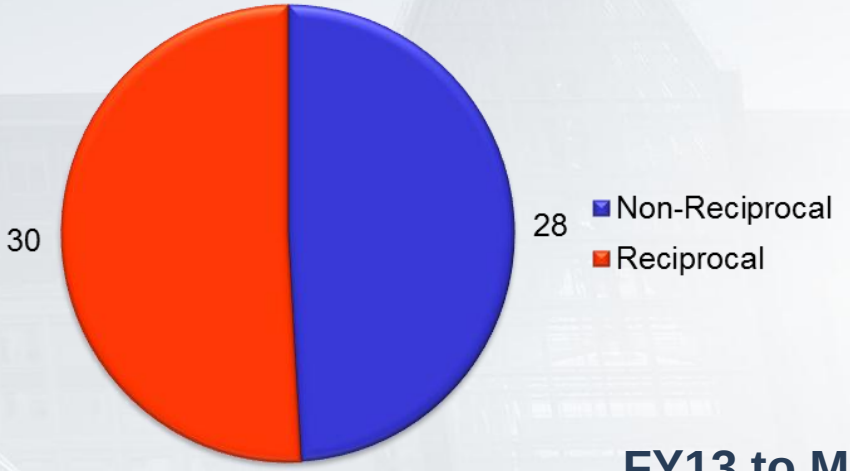
- The Leahy-Smith America Invents Act (AIA) amended 35 U.S.C. § 32 to require disciplinary proceedings to be commenced not later than the earlier of:
  - 10 years after the misconduct occurred, or
  - One year from when the misconduct was made known to the USPTO, as prescribed in the regulations governing 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.

Possible Ethics Impact of AIA Provisions

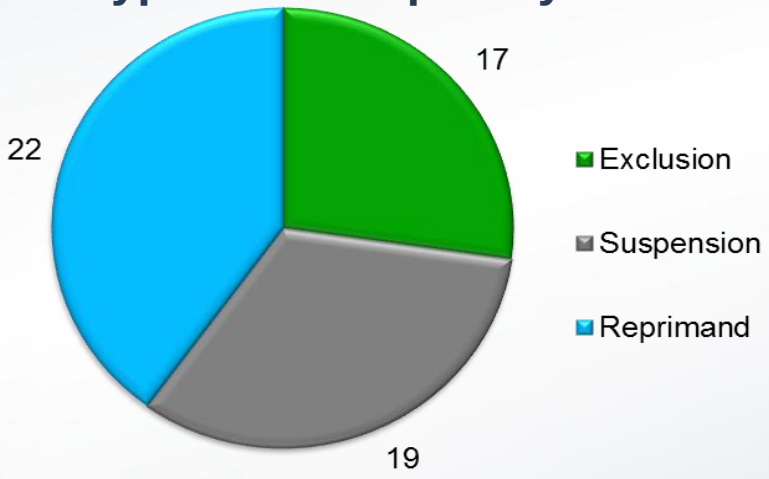
- **Oath/Declaration Rules**
  - Removal of "deceptive intent" language from various provisions.
- **Best Mode**
  - Revision of 35 U.S.C. §282 to limit this defense in patent litigation.
- **Supplemental Examination**
  - Inequitable Conduct Implications.
- **First-Inventor-To-File Rules create New 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

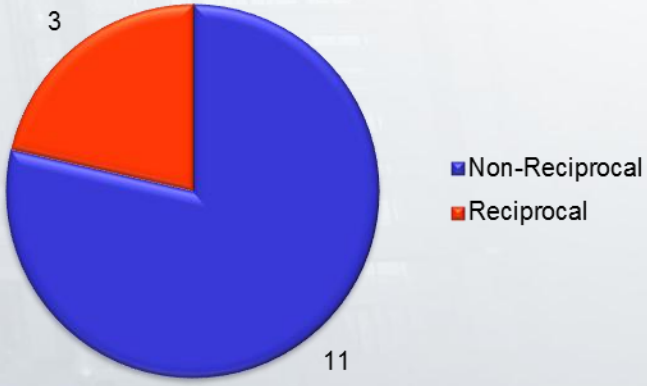
FY12 Breakdown of Reciprocal vs. Non-Reciprocal Formal Decisions



FY12 Types of Disciplinary Action



FY13 to May



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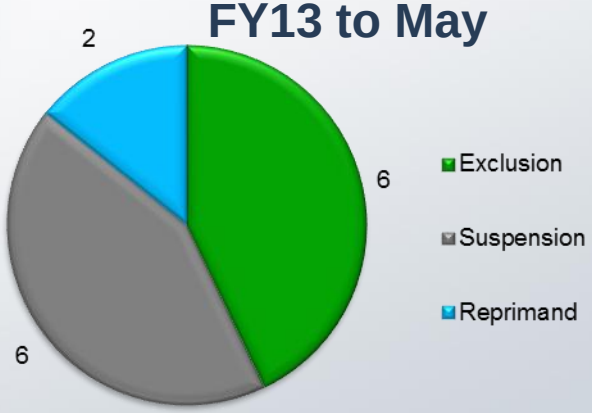

Letters of Warning

- Warning Letters Are Confidential and Non-Disciplinary. 37 CFR § 11.21.
- In FY 12, OED has issued 120 Warning Letters.
- In FY 13, as of April, OED has issued 76 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 Shippey*** (D2011-27)
  - Neglected multiple matters entrusted to her
  - Engaged in multiple counts of professional misconduct
  - Handled matters without adequate legal preparation
  - Failed to seek lawful objectives of client
  - Failed to carry out employment contract with clients
  - **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 Amberly*** (D2009-07)
  - Knowingly made false statements to the Virginia State Bar in connection with a disciplinary matter.
  - **Reprimanded**

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 Massicotte*** (D2012-22)
  - Provided Office with false or misleading information in connection with petitions to revive three abandoned TM applications
  - **Suspended for 2 years**

Examples of Dishonesty, Fraud, Deceit or Misrepresentation (*cont'd*)

- **More Severe *(cont'd)***
  - ***In re Gaudio*** (D2012-12)
    - Non-registered practitioner who formed and controlled day-to-day operations of a corporation named The Inventors Network, a corporation not authorized to practice patent law.
    - Knowingly allowed the corp. to file >150 patent apps with the Office that were not prepared, reviewed, or signed by a registered 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 Ames*** (D2011-25)
  - Abandoned applications and clients without consent
  - Failed to refund fees
  - **Excluded**
- ***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**

Conduct that Adversely Reflects on Fitness to Practice

- ***In re Tassan*** (D03-10)
  - Patent Attorney represented Client in opposition proceeding before the TTAB.
  - After the TTAB issued a Final Decision sustaining the opposition to Client's application for registration, Attorney left voicemail messages for 3 different TTAB Administrative Judges.
  - Each voicemail message contained expletives and abusive language.

Conduct that Adversely Reflects on Fitness to Practice (*cont'd*)

- *In re Tassan* (cont.)
  - **Reprimanded**;
  - Prohibited from in-person or telephone communication with TTAB judges for 2 years (outside of TTAB hearings); and
  - Ordered to complete a course of treatment for anger management (with confirmation letter of successful completion required).

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