

Intellectual Property Law Association of Chicago (IPLAC)
Comments on Proposed Rules 37 CFR Part 11
by the U.S. Patent and Trademark Office
as published at 68 Federal Register 69442 (Dec. 12, 2003)

The following are positions of the Intellectual Property Law Association of Chicago (IPLAC) regarding the proposed changes to 37 CFR, Patents, Trademarks, and Copyrights. The proposed changes could profoundly affect the practice of patent law in the United States, and through certain changes, affect world-wide patent practice between law firms in the United States and clients in foreign countries.

INTRODUCTION

IPLAC objects specifically to a number of the proposed new rules, and has comments to a number of proposals, as outlined below by proposed rule numbers. All proposed rules for which IPLAC has comments are reproduced in Appendix A, in numerical order, for the convenience of the reader. The term “practitioner” is used to indicate both registered patent attorneys and registered patent agents.

Proposed 37 CFR 11.7(g), Investigation of Moral Character

IPLAC supports proposed Rule 11.7(g) because it would impose the same standards of moral character on patent agents as are imposed on attorneys. In *Sperry v. Florida*, 373 U.S. 379, 383 (1963), the Supreme Court recognized that in some states the actions of patent agents may be recognized as the practice of law. Therefore, patent agents should be held to the same standards of moral character to which patent attorneys are held.

With regard to investigating the moral character of those applying to practice before the Patent and Trademark Office (“PTO”), IPLAC favors the PTO adopting the following practices with regard to practitioners:

For attorney practitioners, the PTO should accept a state bar’s determination of moral character, as evidenced by a certified copy of the attorney’s State Bar application and moral character determination, as meeting the requirements set forth in proposed 37 C.F.R. 1.7(g). The PTO should only make an independent investigation of moral character if there is a substantial discrepancy between the information provided with attorney’s application to practice before the PTO and the attorney’s state bar application.

For agent practitioners, the PTO should require a showing of good moral character consistent with that required by a majority of state bars. Because no such determination is made by state bars for non-attorneys applying to practice before the PTO, it may be necessary for the PTO to make an independent investigation.

The PTO should gather the same information as is gathered by the majority of state bar applications. The information should be included as part of the application for non-attorneys to practice before the PTO. Using this information, the PTO should make an investigation of moral character that is consistent with that made by the majority of state bars. Not only does this apply equal treatment to patent attorneys and patent agents, but would help insure that the public receives a consistent level of conduct from all patent practitioners.

Proposed Rule 11.8(d), Annual Fee for Practitioners

IPLAC is opposed to an annual fee for practitioners. Proposed Rule 11.8(d) provides that each registered patent attorney or agent will pay a new annual registration fee of \$100 each year. The PTO justifies this fee by: 1) stating that it plans to shift funding of the costs of the disciplinary system and maintenance of the registered practitioners roster from the applicants to the practitioners; and 2) stating the fee will not have a significant economic impact on a substantial number of practitioners. See PTO comments at 68 Fed. Reg. 69540-41.

IPLAC is opposed to such a fee. The PTO analogizes this proposed requirement to fees charged by state bars to maintain their reputation for integrity and supporting the willingness of potential clients to engage the services of practitioners. The funds received by state bars, however, are not exclusively directed toward a disciplinary system, and are directed at substantially unrelated programs designed to benefit the legal system of the state in other ways, such as providing scholarships and providing the practitioners with networking opportunities. Furthermore, state bars are self-supported organizations that do not receive funding from other sources and are not related to the field of endeavor of the attorney. The PTO, to the contrary, has always received money for their system from fees related directly to the actions of practitioners.

Moreover, as evidenced by Congressional fee diversion from the PTO, user fees already provide sufficient funds for handling such a disciplinary system. Although the PTO promises that the funds received would be directed to these activities and would not be diverted to other sources, it is Congress that authorizes expenditures for the PTO, and such a promise rings hollow. Further, there is no indication that Applicants would receive any monetary benefit, such as a decrease in fees for applications, issue fees, or maintenance fees. IPLAC believes that any such decrease in fees would have even less economic impact on the applicants than on the practitioners. This is because of the large and ever-increasing number of applications, and the relatively low cost of maintaining such a disciplinary system when compared to the user fees charged by the PTO. In any event, practitioners will likely pass the annual fee through to applicants, so there is no net benefit to applicants.

Moreover, the PTO has not provided adequate justification in terms of the number or severity of cases in which discipline is required and the funding thus required. For these reasons, IPLAC opposes such a fee. If the annual fee is imposed, the PTO should positively notify each practitioner every time when the fee is due by e-mail or other convenient method, so that the very adverse consequences of failure to pay, such as administrative suspension, may be avoided.

Proposed Rule 11.12, Mandatory continuing training for licensed practitioners

IPLAC opposes proposed Rule 11.12, which requires mandatory continuing legal education (CLE) for practitioners before the PTO. Presently, not all state bars require continuing legal education. Illinois, home to most IPLAC members, is one such state.

While the PTO comments focus on criticism of practitioners, the PTO has furnished no statistics on the number and nature of the complaints, or whether these complaints are focused on a limited number of practitioners. PTO Comments, 68 Fed. Reg. 69453-54. If there are problems with particular practitioners, the PTO has authority presently to take action against those practitioners under existing rules and regulations.

The proposal is indefinite, with insufficient information for commenters to learn whether the annual, biannual, or triennial requirement is 8 hours per year or more onerous. The PTO should propose a definite requirement, so that practitioners may judge whether the proposal is reasonable, or whether the proposal is burdensome and should not become a requirement. A more definite proposal should focus on areas in which the PTO can document shortcomings of practitioners. Such a proposal should therefore define targeted requirements for patent application preparation, patent prosecution, and ethics, or other areas for which the PTO can document a need to track continuing education of practitioners.

The proposal foresees delivery of training materials to practitioners over the Internet with an interactive computer-delivered examination (see Proposed Rule 11.13(b)). If the PTO can deliver materials to practitioners in this relatively cost-efficient way, why not deliver the materials and require an acknowledgment that each practitioner has received, studied, and understands the material? Alternatively, patent agents and attorneys may attend classes from approved sponsors. Allowing practitioners a choice how to satisfy a CLE requirement is admirable, but does not answer the fundamental question of why the requirement should be imposed in the first place.

Proposed Rule 11.13, Eligible mandatory continuing education programs

IPLAC strongly opposes certain aspects of the proposed mandatory continuing education programs. If for any reason the PTO proposed Internet procedure falls through, or if the Internet procedure is not available to a practitioner, there may be extra expense if a practitioner has to travel to attend an approved course. It is therefore in the best interests of practitioners and the public to have an abundance of approved CLE sponsors. Proposed Rule 11.13 describes the procedures to be used to become an approved sponsor of a continuing education program. The chief objection to this proposal is proposed Rule 11.13(g)(4), in which law firms, professional corporations, and corporate law departments are not eligible to become approved sponsors. Under this provision, patent practitioners at law firms and corporations

alike would have to go to a different “approved sponsor,” rather than traditional seminars and courses that are held at law firms or corporate law departments. The PTO comments, 68 Fed. Reg. 69454, provide no rationale for the exclusion.

The persons best equipped to instruct others in up-to-date patent practice are likely patent practitioners with active dockets in law firms and corporate law departments. Provision 11.13(g)(4) thus excludes from approval the most qualified persons and should be stricken. For instance, seminars conducted internally by large law firms or corporate patent law departments may be the most convenient and effective tool for keeping skills up to date for practitioners employed by such firms, and their clients. Law firms and corporations should be allowed to become approved CLE sponsors.

Proposed Rule 11.22(k), Requests for financial records by OED Director

IPLAC strongly opposes this unwarranted intrusion of the PTO into internal affairs of law firms. The PTO proposes that 37 C.F.R. § 11.22 (k) include a provision for requesting the examination of all “financial books and records maintained by a practitioner without limitation, of any and all trust accounts, fiduciary accounts and operating accounts maintained by the practitioner or his or her law firm,” as part of an ethical violation investigation. This provision automatically equates any ethical allegation with financial mismanagement or impropriety.

IPLAC disagrees with this proposal, which allows OED to review the financial records of a practitioner during an investigation of ethics, but without a specific allegation of financial impropriety or mismanagement of the practitioner’s financial accounts. Without specific allegations of financial impropriety, it is both premature and unduly burdensome for a practitioner to be required to provide access to his or her financial records. The proposed rule fails to provide a process or procedure for the circumstances that would trigger such an inspection. In addition, neither the OED Director nor the PTO’s staff attorney includes specific training or expertise in accounting or auditing.

This provision does not account for the instances where the practitioner may be a patent agent and thus not subject to discipline from a state bar agency. In these instances, it may be appropriate for the OED Director to inspect the patent agent’s financial records if there is an accusation of financial impropriety. However, without clear guidelines for implementing this procedure, the proposed rule is unduly burdensome.

Finally, the proposed rule is overbroad in that there are no specific references regarding the scope of financial records that should be made available. If the proposed rule is adopted, IPLAC recommends including a requirement limiting any inspection of the practitioner’s financial records to specifically identified clients for which the investigation was initiated and that the scope of the investigation be limited to alleged financial mismanagement of the client’s application before the PTO.

Proposed Rule 11.41, Filing of Papers

IPLAC recommends that this proposed rule should be amended to allow certificate of mailing procedures presently allowed under 37 CFR 1.8 and 1.10. This proposed rule does not allow for the use of U.S. Mail or Express Mail for the service of papers in disciplinary proceedings. The comments provide no reason why the certificate of mailing practice under 37 CFR 1.8 and 1.10 could not be used for disciplinary hearings. Requiring hand delivery is clearly onerous as well as expensive.

Proposed Rule 11.49, Burden of Proof

In response to the PTO's request for comments on Proposed Rule 11.49, IPLAC believes that the PTO should continue to use the "clear and convincing" evidentiary standard in disciplinary proceedings. The PTO should not adopt a lesser standard, such as the "preponderance of evidence" standard mandated by the Administrative Procedure Act. Suspension or removal from practice before the PTO is a very severe penalty, likely resulting in at least temporary loss of the practitioner's livelihood. In addition, a finding of an ethical violation may support a finding of inequitable conduct. Accordingly, a similar, higher burden of proof should be used.

Proposed Rule 11.58, Suspended or excluded practitioner

Comments from IPLAC members were generally favorable in including at least some portions of present Rule 10.158, especially the provisions that allow a suspended or excluded practitioner to practice under strict supervision. Other portions of the changes, especially as they relate to the many notices required, seem onerous, but also seem necessary in light of the discipline imposed. It is IPLAC's opinion that portions (c), (d), (e) and (f) should be adopted.

Proposed Rule 37 CFR 11.62, Protection of clients interests when practitioner becomes unavailable

IPLAC supports with qualification the new provision of Section 11.62, which would allow a court of competent jurisdiction to appoint a registered practitioner to represent patent applicants whose representative before the USPTO becomes unavailable (e.g., due to death, disappearance, suspension, incapacity, etc.). However, to reduce both the cost of a court proceeding to both the applicant and the drain on court resources of time and personnel, IPLAC would also favor a provision requiring the USPTO to send the applicant information on how to use the PTO web site to find another practitioner and instructions on how to change representation. This would provide the applicant with a lower cost alternative to a court proceeding,

while preserving the applicant's right to pursue such a proceeding if the applicant elects to do so.

Proposed Rule 37 CFR 11.101(c)(3), Competence

IPLAC opposes this drastic rule concerning competence. The PTO proposes that a practitioner is incompetent if he or she employs a procedure no longer authorized by the PTO. IPLAC believes there should be no penalty or sanction if the use of the older procedure has no adverse consequences for the applicant or assignee, or if its use was a reasonable mistake made by the practitioner.

IPLAC supports the concept that practitioners should be held to a level of competence as a safeguard for applicants and assignees before the PTO. The proposed rule, however, overreaches the PTO's objectives. This provision further fails to identify the consequences, if any, for violating proposed sections 37 C.F.R. § 11.101 (a) and (b). Even if this rule is enacted, there should be at least a one-year phase-in period for each rule change, while practitioners and examiners alike become familiar with the new rule, and while the PTO learns whether there are any unintended consequences that require a modification to the rule.

Proposed Rule 37 CFR 11.101(c)(4), Frivolous applications

IPLAC opposes this change from the existing rules as discouraging practitioners from zealously representing their clients. This proposed rule represents a significant change from the existing subjective standards of 37 CFR 10.18(b)(2)(ii) and 37 CFR 10.85(a)(2) ("Representing a client within the bounds of the law"), which states that a practitioner shall not "Knowingly advance a claim or defense that is unwarranted under existing law, except that a practitioner may advance such claim or defense if it can be supported by *good faith* argument for an extension, modification, or reversal of existing law" (emphasis added).

Further, the current PTO rules reflect a similar obligation imposed on attorneys by the ABA Model Rules of Professional Conduct. Rule 3.1 of the ABA Model Rules states that "[a] lawyer shall not bring or defend a proceeding, or assert or controvert an issue therein, unless there is a basis in law and fact for doing so that is not frivolous, which includes a *good faith* argument for an extension, modification or reversal of existing law" (emphasis added)

The proposed rule, however, has an objective standard, that "the claim is known or should have been known by a reasonably prudent registered practitioner to be unwarranted under existing law, and said claim or argument cannot be supported by good faith argument for an extension, modification, or reversal of existing law."

This much more stringent proposal may discourage practitioners from providing the best possible representation for their clients by using an objective standard to define actions that push the envelope of legality as incompetent. Practitioners may hesitate to attempt to obtain broad coverage for an invention for fear that such an attempt may be seen as overstepping the line between pushing the

legal envelope and asserting a frivolous position. For example, until recently an application for a business method patent could have been seen as a violation of the competence rules. Under the proposed rule, the practitioners for *State Street* may have been found incompetent instead of helping to establish a new area of patentable subject matter. Due to the very nature of patent law, the line of what is warranted under existing law or a good faith argument for the extension, modification, or reversal of existing law is constantly changing. Practitioners should not be held incompetent for finding themselves on the wrong side of this line in an attempt to obtain the broadest possible coverage for their clients.

Finally, this proposed rule may be interpreted as requiring a search of the prior art so that a practitioner would have a “reasonably prudent” basis for knowing whether or not the application is “frivolous,” in contravention of M.P.E.P. 609, which explicitly states that a patentability search is not required. The rule may be interpreted as creating liability for a practitioner unless a search is performed, or even if a search is performed and a particularly apt reference is missed. This is not the law and should not be the law.

Proposed Rule 37 CFR 11.104(a)(2), Communication with foreign clients

Proposed Rule 11.104(a)(2) states that communication between the practitioner and a foreign attorney or patent agent may occur if the practitioner has written consent of the foreign client. IPLAC supports this section as it codifies an already established practice: foreign clients working through a foreign lawyer are generally recognized as the client of the foreign lawyer. This arrangement expedites prosecution of matters for both the PTO and the foreign client. The PTO is able to work with a local (U.S.) practitioner and the foreign client is able to work with his or her local attorney, speaking his or her language and being knowledgeable about his or her needs. The sections cited as supporting the need for this passage include preservation of client confidentiality, independent judgment, and avoiding influence of others. In virtually all cases, however, the foreign attorney knows the client’s confidential information before the U.S. attorney does. A U.S. attorney who does not speak the foreign language cannot avoid the influence of the foreign attorney. The client implicitly recognizes this when he allows the foreign attorney to work through a U.S. attorney to meet the client’s U.S. patent or trademark needs. This proposal makes the recognition explicit. IPLAC supports this proposal as it will apparently necessitate the addition of merely a single sentence regarding client consent to a client engagement letter for a new foreign client, or a simple additional document, such as a power of attorney, for an existing foreign client.

Proposed 37 CFR 11.104(b), Explanations to Clients

IPLAC supports with qualification this proposed rule, which closely mirrors ABA Model Rule 1.4(b), which states, that “A lawyer shall explain a matter to the extent reasonably necessary to permit the client to make informed decisions regarding

the representation.” Inclusion of this rule in the CFR serves to impose this obligation on patent agents who are not governed by the ABA Model Rules.

However, IPLAC suggests adding the following language from comment [5] to ABA Model Rule 1.4(b): “The guiding principle is that the lawyer practitioner should fulfill reasonable client expectations for information consistent with the duty to act in the client's best interests, and the client's overall requirements as to the character of representation.” This sentence will help clarify that the level of explanation required is client and situation dependent. For example, a client more experienced in patent practice may not need or want a detailed explanation of every aspect of patent prosecution. In another example, a client may be involved in a large number of patent prosecutions and, therefore, may have standing orders with regard to certain aspects of prosecution and not wish to be informed of every occurrence of these aspects.

Proposed Rule 37 CFR 11.105(d), Fees and division of a fee

IPLAC opposes this change from the present rule, 37 C.F.R. 10.37(a). IPLAC favors the affiliation of attorneys with patent practitioners who are better qualified to represent clients in patent matters before the USPTO. Given the highly specialized expertise, both technical and legal, required to effectively represent an applicant before the USPTO, regulations that promote the use of competent counsel in the patent application process are desirable for patent applicants, the PTO, and for patent practitioners. While IPLAC lauds the rule's goal of promoting collaboration between patent practitioners and referring lawyers, the proposed rule may have the unintended consequence of stifling such collaboration because it subjects the collaborators to joint liability for the actions of each collaborator.

Currently, joint responsibility is not required when a lawyer refers a patent matter to a patent practitioner. The proposed rule change to 37 CFR 11.105(d) is similar to the ABA Model Rule 1.5(e), with one critical difference: the division of fees between non-associated lawyers is permitted if the division is proportional to the services rendered or each lawyer assumes joint responsibility for the representation. ABA Model Rule 1.5(e)(2) (August 2003, emphasis added). The current proposed rule change mandates assumption of joint responsibility, and therefore joint risk, instead of allowing an alternative, a proportional division of fees.

The proposed rule change also adds the joint responsibility requirement to the regulation of associations between non-associated practitioners under 37 CFR 10.37(a). Currently, under 37 CFR 10.37, practitioners may divide fees for legal representation outside their firm or association if the client consents, the division is proportional to the services rendered, and if the total fee is not unreasonable. 37 CFR 10.37(a) (2003).

As a result of the proposed rule change, practitioners may become more reticent to refer work to other practitioners because doing so would expose them to liability. A non-specialized practitioner may have difficulty in evaluating the work of a more specialized patent practitioner, in order to determine whether the association is

exposing the referring practitioner to liability. The more specialized the practitioner is in patent matters, the more difficult it may be for the referring practitioner to evaluate the work of the patent practitioner. Furthermore, a less qualified practitioner may be less likely to understand the need for a specialty practitioner in patent matters, and may fear exposing himself or herself to potential liability for the actions of a patent practitioner whose actions are difficult to evaluate. Each practitioner should be liable for the quality of his or her own work. The proposed rule change to 37 CFR 11.105(d) seeks to hold referring practitioners liable for the work of specialized practitioners, and vice versa. This proposed rule may have the unintended effect of discouraging collaboration that would otherwise benefit patent applicants. Therefore, IPLAC favors the present rule, or a rule modeled on ABA Model Rule 1.5(e)(2), and opposes this change.

Proposed Rule 11.116(d), Terminating Representation

Proposed Rule 11.116(d) states that the practitioner will surrender papers and property to which a client is entitled. IPLAC supports this section with qualification as it harmonizes PTO rules with ABA Model Rule 1.16(d). In the event of a conflict between the practitioner and the client, the practitioner should however, at his or her own expense, be permitted to make and retain a copy of such papers and property until the conflict is resolved. In addition, a practitioner should not be required to surrender such copies, made at the practitioner's expense, so long as the practitioner has already forwarded a copy to the client.

Proposed Rule 11.117, Sale of Practice

IPLAC opposes the approach of proposed Rule 11.117, and proposes a modification. The one-purchaser rule as proposed is not appropriate. The proposed rule requires a practitioner to sell his practice to one practitioner who has essentially all the same technical competence in all areas. For example, a patent practice may involve both chemical practice and mechanical practice. Selling the practice requires the seller to find one individual competent in both areas. It would be much easier to sell the mechanical practice to one practitioner and the chemical practice to another. If a client is unwilling to have his file transferred to the buyer, he or she is free to make other arrangements and should have little trouble finding another practitioner in most cases.

A better approach would be to adopt a rule similar to ABA Model Rule 1.17. This rule allows the sale to one or more registered practitioners or firms that include registered practitioners. An appropriate modification may be

(b) The practice, to the extent it involves patent proceedings, is sold to one or more registered practitioners or firms including registered practitioners.

APPENDIX A

All references are to 68 Fed. Reg. 69442 (Dec. 12, 2003) et seq. The proposed Rules begin at 68 Fed. Reg. 69512.

Proposed Rule § 11.7 Requirements for registration. 68 Fed. Reg. 69518 et seq.

(a) No individual will be registered to practice before the Office unless he or she has:

(1) Applied to the USPTO Director in writing on a form supplied by the OED Director and furnished all requested information and material; and

(2) Established to the satisfaction of the OED Director that he or she is:

(i) Presently possessed of good moral character and reputation;

(ii) Possessed of the legal, scientific, and technical qualifications necessary to enable him or her to render applicants valuable service; and

(iii) Otherwise competent to advise and assist applicants for patents in the presentation and prosecution of their applications before the Office; and

(b)(1) In order that the OED Director may determine whether an individual seeking to have his or her name placed on the register has the qualifications

specified in paragraph (a)(2) of this section, the individual shall:

(i) File a complete application for admission to each administration of the registration examination. A complete registration application includes:

(A) A form supplied by the OED Director wherein all requested information and supporting documents are furnished,

(B) Payment of the fees required by § 1.21(a)(1) of this subchapter,

(C) Satisfactory proof of sufficient basic training in scientific and technical matters, and

(D) For aliens, proof that recognition is not inconsistent with the terms of their visa or entry into the United States.

(2) An individual failing to file a complete application will not be admitted to the examination. Applications that are incomplete as originally submitted will be considered as filed only when they have been completed and received by OED within 60 days of notice of incompleteness. Thereafter, a new and complete application must be filed. Until an individual has been registered, that individual is under a continuing obligation to keep his or her application current and must update responses whenever there is an addition to or a change to information previously furnished the OED Director;

(3) Submit to the OED Director satisfactory proof of the individual's scientific and technical training;

(4) Pass the registration examination, unless the taking and passing of the examination is waived as provided in paragraph (d) of this section. Unless waived pursuant to paragraph (d) of this section, each individual seeking registration must take and pass the registration examination that is held from time-to-

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time to enable the OED Director to determine whether the individual possesses the legal and competence qualifications specified in paragraphs (a)(2)(ii) and (a)(2)(iii) of this section. The examination will not be administered as a mere academic exercise. An individual failing the examination may reapply no sooner than 30 days after the date of notice of failure is sent to the individual and may again take the examination no sooner than 60 days after the date of said notice. An individual reapplying shall:

(A) File the application form supplied by the OED Director wherein all requested information and supporting documents are furnished,

(B) Pay the fees required by § 1.21(a)(1) of this subchapter, and

(C) For aliens, proof that recognition continues to be not inconsistent with the terms of their visa or entry into the United States;

(5) If an individual first reapplies more than one year after said notice, that individual must again comply with paragraphs (b)(1)(i) and (b)(3) of this section; and

(6) Provide satisfactory proof of present possession of good moral character and reputation.

(c) Petition to the OED Director. An individual dissatisfied with any action by a member of the staff of OED refusing to register an individual, refusing to recognize an individual, refusing to admit an individual to the registration examination, refusing to reinstate an administratively suspended practitioner, refusing to refund or defer any fee, or any other action may seek review of the action upon petition to the OED Director and payment of the fee set forth in § 1.21(a)(5) of this subchapter. Any petition, even if accompanied by the required fee, but not filed within thirty days after the date of the action complained of may be dismissed as untimely. Any request for reconsideration of a decision by the OED Director on a petition not filed within thirty days after the decision may be dismissed as untimely.

(d)(1) Former patent examiners who by [INSERT DATE 60 DAYS FOLLOWING PUBLICATION OF FINAL RULE] had not actively served four years in the patent examining corps, and were serving in the corps at the time of their separation. The OED Director would waive the taking of a registration examination in the case of any individual meeting the requirements of paragraph (b)(3) of this section who is a former patent examiner who by [INSERT DATE 60 DAYS FOLLOWING PUBLICATION OF FINAL RULE] had not served four years in the patent examining corps, if the individual demonstrates that he or she:

(i) Actively served in the patent examining corps of the Office;

(ii) Received a certificate of legal competency and negotiation authority;

(iii) After receiving the certificate of legal competency and negotiation authority, was rated at least fully successful in each quality performance element of his or her performance plan for the last two complete fiscal years as a patent examiner; and

(iv) Was not under an oral or written warning regarding the quality performance elements at the time of separation from the patent examining corps.

(v) The OED Director may waive the taking of the examination for registration in the case of said individual who does not meet all the criteria of paragraphs (d)(1)(i), (d)(1)(ii), (d)(1)(iii) and (d)(1)(iv) of this section upon a showing of good cause.

(2) Former patent examiners who [INSERT DATE 60 DAYS FOLLOWING PUBLICATION OF FINAL RULE] had actively served four years in the patent examining corps, and were serving in the corps at the time of their separation. The OED Director would waive the taking of a registration examination in the

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case of any individual meeting the requirements of paragraph (b)(3) of this section who is a former patent examiner who by [INSERT DATE 60 DAYS FOLLOWING PUBLICATION OF FINAL RULE] had served four years in the patent examining corps, if the individual demonstrates that he or she:

(i) Actively served for at least four years in the patent examining corps of the Office by [INSERT DATE 60 DAYS FOLLOWING PUBLICATION OF FINAL RULE];

(ii) Was rated at least fully successful in each quality performance element of his or her performance plan for the last two complete fiscal years as a patent examiner in the Office; and

(iii) Was not under an oral or written warning regarding the quality performance elements at the time of separation from the patent examining corps.

(vi) The OED Director may waive the taking of the examination for registration in the case of said individual who does not meet all the criteria of paragraphs (d)(2)(i), (d)(2)(ii), and (d)(2)(iii) of this section upon a showing of good cause.

(3) Certain former Office employees who were not serving in the patent examining corps upon their separation from the Office. The OED Director would waive the taking of a registration examination in the case of a former Office employee meeting the requirements of paragraph (b)(3) of this section who by petition demonstrates possession of the necessary legal qualifications to render to patent applicants and others valuable service and assistance in the preparation and prosecution of their applications or other business before the Office by showing that:

(i) He or she has exhibited comprehensive knowledge of patent law equivalent to that shown by passing the registration examination as a result of having been in a position of responsibility in the Office in which he or she:

(A) Provided substantial guidance on patent examination policy, including the development of rule or procedure changes, patent examination guidelines, changes to the Manual of Patent Examining Procedure, or development of training or testing materials for the patent examining corps; or

(B) Represented the Office in patent cases before Federal courts; and

(ii) Was rated at least fully successful in each quality performance element of his or her performance plan for said position for the last two complete rating periods in the Office, and was not under an oral warning regarding performance elements relating to such activities at the time of separation from the Office.

(4) To be eligible for consideration for waiver, an individual within the scope of one of paragraphs (d)(1) through (d)(3) of this section must file a complete application and the fee required by § 1.21(a)(1)(i) of this subchapter within two years of the individual's separation from the Office. All other individuals, including former examiners, filing an application or fee more than two years after separation from the Office, are required to take and pass the examination to demonstrate competence to represent applicants before the Office. If the examination is not waived, the individual or former examiner must pay the examination fee required by § 1.21(a)(1)(ii) of this subchapter within 30 days after notice. Individuals employed by the Office but not meeting the requirements of any one of paragraphs (d)(1) through (d)(3) of this section must file a complete application, pay the fees required by § 1.21(a)(1) of this subchapter, and take and pass the registration examination to be registered.

(e) Examination results. Notification to an individual of passing or failing an examination is final. Within two months from the date an individual is notified that he or she failed an examination specified in paragraph (b) of this section, an unsuccessful individual is entitled to inspect, but not copy, the questions and answers he or she incorrectly answered under supervision and without taking notes. Substantive review of the answers or questions may not be pursued. An unsuccessful individual has the right to retake

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the examination an unlimited number of times upon payment of the fees required by §§ 1.21(a)(1)(i) and (ii) of this subchapter, and a fee charged by a private sector entity administering the examination.

(f) Application for reciprocal recognition. An individual seeking reciprocal recognition under § 11.6(c), in addition to satisfying the provisions of paragraphs (a) and (b) of this section, and the provisions of § 11.8(c), shall pay the application fee required by § 1.21(a)(1)(i) upon filing an application.

(g) Investigation of moral character. (1) Every individual seeking recognition shall answer all questions; disclose all relevant facts, dates and information; and provide verified copies of documents relevant to their good moral character and reputation. The facts, information and documents include expunged or sealed records necessary for determining whether the individual presently possesses the good moral character and reputation required for registration.

(2) The OED Director shall cause names and business addresses of all individuals seeking registration or recognition who pass the examination or for whom the examination has been waived to be published on the Internet and in the Official Gazette to solicit relevant information bearing on their moral character and reputation.

(3) If the OED Director receives information from any source tending to reflect adversely on the moral character or reputation of an individual seeking registration or recognition, the OED Director shall conduct an investigation into the moral character and reputation of the individual. The investigation will be conducted after the individual has passed the registration examination, or after the registration examination has been waived for the individual, whichever is later. If the individual seeking registration or recognition is an attorney, the individual is not entitled to a disciplinary proceeding under §§ 11.32–11.57 in lieu of moral character proceedings under paragraphs (j) through (m) of this section. An individual failing to timely answer questions or respond to an inquiry by the OED Director shall be deemed to have withdrawn his or her application, and shall be required to reapply, pass the examination, and otherwise satisfy all the requirements of this section. No individual shall be certified for registration or recognition by the OED Director until the individual demonstrates present possession of good moral character and reputation. The OED Director shall refer to the Committee on Enrollment the application and all records of individuals not certified for registration or recognition following investigation whose applications have not been withdrawn.

(h) Moral character and good reputation. Moral character is the possession of honesty and truthfulness, trustworthiness and reliability, and a professional commitment to the legal process and the administration of justice. Lack of moral character exists when evidence shows acts and conduct which would cause a reasonable person to have substantial doubts about an individual's honesty, fairness, and respect for the rights of others and the laws of states and nation. Evidence showing lack of moral character may include, but is not limited to, conviction of a violent felony, a crime involving moral turpitude, and a crime involving breach of fiduciary duty; drug and alcohol abuse and dependency problems; lack of candor; suspension or disbarment on ethical grounds from a State bar; and resignation from a State bar while under investigation. An individual for registration who has been convicted of a crime involving moral turpitude or which would clearly necessitate suspension or disbarment must have served his or her sentence, and must have been released from parole supervision or probation for the offense before an application for will be considered.

(1) Conviction of felony or misdemeanor. An individual who has been convicted in a court of record of a felony, or a crime involving moral turpitude or breach of trust, including, but not limited to, a misdemeanor involving interference with the administration of justice, false swearing, misrepresentation, fraud, deceit, bribery, extortion, misappropriation, or theft, or any misdemeanor involving an attempt, conspiracy or solicitation of another to commit any misdemeanor, is presumed not to be of good moral character in the absence of a pardon or a compelling showing of reform and rehabilitation. Any individual convicted in a court of record of a felony, or a crime involving moral turpitude or breach of trust shall file with an application for registration the fees required by §§ 1.21(a)(1)(ii) and (10) of this subchapter. The OED

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Director shall determine whether individuals convicted for said felony, or crime involving moral turpitude or breach of trust have produced compelling proof of reform and rehabilitation, including at a minimum a lengthy period of exemplary conduct.

(i) An individual who has been convicted in a court of record of a felony or any misdemeanor identified in paragraph (h)(1) of this section shall not be eligible for registration or to apply for registration during the time of any sentence (including confinement or commitment to imprisonment), deferred adjudication, and period of probation or parole as a result of the conviction and for a period of two years after the date of successful completion of said sentence, deferred adjudication, and probation or parole.

(ii) The following provisions apply to the determination of present good moral character of an individual convicted of said felony or misdemeanor:

(A) The court record or docket entry of conviction is conclusive evidence of guilt;

(B) An individual convicted of a felony or misdemeanor identified in paragraph (h)(1) of this section is conclusively deemed not to have present good moral character and shall not be eligible to apply for or be registered for a period of two years after completion of the sentence, deferred adjudication, and period of probation or parole, whichever is later; and

(C) The individual, upon applying for registration, shall prove by clear and convincing evidence that he or she is of present good moral character.

(iii) Upon proof that a conviction has been set aside or reversed, the individual shall be eligible to file an application and, upon passing the registration examination, have the OED Director determine, in accordance with paragraph (h)(1) of this section, whether, absent the conviction, the individual possesses present good moral character and reputation.

(2) Moral character involving drug or alcohol abuse or dependency. An individual's record is reviewed as a whole to see if there is a drug or alcohol abuse or dependency issue. An individual appearing to abuse drugs or alcohol, or being dependent on a drug or alcohol may be asked to undergo an evaluation, at the individual's expense, by a qualified professional selected by the OED Director. In instances where there is evidence of a present dependency or an individual has not established a record of recovery, the OED Director, in lieu of registration, may offer the individual the opportunity to place his or her application in abeyance for a specified period of time while agreed to conditions regarding treatment and recovery are initiated and confirmed.

(3) Moral character involving lack of candor. An individual's lack of candor in disclosing facts bearing on or relevant to issues concerning moral character when completing the application or any time thereafter may be found to be cause to deny registration on moral character grounds.

(4) Moral character involving suspension, disbarment, or resignation from a State bar. An individual who has been disbarred by a disciplinary court from practice of law or has resigned in lieu of a disciplinary proceeding (excluded or disbarred on consent) shall not be eligible to apply for registration for a period of five years from the date of disbarment or resignation. An individual who has been suspended by a disciplinary court on ethical grounds from the practice of law shall not be eligible to apply for registration until expiration of the period of suspension. An individual who was not only disbarred, suspended or resigned, but also convicted in a court of record of a felony, or a crime involving moral turpitude or breach of trust, shall be ineligible to apply for registration until the conditions both in paragraph (h)(1) of this section and this paragraph (h)(4) are fully satisfied. The OED Director may waive the two-year ineligibility period provided for in paragraph (h)(1)(A) of this section following conviction of a felony or crime only if the individual demonstrates that he or she has been reinstated to practice law in the State where he or she had been disbarred or suspended, or had resigned. An individual who has been disbarred or suspended, or who resigned in lieu of a disciplinary proceeding shall file with an application for

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registration the fees required by §§ 1.21(a)(1)(ii) and (10) of this subchapter; a full and complete copy of the proceedings in the disciplinary court that led to the disbarment, suspension, or resignation; and written proof that he or she has filed an application for reinstatement in the disciplining jurisdiction and obtained a final determination on that application. The following provisions shall govern the determination of present good moral character of an individual who has been licensed to practice law in any jurisdiction and has been disbarred or suspended on ethical grounds, or allowed to resign in lieu of discipline, in that jurisdiction.

(i) A copy of the record resulting in disbarment, suspension or resignation is prima facie evidence of the matters contained in said record, and the imposition of disbarment or suspension, or the acceptance of the resignation of the individual in question shall be deemed conclusive that the individual has committed professional misconduct.

(ii) An individual who has been disbarred or suspended, or who resigned in lieu of disciplinary action is ineligible for registration and is deemed not to have present good moral character during the period of such discipline imposed by the disciplinary court.

(iii) The individual who has been disbarred or suspended, or who resigned in lieu of disciplinary action, shall submit proof that he or she has filed an application for reinstatement in the disciplining jurisdiction and obtained a final determination on that application.

(iv) The only defenses available to the individual in question are set out below, and must be proven by the individual by clear and convincing evidence:

(A) The procedure in the disciplinary court was so lacking in notice or opportunity to be heard as to constitute a deprivation of due process;

(B) There was such infirmity of proof establishing the misconduct as to give rise to the clear conviction that the Office could not, consistently with its duty, accept as final the conclusion on that subject; or

(C) The finding of lack of present good moral character by the Office would result in grave injustice.

(v) The individual, upon applying for registration, shall prove by clear and convincing evidence that he or she is of present good moral character.

(i) Factors that may be taken into consideration when evaluating rehabilitation of an applicant seeking a moral character determination. When considering whether an applicant has the good moral character required for registration, the OED Director evaluates whether an applicant possesses the qualities of honesty, fairness, candor, trustworthiness, observance of fiduciary responsibility, respect for and obedience to the laws of the States and the nation, and respect for the rights of others and for the judicial process. Involvement in activity that constitutes an act of misconduct or an act of moral turpitude does not necessarily preclude an applicant from registration; however, an applicant who has committed such acts must demonstrate rehabilitation prior to registration. An act of misconduct may include, but is not limited to, behavior that results in a criminal conviction, a sustained accusation of fraud, or a sustained allegation of unauthorized practice of law, violation of a school's honor code that involves moral turpitude or results in expulsion, professional discipline, license revocation or disbarment, as well as material omissions from a moral character application, or misstatements in the registration application and misrepresentations during the application process.

(1) Individuals convicted of violent felonies, felonies involving moral turpitude and crimes involving a breach of fiduciary duty are presumed not to be of good moral character in the absence of a pardon or a showing of complete reform and rehabilitation. The OED Director shall exercise discretion to determine whether applicants convicted of violent felonies, felonies involving moral turpitude, and crimes involving a

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breach of fiduciary duty have produced overwhelming proof of reform and rehabilitation, including at a minimum, a lengthy period of not only unblemished, but exemplary conduct.

(2) The factors enumerated below are guidelines that may be taken into consideration when evaluating whether an applicant has demonstrated rehabilitation. Not all factors listed below will be applicable to every single case nor will each factor necessarily be given equal weight in evaluating the rehabilitation of an applicant. The factors, taken as a whole although not exclusive, assist the OED Director in determining whether an applicant has demonstrated rehabilitation from an act of misconduct or moral turpitude. The factors include:

(i) The nature of the act of misconduct, including whether it involved moral turpitude, whether there were aggravating or mitigating circumstances, and whether the activity was an isolated event or part of a pattern;

(ii) The age and education of the applicant at the time of the act of misconduct and the age and education of the applicant at the present time;

(iii) The length of time that has passed between the act of misconduct and the present, absent any involvement in any further acts of moral turpitude, the amount of time and the extent of rehabilitation being dependent upon the nature and seriousness of the act of misconduct under consideration;

(iv) Restitution by the applicant to any person who has suffered monetary losses through acts or omissions of the applicant;

(v) Expungement of a conviction;

(vi) Successful completion or early discharge from probation or parole;

(vii) Abstinence from the use of controlled substances or alcohol for not less than two years if the specific act of misconduct was attributable in part to the use of a controlled substance or alcohol, where abstinence may be demonstrated by, but is not necessarily limited to, enrolling in and complying with a self-help or professional treatment program;

(viii) Evidence of remission for not less than two years if the specific act of misconduct was attributable in part to a medically recognized mental disease, disorder or illness, where evidence of remission may include, but is not limited to, seeking professional assistance and complying with the treatment program prescribed by the professional and submission of letters from the psychiatrist/psychologist verifying that the medically recognized mental disease, disorder or illness is in remission;

(ix) Payment of the fine imposed in connection with any criminal conviction;

(x) Correction of behavior responsible in some degree for the act of misconduct;

(xi) Completion of, or sustained enrollment in, formal education or vocational training courses for economic self-improvement and thereby eliminating economics as a cause for unethical conduct;

(xii) Significant and conscientious involvement in community, church or privately sponsored programs designed to provide social benefits or to ameliorate social problems; and

(xiii) Change in attitude from that which existed at the time of the act of misconduct in question as evidenced by any or all of the following:

(A) Statements of the applicant;

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- (B) Statements from family members, friends or other persons familiar with the applicant's previous conduct and with subsequent attitudes and behavioral patterns;
 - (C) Statements from probation or parole officers or law enforcement officials as to the applicant's social adjustments; and
 - (D) Statements from persons competent to testify with regard to neuropsychiatry or emotional disturbances.
- (j) Hearing. If, following investigation of moral character, the OED Director believes any evidence suggests lack of good moral character and reputation, the OED Director shall give the individual notice to show cause fairly apprising the individual of the OED Director's reasons for failing to be convinced of the individual's good character and reputation, and an opportunity to be heard before a final decision is issued. The notice shall also give the individual the choice of withdrawing the application. The individual shall be given no less than 10 days to reply. The notice shall be given by certified mail at the address appearing on the application if the address is in the United States, and by any other reasonable means if the address is outside the United States.

(1) Evidence supplied or confirmed by individual. When the evidence suggesting lack of good moral character and reputation is information supplied or confirmed by the individual, or the evidence is of an undisputed documentary character disclosed to the individual, the OED Director, with the concurrence of a majority of the Committee on Enrollment, shall enter a decision based solely upon said information or documentary evidence. In determining an individual's moral character and reputation, the OED Director and Committee may act without requiring the individual to appear before it to be sworn and interrogated. If the OED Director and a majority of the Committee are of the opinion that an adverse decision should be made, the procedure set forth in paragraphs (j)(3) through (j)(5) of this section shall be followed.

(2) Evidence supplied by person or source whose reliability or veracity is questioned. When the evidence suggesting lack of good moral character and reputation depends on information supplied by a particular person whose reliability or veracity is brought into question by the individual, the individual shall be informed in the notice to show cause of the opportunity to confront and cross-examine the person in an oral hearing. If the individual does not request an oral hearing within the time fixed by the notice, the OED Director, with the concurrence of a majority of the Committee on Enrollment, shall enter a recommendation. If, within the fixed time, the individual requests an oral hearing, the Committee on Enrollment shall conduct the hearing under the following rules of procedure:

- (i) The Committee shall give the individual no less than 10 days notice of:
 - (A) The date, time and place of an oral hearing;
 - (B) The individual's right to be represented by counsel;
 - (C) The individual's right at an oral hearing to examine and cross-examine witnesses;
 - (D) The individual's right at an oral hearing to adduce evidence bearing on the individual's moral character and fitness to practice before the Office.

Testimony at an oral hearing shall be under oath and a complete stenographic record of the hearing shall be kept; and

- (E) The OED Director and Committee may act without the individual agreeing to be sworn and interrogated.
- (ii) A hearing shall be conducted in a formal manner according to the rights listed in paragraph (j)(2)(A) of this section; however, the Committee shall not be bound by formal rules of evidence. It may, in its

discretion, take evidence in other than testimonial form and determine whether evidence to be taken in testimonial form shall be taken in person at the hearing or by deposition. The proceedings shall be recorded and the individual may order a transcript at the individual's expense. If the OED Director and a majority of the Committee are of the opinion that an adverse decision should be made, the procedure set forth in paragraphs (j)(3) through (j)(5) of this section shall be followed.

(3) The recommendation shall include the findings and conclusions of the OED Director and Committee, and shall be served on the individual, or his or her attorney, a copy of the decision containing their findings and conclusions. The recommendation shall permit the individual, within 15 days of the date of the recommendation, to withdraw the application, or to appeal the recommendation. If the individual elects to withdraw the application, written notice thereof shall be given to the OED Director within the time fixed, and no further action will be necessary to close the matter.

(4) If the individual elects to appeal the recommendation, written notice thereof shall be given to the OED Director within the time fixed, and an appeal brief shall be filed within 30 days of the date of the recommendation. The individual's appeal brief shall show cause why registration should not be denied. The OED Director and Committee shall deliver to the USPTO Director their recommendation, together with the record in either paragraphs (j)(1) or (j)(2) of this section.

(5) The USPTO Director on the basis of the record shall determine whether the individual should be denied registration for lack of good moral character and reputation. The USPTO Director shall issue a decision on the basis of the record made in accordance with paragraphs (j)(1) or (j)(2) of this section. The USPTO Director will consider no new evidence. The individual shall not submit copies of documents already of record before the OED Director and Committee with any appeal to the USPTO Director.

(k) Reapplication for admission. An individual who has been refused registration for lack of present good moral character in a USPTO Director's decision, or in the absence of a USPTO Director's decision, in a recommendation of the OED Director and Committee on Enrollment, the individual may reapply for registration five years after the date of the decision, unless a shorter period is otherwise ordered by the USPTO Director. An individual under investigation for moral character may elect to withdraw his or her application, and may reapply for registration five years after the date of withdrawal. Upon reapplication, the individual shall pay the fees required by §§ 1.21(a)(1)(ii) and (10) of this subchapter, and have the burden of showing by clear and convincing evidence the individual's fitness to practice as prescribed in paragraph (b) of this section. Upon reapplication, the individual also shall complete successfully the examination prescribed in paragraph (b) of this section, even though the individual has previously passed a registration examination.

Proposed Rule § 11.8 Oath, registration fee, and annual fee, 68 Fed. Reg. 69522 et seq.

(a) A passing grade on the registration examination may be a basis for registration for a period of no more than two years from the date notice thereof is sent to the individual. After an individual passes the examination, or the examination is waived for an individual, the OED Director shall promptly publish a solicitation for information concerning the individual's moral character and reputation. The solicitation shall include the individual's name, and business or communication postal address.

(b) An individual shall not be registered as an attorney under § 11.6(a), registered as an agent under §§ 11.6(b) or (c), or granted limited recognition under § 11.9(b) unless the individual files the following in OED within 2 years of the issuance of a notice of passing registration examination; a completed Data Sheet; a completed form to obtain the Office's authorization to use a digital signature; an oath or declaration prescribed by the USPTO Director; the registration fee set forth in § 1.21(a)(2) of this subchapter; and a certificate of good standing of the bar of the highest court of a State provided the certificate is no more than six months old.

(c) An individual, including a former patent examiner, is responsible for updating all information and answers submitted in or with his or her application based upon anything occurring between the date the application is signed by the individual, and the date he or she is registered or recognized to practice before the Office in patent matters. The update shall be filed within thirty days after the date of the occasion that necessitates the update.

(d) **Annual fee.** A registered patent attorney or agent shall annually pay to the USPTO Director a fee in the amount required by § 1.21(a)(7) of this subchapter. The payment period for registered patent attorneys and agents shall be based on the first initial of each individual's last name. The payment period for last names beginning with A– E shall be every January 1 through March 31; the payment period for last names beginning with F– K shall be every April 1 through June 30; the payment period for last names beginning with L through R shall be every July 1 through September 30; and the payment period for last names beginning with S through Z shall be every October 1 through December 31. Payment shall be for the following twelve months. Payment shall be due by the last day of the payment period. Persons newly registered to practice before the Office shall be permanently assigned to the appropriate payment period based on the first initial of their last name on the date of recognition. Persons newly registered shall not be liable for dues during the calendar year they are first registered. Failure to comply with the provisions of this paragraph (d) shall require the OED Director to subject a registered patent attorney or agent to a delinquency fee penalty set forth in § 11.11(b)(1), and further financial penalties and administrative suspension as set forth in § 11.11(b)(2).

Proposed Rule § 11.12 Mandatory continuing training for licensed practitioners, 68 Fed. Reg. 69529

(a) *Continuing education requirements.* (1) All practitioners licensed under §§ 11.6 or 11.9 to practice before the Office shall complete a continuing education program as required from time-to-time by the USPTO Director, except those registered practitioners expressly exempted in paragraph (b) of this section from the requirement of this regulation. The USPTO Director will announce each fiscal year whether an education program will be required, and the dates for the program. No more than one mandatory continuing education program would be required each fiscal year and the requirement may be as infrequent as once every three years. The fiscal year is October 1 through September 30.

(2) Only continuing education programs pre-approved by the OED Director as meeting the requirements set forth in § 11.13 will be deemed eligible to satisfy the requirements set forth in paragraph (a)(1) of this section. Eligible continuing education programs and the starting date for completing each program will be announced in the Official Gazette and on the OED Web site. Failure to consult the foregoing locations for said announcement will not excuse a practitioner from completing the mandatory continuing education program.

(3) Each practitioner shall be responsible for ascertaining whether the USPTO Director has required completion of a mandatory continuing education program during a fiscal year, and complying with the requirement.

(b) *Exemptions.* Each practitioner shall comply with the provisions of paragraphs (a) and (b) of this section except as follows:

(1) A newly registered practitioner shall be exempt from completing the mandatory continuing education program during the fiscal year he or she is first registered.

(2) A practitioner who becomes inactive in accordance with § 11.11(c)(1) shall be exempt from completing the mandatory continuing education program if, while qualifying for inactive status, the practitioner passed the recertification program for patent examiners required during the practitioner's employment in the Office and appropriate to practitioner's grade and position in the Office.

(3) A practitioner who becomes inactive in accordance with § 11.11(c)(2) shall be exempt from completing the continuing education program while qualifying for inactive status as a judge.

(4) A practitioner who has obtained a waiver of the deadline for completing a program for good cause shown. A practitioner dissatisfied with a final decision of the OED Director may seek review of the decision upon petition to the USPTO Director accompanied by payment of the fee set forth in § 1.21(a)(5). See § 11.2(d).

(c) *Reinstatement.* A person who, after having resigned in accordance with § 11.11(e), having been transferred to disability inactive status under § 11.28, or having been suspended or excluded from practice before the Office under §§ 11.24, 11.25, 11.27, 11.55, or 11.56, seeks to be reinstated shall arrange with the OED Director to complete the continuing education programs for currency in patent laws, practices, policies and procedures. Thereafter, the person shall have the same continuing education program requirement as is required of a registered practitioner.

(d) *Administrative suspension for failure to complete continued education program requirement.* Any practitioner in active status who fails to complete the requirement within the time allowed by paragraph (a) of this section shall be delinquent in meeting the requirement, and the practitioner shall be subject to the provisions of § 11.11(b) to overcome a delinquency. Failure to pass each continuing education program within the permitted sixty-day period set in § 11.11(b)(1) shall subject the practitioner to the fees required by § 1.21(a)(9) of this subchapter and administrative suspension in accordance with the procedure of § 11.11(b)(2).

Proposed Rule § 11.13 Eligible mandatory continuing education programs, 68 Fed. Reg. 69529

(a) *Eligibility.* (1) A continuing education program is eligible to satisfy the mandatory continuing education requirements of § 11.12(a)(1) if either:

(i) the Office provides the program via Web-delivery or, if Web-delivery is unavailable, via a traditional or other appropriate distance delivery method, or

(ii) a USPTO pre-approved sponsor offers a course pre-approved by the OED Director as providing the legal, procedural and policy subject matter identified by the USPTO Director as being required to satisfy the mandatory continuing education program.

(b) *USPTO-delivered program.* A continuing education program provided by the USPTO in accordance with paragraph (a)(1) of this section will include narrative material, such as notices, rule packages, or the Manual of Patent Examining Procedure, and questions regarding the material. A practitioner choosing this educational mode shall complete the program, including answering the questions, on the Internet unless the latter is unavailable to the practitioner. A practitioner completing the program by traditional or other appropriate distance delivery method shall obtain and pay the fee required by § 1.21(a)(12) of this subchapter for the program and furnished materials.

(c) *USPTO pre-approved sponsor of a mandatory continuing education program.* A continuing education program provided by a USPTO pre-approved sponsor in accordance with paragraph (a)(2) of this section shall include the topics and content required to satisfy the mandatory continuing education program, and shall complete presentation of the program.

(d) *Certificate of completion.* (1) Upon completion of a required continuing education program in accordance with paragraph (b)(2) of this section, the OED Director shall credit the practitioner with completing the program.

(2) Upon completion of a required continuing education program in accordance with paragraph (b)(2) of this section, the pre-approved program sponsor shall file with the OED Director a certificate of completion of the program for each practitioner attending and completing the mandatory continuing education program. Upon receipt of the certificate the OED Director shall credit the practitioner with completing the program.

(3) The OED Director will not give credit for completion by practitioners of programs which have not been pre-approved by the OED Director as providing the legal, procedural and policy subject matter identified by the USPTO Director as being required to satisfy the mandatory continuing education program.

(e) *Standards for approval of USPTO pre-approved sponsor-delivered mandatory continuing education programs.* (1) The OED Director shall review and approve the content of all sponsor-delivered education programs.

(2) A sponsor-delivered mandatory continuing education program is approved as eligible to satisfy the mandatory education requirements of § 11.12(a)(1) if the OED Director has specifically approved it.

(3) To be approved, the program must have significant intellectual or practical content and be directed to legal, procedural and policy subject matter identified by the USPTO Director as being required to satisfy the mandatory continuing education program. Its primary objective must be to enhance the attendee's professional competence and skills as a patent practitioner, and to enhance the quality of legal services rendered to the public.

(4) All sponsor-delivered mandatory continuing education programs must be conducted in a setting physically suitable to the program. If not Web-delivered, a suitable writing surface should be provided.

(5) Where USPTO instructional material is available, a pre-approved sponsor will provide copies of the same or the equivalent thereof.

(f) *Procedure for approval of programs.* (1) A sponsor desiring approval of a delivered education program shall submit to the OED Director all information called for by the "Application by Sponsor for Pre-approval of a Continuing Education Program," and the fee required by § 1.21(a)(13) of this subchapter. The content of this application will be promulgated by the OED Director and may be changed from time-to-time.

(2) If the program proposed by a sponsor is approved, the OED Director also shall notify the requesting sponsor of the decision within 60 days after receipt of the completed application. The OED Director shall maintain and make available on the Office Web site a list of all approved programs for each completion period. Approval of a program is only effective for the completion period for which it is approved.

(3) The sponsor of a pre-approved continuing education program should include in its brochures or course descriptions the information contained in the following illustrative statement: "This course or program has been pre-approved by the United States Patent and Trademark Office for Mandatory Continuing Education Program." An announcement is permissible only after the program has been specifically approved pursuant to an application submitted directly by the sponsor.

(g) *Procedure for approval of sponsors.* (1) Any sponsor may apply for approval of individual courses by complying with the criteria of paragraphs (e) and (f) of this section.

(2) A USPTO-approved sponsor shall be subject to and governed by the applicable provisions of these regulations, including the quality standards of paragraph (f) of this section and the recordkeeping and reporting requirements. The OED Director may at any time review a USPTO-approved sponsor's program and reserves the right to withdraw approval when the standards for approval are not met or maintained. If the OED Director finds there is a basis for revocation of the approval granted, the OED Director shall send notice by certified mail to that sponsor of the revocation within thirty days of the OED Director's decision.

(3) A USPTO-approved sponsor must notify the OED Director at least two weeks in advance of a program of the name, date, and location of a particular continuing education program. The OED Director may request additional information regarding a program.

(4) Law firms, professional corporations, and corporate law departments are not eligible to become approved sponsors.

Proposed Rule § 11.16 Financial books and records, 68 Fed. Reg. 69530

A practitioner, in return for being registered under § 11.6, granted limited recognition under § 11.9, or recognized to practice before the Office under § 11.14, agrees that the OED Director may examine financial books and records maintained by or for the practitioner for the practice before the Office,

including, without limitation, any and all trust accounts, including any trust account that may not be in compliance with the Rules of Professional Conduct, fiduciary accounts, and operating accounts maintained by the practitioner or his or her law firm. The OED Director may also examine any trust account maintained by a practitioner whenever the OED Director reasonably believes that the trust account may not be in compliance with the Rules of Professional Conduct.

Proposed Rule § 11.41 Filing of papers, 68 Fed. Reg. 69541

(a) The provisions of § 1.8 of this subchapter do not apply to disciplinary proceedings. All papers filed after the complaint and prior to entry of an initial decision by the hearing officer shall be filed with the hearing officer at an address or place designated by the hearing officer.

(b) All papers filed after entry of an initial decision by the hearing officer shall be filed with the USPTO Director. A copy of the paper shall be served on the OED Director. The hearing officer or the OED Director may provide for filing papers and other matters by hand, by "Express Mail," or by facsimile followed in a specified time by the original hard copy.

Proposed Rule § 11.49 Burden of proof, 68 Fed. Reg. 69542

In a disciplinary proceeding, the OED Director shall have the burden of proving his or her case by clear and convincing evidence and a respondent shall have the burden of proving any affirmative defense by clear and convincing evidence.

Proposed Rule § 11.58 Suspended or excluded practitioner, 69544

(a) A practitioner who is suspended or excluded under §§ 11.24, 11.25, 11.27, 11.55, or 11.56, or has resigned from practice before the Office under §§ 11.11(d) shall not engage in practice of patent, trademark and other non-patent law before the Office. No practitioner suspended or excluded under §§ 11.24, 11.25, 11.27, 11.55, or 11.56 will be automatically reinstated at the end of his or her period of suspension. A practitioner who is suspended or excluded, or who resigned under § 11.11(d) must comply with the provisions of this section and §§ 11.12 and 11.60 to be reinstated. Willful failure to comply with the provisions of this section constitutes grounds for denying a suspended or excluded practitioner's application for reinstatement or readmission. Willful failure to comply with the provisions of this section constitutes cause not only for denial of reinstatement, but also cause for further action, including seeking further exclusion, suspension, and for revocation of any pending probation.

(b) Unless otherwise ordered by the USPTO Director, any practitioner who is suspended or excluded from practice before the Office under §§ 11.24, 11.25, 11.55, or 11.56, who has been excluded on consent under provisions of § 11.27, or whose notice of resignation has been accepted under § 11.11(d) shall:

(1) Within 20 days after the date of entry of the order of suspension, exclusion, or exclusion by consent, or of acceptance of resignation:

(i) File a notice of withdrawal as of the effective date of the suspension, exclusion, or exclusion by consent, or acceptance of resignation in each pending patent and trademark application, each pending reexamination and interference proceeding, and every other matter pending in the Office, together with a copy of the notices sent pursuant to paragraphs (b) and (c) of this section;

(ii) Provide notice to all bars of which the practitioner is a member and all clients on retainer having immediate or prospective business before the Office in patent, trademark and other non-patent matters, all clients the practitioner represents before the Office, and all clients having immediate or prospective business before the Office in patent, trademark and other non-patent matters of the order of suspension, exclusion, exclusion by consent, or resignation and of the practitioner's consequent inability to act as a practitioner after the effective date of the order; and that, if not represented by another practitioner, the client should act promptly to substitute another practitioner, or to seek legal advice elsewhere, calling attention to any urgency arising from the circumstances of the case;

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(iii) Provide notice to the practitioner(s) for all opposing parties (or, to the parties in the absence of a practitioner representing the parties) in matters pending before the Office that the practitioner has been excluded or suspended and, as a consequence, is disqualified from acting as a practitioner regarding matters before the Office after the effective date of the suspension, exclusion, exclusion by consent, or resignation, and state in the notice the mailing address of each client of the excluded or suspended attorney who is a party in the pending reexamination or interference matter;

(iv) Deliver to all clients having immediate or prospective business before the Office in patent, trademark or other non-patent matters any papers or other property to which the clients are entitled, or shall notify the clients and any co-practitioner of a suitable time when and place where the papers and other property may be obtained, calling attention to any urgency for obtaining the papers or other property;

(v) Refund any part of any fees paid in advance that has not been earned,

(vi) Close every client account, trust account, deposit account in the Office, or other fiduciary account to the extent the accounts have fees for practice before the Office, and properly disburse or otherwise transfer all client and fiduciary funds for practice before the Office in his or her possession, custody or control; and

(vii) Take any necessary and appropriate steps to remove from any telephone, legal, or other directory any advertisement, statement, or representation which would reasonably suggest that the practitioner is authorized to practice patent, trademark, or other non-patent law before the Office.

(viii) All notices required by paragraphs (b)(1)(i) through (b)(1)(vii) of this section shall be served by certified mail, return receipt requested, unless mailed abroad. If mailed abroad, all notices shall be served with a receipt to be signed and returned to the practitioner.

(2) Within 30 days after entry of the order of suspension, exclusion, or exclusion by consent, or of acceptance of resignation the practitioner shall file with the OED Director an affidavit certifying that the practitioner has fully complied with the provisions of the order, and with the imperative USPTO Rules of Professional Conduct.

Appended to the affidavit of compliance shall be:

(i) A copy of each form of notice, the names and addressees of the clients, practitioners, courts, and agencies to which notices were sent, and all return receipts or returned mail received up to the date of the affidavit. Supplemental affidavits shall be filed covering subsequent return receipts and returned mail. Such names and addresses of clients shall remain confidential unless otherwise ordered by the USPTO Director;

(ii) A schedule showing the location, title and account number of every bank account designated as a client, trust, deposit account in the Office, or other fiduciary account, and of every account in which the practitioner holds or held as of the entry date of the order any client, trust, or fiduciary funds regarding practice before the Office;

(iii) A schedule describing the practitioner's disposition of all client and fiduciary funds in the practitioner's possession, custody or control as of the date of the order or thereafter;

(iv) Such proof of the proper distribution of said funds and the closing of such accounts as has been requested by the OED Director, including copies of checks and other instruments;

(v) A list of all other State, Federal, and administrative jurisdictions to which the practitioner is admitted to practice; and

(vi) An affidavit describing the precise nature of the steps taken to remove from any telephone, legal, or other directory any advertisement, statement, or representation which would reasonably suggest that the practitioner is authorized to practice patent, trademark, or other non-patent law before the Office. The affidavit shall also state the residence or other address of the practitioner to which communications may thereafter be directed, and list all State and Federal jurisdictions, and administrative agencies to which the practitioner is admitted to practice. The OED Director may require such additional proof as is deemed necessary. In addition, for five years following the effective date of the suspension, exclusion, exclusion by consent, a suspended, excluded, or excluded-on-consent practitioner shall continue to file a statement in accordance with § 11.11(a), regarding any change of residence or other address to which communications

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may thereafter be directed, so that the suspended, excluded, or excluded-on-consent practitioner may be located if a complaint is made about any conduct occurring before or after the exclusion or suspension. The practitioner shall retain copies of all notices sent and shall maintain complete records of the steps taken to comply with the notice requirements.

(3) Not hold himself or herself out as authorized to practice law before the Office.

(4) Not advertise the practitioner's availability or ability to perform or render legal services for any person having immediate or prospective business before the Office.

(5) Not render legal advice or services to any person having immediate or prospective business before the Office as to that business.

(6) Promptly take steps to change any sign identifying a practitioner's or the practitioner's firm's office and practitioner's or the practitioner's firm's stationery to delete therefrom any advertisement, statement, or representation which would reasonably suggest that the practitioner is authorized to practice law before the Office.

(c) *Effective date of discipline.* Except as provided in §§ 11.24, 11.25, and 11.28, an order of suspension, exclusion, or exclusion by consent shall be effective immediately upon entry unless the USPTO Director directs otherwise. The practitioner who is suspended, excluded, excluded-on-consent, or who has resigned, after entry of the order, shall not accept any new retainer regarding immediate, pending, or prospective business before the Office, or engage as a practitioner for another in any new case or legal matter regarding practice before the Office. The order shall grant limited recognition for a period of 30 days. During the 30-day period of limited recognition, the practitioner shall conclude other work on behalf of a client on any matters that were pending before the Office on the date of entry. If such work cannot be concluded, the practitioner shall so advise the client so that the client may make other arrangements.

(d) *Required records.* A practitioner who is suspended, excluded or excluded-on-consent, or who has resigned, other than a practitioner suspended under §§ 11.28 (c) or (d), shall keep and maintain records of the various steps taken under this section, so that in any subsequent proceeding proof of compliance with this section and with the exclusion or suspension order will be available. The OED Director will require the practitioner to submit such proof as a condition precedent to the granting of any petition for reinstatement. In the case of a practitioner suspended under §§ 11.28 (c) or (d), the USPTO Director shall enter such order as may be required to compile and maintain all necessary records.

(e) A practitioner who is suspended, excluded, or excluded-on-consent, or who has resigned, and who aids another practitioner in any way in the other practitioner's practice of law before the Office, may, under the direct supervision of the other practitioner, act as a paralegal for the other practitioner or perform other services for the other practitioner which are normally performed by laypersons, provided:

(1) The practitioner who is suspended, excluded or excluded on consent, or who has resigned is:

(i) A salaried employee of:

(A) The other practitioner;

(B) The other practitioner's law firm; or

(C) A client-employer who employs the other practitioner as a salaried employee;

(2) The other practitioner assumes full professional responsibility to any client and the Office for any work performed by the practitioner who is suspended, excluded, or excluded-on-consent, or who has resigned for the other practitioner;

(3) The practitioner who is suspended, excluded, or excluded-on-consent, or who has resigned does not:

(i) Communicate directly in writing, orally, or otherwise with a client of the other practitioner in regard to any immediate, prospective, or pending business before the Office;

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(ii) Render any legal advice or any legal services to a client of the other practitioner in regard to any immediate, prospective, or pending business before the Office; or

(iii) Meet in person or in the presence of the other practitioner in regard to any immediate, prospective, or pending business before the Office, with:

(A) Any Office official in connection with the prosecution of any patent, trademark, or other case;

(B) Any client of the other practitioner, the other practitioner's law firm, or the client-employer of the other practitioner; or

(C) Any witness or potential witness which the other practitioner, the other practitioner's law firm, or the other practitioner's client-employer may or intends to call as a witness in any proceeding before the Office. The term "witness" includes individuals who will testify orally in a proceeding before, or sign an affidavit or any other document to be filed in, the Office.

(f) When a practitioner who is suspended, excluded, or excluded-on-consent, or who has resigned, acts as a paralegal or performs services under paragraph (c) of this section, the practitioner shall not thereafter be reinstated to practice before the Office unless:

(1) The practitioner shall have filed with the OED Director an affidavit which:

(i) Explains in detail the precise nature of all paralegal or other services performed by the practitioner, and

(ii) Shows by clear and convincing evidence that the practitioner has complied with the provisions of this section and all imperative USPTO Rules of Professional Conduct; and

(2) The other practitioner shall have filed with the OED Director a written statement which

(i) Shows that the other practitioner has read the affidavit required by paragraph (d)(1) of this section and that the other practitioner believes every statement in the affidavit to be true, and

(ii) States why the other practitioner believes that the practitioner who is suspended, excluded, or excluded-on-consent, or who has resigned has complied with paragraph (c) of this section.

Proposed Rule § 11.62 Protection of clients interests when practitioner becomes unavailable, 68 Fed. Reg. 69547

If a practitioner dies, disappears, or is suspended or transferred to inactive status for incapacity or disability, and there is no partner, associate, or other responsible practitioner capable of conducting the practitioner's affairs, a court of competent jurisdiction may appoint a registered practitioner to make appropriate disposition of any patent application files. All other matters should be handled in accordance with the laws of the local jurisdiction.

Proposed Rule § 11.101 Competence, 68 Fed. Reg. 69548

(a) A practitioner shall provide competent representation to a client having immediate or prospective business before the Office. Competent representation requires the legal knowledge, skill, thoroughness and preparation reasonably necessary for the representation.

(b) A practitioner shall serve a client having immediate or prospective business before the Office with skill and care commensurate with that generally afforded to clients by other practitioners in similar matters.

(c) Conduct that constitutes a violation of paragraphs (a) or (b) of this section includes, but is not limited to:

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- (1) A practitioner handling a legal matter which the practitioner knows or should know that the practitioner, due to legal or scientific training, is not competent to handle, without associating with the practitioner, another practitioner, who is competent to handle the matter;
- (2) A practitioner withholding from the Office information identifying a patent or patent application of another from which one or more claims have been copied. See §§ 1.604(b) and 1.607(c) of this subchapter;
- (3) A practitioner employs one or more procedures that the Office no longer authorizes practitioners to use to present or prosecute a patent application; and
- (4) A practitioner filing and/or prosecuting, or assisting in the filing and/or prosecuting an application claiming a frivolous invention; or submitting or assisting in the submission to the Office of a frivolous filing. An application claims a frivolous invention or a filing is frivolous where the claim of patentability or argument is known or should have been known by a reasonably prudent registered practitioner to be unwarranted under existing law, and said claim or argument cannot be supported by good faith argument for an extension, modification, or reversal of existing law.

Proposed Rule § 11.104 Communication, 68 Fed. Reg. 69548

(a) A practitioner shall keep a client having immediate or prospective business before the Office reasonably informed about the status of a matter, and promptly comply with reasonable requests for information. In particular:

(1) A practitioner who has been engaged to represent or counsel an inventor as a result of a referral from an invention promoter shall communicate directly with the inventor, and promptly report each Office action and communicate directly with the inventor; and

(2) A practitioner who has been engaged to represent or counsel an inventor or other client having immediate, prospective, or pending business before the Office as a result of a referral by a foreign attorney or foreign patent agent located in a foreign country may, with the written and informed consent of said inventor or other client, conduct said communications with the inventor or other client through said foreign attorney or foreign patent agent.

(b) A practitioner shall explain a matter to the extent reasonably necessary to permit the client having immediate or prospective business before the Office to enable the client to make informed decisions regarding the representation.

(c) A practitioner who receives an offer of settlement in an inter partes matter before the Office shall inform the client promptly of the substance of the communication.

(d) Conduct that constitutes a violation of paragraph (a) of this section includes, but is not limited to:

(1) Failing to inform a client or former client or failing to timely notify the Office of an inability to notify a client or former client of correspondence received from the Office or the client's or former client's opponent in an inter partes proceeding before the Office when the correspondence:

(i) Could have a significant effect on a matter pending before the Office;

(ii) Is received by the practitioner on behalf of a client or former client, and

(iii) Is correspondence of which a reasonable practitioner would believe under the circumstances the client or former client should be notified.

(2) [Reserved]

Proposed Rule § 11.105 Fees, 68 Fed. Reg. 69549

(a) A practitioner's fee shall be reasonable. The factors to be considered in determining the reasonableness of a fee include the following:

- (1) The time and labor required, the novelty and difficulty of the questions involved, and the skill requisite to perform the legal service properly;
- (2) The likelihood, if apparent to the client, that the acceptance of the particular employment will preclude other employment by the practitioner;
- (3) The fee customarily charged in the locality for similar legal services;
- (4) The amount involved and the results obtained;
- (5) The time limitations imposed by the client or by the circumstances;
- (6) The nature and length of the professional relationship with the client;
- (7) The experience, reputation, and ability of the practitioner or practitioners performing the service; and
- (8) Whether the fee is fixed or contingent.

(b) When the practitioner has not regularly represented the client having immediate or prospective business before the Office, the basis or rate of the fee shall be communicated directly to the client, in writing, before or within a reasonable time after commencing the representation. The communication shall distinguish between and specify the basis or rate for preparation and filing an application in the Office, and for prosecution of the application (including replies to Office actions, petitions, affidavits, appeal briefs, and the like).

(c) A fee in regard to practice before the Office may be contingent on the outcome of the matter for which the service is rendered, except in a matter in which a contingent fee is prohibited by paragraph (d) of this section or other law. In accordance with paragraph (a) of this section, a contingent fee shall be reasonable. A contingent fee agreement shall be in writing and shall state the method by which the fee is to be determined, including the percentage or percentages that shall accrue to the practitioner in the event of grant of a patent, registration of a mark, settlement, hearing or appeal, litigation, and other expenses to be deducted from the recovery, and whether such expenses are to be deducted before or after the contingent fee is calculated. Upon conclusion of a contingent fee matter, the practitioner shall provide the client with a written statement stating the outcome of the matter and, if there is a recovery, showing the remittance to the client and the method of its determination.

(d) A division of a fee between practitioners who are not in the same firm may be made in regard to practice before the Office only if:

- (1) The division is in proportion to the services performed by each practitioner or by written agreement with the client, each practitioner assumes joint responsibility for the representation;
- (2) The client is advised, in writing, of the identity of the practitioners who will participate in the representation, of the contemplated division of responsibility, and of the effect of the association of practitioners outside the firm on the fee to be charged;
- (3) The client gives informed consent in writing to the arrangement; and
- (4) The total fee is reasonable.

(e) Any fee that is prohibited by law is per se unreasonable.

Proposed Rule § 11.116 Declining or terminating representation, 68 Fed. Reg. 69554

(a) Except as stated in paragraph (c) of this section, a practitioner shall not represent a client before the Office, or where representation has commenced, shall withdraw from the representation of a client before the Office if:

- (1) The representation will result in violation of the Rules of Professional Conduct or other law;
- (2) The practitioner's physical or mental condition materially impairs the practitioner's ability to represent the client;
- (3) The practitioner is discharged; or
- (4) The practitioner becomes an employee of the Office, and before becoming an employee the practitioner has a matter, including a patent application, in which the practitioner acts as attorney or agent for prosecuting a claim against the United States, or receives any gratuity, or any share of or interest in such claim, or acts as attorney or agent for anyone before the Office in which the United States is a party or has a substantial interest. In the latter instance, the practitioner shall withdraw before the first day of employment at the Office from every such matter.

(b) Except as stated in paragraph (c) of this section, a practitioner may withdraw from representing a client before the Office if withdrawal can be accomplished without material adverse effect on the interests of the client, or if:

- (1) The client persists in a course of action involving the practitioner's services that the practitioner reasonably believes is criminal or fraudulent;
- (2) The client has used the practitioner's services to perpetrate a crime or fraud;
- (3) A client insists upon pursuing an objective that the lawyer considers repugnant or imprudent;
- (4) The client fails substantially to fulfill an obligation to the practitioner regarding the practitioner's services and has been given reasonable warning that the practitioner will withdraw unless the obligation is fulfilled;
- (5) The representation will result in an unreasonable financial burden on the practitioner or obdurate or vexatious conduct on the part of the client has rendered the representation unreasonably difficult; or
- (6) Other good cause for withdrawal exists.

(c) When ordered to do so by the Office, a practitioner shall continue representation notwithstanding good cause for terminating the representation.

(d) Upon termination of representation before the Office, a practitioner shall take steps reasonably practicable to protect a client's interests, such as giving reasonable notice to the client, allowing time for employment of other counsel, surrendering papers and property to which the client is entitled, and refunding any advance payment of fee that has not been earned. The practitioner may retain papers relating to the client to the extent permitted by other law, § 11.108(j), but in regard to any proceeding before the Office a practitioner shall not retain:

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- (1) Any part of the client's files regarding the proceeding, including patent or trademark application files, that has been filed with the Office,
- (2) Any work product regarding the proceeding for which the practitioner has been paid, or
- (3) Any proceeding-related paper whenever assertion of a retaining lien on the paper would materially prejudice or imperil the protection of the client's interests.

Proposed Rule § 11.117 Sale of practice, 68 Fed. Reg. 69554

A practitioner may sell or purchase a law practice involving patent or trademark matters before the Office, including good will, if the following conditions are satisfied:

- (a) The seller ceases to engage in the private practice before the Office;
- (b) The practice, to the extent it involves patent proceedings, is sold as an entirety to another registered practitioner or firm comprising registered practitioners;
- (c) Actual written notice is given to each of the seller's clients having immediate or prospective business before the Office regarding:
 - (1) The proposed sale;
 - (2) The terms of any proposed change in the fee arrangement authorized by paragraph (d) of this section;
 - (3) The client's right to retain other counsel or to take possession of the file; and
 - (4) The fact that the client's consent to the sale will be presumed if the client does not take any action or does not otherwise object within ninety (90) days after receipt of the notice. If a client cannot be given notice, the representation of that client may be transferred to the purchaser only upon entry of an order so authorizing by a court having jurisdiction. The seller may disclose to the court in camera information relating to the representation only to the extent necessary to obtain an order authorizing the transfer of a file.
- (d) The fees charged clients having immediate or prospective business before the Office shall not be increased by reason of the sale. The purchaser may, however, refuse to undertake the representation unless the client gives informed consent, confirmed in writing, to pay the purchaser fees at a rate not exceeding the fees charged by the purchaser for rendering substantially similar services prior to the initiation of the purchase negotiations.