



INTELLECTUAL PROPERTY LAW SECTION

THE STATE BAR OF CALIFORNIA

June 10, 2004

Mr. Harry I. Moatz
Director, Office of Enrollment and Discipline
Mail Stop OED-Ethics Rules
United States Patent and Trademark Office
P.O. Box 1450 Alexandria, Virginia 22313-1450

Re: Comments on Proposed Rules (37 C.F.R. Part 11)

Dear Mr. Moatz:

The Intellectual Property Section Commission on United States Patent and Trademark Office Rules of Professional Responsibility of the State Bar of California (the "Commission") is providing these remarks in response to a public comment period after the publication of the proposed Rules for Professional Responsibility ("Rules") promulgated by the United States Patent and Trademark Office ("USPTO").

The Commission thanks the Office for making a genuine attempt to modernizing the rules for increasing the protections of members of the public and clients who have matters before the Office. To ensure that comments of the public or other entities may be placed in proper context, the Commission would like to know the types of problems that remain unresolved under the current scheme (37 C.F.R. Part 10), how serious and widespread those problems are and how the current scheme (Part 10) has failed to address those problems. The Commission hereby requests that the Office provide the Commission and the public any summaries, studies, and reports the Office has generated or has generated for it, if any, that concern these matters or otherwise supports a revision of the current scheme. The Commission thanks the Office for the opportunity to be heard on these important issues, and would welcome further communication with the Office regarding any of the comments provided herein.

DISCLAIMER

The comments herein represent those of the Commission. The Commission was appointed by the Executive Committee of the Intellectual Property Section of the State Bar of California to research and draft a response to the proposed Rules, and the Commission openly solicited views and comments from the members of the Intellectual Property Section and the Patent Standing Committee of the Intellectual Property Law Section. The views expressed in these comments do not necessarily reflect the views of the State Bar of California as a whole, any other Section of the State Bar, or any Committee of the State Bar. Membership in the Intellectual Property Law Section, the Commission and on the Patent Standing Committee is voluntary and funding for activities of them, including all legislative activities, is obtained entirely from voluntary sources. There are currently more than 6,000 members of the Intellectual Property Law Section.



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INTRODUCTION

As a preliminary matter, the comments that follow are based on the understanding that agents and attorneys practicing before the Office have made a major commitment of time, energy and resources in the pursuit of their professional education and training. Furthermore, these comments are intended in large part to reflect the realities of an attorney practicing before the Office as well as within a State having its own rules of Professional Responsibility or Conduct. Such multi-jurisdictional practice is very common and the comments herein reflect that situation. Although the same multi-jurisdictional issues may not be applicable in all circumstances, such as for patent agents (non-attorneys) and for attorneys not practicing in a State, the Commission believes that most of the comments will be relevant to all types of practice before the Office.

In light of the major commitment of time, energy and resources to become registered to practice before the Office, the Commission believes that deprivation of the right to practice before the Office through a disciplinary proceeding should be taken very seriously and that the Rules, when implemented in final form, provide safeguards for practitioners against weak or harassing disciplinary actions, and further, that any sanction against a practitioner be carefully crafted to meet the particular circumstances. For example, the Commission believes that *mens rea* (either criminal or civil) should form the basis for all serious sanctions, including all suspensions and/or disbarments. In contrast, the Commission believes that relatively minor infractions should not be the basis for severe sanctions. Rather, as stated by others "let the punishment fit the crime."

The Commission also believes that the Office should consider all Constitutional issues with the understanding that disciplinary actions may have grave and unanticipated results, including deprivation of ones right to their chosen profession. To safeguard practitioners from arbitrary decisions, the Commission urges the Office to institute Rules under which disciplinary proceedings be carried out by a judicial body and not by persons solely within the OED Director's office. The Commission believes that many potential problems can be avoided if the Office follows examples of many State Bar Courts.

The Commission applauds the Office's intent to insulate investigation, disciplinary proceedings and early stage appeals from undue influence by the USPTO, but believes that there will likely be an unanticipated bias on the parts of those authorized to make disciplinary decisions. Therefore, the Commission recommends that usual civil protections be available to practitioners under disciplinary proceedings. These include, but are not necessarily limited to protections of the Due Process Clause of the 5th Amendment, rights against unreasonable search and seizure under the 4th Amendment, the right against self-incrimination under the 5th Amendment, the right to discovery, and application of the Federal Rules of Evidence in all proceedings.

The comments provided herein are not intended to fully and completely reflect the views of the Commission. In view of the magnitude of the task undertaken, we have focused on certain aspects of the proposed rules and may not have made specific comments about all of those rules meriting comment. The Commission hopes that the USPTO will consider the remarks for not only their specific content, but also for the overall view that we believe that any rule that unduly deprives a practitioner from carrying out his or her profession must meet a high standard. We urge the Office to consider our comments in that light.



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COMMENTS ON SPECIFIC PROPOSED RULES

Part B

Sec. 11.12

The Commission believes that 11.12 is currently overbroad, allowing the PTO to interpret the continuing legal education (CLE) provisions as providing for recertification of practitioners solely by examination. Instead of requiring CLE hours to assure competency, as in states having a CLE program such as California, the PTO has proposed recertification examinations that must be completed on a yearly basis by practitioners. The recertification examinations are detailed in the PTO's publication for administering Sec. 11.12 entitled "Monitor Practitioner Adherence to Rules of Practice: Periodic Recertification for Registered Practitioners" published at:

<http://www.uspto.gov/web/offices/com/strat21/action/lrlcp51.htm>.

In the publication, the PTO justifies such examinations stating, "The State Bar of California, for example, currently allows attorneys to earn CLE credits by answering questions concerning articles in its bar journal."

The State Bar of California, however, does not require such a recertification examination exclusively. Required CLE hours can be obtained by a self-test as described above, by attending a live presentation, by self-study or by combinations of them. CLE credit for review of materials that cannot be monitored live, such as articles in the California Bar Journal, can be obtained using a self-administered test provided with an answer sheet that is mailed in for grading. A limit is placed on the number of CLE hours recognized by such testing.

The Commission recommends modification of Sec. 11.12 by adding the following text:

"The PTO will set a number of pre-approved program hours required for completion of the continuing education. To assure completion of a number of hours allotted, either (1) attendance will be monitored by an administrator of the pre-approved program, or (2) an examination will be provided with pre-approved program education materials and a determination made by a program administrator that a reasonable grade was obtained on the examination. Pre-approved programs monitored by examination will not be required separate from or in addition to pre-approved programs monitored by attendance."

The above amendments to Sec. 11.12 reflect the California Bar method of providing CLE and for monitoring hours of CLE credit so obtained. Without the above modifications, the provisions in the proposed rules appear overbroad. Sections 11.4-11.11 detail provisions for registration of practitioners, a program that appears similar to the PTO's proposed recertification. To give practitioners notice of procedures for a recertification program, similar detailed rules should be in proposed for recertification. With current broad language in Sec. 11.13 the PTO can examine and require a perfect score, potentially arbitrarily disbarring a majority of registered practitioners. No evidence of a significant decline in competence after registration, however, justifies implementation of recertification rules.

Sec. 11.13

The Commission believes that 11.13(g)(4) is arbitrary and capricious. No justification is provided for excluding employers of practitioners from becoming approved CLE sponsors, as opposed to any other employer. Employers of practitioners will provide a convenient, cost effective method of administering CLE. The PTO appears, in contrast, be giving a financial windfall to professional CLE providers at the expense of practitioners and other entities that have traditionally been responsible for providing CLE programs. California,



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as well as a number of other states, approves sponsors who employ attorneys due to cost effectiveness. Many of the California CLE providers already have CLE directed to practitioners that could be immediately available to the PTO as approved CLE. .

The Commission recommends modification of Sec. 11.13(g) by striking sub-section (4). However, the Commission understands the need for any CLE provider to be competent to carry out that important function. Therefore, the Commission suggests that the USPTO provide approved CLE providers, including law firms, professional corporations and corporate law departments with the same information as the USPTO intends to provide to other providers, including their own personnel. By making up-to-date information available, we believe that effective, rapid and accurate information can be provided conveniently to all practitioners before the USPTO.

Part C

Sec. 11.22

The Commission believes that 11.22 et seq. may raise constitutional concerns. For example, we believe that the term "information" is not sufficiently defined to protect a practitioner from unjustified or harassing initiation of disciplinary actions. In particular, the Commission believes that the term "any source" is so vague as to potentially deprive a practitioner of due process guarantees of the 5th Amendment. The Commission believes that there should be a minimum threshold for initiating an investigation. Such threshold should be "probable cause." Further, we believe that a finding of probable cause should be made by a body of the Judiciary and not of the Agency alone.

Sec. 11.22(e)

The Commission notes that the threshold for a preliminary inquiry under 11.22(e) is not defined. The term "appears appropriate" without definition may provide opportunities for improper or harassing investigations to be made. The Commission notes that there are no guidelines for training a "staff attorney" in Constitutional safeguards. For this reason, the Commission recommends that Constitutionally supported grounds for preliminary screening include review by an Administrative Law Judge (ALJ).

Further, the Commission notes that the burden of proof of one providing "information" is very low. The standard "not unfounded on its face" may permit initiation of investigations that may be unfounded, so long as the "information" appears to be sufficient. Given that there is no requirement that a complaint or information be sworn may provide an opportunity for hasty or poorly supported investigations to be initiated.

The Commission believes that 11.22(d)(2) may require a practitioner to compromise a client's confidence for clients not involved in the practitioner's disciplinary proceeding. The Commission suggests providing safeguards to protect non-complaining clients from being required to provide information or other assistance in a disciplinary action. In particular, according to California Rules of Professional Responsibility and the State Bar Act (Business and Professions Code 6000 et seq., particularly 6068(e) requires an attorney to maintain a client confidence. This, the Commission is concerned that 11.22(e)(2) may place California practitioners in a conflict as to which set of rules to follow. It may be that the California practitioner cannot follow both USPTO and CA rules simultaneously.



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Sec 11.22(k)

The Commission believes that requests for financial information under 11.22(k) relating to a practitioner's law firm may exceed Constitutional limits afforded under the 4th Amendment. As drafted, the proposed Rule would require a firm to open up Attorney Client Privileged information. Given the sensitive nature of the Attorney Client Privilege, the Commission believes that such unrestricted access by a "staff attorney" may be unnecessary and unwarranted. Further, there are no standards by which a "reasonable belief" on the part of the OED Director is to be evaluated. The Commission notes that in California, a disciplinary action is reviewed by a member of the State Bar Court or other judicial body, and is not carried out by staff personnel alone. Further, this rule may conflict directly with California Rules of Professional Responsibility.

Sec 11.22(l)

The Commission believes that section 11.22(l) is sufficiently vague as to raise possible Constitutional concerns. The term "replies evasively" is not defined, and the Commission is concerned that if a practitioner can be disciplined for not meeting the OED Director's undefined standard, that the practitioner may feel obliged to waive protections against self-incrimination under the 5th Amendment, and betray a client's confidences without waiver of the attorney-client privilege by the client.

The Commission notes that paragraphs 11.22(n) (5) and (6) describe different standards of proof. The Commission suggests that the "clear and convincing" standard should be applied to investigations. The more lax standard of "no credible evidence" could allow unwarranted investigations to proceed to disciplinary actions. The Commission also suggests that the different standards are duplicative and should be condensed. For example, paragraph (6) is subsumed under paragraph (1), (2), (3) or (4).

Sec. 11.23(a)

The Commission is concerned that the personnel appointed under 11.23(a) may have no judicial experience or training. Without such training, determining issues such as willfulness, what constitutes "clear and convincing evidence" "probable cause" and other well-used terms may be inconsistently applied. The Commission recommends the USPTO to form a court to decide on disciplinary matters, similar in function and experience to the State Bar Court in California. Although the Commission does not suggest any particular form of Bar Court, we believe that such a Bar Court could provide a consistent basis for evaluating disciplinary matters.

Such a Court would also remove the appearance of conflict of interest by the USPTO in evaluating practitioners. By way of example, it is well settled in most jurisdictions that a practitioner may take any position that is consistent with a good faith interpretation of existing law or is based on a good faith argument to either overturn or



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modify existing law. We are concerned that under the Proposed Rules as currently drafted, that the Director of OED might be tempted to initiate disciplinary proceedings for reasons that might chill such good faith arguments.

We also suggest that the "reporting" requirement of staff to the OED Director might influence the actions of the staff member who so reports. Because the OED Director and the staff attorney both work for the same Agency, the Commission sees a possibility for bias on the part of those responsible for carrying out disciplinary proceedings.

Sec. 11.23(b)

The Commission is uncertain how a "majority vote" of a committee under 11.23(b)(2) comports with the judicially well understood standard of "probable cause." Given the lack of guidance in the Proposed Rules about the qualifications of members of a disciplinary committee, the Commission suggests that these proceedings be under the control of a Bar Court having judicial training and responsibilities.

Sec. 11.23(c)

The Commission is concerned that 11.23(c)'s prohibition on discovery, so that a practitioner may not have access to witnesses, documents or other material provided to a disciplinary committee, will lead to the danger that Constitutional safeguards may not be met. In particular, the ability to confront witnesses, to challenge allegations in documents and to seek independent evaluation of such information have, since the beginnings of our judicial system been considered central to our Constitutional governance model.

In view of the proposal to not apply rules of evidence in disciplinary proceedings, the Commission is concerned that a practitioner's rights could be deprived, without due process under the 5th Amendment, a practitioner of the ability to practice before the Office.

The Commission also suggests that paragraph (c) above is inconsistent with the review process provided by other Sections of the Proposed Rule. In particular, a practitioner may appeal a final decision to the District Court of the District of Columbia. However, it appears that paragraph (c) would preclude review by the District Court of deliberations that lead to the final decision relating to practitioner discipline. This apparent difference raises Constitutional concerns under the Due Process Clause of the 5th Amendment.

Sec. 11.24

The Commission is concerned that there may be numerous conflicts between different State jurisdictions and the USPTO regarding reciprocal discipline under 11.24. States such as California have disciplinary proceedings based upon California's Code of Professional Responsibility, which in some cases obligate California attorneys to



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meet standards not required by other jurisdictions, including the USPTO. Given the differences of disciplinary standards and requirements, we believe that practitioners before the Office may be subject to conflicting rules and conflicting disciplinary actions.

For example, California's Business and Professions Code 6068(e) requires that a California attorney maintain client confidences "at every peril." California Rule of Professional Responsibility 1-120 provides that a California attorney is in violation of disciplinary rules for violating the State Bar Act (which includes 6068(e)). In practice before the USPTO, an attorney is obligated under 37 C.F.R. 1.56 to disclose any information "material to patentability." If a California attorney is aware of such "material information" and the client prohibits the attorney from its disclosure to the Office, then the California attorney is presented with an impossible situation: either violate a California Rule or violate a USPTO rule. Under the proposed Rule, even if a practitioner disregards the client's wishes and submits the "material information" to the Office (thereby meeting his or her obligation under 1.56, that attorney is subject to discipline by the State Bar of California for violation of its Rules of Professional Conduct.

Under the Proposed Rule providing for reciprocal disciplinary provision, the practitioner may be held to violate USPTO Rules by obeying Rule 1.56! This situation may lead to disastrous consequences to both California attorneys and their clients. The "usual" remedy suggested for a conflict as described above is withdrawal of the attorney from representing the client. However, all California attorneys would be subject to the same "Catch 22" and would have to avoid representation of the client. If followed to its logical conclusion, California attorneys may be effectively excluded from representing clients before the Office. Moreover, even if an attorney withdraws, the attorney is still obligated to maintain a prior client's confidential information and is still under an obligation to disclose information under rule 1.56. Thus, withdrawal is not a truly viable option by itself.

As a possible remedy for this conundrum, the Commission suggests the Office consider not disciplining an attorney for taking an action or inaction that is mandated by that attorney's State Rules of Professional Responsibility. Under the circumstances described above, the public interest in not having defective patents granted or sustained is met through the holding of such patent invalid. That is a risk that the Commission sees is appropriately borne by the client. A holding of unenforceability for failure to disclose material information also would be borne by the client. Unless the attorney is directly culpable for the failure to disclose, the Commission suggests that the attorney not be subject to discipline for being caught between two conflicting rules over which the practitioner has no control.

Sec. 11.25

The Commission believes that under 11.25, the term "moral turpitude per se" is undefined and therefore does not provide sufficient notice to practitioners regarding what crimes would lead to discipline. Moreover, the penalty is single and severe "the practitioner shall be excluded" leaving no room for mitigating circumstances. Furthermore, numerous states have enacted statutes whereby categorization of certain misdemeanors may be "elevated" to felonies, irrespective of the severity of the misdemeanor. The Commission believes that the absolute exclusion of a practitioner for committing a misdemeanor is in violation of Constitutional protections under the 5th Amendment. We



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suggest providing discretion on the part of the OED Director to consider mitigating circumstances in determining a level of discipline.

Sec. 11.25(d)

The Commission believes that 11.25(d)(2) may lead to discipline even if all of the material facts are in dispute. Such a ruling is not excluded by the proposed rule, and can lead to the egregious result of a practitioner being disciplined even if there is no showing that any Rule has been violated, but merely if "one or more material facts are in dispute." This standard is well below either the "preponderance of evidence" or "clear and convincing" standards articulated elsewhere in the proposed rules, and if enacted in its present form, would undercut all Constitutional safeguards currently enjoyed by practitioners and other citizens.

The Commission requests that the Rules be clarified to indicate that no disciplinary action may be taken under any section of Part 11 without a proper showing of facts and circumstances that meets a "clear and convincing" standard of proof.

Sec. 11.25 (e)-(g)

Under 11.25 (e), (f) and (g) the terms "moral turpitude," "moral turpitude per se," "serious," and "non-serious" crimes are not defined. As mentioned above for 11.25 generally, the Commission believes that requiring the USPTO to apply the same definitions to "serious" or "non-serious" crimes, which have generally been left to States to determine, will produce different sanctions by the USPTO depending on the State in which the practitioner resides. We believe that this potential for disparate penalties will undercut the consistency desired by the USPTO and undercuts a Federal scheme in favor of a "de facto" State scheme for disciplining practitioners before the USPTO.

Sec. 11.25(h)

The Commission believes that continuing to sanction a practitioner under 11.25 (h)(2) for an arbitrary period of five years after discharge of completion of probation or parole may violate Constitutional protections against double jeopardy. Under State law, the period of incarceration or parole is intended to complete the criminal process, and that upon release or termination of probation or parole, a practitioner should be afforded the opportunity to demonstrate that he or she is suitable for reinstatement. The Commission sees no rational justification for providing an additional, arbitrary period of discipline under circumstances in which the practitioner has demonstrated rehabilitation. The Commission believes that such a rule does not further protection of the public or clients, but is merely punitive and therefore does not serve a legitimate purpose of the USPTO. The Commission believes that other Federal Agencies, such as the Department of Justice, have been granted Constitutional authority to provide punitive measures. In contrast, the USPTO has no such general authority and should not exercise such authority without such action serving a legitimate purpose to protect the public or clients from improper actions by a practitioner before the USPTO.



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Sec. 11.26

The Commission believes that under 11.26(b)(4), a “criminal offense under applicable law” will lead to disparate discipline depending on the jurisdiction in which the practitioner resides. For example, certain States may, for proper reasons, have criminal laws that differ from those of other States. Therefore, certain actions by a practitioner may constitute “criminal offense” in one jurisdiction, whereas the same act by another practitioner would not. Therefore, the differences in State law are likely to lead to differences in sanction by the USPTO. Such a scheme, the Commission believes, undercuts the consistency in Professional Responsibility Rules desired by the USPTO.

The Commission requests the USPTO to refer to comments regarding 11.25 (h) above, which, the Commission believes, are applicable to 11.26(e) as well.

Sec. 11.27

The Commission believes that the comments relating to 11.25(h) above apply to 11.27(d) as well, and are reiterated here.

Sec. 11.28(e)

Under 11.28(e), upon receiving “information providing reason to believe” that a practitioner is incapacitated, the OED Director may request a panel of the Committee on Discipline “to find probable cause” that would lead to placing the practitioner on inactive status. There are no definitions of what type of “information” is sufficient. The Commission believes that this proposal places huge discretion in the hands of the OED Director to bypass the Constitutional safeguards provided in other sections of the proposed rules. The Commission suggests that any such “information” must rise to the level of probable cause otherwise there is a danger that “incapacitation” could be arbitrarily applied unfairly. The Commission suggests that paragraph (1) be tied to paragraph (2) below to ensure proper procedures and standards of proof.

Additionally, the term “addiction” is not defined sufficiently to distinguish between practitioners who are habituated to coffee or tobacco products and those that have addictions that result in impairment of a practitioner’s function. The Commission believes that wherever the term “addiction” is used, it be defined to mean addiction that results in impairment of a practitioner’s ability to carry out his or her obligations to clients and the USPTO.



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Sec. 11.28(g)

11.28(g) provides for "indefinite period" and "specified conditions." The Commission is concerned that these terms are so vague as to deprive a practitioner with notice of what criteria must be met for reinstatement.

Sec. 11.28(i)

Under 11.28(i)(3)(iii), a practitioner can be denied reactivation after recovery from disability or addiction without the USPTO demonstrating that the practitioner is in fact, impaired. The term "potential to impair" is not defined, and could result in punitive action by the USPTO for acts that have no effect on either the public or on clients. The Commission suggests that the rule be modified to provide that any refusal to reactivate a practitioner be based on actual impairment.

Sec. 11.32

The Commission believes that 11.32 determinations should be held under a judicially recognized body, such as a USPTO court, using personnel having judicial experience and training, similar to State Bar Courts.

Sec. 11.34

The Commission believes that 11.34(a)(4) be amended to provide that no default decision will be entered unless there is actual notice to the practitioner. The presently proposed rule would make it impossible, for example, for a practitioner to take an extended vacation without risking having a default judgment entered against him or her. The Commission recommends providing any practitioner with an opportunity to be heard on matters relating to unavailability to receive notice of any complaint before any such default judgment is executed. The Commission objects to inclusion of "alleged violations even if the specific violations were not in the finding of probable cause decision." We believe that any and all alleged violations be supported by a probable cause decision.

Sec. 11.39

The Commission believes that any hearing officer under 11.39(a) or (b) should have judicial training and experience, to ensure that "hearing officers" in a disciplinary proceeding understand the law and equities necessary for fair and impartial proceedings. The proposed rule does not provide any guidance for training of such individuals and no criteria by which they are determined to be "impartial." Given the extensive roles provided in 11.39(c), such individuals must be able to evaluate the "relevance" of evidence and understand the different standards of proof, "preponderance of the evidence," "clear and convincing," and other terms of known judicial meaning. We



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recommend that the "hearing officers" be Administrative Law Judges, who shall meet all standards expected of such persons.

Sec. 11.52

Under 11.52(a), the standard necessary to obtain discovery is "clear and convincing." The Commission believes that this standard is too high, and suggests that a "preponderance of evidence" standard or "likely to result in relevant evidence" is more appropriate. The Commission believes that any discovery is a useful tool for permitting the parties to fully present arguments relating to a practitioner's actions and abilities. Thus, we believe that a practitioner should be afforded more liberal discovery than is contemplated under the proposed rules. We further believe that a more liberal standard would not be unduly burdensome to the USPTO, as (1) The USPTO has authority to consider or not consider evidence, (2) the discovery sought from third parties is not a burden on the USPTO, and (3) that discovery of USPTO documents are either (a) available to the public, (b) are part of a prosecution file, or (c) are easily found. Therefore, the Commission does not see the need to deprive a practitioner of discovery that would not be burdensome on the USPTO. Therefore, the Commission recommends permitting discovery, "so long as such discovery is not unduly burdensome to the Director of OED" or similar language. We recommend that discovery should be permitted according to the Federal Rules of Civil Procedure. This well-known set of rules has considerable interpretive case law. The USPTO can add restrictions on discovery as "local rules."

Sec. 11.56(c)

The Commission believes that Section 11.56(c) is too restrictive in that it limits requests for reconsideration to newly discovered evidence. The Commission recommends that the grounds for requests for reconsideration should at least include errors of law and insufficiency of the evidence. The Commission recommends that the operative language of Section 1.197(b) (standard for request for rehearing of decision of Board of Patent Appeals and Interferences) be adopted for this section.

Sec. 11.57

The Commission is concerned that any appeal to a Court will necessarily include the record of proceedings before the USPTO, which, if the proposed rules are enacted, will provide insufficient record for the Court's review. Thus, the Commission believes that a Court proceeding may require additional discovery that is not permitted under the USPTO rules. Additionally, by the time an appeal is taken, witnesses' memories may have become less clear, witnesses may be unavailable, or other facts may not be available. Therefore, the Commission recommends that a practitioner or the USPTO be able to appeal decisions made during the disciplinary process, when the interests of justice so require, even if that appeal is required before a final decision by the Director of the USPTO is rendered. We believe that under an appeal, the rules of the D.C. District Court should apply with respect to discovery and evidentiary matters and that an appeal need not be limited solely to the USPTO record..



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Sec. 11.60(d)

The Commission believes that the correct standard for reinstatement under 11.60 should be the demonstration of rehabilitation and that the practitioner is fit to resume practice of the law before the USPTO. The Commission believes that any additional delay in reinstatement, such as provided for in 11.60(d)(3) is merely punitive and is unnecessary to protect the public or clients who have matters pending before the USPTO and suggests that this additional delay can be deleted without harm to the public or to clients.

Sec 11.60(e)

The Commission believes that 11.60(e) may result in duplication of payments to the USPTO. The rationale for assessing each practitioner a fee for funding the disciplinary scheme already covers the cost of disciplinary proceedings, including those items listed in 11.60(e)(2). The Commission notes that reinstatement will be granted to practitioners who have been rehabilitated or are otherwise fit to resume practice. The Commission applauds the USPTO's proposal to grant relief under 11.60(e)(3), and urge the USPTO to avoid any double recovery of costs of disciplinary proceedings.

Additionally, the Commission believes that in close situations in which discipline is not obvious or clear cut, the costs associated with the disciplinary action will be higher than in those situations in which the case is clear. We believe this to be the case because a "mild" violator of a rule may fight disciplinary proceedings with vigor, and a practitioner who voluntarily withdraws is not likely to do so. Therefore, this proposed rule will likely penalize a practitioner in a close case more than a practitioner in a clear-cut case. We believe that this situation is inappropriate and unduly burdens practitioners in close cases. Rather, the Commission suggests, as many States have done, to apportion the total costs of disciplinary proceedings to the patent bar at large through the mandatory fees being proposed.

Subpart D

Sec. 11.101

The Commission believes that 11.101(c)(3) is too strict and opens up a practitioner for discipline for even minor deviation from a current practice, and for not being completely up to date with the latest Office procedures. There are many times that the Patent Office changes procedures on a gradual basis or suspends the rules to implement a new change. These changes are not always clear and take some time to implement. For instance, several amendments of a Commission member's law firm were rejected for non-compliance with the new procedures for amending claims and specifications when those procedures first came into effect. Under the proposed rules, such actions would be violations even though it was a correctable error. This technically would be a violation of the rules



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each time. This even though it was a correctable error. This rule should be narrowed to include a gross negligence standard for procedures that harm the client and for which there is no recourse for correction.

The Commission believes that 11.101(c)(4) is against the best interests of the client. First, it is not clear what a frivolous application is. One is not always clear on what is the maximum scope of available patent protection. For instance, a practitioner may file a broad claim with numerous dependent claims to see what art the Examiner identifies. This type of practice is a legitimate way to test the bounds of patentability. As long as the applicant pays the fees the Patent Office should examine the application. We object to the reliance on a "reasonably prudent registered practitioner" standard because it will invariably have a chilling effect on filing of patent applications on groundbreaking inventions. Furthermore, the proposed rule would appear to place a new obligation on a practitioner to perform prior art searches, an obligation that does not currently exist. Subsection 11.101(c)(4) should be deleted.

Sec. 11.102

The Commission believes that 11.102(g) could require a practitioner to divulge communications that are protected as privileged under State Law. An affirmative duty to reveal a past fraud could create an adversarial relationship between client and practitioner. Further, this proposed rule is in direct conflict with many States' Rules of Professional Responsibility, including those of California (Business & Professions Code 6068(e) and Cal. Rule of Professional Responsibility 1-120). Thus, a practitioner may be put in the difficult position of having to either decide which Rule to follow (State or USPTO) or, in the alternative, to withdraw from representing the client. Although that course of action may protect one practitioner from discipline, the client would not be able to obtain representation of a practitioner who also practices in a State with a conflicting Rule. In particular, the State Bar of California has many attorneys who may practice before the USPTO. Ultimately, such a situation of conflicting rules will drive those practitioners who practice in a State that holds client confidentiality to a very high standard out of the practice before the Office. We find it hard to imagine that such a situation would be in the best interests of either California clients or the Office.

Sec. 11.103

The Commission believes that the standard in 11.103(c) is too vague. For instance, is filing for an extension of time considered "neglecting an entrusted legal matter?" More explanation is needed here to show exactly the metes and bounds of the proposed rule. In situations in which a delay can be legally "purchased" by a filing Petition for Extension of Time, would filing such a petition constitute *per se* violation of the proposed rule? If this is the intended purpose, then we believe that it is too severe and harsh. Moreover, the severity of the penalty does not fit the severity of the violation. The Commission believes that Office Rules should ensure that any disciplinary remedy is commensurate with the violation.



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Sec. 11.105

The Commission believes that the costs associated with preparation of amendment and responses are extremely variable (including being subject to the quality of the Examination). Further, it is difficult to accurately predict the overall cost of preparing a document for filing. Hence it is difficult or impossible to determine these costs early in the representation as required by proposed rule 11.105(b). If the proposed rule is intended to obligate the practitioner to communicate the basis for such charges (i.e., whether the fee is based on an hourly rate, contingency, in exchange for an interest in the subject matter, etc.), then the rule would be easier to apply.

The Commission believes that the proper standard should be "shocking to the conscience," or "illegal or unconscionable." Such a standard is much easier to determine than "reasonable."

Sec. 11.106

The Commission believes that proposed rule 11.106(c) is redundant, in that a violation of rule 1.56 may compromise the patent that issues and that no additional disciplinary action of a practitioner is needed. The penalty of enforceability accrues to the client. We see no need to further sanction the practitioner for carrying out the client's wishes. This section is directly opposed to a practitioner's duty of confidentiality to the client. Several States, including California, provide a rigid standard to protect the client's interests in confidential information. If a client refuses to let the practitioner provide the information based on privilege or for any other reason, then we believe that the sanction should fall on the client and not on the attorney.

This situation can be illustrated by the following. (1) A practitioner becomes aware that there is a prior art reference that a reasonable examiner might consider relevant to patentability and wishes to disclose the reference to the Office to meet obligations under rule 1.56. (2) In the event that the client does not wish the reference to be disclosed, under current practice under part 10, and under proposed part 11, the practitioner's only recourse is to try to educate the client and gain that client's permission to disclose the reference, or must withdraw from representation of that client. However, the conflict between rules would apply to any attorney within that State and therefore, no attorneys who are licensed to practice in the State would be ethically permitted to practice before the Office in that matter. (3) Under the proposed Rule, a practitioner is subject to discipline if that practitioner commits a violation of a State ethical rule.

Thus, if a practitioner discloses the reference to the Office, he or she is not directly subject to discipline by the Office. However, if such disclosure subjects the practitioner to discipline under a State ethics Rule, then the Office can subject the practitioner to discipline indirectly. In such a situation, a practitioner is subjected to discipline by the Office for following all of the USPTO rules regarding disclosure. At the extreme, the remedy is loss of the attorney's license to practice in the State as well as loss of the ability to practice before the Office. We find it difficult to believe that such remedies are in the best interests of either clients or the public.



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The Commission believes that this could have the unintended consequence of tending to drive California and attorneys of other states out of Office practice, or would drive Patent attorneys out of the State. We do not believe that either of these is in the best interests of clients, practitioners, or the Office. We suggest a “carve-out”, whereby a practitioner is not to be subject to discipline before the Office for taking an action or inaction that is required by the practitioner’s State.

Sec. 11.110

The Commission believes that 11.110(a) might not permit ethical walls to be erected to protect client confidences. The entire firm could be disqualified or each attorney disciplined. Many States have different standards for disqualification, and those standards change as new case law is developed. We believe that the Office should apply a rule of reason to this situation and suggest that before disqualification is ordered, that an examination of the facts and circumstances of the relationship be undertaken. For example, if one practitioner would not be reasonably expected to learn of an act by another practitioner in the same Office, then imputed disqualification would provide no protection to the public. Moreover, such a mandatory disqualification represents a remedy that may be excessive under the circumstances. Finally, such a rule could have the consequence of chilling communication on matters of substance within a firm. This may raise issues relative to prosecution for clients that may overlap or grow into similar technology areas. Because future or potential technology conflicts may arise during representation of multiple clients, the Commission believes that the current practice of handling conflicts of interest are adequate and no additional disciplinary remedy is needed.

Sec. 11.117(a) and (b)

The Commission believes that 11.117(a) might be interpreted to mean that the seller of a practice cannot go to work for another firm. This proposed rule appears to be too harsh. Rules governing sale of a practice should not adversely affect a practitioner’s career, as long as the clients are protected. Additionally, to the degree that this rule might be construed as a “non-compete” rule, it may create a conflict with States, such as California, that do not widely uphold “non-compete” agreements.

The Commission believes that 11.117(b) may be interpreted to mean that the practitioner cannot continue to represent some of the clients. The rule appears to be too extreme, and the Commission suggests providing rules that do not adversely affect a practitioner if the clients are protected.

Sec. 11.201(b)

The Commission believes that 11.201(b) can be interpreted that if a client is referred to a practitioner, information relating to that intake will be very detailed, and that negative information from this rule could be a concern since it may be discoverable. It is unlikely that it would be work product, since not made in anticipation of litigation.



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Also, the attorney may not be correct. This could lead to excessive and unfounded charges unrelated to the preparation of a patent application. The Commission recommends that this rule be limited to situations in which clients are referred from invention promoters.

Sec. 11.203(c)

Section 11.203 defines who is a client and what must be satisfied in an invention promoter context. This proposed rule artificially creates an attorney client relationship where none may be desired or required. The Commission suggests that the rule clarify that any such communications between an Invention Promoter and Inventor specifically point out that no attorney client relationship is formed by virtue of such communication. In some States, including California, such a statement may not be sufficient to prevent formation of an attorney client relationship. In particular, for an attorney to provide an opinion about patentability of an invention, it is probable that some confidential information must be transmitted from the inventor to the attorney. Under some State laws, such transfer of confidential information may form an obligation of confidentiality on the part of the attorney. However, it is unclear whether the inventor's disclosure of that invention to an Invention Promoter constitutes a waiver of confidentiality. The Commission believes that a better approach would be to require that any Invention Promoter be bound by the same ethical obligations regarding confidential information as a practitioner.

Sec. 11.303

The Commission believes that 11.303 may likely cause conflict with the practitioner's duty of confidentiality under State law, such as those in California described above, since disclosure of such information to the USPTO is mandatory. As explained above, this conflict may not be resolvable, and the Commission suggests that the USPTO provide an exception to discipline for an attorney who takes an action or inaction if that action or inaction is mandated by a State Rule of Professional Responsibility. The Commission believes that to discipline an attorney who, in good faith has to decide between two incompatible rules is unnecessary. Rather, the sanction of unenforceability properly is placed on the client, whose patent may become worthless unless complete disclosure is provided.

The Commission does not understand the definition of the word "scandalous" in Rule 11.303(e)(4). Without proper definition, a practitioner cannot be on notice of what activity would subject the practitioner to discipline under this rule. We ask that the term be carefully defined.

Sec. 11.307

The Commission believes that 11.307(a) may create a conflict for a practitioner where the practitioner is a co-inventor or the inventor. We believe that a practitioner/inventor should be permitted to handle matters before the USPTO. Further, the rule does not specify the scope of the rule. We believe that in view of the confidential nature of the attorney/client relationship and the cooperative nature of patent practice, that this rule is unnecessarily



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burdensome on inventors, clients and practitioners. We favor a "rule of reason" that permits a practitioner to continue to represent a client before the office, and if there is credible evidence presented that the statements by the practitioner in a matter are unduly biased or are misrepresentations, then other disciplinary rules would be the proper way to sanction such actions.

Sec. 11.501

The Commission believes that the implied ratification by a firm of practitioner's actions should be explored fully. For example, what acts could be considered to be "ratification?" Could knowledge of a practitioner's actions be "imputed" to the firm as a whole, with the result that other practitioners in the firm might also be sanctioned? This rule is also inconsistent with the proposed rule in Part A that does not permit law firms to provide continuing education. If the rationale for that prohibition is that a firm may not be aware of the current rules, then 11.501 appears to be inconsistent. The Commission urges the USPTO to provide clarity.

Sec. 11.601

Section 11.601 is new and imposes a requirement on practitioners to perform *pro bono publico* work or to donate to organizations that provide legal representation to those who are unable to afford legal services. The amount of work or contribution is completely unspecified and in any case the imposition of such a requirement would act as a tax on practitioners and not the general public to confer a public benefit (assistance to the poor inventor or trademark registration applicant). Under the proposed rule, one might be disciplined for not doing pro-bono work for indigent inventors or for not making financial contributions to legal aid societies for indigent inventors. This vague section invites arbitrary enforcement and the Commission recommends that it be deleted. Pro bono activities should be left to States; a nationwide pro-bono policy may be desirable, but these rules are not the proper place for setting this policy. The Commission suggests that the performance of *pro bono publico* work or donations should be left to the conscience of individual practitioners rather than being made a matter that could result in discipline.

Sec. 11.803

Although this appears to be limited for confidentiality by sub-section (c), the Commission is still concerned about the definition of the term "knowledge." The Commission is concerned that a standard of evidence is needed to put practitioners on notice of what conduct is required. The Commission comments on Part C are similar, in that if disciplinary investigation can be initiated by "information," then here, an investigation might also be initiated by a practitioner who believes that "maybe" a rule has been violated. The Commission suggests providing clear standards as to what actions would obligate another practitioner to disclose such actions to the Office. Further, the Commission suggests that a better approach would be parallel to the obligations under Sarbanes-Oxley, in which mandatory disclosure of a belief of misconduct is reported "up the ladder" within the organization, whereas reporting outside the organization is "permitted."



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We recommend that 11.803(a) and (b) be deleted. We recommend maintaining the current standard as in 37 C.F.R. 10. Sections 11.803(a), 11.803(b), and 11.803(c) are based on current Sections 10.24(a) and 10.24(b). The current sections are simpler and more clearly written. The Commission recommends that the language of these sections be retained for subsections 11.803(a) and 11.803(b) and that subsection 11.803(c) be deleted. Furthermore, a problem with the proposed and current sections concerning the obligation to report the violations of others is the definition of the term "knowledge."

Sec. 11.804

The Commission's opinion is that rule 11.804(h)(9) is unnecessarily harsh as written as not providing any flexibility. Under the proposed rule, loss of a letter by the Post Office would result in a holding of misconduct. We prefer that the term "misconduct" be limited to those acts or non-acts that result from an intention by the practitioner. There should be a *mens rea* test.

The Commission believes that the meaning of "frivolous" under 11.804(h)(10) is not clear and will likely result in a "chilling effect" on a practitioner's relationships with clients. The Commission would recommend defining frivolous in such terms as to reasonably put practitioners on notice of what they must do and avoid doing to remain in compliance with the Rules.

Section 11.804(a) should express the standard "knowing or recklessly violating or attempting to violate the rules" or an equivalent standard of scienter. Section 11.804(g), which prohibits practitioners from engaging "in disreputable or gross conduct" is not defined, and we believe that it is so vague that it does not define the prohibited conduct sufficiently, and therefore constitutes a violation of due process. This Section should be stricken.

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Sec. 11.805

The Commission is concerned that Rule 11.805 asserts federal preemption over issues that the USPTO and the States have in common. In comments to follow regarding obligations of (1) confidentiality and (2) disclosure to the USPTO, there are genuine concerns that the current and proposed rules are in conflict with State Rules of Professional Conduct. The Commission strongly believes that the USPTO should provide mechanisms by which the public's interests in avoiding defective or unenforceable patents are satisfied without unnecessarily disciplining a practitioner who is obligated to follow conflicting rules of professional responsibility.

The Commission is also concerned that there is currently no resolution to the conflicting rules and that practitioners may be disciplined before the USPTO for following all USPTO rules but by doing so, become liable for discipline by a State Bar. Moreover, by becoming subject to discipline before the USPTO for violating a State rule of Professional Responsibility, a practitioner may be placed in a situation in which he or she is subject to discipline regardless of which rules he or she follows. The Commission believes that this untenable situation must be resolved.



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We suggest that the USPTO provide an exception to the rules providing a “safe haven” for a practitioner to avoid discipline before the USPTO for taking an action or inaction that is required by a State Rule of Professional Responsibility.

Sec. 11.806

Section 1.806(b)(2) states that a practitioner shall not “[r]equire or demand sexual relations with an employee incident to or as a condition of employment.” Such conduct’s connection with the quality and nature of the practitioner’s representation of a client is not apparent. The Commission recommends that Section 11.806(b)(2) be stricken because the rule is beyond the reasonable scope of the USPTO. The USPTO should not make matters that are not arguably related to a client’s representation before the USPTO into disciplinary offenses. Sexual harassment of an employee has already well-known standards and remedies in federal and state law.

CONCLUSION

The Commission of the Intellectual Property Section of the State Bar of California would like to thank the USPTO for receiving and reviewing the comments presented. It is our desire to assist the USPTO, the public, and clients by assisting in the process of enacting fair rules that balance the dual concerns of protecting clients, the public and practitioners. We sincerely hope that our efforts to provide these comments are appreciated, and invite the USPTO to make contact with the State Bar of California, or the Commission if we can be of any further service.

Respectfully presented,

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