

# Knobbe Martens Olson & Bear LLP

*Intellectual Property Law*

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June 11, 2004

VIA E-MAIL to: [ethicsrules.comments@uspto.gov](mailto:ethicsrules.comments@uspto.gov)

Mail Stop OED-Ethics Rules  
United States Patent and Trademark Office  
P.O. Box 1450  
Alexandria, VA 22313-1450  
**Attn:** Harry I. Moatz, OED Director

Dear Mr. Moatz:

Knobbe, Martens, Olson & Bear, LLP (“KMOB”) is pleased to submit additional comments on the Notice of Proposed Rulemaking published in *Federal Register*, Vol. 68, No. 239, December 12, 2003 (please note that we submitted preliminary comments on February 10, 2004 as to the registration section of the proposed rules). As you may know, KMOB is the largest specialty law firm on the West Coast dedicated exclusively to the practice of intellectual property law. We have 110 patent attorneys and 19 patent agents registered with the U.S. Patent and Trademark Office.

We understand that the Intellectual Property Law Section of the American Bar Association (“ABA IPL Section”) is submitting detailed comments on the proposed rules. We have discussed some of the ABA IPL Section’s comments with ABA IPL Section members and believe that we share many of the same views. In the interest of brevity, we will not repeat all of those views in our comments, but instead will focus on our additional thoughts and those items that we believe merit special emphasis.

## Conforming Rules to ABA Model Rules

Conforming the PTO rules to the ABA Model Rules of Professional Conduct (“MRPC”) seems to be a sensible goal since, as the Commentary states, 42 states follow the MRPC. As you are aware, however, the California Rules of Professional Conduct (“CRPC”) differ in many respects from the MRPC. All of the attorney practitioners at our firm are licensed and practice in California and therefore are subject to the CRPC but not the MRPC. Accordingly, if the PTO rules are conformed to the MRPC, our lawyers may in the future face an unfortunate situation in which the two sets of ethical rules that apply to their conduct are contradictory. We agree that

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certain ethical PTO rules, to the extent that they apply specifically to conduct before the PTO, should pre-empt state ethics rules in the event of a contradiction. However, if the situation does not specifically involve conduct before the PTO, then the ethics laws of the practitioner's home state should control. Therefore, we suggest that the proposed rules include "safe harbors" that would exempt attorney practitioners from complying with a PTO rule that is inconsistent with an ethical rule of the attorney's home state, provided that the PTO rule does not relate to conduct before the PTO. We suggest that specific PTO rules be identified as not pre-empting the ethical rules of the attorney-practitioner's home state.

**Proposed Rule 11.13 – Eligible Mandatory Continuing Education Programs**

Proposed Rule 11.13(g)(4) states that law firms are not eligible to become approved sponsors of continuing education programs for practitioners. We believe that law firms should be entitled to become approved sponsors, particularly those like ours whose exclusive areas of practice are in the intellectual property law field. Indeed, the practitioners in our firm are probably even more qualified to teach continuing education courses than individuals associated with some of the companies whose sole business is continuing education. Our firm takes great pride and interest in ensuring that its practitioners are current on new developments in PTO rules and the law. We hold mandatory educational lunches every Friday to update our practitioners on the cases reported in the U.S. Patent Quarterly. We conduct seminars several times a month to educate our practitioners on such topics as new PTO rules or procedures or patent prosecution skills, such as claim drafting and responding to office actions. In addition, we provide a service to our clients and our legal and business community (both locally and nationally) by conducting seminars to educate businesses about various aspects of intellectual property law. We therefore believe that it would be unnecessary, as well as an economic burden, to require our firm and our practitioners to take continuing education courses from outside approved sponsors. We note that our firm is an approved CLE provider under California state law.

Accordingly, we suggest deleting law firms from the list of those excluded from becoming approved sponsors, or alternatively limiting the exclusion to law firms whose practice is not substantially limited to the practice of intellectual property law.

**Proposed Rule 11.16 – Financial Books and Records**

Proposed Rule 11.16 appears to give the PTO blanket authority to examine all books and records of the practitioner and his or her law firm, including trust accounts. No conditions to the exercise of such authority are provided nor is such authority limited to, for example, trust accounts. We believe that the PTO does not need to retain such authority in view of its ability to refer any issues to the home state bar disciplinary authority of the practitioner. Alternatively, the authority should be limited to the authority to review client trust accounts.

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Proposed Rule 11.106(c) and 11.303

These rules relate to the practitioner's duty of candor to the PTO. We believe that the duty of candor to the PTO to disclose client confidences should apply only to matters pertaining to that particular client or perhaps an affiliate. We do not believe that the duty of candor should require disclosure of one client's confidences to the PTO in connection with another client's matters. This clarification should be expressed in Rules 11.106(c) and 11.303.

Proposed Rule 11.107 – Conflicts of Interest

Advance Waivers of Conflicts of Interest

We understand that the ABAIPL Section suggested the addition to the draft rules of the explicit recognition of advance waivers of conflicts of interest, such as those contained in Comment 22 to the ABA Model Rule 1.7. We believe that advance waivers of conflicts are appropriate in many instances and suggest that the PTO rules explicitly recognize the validity of advance waivers of conflicts of interest.

No Automatic Representation of Client's Affiliates

We also understand that the ABAIPL Section suggested the addition of a comment to Rule 11.107 that would make clear that the representation of one client does not constitute representation of that client's affiliates (namely, parent, subsidiary or sister corporations), unless, of course, the practitioner and client agree to such representation of affiliates. We believe that the addition of this comment is important because of the increasing occurrence with our clients of merging with or becoming acquired by other companies. This results in our clients becoming affiliated with many other companies that are or may potentially be adverse to our other clients. Accordingly, we believe that a clarifying comment would be in order.

Commentary to Proposed Rule 11.116(d)(2) – Practitioner's Retention of Work Product After Termination of Representation

The Commentary to Proposed Rule 11.116(d)(2) (at page 69479) states that when a file is transferred to the former client, the practitioner may retain only his or her own work product, and then only if the client has not paid for it. The Commentary, or the rule, should be clarified to state that work product does not include the practitioner's notes. We believe that the common practice of practitioners is to exclude their notes from the file because notes, by their very nature, are often not complete or accurate and therefore can be subject to misinterpretation.

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Proposed Rule 11.702(b) – Advertisements Indicating Name of Practitioner

Both current rule 10.32(c) and Proposed Rule 11.702(b) include a requirement that all advertisements must provide the name of at least one practitioner who is responsible for its content. We believe that as an alternative to naming the practitioner, the advertisement could simply indicate the name of the law firm to which the advertising relates. We see little benefit to listing the name of a practitioner in every piece of advertising, since the advertising typically will relate to the business of the firm as a whole and will have little to do with the named practitioner.

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KMOB respectfully requests that the Director give these comments due consideration. Should you have any questions regarding our comments, please contact the undersigned at (949) 721-2911 or by e-mail at [wpeterson@kmob.com](mailto:wpeterson@kmob.com).

Sincerely,



Wendy K. Peterson  
General Counsel