

COMMENTS ON PROPOSED RULE MAKING

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

Submitted On behalf of:

The National Association of Patent Practitioners

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Responsive to the notice appearing in the Federal Register at Volume 68, Number 239, dated December 12, 2003, at pages 69442-69562, the National Association of Patent Practitioners (NAPP) hereby submits its written comments.

Our Organization

The NAPP is a nonprofit organization dedicated to supporting patent practitioners and other individuals working in the field of patent law, in matters relating to patent law, its practice, and technological advances. Seventy-five percent (75%) of our members are registered patent practitioners whose practice is directed primarily toward patent prosecution. As part of our mission, we aim to create a collective, nationwide voice to respond to proposed changes in the patent statutes, rules, and PTO operations with a view to their impact on patent prosecution practice and the American inventor community. With this in mind, we appreciate the opportunity to provide our comments and suggestions on this important matter.

Specific Comments

1. Page 69443; Column 1: *“Thus, USPTO will recover the costs associated with these activities from the practitioners instead of the public in general. The funds would be directed to these activities and would not be diverted to support other proposals.”*

What assurances can the Office provide to practitioners that proper accounting practices will be employed such that the registration funds collected under 37 CFR § 1.21(a) would not be diverted to support other PTO and non-PTO proposals? NAPP agrees that practitioners should bear the costs of policing the profession but would like a means for determining that registration funds are not commingled with other PTO and non-PTO costs.

2. Page 69449; Columns 1 and 2: *“The USPTO is seeking comments on the two alternatives proposed below for accepting a state bar's determination on the moral character of persons seeking to become registered practitioners who at the time of filing of their USPTO application, have been admitted as an attorney in a State Bar and continue to be in good standing.... However, it raises the issue of equal treatment between patent attorneys and patent agents as to standards applied... Thus, while it is appropriate to consider the determination on moral character made by state bars as part of the application process at the USPTO, it is inconsistent with the statute to accept the state bar determination as dispositive of the issue for USPTO purposes.”*

Moral character determination for both attorneys and agents can be administered by the USPTO similar to the National Council of Examiners for Engineering and Surveying (NCEES) [www.ncees.org]. The NCEES is a non-profit organization whose membership consists of engineering and land surveying licensing boards for all states and territories of the U.S. These Member Boards represent all states and U.S. territorial jurisdictions. There are no individual members of the NCEES, rather the delegates who represent their respective boards are members of the NCEES. Membership consists of 70 Member Boards. Similarly, the USPTO can have Member Boards representing all state Bar Associations to serve as a central body for maintaining registered practitioners' representation records comprising pertinent State and USPTO information. A practitioner's representation record will contain some combination of NCEES-type records and State Bar records including professional references, employment verifications, licensure information, and State Bar applications, which are all determinants of moral character. Additionally, the USPTO can share information with state bar associations regarding the conduct of registered Trademark practitioners for enforcement of ethical standards at the State level.

One benefit of using the NCEES organizational model is that NCEES already effectively communicates with state engineering licensing boards through their Member Boards and the PTO can adapt the policies and procedures for communicating with State Bar associations. NCEES also deals with disciplinary matters, testing, and continuing education. NCEES has been operating their records program since 1979.

The NCEES Records Program serves as a verifying agency for the engineer or land surveyor who is seeking multiple-jurisdiction licensure. Through this program, the Council verifies and houses the Recordholder's file, which contains the college transcripts, licensure information, professional engineer or surveyor references, and employment verifications. Similarly, the USPTO can maintain a records program for managing each registered practitioner's representation record of State and USPTO relevant information.

The USPTO can administer internally or through private resources, a program similar to NCEES for the purposes of determining an applicant's admission requirements for examination, moral character determination, and disciplinary matters. Additionally, the program could assist in writing and administering the patent bar exam and could further provide assistance in international patent practice similar to the United States Council for International Engineering Practice [www.usciep.org]. This program will be designed to meet the Director's responsibility to protect the public without undue burden on the USPTO and patent practitioners. State bar associations can continue serving their attorney membership using the ethical standards of state court officers. Since a patent agent is not an officer of any state court, the federal ethical standards should be consistent with standards set for practice before the USPTO.

Contact at NCEES is Jerry Carter, Associate Executive Director, telephone (864) 624-5470 or (800) 250-3196.

3. 37 CFR § 11.7(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 the examination an unlimited number of times upon payment of the fees required by Secs. 1.21(a)(1)(i) and (ii) of this subchapter, and a fee charged by a private sector entity administering the examination.”*

An applicant should have the right to appeal the result of their exam. Often, given the nature of patent practice, there will be occasions where there may be more than one correct answer. Furthermore, it would constitute undue hardship to require that applicants physically travel to a location to review test results.

4. 37 CFR § 11.13(f)(1): *“(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 Sec. 1.21(a)(13) of this subchapter.”*

The fee section listed for “Application by Sponsor for Pre-approval of a Continuing Education Program” on page 69512 is actually § 1.21(a)(12), not (13).

5. 37 CFR § 11.13(g)(4): *“Law firms, professional corporations, and corporate law departments are not eligible to become approved sponsors”*

NAPP does not recommend specifically excluding groups from becoming approved sponsors. If these excluded groups meet the published criteria and standards for providing competent continuing legal education then they should be allowed to become a sponsor and provide the service. Some of these professionals could be excellent educators.

6. 37 CFR § 11.16: *“Financial books and records. A practitioner, in return for being registered under Sec. 11.6, granted limited recognition under Sec. 11.9, or recognized to practice before the Office under Sec. 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”.*

Practitioners must maintain confidential financial books and records as a duty to clients, and as such, examination of financial books and records by the OED Director must be performed under strict guidelines consistent with this duty. These guidelines are not apparent in the Proposed Rules. The guidelines must be published prior to enforcement of the rule thereby informing practitioners of their responsibilities with allowances for sufficient time to modify accounting practices for conformance to the rule. The guidelines should state that an OED examination can only be ordered and used as evidence in disciplinary hearings.

7. 37 CFR § 11.116(d)(2): *“The practitioner may retain papers relating to the client to the extent permitted by other law, Sec. 11.108(j), but in regard to any proceeding before the Office a practitioner shall not retain: (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...”*

This provision provides that the practitioner must return any work product for which the practitioner has been paid. This is actually contra to provisions of at least New York state practice. New York provides that a retaining lien can be levied on a client's entire file.

Conclusion

In general, the NAPP approves the proposed rule package and believes that adoption of the rule changes will lead to increased professional responsibility. However, the NAPP would like the PTO to consider; 1) providing assurances that registration funds will not be diverted; 2) maintaining practitioners representation records similar to NCEES; 3) retaining the right for applicants to appeal patent bar examination results; 4) correcting the fee listing designation in § 11.13(f)(1) to § 1.21(a)(12) “Application by Sponsor for Pre-approval of a Continuing Education Program”; 5) permitting law firms, professional corporations, and corporate law departments to qualify as sponsors for continuing education; 6) providing specific guidelines for OED examination of financial books and records; and 7) deleting the provision for returning work product to the client when terminating representation.

Thank you for consideration of our comments.

Respectfully Submitted,

The National Association of Patent Practitioners
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Executive Director