

February 10, 2004

***via electronic mail to:***

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Mail Stop OED-Ethics Rules  
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P.O. Box 1450  
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***Attn:*** Harry I. Moatz, OED Director

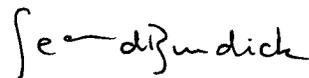
Sir:

The San Diego Intellectual Property Law Association (SDIPLA) is pleased to submit the enclosed comments on the Notice of Proposed Rulemaking published in *Federal Register*, Vol. 68, No. 239, December 12, 2003. The SDIPLA respectfully requests that the Director give these comments due consideration.

The SDIPLA is an organization of attorneys and agents in the greater San Diego area who are dedicated to excellence in the practice of intellectual property law. A list of members of the SDIPLA Amicus Committee is provided on the following page.

Should you have any questions regarding this submittal, please contact me at [burdicks@howrey.com](mailto:burdicks@howrey.com) or (949) 759-5219.

Very Truly Yours,



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**SDIPLA Comments on**

**USPTO Notice of Proposed Rulemaking:**

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

as published in

***Federal Register, Vol. 68, No. 239, December 12, 2003***

## I Introduction

The following comments address United States Patent and Trademark Office (USPTO) proposed rules §11.8(d) and §11.12, as set forth in *Federal Register*, Vol. 68, No. 239.

## II Comments

### A. Comments on Proposed Rule §11.8(d)

#### 1. USPTO justification for imposing an annual registration fee on practitioners lacks clarity.

The USPTO proposes to charge practitioners an annual fee to offset costs of the disciplinary system, and to maintain a current roster of registered practitioners. Fed. Reg. 69450, 69522 (2003). Under the current rules, these activities are funded by application, issue, and maintenance fees. Fed. Reg. 69450. The USPTO claims that it is *problematic* to charge applicants for these activities, “since many of the complaints concern applications that were not [properly] filed ... or patentees who have received the benefit of competent counsel.” *Id.* This is confusing rationale. In any case, it is unclear how applicants, in the aggregate, would not ultimately benefit from having access to a pool of practitioners that are held to ethical standards. Costs associated with policing licensees should be seen as incidental to the overall cost of administering an agency that exists to serve the public. Nevertheless, the USPTO claims that “[b]y adopting an annual fee to be paid by registered practitioners, the costs of these activities is not passed on to applicants.” *Id.* In reality, these costs will ultimately be passed on to applicants in the form of higher practitioner billing rates. Proposed rule §11.8(d) will simply add an intermediate collection step.

#### 2. USPTO will incur unnecessary costs by conducting annual surveys of practitioners.

The USPTO proposes to continually update the USPTO roster by conducting annual surveys of practitioners. *Id.* This effort will put an unnecessary administrative burden on the office. The responsibility for communicating current contact information is best placed on the practitioner whose contact information changes, and who is therefore in the best position to effect changes to the USPTO roster. Moreover, a practitioner already has ample incentive to communicate change-of-correspondence information in a timely manner so that correspondence vital to her practice will be timely received. For the USPTO to expend funding obtained from registration fees in an annual telephone survey is not a responsible use of practitioner resources.

#### 3. USPTO will incur unnecessary costs by collecting registration fees annually.

Proposed rule §11.8(d) would require practitioners to pay an annual fee. Fed. Reg. 69522 (2003). The USPTO provides no rationale for collecting fees at this frequency. The administrative costs of fee collection could be significantly reduced by reducing the frequency and multiplying the fee by a reciprocal amount. For example, in lieu of collecting \$100 per year from each of 30,000 practitioners, the USPTO could collect \$300 fees every three years, thereby reducing the number of transactions per year by two thirds or 20,000.

## B. Comments on Proposed Rule §11.12

## 1. USPTO justification for imposing CLE is not compelling.

The USPTO proposes in §11.12 that practitioners complete a mandatory continuing legal education (CLE) program every one to three years. Fed. Reg. 69529 (2003). The USPTO justifies the need for CLE by claiming that although licensed practitioners are ethically bound to provide competent legal services, “this has not prevented members of the public from criticizing the competence of practitioners,” and that “such lapses can reflect adversely on the integrity of the intellectual property system.” Fed. Reg. 69453 (2003). Further, “ethics rules have not compelled practitioners to ... remain familiar with changes to patent ... procedures,” and that “some petitions seeking relief from [unavoidable and unintentional] mistakes reflect an unawareness of ... procedures.” *Id.* These findings, however, appear to be purely anecdotal in nature. They are not supported by any commissioned study on the subject, or by citation to any competent authority.

Public criticism of practitioners is not necessarily indicative of malpractice. Some degree of public criticism should be expected in any profession. Whether that level of criticism warrants mandatory CLE cannot be ascertained by the mere fact of criticism. Rather, it should be evaluated in the context of standards established in comparable disciplines to reveal whether practitioner malpractice is inordinately high. In the legal profession, current data compiled on malpractice claims reflects quite positively on the practice of intellectual property law. An ABA study commissioned in the mid 1990s found that the number of malpractice claims in the combined intellectual property fields of patent, trademark, and copyright law accounted for less than 1% of all malpractice claims filed in a period from 1990-1995. K.A. Hall, American Bar Association, *Legal Malpractice in the 1990's* p.7 (1996). Of all malpractice claims in intellectual property fields, only a fraction were attributed to prosecution-related claims, the balance arising from matters related to infringement litigation and counseling. *Id.* at 29. Intellectual property law ranked 14th among all areas of law in the number of malpractice claims, the top seven areas experiencing claims 7 to 20 times more frequently than intellectual property. *Id.* These statistics indicate that, as a whole, the competency of patent practitioners is commendable, and that isolated cases of public criticism do not reflect realistically on the state of the profession.

There are also many legitimate reasons why practitioners file petitions seeking relief from “unavoidable” and “unintentional” events. These events do not always arise from any fault on the part of the practitioner. Many are caused by acts of human oversight, such as lost or misplaced files, and typographical, clerical, and docketing errors. Furthermore, these errors are often attributable to employees of the USPTO, who, after all, are only human. Errors such as these will arise as statistical phenomena, and are not at all reflective of practitioner incompetency, or lack of knowledge of the rules. CLE will not alleviate these errors.

## 2. Most practitioners are already subject to CLE and competency standards.

The USPTO proposes in §11.12 to impose its own CLE on all licensed practitioners. The USPTO emphasizes that state bar CLE requirements do not apply to patent agents, and that

existing CLE programs “are not specific to obtaining additional patent education.” Fed. Reg. 69453 (2003). Although CLE for patent agents may be warranted, imposing additional CLE on patent attorneys who are already loaded with CLE requirements is unnecessary.

The USPTO recognizes that the status quo currently imposes substantial CLE and competency standards on a vast majority of practitioners. In all, 80% of 28,000 active practitioners are patent attorneys. Fed. Reg. 69442 (2003). Also, 17,000 attorneys are members of the Intellectual Property Law Committee of the ABA. *Id.* Forty-four of the state bars have adopted the ABA Model Rules of Professional Conduct (or similar rules), which are the basis for the Proposed Rules currently under consideration. *Id.* Forty states currently require CLE for their licensed attorneys. Fed. Reg. 69454 (2003). In addition, patent attorneys are ethically prohibited from taking on a legal matter they are not competent to handle. Fed. Reg. 69452 (2003). Many of them maintain memberships in national and local associations that are dedicated to promoting CLE and the ethical practice of law. Various non-profit, for-profit, and firm-sponsored CLE programs have become a mainstay in the industry. Naturally, patent attorneys tend to fulfill their elective CLE requirements by attending lectures and seminars on fresh topics in patent law. In sum, the status quo provides adequate incentive for patent attorneys to avail themselves of patent-specific CLE to maintain competency in their practice.

Topics in USPTO CLE exams will therefore likely overlap subject matter offered in conventional CLE courses and seminars. The USPTO promises to seek approval of their mandatory CLE from the various state bars. Fed. Reg. 69453 (2003). However, until such time that the approvals are granted, patent attorneys will be doubly burdened with CLE.

### 3. The efficacy of proposed CLE testing is questionable.

The USPTO proposes CLE in the form of Internet-based self-assessment tests. Fed. Reg. 69454 (2003). The tests would comprise multiple choice and true/false questions, and would contain links to narrative material elsewhere on the USPTO website, where the correct answers could presumably be found. *Id.* However, the USPTO provides no evidence, and cites to no studies, to show that the proposed testing method will be effective in reducing the types of practitioner errors that the USPTO asserts as justification for implementing mandatory CLE. On its face, the proposed format of the exam raises serious doubts as to its effectiveness. It is speculated that answer keys could be widely circulated, and that, contrary to examination objectives, a passing score would provide no guarantee that a practitioner scrutinized, let alone absorbed, the posted reading material.

Moreover, the proposed CLE methodology fails to satisfy ABA recommended practice for online legal education. The ABA has outlined several key principles for delivering legal education in an online format. ABA Memorandum, 1997 *cited in* Woods, R.H., “Order in the Virtual Law Classroom,” Refereed article, *J. Info. L. & Tech.* §V.1 (Nov. 7, 2001). The ABA’s first key principle emphasizes that “quality online learning is more than the mere dissemination or simple learning of facts.” Woods, at §VIII.2.2. The second principle requires “a high degree of interactivity and participation.” *Id.* It appears that USPTO’s proposed methodology will satisfy neither of these principles, as each practitioner will merely be exposed to facts and textual material displayed on computer terminal without the benefit of interaction with colleagues or instructors. In the worst case, the USPTO’s methodology may be counterproductive, where

practitioners forego conventional interactive learning environments in favor of earning CLE credit through a less effective USPTO self-assessment test.

4. Requiring mandatory annual examinations as a condition of registration is unconventional.

The USPTO proposes in §11.12 that all practitioners pass mandatory CLE tests as a condition for maintaining their license to practice. Fed. Reg. 69529 (2003). Practitioners could be required to pass these tests on an annual basis. *Id.* Such a requirements would impose an onerous, and most unconventional burden on practitioners.

Traditionally, state and federal licensing agencies impose a one-time licensing examination as a condition for entering a particular field of professional practice. It is common for licensees in various fields to pay periodic renewal fees, and/or fulfill minimum continuing education requirements, in order to maintain their license active. However, it is very uncommon for professional licensees to undergo mandatory recertification *testing* after initial licensing. Medical professionals, real estate agents, professional engineers, surveyors, chauffeurs, mechanics, building contractors, hair stylists, etc., are typically subject to licensing examinations only once, when initially applying for their license. There are some exceptions, however, for certain professions that are entrusted with safeguarding the public. For example, the FAA requires commercial airline pilots to demonstrate current proficiency in take-off and landing, but does not require a recertification exam. 14 CFR §61.57. The NRC requires nuclear power plant operators to undergo recertification testing *once every six years*. 10 CFR §55.55. In the context of overall public welfare, the USPTO's proposal to recertify patent practitioners with greater frequency than that required of airline pilots and nuclear operators seems overzealous, to say the least.

5. Mandatory CLE will impose an unreasonable burden on practitioners.

The USPTO's background discussion on proposed rule §11.12 is unconcerned with the burden that mandatory CLE places on practitioners. Other than a bald claim that the CLE "would not be onerous," it appears that that USPTO has done little or no analysis in this area. Fed. Reg. 69454 (2003). Practitioners are concerned that it may take an investment of several hours for a practitioner, by trial and error, to perfect a required score of 100%. Online transactions, in general, are susceptible to long delays caused by overburdened servers, hardware limitations, and other software anomalies. Realistically, it may take far in excess of the estimated 2.17 hours to complete an examination. At an average billing rate of \$250 per hour, every hour required to achieve a perfect score, summed over all practitioners, will cost the profession  $\$250 \times 28,000 = \$7$  million.

In addition, it is questionable whether mandatory CLE will serve any useful purpose for active practitioners who are no longer engaged in rudimentary details of patent prosecution. Many licensed practitioners are seasoned attorneys working at the partner level, many of whom perform managerial functions or supervise the work product of associate-level attorneys. Licensed practitioners performing management functions account for a significant percentage of all practitioners. It is neither necessary, nor desirable, for managing partners to maintain a

detailed knowledge of USPTO rules in order to effectively and competently practice patent law. To impose mandatory CLE on this level of professional would be an unreasonable burden.

## C Conclusion and Recommendations

1. §11.8(d). The USPTO has not documented a compelling need for imposing an annual registration fee on practitioners. OED functions have historically been funded by application-related fees. Imposing an intermediate step for collecting fees for funding OED functions would be inefficient. Annual practitioner surveys are unnecessary.

2. §11.8(d). The USPTO should not adopt §11.8(d) in its current form. If periodic registration fees must be imposed, the USPTO should consider amending §11.8(d) to extend the period of fee collection in order to minimize administrative costs.

3. §11.12. The USPTO has not documented a compelling need for imposing CLE requirements on practitioners. The USPTO should consider commissioning a comprehensive study into practitioner performance before imposing mandatory CLE requirements. Such a study should investigate practitioner performance statistics, and make comparisons thereof to the performance of attorneys practicing in other areas of law.

4. §11.12. The USPTO has not documented the efficacy of the proposed CLE testing methodology. The USPTO has provided no evidence that the methodology proposed in §11.12 will effectively cure the types of practitioner errors that the USPTO asserts as justification for implementing mandatory CLE.

5. §11.12. The USPTO should not adopt §11.12 in its current form. CLE for patent attorneys is unnecessary because the vast majority of patent attorneys are already subject to CLE requirements from their respective state bars, and because attorneys are ethically bound to competency standards.

6. §11.12. As an alternative, the USPTO should consider imposing CLE requirements on patent agents only, because patent agents are not subject to CLE requirements of another bar. Any mandatory CLE should require learning only, and not require verification testing. To impose mandatory CLE on all practitioners would be an unreasonable burden on the profession.