

March 5, 2012

The Honorable David J. Kappos
Under Secretary of Commerce for Intellectual Property and
Director of the United States Patent and Trademark Office
United States Patent and Trademark Office
600 Dulany Street
Alexandria, VA 22314

Via email: OED_SOL@uspto.gov

**RE: Comments on Notice of Proposed Rulemaking
Implementation of Statute of Limitations Provisions for Office
Disciplinary Proceedings, 77 Fed. Reg. 457 (January 5, 2012)**

Dear Under Secretary Kappos:

The American Intellectual Property Law Association (AIPLA) is pleased to present the following comments in response to the Notice of Proposed Rulemaking regarding “Implementation of Statute of Limitations Provisions for Office Disciplinary Proceedings,” as published in the *Federal Register* (Vol. 77, No. 3, pp. 457-461) on January 5, 2012 (the “Notice”).

AIPLA is a U.S.-based national bar association whose approximately 15,000 members are primarily lawyers in private and corporate practice, government service, and the academic community. AIPLA represents a diverse spectrum of individuals, companies, and institutions involved directly and indirectly in the practice of patent, trademark, copyright, unfair competition, and trade secret law, as well as other fields of law affecting intellectual property. Our members practice or are otherwise involved in patent law and other intellectual property law in the United States and in jurisdictions throughout the world.

Section 32 of Title 35, United States Code, as amended by the Leahy-Smith America Invents Act (“AIA”), requires that a disciplinary proceeding be commenced not later than the earlier of either 10 years after the date on which the misconduct forming the basis for the proceeding occurred, or one year after the date on which the misconduct forming the basis for the proceeding is made known to an officer or employee of the United States Patent and Trademark Office (USPTO). Prior to this amendment, disciplinary actions for such misconduct were generally understood to be subject to a five-year statute of limitations (SOL). The AIA’s new 10-year limitation provides the Office with five additional years to bring such actions, thus ensuring that the Office has additional flexibility to initiate “a [disciplinary] proceeding for the vast bulk of misconduct that is discovered, while also staying within the limits of what attorneys can reasonably be expected to remember.” *Congressional Record* S1372–1373 (daily ed. March 8, 2011), statement of Sen. Kyl.

The Office proposes to implement the one-year SOL provision of the AIA by commencing the period:

- 1) with respect to complaints based on reciprocal discipline, on the date on which the Director, Office of Enrollment and Discipline (OED Director) receives a certified copy of the record or order regarding the practitioner being publicly censured, publicly reprimanded, subjected to probation, disbarred, suspended, or disciplinarily disqualified;
- 2) with respect to complaints for interim suspension based on a serious crime conviction, the date on which the OED Director receives a certified copy of the record, docket entry, or judgment demonstrating that the practitioner has been convicted of a serious crime; and
- 3) with respect to complaints predicated on the receipt of a probable cause determination from the Committee on Discipline, on the date on which the OED Director receives from the practitioner a complete, written response to a request for information and evidence.

AIPLA believes that the proposed implementation of the new SOL provisions requires too much formality for complaints based on reciprocal discipline and for complaints for interim suspension based on a serious crime conviction. It also creates too much opportunity for delay by the Office in the case of complaints predicated on the receipt of a probable cause determination from the Committee on Discipline. To address the concerns raised by the Office regarding extensions of time during such a process, AIPLA believes that the Office should require a tolling agreement from the practitioner as a condition precedent for any extension, which would reasonably address these concerns without distorting the concept of notice/discovery to trigger the SOL clock.

Reciprocal Discipline/Conviction of Serious Crime

If appropriate authorities in the Office have received notice of a disciplinary action or a conviction of a serious crime, even if that notice does not meet the formalities provided in the proposed regulations, one year is more than enough time for the Office to investigate, document the facts, and reach a conclusion as to what actions, if any, it will take. There is no reason, for example, that a delay by the USPTO in obtaining a certified copy from the original disciplining or convicting body should be visited upon practitioners. Such a delay would needlessly extend the time during which practitioners are subject to further discipline by the Office.

The ticking clock of the statute of limitations is not just a limit on a party's exposure; it is also an incentive for the government to investigate. While a certified copy of a conviction may be important for its reliability on the ultimate question, tying the beginning of the period to the receipt of a formal copy provides an opportunity to procrastinate, unjustifiably extending the one-year period of exposure to liability. The rule implies that the case must be completely nailed down before a complaint is filed. That is not the way a SOL traditionally works; the clock ticks while an investigation is underway.

Misconduct Before the Office

Regarding situation (3), we first question whether it is necessary to require that a formal complaint be received by the OED Director. Section 32, as modified by the AIA, only requires that “the misconduct forming the basis for the proceeding [be] made known to an officer or employee of the Office.” This language would permit the Office to consider a complaint to be received when information that discloses specific conduct is presented to an official or employee of the USPTO for the purpose of having that official or employee determine whether such conduct constitutes fraud or a violation of the USPTO Code of Professional Responsibility. The receipt of such information should be sufficient to start the SOL clock running, even if the recipient officer or employee is not in the OED.

Applicants and their representatives should be encouraged to make candid disclosures to the Office in the event there is a mistake or omission that should be corrected. Accordingly, when, during the prosecution of an application, a disclosure is made that clearly raises questions, or requires guidance concerning the propriety of a practitioner’s earlier conduct, we believe the Office should be held to its one-year obligation, so that practitioners need not be concerned that years later, when recollections have dimmed, witnesses have become unavailable, or documentation misplaced, the Office might attempt to resurrect the issue. Waiting until a practitioner's complete written response to accusations is received before starting the one-year clock is also at odds with the implementation of other discovery-rule-timing in statutes of limitations. At a bare minimum, when a complaint against a practitioner has been made to the OED, the misconduct forming the basis of the proceeding has been made known to an officer or employee of the USPTO as required by the statute.

In its discussion in the *Federal Register* Notice, the USPTO states that it considered several stages in the disciplinary process at which it could have commenced the one-year clock. We will address these in turn, beginning with the starting point proposed by the Office.

The USPTO argues that the clock should start after the practitioner's response because of the time this might take out of the one-year period, especially where the practitioner requests extensions of time (which the Office states are routinely granted in view of the gravity of the accusations and potential severity of the punishments available). The Office also expresses concern that an earlier starting point might encourage dilatory tactics on the part of accused practitioners in an attempt to effectively run out the clock on disciplinary proceedings.

Acknowledging that extensions can reduce the time available for the Office to determine what course of action is appropriate and that dilatory tactics of any nature should not be permitted, AIPLA believes the answer is not to change the date for starting the clock, but rather to grant extensions of time only if the practitioner agrees to toll the statutory period by an amount equal to the requested extension of time to respond. We believe this approach is consistent with the statute and would, in fact, be similar to other statutes of limitations where tolling the statute upon the agreement of the parties is a commonly accepted practice. This would address the potential for abuse raised by the USPTO while protecting applicants against an open-ended period during which charges might be initiated.

We understand the need for the Office to limit to 30 days the time for responding to the OED Director's request for information, given the one-year statutory period the Office has to file a complaint after being notified of alleged misconduct. As explained in the Notice of Proposed Rulemaking, however, the OED Director has typically granted 30-, 60-, or even 90-day extensions where such extensions would not jeopardize the timely completion of an investigation in light of any approaching deadline under the statute of limitations. Where practitioners agree to toll the statutory period for the duration of any extension, there is no reason why the Office should not continue to grant such extensions to ensure that practitioners would always have a reasonable period in which to secure legal counsel, conduct their own inquiries, and prepare complete, written responses to requests for information.

The USPTO also states that the clock should start only after the preliminary screening has been completed so that practitioners will not be unduly burdened with requests for information when the Office has not yet made a final determination of whether the complaint establishes possible grounds for discipline. The Notice sets forth targets and goals for completion of the screening process. As an initial matter, the targets and goals set forth are not binding.

If the Office, for lack of resources or whatever reason, sets a complaint aside and does not revisit it for years before completing the screening process, the practitioner would remain with the continuing exposure the SOL was specifically designed to address. We understand the USPTO would like to have as much time as possible to investigate allegations without the clock running, but this is inconsistent with other discovery-based statutes of limitation. Those statutes delay the starting of the clock until knowledge of the facts is known; they do not delay for an indefinite time until knowledge of the facts plus additional analysis permit a certain conclusion to be reached. The proposed rule further presents the opportunity for exactly the kind of open-ended delay that the one-year limit at Section 32 of the AIA was crafted to prevent.

There could be a potential added benefit to the preliminary screening process if the Office promptly provided notice to a practitioner of the allegations of misconduct that triggered a preliminary screening process. While the practitioner's formal response as a matter of right more properly occurs after the Office has made a determination that the allegations establish possible grounds for discipline, the practitioner, after such notice, could voluntarily submit information and relevant materials to the preliminary screener to assist in the investigation. This would not require that the investigation and screening process be delayed and could save both the Office and the practitioner time and aggravation where the allegations were without merit.

Under the regulations as proposed, unless the USPTO promptly pursues a complaint to a final determination, the practitioner will always be exposed for the full 10 years and will never receive the benefit of the one-year notice provision of the statute. As an example, under the proposed rules, the OED could receive a detailed, explicit complaint against a practitioner about an event from the prior 6 months, spend resources investigating it thoroughly contemporaneously with the event and make an internal determination not to pursue the complaint at that time and so never ask the practitioner for a response. In the absence of a response, the one-year clock would never start even though the Office had received clear notice, performed an investigation in its screening process, and made a determination not to pursue the matter.

If eight years later, for whatever reason, the USPTO decided to reopen the investigation and proceed at that point against the practitioner, the Office would still be within the 10-year limit and the one-year notice rule would never have come into play. The failure to start the clock under the proposed rule in such a case, after detailed facts have been received, an investigation has occurred, and an assessment has been made to not pursue action at that time, will leave the threat of disciplinary action hanging over the head of a practitioner for 10 years. This would eviscerate the Congressional intent underlying the one-year provision.

For these reasons, AIPLA believes that, at a minimum, the clock should start running at the time a complaint is received by the OED (if not sooner). This meets every requirement of the statute and is consistent with the intent of Congress that disciplinary actions should be filed in a timely manner from the date when misconduct forming the basis of a disciplinary complaint against a practitioner is made known to “that section of USPTO charged with conducting Section 32 proceedings.” It is difficult to understand how a complaint filed with the OED would not make known the issue to that section of the USPTO. A one-year period, coupled with the tolling of the period in exchange for any extensions of time, would give the Office sufficient time to address any issues raised.

AIPLA recognizes that careful implementation of the AIA is a significant task and is thankful for the opportunity to participate. We look forward to working with the USPTO and would be pleased to further explain our views on the appropriate implementation of the SOL provisions in the AIA.

Sincerely,

A handwritten signature in black ink, appearing to read "William G. Barber", with a long horizontal flourish extending to the right.

William G. Barber
AIPLA President