

# Professional Responsibility Before the Office of Enrollment and Discipline: Cases and Considerations



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# OED Discipline: America Invents Act

- The AIA amended 35 U.S.C. § 32 to require disciplinary proceedings to be commenced not later than the earlier of:
  - 10 years after the misconduct occurred, or
  - One year from when the misconduct was made known to the USPTO.
- 37 C.F.R. § 11.34(a) explains that disciplinary proceedings begin with the filing of a complaint.
- 37 C.F.R. § 11.34(d) specifies that the timing for filing a complaint shall be within one year after the date on which the OED Director receives a grievance.
- 37 C.F.R. § 11.1 defines “grievance” as a “written submission from any source received by the OED Director that presents possible grounds for discipline of a specified practitioner.”



# OED Discipline: Grievances

- An investigation may be initiated pursuant to information from any source suggesting possible grounds for discipline. 37 C.F.R. § 11.22(a).
- Common Sources of Information:
  - External to USPTO: Clients, Colleagues, Others.
  - Internally within USPTO: Patent Corps, Trademark Corps, Other.
  - Other: Published Decisions, News Articles.
- Duty to report professional misconduct:
  - 37 C.F.R. § 11.803



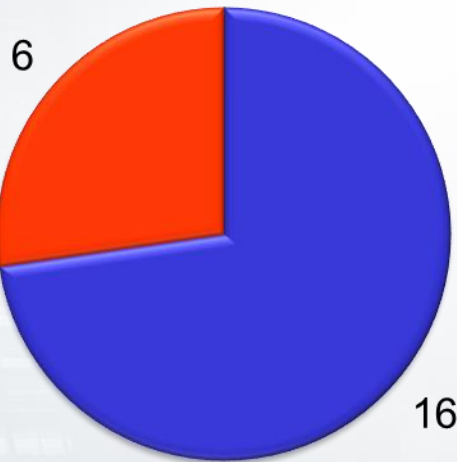
# Total Number of OED Disciplinary Decisions

## Breakdown of Reciprocal vs. Non-Reciprocal Formal Decisions

FY12



FY13



FY14

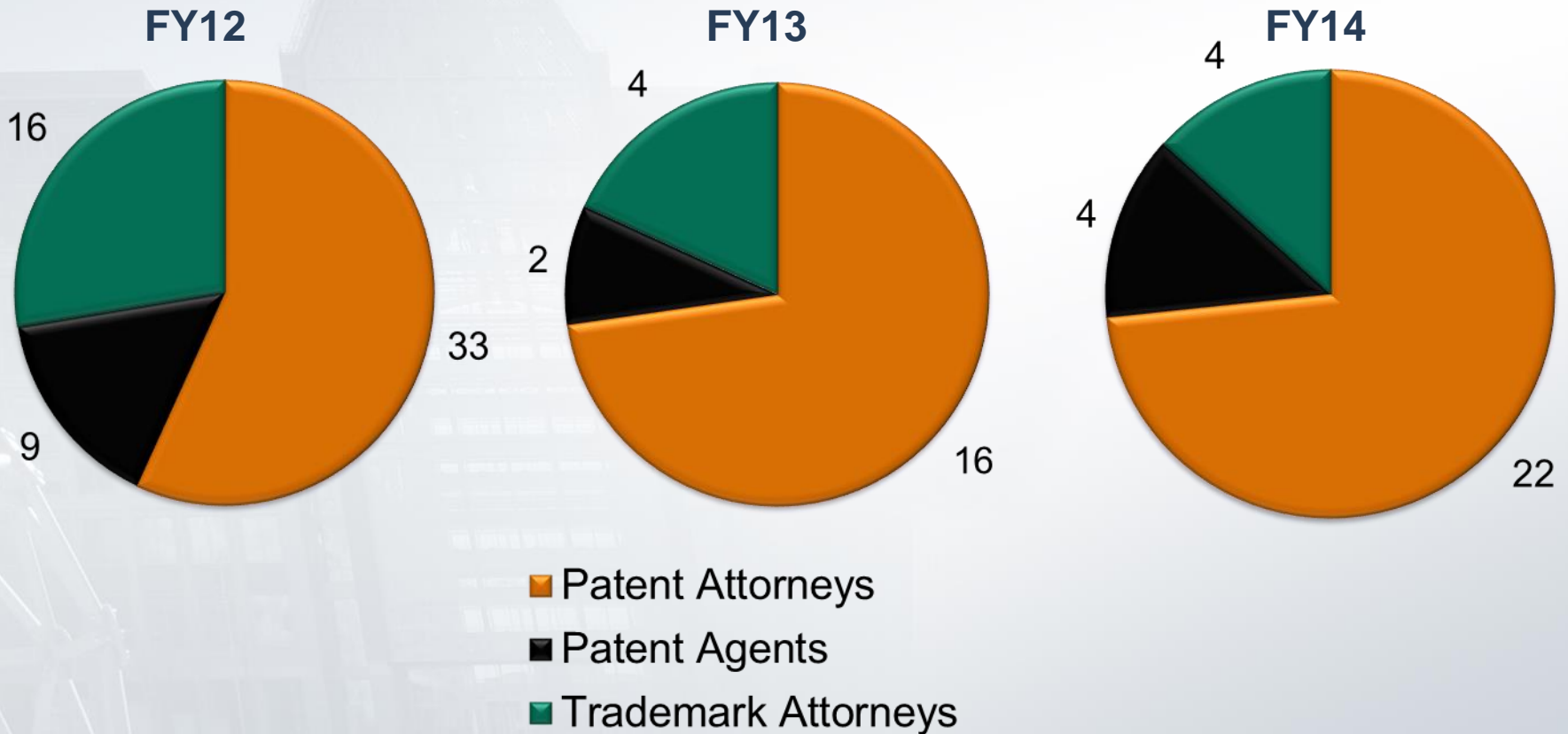


■ Non-Reciprocal ■ Reciprocal



# Total Number of OED Disciplinary Decisions

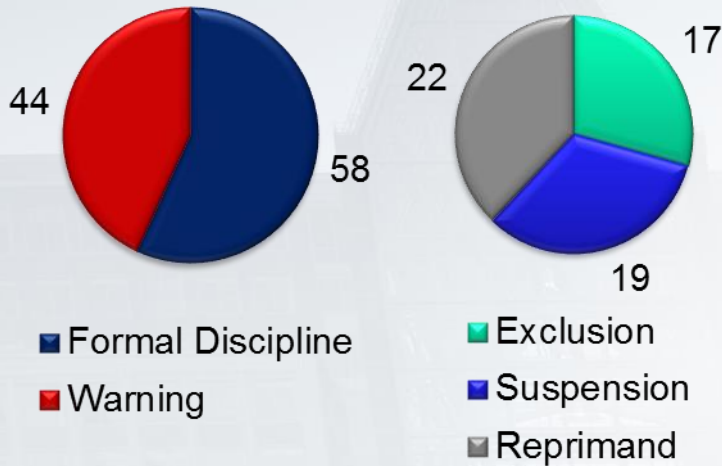
## Breakdown of Disciplinary Decisions by Practitioner Type



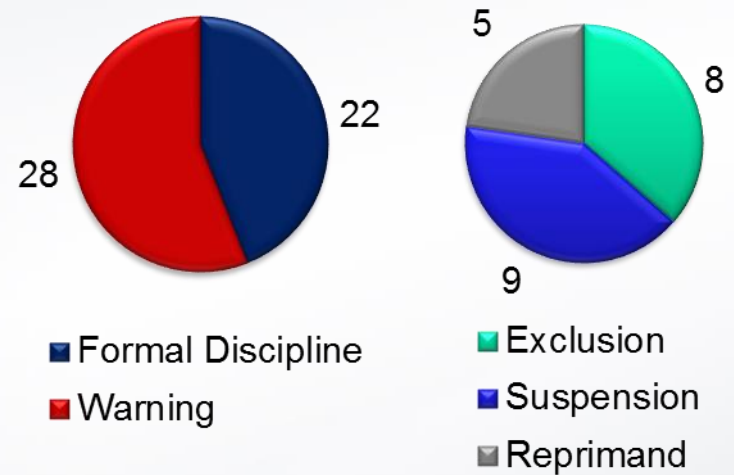


# OED Disciplinary Decisions

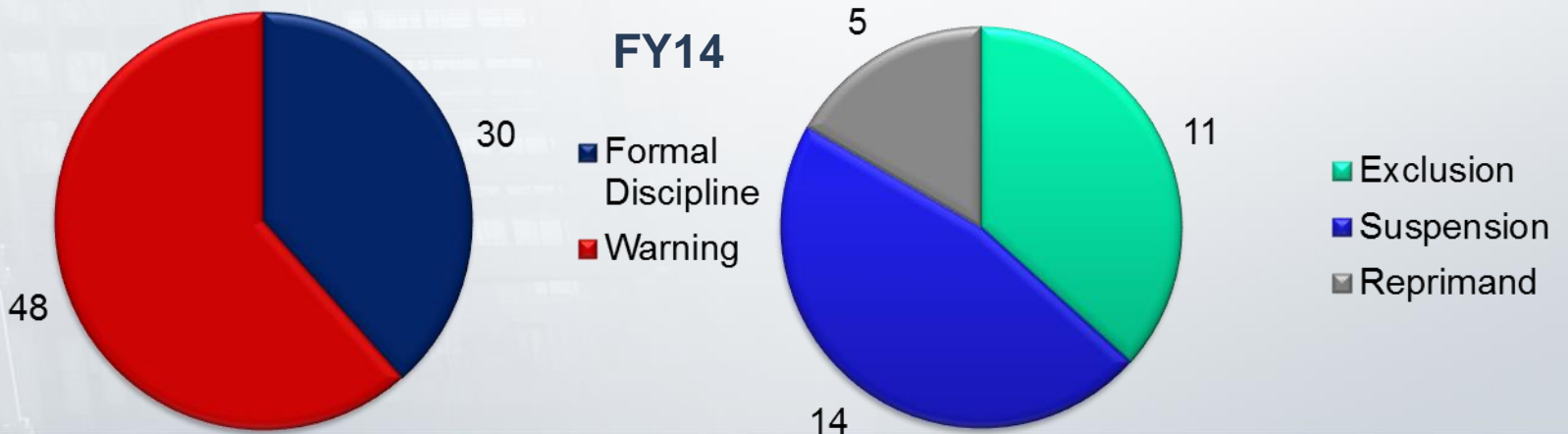
FY12



FY13



FY14





# Frequent Causes of Grievances

- Neglect
- Dishonesty, Fraud, Deceit, Misrepresentation
- Fee-Related Issues
- Unauthorized Practice of Law



# Examples of Neglect

- Failure to reply to Office actions
- Failure to communicate with client
  - Duty to reply to client inquiries
  - Duty to report Office communications
- Failure or delay in filing patent application
- Failure to revive or assist in reviving abandoned applications
- Failure to turn over files to new representative





# Examples of Neglect

- *In re Frantz* (USPTO D2012-32)
  - Patent and trademark attorney; disciplinary complaint alleged:
    - Neglected 33 patent and 19 trademark matters.
    - Allowed applications to go abandoned without informing clients.
  - Excluded from practice before the USPTO.
- *In re Tachner* (USPTO D2012-30)
  - Patent attorney; disciplinary complaint alleged:
    - Failed to report Office communications and docket due dates.
    - Apps. became abandoned; patents expired for failure to pay maint. fees.
    - Used handwritten docket book and “white board” for docketing USPTO due dates; later simple MS Word document was used.
    - Staff was undertrained and underequipped.
  - Suspended from practice before USPTO for 5 years.
- Internal organization, systems, and office structure are important.
- Practitioners are responsible for using adequate staff and equipment to handle client matters.



# Examples of Dishonesty, Fraud, Deceit or Misrepresentation

- Concealing information from client, *e.g.*,
  - Date of Office action
  - Date of abandonment
  - Reason for abandonment
  - Misrepresenting to client status of abandoned application as pending
- Making false or misleading statements to USPTO, *e.g.*,
  - In advocacy before examiners, TTAB, PTAB
  - To revive abandoned application
  - To obtain extension of time for reply
  - In response to an OED inquiry



# Examples of Dishonesty, Fraud, Deceit or Misrepresentation

- *In re Hicks* (USPTO D2013-11)
  - Trademark attorney:
    - Sanctioned by EDNY for non-compliance with discovery orders.
    - Federal Circuit affirmed sanction and found appellate brief to contain “misleading or improper” statements.
  - Received public reprimand and one-year probation.
- *In re Reardon* (USPTO D2012-19)
  - Patent agent; president of non-profit organization.
  - Disciplinary complaint alleged:
    - Misappropriated at least \$116,894 from non-profit org. for personal use.
    - Used non-profit’s credit card for personal use without authorization.
    - Submitted false annual financial reports to conceal his conduct.
  - Excluded from practice before the USPTO.



# Examples of Dishonesty, Fraud, Deceit or Misrepresentation

- *In re Goldstein* (USPTO D2014-10)
  - Patent attorney; disciplinary complaint alleged:
    - Falsely informed clients he filed patent and TM applications on their behalf and that applications were being examined.
    - Created and sent clients fake filing receipts for patent applications.
    - Created fake cease-and-desist letters allegedly sent to potential infringers.
    - Created phony response to fictitious inquiry from patent examiner.
    - Billed clients for services he did not perform and fees he did not pay.
  - Excluded from practice before the USPTO.



# Examples of Fee-Related Issues

- Repeated failure to reply to fee-related Missing Parts
- Failure to return client's advanced fees
- Improper commingling of client's advanced legal fees with practitioner's funds
- Checks returned or EFTs dishonored for insufficient funds
- Failure to disclose fee escrow and business relationship with invention development companies
- Charging excessive interest on unbilled fees.



# Examples of Fee-Related Issues

- *In re Riley* (USPTO D2013-04)
  - Patent attorney:
    - Client paid \$2000 for patent application preparation and filing.
    - Attorney did nothing but kept money and ignored client.
    - Client obtained small-claims court judgment, but attorney ignored it.
  - Excluded from practice before the USPTO.
- *In re Lane* (USPTO D2013-07)
  - Patent agent:
    - Sent notice of charges for services rendered to client without demand for payment, as parties were working on potential business relationship that would subsume the charges.
    - Later sent an invoice for the charges and added an 18% interest charge from first notice.
    - Because client was unaware that interest was accruing, interest charge was excessive fee and disreputable conduct.
  - 18-month suspension added to earlier discipline



# Examples of the Unauthorized Practice of Law

- Non-attorneys practicing before the Office in TM matters.
  - Patent agents practicing before the Office in TM matters.
- Unregistered individuals practicing before the Office in patent matters.
  - Excluded or suspended attorneys/agents practicing before the Office in patent matters.
- Foreign attorneys practicing before the Office in Patent or TM matters.
- Patent agents practicing state law.



# Examples of UPL

- *In re Seto* (USPTO D2009-38)
  - Patent agent:
    - Hired as patent examiner; did not inform OED, as required.
    - Did not withdraw from all matters before the USPTO upon hiring.
    - Continued to prosecute patent applications while working at the USPTO.
    - Assisted in preparation of TM applications while working at USPTO.
    - Knew practice before the Office was not permitted for employees.
  - For this and other misconduct, received 5-year suspension.
- *In re Campbell* (USPTO D2014-11)
  - Patent agent:
    - Represented person in Colorado matter involving DUI charges.
      - Attempted to claim he was “attorney in fact” for driver.
    - Sued City of Colorado Springs in civil court on behalf of driver.
    - Appeared on behalf of driver in license revocation hearing.
  - For this and other misconduct, excluded from practice before the USPTO.





# Additional Examples of Misconduct

- ***In re Tassan*** (USPTO D2003-10)
  - Attorney left abusive voicemail messages for 3 different TTAB Administrative Judges.
  - Reprimanded and ordered to complete anger management.
- ***In re Druce*** (USPTO D2014-13)
  - Non-lawyer assistant fabricated filings and office communications
  - Signed patent attorney's signature to filings.
  - Failure to adequately supervise non-lawyer assistant.
  - 2-year stayed suspension and 2-year probation upon reinstatement
- ***In re Tendler*** (USPTO D2013-17)
  - Filed Rule 131 declaration re: actual reduction to practice.
  - Later learned from client that the facts were not accurate.
  - Did not advise office in writing of inaccuracy.
  - 4-year suspension for conduct prejudicial to the administration of justice.
- ***In re Caracappa*** (USPTO D2014-02).
  - Authorized subordinate to send email to PTAB judge regarding Inter Partes Review without copying opposing counsel.
  - Received public reprimand.



# Decisions Imposing Public Discipline Available In FOIA Reading Room

- ▶ <http://e-foia.uspto.gov/Foia/OEDReadingRoom.jsp>
  - ▶ In the field labeled “Decision Type,” select “Discipline” from the drop down menu.
    - To retrieve all discipline cases, click “Get Info” (not the “Retrieve All Decisions” link).
  
- ▶ Official Gazette for Patents
  - [http://www.uspto.gov/news/og/patent\\_og/index.jsp](http://www.uspto.gov/news/og/patent_og/index.jsp)  
Select a published issue from the list, and click on the “Notices” link in the menu on the left side of the web page.



# The USPTO Rules of Professional Conduct

- Final Rules Effective: **May 3, 2013.**
  - 78 Federal Register 20179
- 37 C.F.R. §§ 11.101-901.
- Old rules (37 C.F.R. Part 10) apply to activity prior to effective date.
- Based on 2011 Update to ABA Model Rules.
- Comments and Annotations to ABA Model Rules: non binding, but may be useful information.



# USPTO Rules of Professional Conduct: 37 C.F.R. Part 11

- **Section 1:** Client – Practitioner Relationship  
§§ 11.101-11.118.
- **Section 2:** Counselor – §§ 11.201, 11.203-204.
- **Section 3:** Advocate – §§ 11.301-11.307, 11.309.
- **Section 4:** Transactions with Persons Other Than Clients  
§§ 11.401-11.404.
- **Section 5:** Law Firms and Associations – §§ 11.501-11.507.
- **Section 7:** Information About Legal Services  
§§ 11.701-11.705.
- **Section 8:** Maintaining the Integrity of the Profession  
§§ 11.801-11.804.
- **Savings Clause** – § 11.901.



# USPTO Rules of Professional Conduct: Confidentiality

- Bob is a patent attorney for Company X. He represents Company X in both general litigation and patent prosecution matters. While working on a litigation matter, he learns confidential information regarding Company X that is material to the patentability of claims pending in one of the patent applications Bob is handling for Company X.



# Conflicts of Interest

- Law Firm X, is hired by Widget Corp. to defend against a patent infringement suit brought by Research Inc. However, Law Firm X had previously performed patent prosecution work for Research Inc. and still holds power of attorney for some of Research Inc.'s patents.



# Conflicts of Interest

- Perry, a partner at SmartFirm, PC represents Carl in the prosecution of a patent application for a ski binding that is easily movable from one ski to another. Brenda, another SmartFirm partner, takes over prosecution of a patent application for SkiCorp, for a ski binding that is movably attached to its corresponding ski for the purpose of cross country skiing. However, the claims of the SkiCorp patent arguably read on the described subject matter and potential products from Carl's application.



# USPTO Rules of Professional Conduct: Safekeeping Property

- Registered patent agent Gary represents Bernice in prosecution of a single patent application before the USPTO. The prosecution was difficult and Gary spent much more time on the matter than he anticipated when he quoted Bernice a price for the work. The application is allowed and issues as a patent. Bernice has paid Gary the quoted price, but Gary is upset. When the “ribbon copy” of the issued patent is transmitted to Gary, he does not automatically forward it to Bernice.





# Terminating Representation

- Terry, a registered practitioner, takes over prosecution of a U.S. utility patent application for Company A, who changes the correspondence address to Terry's business address. A power of attorney is not filed in the application, but Terry files an Office Action response in a representative capacity pursuant to 37 CFR § 1.34. Terry then learns that she must withdraw from representation of Company A due to a conflict with another firm client. Terry is unable to change the correspondence address for the application under 37 C.F.R. § 1.33 (because she does not hold power of attorney). She requests that Company A change the correspondence address, but Company A is slow to do so.
- The USPTO continues to send correspondence regarding the application to Terry.



# Terminating Representation

- Registered practitioner Trent represents Maria in a U.S. utility application that recently received a Notice of Allowance. Trent reported the Notice of Allowance to Maria and requested pre-payment of the issue fee. Maria has not yet provided pre-payment of the issue fee to Trent. The payment date for the issue fee is approaching.



# Terminating Representation

- Gail is a patent attorney who works as an associate for Firm W. Gail handles all of the patent prosecution matters for Firm W's clients and is the only practitioner associated with Firm W's USPTO customer number. Gail accepts an in-house position at Technology Incorporated and gives 2 weeks notice to Firm W. Firm W wants to continue to represent its patent clients.
- Resources with additional information on withdrawal:
  - 37 C.F.R. § 11.116.
  - MPEP 402.06.
  - USPTO form PTO/AIA/83 (04-13).



# Contacting OED

For Informal Inquiries, Contact OED at  
571-272-4097

THANK YOU