



Submitted to: [ethicsrules.comments@uspto.gov](mailto:ethicsrules.comments@uspto.gov)

December 17, 2012

Hon. David J. Kappos  
Under Secretary of Commerce for Intellectual Property  
And Director of the U.S. Patent and Trademark Office  
600 Dulany Street  
P.O Box 1450  
Alexandria, VA 22313

Re: Comments on Notice of Proposed Rulemaking: Changes to Representation of Others Before the United States Patent and Trademark Office, 77 Fed. Reg. 64190 (October 18, 2012)

Dear Under Secretary Kappos:

Intellectual Property Owners Association (IPO) appreciates the opportunity to provide comments to the U.S. Patent and Trademark Office (PTO) regarding the proposed professional responsibility rules (Proposed Rules) published in the Federal Register on October 18, 2012 (Federal Register notice).

IPO is a trade association representing companies and individuals in all industries and fields of technology who own, or are interested in, intellectual property rights. IPO's membership includes more than 200 companies and more than 12,000 individuals who are involved in the association either through their companies or as inventor, author, law firm, or attorney members.

We have reviewed the Proposed Rules and generally agree with the PTO's overall objective to align them with the Model Rules of Professional Conduct of the American Bar Association (ABA), updated through 2011. We are concerned, however, that the period for public comments was insufficient to permit comprehensive study of and comparison with the rules of other U.S. jurisdictions. The research required to ensure that the Proposed Rules do not conflict with the professional responsibility rules of other U.S. jurisdictions would be significant. We fear that, without further study, the Proposed Rules may result in unintended negative consequences for practitioners.

We are also concerned about the timing of the Proposed Rules. Practitioners have been and continue to be charged with learning unprecedented amounts of new rules and procedures following enactment of the America Invents Act in the fall of 2011. Moreover, amendments regarding duties to disclose information material to patentability and of

President  
**Richard F. Phillips**  
Exxon Mobil Corp.  
  
Vice President  
**Philip S. Johnson**  
Johnson & Johnson  
  
Treasurer  
**Carl B. Horton**  
General Electric Co.

Directors  
**Russell W. Binns, Jr.**  
Avaya, Inc.  
**Tina M. Chappell**  
Intel Corp.  
**Mark Costello**  
Xerox Corp.  
**William J. Coughlin**  
Ford Global Technologies LLC  
**Timothy Crean**  
SAP AG  
**Robert DeBerardine**  
Sanofi-Aventis  
**Barth Eppenaue**  
Microsoft Corp.  
**Louis Foreman**  
Enventys  
**Scott M. Frank**  
AT&T  
**Darryl P. Frickey**  
Dow Chemical Co.  
**Bernard J. Graves, Jr.**  
Eastman Chemical Co.  
**Krish Gupta**  
EMC Corporation  
**Henry Hadad**  
Bristol-Myers Squibb Co.  
**Jack E. Haken**  
Koninklijke Philips Electronics N.V.  
**Dennis R. Hoerner, Jr.**  
Monsanto Co.  
**Michael Jaro**  
Medtronic, Inc.  
**George W. Johnston**  
Roche Inc.  
**Lisa Jorgenson**  
STMicroelectronics, Inc.  
**Charles M. Kinzig**  
GlaxoSmithKline  
**David J. Koris**  
Shell International B.V.  
**Mark Lauroesch**  
Corning Inc.  
**Allen Lo**  
Google Inc.  
**Scott McDonald**  
Mars Incorporated  
**Jonathan P. Meyer**  
Motorola Solutions, Inc.  
**Steven W. Miller**  
Procter & Gamble Co.  
**Douglas K. Norman**  
Eli Lilly and Co.  
**Elizabeth A. O'Brien**  
Covidien  
**Sean O'Brien**  
United Technologies, Corp.  
**Dana Rao**  
Adobe Systems Inc.  
**Kevin H. Rhodes**  
3M Innovative Properties Co.  
**Mark L. Rodgers**  
Air Products & Chemicals, Inc.  
**Curtis Rose**  
Hewlett-Packard Co.  
**Matthew Sarboraria**  
Oracle USA, Inc.  
**Manny Schecter**  
IBM, Corp.  
**Steven Shapiro**  
Pitney Bowes Inc.  
**Dennis C. Skarvan**  
Caterpillar Inc.  
**Russ Slifer**  
Micron Technology, Inc.  
**Daniel J. Staudt**  
Siemens Corp.  
**Brian K. Stierwalt**  
ConocoPhillips  
**Thierry Sueur**  
Air Liquide  
**James J. Trussell**  
BP America, Inc.  
**Cheryl Tubach**  
J.M. Huber Corp.  
**Roy Waldron**  
Pfizer, Inc.  
**Michael Walker**  
DuPont  
**BJ Watrous**  
Apple Inc.  
**Stuart Watt**  
Amgen, Inc.  
**Paul D. Yasger**  
Abbott Laboratories  
  
General Counsel  
**Michael D. Nolan**  
Milbank, Tweed, Hadley & McCloy, LLP  
  
Executive Director  
**Herbert C. Wamsley**

candor and good faith under 37 C.F.R. § 1.56 (“Rule 56”) were proposed nearly eighteen months ago, but have not yet been finalized. See “Revision of the Materiality to Patentability Standard for the Duty to Disclose Information in Patent Applications,” 76 Federal Register 43631, July 21, 2011. IPO wonders why implementation of completely new professional responsibility rules could not be delayed until after practitioners have fully digested the new fees and first inventor to file rules in early 2013, and the PTO has finalized long-pending rules.

We understand the Proposed Rules will remove and reserve 37 C.F.R. Part 10 (Practice before the Office), and amend the General Provisions, 37 C.F.R. Part 11, to more closely correspond to the ABA Model Rules. We also understand the Proposed Rules do not address the duties under Rule 56. IPO has prepared the following numbered comments regarding specific Proposed Rules that we believe warrant further consideration.

1. Proposed Rule 11.1—Definitions

The definition of fraud seems to adopt a gross negligence standard for intent that the Federal Circuit in *Therasense Inc. v. Becton, Dickinson & Co.* held was not sufficient to establish inequitable conduct. Whatever the Federal Circuit was trying to achieve in *Therasense* seems to be undermined by the proposed definition, which encourages behavior on the part of practitioners that may not be in the best interests of the PTO.

2. Proposed Rule 11.105—Fees

The proposed rules prohibit practitioners from gaining a proprietary interest in patents, but do not seem to address the situation where the practitioner is a named inventor, in which case the practitioner may have a proprietary interest in the patent by operation of law. A number of patent lawyers have also been inventors. For example, Chester Carlson, the father of Xerography, was a patent attorney.

3. Proposed Rule 11.106—Confidentiality of Information

Proposed Rules 11.106(b)(3) and 106(c) relate to a duty of disclosure of a practitioner, but do not seem to address a conflicting duty to the client or a court, and how those conflicting duties could be acceptably resolved. Consider, for example, the statement in MPEP 724 addressing duty of disclosure: It matters not whether the material information can be classified as a trade secret, or as proprietary material or whether it is subject to a protective order.

The Proposed Rules set up situations in which a practitioner is forced to choose between violating a court order or subjecting oneself to possible discipline for not submitting information to the PTO, such as when that information is subject to a court protective order but might also be material to a patent application. In other aspects of these proposals, as IPO understand them, the practitioner owes a higher duty to the PTO than to the practitioner’s client. This ordering of duties might be understandable, perhaps, when it comes to criminal activity, but these rules cover a wide spectrum of confidential information.

## INTELLECTUAL PROPERTY OWNERS ASSOCIATION

A requirement (mandatory) to reveal a client's confidential information is an extraordinary obligation on a provider of professional services. Because such a requirement clearly puts the practitioner in a very difficult position, that requirement must be clearly delineated. We do not believe that the proposed rule provides the necessary clarity.

The wording "duty of disclosure provisions" appears to reference Rule 56, and not the judicially created doctrine of inequitable conduct. The requirements under Rule 56 and the judicially created doctrine of inequitable conduct appear to differ from one another, although some authorities seem to conflate them. In addition, both Rule 56 and the doctrine of inequitable conduct have changed over time. This creates uncertainty about the scope of a requirement to take the extraordinary step of deliberately revealing the confidential information of a client.

In addition, there has long been uncertainty about how a practitioner is to handle confidential information of one client that might be relevant to the patent application of another client. The proposed requirement only compounds that uncertainty. (*See also* Proposed Rules 11.109 and 11.203, which contain similar language regarding duties to former clients and evaluation for use by third parties, respectively.)

IPO believes that this specific situation warrants its own consideration prior to adoption of the Proposed Rules by way of an explanation by the PTO as to how it believes practitioners should resolve this conundrum and an opportunity for the public to comment on the PTO's explanation.

#### 4. Proposed Rule 11.108—Conflict of Interest: Current Clients

IPO questions whether paragraph (a) might be read to prohibit a practitioner from owning investment vehicles (such as mutual funds or IRA holdings) that might include publicly traded stock or securities in a company that competes with the practitioner's client. Competitors are in some respects adverse to one another. Yet, unless the practitioner owns a controlling interest in the competitor (i.e., the practitioner is a passive investor), and unless the holding forms a substantial portion of the practitioner's investment portfolio, the prospect for actual conflict is extremely remote.

We suggest the addition of a clarifying paragraph:

(l) ownership of publicly traded stock or securities in a business that may compete with a client of the practitioner shall not be considered an ownership interest adverse to the client, unless the ownership consists of a controlling interest in the business, or the ownership constitutes a such a substantial portion of the practitioner's total assets as to influence the practitioner.

#### 5. Proposed Rule 11.302—Expedited Proceedings

Section 11.302 would impose an obligation on practitioners to "make reasonable efforts to expedite proceedings before a tribunal consistent with the interests of the client," and related commentary would define "tribunal" to include the PTO. This "duty to expedite" is intended to

## INTELLECTUAL PROPERTY OWNERS ASSOCIATION

apply to routine prosecution (PTO “proceedings”) and not just litigation. We believe that this rule should not be adopted, or if adopted, should be modified to avoid making routine actions during patent prosecution, such as taking extensions of time (“taking extensions”), potentially sanctionable behavior.

Practice before the PTO is subject to a comprehensive system of statutory requirements and rules relating to the timing of acts. Deadlines are well defined by statutes and rules, and specific rules exist dictating when extensions are available. There also already exists an intricate and balanced set of disincentives to delay prosecution, including the inherent delay in obtaining an enforceable patent, potential patent term adjustment penalties, and escalating extension fees. Not only is there no need for a vague “duty to expedite” above and beyond the existing system for regulating timing of events, but the proposed rule could actually undermine the existing system by implying that actions routinely engaged in during normal prosecution (such as taking extensions) could be construed as a violation of this nebulous new “duty to expedite.”

Should the Office nevertheless conclude that this rule be adopted, we request that it be amended to clarify that obtaining routine extensions, or taking other actions clearly contemplated by existing rules, such as filing a Notice of Appeal or an RCE, etc., shall not be violations of the rule.

### 6. Proposed Rule 11.303—Candor Toward the Tribunal

11.303(a)(2) would impose a duty to disclose legal authority that is “directly adverse” (whatever that means). This may be understandable if one cites a case that has been overturned, but seems over-broad and subject to significant interpretation. As a practical matter, one could always argue that a particular decision is not directly adverse unless it involved the exact same facts.

### 7. Proposed Rule 11.305—Impartiality and Decorum of the Tribunal

Ex parte communication with PTO Examiners and other officials is such a large part of normal practice before the Office that we think there should be a clear statement in this rule that clause (b) does not prohibit such normal communication. Although the large body of PTO rules pertaining to ex parte communication with the Examiner and others implicitly authorize such communication, specific acknowledgement within the rule will avoid any doubt.

An exemplary addition might be, “Ex parte communication with Examiners and other PTO officials in the course of application examination, appeals to the Trademark Trial and Appeal Board or to the Patent Trial and Appeal Board, post grant proceedings, etc., consistent with USPTO Rules, MPEP, TMEP, and Office practice are authorized ex parte communications under clause (b).”

### 8. Proposed Rule 11.307—Practitioner as a Witness

It is not infrequent that clients request that the practitioner who prosecuted an application also prosecute corresponding post-grant proceedings, thereby increasing efficiency because of the practitioner’s familiarity with the subject matter and/or the client’s objectives. Similarly, clients

## INTELLECTUAL PROPERTY OWNERS ASSOCIATION

may also request that litigators participate in corresponding post-grant proceedings. In either case, the practitioner may be a witness in the proceeding. Clients should be permitted their choice of representation, provided the risks and consequences are fully explained to the client.

Moreover, a blanket ban on representation provides an opportunity for mischief by opposing practitioners. Merely by accusing an opposing practitioner in an interference proceeding of inequitable conduct during the prosecution of the application or in the interference proceeding, a practitioner can deprive the opposing party of the opposing party's choice of advocate for the opposition.

The Office should consider revising the rule to state that the practitioner shall not act as an advocate if the practitioner is aware of a substantial material issue on which he or she may need to testify. This will ensure efficiency for the patent owner and potentially increase the quality of the post-grant proceeding by allowing participation of qualified practitioners. It would be less likely that a practitioner would be breaking the rule unless the practitioner was on notice of a substantial material issue.

### 9. Proposed Rule 11.504—Professional Independence of a Practitioner

This proposed rule would appear to prohibit what is today a very common type of law firm – the firm that includes both lawyer-practitioners and lawyers who do not practice at the USPTO (and thus may not be “practitioners”). Since many such firms are either partnerships with both practitioners and non-practitioner lawyers, or professional corporations or associations owned by both practitioners and non-practitioner lawyers, Sections (b) and (d) would appear to prohibit such firms. In addition, Section (a) creates uncertainty about the ability of firms containing both practitioners and non-practitioner lawyers to arrange compensation of the non-practitioner members of the firm. We think that this may be an unintended consequence of substituting “practitioner” for “lawyer” in ABA Model Rule 5.4.

IPO thanks the PTO for considering these comments and would welcome any further dialogue or opportunity to provide additional information to the PTO to assist in finalizing the Proposed Rules.

Sincerely,



Richard F. Phillips  
IPO President