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**THE PHILADELPHIA INTELLECTUAL PROPERTY
LAW ASSOCIATION
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Via Email and Fax

February 19, 2004

Harry I. Moatz, Esquire
Director of Enrollment and Discipline
Mail Stop OED-Ethics Rules
U.S. Patent and Trademark Office
P.O. Box 1450
Alexandria, VA 22313-1450

RE: Comments on proposed Changes to Representation of Others Before the United States
Patent and Trademark Office, 68 Fed. Reg. 69442 (December 12, 2003)

Dear Director Moatz:

The Board of Governors of the Philadelphia Intellectual Property Law Association (“BG-PIPLA”) is providing the following comments to the currently *proposed* United States Patent and Trademark Office (“PTO”) set of rules, *Changes to Representation of Others Before the United States Patent and Trademark Office*, 68 Fed. Reg. 69442 (December 12, 2003) (herein: “*The Proposed Rules*”).

The Philadelphia Intellectual Property Law Association (“PIPLA”) is a voluntary membership nonprofit organization. Active members are lawyers practicing (prosecuting, litigating, etc.) patent, trademark, or copyright law, registered patent attorneys and registered patent agents, living in or practicing within the geographical area of the Association, comprising the Third Judicial Circuit (i.e., Pennsylvania, Delaware, New Jersey and the Virgin Islands). A standing committee of PIPLA is the Patent and Trademark Office Coordinating Committee (“PTO-CC”).

On February 19, 2004, a majority of the Board of Governors of PIPLA (“BG-PIPLA”) approved the following statement of position concerning *The Proposed Rules*. The statement was prepared through the contributions of Gerry J. Elman, chair of the PTO-CC, and members of a PTO-CC task force comprising John Marshall, Kenneth Nigon, Gary Cohen, Patrick Baker, William Schwarze, Beth Maurer, Joan Kluger, Mark Young and John Choi. The positions stated herein represent those adopted by the BG-PIPLA.

The Proposed Rules include three major areas: Part 11, subpart B - Recognition to Practice Before the USPTO; Part 11, subpart C - Investigations and Disciplinary Proceedings; and Part 11, subpart D - Rules of Professional Conduct. On January 29, 2004, the PTO published an extension to the period for providing comments on Part 11, Subpart D – Rules of Professional Conduct, which includes proposed rules 11.100

through 11.900. As such, the comments below are directed only to Part 11, Subparts B and C of *The Proposed Rules*.

I. Introduction

The BG-PIPLA acknowledges the PTO's laudable effort to adopt rules intended to improve patent and trademark quality in accordance with the USPTO 21st Century Strategic Plan. However, the BG-PIPLA has significant concerns with the magnitude and scope of *The Proposed Rules* and, as more fully elaborated below, specific concerns with many of the rules. The PTO proposal puts forward significant changes to the existing rules for enrollment and discipline of practitioners, and offers completely new rules for many issues, without providing a substantial justification or basis for them. Accordingly, the BG-PIPLA respectfully urges that current PTO enrollment and discipline problems be studied independently with the goal of proposing solutions narrowly tailored to address genuine and significant problems. Thus, the BG-PIPLA respectfully recommends against the adoption of *The Proposed Rules*.

In the alternative, the BG-PIPLA respectfully requests that specific rules (identified below) be modified or not adopted at all. In particular, the BG-PIPLA has concerns with proposed rules pertaining to practitioner recertification, annual fees, mandatory continuing training, PTO authority regarding financial records, and disciplinary sanctions that include financial restitution.

II. Part 11, Subpart B - Recognition to Practice Before the USPTO

The BG-PIPLA appreciates PTO efforts to simplify the process of becoming registered as a practitioner. Our section, however, has serious concerns about the proposed rules of this section and questions regarding whether they expand the scope of PTO authority beyond what was intended by Congress. We are also concerned about the implementation costs, which will assuredly be passed on to practitioners and ultimately to their clients. We believe that such cost increases are not in the public interest.

Section 11.5 (b) Practice Before the Office

"Practice before the Office" according to this section includes an overly broad spectrum of matters, such as "law-related service that comprehends all matters connected with the presentation to the Office ... for ... conduct of other non-patent law." This would provide the PTO jurisdiction over matters beyond its statutory authority.

Section 11.5(b)(1) provides: "[p]ractice before the Office [] in patent matters includes ... considering the advisability of relying upon alternative forms of protection under State law." This is beyond the statutory authority of the PTO, particularly because such activity by patent agents may be considered practicing law without a license, which cannot and should not be considered practice before the PTO in patent matters.

Section 11.5(b)(3) provides that practice before the PTO "in private as well as other professional matters includes conduct reflecting adversely on a person's fitness to practice law" The BG-PIPLA questions the PTO's jurisdiction to include private activity within the meaning of "practice before the Office," and therefore recommends that this section be deleted.

Section 11.7 Regrading

Questions in the examination should continue to be subject to review for correctness, readability and fairness. The use of Office Model Answers does not assure correctness, readability and fairness, only uniformity. Also, it is only reasonable and fair to require the Office to regrade/review questions that it has developed. Limited access to the questions should be allowed for such purposes.

Section 11.7(g) Requirements For Registration

In the summary of this section on page 69449 of *The Proposed Rules*, the PTO seeks comments on two options for accepting state bar determinations of moral character. Of the two, the BG-PIPLA favors the second option, which gives deference to state bar determinations, and reserves authority by the PTO for further investigation in the event of a substantial discrepancy between information given to the state bar and information given to the PTO.

Section 11.8(d) Oath, Registration Fee and Annual Fee

Despite recent news reports that the Administration's Budget Proposal supports retention by the PTO of 100% of user fees collected, the legislative results of this proposal are yet to be seen. The BG-PIPLA is concerned that the proposed annual fee will be subject to fee diversion as part of the overall PTO budget. As such, the proposed annual fee is not in the public interest, as it will likely be diverted beyond its intended purpose. The annual fee will ultimately be passed on to clients as an additional cost on innovation. The BG-PIPLA recommends efforts to reduce costs associated with enrollment and discipline functions at the PTO rather than imposing an annual fee.

Section 11.11(d) Inactive Status

The proposed section 11.11(d) would allow a practitioner to assume inactive status, but nevertheless would require payment of an annual fee (perhaps reduced from the regular annual fee paid by active practitioners) and also compliance with ongoing CLE. This provision is inconsistent with the customary understanding of "inactive status" as a member of a State Bar, and would be onerous to someone who is temporarily ill, out of the country, or not in practice. We recommend that "inactive status" practitioners neither incur a fee, nor a requirement for CLE. Upon resuming active status, we agree that a practitioner then may be required to make up CLE requirements.

Sections 11.12 and 11.13 Mandatory Continuing Training

We favor efforts to maintain and improve the competence of patent practitioners, and, therefore, generally support continuing legal education (CLE). Consistent with most state bars that have mandatory CLE requirements, we recommend flexibility of subject matter in satisfying CLE requirements. Such flexibility permits practitioners to maintain and improve their skills in accordance with their specific practice areas of intellectual property law, which will directly benefit their clientele and will serve to overall increase public confidence in the national patent system. PIPLA has offered a variety of State-Bar-accredited intellectual

property related CLE programs for many years and plans to continue doing so. Many CLE programs offered by PIPLA have addressed and will continue to address PTO rules and patent/trademark prosecution-related training.

We oppose adopting the term “recertification” to describe the CLE program proposed by the PTO. It implies that practitioners are to be “screened out” and not “recertified,” whereas the intent seems to be simply that they keep up-to-date by participation in either CLE trainings or PTO-sponsored online learning programs. We further note that CLE programs offered by other organizations may also serve to keep practitioners up-to-date with current PTO procedures and rules.

Section 11.12(a) allows the PTO to require continuing education requirements on an as-needed basis from one to every three years. Although this may provide maximum flexibility for the PTO, it works against the goal of consistent professional development for practitioners, and may lead to misunderstanding and inadvertent noncompliance by practitioners. The PTO should set specific CLE requirements for specific time periods against which practitioners can plan.

Section 11.13(c) requires that sponsors of CLE programs be pre-approved. While pre-approval may be preferred, no additional work is required by the timing of the request for approval, and, subsequent to a program, the content of the program is clearly ascertainable. Provision should be made for post-approval in appropriate circumstances to avoid hardships.

Section 11.13(e)(3) states that approved programs must “be directed to legal, procedural, and policy subject matter approved by the USPTO Director” The BG-PIPLA is concerned that approved subject matter will be unduly restricted to narrow ranges of PTO procedures outside the scope of many practitioners’ ordinary practice.

The BG-PIPLA opposes in principle Section 11.13(g)(4) of *The Proposed Rules*, which specifically excludes law firms, professional corporations, and corporate law departments as potential sponsors of eligible CLE courses. The legal profession has a long history of governing itself and the qualifications of its members. Attorneys from various circumstances, including those working in law firms, corporations, legal organizations and private corporations, have traditionally provided continuing legal education to other attorneys. Most, if not all, states that require CLE credits successfully permit these types of entities to sponsor accredited CLE training. Excluding these entities from sponsoring CLE programs accredited by the PTO would unduly limit the amount of CLE opportunities available to practitioners.

Accordingly, the BG-PIPLA recommends revising section 11.13(g)(4) to permit law firms, corporations and private organizations to sponsor PTO-approved CLE programs. Further, to satisfy CLE requirements, the BG-PIPLA supports allowing practitioners to choose between the proposed PTO online question-and-answer program and attending an appropriate course sponsored by a law firm, private organization, professional organization, and/or local bar association. Thus, the PTO online question-and-answer program should not be an added requirement imposed on practitioners who have already attended approved CLE programs during the applicable reporting period.

In summary, the BG-PIPLA favors reasonable CLE requirements in concert with most state bars. We suggest permitting a wide range of intellectual-property-related CLE subject matter, which may be sponsored by public and private organizations.

Sections 11.16 and 11.22 Financial Books and Records

The BG-PIPLA is concerned that the proposed rule, section 11.16, gives the PTO overly broad authority to examine, without limitation, any and all financial books and records maintained by the practitioner for practice before the PTO. The BG-PIPLA opposes such broad authority and questions its statutory basis. This is a new section, for which *The Proposed Rules* neither provide a legal source nor any Part 10 concordance. (See Table 1, page 69505). It is noted that this section applies to “**any practitioner before the Office**” including patent practitioners and individuals who practice “**in trademark and other non-patent matters**” under section 11.14.

Section 11.16 states, “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... fiduciary accounts, and operating accounts* maintained by the practitioner *or his or her law firm.*” (Emphasis added). With the exception of proposed section 11.22 discussed below, the rule fails to provide any criteria for examination of the mentioned accounts, and it fails to provide conditions precedent for enabling the OED Director to examine the mentioned accounts. The proposed rule appears to allow unannounced inspections of the “accounts” for any purpose of the OED Director. Further, the proposed rule appears to permit an overly broad reach into the private businesses of the practitioners via inspection of “operating accounts.” Specifically, *The Proposed Rules* do not provide any basis for nor reasons to inspect such “operating accounts.”

Section 11.22(k) authorizes the OED Director to investigate possible violations of the Rules of Professional Conduct and, with respect to financial books and records, restates the authority given in proposed section 11.16. Section 11.22(k) further states that the OED Director may exercise this authority whenever he or she “**reasonably believes** that the trust account may not be in compliance with Rules of Professional Conduct.” In addition, section 11.22(k) states, “[i]n the exercise of this authority, the OED Director ... may seek the assistance of State bar counsel to obtain such summons as he or she may reasonably deem necessary for the effective conduct of an investigation or examination of a trust account.”

The BG-PIPLA recommends limiting the power to examine escrow and fiduciary accounts to circumstances in which a complaint has been issued with respect to such accounts for a specific disciplinary proceeding, and limiting the examination to the accounts and issues in controversy. The parties involved should have proper notice to obtain a protective order or similar confidentiality treatment for financial information related to the accounts. This is in concert with the current rules, which permit an administrative law judge to order the production of documents in a disciplinary proceeding “when a party establishes in a clear and convincing manner that discovery is necessary and relevant.” 37 C.F.R. § 10.152. Judicial oversight by at least an administrative law judge, if not a state court via a subpoena, protects clients, practitioners, law firms and corporations regarding highly confidential information.

The BG-PIPLA opposes adoption of section 11.22(k), which pertains to OED investigations into possible violations of the Rules of Professional Conduct outside the scope of a disciplinary proceeding. The BG-PIPLA does not favor providing the OED Director with unlimited authority to compel examination of escrow, fiduciary or operating accounts. The BG-PIPLA recommends that the OED Director seek the assistance of State bar counsel to obtain summons or subpoenas as necessary, which will provide the OED Director with limited authority to examine specific records on an as needed basis. As stated above, such

judicial oversight protects clients, practitioners, law firms and corporations with regard to highly confidential and potentially privileged information.

In summary, the BG-PIPLA recommends limiting the OED Director's access to financial records to only escrow and fiduciary accounts that are specific to issues of a disciplinary proceeding before the PTO, and only after all practitioners and other parties to whom the escrow and fiduciary account(s) relate have received notice of the specific request for records and have had an opportunity to respond to the request. For investigations of potential violations of Rules of Professional Conduct, the BG-PIPLA recommends that the PTO seek limited authority as needed via summons or subpoenas.

III. Investigations and Disciplinary Proceedings

The BG-PIPLA recommends a non-confrontational, cooperative approach to the PTO disciplinary process that fosters cooperation between the PTO and registered practitioners. Many states that have adopted the Model Rules encourage self-regulation by registered practitioners. The BG-PIPLA recommends reconsideration of the proposed rules in this section to follow such a cooperative approach.

Section 11.22

Sections 11.22(b) and (d) state that the Director may require that a report or complaint made by a non-practitioner against an attorney or agent be in the form of an affidavit. Thus, the rule states that, absent action by the Director, no oath or declaration is required in support of the complaint or report. Given the problems that a disgruntled inventor could cause to an attorney, there should be sanctions in the rule that would prevent a non-practitioner from submitting a false report or complaint. This should not be left to the discretion of the Director. Also, the use of the word "complaint" in 11.22(d) is confusing as it appears to have a different meaning than "complaint" used in 11.34.

Section 11.23 Committee on Discipline

Section 11.23 concerns the qualifications for membership in the Committee on Discipline. The requirements are merely that the person be an attorney in some state and a PTO employee or an APJ. Given that the hearings before the Committee will involve presentation of evidence, Committee members should also be required to have at least two years litigation experience or to receive special training, perhaps administered by the Solicitor's Office.

Section 11.35 Disciplinary Complaint

Section 11.35 concerns service of the Complaint that is issued by the Committee on Discipline. This rule would provide for service (1) in person, (2) by mail and (3) by publication in the Official Gazette. The Official Gazette, however, is no longer published in paper. This may create a problem for attorneys who have moved and have not notified the PTO of their new address. This may result in defaults due to lack of proper notice. Given the ease with which address information may be obtained on the Internet, we recommend that the PTO should make every effort to contact the attorney or agent before entering a

default, perhaps by checking the address used in the last patent application filed by the practitioner or by consulting one of the many on-line telephone directories.

Section 11.49 Proposed Standard

In *The Proposed Rules*, the PTO requests comments on the standard to be used by the Hearing Officer in finding a violation of the Rules of Professional Conduct. Given the detrimental nature of the sanctions, the BG-PIPLA favors the *clear and convincing* standard in disciplinary proceedings.

Section 11.50 Depositions

Section 11.50 would forbid the use of depositions for discovery, allowing them only for testimony before the Hearing Officer and only when the deponent is unable to appear before the Hearing Officer. As this is a judicial proceeding, it would be beneficial for the practitioner to know how a witness will testify in order to mount a defense. We recommend allowing witnesses to be deposed for discovery.

Section 11.58 Patent Work by Suspended Practitioner

This section would govern how a suspended attorney or agent may work with a licensed attorney or agent on matters before the patent office. Comments are invited as to whether to delete paragraphs (c) and (d) and not adopt paragraphs (e) and (f). Paragraph (c) would allow a suspended practitioner to be recognized for a period of 30 days in order to clean up pending matters. Paragraph (d) would require a practitioner to maintain records of the steps taken under this section to prove compliance with the section as a condition precedent for any reinstatement. Paragraph (e) would allow a suspended practitioner to be employed by a practitioner, but the suspended practitioner could not share in profits. Paragraph (f) would disallow reinstatement of a practitioner who acted as a paralegal during his or her suspension unless an affidavit is filed explaining the nature of the services and showing that the practitioner complied with this section. The PTO is concerned that the practitioner would be allowed to maintain some semblance of continued practice even after he had been suspended or excluded and may even be able to continue to work on cases for the same client whose work caused him to be suspended. We favor of retaining paragraphs (c) and (d) and adopting paragraphs (e) and (f), but additionally requiring written notice to any client for whom the suspended or excluded attorney does work that the work is being performed by someone under suspension but is being checked by a licensed practitioner.

II. Conclusion

The BG-PIPLA favors adopting rules to promote improvements in patent and trademark quality and to promote improvement in our profession. However, the BG-PIPLA has significant concerns with the magnitude and scope of enrollment and discipline changes put forward in *The Proposed Rules*, and has specific concerns with many of the rules. Accordingly, the BG-PIPLA respectfully recommends that an independent study be performed of current PTO enrollment and discipline problems with the goal of

proposing solutions more narrowly tailored to address genuine and significant problems. BG-PIPLA thereby respectfully recommends against the adoption of *The Proposed Rules*. In the alternative, as detailed herein, the BG-PIPLA recommends that many rules of Part 11, subparts B and C be modified as indicated or not adopted at all. The BG-PIPLA intends to supply recommendations for proposed rules contained in Part 11, Subpart D before the extended due date of April 12, 2004.

Respectfully submitted,

For the Board of Governors, Philadelphia Intellectual Property Law Association

Edward Gimmi (President)
Philadelphia Intellectual Property Law Association