

# Ethical Considerations for In-House Intellectual Property Attorneys



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# Authority for OED to Pursue Discipline of Practitioners

- Practitioners are subject to discipline for not complying with USPTO regulations, regardless of whether their conduct was related to practice before the Office:
  - *In re Kenneth Graham*, Proceeding No. D2013-09 (July 17, 2013).
    - Patent attorney provided incompetent representation in bankruptcy cases and violated local court rules and California law, including “cramdown” loan modifications, excessive fees, and unauthorized use of cash collateral.
    - 2-year suspension after 2-year ban by U.S. Bankruptcy Court (N.D. California) and 10 year ban from all Chapter 11 cases.
  - *In re George Reardon*, Proceeding No. D2012-19 (June 4, 2012).
    - Patent agent excluded upon consent for misappropriation of non-profit organization’s funds and use of organization’s credit card for personal use.



# 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.”



# 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.
  
- Georgia Rules of Professional Conduct track with organization of USPTO Rules.



# Duty of Disclosure

- Bob is a registered practitioner and in-house IP counsel for Company A. He prosecutes all of Company A's patent applications at the USPTO. As part of the legal department, Bob also assists on general litigation and other legal matters for Company A, when needed.
- While assisting with a litigation matter, Bob learns confidential information that is material to the patentability of claims pending in one of Company A's patent applications.
- Management of Company A has told Bob that they do not want this information disclosed to the USPTO.



# Conflicts of Interest

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



# Power of Attorney

- Company B is represented by BigFirm in various patent prosecution matters. However, Company B did not assign power of attorney to BigFirm for these matters. Accordingly, BigFirm generally filed papers in a representative capacity. *See 37 CFR § 1.34.*
- BigFirm now wants to represent Company X, which would pose a conflict with Company B. Accordingly, Company B fires BigFirm and transfers all of its matters to NewFirm, but again puts off changing correspondence addresses for the matters or assigning a new power of attorney to NewFirm.
- BigFirm continues to receive correspondence from the USPTO for Company B's applications.





# Customer Numbers

- Canada Corp. uses Midwest Firm, PC for their U.S. patent prosecution matters. All of Canada Corp's work is done in Midwest Firm's Chicago office.
- Midwest Firm hires new patent attorney Robin, primarily as a patent litigator, in its St. Louis office. At her former firm, Robin performed minimal work on patent prosecution matters for a competitor of Canada Corp.
- Midwest Firm decides that Robin will not be allowed to work on any of Canada Corp's matters. However, Midwest Firm uses a single customer number for all client power of attorney and e-business purposes at the USPTO.
- Because Robin is a registered practitioner, Midwest Firm wants to put Robin on their customer number so she can participate in select prosecution matters.



# Terminating Representation

- Company Y employs Firm A to handle all of its patent prosecution matters at the USPTO. Firm A employs one registered patent practitioner, Gail, who is the only person associated with Firm A's USPTO customer number. Gail gives Firm A notice that she is leaving to take an in-house position with WidgetCorp in 2 weeks. Company Y uses Firm A for a variety of legal needs and wants to continue to use Firm A for patent work.



# Unauthorized Practice of Law

- Brian is a trademark paralegal and works with in-house trademark counsel at Company X. As part of his daily responsibilities, Brian handles telephone calls for the attorney relating to trademark matters. One day Brian receives a telephone call from a Trademark Examining Attorney. The Trademark Examining Attorney proposes a minor amendment that would place a pending trademark application in publishable condition.



# Enforcement

## Ethics Enforcement at OED



# 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



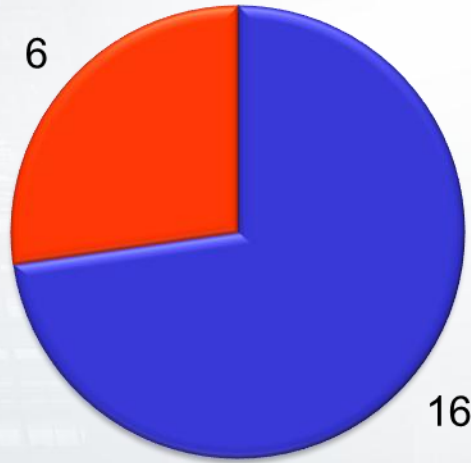
# Total Number of OED Disciplinary Decisions

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

FY12



FY13



FY14

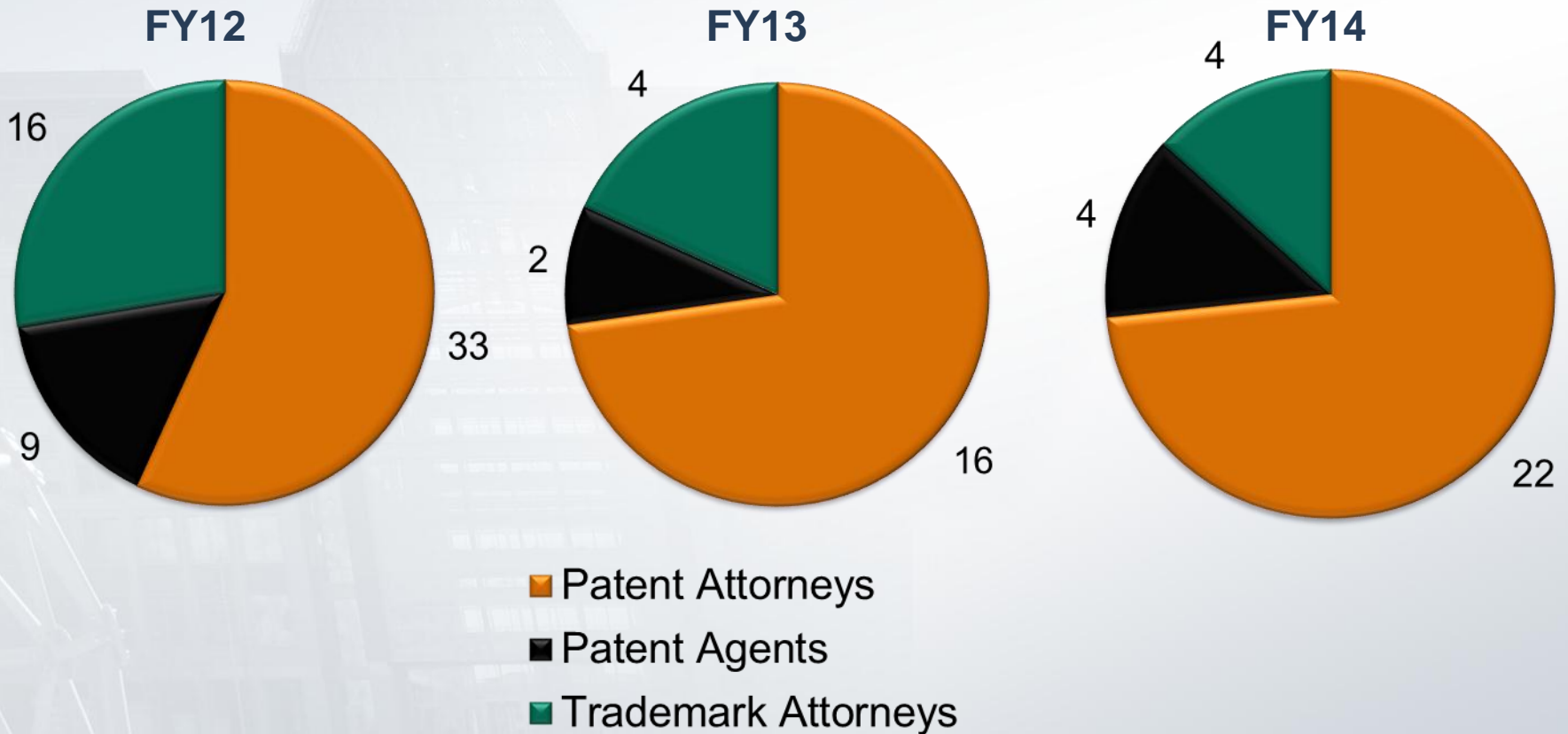


■ Non-Reciprocal ■ Reciprocal



# Total Number of OED Disciplinary Decisions

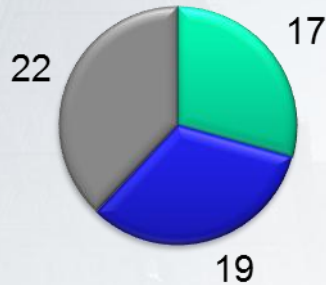
## Breakdown of Disciplinary Decisions by Practitioner Type





# OED Disciplinary Decisions

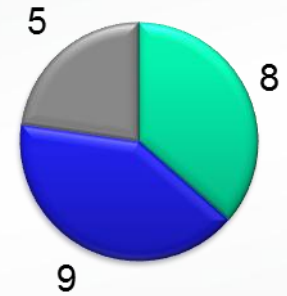
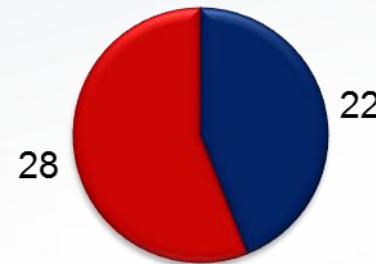
## FY12



■ Formal Discipline  
■ Warning

■ Exclusion  
■ Suspension  
■ Reprimand

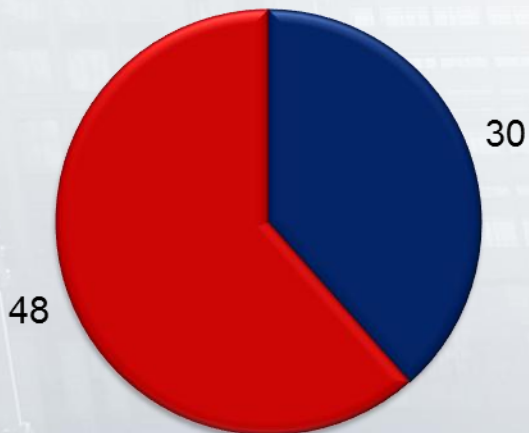
## FY13



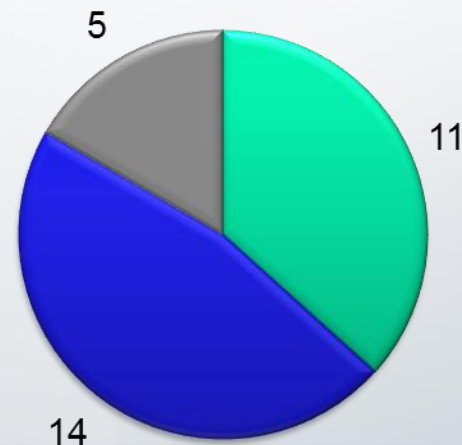
■ Formal Discipline  
■ Warning

■ Exclusion  
■ Suspension  
■ Reprimand

## FY14



■ Formal Discipline  
■ Warning



■ Exclusion  
■ Suspension  
■ Reprimand





# 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 D2012-28)
  - 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; 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.
- *In re Chan* (USPTO D2011-21)
  - Patent agent:
    - Had clients sign oaths or declarations prior to any application preparation.
  - Received public reprimand.



# 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.



# Contacting OED

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

THANK YOU