

Ethics Before the United States Patent and Trademark Office

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USPTO Rules of Professional Conduct

37 C.F.R. Part 11 [effective May 3, 2013; last revised August 2017]

- In addition to state ethical rules, practitioners before the USPTO are subject to USPTO Rules of Professional Conduct – whether conduct is before the Office or not
- USPTO Rules of Professional Conduct replaced the USPTO Code of Professional Responsibility [37 C.F.R. Part 10] and conform to the ABA Model Rules of Professional Conduct
- USPTO Code of Professional Responsibility apply to activity that occurred prior to the effective date of the USPTO Rules of Professional Conduct (May 3, 2013)

USPTO Office of Enrollment and Discipline (OED)

Disciplinary Investigations – RULE 11.22

- Can be initiated internally by the Office or externally by the filing of a grievance by, for example, clients, colleagues, or other lawyers

Duty to Report Professional Misconduct – RULE 11.803

(a) A practitioner who knows that another practitioner has committed a violation of the USPTO Rules of Professional Conduct that raises a substantial question as to that practitioner's honesty, trustworthiness or fitness as a practitioner in other respects, shall inform the OED Director and any other appropriate professional authority.

(b) A practitioner who knows that a judge, hearing officer, administrative law judge, administrative patent judge, or administrative trademark judge has committed a violation of applicable rules of judicial conduct that raises a substantial question as to the individual's fitness for office shall inform the appropriate authority.

(c) The provisions of this section do not require disclosure of information otherwise protected by § 11.106 or information gained while participating in an approved lawyers assistance program.

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USPTO Office of Enrollment and Discipline (OED)

• Instituting a Disciplinary Proceeding – RULE 11.32

If after conducting an investigation under § 11.22(a), the OED Director is of the opinion that grounds exist for discipline under § 11.19(b), the OED Director, after complying where necessary with the provisions of 5 U.S.C. 558(c), may convene a meeting of a panel of the Committee on Discipline. If convened, the panel of the Committee on Discipline shall then determine as specified in § 11.23(b) whether there is probable cause to bring disciplinary charges. If the panel of the Committee on Discipline determines that probable cause exists to bring charges, the OED Director may institute a disciplinary proceeding by filing a complaint under § 11.34.

• Complaint – RULE 11.34

...
(d) Time for filing a complaint. A complaint shall be filed within one year after the date on which the OED Director receives a grievance forming the basis of the complaint. No complaint shall be filed more than ten years after the date on which the misconduct forming the basis for the proceeding occurred.
...

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Reciprocal Discipline – RULE 11.24

Acts by an attorney unrelated to practice before the USPTO are nevertheless subject to USPTO reciprocal discipline.

(a) Notification of OED Director. Within thirty days of being publicly censured, publicly reprimanded, subjected to probation, disbarred or suspended by another jurisdiction, or being disciplinarily disqualified from participating in or appearing before any Federal program or agency, a practitioner subject to the disciplinary jurisdiction of the Office shall notify the OED Director in writing of the same. A practitioner is deemed to be disbarred if he or she is disbarred, excluded on consent, or has resigned in lieu of a disciplinary proceeding. Upon receiving notification from any source or otherwise learning that a practitioner subject to the disciplinary jurisdiction of the Office has been so publicly censured, publicly reprimanded, subjected to probation, disbarred, suspended or disciplinarily disqualified, the OED Director shall obtain a certified copy of the record or order regarding the public censure, public reprimand, probation, disbarment, suspension or disciplinary disqualification and file the same with the USPTO Director. The OED Director shall, in addition, without Committee on Discipline authorization, file with the USPTO Director a complaint complying with § 11.34 against the practitioner predicated upon the public censure, public reprimand, probation, disbarment, suspension or disciplinary disqualification. . . .

Reciprocal Discipline Decisions January 2018 to Present: 28/44.

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Actions Following An Investigation

Disciplinary Sanctions (Rule 11.20):

(a) Types of discipline. *The USPTO Director, after notice and opportunity for a hearing, and where grounds for discipline exist, may impose on a practitioner the following types of discipline:*

- 1) Exclusion from practice*
- 2) Suspension from practice*
- 3) Reprimand or censure*
- 4) Probation*

(b) Conditions imposed with discipline. *When imposing discipline, the USPTO Director may condition reinstatement upon the practitioner making restitution, successfully completing a professional responsibility course or examination, or any other condition deemed appropriate under the circumstances.*

Warnings (Rule 11.21)

A warning is neither public nor a disciplinary sanction.

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Potential Causes for Grievances – In Brief

- **Neglect**
 - o **Competent representation** RULE 11.101
 - o **Diligence** RULE 11.103-- failure to file timely responses to Office Actions or to pay fees; allowing applications to abandon or registrations to lapse
 - o **Communication** RULE 11.104 -- failure to communicate with client
- **Fraud, dishonesty, misrepresentation** – to USPTO or to client
 - o **Signatures** RULE 11.18(b): Presenting any paper constitutes certification that all statements of the party's own knowledge are true and that all statements made on information and belief are believed to be true
 - o **Candor toward the tribunal** RULE 11.303: Practitioner shall not make a false statement of fact or law or fail to the tribunal to correct a false statement of material fact or law previously made by the practitioner.
- **Confidentiality** RULE 11.106
- **Conflicts of interest** RULE 11.107 [current clients]; RULE 11.109 [former clients]

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Statistics on Decisions: 2017, 2018, 2019 (through 3/19)

- 84 Decisions 2017-2019:
 - Disciplinary Decisions: 77
 - Reinstatement Decisions: 7
- 2018 Disciplinary Decisions by Subject Matter:
 - Patent: 13
 - Trademark: 3
 - Patent & Trademark: 2
 - Reciprocal Discipline: 27

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Potential Causes for Grievances – In Brief

Patent-Specific Situations

- Docketing/abandonment issues
- Failure to communicate with clients
- False representations about application/prosecution status
- Invention Promotion Company referrals

Trademark-Specific Situations

- Fraud in trademark applications
- Trademark clearance
- Trademark bullying / overreaching
- Trademark investigations
- Unauthorized signature entered by TM paralegal

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Recent Disciplinary Decisions - PATENT

Review of Select Patent-Related Decisions – Requests for Reconsideration Are Seldom Granted

In the Matter of John H. Farro, Proceeding No. D2015-27 (USPTO Feb. 9, 2018)

- Eight month suspension upheld
- Requests for reconsideration are permitted, but seldom granted
- Request for Reconsideration following Appeal of Initial Decision and Order - eight month suspension with conditional reinstatement (Rule 11.56 (c))
 - Neglected the '519 Application from 5/06 – 10/11
 - Refused to communicate with client about the status of the '519 Application
 - Refused to return client files when requested
- Requests for reconsideration are not vehicles to state disagreement with a final judgement and relitigate old matters
- Dismissal of state malpractice case after complaint was filed and after probable cause was found by OED was already vigorously argued on appeal before Final Order was entered
- Testimony of witness from state malpractice case and settlement agreement were proper evidence
 - Language in settlement agreement prohibiting participation with PTO or state disciplinary investigations was “bad faith obstruction”
 - Failed to raise objections to the settlement agreement and certain testimony at the hearing – therefore objections are waived

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Recent Disciplinary Decisions - PATENT

Review of Select Patent-Related Decisions – Requests for Reconsideration Are Seldom Granted

In the Matter of John H. Farro, Proceeding No. D2015-27 (USPTO Feb. 9, 2018)

- Unsuccessfully argued final order was incorrect in finding Practitioner neglected the ‘519 Application, criticizing him for using an “executive suite” where he had no physical presence as a correspondence address and failing to associate his customer number with the ‘519 application
- Unsuccessfully reargued that he never received documents, his monitoring system was adequate (even without a tickler system), whether he called an examiner back and whether client suffered economic harm
- Unsuccessfully argued he was unfairly constrained by OED disciplinary action filing requirements
- Unsuccessfully argued for mitigation of his sanction because the ‘519 Application was revived

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Recent Disciplinary Decisions - PATENT

Review of Select Patent-Related Decisions – Reciprocal Discipline Is Mandatory

In the Matter of Arno R. Naeckel, Proceeding No. D2017-26 (USPTO May 17, 2018)

- Probation for 196 days and requirement to take CLE course
- Reciprocity case – state case involved defending client from civil defamation claim
- Arizona issued Order of Admonishment on practitioner on August 30, 2016
 - 2 years of probation
 - Complete Arizona State Bar *Lawyer Boot Camp* CLE within two years
- Practitioner completed CLE by November 18, 2016 and requested early termination of Probation
- Arizona Supreme Court denied the motion
- Practitioner requested reconsideration; probation was terminated on March 15, 2017 – 196 days
- Practitioner timely notified OED on October 5, 2016 of discipline under Rule 11.24 (a)
- OED requested reciprocal discipline on September 28, 2017; gave practitioner 40 days to respond as to why the reciprocal discipline is unwarranted with his reasons (Rule 11.24 (b)(3))

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Recent Disciplinary Decisions - PATENT

Review of Select Patent-Related Decisions – Reciprocal Discipline Is Mandatory

In the Matter of Arno R. Naeckel, Proceeding No. D2017-26 (USPTO May 17, 2018)

- Practitioner responded that he satisfied the terms of his state level discipline/training and imposing identical discipline would be **nonsensical and impossible and result in a grave injustice**
- **(1)** The USPTO Director ... **shall impose the identical** public censure, public reprimand, probation, disbarment, suspension or disciplinary disqualification unless the practitioner clearly and convincingly demonstrates, and the USPTO Director finds there is a genuine issue of material fact that:
 - **(iii) The imposition of the same public censure, public reprimand, probation, disbarment, suspension or disciplinary disqualification by the Office would result in grave injustice;**

(Rule 11.24 (d)(1)(iii))

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Recent Disciplinary Decisions - PATENT

Review of Select Patent-Related Decisions – Reciprocal Discipline Is Mandatory

In the Matter of Arno R. Naeckel, Proceeding No. D2017-26 (USPTO May 17, 2018)

- Practitioner's burden by clear and convincing evidence to prevent reciprocal discipline
- Practitioner must show genuine issue of material fact as to the criteria of Rule 11.24 in this case – **would result in grave injustice**
- OED Director does not have the discretion not to impose reciprocal discipline
- “A dose of common sense” is not one of the factors that the OED Director considers under Rule 11.24 (d)(1)
- Modifying initial request for 2 year probation to 196 day probation was not “discretion”
- Discipline is identical since Arizona ordered “probation” with “conditions”
 - Was not merely a “CLE requirement” to be completed within 2 years
- As long as the state bar discipline was within the appropriate sanctions, it is not “grave injustice” for the USPTO to impose reciprocal discipline

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Recent Disciplinary Decisions - PATENT

Review of Select Patent-Related Decisions – Reciprocal Discipline Is Mandatory

In the Matter of Arno R. Naeckel, Proceeding No. D2017-26 (USPTO May 17, 2018)

- Concurrent discipline is often issued, but not required
- Already completed state discipline does not require USPTO to impose discipline *nunc pro tunc*
- **§ 11.24 (f) Reciprocal discipline - action where practice has ceased.**
 - Upon request by the practitioner, reciprocal discipline may be imposed *nunc pro tunc* only if the practitioner promptly notified the OED Director of his or her censure, public reprimand, probation, disbarment, suspension or disciplinary disqualification in another jurisdiction, and establishes by clear and convincing evidence that the practitioner voluntarily ceased all activities related to practice before the Office and complied with all provisions of § 11.58
- Practitioner did not make a showing that he voluntarily ceased practice before the USPTO during the 196 days he was on probation
- He can satisfy his CLE requirement by submitting evidence of completion of his Arizona CLE during his 196 day probation

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Recent Disciplinary Decisions - PATENT

Review of Select Patent-Related Decisions – Be Careful of Invention Promotion Companies

In the Matter of Mark A. Levenda, Proceeding No. D2018-21 (USPTO May 17, 2018)

- Practitioner consented to resignation from practice
- Entered into agreement with World Patent Marketing (“WPM”) to receive patent referrals
 - WPM does not appear to be a law firm or authorized to offer/provide legal services
- WPM referred 31 of its customers to Practitioner
 - Client at issue was provided with an engagement letter from Practitioner
 - Engagement letter said Practitioner was not affiliated or associated with WPM; invoiced WPM and stated rates; would communicate with client if client requested services beyond the scope of client’s agreement with WPM
- Practitioner communicated with client prior to filing at USPTO
- Practitioner was not aware of Office Action until informed by client
 - Provided client with cost to respond and offered to pay the extension fee
 - Client was upset by the cost on the basis that WPM told here there would be no further costs
- Client revoked Power of Attorney

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Recent Disciplinary Decisions - PATENT

Review of Select Patent-Related Decisions – Be Careful of Invention Promotion Companies

In the Matter of Mark A. Levenda, Proceeding No. D2018-21 (USPTO May 17, 2018)

- OED Director is of the opinion that Practitioner violated Rules of Professional Conduct:
- Did not consult with client to meet client's objectives of representation (Rule 11.02(a))
- Did not keep the client informed (Rule 11.04)
- Did not consult with the client regarding scope of rep. and bases of fees (Rule 11.05(b))
- Had a conflict of interest (Rule 11.07(a))
- Accepted compensation from a third party without client's informed consent (Rule 11.08(f))
- Did not comply with duties in terminating representation (Rule 11.116)
- Shared legal fees with a non-practitioner (Rule 11.504)
- Allowed a person recommending Practitioner to regulate Practitioner's professional judgement (Rule 11.504(c))
- Engaged in conduct prejudicial to the administration of justice and that adversely reflects on Practitioner's fitness to practice (Rules 11.804 (d), (i))

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Recent Disciplinary Decisions - PATENT

Review of Select Patent-Related Decisions – Suspension for Conviction of Serious Crime

In the Matter of Christopher Paul Mitchell, Proceeding No. D2018-29 (USPTO July 31, 2018)

- Suspension on an interim basis with 30 days of limited practice to conclude or transfer work of clients (Rule 11.58)
- Practitioner was pled guilty in Virginia of a felony – leaving the scene of an accident involving personal injury or death
- Notify the OED Director upon being convicted of a crime (Rule 11.25)
 - A crime is a misdemeanor or felony
- The OED Director determines if it is a serious crime warranting suspension
 - Serious crime means:
 - (1) Any criminal offense classified as a felony under the laws of the United States, any state or any foreign country where the crime occurred; or
 - (2) Any crime a necessary element of which, as determined by the statutory or common law definition of such crime in the jurisdiction where the crime occurred, includes interference with the administration of justice, false swearing, misrepresentation, fraud, willful failure to file income tax returns, deceit, bribery, extortion, misappropriation, theft, or an attempt or a conspiracy or solicitation of another to commit a "serious crime."
 - (Rule 11.1)

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Recent Disciplinary Decisions - PATENT

Review of Select Patent-Related Decisions – Failure to Communicate and Act

In the Matter of Michael S. Spradley, Proceeding No. D2019-04 (USPTO December 14, 2018)

- Settlement reached facts, legal conclusions and sanctions
- 24 month probation with permission to practice before the USPTO (with monitoring)
- During a two year period
 - Failed to report Office Actions to Clients
 - Failed to respond to Office Actions before the due date
 - Failed to Report Notices of Abandonment to clients
 - Failed to communicate with clients regarding applications
- OED considered that Practitioner
 - was in the process of implementing a software based docketing system
 - Had hired a person to oversee docketing
 - Developed standard operating procedures for docketing and reporting and trained his staff on them
 - Completed an office management course
 - Notified clients of abandonments and paid the petition fee for reviving the applications where requested
 - Provided full and fair disclosure to the OED

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Recent Disciplinary Decisions - PATENT

Review of Select Patent-Related Decisions – Failure to Communicate and Act

In the Matter of Michael S. Spradley, Proceeding No. D2019-04 (USPTO December 14, 2018)

- Practitioner claimed that his failures to respond and report were a result of an inadequate docketing/calendaring/tickler system
- Practitioner claimed that various issues in his personal life contributed to his mishandling of clients
- Sanctions include reporting every 12 months for the 2 year probationary period, any notice of abandonment received
- Failure to comply with the agreement, Final Order or Rules of conduct will result in a suspension for up to 12 months

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Recent Disciplinary Decisions - PATENT

Review of Select Patent-Related Decisions – Problems at Home and in Canada

In the Matter of Michael J. Reis, Proceeding No. D2018-49 (USPTO December 19, 2018)

- Settlement - 3 year suspension (had received two prior warning letters for not adequately communicating with clients)
- Engaged a Canadian practitioner to handle a client's applications in Canada
- Client paid Practitioner – Practitioner's fees, the Canadian government fees and the Canadian practitioner fees
- Practitioner did not advance the fees to the Canadian practitioner
- Practitioner did not provide client with an accounting of fees paid
- Client terminated Practitioner as counsel
- Practitioner did not forward fees paid by client to client's new counsel
- Practitioner submitted Revocation and Powers of Attorney with unauthorized and fake signatures, to Canadian practitioner

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Recent Disciplinary Decisions - PATENT

Review of Select Patent-Related Decisions – Problems at Home and in Canada

In the Matter of Michael J. Reis, Proceeding No. D2018-49 (USPTO December 19, 2018)

- Practitioner pleaded guilty or entered into deferred criminal prosecution for 4 domestic violence matters occurring since 2014
- In addition to suspension, should Practitioner request reinstatement, he will have to pass the Multi-State Professional Responsibility Exam with a score of 85 or better
- Complete a CLE course on law practice management before seeking reinstatement
- Audit a legal ethics class at an ABA accredited law school
- Continue with counseling for one year
- Serve a 2 year probationary period upon reinstatement

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Recent Disciplinary Decisions - TRADEMARK Review of Select Trademark-Related Decisions

In re Swyers, Proceeding No. D2016-20 (USPTO Jan. 26, 2017)

- Respondent permitted non-attorneys to practice trademark law for him with little to no supervision
- Respondent did not personally review or sign thousands of trademark applications and related filings (statements of use, declarations, responses to Office Actions)
- Respondent's website falsely indicated that trademark applicants would be represented by a specialized attorney
- Respondent's employees submitted fraudulent or digitally manipulated specimens, potentially jeopardizing trademark applications
- Respondent failed to deposit client funds into client trust account

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Recent Disciplinary Decisions - TRADEMARK Review of Select Trademark-Related Decisions

In re Alia, Proceeding No. D2016-32 (USPTO Mar. 3, 2017)

- Respondent engaged in the practice of law while administratively suspended by preparing and/or authorizing the preparation and filing of trademark applications and representing clients in trademark matters before the Office
- Respondent failed to personally provide trademark legal advice to clients by failing to counsel clients directly and explain basic trademark concepts
- Respondent directed non-lawyer assistance to forge Respondent's name and to file trademark applications with the USPTO
- Respondent failed to provide guidance to non-lawyer assistance when she was preparing and filing trademark applications

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Recent Disciplinary Decisions - TRADEMARK Review of Select Trademark-Related Decisions

In re Laux, Proceeding No. D2016-39 (USPTO Mar. 9, 2017)

- Respondent prepared, filed, and prosecuted trademark applications while an employee of the Office [Rule 11.111]
- Respondent failed to withdraw from representation of clients in numerous trademark matters pending before the Office while employed by the Office [Rule 11.116(a)(1)]

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Recent Disciplinary Decisions - TRADEMARK Review of Select Trademark-Related Decisions

In re Guerrero, Proceeding No. D2017-04 (USPTO Jan. 6, 2017)

- Respondent failed to inform client that he filed withdrawal in TTAB cancellation proceeding; that client's trademark registration was cancelled [Rule 11.104(a)(3)]
- Respondent filed replacement application for his unaware client at the request of the client's Colombian attorney while knowing that his client had no actual knowledge of the filing of the second application [Rule 11.104(a)(3)]
- Respondent failed to respond to reasonable requests by client for status, information, and invoices [Rule 11.104(a)(4)]
- Respondent forged electronic signature of a foreign attorney not authorized to practice before the USPTO in trademark matters on a motion and filed motion with false signature before the TTAB [Rules 11.303(a)(3) and 11.304(b)]
- Respondent knowingly made false representations to TTAB when requesting permission to withdraw [Rules 11.303(a)(1), 11.804(c), and 11.804(d)]

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Resources

To access USPTO Rules of Professional Conduct:

<https://www.uspto.gov/learning-and-resources/patent-and-trademark-practitioners/current-patent-practitioner/ethics-rules>

USPTO Office of Enrollment and Discipline (OED):

<https://www.uspto.gov/about-us/organizational-offices/office-general-counsel/office-enrollment-and-discipline-oed>

OED Disciplinary Decisions (Decision Type: "Discipline"):

<http://e-foia.uspto.gov/Foia/OEDReadingRoom.jsp>

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